

CHURCH PROPERTY TRUSTEES
ANNUAL PERFORMANCE REPORT
For the year ended 31 December 2016

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Church Property Trustees

ENTITY INFORMATION

For the year ended 31 December 2016

Legal Name of Entity: Church Property Trustees

Type of Entity and Legal Basis: Church Property Trustees is established under the Anglican (Diocese of Christchurch) Church Property Trust Act 2003. CPT is a registered charity.

Charities Registration Number: CC36062

CPT Purpose or Mission:

- To hold & administer trust property in accordance with the Act.
- To administer the Bishopric Estate, Dean & Chapter Estate and General Trust Estate.
- To administer local endowments & glebe land for the benefit of the particular parishes concerned.
- To maintain and administer a Reserve Fund.

CPT Structure:

Governance Structure:

The membership of Church Property Trustees comprises -

- (a) the Bishop (Chair) & (b) 8 trustees, being members of the Church elected by the Synod.

CPT must comply with all canon & ecclesiastical laws & regulations.

Operational Structure:

Day to day operations of CPT are carried out by management comprising the General Manager and reporting to the General Manager are the Property Manager; Finance Manager - Facilities and Recovery Programme Manager.

Management operate under documented Delegations of Authority.

Main Sources of CPT Cash and Resources:

CPT relies on the following income sources to cover operating costs:

- Management fees on invested funds.
- Property Management grant from the General Trust Estate.
- Insurance management fee.
- Project Management fees on Earthquake Recovery Projects

Main Methods Used by CPT to Raise Funds:

Not applicable

CPT's Reliance on Volunteers and Donated Goods or Services:

CPT does not rely on volunteers and donated goods.

Contact Details

Physical Address:	10 Logistics Drive
Postal Address:	PO Box 4438 Christchurch 8140
Phone:	(03) 348 6960
Email:	cptofficemanager@anglicanlife.org.nz

CHURCH PROPERTY TRUSTEES
STATEMENT OF SERVICE PERFORMANCE
For the year ended 31 December 2016

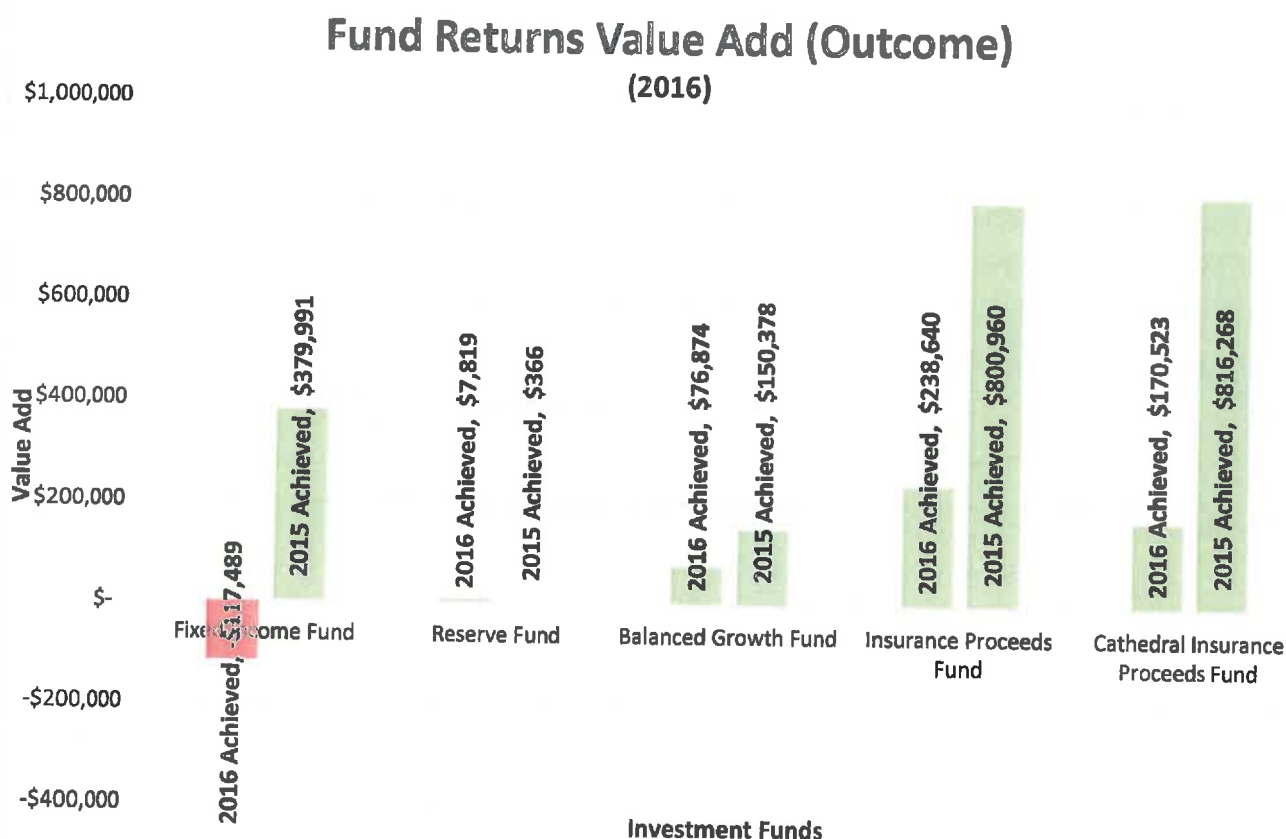
The function of Church Property Trustees (CPT) is to hold and administer trust property in accordance with the Anglican (Diocese of Christchurch) Church Property Trust Act 2003. CPT is therefore tasked with the prudent stewardship of the financial and property assets of the Diocese.

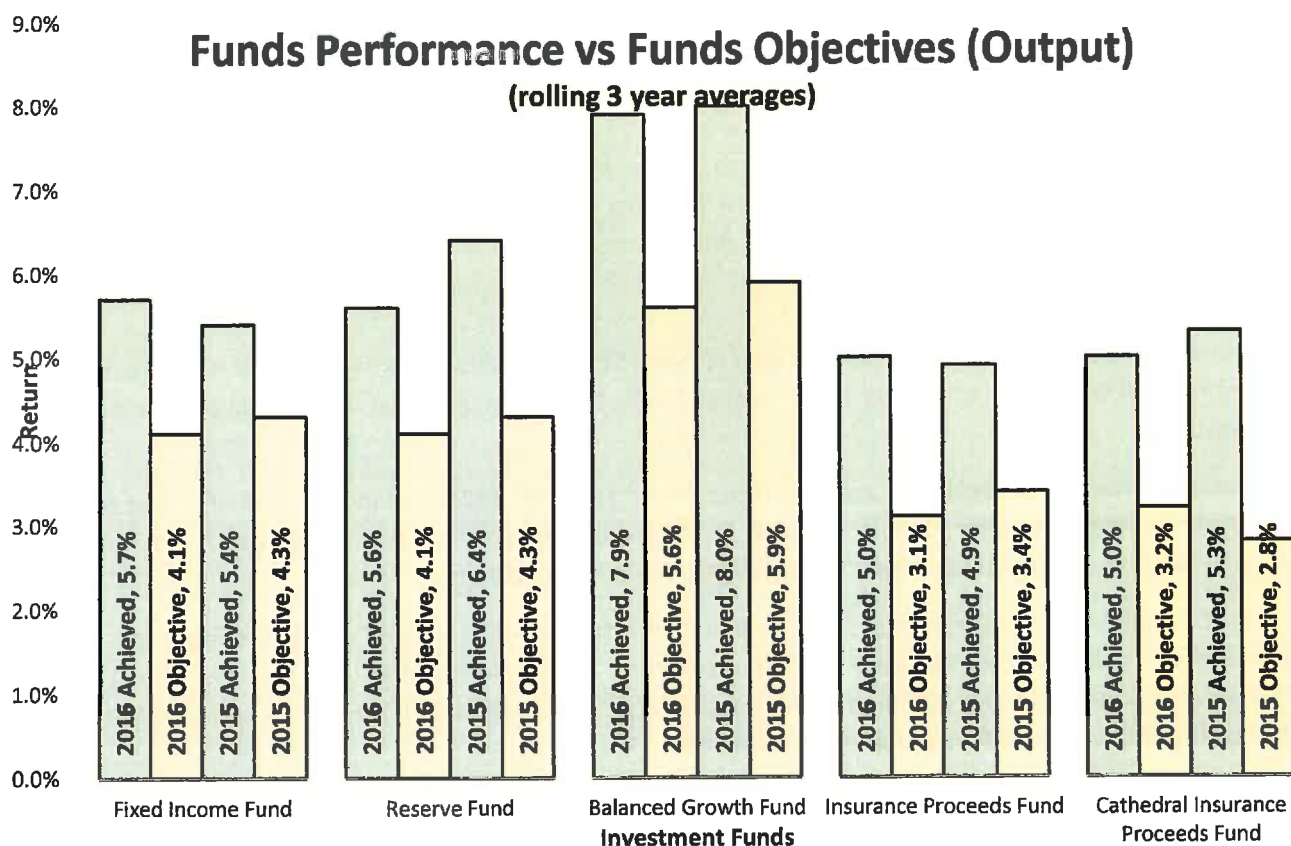
Financial Assets

CPT administers approximately \$140m of funds held in trust. CPT has developed a Statement of Investment Policy and Objectives [SIPO] that, among other things, serves as the basis for monitoring the on-going performance of funds invested.

The 'outcome' (what CPT is seeking to achieve) is the extent to which additional income (benefit) is generated, over and above fund objectives, and is available for furthering the trust objectives for which the funds are employed. This is illustrated in the graph "Fund Returns Value Add (Outcome)".

The 'output' (what CPT has delivered) for funds held in trust is the extent to which the actual rolling 3 year return meets the policy objective for each fund (Fixed Income Fund (FIF), Reserve Fund (RF), Balanced Growth Fund (BGF), Insurance Proceeds Fund (IPF) and Cathedral Insurance Proceeds Fund (CIPF)). This is illustrated in the graph "Funds Performance vs Funds Objectives (Output)".





Property Assets

CPT holds and administers approximately \$190m of land and buildings ('real property'). The 'outcome' for the property division is to ensure that an insurance programme is in place for the year with all real property appropriately insured at competitive and affordable insurance premium rates.

The 'output' for the property division is the extent to which the premium rate has remained constant or decreased and the increase in Diocesan owned properties insured. This is illustrated in the table below:

	2016	2015
Insurer Premium Non Natural Disaster material damage rate (renewal period commences from 1 April each year)	0.045%	0.06%
Non Domestic Buildings Insured	221	216
Domestic Buildings Insured	54	52
Number of Buildings not Insured	2	9

Earthquake Recovery Programme:

CPT successfully negotiated an insurance settlement with Ansvar in December 2013 for the 2010 and 2011 earthquakes. A project management team was established in 2014 to manage the repairs and rebuilds of Diocesan damaged churches, halls and vicarages.

The 'outcome' for the Recovery Programme is to complete the earthquake repairs and rebuilds within the insurance proceeds received and within a realistic timeframe.

The 'output' for the Recovery Programme is continual progress in closing out on individual building repairs and rebuilds. Progress is illustrated in the table below:

	2016		2015	
	Number of Projects		Number of Projects	
Number of projects in the programme	234	100%	234	100%
Number for projects completed	140	60%	110	47%
Projects in planning, tender and construction phase	58	25%	35	15%
Number of projects not started yet	36	15%	89	38%

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2016

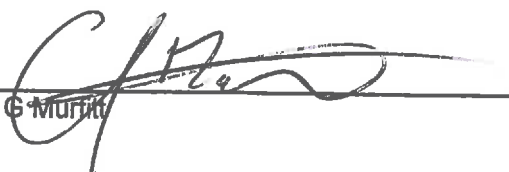
	NOTE	2016 \$	2015 \$
EXCHANGE REVENUE			
Revenue from providing goods or services		2,211,364	2,024,805
Interest, dividends and other investment revenue		22,980	20,281
TOTAL EXCHANGE REVENUE		2,234,344	2,045,086
EXPENSES			
Employee related costs		1,342,388	1,187,925
Costs related to providing goods or services		570,260	399,740
TOTAL EXPENDITURE		1,912,648	1,587,665
Surplus (Deficit) for the Year	3,4	321,696	457,421

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Bank accounts and cash		507,007	787,528
Other Current Assets			
Debtors & Prepayments		575,147	346,660
Goods & Services Tax		27,192	10,302
		<u>602,339</u>	<u>356,962</u>
Total Current Assets		1,109,346	1,144,490
NON CURRENT ASSETS			
Investments			
Other Investments - Mint	5	458,126	-
		<u>458,126</u>	<u>-</u>
Total Non Current Assets		458,126	-
TOTAL ASSETS		1,567,472	1,144,490
LIABILITIES			
CURRENT LIABILITIES			
Creditors		53,981	17,842
Employee Costs Payable		114,177	49,030
		<u>168,158</u>	<u>66,872</u>
Total Current Liabilities		168,158	66,872
TOTAL LIABILITIES		168,158	66,872
NET ASSETS		1,399,314	1,077,618

For and on behalf of the Board of Trustees who authorised the issue of the Financial statements
on 11th May 2017


S J Wakefield


C G Murphy

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 \$	2015 \$
ACCUMULATED FUNDS			
ACCUMULATED SURPLUSES			
Opening Balance		736,495	620,197
Surplus/(Deficit) for the year		321,696	457,421
Transfers to Special Purpose Funds	6	(332,283)	(341,123)
Transfers from Special Purpose Funds	6	90,228	-
Closing Balance		816,135	736,495
Special Purpose Funds			
Earthquake Recovery Revenue Reserve			
Opening Balance		341,123	-
Transfer from Accumulated Funds	6	332,283	341,123
Transfer to Accumulated Funds	6	(90,228)	
Closing Balance		583,178	341,123
TOTAL ACCUMULATED FUNDS		1,399,314	1,077,618

CHURCH PROPERTY TRUSTEES
STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was received from:		
Revenue from providing goods & services	1,982,876	2,032,082
Interest, dividends and other investment revenue	10,977	20,281
	<u>1,993,854</u>	<u>2,052,363</u>
Net GST	(16,891)	(57)
Cash was applied to:		
Employee related costs	1,277,241	1,192,744
Costs related to providing goods or services	534,121	383,957
	<u>1,811,362</u>	<u>1,576,701</u>
Net Cash Flows from Operating Activities	<u>165,601</u>	<u>475,605</u>
CASH FLOWS FROM INVESTING & FINANCING ACTIVITIES		
Cash was received from:		
Receipts from the sale of property, plant and equipment	-	1,860
Receipts from reduction of investments	-	-
Receipts from advance of loans	-	-
	<u>-</u>	<u>1,860</u>
Cash was applied to:		
Payments to acquire property, plant and equipment	-	-
Payments to increase investments	446,123	-
Payments to repay loans	-	-
	<u>446,123</u>	<u>-</u>
Net Cash Flows from Investing and Financing Activities	<u>(446,123)</u>	<u>1,860</u>
Net Increase / (Decrease) in Cash	(280,522)	477,465
Opening Cash	787,528	310,063
Closing Cash	<u>507,007</u>	<u>787,528</u>
THIS IS REPRESENTED BY:		
Bank Accounts and Cash	<u>507,007</u>	<u>787,528</u>

CHURCH PROPERTY TRUSTEES
NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

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.

2. STATEMENT OF ACCOUNTING POLICIES

2.1. Basis of Preparation

The financial statements have been prepared in accordance with the Church Property Trustees Act 2003. Church Property Trustees has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) (PBE Tier 3) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. CPT has elected to apply PBE IPSAS 28, PBE IPSAS 29 and PBE IPSAS 30 for recognition and measurement of its investments. In previous years CPT has prepared the financial statements using generally accepted accounting practice and applicable Financial Reporting Standards. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

2.2. Changes in Accounting Policies

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

2.3. Specific Account Policies

(a) Revenue

Revenue is recorded when goods and services have been provided.

(b) Bank Accounts and Cash

Bank accounts and cash comprise cash on hand and deposits held on call with banks.

(c) Debtors and Prepayments

Accounts receivable are stated at the amount owed less impairment. Prepayments are recorded at the amount relating to the future goods or services to be received.

(d) Goods and Services Tax

Church Property Trustees is registered for GST. The accounts are prepared on a GST exclusive basis except for accounts receivable and accounts payable.

(e) Financial Investments

Initial recognition and measurement:

CPT's investments are classified as financial assets at fair value through surplus or deficit. Investments are recognised initially at fair value.

Subsequent measurement:

Subsequently investments are carried in the statement of financial position at fair value with net changes in fair value presented as other expenses (negative net changes in fair value) or other revenue (positive net changes in fair value) in the statement of surplus or deficit.

(f) Creditors and Accrued expenses

Creditors and accrued expenses are recorded on the receipt of goods and services and are measured at the amount owed.

CHURCH PROPERTY TRUSTEES
NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

(g) Employee costs payable

Employee costs payable are recorded when an employee has earned the entitlement and are measured at the amount to be paid.

(h) Taxation

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

CHURCH PROPERTY TRUSTEES
NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

3. NET OPERATING SURPLUS

	2016	2015
	\$	\$
EXCHANGE REVENUE		
Estates, Trusts, Funds and Facilities Management		
Estate Management fees	50,169	45,215
Investment fund Administration fees	789,062	782,997
Interest, dividends and other investment revenue	22,132	14,604
Cost recovery	165,883	162,630
Other Income	56,285	59,880
Total Exchange Revenue Estates, Trusts, Funds and Facilities Management	1,083,531	1,065,327
Earthquake Recovery Programme		
Cost recovery	1,149,965	974,082
Interest, dividends and other investment revenue	849	5,677
Total Exchange Earthquake Recovery Programme	1,150,813	979,760
TOTAL EXCHANGE REVENUE	2,234,344	2,045,086
EXPENSES		
Estates, Trusts, Funds and Facilities Management		
Accommodation	52,736	17,250
Administration Expenditure	71,523	65,890
IT & Software	24,221	20,147
Communication	26,925	10,923
Legal & Professional Fees	53,660	20,660
Compliance & Projects Expenditure	105,280	75,000
Staff Expenses	420,635	365,900
Total Expenditure Estates, Trusts, Funds and Facilities Management	754,980	575,770
Earthquake Recovery Programme		
Accommodation	72,636	40,250
Administration Expenditure	91,374	66,228
IT & Software	35,543	47,513
Communication	27,664	27,410
Legal & Professional Fees	8,185	8,085
Compliance & Projects Expenditure	512	385
Staff Expenses	921,753	822,025
Total Expenditure Earthquake Recovery Programme	1,157,668	1,011,895
TOTAL EXPENDITURE	1,912,648	1,587,665
Surplus (Deficit) for the Year	321,696	457,421

CHURCH PROPERTY TRUSTEES
NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

4. CHURCH PROPERTY TRUSTEES SURPLUS

The surplus of \$321,696 for 2016 (2015: \$457,421) 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.

5. INVESTMENT

The Earthquake Recovery Revenue Reserve is supported with a \$458,126 investment with Mint Asset Management (2015: Nil).

6. SPECIAL PURPOSE FUND

An Earthquake Recovery Revenue Reserve was set up in 2015 to assist the Recovery programme in the future. Funding for the Revenue reserve comes from a portion (70%) of the CPT Management fee on the Insurance Proceeds fund and the Cathedral Insurance Proceeds fund. In 2015 \$341,123 of the \$457,421 surplus was set aside in the Earthquake Recovery Revenue Reserve. In 2016 a further \$332,283, from the \$321,696 surplus, was added to this Revenue Reserve. The fund contributed \$90k towards the Christchurch City Council District Plan Review costs in 2016.

7. CONTINGENT LIABILITIES

CPT did not have any contingent liabilities at balance date (2015: Nil).

8. 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.

9. COMMITMENTS

Church Property Trustees has the following operating lease obligations (2015: \$14,431).

	Within 12 Months	> 12 Months	Total
	\$	\$	\$
Motor Vehicle	\$6,942	\$0	\$6,942
Total	\$6,942	\$0	\$6,942

10. RELATED PARTIES

The Anglican Centre

Church Property Trustees shares premises, office equipment and staffing resources with the Diocese of Christchurch and Anglican Care. A service level agreement (SLA) was entered into in 2005 with the Anglican Centre. The purpose of the SLA is to reduce and apportion shared costs. The SLA cost allocations are agreed annually. SLA expenses in 2016 were \$411,338 (2015: \$441,258).

Wynn Williams

Jeremy Johnson, (the Diocesan Chancellor) is a Partner at Wynn Williams. Wynn Williams provided legal services to Church Property Trustees to the value of \$53,260 (2015: \$22,590). The transactions were at an arms length basis.

Deloitte

Steven Wakefield, (a member of the Board of Trustees) is a Partner at Deloitte. Deloitte provided services to Church Property Trustees to the value of \$17,909 (2015: \$38,777). The transactions were at an arms length basis.

11. EVENTS AFTER BALANCE DATE

There were no significant events subsequent to balance date.

Independent Auditor's Report

To the Trustees of Church Property Trustees

Report on the Annual Performance Report

We have audited the annual performance report of Church Property Trustees (the "body corporate") on pages 1 to 12, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 December 2016, the statement of financial position of the body corporate as at 31 December 2016, and the statement of accounting policies and other explanatory information.

In our opinion:

- ▶ the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- ▶ the accompanying annual performance report on pages 1 to 12 presents fairly, in all material respects
 - ▶ the entity information for the year ended 31 December 2016;
 - ▶ the service performance for the year then ended; and
 - ▶ the financial position of the body corporate as at 31 December 2016, and its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

This report is made solely to the members of the body corporate, as a body. Our audit has been undertaken so that we might state to the body corporate's members 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 body corporate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the annual performance report in accordance with International Standards on Auditing (New Zealand), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Performance Report section of our report.

We are independent of the body corporate in accordance with Professional and Ethical Standard 1 (revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the body corporate. Partners and employees of our firm may deal with the body corporate on normal terms within the ordinary course of trading activities of the business of the body corporate.

Information Other than the Annual Performance Report and Auditor's Report

The trustees are responsible for the Annual Report, which includes information other than the annual performance report and auditor's report.

Our opinion on the annual performance report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual performance report or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibility for the Annual Performance Report

The trustees are responsible on behalf of the body corporate for

- ▶ Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- ▶ the preparation and fair presentation of the annual performance report on behalf of the entity which comprises
 - ▶ the entity information;
 - ▶ the statement of service performance; and
 - ▶ the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and

- ▶ for such internal control as the trustees determine is necessary to enable the preparation of the annual performance report that is free from material misstatement, whether due to fraud or error.

In preparing the annual performance report, the trustees are responsible on behalf of the body corporate for assessing the body corporate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the body corporate or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this annual performance report.

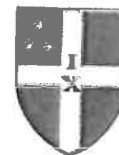
As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the annual performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the use of the going concern basis of accounting by the trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the body corporate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the body corporate to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual performance report, including the disclosures, and whether the annual performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.



We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Christchurch
11 May 2017



Anglican Centre, 10 Logistics Drive, Harewood, Christchurch 8050
P O Box 4438, Christchurch 8140, New Zealand
Telephone +64 3 348 6960 • www.anglicanlife.org.nz

11th May 2017

Bruce Loader
Ernst & Young
Box 2091
Christchurch

Attention: Bruce Loader

This letter of representation is provided in connection with your audit of the financial statements of **Church Property Trustees ("the entity")** for the year ended 31st December 2016. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements present fairly, in all material respects, the financial position of Church Property Trustees as of 31st December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (New Zealand), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist. Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 20th March 2017, for the preparation of the financial statements in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit).
2. We acknowledge, as those charged with governance of the entity, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above present fairly, in all material respects, the financial position, financial performance, cash flows and service performance of the entity in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.



4. As those charged with governance of the entity, we believe that the entity has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, accumulated by you during the current audit and pertaining to the prior period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Refer to the summary of unadjusted audit differences in Appendix A.

B. Fraud

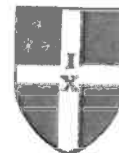
1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the entity's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the entity.

C. Compliance with Laws and Regulations

1. We have disclosed to you all identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters,
 - Additional information that you have requested from us for the purpose of the audit, and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of trustees and committees of trustees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the entity's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from



such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the entity has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Ownership of Assets

1. The entity has satisfactory title to all assets appearing in the statement of financial position, and there are no liens or encumbrances on the entity's assets, nor has any asset been pledged as collateral, other than those that are disclosed in the financial statements. All assets to which the entity has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.
4. We have assessed the carrying values of assets and in ensuring that no non-current assets are stated at or in excess of their value in use.

F. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

G. Equity

1. We have properly recorded or disclosed in the financial statements the special purpose funds.

H. Trust Deed

1. The Trust is being conducted in accordance with the Trust obligations.

I. Purchase and Sales Commitments and Sales Terms

1. Losses arising from purchase and sales commitments have been properly recorded and adequately disclosed in the financial statements.
2. At the year end, the entity had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the entity (e.g. contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; significant foreign exchange commitments; open balances on letters of credit;



purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfilment of, or inability to fulfil, sales commitments, etc.).

J. GST

1. We have considered the requirements of PBE SFR-A (NFP) Provisions, Contingent Liabilities and Contingent Assets, when assessing the potential GST refund due to Church Property Trustees. We believe the likelihood of recovery is uncertain and remote, and therefore non-disclosure is appropriate.

K. Independence

1. We are not aware of any act or omission on the part of the entity that does or may impact on your ability to comply with your independence obligations as auditor of the entity. We have brought to your attention any items which we consider may affect your ability to remain independent of the entity and we will continue to work with you to maintain the independence of the audit relationship.

L. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

M. Other information

1. We acknowledge our responsibility for the preparation of the other information in the Annual Performance Report.

Yours faithfully,


S J Wakefield

Trustee

11/5/2017
Date:


C G Murfitt

Trustee

11th May 2017
Date:



Appendix A:

A. Unrecorded Service Level Agreement invoice (facilities) at year end
(Search for unrecorded Liabilities)

Dr)	Admin Expenses	2,681	
Dr)	GST	403	
Cr)	Trade Payables		3,084

B. Unrecorded Service Level Agreement invoice (facilities) at year end
(Search for Unrecorded Liabilities)

Dr)	Admin Expense	10,636	
Dr)	GST	1,595	
Cr)	Trade Payables		12,231

C. No audit fee recognised as an expense or accrued for in the prior year

Dr)	Accumulated Funds	24,500	
Cr)	Audit Fee Accrual		24,500

D. Decrease current year audit fee expense as it includes the prior year audit fee

Dr)	Audit fee accrual	24,500	
Cr)	Audit fee		24,500

