**FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES**
**SPECIAL PURPOSE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2015

The Church Property Trustees
THE ANGLICAN DIOCESE OF CHRISTCHURCH

The Church Property Trustees

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FOR THE YEAR ENDED 31 DECEMBER 2015

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 Restated* | **2015** | 2014 Restated* | **2015** | 2014 |
| | | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 |
| **INCOME** | | | | | | | | | | | | | | | |
| Net Return from Investments | | **1,283** | 1,608 | **952** | (50 ) | **1,771** | 1,827 | **333** | 600 | **2,975** | 2,564 | **2,180** | 2,130 | **9,495** | 8,679 |
| Expense Recovery | | - | - | **30** | 34 | - | - | - | - | - | - | - | - | **30** | 34 |
| Hedge | | - | - | - | - | - | - | - | - | **35** | 125 | **41** | 139 | **76** | 264 |
| **Total Income** | | **1,283** | 1,608 | **982** | (16 ) | **1,771** | 1,827 | **333** | 600 | **3,011** | 2,689 | **2,221** | 2,269 | **9,600** | 8,977 |
| **EXPENSES** | | | | | | | | | | | | | | | |
| Insurance | | - | - | **12** | 11 | - | - | - | - | - | - | - | - | **12** | 11 |
| Interest Paid | | - | - | - | - | - | - | - | - | **67** | 171 | **93** | - | **160** | 171 |
| Management Fees - External | 3 | **116** | 12 | **1** | 6 | **84** | 11 | - | - | **102** | 10 | **92** | 8 | **395** | 48 |
| Management Fees - CPT | 3 | **102** | 105 | **13** | 12 | **181** | 149 | - | - | **262** | 219 | **225** | 211 | **783** | 697 |
| Net Return Adjustment (2014) | 4 | - | - | - | - | - | - | - | - | - | - | **492** | - | **492** | - |
| Rates | | - | - | **4** | 4 | - | - | - | - | - | - | - | - | **4** | 4 |
| **Total Expenditure** | | **218** | 117 | **30** | 34 | **265** | 160 | - | - | **431** | 400 | **902** | 220 | **1,846** | 930 |
| **Net Surplus** | | **1,065** | 1,491 | **952** | (50 ) | **1,506** | 1,667 | **333** | 600 | **2,580** | 2,289 | **1,318** | 2,050 | **7,754** | 8,046 |
| **FUND ALLOCATIONS** | | | | | | | | | | | | | | | |
| Bishopric Estate | | **188** | 265 | - | - | - | - | - | - | - | - | - | - | **188** | 265 |
| Dean and Chapter Estate | | **75** | 106 | - | - | - | - | - | - | - | - | - | - | **75** | 106 |
| General Trust Estate | | **323** | 478 | **876** | (46 ) | - | - | - | - | - | - | - | - | **1,199** | 432 |
| Parishes & Anglican Organisations | | **479** | 642 | **76** | (4 ) | **1,278** | 1,108 | - | - | - | - | - | - | **1,833** | 1,746 |
| Fixed Income Fund | | - | - | - | - | - | - | **333** | **600** | - | - | - | - | **333** | 600 |
| Reserve Fund | | - | - | - | - | **228** | 559 | - | - | - | - | - | - | **228** | 559 |
| Cathedral Trust | | - | - | - | - | - | - | - | - | - | - | **1,318** | 2,050 | **1,318** | 2,050 |
| Land & Buildings held in Trust | | - | - | - | - | | | | | **2,580** | 2,289 | - | - | **2,580** | 2,289 |
| **Net Surplus Allocated** | | **1,065** | 1,491 | **952** | (50 ) | **1,506** | 1,667 | **333** | 600 | **2,580** | 2,289 | **1,318** | 2,050 | **7,754** | 8,046 |

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 15

*These statements are to be read in conjunction with the accompanying notes on pages 3 to 11 and the Independent Auditor's Report on pages 12 to 13.*

**FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES**
**STATEMENT OF FINANCIAL POSITION**
FOR THE YEAR ENDED 31 DECEMBER 2015

The Church Property Trustees

| | | Balanced Growth Fund | | Mohaka Forest Fund | | Fixed Income Fund | | Reserve Fund | | Insurance Proceeds Fund | | Cathedral Insurance Proceeds Fund | | Total Funds Under Management | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 Restated* | **2015** | 2014 Restated* | **2015** | 2014 Restated* | **2015** | 2014 Restated* | **2015** | 2014 |
| | NOTE | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 |
| **FUND ASSETS** | | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | 5 | **1,068** | 764 | **-** | - | **1,760** | 2,478 | **485** | 124 | **1,129** | 1,376 | **589** | 407 | **5,030** | 5,150 |
| Managed Funds | 6 | **17,920** | 18,401 | **-** | - | **29,389** | 29,130 | **271** | - | **44,117** | 44,544 | **40,263** | 39,927 | **131,960** | 132,002 |
| Bonds | 7 | **-** | - | **-** | - | **-** | - | **834** | 805 | **-** | - | **-** | - | **834** | 805 |
| Private Equity | 8 | **530** | 568 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - | **530** | 568 |
| Receivables | 9 | **3** | - | **-** | - | **45** | 56 | **232** | 559 | **235** | 1,040 | **217** | 113 | **732** | 1,768 |
| **Total Fund Assets** | | **19,521** | 19,733 | **-** | - | **31,195** | 31,664 | **1,821** | 1,489 | **45,480** | 46,960 | **41,069** | 40,447 | **139,086** | 140,292 |
| **FUND LIABILITIES** | | | | | | | | | | | | | | | |
| Payables | | **10** | 45 | **-** | - | **293** | 632 | **-** | - | **-** | 1,267 | **-** | 11 | **303** | 1,955 |
| Parishes & Anglican Organisations | | **8,781** | 8,477 | **336** | 260 | **32,238** | 32,366 | **-** | - | **46,859** | 46,950 | **41,069** | 40,436 | **129,284** | 128,489 |
| General Trust Estate | | **6,025** | 6,567 | **3,866** | 2,990 | **-** | - | **-** | - | **1,367** | 1,300 | **-** | - | **11,258** | 10,857 |
| Bishopric Estate | | **3,358** | 3,315 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - | **3,358** | 3,315 |
| Dean and Chapter Estate | | **1,348** | 1,328 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - | **1,348** | 1,328 |
| **Total Fund Liabilities** | | **19,521** | 19,733 | **4,202** | 3,250 | **32,532** | 32,998 | **-** | - | **48,226** | 49,517 | **41,069** | 40,447 | **145,550** | 145,944 |
| **Net Fund Current Assets/(Liabilities)** | | **-** | - | **(4,202 )** | (3,250 ) | **(1,337 )** | (1,334 ) | **1,821** | 1,489 | **(2,746 )** | (2,557 ) | **-** | - | **(6,464 )** | (5,652 ) |
| **NON-CURRENT FUND ASSETS** | | | | | | | | | | | | | | | |
| Forestry | 8 | **-** | - | **4,202** | 3,250 | **-** | - | **-** | - | **-** | - | **-** | - | **4,202** | 3,250 |
| Reserve Fund | | **-** | - | **-** | - | **1,821** | 1,489 | **-** | - | **-** | - | **-** | - | **1,821** | 1,489 |
| Loans & Mortgages | 13 | **-** | - | **-** | - | **1,337** | 1,334 | **-** | - | **2,746** | 2,557 | **-** | - | **4,083** | 3,891 |
| **Total Non-Current Fund Assets** | | **-** | - | **4,202** | 3,250 | **3,158** | 2,822 | **-** | - | **2,746** | 2,557 | **-** | - | **10,106** | 8,629 |
| **NON-CURRENT FUND LIABILITIES** | | | | | | | | | | | | | | | |
| Fixed Income Fund | | **-** | - | **-** | - | **-** | - | **1,821** | 1,489 | **-** | - | **-** | - | **1,821** | 1,489 |
| Future Distributions Payable | | **-** | - | **-** | - | **1,821** | 1,489 | **-** | - | **-** | - | **-** | - | **1,821** | 1,489 |
| **Total Non-Current Fund Liabilities** | | **-** | - | **-** | - | **1,821** | 1,489 | **1,821** | 1,489 | **-** | - | **-** | - | **3,643** | 2,977 |
| **Net Fund Non-Current Assets/(Liabilities)** | | **-** | - | **4,202** | 3,250 | **1,337** | 1,334 | **(1,821 )** | (1,489 ) | **2,746** | 2,557 | **0** | 0 | **6,464** | 5,652 |
| **Net Assets** | 14 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - |

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 15

For and on behalf of the Board of Trustees who authorised the issue of these financial statements on 7 July 2016

S J Wakefield

C G Murfitt

## 1. GENERAL INFORMATION

These financial statements have been prepared for each of the funds managed by Church Property Trustees (CPT), comprising the Balanced Growth Fund, Mohaka Forest Fund, Fixed Income Fund, Reserve Fund, Insurance Proceeds Fund and Cathedral Insurance Proceeds Fund. These funds were all previously reported in the special purpose financial statements titled the Special Purpose Financial Statements of Estates and Funds Invested. These Funds, and Estates are now reported in separate special purpose financial statements.

The financial statements are presented in New Zealand dollars.

**Investment Policies**
The philosophy and investment objectives for CPT, Committee for Audit, Risk & Finance (CARF), trusts, beneficiaries, investors and investment managers is outlined in the Statement of Investment Policy and Objectives (SIPO). It creates parameters for investment of funds under CPT administration on behalf of its trusts and other investors and serves as a basis for monitoring the on-going performance of the CPT Funds and of the portfolios that make up the CPT funds. CPT sets and approves the SIPO and delegates oversight of it to the CPT CARF.

An independent review of the investment strategy, including the distribution rate is conducted by Eriksen & Associates, independent investment advisors.

***Balanced Growth Fund (BGF):*** Distributions to investors from the BGF are determined by CPT based on the long-term sustainable distribution rates recommended in the 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.

***Fixed Income Fund (FIF)***: Interest is credited to investors in the FIF quarterly. Interest rate reviews are conducted regularly by CPT. 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 management of this fund is in line with the principles set out in section 31 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003 ("The Act").
The following table shows interest rates paid to investors during the financial year and benchmarked against the ANZ Bank 30 Day Term Deposit rate for deposits $5,000 and over. The investments administered by CPT on behalf of investors are predominately liquid and may be redeemed on 5 working days written notice.

| | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FIF | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 3.9% | 3.9% | 3.9% |
| ANZ | 3.0% | 3.0% | 3.0% | 3.0% | 2.75% | 2.5% | 2.5% | 2.5% | 2.25% | 2.25% | 2.25% | 2.0% |

***Reserve Fund:*** CPT maintains a reserve fund as outlined in section 36 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003. The annual income derived from investments in the reserve fund may be applied by CPT, with agreement of the 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 Income Fund
(3) To replace losses of capital in the Fixed Income Fund

***Mohaka Forest Fund:*** CPT has established a forestry fund in line with section 31 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003 ("The Act").

***Insurance Proceeds Fund and the Cathedral Insurance Proceeds Fund:*** CPT has established these investment funds in line with section 31 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003 ("The Act"). The Ansvar (or 'ACS') global insurance settlement funds are invested in these funds and are to be applied for the purposes of earthquake repairs and rebuilds.

## 2. STATEMENT OF ACCOUNTING POLICIES

### 2.1 Basis of Preparation
The financial statements have been prepared as Special Purpose Reports, in accordance with old generally accepted accounting practice in New Zealand, with the exception of the following Financial Reporting Standards:

- FRS33 Disclosure of Information by Financial Institutions, where the trustees have decided not to apply the disclosure requirements of this standard.
- FRS7 Extraordinary items and fundamental errors, where the trustees have decided to disclose a condensed note showing the restatement of net assets and liabilities, rather than disclosing each line item.

The legal advisor of Church Property Trustees is currently in discussions with the Financial Markets Authority regarding the financial reporting status of the Fixed Income Fund. Should the outcome of these discussions conclude that the fund is required to prepare general purpose financial statements in accordance with New Zealand generally accepted accounting practice, then separate financial statements will be prepared, audited, and made available to fund members as soon as possible.

These financial statements show only the income, expenditure, assets and liabilities of the funds held and administered by CPT. They do not include any of the income, expenditure, assets or liabilities belonging to CPT itself.

### 2.2 Changes to accounting policy
There have been no changes in accounting policies. Policies have been applied on a basis consistent with those of the previous period.

### 2.3 Specific Accounting Policies
The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

#### a) Revenue recognition
Revenue is recognised to the extent it is probable that economic benefit will flow to the funds and that the revenue can be reliably measured. For financial assets at fair value, interest income is included through the statement of financial performance.

Unrealised or realised gains/ (losses) from re-measurement of financial assets at fair value are included in revenue. Dividend/distribution income is recognised in the Statement of Financial Performance when the right to receive the dividend/distribution is established.

All other revenue is recognised on an accruals basis.

**b) Expenses**
All expenses are recognised in the Statement of Financial Performance on an accrual basis.

**c) Income tax**
The entities are exempt from liability for income tax.

**d) Goods and Services Tax**
Where applicable all amounts are stated exclusive of goods and services tax (GST).

**e) Financial Instruments**
*Classification:*
The financial instruments comprise investments and are categorised as managed funds, forestry, bonds, and private equity. They are stated at fair value through the Statement of Financial Performance.

*Recognition/derecognition:*
CPT recognises financial assets on the date it becomes party to the contractual agreement and recognises changes in fair value from this date. Investments are derecognised when the right to receive cash flows from the investments have expired.

*Measurement:*
(i) Financial assets (managed funds, bonds and private equity)
Financial assets, except for Maui Capital Aqua Fund, are recorded at fair value through the Statement of Financial Performance. Transaction costs are expensed as incurred in the Statement of Financial Performance. Any changes in the fair values of financial assets are disclosed in the Statement of Financial Performance.

Maui Capital Aqua Fund is recorded at cost.

Where available, quoted market prices are used as a measure of fair value.

(ii) Forestry
The value of the Forestry investment is based on the determination of the net present value (NPV) of future cash flows at a discount rate of 7.5% (2014: 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 (August 2012)..

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.

**f) Receivables**
Receivables may include amounts accrued for dividends, interest income and distributions. Dividends and distributions are accrued when the right to receive payment is established. Interest income is accrued at the reporting date from the time of the last payment.

**g) Payables**
Payables include liabilities and accrued expenses owing by the fund which are unpaid at balance date.

**h) Cash and cash equivalent**
Cash and cash equivalents include operational bank accounts and term deposits.

**i) Foreign currency translation**
Items included in the funds' financial statements are measured in New Zealand dollars.

**j) Derivative financial instruments**
Foreign currency economic hedges are not recognised in the Statement of Financial Position. Any gains or losses are recognised in the Statement of Financial Performance on realisation of these hedges.

## 3. MANAGEMENT FEES

| | Balanced Growth Fund | | Mohaka Forest Fund | | Fixed Income Fund | | Reserve Fund | | Insurance Proceeds Fund | | Cathedral Insurance Proceeds Fund | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | % | % | $ | $ | % | % | % | % | % | % | % | % |
| Management Fees CPT | 0.55% | 0.55% | $12,500 per annum | $12,500 per annum | 0.55% | 0.55% | 0% | 0% | 0.55% | 0.55% | 0.55% | 0.55% |
| Management Fees External | Refer to ** below | | | | | | | | | | | |

A management fee is deducted from funds. The internal CPT fee is used by CPT to pay for expenses (including audit fees). External management fees are paid on managed funds.
**Eriksen's & Associates charge a monthly retainer of $7,500 (2014: $2,500). This cost is currently allocated between the various funds based on the value of net assets.

## 4. NET RETURN ADJUSTMENT (2014)

In 2014 fund transfers were actioned in order to make the Cathedral Trust whole. At the time of calculating the interest allocation to the Cathedral Insurance Proceeds Fund, the interest rate used was the distribution rate of the Fixed Income Fund as the actual return on the Insurance Proceeds Fund was not known. The understanding was that once the net return rate was known then the interest calculation would need to be reworked and would result in an adjustment.

The actual net return rates were lower than the floating rates used in the initial calculation resulting in a correction by transfer of funds from the Cathedral Insurance Proceeds Fund back to the Insurance Proceeds Fund in 2015.

## 5. CASH AND CASH EQUIVALENTS

| | Balanced Growth Fund | | Mohaka Forest Fund | | Fixed Income Fund | | Reserve Fund | | Insurance Proceeds Fund | | Cathedral Insurance Proceeds Fund | | Funds Under CPT Management | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 $000 | 2014 $000 | 2015 $000 | 2014 $000 | 2015 $000 | 2,014 $000 | 2015 $000 | 2014 $000 | 2015 $000 | 2014 $000 | 2015 $000 | 2,014 $000 | 2015 $000 | 2,014 $000 |
| Cash | 1,068 | 764 | - | - | 718 | 933 | 485 | 124 | 1,129 | 1,376 | 589 | 407 | 3,987 | 3,604 |
| Term Deposits | - | - | - | - | 1,043 | 1,545 | - | - | - | - | - | - | 1,043 | 1,545 |
| | 1,068 | 764 | - | - | 1,760 | 2,478 | 485 | 124 | 1,129 | 1,376 | 589 | 407 | 5,030 | 5,149 |

## 6. MANAGED FUNDS

| | Balanced Growth Fund | | Mohaka Forest Fund ** | | Fixed Income Fund | | Reserve Fund | | Insurance Proceeds Fund | | Cathedral Insurance Proceeds Fund | | Total Funds Under Management | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 $000 | 2014 $000 | 2015 $000 | 2014 $000 | 2015 $000 | 2,014 $000 | 2015 $000 | 2014 $000 | 2015 $000 | 2014 $000 | 2015 $000 | 2,014 $000 | 2015 $000 | 2,014 $000 |
| AMPCI Global Multi -Asset Fund | 11,947 | 12,548 | - | - | 5,890 | 5,690 | - | - | 8,581 | 8,922 | 8,168 | 8,237 | 34,586 | 35,397 |
| AMPCI Fixed Interest Fund | - | - | - | - | 3,939 | 9,660 | - | - | - | - | - | - | 3,939 | 9,660 |
| AMPCI NZ Short Duration | - | - | - | - | 6,012 | 5,726 | - | - | 10,936 | 10,420 | 8,645 | 8,470 | 25,593 | 24,616 |
| Aspiring Asset Management Ltd | 4,044 | 3,087 | - | - | - | - | - | - | - | - | - | - | 4,044 | 3,087 |
| Harbour Income Fund | - | - | - | - | 8,321 | 8,054 | - | - | 9,275 | 9,616 | 12,418 | 11,664 | 30,014 | 29,334 |
| Harbour NZ Short Duration Fund | - | - | - | - | - | - | - | - | 9,759 | 10,430 | 4,843 | 5,822 | 14,602 | 16,252 |
| Mint Asset Management | 1,288 | 2,180 | - | - | - | - | 271 | - | - | - | - | - | 1,560 | 2,180 |
| Mint Diversified Fund | - | - | - | - | 5,227 | - | - | - | - | - | - | - | 5,227 | - |
| Milford Asset Management | 640 | 585 | - | - | - | - | - | - | - | - | - | - | 640 | 585 |
| Schroders RRF CPI +3.5% | - | - | - | - | - | - | - | - | 5,565 | 5,156 | 6,189 | 5,734 | 11,755 | 10,889 |
| | 17,920 | 18,401 | - | - | 29,389 | 29,130 | 271 | - | 44,117 | 44,544 | 40,263 | 39,927 | 131,960 | 132,002 |

****Mohaka Forest Fund:**
Emissions Trading Scheme
CPT participates in the Emissions Trading Scheme in accordance with Schedule 6 of the Climate Change Response (Emissions Trading) Amendment Act 2008. The carbon credits held have not been recognised in the Statement of Financial Position as their cost is nil.

## 7. BONDS

| | Balanced Growth Fund | | Mohaka Forest Fund | | Fixed Income Fund | | Reserve Fund | | Insurance Proceeds Fund | | Cathedral Insurance Proceeds Fund | | Total Funds Under Management | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2,014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2,014 | **2015** | 2,014 |
| | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 | **$000** | $000 |
| NZ Government Stock | - | - | - | - | - | - | **524** | 495 | - | - | - | - | **524** | 495 |
| Rabobank Bond | - | - | - | - | - | - | **310** | 310 | - | - | - | - | **310** | 310 |
| | - | - | - | - | - | - | **834** | 805 | - | - | - | - | **834** | 805 |

## 8. COMMITMENTS

Mohaka Forest Project (Majority Shareholder is the General Trust Estate)
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 6 above). The projected costs to completion, including future silviculture operations related to the area destroyed by fire and subsequently replanted, have been estimated at $49,103 (2014 $77,695).

Private Equity:
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 2015, the shares were called up to 85 cents per share and have been revalued to 76cents per share.

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 2015, the shares were called up to 47 cents per share and have been recorded at cost.

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 2015, the shares were called up to 62 cents per share and have been revalued down to 30 cents per share.

Knox Fund IV
The Balanced Growth Fund holds 250,000 shares in Knox Fund IV. Issue price for the shares was $1.00. As at 31 December 2015, the shares were called up to 55 cents per share and have been revalued to 47 cents per share.

## 9. RECEIVABLES

| | Balanced Growth Fund | | Mohaka Forest Fund | | Fixed Income Fund | | Reserve Fund | | Insurance Proceeds Fund | | Cathedral Insurance Proceeds Fund | | Total Funds Under Management | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2015 $000** | 2014 $000 | **2015 $000** | 2014 $000 | **2015 $000** | 2,014 $000 | **2015 $000** | 2014 $000 | **2015 $000** | 2014 $000 | **2015 $000** | 2,014 $000 | **2015 $000** | 2,014 $000 |
| Accounts Receivable | **3** | - | - | - | **41** | 56 | **232** | 559 | **235** | 1,040 | **217** | 113 | **728** | 1,768 |
| Accrued Interest on Term Deposits | - | - | - | - | **4** | - | - | - | - | - | - | - | **4** | - |
| | **3** | - | - | - | **45** | 56 | **232** | 559 | **235** | 1,040 | **217** | 113 | **732** | 1,768 |

Included in Accounts Receivable is the unrealised gain on foreign currency economic hedges in respect of Australian Dollar denominated investments. Contracted amounts entered by the following funds are as follows:

- Insurance Proceeds Fund to sell AUD 5,048,577 (2014: AUD 2,451,350) and
- Cathedral Insurance Proceeds Fund to sell AUD 5,614,652 (2014: AUD 2,725,938).

## 10. CONTINGENCIES

There are no contingent assets or liabilities at 31 December 2015.

## 11. CREDIT RISK

The funds are exposed to credit risk in that the failure of external counterparties to honour the terms and conditions of a contract may result in a financial loss to the funds. The funds are exposed to credit risk primarily through its investment activities. The maximum credit risk of financial instruments is considered to be their carrying value.

For the managed funds, Eriksen's & Associates regularly review the credit risk and advise CPT of any suggested changes to minimise this risk.

Where CPT invests directly in cash, private equity, bonds and forestry, appropriate processes and risk controls are in place to diversify and mitigate credit risk.

None of the financial assets are past due or impaired.

## 12. 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.

Explanation: Arms Length
Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

## 13. LOANS & MORTGAGES

Land & Building held in Trust ( for Transitional Cathedral)
The balance of the loan from the Insurance Proceeds Fund to the Land and Buildings Trust (for the Transitional Cathedral) is $2,745,798. The loan is comprised of two trenches each at arms length interest rates (3.9% per annum which is representative of the return received by the insurance proceeds funds and 7.5% per annum which is representative of the return received on investments held by the General Trust Estate). The loan is unsecured.

Earthquake Prone Buildings Loan
The balance of the loan from the Fixed Income Fund to the Land & Buildings held in Trust is $170,374. Interest on this loan is charged at 3.9% per annum. The loan is unsecured.

The mortgages still outstanding relate to Christchurch-St Michaels, Kaiapoi Vicarage, Opawa St Martins and Hinds. These mortgages are secured by the relevant land and buildings held in trust.

## 14. RESERVE FUNDS NET ASSETS

CPT maintains the Reserve Fund as outlined in section 36 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003. The Reserve Fund will ultimately be applied by CPT to stabilise or increase the income of the FIF or to replace losses of capital in the FIF.

## 15. PRIOR YEAR ADJUSTMENTS

*Recovery Programme's Revenue and Expenditure*:

The historical accounting for the recovery programme's revenue and expenditure was audited but was not in line with Generally Accepted Accounting Practice. A review by CPT management of the presentation and accounting treatment has resulted in the restatement of this revenue and expenditure. The impact is highlighted below.

Impact on Statement of Financial Position

| | Insurance Proceeds Fund | | | Cathedral Insurance Proceeds Fund | | |
|---|---|---|---|---|---|---|
| | Previously Reported $000 | Adjustment $000 | Restated Balance $000 | Previously Reported $000 | Adjustment $000 | Restated Balance $000 |
| Total Fund Assets | 73,465 | (23,948 ) | 49,517 | 40,513 | (66 ) | 40,447 |
| Total Fund Liabilities | (73,465 ) | 23,948 | (49,517 ) | (40,513 ) | 66 | (40,447 ) |
| Net Impact | - | - | - | - | - | - |

This year we have enhanced the reporting of trusts held and administered by CPT to more clearly show the Land and Buildings held in Trust and the Cathedral Trust. These trusts are separately reported in the special purpose financials of the Estates and Trusts held and administered by CPT.
Previously any transactions relating to the earthquake recovery programme were included in the Insurance Proceeds Fund and the Cathedral Insurance Proceeds Fund. In 2015 these transactions have been reclassified. These two trusts now show the capital work in progress relating to the repair and rebuild of buildings damaged in the 2010 and 2011 earthquakes.

Impact on Statement of Financial Performance

The impact of the reclassification referred to above is nil on the net surplus for each of these Funds.

*Reserve Fund Equity:*

In prior years the Reserve Fund has been reported as having closing equity. In terms of Section 36 (5) of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003, the Fixed Income Fund is always entitled to any surplus in the Reserve Fund. The 2014 comparative figures have been restated to comply with this Act.

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# Independent Auditor's Report

## To the Trustees of the Funds Held and Administered by Church Property Trustees

We have audited the special purpose financial statements of the following funds held and administered by Church Property Trustees (the "Funds"):

- Balanced Growth Fund
- Mohaka Forest Fund
- Fixed Income Fund
- Reserve Fund
- Insurance Proceeds Fund
- Cathedral Insurance Proceeds Fund

These special purpose financial statements are presented on pages 1 to 11, which comprise the statement of financial position of the Funds as at 31 December 2015, and the statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared in accordance with the Anglican (Diocese of Christchurch) Church Property Trust Act 2003.

## Trustees' Responsibility for the Special Purpose Financial Report

The trustees are responsible for the preparation of the special purpose financial statements in accordance with the Anglican (Diocese of Christchurch) Church Property Trust Act 2003, and for such internal control as they determine is necessary to enable the preparation of special purpose 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 special purpose 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 special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the trustee's preparation of the special purpose 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 funds' internal controls. 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 special purpose financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Funds.

## Opinion

In our opinion the financial statements of the Funds for the year ended 31 December 2015 have been prepared, in all material respects, in accordance with the accounting polices stated at note 2.

## Basis of Accounting and Restriction on Distribution and Use

Without modifying our audit opinion, we draw attention to note 2.1 which describes the basis of accounting and exceptions taken from certain financial reporting standards. The special purpose financial statements are prepared to enable the Funds to comply with the provisions of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003. As a result the special purpose financial statements may not be suitable for another purpose. Our report is intended for the Trustees of the Funds, Synod, and each parish, ministry unit, and trust on whose behalf Church Property Trustees holds and administers investments.

## Other Matter

These are the first special purpose financial statements prepared for Funds Held and Administered by Church Property Trustees. The funds were previously reported within the special purpose financial statements of Estates and Funds Invested for the year ended 31 December 2014, which 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 SSAP17 relating to the forest land being recorded at latest rateable value.

Ernst & Young

7 July 2016
Christchurch