ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NGA KAITIAKI TAONGA O TE HAHI
Church Property Trustees
THE ANGLICAN DIOCESE OF CHRISTCHURCH

ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
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FOR THE YEAR ENDED 31 DECEMBER 2017

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THE ANGLICAN DIOCESE OF CHRISTCHURCH

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THE ANGLICAN DIOCESE OF CHRISTCHURCH

ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
		2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
INCOME											
Net Return from Investment Funds	3	780	839	272	184	107	74	1,717	1,540	2,048	1,393
Debt Forgiveness	4	-	-	-	-	-	-	3,161	-	-	-
Insurance Income	5	-	-	-	-	-	-	110	259	-	-
Grants & Donations Received	6	-	-	10	10	-	-	1,286	2,491	-	-
Interest Income		64	113	-	-	-	-	134	61	1	-
Parish Contributions	7	-	-	-	-	-	-	677	784	-	-
Gifting Received	8	2,600	245	412	-	-	-	-	200	-	-
Profit/(Loss) from Disposal of Assets	9	509	676	-	-	-	-	-	-	-	-
Sundry Income		-	61	-	-	-	-	18	101	-	-
Total Income		3,953	1,934	694	194	107	74	7,104	5,437	2,049	1,393
EXPENSES											
Administration		9	-	198	185	-	-	18	0	51	-
Earthquake Repair Expenditure	10	-	-	-	-	-	-	3,711	4,142	326	212
Earthquake Prone Building Expenditure		-	-	-	-	-	-	(39)	(38)	-	-
Debt Forgiveness	4	3,161	-	-	-	-	-	-	-	-	-
Distributions/Donations to Parishes		-	-	-	-	-	-	18	49	-	-
Gifting Expenditure	11	267	-	-	-	-	-	78	245	-	-
Grants Paid	12	400	394	-	-	52	52	-	-	-	-
Interest Paid		-	-	-	-	-	-	70	187	-	-
Legal Fees		26	100	-	-	-	-	28	112	269	123
Management Fees - CPT		235	206	10	10	4	4	849	1,003	215	106
Mohaka Forest Expenses		79	59	-	-	-	-	-	-	-	-
Profit/(Loss) from Disposal of Assets	9	-	-	-	-	-	-	604	31	-	-
Property Operating Expenditure		17	100	-	-	-	-	100	-	29	-
Property Sale Expenditure		12	80	-	-	-	-	45	47	-	-
Sundry Expenses		6	-	-	-	-	-	-	-	-	-
Total Expenditure		4,212	939	208	195	56	56	5,482	5,777	890	441
Net Surplus/(Deficit)		(259)	995	486	(1)	51	18	1,622	(341)	1,159	953

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.

ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

Ngā Kaitiaki Taonga-ā-Tōpū Hāhi
Church Property Trustees
The Anglican Diocese of Christchurch

	NOTE	General Trust Estate 2017 $000	General Trust Estate Restated* 2016 $000	Bishopric Estate 2017 $000	Bishopric Estate 2016 $000	Dean & Chapter Estate 2017 $000	Dean & Chapter Estate 2016 $000	Land & Buildings Held in Trust 2017 $000	Land & Buildings Held in Trust 2016 $000	Cathedral Trust 2017 $000	Cathedral Trust 2016 $000
CURRENT ASSETS											
Cash & Cash Equivalents		298	462	91	28	15	21	549	278	63	33
Receivables	13	234	152	1	7	-	-	1,800	3,021	22	14
Investment Funds		55	3,749	-	-	-	-	-	-	-	-
Investment Property	14	-	1,036	-	-	-	-	-	-	-	-
Total Current Assets		586	5,399	91	35	15	21	2,349	3,299	85	47
CURRENT LIABILITIES											
Provisions		-	10	25	24	-	-	8	193	-	-
Payables		60	278	30	40	-	-	1,226	1,807	117	71
Mortgages & Loans	4	-	-	-	-	-	-	927	4,102	-	-
Revenue in Advance	6	-	175	-	-	-	-	1,225	1,392	-	-
Total Liabilities		60	463	56	64	-	-	3,384	7,494	117	71
Net Current Assets		526	4,936	36	(29)	15	21	(1,035)	(4,195)	(33)	(23)
NON CURRENT ASSETS											
Land & Buildings Held in Trust	15	-	-	-	-	-	-	156,063	151,493	5,800	5,800
Capital Work in Progress	16	-	-	-	-	-	-	3,242	3,496	-	-
Investment Funds	17	13,210	7,916	3,734	3,312	1,402	1,345	38,945	43,575	43,158	41,989
Mortgages & Loans	18,4	27	1,495	-	-	-	-	-	-	-	-
Total Non Current Assets		13,237	9,410	3,734	3,312	1,402	1,345	198,251	198,563	48,958	47,789
NON CURRENT LIABILITIES											
Tenant Liability	19	-	-	-	-	-	-	1,043	1,043	-	-
Total Non Current Liabilities		-	-	-	-	-	-	1,043	1,043	-	-
Net Non Current Assets		13,237	9,410	3,734	3,312	1,402	1,345	197,208	197,521	48,957	47,789
Net Assets		13,763	14,347	3,770	3,283	1,417	1,366	196,173	193,326	48,925	47,766
EQUITY											
Retained Earnings	20	13,763	14,022	3,090	2,621	1,418	1,366	57,754	56,131	43,124	41,966
Asset Revaluation Reserve		-	325	-	-	-	-	138,421	137,196	5,800	5,800
CSN Trust Fund	21	-	-	170	170	-	-	-	-	-	-
Fabric Fund	22	-	-	509	493	-	-	-	-	-	-
Total Equity		13,763	14,347	3,769	3,283	1,418	1,366	196,174	193,328	48,924	47,766

* Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 30

For and on behalf of the Board of Trustees who authorised the issue of these financial statements on 18th May 2018

C G Murfitt

S J Wakefield

ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	General Trust Estate 2017 $000	General Trust Estate 2016 $000	Bishopric Estate 2017 $000	Bishopric Estate 2016 $000	Dean & Chapter Estate 2017 $000	Dean & Chapter Estate 2016 $000	Land & Buildings Held in Trust 2017 $000	Land & Buildings Held in Trust 2016 $000	Cathedral Trust 2017 $000	Cathedral Trust 2016 $000
RETAINED EARNINGS											
Balance at 31 December 2016		**14,022**	13,027	**3,283**	3,284	**1,366**	1,348	**56,131**	56,472	**41,966**	41,013
Net Surplus/(Deficit)		**(259)**	995	**486**	(1)	**51**	18	**1,622**	(341)	**1,159**	953
Balance at 31 December 2017	20	**13,763**	14,022	**3,769**	3,283	**1,418**	1,366	**57,754**	56,131	**43,124**	41,966
ASSET REVALUATION RESERVE											
Balance at 31 December 2016		**325**	-	-	-	-	-	**137,196**	134,763	**5,800**	8,625
Reclassification of mortgages		-	-	-	-	-	-	**(46)**	(1,166)	-	-
Reclassification of tenant improvement	23	-	-	-	-	-	-	**(526)**	-	-	-
Reclassification of tenant liability		-	-	-	-	-	-	-	(955)	-	-
Release of revaluation reserve on sale of property	24	**(325)**	-	-	-	-	-	-	-	-	-
Gain/(Loss) on revaluation of property	25	-	325	-	-	-	-	**1,797**	4,554	-	(2,825)
Balance at 31 December 2017		-	325	-	-	-	-	**138,421**	137,196	**5,800**	5,800
TOTAL EQUITY		**13,763**	14,347	**3,769**	3,283	**1,418**	1,366	**196,174**	193,328	**48,924**	47,766

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
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.

The financial statements have been prepared as Special Purpose Reports, in accordance with the following stated accounting policies.

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 look to improve the accuracy of reporting this income in 2018.

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 investment funds, cash, receivables, payables and mortgages & loans. 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)
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.

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

f) Investment Properties
Investment properties are stated at rateable value where a market value does not exist and are not depreciated because of this.

g) Capital work in progress
Capital work in progress is stated at cost. Strengthening and other improvements capital in nature are capitalised to this account.

h) 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

i) Land and buildings
Freehold land and buildings are not depreciated. New buildings built or purchased after the latest valuation date 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. Existing buildings which have incurred significant improvements are also valued at the cost of those improvements for up to five years 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 in the Statement of Financial Performance 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.

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

k) 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	
	2017 $000	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000
BGF Revaluation	**800**	335	**261**	172	**107**	74	**-**	-	**-**	-
BGF Revaluation Fabric Fund	**-**	-	**11**	12	**-**	-	**-**	-	**-**	-
Net Income from Insurance Proceeds Funds	**-**	-	**-**	-	**-**	-	**1,717**	1,540	**2,048**	1,393
Mohaka Forest Revaluation	**(20)**	505	**-**	-	**-**	-	**-**	-	**-**	-
	780	839	**272**	184	**107**	74	**1,717**	1,540	**2,048**	1,393

The Balanced Growth Fund (BGF) returns in 2017 were 8.3% net of all fees.

The General Trust Estate owns 92% of the Mohaka Forest investment. The General Trust Estate increased its investment in the Balanced Growth Fund in 2017 by investing its share of the sale of Mohaka Forest cutting rights proceeds ($3.980m). Southern Forestry Limited prepares an annual report on the investment in the Mohaka Forest which includes a valuation. The forest value for the 23 hectares of trees planted in 2008 decreased by $20k in 2017.

4. DEBT FORGIVENESS

During the course of the construction of the Transitional Cathedral two loans were entered into by the Land & Buildings Trust:

(a) the Insurance Proceeds Fund loaned $1.663m (including interest to May 2017) and
(b) the General Trust Estate (GTE) loaned $1.498m (including interest to May 2017)

In total the loans at May 2017 were $3,161m (2016: $3,095m included in current liabilities – mortgages & loans of $4,102m).

CPT as trustees of the GTE resolved to consolidate the debt owing by the Land & Buildings Trust and purchased the Insurance Proceeds Fund loan in (a) above.

The Trustees further resolved to enter into a debt forgiveness arrangement and the full value of the loans owing by the Land & Buildings Trust of $3,161m were forgiven.

5. INSURANCE INCOME

Included in insurance income are Earthquake Commission (EQC) receipts of $97,370 (2016:$236,344).

6. GRANTS & DONATIONS RECEIVED

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings held in Trust Estate		Cathedral Trust	
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
Diocesan Grants	-	-	10	10	-	-	-	-	-	-
CCC Earthquake Heritage Fund	-	-	-	-	-	-	453	536		
Church of Holy Innocents Trust	-	-	-	-	-	-	7	499	-	-
NZ Lotteries Grant Board-Recovery Programme	-	-	-	-	-	-	684	977	-	-
Canterbury Earthquake Heritage Board Trust	-	-	-	-	-	-	141	447	-	-
Other	-	-	-	-	-	-	-	32	-	-
	-	-	10	10	-	-	1,286	2,491	-	-

Grants of $1,224,911 (2016: $1,391,671) 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 funded a portion of the Bishopric Estate costs ($10k per annum) since 2012 in order to maintain the capital of the Estate. The grant is reviewed annually. In 2017 the General Trust Estate made a one off gift of $267,000 to the Bishopric Estate to help with recapitalisation of the Bishopric Estate (see note 11). It was agreed the grant of $10k per annum would stop after 2017.

7. PARISH CONTRIBUTIONS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings held in Trust Estate		Cathedral Trust	
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
Betterment Contributions	-	-	-	-	-	-	591	745	-	-
Capital Mortgage Contributions	-	-	-	-	-	-	18	5	-	-
Earthquake Prone Building Contributions	-	-	-	-	-	-	(1)	(8)	-	-
Depreciation Contributions	-	-	-	-	-	-	37	-	-	-
Insurance Excess Contributions	-	-	-	-	-	-	32	42	-	-
	-	-	-	-	-	-	677	784	-	-

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 2017 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.

Depreciation Contributions
The Board Policy with regard to the use of insurance proceeds funds received as a result of the December 2013 Global Insurance Settlement [GIS] with ACS was reviewed at the beginning of 2017. This resulted in a change in the calculation of the policy entitlement for those buildings insured for indemnity value and a contribution from the parish equivalent to a depreciation allowance on the current day assessed value of the earthquake repair.

8. GIFTING RECEIVED

The Bishopric Estate received a one-off gift of $267,000 from the General Trust Estate. In order to recapitalise the Bishopric Estate, commencing in 2018 $500k is proposed to be gifted from the General Trust Estate to the Bishopric Estate each year for eight years. The Bishopric Estate received $145,000 from Church Property Trustees in 2017. The Cathedral Chapter agreed to gift $2.6m to the General Trust Estate.

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2017 $000	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000
Pukaki Co-operating All Saints Vicarage	-	245	-	-	-	-	-	-	-	-
General Trust Estate	-	-	267	-	-	-	-	-	-	-
Cathedral Chapter	2,600	-	-	-	-	-	-	-	-	-
Church Property Trustees	-	-	145	-	-	-	-	-	-	-
Leaver Terrace New Brighton	-	-	-	-	-	-	-	200	-	-
	2,600	245	412	-	-	-	-	200	-	-

9. PROFIT OR LOSS FROM DISPOSAL OF ASSETS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings held in Trust Estate		Cathedral Trust	
	2017 $000	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000
Profit on Disposal of Assets:										
43 Jollie Road Twizel	104	-	-	-	-	-	-	-	-	-
St Lukes 185 Kilmore Street	385	-	-	-	-	-	-	-	-	-
St Matthew's Church, St Albans	-	480	-	-	-	-	-	-	-	-
Richards Estate	15	191	-	-	-	-	-	-	-	-
Other	5	6	-	-	-	-	-	-	-	-
	509	676	-	-	-	-	-	-	-	-
Loss on Disposal of Assets:										
212 Hoon Hay Road	-	-	-	-	-	-	282	-	-	-
St Peters Church 11 Otipua Road , Timaru	-	-	-	-	-	-	272	-	-	-
1115 Hakataramea Highway	-	-	-	-	-	-	130	-	-	-
Lot 4, David Street, Hinds	-	-	-	-	-	-	(15)	-	-	-
Lot 3, David Street, Hinds	-	-	-	-	-	-	(25)	-	-	-
15 Tui Street	-	-	-	-	-	-	(40)	-	-	-
29 Pemberton Road, Sefton	-	-	-	-	-	-	-	(31)	-	-
6 Yellowlees Drive, Kaiapoi	-	-	-	-	-	-	-	(6)	-	-
23 High Street, Otipua	-	-	-	-	-	-	-	59	-	-
Lot 2, David Street, Hinds	-	-	-	-	-	-	-	10	-	-
	-	-	-	-	-	-	604	31	-	-

10. EARTHQUAKE REPAIR EXPENDITURE

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2017 $000	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000
Earthquake Repairs	-	-	-	-	-	-	**2,656**	2,155	-	-
Consultancy & Professional Fees	-	-	-	-	-	-	**403**	1,591	**163**	151
EQC Excess & Repairs	-	-	-	-	-	-	**1**	10	-	-
Other	-	-	-	-	-	-	**652**	386	**163**	61
	-	-	-	-	-	-	**3,711**	4,142	**326**	212

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.

11. GIFTING EXPENDITURE

The General Trust Estate gifted $267,000 to the Bishopric Estate in 2017 and the Land & Buildings Trust gifted Holy Trinity Arowhenua and some residual insurance funds totalling $78,000 to the Maori Diocese. In order to recapitalise the Bishopric Estate, commencing in 2018 $500k is proposed to be gifted from the General Trust Estate to the Bishopric Estate each year for eight years.

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2017 $000	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000	**2017 $000**	2016 $000
General Trust Estate	**267**	-	-	-	-	-	-	-	-	-
Temuka	-	-	-	-	-	-	**78**	-	-	-
Pukaki Co-operating All Saints Vicarage	-	-	-	-	-	-	-	245	-	-
	267	-	-	-	-	-	**78**	245	-	-

12. GRANTS PAID

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held in Trust		Cathedral Trust	
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
Cathedral Chapter	-	-	-	-	52	52	-	-	-	-
Diocese of Christchurch	400	394	-	-	-	-	-	-	-	-
	400	394	-	-	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 2017 $000	2016 $000	Buildings for which grants are receivable in 2017
New Zealand Lotteries Grant Board	1,000	790	St Paul's Church (Lincoln), St Peter's Church (Upper Riccarton)
Canterbury Earthquake Heritage Building Trust	200	645	St Peter's Church (Upper Riccarton)
Selwyn District Council - Heritage Fund	6	-	Ellesmere, Halswell-Prebbleton, Hornby Parishes
CCC- Capital Endowment Fund	150	-	St Peter's Church (Upper Riccarton)
CCC Landmark Heritage Fund	-	855	
	1,356	2,290	

14. INVESTMENT PROPERTY

	General Trust Estate 2017 $000	2016 $000
Pukaki Co-operating Parish - 43 Jollies Road, Twizel	-	246
St Luke's Vicarage	-	790
	-	1,036

Both Jollies Road and St Luke's Vicarage were sold in 2017.

15. LAND & BUILDINGS HELD IN TRUST

Land & Buildings held in Trust

District Council	Land	Improvements	Capital Value 2017	Capital Value 2016	Rating Valuation Date
	$000	$000	$000	$000	
Ashburton	3,330	3,092	**6,422**	6,757	2015
Chatham	190	62	**252**	252	2015
Christchurch	63,431	49,943	**113,373**	110,618	2016
Hurunui	1,712	1,792	**3,504**	3,551	2016
Mackenzie	2,130	440	**2,570**	1,635	2017
Selwyn	7,304	3,744	**11,047**	11,023	2015
Timaru	4,759	5,369	**10,128**	9,278	2017
Waimakariri	3,325	2,834	**6,159**	5,565	2016
Waimate	363	615	**978**	1,108	2016
Westland	637	993	**1,630**	1,708	2017
	87,180	68,883	**156,063**	151,493	

Cathedral Trust

District Council	Land	Improvements	Capital Value 2017	Capital Value 2016	Rating Valuation Date
	$000	$000	$000	$000	
Ashburton	-	-	-	-	
Chatham	-	-	-	-	
Christchurch	5,800	-	**5,800**	5,800	2016
Hurunui	-	-	-	-	
Mackenzie	-	-	-	-	
Selwyn	-	-	-	-	
Timaru	-	-	-	-	
Waimakariri	-	-	-	-	
Waimate	-	-	-	-	
Westland	-	-	-	-	
	5,800	-	**5,800**	5,800	

16. 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 $3,242,273. These amounts will be capitalised on completion of the respective projects. The largest amount relates to Merivale-St Albans All Souls' Church.

Refer Note 26 for an explanation of "Ongoing Earthquake Related Expenditure".

17. INVESTMENT FUNDS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Held In Trust		Cathedral Trust	
		Restated*								
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
Mohaka Forest Fund	682	702	-	-			-	-	-	-
Balanced Growth Fund	12,528	7,214	3,734	3,312	1,402	1,345	-	-	-	-
Cathedral Insurance Proceeds Fund	-	-	-	-	-	-	-	-	43,158	41,989
Fixed Income Fund	-	-	-	-	-	-	3,269	2,832	-	-
Insurance Proceeds Fund	-	-	-	-	-	-	35,676	40,743	-	-
	13,210	7,916	3,734	3,312	1,402	1,345	38,945	43,575	43,158	41,989

The General Trust Estate investment in the Mohaka Forest Fund has dropped to $682,000 after the cutting rights to the 1995 trees were sold in 2017. This together with the gifting of $2,600,000 received from Cathedral Chapter was invested in the Balanced Growth Fund in 2017.

Funds invested in the Insurance Proceeds Fund will decrease as progress is made on the Recovery programme. The Cathedral Insurance Proceeds Fund has increased in 2017 due to market returns.

18. MORTGAGES AND LOANS

Refer to Note 4 above with regard to the debt forgiveness of the loan and accumulated interest from the General Trust Estate to the Land & Buildings Trust (for the Transitional Cathedral) of $1,498,356. This being the 2016 balance of $1,458,708 plus accumulated interest. The remaining loan is the Cathedral Grammar school loan of $27,222.

19. 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. No unit rights were purchased back in 2017.

20. 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. This was reviewed by the Trustees in 2017 and the rate will reduce to 4.0% for 2018.
- The income is to be paid on the Average Net Assets during the financial year.

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

21. 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

22. 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

23. RECLASSIFICATION OF TENANT IMPROVEMENTS

Tenant improvements to the value of $526,400 were previously recorded as Land & Buildings Held in Trust. This has been corrected in 2017.

24. RELEASE OF REVALUATION RESERVE ON SALE OF PROPERTY

St Luke's Vicarage was sold during 2017 resulting in the release of the asset revaluation reserve relating to it.

25. GAIN/(LOSS) ON REVALUATION OF PROPERTY

The increase in rateable value of the Land and Buildings held in Trust is $1,797,042 (2016: increase of $4,554,165). The Cathedral rateable value has remained unchanged at $5,800,000.

26. 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 managed funds within the Insurance Proceeds Fund ($35,495,548) will be utilised to reinstate the assets damaged during the earthquake.
The balance of the managed funds within the Cathedral Insurance Proceeds Fund ($43,043,830) will be utilised for the purpose of having a cathedral on the site.

27. COMMITMENTS

Grange Street Storage Facility
The Land & Buildings held in Trust has an operating lease obligation of $46,669 (2016: $46,667) for the storage facility at Grange Street.

28. CONTINGENT ASSETS AND LIABILITIES

At the initiation of CPT a GST review has been conducted by Inland Revenue and has been completed subsequent to year end. A GST refund of $16,263,736.71 (including use of money interest totalling $1,313,148.65) was received by CPT in May 2018. CPT are working with its tax advisors to undertake a reconciliation of the funds received. Legal advice is currently being obtained by CPT to determine how the refund should be applied so there may be contingent assets totalling up to this amount in the Estates and Trusts held and administered by CPT.

29. 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 $356,909 (2016: $243,797). 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.

Deloitte
Steven Wakefield, (a member of the Board of Trustees) was a Partner at Deloitte. Deloitte provided services to Church Property Trustees on behalf of Estates and Trusts to the value of $21,863 (2016 $9,515). The transactions were at an arms-length basis. Steven retired from Deloitte in 2017.

30. PRIOR YEAR ADJUSTMENTS

In 2016 the investment funds held by the General Trust Estate in the Mohaka Forest Fund were recorded as a current asset due to the decision to sell the forest. The portion of the investment funds relating to the land and the 2008 plantings should have been recorded as a non-current asset. This has been corrected and the impact on the statement of financial position is detailed below:

	Previously Reported $000	Adjustment $000	Restated Balance $000
Total Current Assets	6,102	(702)	5,399
Total Non Current Assets	8,709	702	9,410
Net Impact		-	

Building a better working world

Chartered Accountants

Independent Auditor's report to the Trustees of the Estates and Trusts Held and Administered by Church Properties Trustees

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

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

These financial statements comprise the statement of financial position of the Estates and Trusts as at 31 December 2017, and the statement of financial performance and statement of movements in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements of the Estates and Trusts for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the accounting policies as set out in 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 the trading activities 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 the aforementioned. Our opinion is not modified in respect of this matter.

Information other than the financial statements and auditor's report

Those charged with governance are responsible for the Annual Report, which includes information other than the financial statements and auditor's report which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

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. 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/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/. This description forms part of our auditor's report.

Ernst + Young

Christchurch
23 May 2018