
CHURCH PROPERTY TRUSTEES
ANNUAL PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018



CHURCH PROPERTY TRUSTEES
ANNUAL PERFORMANCE REPORT
For the year ended 31 December 2018

Contents	Pages
Non-Financial Information:	
Entity Information	1
Statement of Service Performance	2 - 3
Financial Information:	
Statement of Financial Performance	4
Statement of Financial Position.....	5 - 6
Statement of Cash Flows.....	7
Notes to the Performance Report	8 - 11
Independent Auditors Report.....	12 - 14

CHURCH PROPERTY TRUSTEES

ENTITY INFORMATION

For the year ended 31 December 2018

Legal Name of Entity: Church Property Trustees [CPT]

Type of Entity and Legal Basis: CPT 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 CPT is 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.
- Parish Contributions
- 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 relies on volunteers to provide expertise and time for its governing board and various committees.

Contact Details

Physical Address:	10 Logistics Drive, Harewood 8051
Postal Address:	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 2018

The function of 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

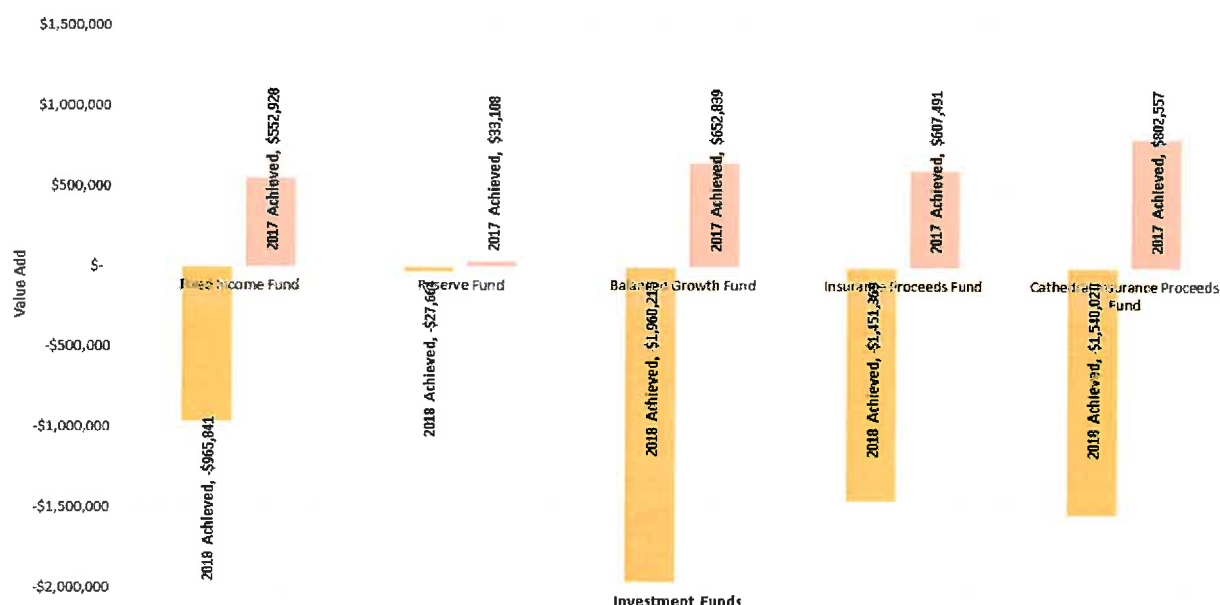
Financial Assets

CPT administers approximately \$146m 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.

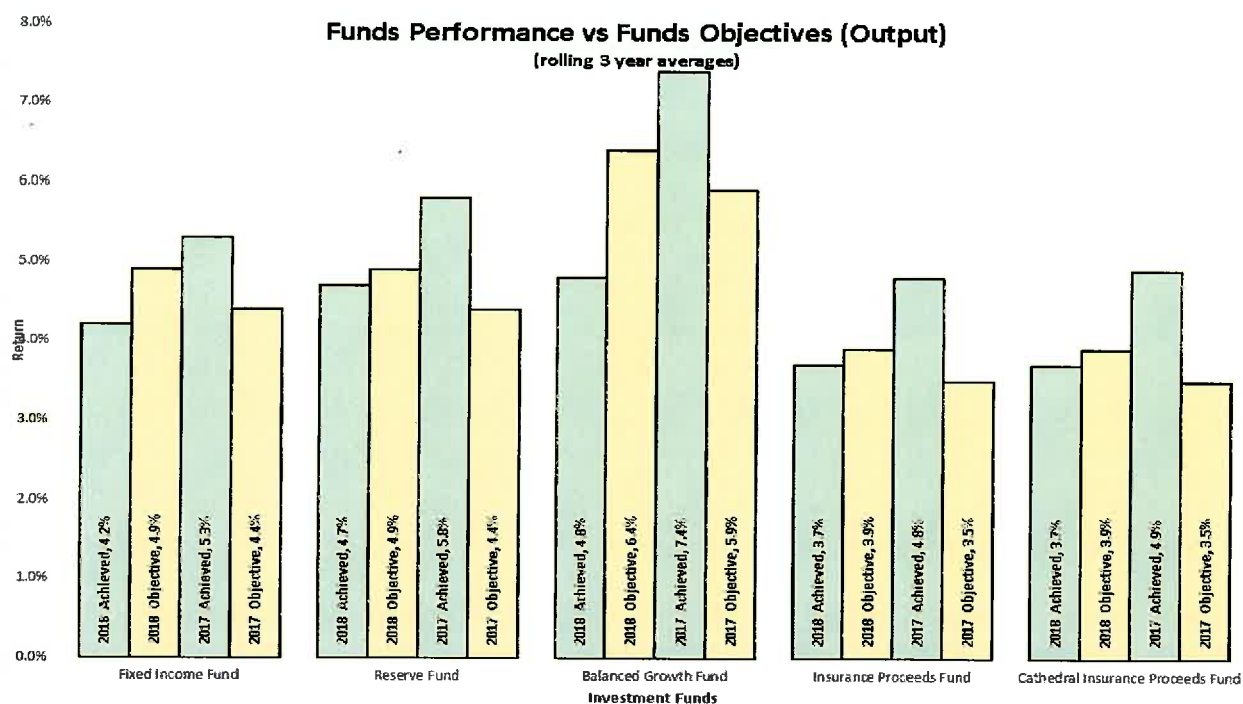
The 'outcome' (what CPT is seeking to achieve) is the extent to which additional income (benefit) is generated, over and above fund objectives, and is available for furthering the trust objectives for which the funds are employed.

The 'output' (what CPT has delivered) for funds held in trust is the extent to which the actual rolling 3 year return (years 2016, 2017 & 2018 for 2018) 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)".

Fund Returns Value Add (Outcome)
(2018)



In late 2018 there was a significant fall in global equity values, leading to significantly reduced funds returns. Global equity values have since recovered, with strong performance in early 2019.



Property Assets

CPT holds and administers approximately \$200m 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.

	2018	2017	2016	2015
Insurance Premium Paid	\$ 361,005	\$ 310,999	\$ 239,316	\$ 241,679
Non-Domestic Buildings Insured	226	225	221	216
Domestic Buildings Insured	56	54	54	52
Number of Buildings not Insured	2	2	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:

	2018		2017		2016	
	Number of Projects		Number of Projects		Number of Projects	
Number of projects in the programme	236	100%	236	100%	234	100%
Number of projects completed	196	83%	163	69%	140	60%
Projects in scoping, planning, tender or construction phase	40	17%	65	27%	58	25%
Number of projects not started yet	0	0%	8	2%	36	15%

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2018

	Note	2018 \$	2017 \$
EXCHANGE REVENUE			
Revenue from providing goods or services		2,036,293	2,155,503
Interest, dividends and other investment revenue		44,674	57,391
TOTAL EXCHANGE REVENUE		<u>2,080,967</u>	<u>2,212,894</u>
EXPENSES			
Employee related costs		1,272,474	1,322,617
Costs related to providing goods or services		676,045	610,124
TOTAL EXPENDITURE		<u>1,948,519</u>	<u>1,932,741</u>
Surplus for the Year	3,4	<u>132,447</u>	<u>280,152</u>

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Bank accounts and cash		933,851	764,003
Other Current Assets			
Debtors & Prepayments		327,102	399,594
Goods & Services Tax	11	15,830	16,279,692
		<u>342,932</u>	<u>16,679,286</u>
Total Current Assets		1,276,783	17,443,289
NON CURRENT ASSETS			
Investments			
Other Investments	5	784,044	706,272
Total Non Current Assets		<u>784,044</u>	<u>706,272</u>
TOTAL ASSETS		<u>2,060,827</u>	<u>18,149,560</u>
LIABILITIES			
CURRENT LIABILITIES			
Creditors		170,434	16,331,149
Employee Costs Payable		78,478	138,946
Total Current Liabilities		<u>248,912</u>	<u>16,470,095</u>
TOTAL LIABILITIES		<u>248,912</u>	<u>16,470,095</u>
NET ASSETS		<u>1,811,915</u>	<u>1,679,466</u>

For and on behalf of the Board of Trustees who authorised the issue of the Financial statements on 21/01/2019.

C G Murfitt

S J Wakefield

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018 \$	2017 \$
ACCUMULATED FUNDS			
ACCUMULATED SURPLUSES			
Opening Balance		929,595	816,136
Surplus for the year		132,449	280,152
Transfers to Special Purpose Funds	6	(276,443)	(311,693)
Transfers from Special Purpose Funds	6	114,100	145,000
Closing Balance		899,701	929,595
Special Purpose Funds			
Earthquake Revenue Protection Fund			
Opening Balance		749,871	583,178
Transfer from Accumulated Funds	6	276,443	311,693
Transfer to Accumulated Funds	6	(114,100)	(145,000)
Closing Balance		912,214	749,871
TOTAL ACCUMULATED FUNDS		1,811,915	1,679,466

CHURCH PROPERTY TRUSTEES
STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was received from:		
Revenue from providing goods & services	2,108,785	2,331,057
Interest, dividends and other investment revenue	27,103	9,245
Net GST	-	11,237
Inland Revenue Return of Funds	16,263,737	-
	<u>18,399,625</u>	<u>2,340,302</u>
Cash was applied to:		
Employee related costs	1,169,452	1,297,848
Costs related to providing goods or services	736,512	596,693
Inland Revenue Return of Funds held in L&B Trust	16,263,737	-
	<u>18,169,701</u>	<u>1,894,541</u>
Net Cash Flows from Operating Activities	<u>229,923</u>	<u>456,997</u>
Cash was applied to:		
Payments to increase investments	60,201	200,000
Net Cash Flows from Investing and Financing Activities	<u>(60,201)</u>	<u>(200,000)</u>
Net Increase in Cash	169,722	256,997
Opening Cash	764,003	507,007
Closing Cash	<u>933,725</u>	<u>764,004</u>
THIS IS REPRESENTED BY:		
Bank Accounts and Cash	<u>933,851</u>	<u>764,004</u>

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL PERFORMANCE REPORT
For the year ended 31 December 2018

1. GENERAL INFORMATION

Reporting Entity

Church Property Trustees [CPT] 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. CPT 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. 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 and term deposit 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

CPT 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 investment expenses (negative net changes in fair value) or other investment revenue (positive net changes in fair value) in the statement of financial performance.

(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.

(g) Employee costs payable

Employee costs payable are recorded when an employee has earned the entitlement and are measured at the

(h) Taxation

CPT is 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 FINANCIAL PERFORMANCE REPORT
For the year ended 31 December 2018

3. NET OPERATING SURPLUS

	2018 \$	2017 \$
EXCHANGE REVENUE		
Estates, Trusts, Funds and Facilities Management		
Estate Management fees	55,120	54,679
Investment fund administration fees	652,255	703,208
Interest, Dividends and other investments	42,085	55,582
Cost Recovery	289,230	194,527
Other Income	6,699	63,190
Total Exchange Revenue Estates, Trusts, Funds and Facilities Management	1,045,389	1,071,186
Earthquake Recovery Programme		
Cost recovery	1,032,989	1,139,900
Interest, dividends and other investment revenue	2,589	1,808
Total Exchange Earthquake Recovery Programme	1,035,578	1,141,708
TOTAL EXCHANGE REVENUE	2,080,967	2,212,894
EXPENSES		
Estates, Trusts, Funds and Facilities Management		
Accommodation	67,736	76,931
Administration	131,329	65,389
IT and Software	18,974	29,924
Communication	13,277	23,150
Legal and Professional fees	126,839	33,424
Compliance and Projects Expenditure	79,100	-
Grants	35,000	145,000
Staff Expenses	440,686	419,448
Total Expenditure Estates, Trusts, Funds and Facilities Management	912,941	793,266
Earthquake Recovery Programme		
Accommodation	90,984	105,573
Administration	65,598	66,683
IT and Software	27,170	34,884
Communication	15,420	17,530
Legal and Professional fees	4,618	11,635
Staff Expenses	831,788	903,169
Total Expenditure Earthquake Recovery Programme	1,035,578	1,139,474
TOTAL EXPENDITURE	1,948,519	1,932,741
Surplus for the Year	132,447	280,152

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL PERFORMANCE REPORT
For the year ended 31 December 2018

4. CHURCH PROPERTY TRUSTEES SURPLUS

The surplus of \$132,447 for 2018 (2017:\$280,152) was possible due to the size of the various investment portfolios managed by CPT. As the Recovery project progresses, funds under management will run down as will the management fees levied on these funds.

5. INVESTMENT

The Revenue Protection Fund is supported with a \$784,044 investment with Mint Asset Management and Castle Point (2017: \$706,272).

6. SPECIAL PURPOSE FUND

A Revenue Protection Fund was set up in 2015 to assist the Recovery programme in the future. Funding for the Revenue Protection Fund comes from a portion of the CPT Management fee on the Insurance Proceeds fund and the Cathedral Insurance Proceeds fund plus any net return from the Revenue Protection Fund investment. In 2018 \$276,443 of the Church Property Trustees surplus was transferred to the Revenue Protection Fund (2017: \$311,693). The fund contributed \$35,000 to the Bishopric Estate in 2018 (2017: \$145,000) The fund also contributed \$79,100 for the costs relating to emergency repairs undertaken in Lyttelton to remedy and prevent further damage to a neighbour's property and costs incurred in mitigating further land slips..

7. CONTINGENT LIABILITIES

CPT did not have any contingent liabilities at balance date (2017: Nil).

8. CREDIT RISK

Financial instruments which potentially subject CPT 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 (2017: \$19,495).

	Within 12 Months		>12 Months		Total
Motor Vehicle	\$	7,089	\$	12,406	\$ 19,496
Total	\$	7,089	\$	12,406	\$ 19,496

10. RELATED PARTIES

The Anglican Centre

CPT 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 2018 were \$351,776 (2017: \$409,231).

Wynn Williams

Jeremy Johnson, (the Diocesan Chancellor) is a Partner at Wynn Williams. Wynn Williams provided legal services to CPT to the value of \$41,397 (2017: \$30,098). The transactions were at an arms length basis.

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL PERFORMANCE REPORT
For the year ended 31 December 2018

11. GOODS AND SERVICES TAX

In 2017, at the initiation of CPT a GST review was conducted by Inland Revenue. At completion of the review, Inland revenue returned funds of \$16,263,736.71 (including Use of Money Interest of \$1,313,148.65) in May 2018. Legal advice is currently being obtained by CPT to determine how the funds should be applied.

12. EVENTS AFTER BALANCE DATE

In the year to 31 December 2018, there have been no events that require disclosure.

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 2 to 11, 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 2018, the statement of financial position of the body corporate as at 31 December 2018, 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 2 to 11 presents fairly, in all material respects
 - ▶ the entity information for the year ended 31 December 2018;
 - ▶ the service performance for the year then ended; and
 - ▶ the financial position of the body corporate as at 31 December 2018, 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.

Ernst & Young provided other services in relation to risk assurance. Partners and employees of our firm may deal with the body corporate on normal terms within the ordinary course of the trading activities 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;



Building a better working world

- ▶ 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.

Chartered Accountants
Christchurch
21 June 2019