ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

The Church Property Trustees
THE ANGLICAN DIOCESE OF CHRISTCHURCH

ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

The Church Property Trustees

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ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
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FOR THE YEAR ENDED 31 DECEMBER 2016

The Church Property Trustees

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INCOME											
Net Return from Investment Funds	3	839	1,199	184	188	74	75	1,540	2,579	1,393	1,318
Insurance Income	4	-	-	-	-	-	-	259	428	-	-
Grants & Donations Received	5	-	-	10	10	-	-	2,491	163	-	-
Interest Income		113	220	-	-	-	-	61	5	-	-
Parish Contributions	6	-	-	-	-	-	-	784	373	-	-
Gifting	7,11	245	2,745	-	-	-	-	200	-	-	-
Profit/(Loss) from Sale of Assets	8	676	-	-	-	-	-	(31)	687	-	-
Sundry Income		61	52	-	-	-	-	101	75	-	-
Total Income		1,934	4,216	194	198	74	75	5,405	4,309	1,393	1,318
EXPENSES											
Administration		-	-	185	171	-	-	-	-	-	-
Earthquake Repair Expenditure	9	-	-	-	-	-	-	4,142	1,678	212	85
Earthquake Prone Building Expenditure		-	-	-	-	-	-	(38)	29	-	-
Distributions/Donations to Parishes	10	-	942	-	-	-	-	49	83	-	-
Gifting to General Trust Estate	11	-	-	-	-	-	-	245	2,745	-	-
Grants Paid	12	394	437	-	-	52	52	-	-	-	-
Interest Paid		-	-	-	-	-	-	187	121	-	-
Management Fees - CPT		206	194	10	10	4	4	1,003	841	106	136
Property Operating Expenditure		100	-	-	-	-	-	-	-	-	-
Property Sale Expenditure		80	-	-	-	-	-	47	-	-	-
Legal Fees		100	27	-	-	-	-	112	40	123	175
Mohaka Forest Expenses		59	27	-	-	-	-	-	-	-	-
Total Expenditure		939	1,627	195	181	56	56	5,746	5,538	441	396
Net Surplus/(Deficit)		995	2,589	(1)	17	18	19	(340)	(1,228)	953	922

These statements are to be read in conjunction with the accompanying notes on pages 4 to 16 and the Independent Auditor's Report on pages 17 to 18.

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ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

The Church Property Trustees

	NOTE	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
		2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
CURRENT ASSETS											
Cash & Cash Equivalents		462	-	28	-	21	-	278	231	33	9
Receivables	13	152	159	7	4	-	-	3,021	2,840	14	45
Investment Funds	18	4,452	77	-	-	-	-	-	-	-	-
Investment Property	14	1,036	467	-	-	-	-	-	-	-	-
Total Current Assets		6,102	703	35	4	21	-	3,299	3,071	47	53
CURRENT LIABILITIES											
Provisions	15	10	10	24	22	-	-	193	256	-	-
Payables		278	53	40	56	-	-	1,807	1,005	71	110
Mortgages & Loans		-	-	-	-	-	-	4,102	2,916	-	-
Revenue in Advance	5	175	-	-	-	-	-	1,392	3,327	-	-
Total Liabilities		463	64	64	78	-	-	7,494	7,504	71	110
Net Current Assets		5,639	639	(29)	(73)	21	-	(4,195)	(4,434)	(23)	(56)
NON CURRENT ASSETS											
Land & Buildings Held in Trust	16	-	-	-	-	-	-	151,493	141,755	5,800	5,275
Capital Work In Progress	17	-	-	-	-	-	-	3,496	7,053	-	-
Investment in Land & Buildings		-	1,085	-	-	-	-	-	-	-	-
Investment Funds	18	7,214	9,891	3,312	3,358	1,345	1,348	43,575	46,859	41,989	41,069
Mortgages & Loans	19	1,495	1,412	-	-	-	-	-	-	-	-
Total Non Current Assets		8,709	12,388	3,312	3,358	1,345	1,348	198,563	195,668	47,789	46,344
NON CURRENT LIABILITIES											
Tenant Liability	20	-	-	-	-	-	-	1,043	-	-	-
Total Non Current Liabilities		-	-	-	-	-	-	1,043	-	-	-
Net Non Current Assets		8,709	12,388	3,312	3,358	1,345	1,348	197,521	195,668	47,789	46,344
Net Assets		14,347	13,027	3,283	3,284	1,366	1,348	193,326	191,234	47,766	46,288
EQUITY											
Retained Earnings	21	14,022	13,027	2,621	2,603	1,366	1,348	56,131	56,472	41,965	41,013
Asset Revaluation Reserve		325	-	-	-	-	-	137,195	134,763	5,800	5,275
CSN Trust Fund	22	-	-	170	170	-	-	-	-	-	-
Fabric Fund	23	-	-	493	511	-	-	-	-	-	-
Total Equity		14,347	13,027	3,283	3,284	1,366	1,348	193,326	191,234	47,765	46,288

For and on behalf of the Board of Trustees who authorised the issue of these financial statements on 11 May 2017

S J Wakefield

C G Murfitt

ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

The Church Property Trustees

	NOTE	General Trust Estate 2016 $000	General Trust Estate 2015 $000	Bishopric Estate 2016 $000	Bishopric Estate 2015 $000	Dean & Chapter Estate 2016 $000	Dean & Chapter Estate 2015 $000	Land & Buildings Held In Trust 2016 $000	Land & Buildings Held In Trust 2015 $000	Cathedral Trust 2016 $000	Cathedral Trust 2015 $000
RETAINED EARNINGS											
Balance at 31 December 2015		13,027	10,438	3,284	3,267	1,348	1,328	56,472	57,700	41,013	40,091
Net Surplus/(Deficit)		995	2,589	(1)	17	18	19	(340)	(1,228)	953	922
Balance at 31 December 2016	21	14,022	13,027	3,283	3,284	1,366	1,348	56,131	56,472	41,965	41,013
ASSET REVALUATION RESERVE											
Balance at 31 December 2015		-	-	-	-	-	-	134,763	131,946	5,275	8,625
Reclassification of mortgages		-	-	-	-	-	-	(1,166)	-	-	-
Reclassification of tenant liability	20	-	-	-	-	-	-	(955)	-	-	-
Gain/(Loss) on revaluation of property	24	325	-	-	-	-	-	4,554	2,816	525	(3,350)
Balance at 31 December 2016		325	-	-	-	-	-	137,195	134,763	5,800	5,275
TOTAL EQUITY		14,347	13,027	3,283	3,284	1,366	1,348	193,326	191,234	47,765	46,288

These statements are to be read in conjunction with the accompanying notes on pages 4 to 16 and the Independent Auditor's Report on pages 17 to 18.

1. GENERAL INFORMATION

These financial statements have been prepared for each of the estates and trusts managed by Church Property Trustees (CPT). The Estates in these special purpose financial statements are the General Trust Estate, Bishopric Estate, Dean & Chapter Estate, Land & Buildings held in Trust and the Cathedral Trust.

The financial statements are presented in New Zealand dollars.

Investment Policies
General Trust Estate: The General Trust Estate is comprised of assets held by CPT on trust for the general purposes of the Diocese. The Estate exists to support the financial needs of the Diocese of Christchurch.

***Bishopric Estate*:** 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 Anglican (Diocese of Christchurch) Church Property Trust Act 2003, Part 3, Sections 14-16.

Dean & Chapter Estate: 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.

Land & Buildings Held in Trust: CPT holds all other real property and associated funds on charitable purpose trusts. The cost of earthquake rebuilds and repairs to these buildings are reported in this collection of trusts.

Cathedral Trust: The land and buildings at 100 Cathedral Square, and associated funds, are held on a charitable trust for the purposes of having a cathedral on the site.

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:

- FRS3 Accounting for Property Plant & Equipment, where the trustees have decided to state land & buildings at latest rateable values instead of either cost or fair value and have also decided not to depreciate buildings over their useful life as required by the standard. No further assessment for indicators of impairment at each balance date is performed.
- FRS33 Disclosure of Information by Financial Institutions, where the trustees have decided not to apply the disclosure requirements of this standard.
- SSAP 17 Accounting for Investment Properties, where the trustees have decided to state certain investment properties at latest rateable values instead of net current value, as required by the standard.
- FRS1 Disclosure of Accounting Policies, paragraphs 5.11 to 5.18 Changes in Accounting Policies, where the trustees have decided not to apply the disclosure requirements of these paragraphs.

These financial statements show only the income, expenditure, assets and liabilities of the estates and trust under management 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. Distribution income is recognised in the Statement of Financial Performance when the right to receive the dividend/distribution is established.

Grants requiring specified future conditions to be met are recognised as a liability on receipt. The grants are recognised to revenue over the period that the specified conditions are complete and the associated costs are recognised.

CPT enter into a number of leases as landlord. The leases are residential, commercial or regular short term leases. The rental income is received by the relevant parish. The rental income and offsetting distribution has not been incorporated in the financial statements as this cannot be reliably measured. CPT will improve the accuracy of reporting this income in 2017.

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
Tax payable (if any at all) is payable by the investing entities.

d) Goods and Services Tax
Where applicable all amounts are stated exclusive of goods and services tax (GST) except for accounts payable, accounts receivable and retentions payable which are stated inclusive of GST.

e) Financial Instruments
Classification:
The financial instruments comprise investments (both investment funds and investment property), cash, receivables and payables. They are stated at fair value through the Statement of Financial Performance.

Recognition/derecognition:
The fund 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 (investment funds and property)
Investment funds are stated at fair value excluding any transaction costs. 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.
Investment properties are stated at rateable value where a market value does not exist and are not depreciated because of this.

(ii) Mortgages and Loans
Mortgages and loans are measured at fair value.

f) Capital work in progress
Capital Work in progress is stated at cost.

g) Receivables
Receivables may include amounts accrued for interest income and distributions. 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.

Any other receivables are stated at their expected realisable value after assessing at each reporting date, whether there is any objective evidence that the other receivables are impaired

h) Land and buildings
Freehold land and buildings are not depreciated; rather they are valued at rateable values which range in date between November 2013 and September 2016 with the exception of:

- new buildings built or purchased after the latest valuation date,

which are valued at the cost of construction or acquisition for up to five years from build or acquisition at which time they revert to rateable value or independent valuation.
Revaluation gains resulting from a change in rateable value are transferred to the asset revaluation reserve. If the revaluation reserve has a deficit, that deficit is recognised in the Statement of Financial Performance when that deficit arises. Any revaluation surplus that reverses previous revaluation deficits in subsequent periods is recognised as revenue in the Statement of Financial Performance.

All insurance repairs and maintenance expenditure is recognised as incurred. An item of property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the year the asset is derecognised.

i) Payables
Payables include liabilities and accrued expenses owing by the trusts and estates which are unpaid at balance date.

j) Cash and cash equivalent

Cash and cash equivalents include operational bank accounts and term deposits.

3. NET RETURN FROM INVESTMENT FUNDS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings held in Trust Estate		Cathedral Trust	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
BGF Revaluation	335	323	172	177	74	75	-	-	-	-
BGF Revaluation Fabric Fund	-	-	12	11	-	-	-	-	-	-
Net Income from Insurance Proceeds Funds	-	-	-	-	-	-	1,540	2,579	1,393	1,318
Mohaka Forest Revaluation	505	876	-	-	-	-	-	-	-	-
	839	1,199	184	188	74	75	1,540	2,579	1,393	1,318

Southern Forestry Limited prepares an annual report on the progress of the development of the investment in the Mohaka Forest. It provides a valuation of the forest. The forest value has increased due to growth, increased log prices, particularly for pruned logs, and a decrease in discount rate from 7.5% to 7.0%.

4. INSURANCE INCOME

Included in insurance income are Earthquake Commission (EQC) receipts of $236,344 (2015:$427,926).

5. GRANTS & DONATIONS RECEIVED

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings held in Trust Estate		Cathedral Trust	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Diocesan Grants	-	-	10	10	-	-	-	-	-	-
CCC Earthquake Heritage Fund	-	-	-	-	-	-	536	9		
Fulton Hogan	-	-	-	-	-	-	-	77	-	-
Church of Holy Innocents Trust	-	-	-	-	-	-	499	-	-	-
NZ Lotteries Grant Board-Recovery Programme	-	-	-	-	-	-	977	5	-	-
NZ Lotteries Grant Board - Transitional Cathedral	-	-	-	-	-	-	-	10	-	-
Canterbury Earthquake Heritage Board Trust	-	-	-	-	-	-	447	-	-	-
Other	-	-	-	-	-	-	32	61	-	-
	-	-	10	10	-	-	2,491	163	-	-

Grants of $1,391,671 (2015: $3,326,952) have not been recognised as income, due to unfulfilled requirements at balance date, in the Land & Buildings Held in Trust Estate.

The Standing Committee of the Diocese has agreed to fund a portion of the Bishopric Estate costs since 2012 in order to maintain the capital of the Estate. The grant is reviewed annually. The Trustees continue to work with the Diocese on strategies to recapitalise the Bishopric Estate.

6. PARISH CONTRIBUTIONS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings held in Trust Estate		Cathedral Trust	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Betterment Contributions	-	-	-	-	-	-	745	187	-	-
Capital Mortgage Contributions	-	-	-	-	-	-	5	-	-	-
Earthquake Prone Building Contributions	-	-	-	-	-	-	(8)	147	-	-
Insurance Excess Contributions	-	-	-	-	-	-	42	40	-	-
	-	-	-	-	-	-	784	373	-	-

Betterment Contributions:
During the course of performing earthquake repairs some deferred maintenance or strengthening work will be completed simultaneously. In these instances the relevant parish will be consulted with and agreement will be reached on the level of work to be completed. The parish will be requested to contribute towards these non-earthquake related costs. The betterment contributions recorded in the table above are of this nature.

Capital Mortgage Contributions:
At times the CPT in its capacity as Trustee of an Anglican Parish will enter into a term loan agreement with the CPT, to assist with the financing of a property purchase. Any capital repayment of these loans are considered contributions.

Earthquake Prone Building Contributions:
The CPT Earthquake Prone Buildings [EPB] Programme was developed:

- in response to the Canterbury Earthquakes,
- to assess the risk our buildings may present to users and the wider public and
- to formulate a plan with the Parishes to manage these risks.

The EPB Programme was first outlined to parishes at Synod 2012. Phase 1 (Initial desktop analysis) and phase 2 (Initial Evaluation Procedure or Initial Seismic Assessment) have been completed and a contribution from the parishes to cover this cost has been requested. The value of those requests is included in the table above. The negative contribution in 2016 reflects building specific adjustments made on certain contribution requests.

Insurance Excess Contributions:
An excess was deducted by CPT's insurers on global settlement. In November 2015 CPT approved a mechanism for the allocation of insurance excesses for repair projects. Quarterly, as earthquake repair work is completed, a contribution towards the excess will be sought from parishes based on the final repair cost.

7. GIFTING RECEIVED

The deceased owner of the property at 39 Leaver Terrace, entered into an agreement with the Anglican Parish of New Brighton to transfer to it the Property if he was to pass away during a five year period from June 2013. The gift has been valued at the rating valuation as of 1 November 2013 of $200,000.

8. PROFIT OR LOSS FROM SALE OF ASSETS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings held in Trust Estate		Cathedral Trust	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
St Matthew's Church, St Albans	480	-	-	-	-	-	-	-	-	-
Richards Estate	191	-	-	-	-	-	-	-	-	-
29 Pemberton Road, Sefton	-	-	-	-	-	-	31	-	-	-
6 Yellowlees Drive, Kaiapoi	-	-	-	-	-	-	6	-	-	-
23 High Street, Otipua	-	-	-	-	-	-	(59)	-	-	-
Lot 2, David Street, Hinds	-	-	-	-	-	-	(10)	-	-	-
48 Wakefield Avenue, Sumner	-	-	-		-	-	-	687	-	-
Other	6	-	-	-	-	-	-	-	-	-
	676	-	-	-	-	-	(31)	687	-	-

9. EARTHQUAKE REPAIR EXPENDITURE

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Earthquake Repairs	-	-	-	-	-	-	2,155	384	-	-
Consultancy & Professional Fees	-	-	-	-	-	-	1,591	727	151	27
EQC Excess & Repairs	-	-	-	-	-	-	10	248	-	-
Other	-	-	-	-	-	-	386	319	61	58
	-	-	-	-	-	-	4,142	1,678	212	85

Since September 2010 the Canterbury region experienced thousands of earthquakes which extensively damaged the Cathedral, churches, halls and vicarages. The earthquakes have resulted in costs being incurred with reinstatement of assets. These costs have been expensed as incurred unless they are of a capital nature in which case they have been capitalised.

10. DISTRIBUTIONS/DONATIONS TO PARISHES

In February 2015, Standing Committee approved the payment of the outstanding 2012 insurance premiums from General Trust Estate funds of $941,533.

11. GIFTING TO GENERAL TRUST ESTATE

The following gifting arrangements were finalised resulting in a transfer of funds and land & buildings from the Land & Buildings Trust to the General Trust Estate:

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Christchurch St John's Material Damage Insurance Proceeds	-	-	-	-	-	-	-	600	-	-
Christchurch St Luke's Material Damage Insurance Proceeds (plus legal fees)	-	-	-	-	-	-	-	1,060	-	-
Christchurch St Luke's Old Vicarage (at rateable value)	-	-	-	-	-	-	-	465	-	-
St Matthew's St Albans Land & Buildings at 145 Cranford Street	-	-	-	-	-	-	-	620	-	-
Pukaki Co-operating All Saints Vicarage	-	-	-	-	-	-	245	-	-	-
	-	-	-	-	-	-	245	2,745	-	-

12. GRANTS PAID

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Cathedral Chapter	-	-	-	-	52	52	-	-	-	-
Diocese of Christchurch (Prior Years)	-	20	-	-	-	-	-	-	-	-
Diocese of Christchurch	394	417	-	-	-	-	-	-	-	-
	394	437	-	-	52	52	-	-	-	-

The amount available for distribution by the General Trust Estate and the Dean & Chapter Estate is determined based on the needs of the Diocese of Christchurch and Chapter and the level of income available after reinvestment to ensure the real value of the Estate is maintained.

13. RECEIVABLES

Included in receivables within Land & Buildings held in Trust are the following grants which have been approved but not yet received from:

	Land & Buildings held in Trust	
	2016 $000	2015 $000
New Zealand Lotteries Grant Board	790	864
Canterbury Earthquake Heritage Building Trust	645	645
CCC Landmark Heritage Fund	855	863
	2,290	2,372

14. INVESTMENT PROPERTY

	2016 $000	2015 $000
Pukaki Co-operating Parish - 43 Jollies Road, Twizel	246	-
St Luke's Vicarage	790	-
Richards Estate Land	-	467
	1,036	467

Sale and purchase agreements exist for both Jollies Road (settlement date of 3 March 2017) and St Luke's Vicarage (settlement date of 23 February 2017).

15. PROVISIONS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Provision - Valuations	10	10	-	-	-	-	-	-	-	-
Provision - Lambeth Conference	-	-	24	22	-	-	-	-	-	-
Provision - Parish Contributions	-	-	-	-	-	-	21	49	-	-
Provision - Earthquake Prone Building Costs	-	-	-	-	-	-	172	207	-	-
	10	10	24	22	-	-	193	256	-	-

Valuation of parish property for insurance purposes occurs on a four year cycle. The last round of valuations was completed in 2013. Desktop valuations are performed for the other years. The provision will be utilised to cover the cost of valuations which will be incurred during the current four year cycle.

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 2020. Expected costs for the conference are $25,500.

Two grants were received from Lotteries to assist with the cost of engineering evaluations on earthquake prone heritage buildings. A provision has been made to recognise these costs which are yet to be incurred.

16. LAND & BUILDINGS HELD IN TRUST

Land & Buildings held in Trust

District Council	Land	Improvements	Capital Value 2016	Capital Value 2015	Rating Valuation Date
	$000	$000	$000	$000	
Ashburton	3,545	3,212	6,757	6,330	2015
Chatham	190	62	252	257	2015
Christchurch	62,871	47,747	110,618	100,133	2016
Hurunui	1,712	1,839	3,551	3,418	2016
Mackenzie	1,226	409	1,635	1,880	2014
Selwyn	7,304	3,719	11,023	11,023	2015
Timaru	3,785	5,493	9,278	9,922	2014
Waimakariri	3,325	2,240	5,565	5,946	2016
Waimate	363	745	1,108	619	2016
Wairoa	-	-	-	520	2015
Westland	699	1,009	1,708	1,708	2014
	85,019	66,474	151,493	141,755	

Cathedral Trust

District Council	Land	Improvements	Capital Value 2016	Capital Value 2015	Rating Valuation Date
	$000	$000	$000	$000	
Ashburton	-	-	-	-	
Chatham	-	-	-	-	
Christchurch	5,800	-	5,800	5,275	2016
Hurunui	-	-	-	-	
Mackenzie	-	-	-	-	
Selwyn	-	-	-	-	
Timaru	-	-	-	-	
Waimakariri	-	-	-	-	
Waimate	-	-	-	-	
Wairoa	-	-	-	-	
Westland	-	-	-	-	
	5,800	-	5,800	5,275	

17. CAPITAL WORK IN PROGRESS

During the course of either rebuilding or repairing a property, certain costs have created additional capital value. At the end of the year this amounts to $3,495,621. These amounts will be capitalised on completion of the respective projects. Some of the larger amounts relate to Fendalton St Barnabas Church, Geraldine Holy

Innocent's Church, Mt Herbert St Cuthbert's Church, Christchurch St Michael's Old Stone Building, Kaiapoi St Bartholomew's Church and Vicarage, All Souls' Church and Vicarage. Refer Note 24 for an explanation of "Ongoing Earthquake Related Expenditure".

18. INVESTMENT FUNDS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2016 $000	2015 $000	**2016 $000**	2015 $000	**2016 $000**	2015 $000	**2016 $000**	2015 $000	**2016 $000**	2015 $000
Mohaka Forest Fund	-	3,866	-	-			-	-	-	-
Balanced Growth Fund	7,214	6,025	3,312	3,358	1,345	1,348	-	-	-	-
Cathedral Insurance Proceeds Fund	-	-	-	-	-	-	-	-	41,989	41,069
Fixed Income Fund	-	-	-	-	-	-	2,832	-	-	-
Insurance Proceeds Fund	-	-	-	-	-	-	40,743	46,859	-	-
	7,214	9,891	3,312	3,358	1,345	1,348	43,575	46,859	41,989	41,069

The General Trust Estate investment in the Mohaka Forest Fund of $4,371,229 has been reclassified to current assets due to the sale of the land and cutting rights planned in 2017.

Funds invested in the Insurance Proceeds Funds have decreased and will continue to do so as progress is made on the Recovery programme.

19. MORTGAGES AND LOANS

Included in mortgages and loans is the balance of the loan from the General Trust Estate to the Land & Buildings Trust (for the Transitional Cathedral) of $1,458,708. Interest on this loan is charged at 7.9% per annum.

20. TENANT LIABILITY

In 1976 CPT and the parish of Lyttelton completed the construction of 8 residential units at $343,280. CPT retained ownership of the land whilst rights to the units were sold to tenants. In 2016 CPT began the process (which will take many years) of purchasing back the unit rights.

21. MOVEMENT IN RETAINED EARNINGS

The allocations to and from reserves for the General Trust Estate, Bishopric Estate and Dean & Chapter Estate, are calculated on the following basis agreed by the Trustees in 2007.

- The income that may be drawn down each year from the Balanced Growth Fund is 4.5% of the capital.
- The income is to be paid on the Average Net Assets during the financial year.

The remainder to the income/ (deficit) is to be allocated to capital reserves.

22. CSN TRUST FUND

The Community of the Sacred Name purchased land occupied by the Community from CPT for $5. A donation of $170,000 was made to the Bishopric Estate to be held in a sub trust entitled "The Community of the Sacred Name Trust Fund". Both of these transactions occurred many years ago. The income from the donation is to be applied on an annual basis for the requirements of the Bishopric Estate

23. FABRIC FUND

The Church Property Trust Act 2003, section 16 requires a fund to be maintained to be applied toward the building, maintenance, enlargement or replacement of the Bishop's residence and its furnishings

24. GAIN/(LOSS) ON REVALUATION OF PROPERTY

The increase in rateable value of the Land and Buildings held in Trust is $4,554,165 (2015: increase of $2,816,000). The Cathedral rateable value increased by $525,000 from $5,275,000 to $5,800,000.

25. ONGOING EARTHQUAKE RELATED EXPENDITURE

In December 2013, CPT resolved that the Trustees would accept the ACS global insurance settlement offer. This revenue was taken to equity in 2013. Expenditure relating to the restatement of these insured assets has been noted either in the Statement of Financial Performance or capital work in progress resulting in significant losses in subsequent years.

The balance of the Insurance Proceeds Funds ($41m) will be utilised to reinstate the assets damaged during the earthquake. The balance in the Cathedral Insurance Proceeds Fund ($42m) will be utilised for the purpose of having a cathedral on the site.

26. COMMITMENTS

<u>Mohaka Forest Project (Majority Shareholder is the General Trust Estate)</u>
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. The projected costs to completion, including future silviculture operations related to the area destroyed by fire and subsequently replanted, have been estimated at $0 (2015 $49,103).

<u>Grange Street Storage Facility</u>
The Land & Buildings held in Trust has an operating lease obligation of $46,667 (2015: $126,667) for the storage facility at Grange Street.

27. CONTINGENCIES

There are no contingent assets or liabilities at 31 December 2016.

28. RELATED PARTIES

Diocese of Christchurch
When required, the General Trust Estate provides short term cash flow funding to the Diocese of Christchurch on an arms-length basis. No such funding has been provided by the General Trust Estate to the Diocese of Christchurch during the current and previous financial years.

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.

Wynn Williams
Jeremy Johnson, (the Diocesan Chancellor) is a Partner at Wynn Williams. Wynn Williams provided legal services to the Church Property Trustees on behalf of Estates and Trusts to the value of $243,797 (2015: $230,441). The transactions were at an arms-length basis. Additional work was commissioned by Church Property Trustees in conjunction with Parishes for conveyancing and other matters regarding property. The cost of these invoices has been met by the Parishes concerned.

Colliers International
Gary Sellars, (a member of the Board of Trustees) is Director of Colliers International. Colliers provided property valuation services to the Church Property Trustees on behalf of Estates and Trusts to the value of $61,937 (2015: $0). 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 on behalf of Estates and Trusts to the value of $9,515 (2015 $71,488). The transactions were at an arms-length basis.

Independent Auditor's Report

To the Trustees of the Estates and Trusts Held and Administered by Church Property Trustees

We have audited the accompanying financial statements of the following estates and trusts held and administered by Church Property Trustees (the "Estates and Trusts"):

- General Trust Estate
- Bishopric Estate
- Dean & Chapter Estate
- Land & Buildings Held in Trust
- Cathedral Trust

These financial statements comprise the statements of financial position of the Estates and Trusts as at 31 December 2016, and their statements of financial performance and statements of movements in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Estates and Trusts for the year ended 31 December 2016 are prepared, in all material respects, in accordance with the accounting policies stated at Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Estates and Trusts 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 Estates and Trusts. Partners and employees of our firm may deal with the Estates and Trusts on normal terms within the ordinary course of trading activities of the business of the Estates and Trusts.

Emphasis of matter - Basis of accounting and restriction on use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to enable the Estates and Trusts to comply with the provisions of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Trustees of the Estates and Trusts, Synod and each parish, ministry unit, and trust on whose behalf Church Property Trustees holds and administers investments and should not be used by parties other than aforementioned. Our opinion is not modified in respect of this matter.

Those Charged with Governance Responsibilities for the Financial Statements

Those charged with governance are responsible, on behalf of the Estates and Trusts, for the preparation of the financial statements in accordance with the provisions of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing on behalf of the Estates and Trusts their ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Estates and Trusts or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website:
https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx. This description forms part of our auditor's report.

Ernst & Young

Christchurch
11 May 2017

NGĀ KAITIAKI TAONGA O TE HĀHI
The Church Property Trustees
THE ANGLICAN DIOCESE OF CHRISTCHURCH

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

Ernst & Young
P O Box 2091
Christchurch

Attention: Bruce Loader

This letter of representation is provided in connection with your audit of the special purpose financial statements of **Estates and Trusts Held and Administered by 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 special purpose financial statements present fairly, in all material respects the financial position of Estates and Trusts Held and Administered by Church Property Trustees as of 31st December 2016 and of its financial performance for the year then ended in accordance with the accounting policies disclosed in note 2 of the special purpose financial statements.

We understand that the purpose of your audit of our special purpose 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. Special Purpose 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 special purpose financial statements in accordance with the accounting policies outlined in note 2 of the special purpose financial statements.
2. The Estates and Trusts has no requirement to prepare GAAP compliant financial statements under the Financial Reporting Act.
3. We acknowledge, as those charged with governance of the entity, our responsibility for the preparation of the special purpose financial statements. We believe the special purpose financial statements present fairly, in all material respects the financial position of Estates and Trusts Held and Administered by Church Property Trustees as of 31 December 2016 and of its financial performance for the year then ended in accordance with the accounting policies disclosed in note 2

of the special purpose financial statements, and are free of material misstatements, including omissions. We have approved the special purpose financial statements.

4. The significant accounting policies adopted in the preparation of the special purpose financial statements are appropriately described in the special purpose financial statements.
5. 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 special purpose financial statements in accordance with the accounting policies outlined in note 2 of the financial statements that are free from material misstatement, whether due to fraud or error.
6. 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 special purpose 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 special purpose 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 special purpose 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 special purpose 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 special purpose financial statements.

D. Income tax

1. The entity is exempt from liability for income tax.

E. 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, (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period under the audit 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 special purpose 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 special purpose financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

F. **Ownership of Assets**

1. The Estates and Trusts have satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the entities assets, nor has any asset been pledged as collateral, other than those that are disclosed in the special purpose financial statements. All assets to which the entities have 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 special purpose financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in to the special purpose financial statements, we have no other line of credit arrangements.
4. We have assessed the carrying values of non-current assets including land and buildings, work in progress, investment funds, and mortgages and loans to ensure that no non-current assets are stated in excess of their recoverable amount.

G. **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 special purpose 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. There are no financial guarantees that we have given to third parties.

H. **Trust**

1. To the best of the Trustees' knowledge the funds have been held and administered in accordance with the Estates and Trusts 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 special purpose financial statements.
2. At the year end, the Estates and Trusts 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 Estates and Trusts (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. **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.

K. **Subsequent Events**

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

Yours faithfully,

S J Wakefield
Trustee

11/5/2017
DATE:

C G Murfitt
Trustee

11th May 2017
DATE:

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The Church Property Trustees
THE ANGLICAN DIOCESE OF CHRISTCHURCH

Appendix A:

We note that the following audit adjustments pertaining to the prior year have been corrected in the current financial year;

A. Being reclassification of work in progress on St John's commercial building and Lyttelton St Saviours church to expenses – Prior year adjustment (L&B Trust)

Dr)	Accumulated Funds	$1,368,282	
Cr)	Expenses (P&L)		$1,368,282

B. Being recognition of income relating to Lyttelton – St Saviours Church – Prior year adjustment (L&B Trust)

Dr)	Grant Income (P&L)	$533,586	
Cr)	Accumulated Funds		$533,586

C. Being the estimated tenancy liability on the Lyttelton property previously recorded in Revaluation Reserve in error – Prior year adjustment (L&B Trust)

Dr)	Revaluation Reserve	$955,000	
Cr)	Tenancy Liability		$955,000

D. Being the reclassification of mortgages previously recorded in Revaluation Reserve in error – Prior year adjustment (L&B Trust)

Dr)	Revaluation Reserve	$1,166,483	
Cr)	Mortgages		$1,166,483