
ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

INDĀ KAITIANGI TAONGA O TE IAHU
Church Property Trustees
THE ANGLICAN DIOCESE OF CHRISTCHURCH



ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



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ESTATES AND TRUSTS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2018



		General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	NOTE	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
INCOME											
Net Return from Investment Funds	3	(66)	780	(62)	272	(23)	107	377	1,717	332	2,048
Share of net income from Joint Venture	30	-	-	-	-	-	-	-	-	16	-
Debt Forgiveness	4	-	-	-	-	-	-	-	3,161	-	-
Insurance Income	5	-	-	-	-	-	-	15,280	110	-	-
Grants & Donations Received	6	-	-	-	10	-	-	35	1,286	1,005	-
Interest Income		28	64	0	-	-	-	1,472	134	2	1
Parish Contributions	7	-	-	-	-	-	-	207	677	-	-
Gifting Received	8	-	2,600	35	412	-	-	-	-	-	-
Realisation of Reserves		-	-	-	-	-	-	430	-	-	-
Profit/(Loss) from Disposal of Assets	9	-	509	-	-	-	-	-	-	-	-
Sundry Income		-	-	-	-	-	-	(110)	18	-	-
Total Income		(38)	3,953	(27)	694	(23)	107	17,691	7,104	1,355	2,049
EXPENSES											
Administration	7	9	143	198	-	-	-	0	18	-	51
Earthquake Repair/Build Expenditure	10	-	-	-	-	-	-	4,803	3,711	893	326
Earthquake Prone Building Expenditure		-	-	-	-	-	-	9	(39)	-	-
Debt Forgiveness	4	-	3,161	-	-	-	-	-	-	-	-
Distributions/Donations to Parishes		-	-	-	-	-	-	35	18	-	-
Gifting Expenditure	11	-	267	-	-	-	-	-	78	-	-
Grants Paid	12	500	400	-	-	52	52	19	-	-	-
Interest Paid		-	-	-	-	-	-	25	70	-	-
Legal Fees	1	26	-	-	-	-	-	72	28	173	269
Management Fees - CPT		260	235	11	10	4	4	734	849	250	215
Mohaka Forest Expenses		25	79	-	-	-	-	-	-	-	-
Grant paid		-	-	-	-	-	-	-	-	-	-
(Profit)/Loss from Disposal of Assets	9	-	-	-	-	-	-	5	604	-	-
Property Operating Expenditure		24	17	-	-	-	-	126	100	2	29
Property Sale Expenditure		-	12	-	-	-	-	68	45	-	-
Sundry Expenses		-	6	-	-	-	-	0	-	-	-
Total Expenditure		817	4,212	155	208	56	56	5,896	5,482	1,318	890
Net Surplus/(Deficit)		(855)	(259)	(181)	486	(79)	51	11,795	1,622	38	1,159

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 2018



		General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	NOTE	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
CURRENT ASSETS											
Cash & Cash Equivalents		89	298	6	91	4	15	593	549	11	63
Receivables	13	303	234	-	1	-	-	1,740	1,800	6,101	22
Investment Funds		57	55	-	-	-	-	-	-	-	-
Investment Property	14	-	-	-	-	-	-	-	-	-	-
Total Current Assets		448	586	6	91	4	15	2,333	2,349	6,112	85
CURRENT LIABILITIES											
Provisions		-	-	25	25	-	-	8	8	-	-
Payables		62	60	5	30	-	-	699	1,226	149	117
Mortgages & Loans		-	-	-	-	-	-	883	927	-	-
Revenue in Advance	6	-	-	-	-	-	-	2,133	1,225	6,000	-
Total Liabilities		62	60	30	56	-	-	3,723	3,384	6,149	117
Net Current Assets		386	526	(24)	36	4	15	(1,390)	(1,035)	(36)	(33)
NON CURRENT ASSETS											
Land & Buildings Held in Trust	15	-	-	-	-	-	-	163,132	156,063	5,800	5,800
Capital Work in Progress	16	-	-	-	-	-	-	1,889	3,242	262	-
Advance to CCRL	30	-	-	-	-	-	-	-	-	1,000	-
Investment Funds	17	12,504	13,210	3,612	3,734	1,335	1,402	47,417	38,945	41,920	43,158
Investment in Cathedral Joint Venture	30	-	-	-	-	-	-	-	-	16	-
Mortgages & Loans	18,4	18	27	-	-	-	-	-	-	-	-
Total Non Current Assets		12,522	13,237	3,612	3,734	1,335	1,402	212,439	198,251	48,999	48,958
NON CURRENT LIABILITIES											
Tenant Liability	19	-	-	-	-	-	-	1,043	1,043	-	-
Total Non Current Liabilities		-	-	-	-	-	-	1,043	1,043	-	-
Net Non Current Assets		12,522	13,237	3,612	3,734	1,335	1,402	211,396	197,208	48,999	48,958
Net Assets		12,909	13,763	3,588	3,770	1,338	1,417	210,006	196,173	48,962	48,925
EQUITY											
Retained Earnings	20	12,909	13,763	2,942	3,091	1,338	1,418	70,007	57,754	43,162	43,125
Asset Revaluation Reserve		-	-	-	-	-	-	139,999	138,421	5,800	5,800
CSN Trust Fund	21	-	-	170	170	-	-	-	-	-	-
Fabric Fund	22	-	-	476	509	-	-	-	-	-	-
Total Equity		12,909	13,763	3,588	3,770	1,338	1,418	210,006	196,174	48,962	48,925

For and on behalf of the Board of Trustees who authorised the issue of these financial statements on 21/06 2019.

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 2018



		General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	NOTE	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
RETAINED EARNINGS											
Balance at 31 December 2017		13,763	14,022	3,770	3,284	1,418	1,367	57,753	56,131	43,125	41,966
Realisation on Prior Year property sale	31							459			
Net Surplus/(Deficit)		(855)	(259)	(181)	486	(79)	51	11,795	1,623	38	1,159
Balance at 31 December 2018	20	<u>12,908</u>	<u>13,763</u>	<u>3,589</u>	<u>3,770</u>	<u>1,339</u>	<u>1,418</u>	<u>70,007</u>	<u>57,754</u>	<u>43,162</u>	<u>43,125</u>
ASSET REVALUATION RESERVE											
Balance at 31 December 2017		-	325	-	-	-	-	138,421	137,196	5,800	5,800
Reclassification of mortgages		-	-	-	-	-	-	-	(46)	-	-
Reclassification of tenant improvement	23	-	-	-	-	-	-	-	(526)	-	-
Realisation of Reserve								(430)			
Release on sale of property	24	-	(325)	-	-	-	-	-	-	-	-
Gain/(Loss) on revaluation of property	25	-	-	-	-	-	-	2,009	1,797	-	-
Balance at 31 December 2018		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,999</u>	<u>138,421</u>	<u>5,800</u>	<u>5,800</u>
TOTAL EQUITY		<u>12,908</u>	<u>13,763</u>	<u>3,589</u>	<u>3,770</u>	<u>1,339</u>	<u>1,418</u>	<u>210,006</u>	<u>196,174</u>	<u>48,962</u>	<u>48,925</u>

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
SPECIAL PURPOSE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 (the Act), Part 3, Sections 14-16.

Dean & Chapter Estate: CPT holds the Dean & Chapter Estate on trust to provide, amongst other things, housing and a stipend for the Dean of Christchurch. The Act, Part 3, Sections 17-19.

Land & Buildings Held on 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:

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SPECIAL PURPOSE FINANCIAL STATEMENTS
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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.

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 & Services Tax

Where applicable all amounts are stated exclusive of Goods & 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.

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(ii) **Mortgages & 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 & 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 & Cash Equivalent

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

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FOR THE YEAR ENDED 31 DECEMBER 2018

3. NET RETURN FROM INVESTMENT FUNDS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
BGF Revaluation	(189)	800	(75)	261	(23)	107	-	-	-	-
BGF Revaluation Fabric Fund	-	-	13	11	-	-	-	-	-	-
Net Income from Insurance Proceeds Funds	-	-	-	-	-	-	377	1,717	332	2,048
Mohaka Forest Revaluation	123	(20)	-	-	-	-	-	-	-	-
	<u>(66)</u>	<u>780</u>	<u>(62)</u>	<u>272</u>	<u>(23)</u>	<u>107</u>	<u>377</u>	<u>1,717</u>	<u>332</u>	<u>2,048</u>

The Balanced Growth Fund (BGF) returns in 2018 were -1.4% net of all fees. 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. (2017 BGF returns 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). The Forest Manager 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 (and not part of the sale of cutting rights) increased by \$96k in 2018, with the land value (at rateable value) increasing by \$27k.

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 is \$14,950,588 being Inland Revenue return of funds following GST review, and Earthquake Commission (EQC) receipts of \$32,361.

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6. GRANTS & DONATIONS RECEIVED

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Diocesan Grants	-	-	-	10	-	-	-	-	-	-
CCC Earthquake Heritage Fund	-	-	-	-	-	-	-	453	-	-
Church of Holy Innocents Trust	-	-	-	-	-	-	-	7	-	-
NZ Lotteries Grant Board-Recovery Programme	-	-	-	-	-	-	21	684	-	-
Canterbury Earthquake Heritage Board Trust	-	-	-	-	-	-	-	141	-	-
Other	-	-	-	-	-	-	13	-	1,005	-
	-	-	-	10	-	-	35	1,286	1,005	-

Grants of \$1,685,600 (2017: \$1,224,911) 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 Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Betterment Contributions	-	-	-	-	-	-	55	591	-	-
Capital Mortgage Contributions	-	-	-	-	-	-	45	18	-	-
Earthquake Prone Building Contributions	-	-	-	-	-	-	-	(1)	-	-
Depreciation Contributions	-	-	-	-	-	-	-	37	-	-
Insurance Excess Contributions	-	-	-	-	-	-	28	32	-	-
Revenue Protection Reserve	-	-	-	-	-	-	79	-	-	-
	-	-	-	-	-	-	207	677	-	-

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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.

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8. GIFTING RECEIVED

In 2017 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 CPT in 2017. In 2017 Cathedral Chapter agreed to gift \$2.6m to the General Trust Estate.

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
General Trust Estate	-	-	-	267	-	-	-	-	-	-
Cathedral Chapter	-	2,600	-	-	-	-	-	-	-	-
Church Property Trustees	-	-	35	145	-	-	-	-	-	-
	-	2,600	35	412	-	-	-	-	-	-

9. PROFIT OR LOSS FROM DISPOSAL OF ASSETS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Profit on Disposal of Assets:										
43 Jollie Road Twizel	-	104	-	-	-	-	-	-	-	-
St Lukes 185 Kilmore Street	-	385	-	-	-	-	-	-	-	-
Richards Estate	-	15	-	-	-	-	-	-	-	-
Other	-	5	-	-	-	-	-	-	-	-
	-	509	-	-	-	-	-	-	-	-
Loss on Disposal of Assets:										
212 Hoon Hay Road	-	-	-	-	-	-	-	282	-	-
St Peters Church 11 Otupua Road , Timaru	-	-	-	-	-	-	-	272	-	-
1115 Hakataramea Highway	-	-	-	-	-	-	-	130	-	-
Lot 4, David Street, Hinds	-	-	-	-	-	-	-	(15)	-	-
Lot 3, David Street, Hinds	-	-	-	-	-	-	-	(25)	-	-
15 Tui Street	-	-	-	-	-	-	-	(40)	-	-
Talbot St, Geraldine	-	-	-	-	-	-	5	-	-	-
	-	-	-	-	-	-	5	604	-	-

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10. EARTHQUAKE REPAIR EXPENDITURE

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Earthquake Repairs	-	-	-	-	-	-	1,942	2,656	-	-
Consultancy & Professional Fees	-	-	-	-	-	-	622	403	355	163
EQC Excess & Repairs	-	-	-	-	-	-	-	1	-	-
Build costs adjusted to rateable valuation	-	-	-	-	-	-	1,908	-	-	-
Other	-	-	-	-	-	-	331	652	538	163
	-	-	-	-	-	-	4,803	3,711	893	326

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.

Build costs adjusted to rateable valuation relates primarily to and adjustment to the value of the All Souls Merivale new build, downward by \$1,901,495.

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 Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
General Trust Estate	-	267	-	-	-	-	-	-	-	-
Temuka	-	-	-	-	-	-	-	78	-	-
Pukaki Co-operating All Saints Vicarage	-	-	-	-	-	-	-	-	-	-
	-	267	-	-	-	-	-	78	-	-

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12. GRANTS PAID

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cathedral Chapter	-	-	-	-	52	52	-	-	-	-
Diocese of Christchurch	500	400	-	-	-	-	-	-	-	-
	<u>500</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>52</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 Trusts		
	2018 \$000	2017 \$000	
			Buildings for which grants are receivable in 2018
New Zealand Lotteries Grant Board	1,120	1,000	St Peter's Church (Upper Riccarton)
Canterbury Earthquake Heritage Building Trust	275	200	St Peter's Church (Upper Riccarton), Mariner's Bell Tower (Lyttelton), St James Church (Cust)
Selwyn District Council - Heritage Fund	-	6	
CCC- Capital Endowment Fund	150	150	St Peter's Church (Upper Riccarton)
Halswell, Hornby, Riccarton	30	-	St Peter's Church (Upper Riccarton)
Rata Foundation	100	-	St Peter's Church (Upper Riccarton)
Antiss Garland Trust	3	-	St Peter's Church (Upper Riccarton)
Lion Foundation	8	-	St Peter's Church (Upper Riccarton)
	<u>1,686</u>	<u>1,356</u>	

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14. INVESTMENT PROPERTY

No investment property is held in 2018

15. LAND & BUILDINGS HELD IN TRUST

Land & Buildings Held in Trust						Cathedral Trust					
District Council	Land	Improvements	Capital Value		Rating Valuation Date	District Council	Land	Improvements	Capital Value		Rating Valuation Date
			2018	2017					2018	2017	
	\$000	\$000	\$000	\$000			\$000	\$000	\$000	\$000	
Ashburton	3,540	3,338	6,878	6,422	2018	Ashburton	-	-	-	-	
Chatham	215	90	305	252	2018	Chatham	-	-	-	-	
Christchurch	63,981	55,831	119,812	113,373	2016	Christchurch	5,800	-	5,800	5,800	2016
Hurunui	1,712	1,792	3,504	3,504	2016	Hurunui	-	-	-	-	
Mackenzie	2,130	440	2,570	2,570	2017	Mackenzie	-	-	-	-	
Selwyn	7,911	3,761	11,672	11,047	2018	Selwyn	-	-	-	-	
Timaru	4,419	5,649	10,068	10,128	2017	Timaru	-	-	-	-	
Waimakariri	3,325	2,834	6,159	6,159	2016	Waimakariri	-	-	-	-	
Waimate	363	615	978	978	2018	Waimate	-	-	-	-	
Westland	637	993	1,630	1,630	2017	Westland	-	-	-	-	
	88,233	75,343	163,576	156,063			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 \$1,889,086 in Land & Building Trusts and \$262,366 in Cathedral Trust. These amounts will be capitalised on completion of the respective projects.

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

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17. INVESTMENT FUNDS

	General Trust Estate		Bishopric Estate		Dean & Chapter Estate		Land & Buildings Trusts		Cathedral Trust	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Mohaka Forest Fund	805	682	-	-	-	-	-	-	-	-
Balanced Growth Fund	11,699	12,528	3,612	3,734	1,335	1,402	-	-	-	-
Cathedral Insurance Proceeds Fund	-	-	-	-	-	-	-	-	41,920	43,158
Fixed Income Fund	-	-	-	-	-	-	3,480	3,269	-	-
Insurance Proceeds Fund	-	-	-	-	-	-	43,937	35,676	-	-
	<u>12,504</u>	<u>13,210</u>	<u>3,612</u>	<u>3,734</u>	<u>1,335</u>	<u>1,402</u>	<u>47,417</u>	<u>38,945</u>	<u>41,920</u>	<u>43,158</u>

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

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. The remaining loan is the Cathedral Grammar school loan of \$18,039 (2016: \$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 or 2018.

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 4.0% of the capital. This was reviewed by the Trustees in 2018 and the rate will maintain 4.0% for 2019.
- 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.

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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 Act, 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

No reclassifications of tenant improvements occurred in 2018. Tenant improvements to the value of \$526,400 were previously recorded as Land & Buildings Held in Trust, this was corrected in 2017.

24. RELEASE OF REVALUATION RESERVE ON SALE OF PROPERTY

No releases on the revaluation reserve on sale of property occurred in 2018. In 2017 an adjustment was made for the sale of the Christchurch-St Luke Vicarage.

25. GAIN/(LOSS) ON REVALUATION OF PROPERTY

The increase in rateable value of the Land and Buildings held in Trust is \$2,008,500 (2017: increase of \$1,797,042). 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 \$43,509,423 (2017 \$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 \$41,828,039 (2017 \$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 (2017: \$46,669) for the storage facility at Grange Street.

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28. CONTINGENT ASSETS AND LIABILITIES

In respect of additional insurance proceeds received in the year (\$16.26 million) following the conclusion of the GST Review, legal advice has been obtained by CPT regarding the allocation of any surplus insurance proceeds once insurance obligations have been met. The advice recommends CPT should apply to the Courts for directions to clarify how it should treat any surplus. In the interim the Trustees have applied their judgement as to how this amount should be accounted for and have recorded the amount as income within Land & Buildings Trust in the current year. The Trustees will act on the Court direction when it is received.

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: Arm's 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 CPT on behalf of Estates & Trusts to the value of \$252,819 (2017: \$356,909). The transactions were at an arm's length basis. Additional work was commissioned by CPT in conjunction with Parishes for conveyancing and other matters regarding property. The cost of these invoices has been met by the Parishes concerned.

Parry Field

Alex Summerlee, (the Diocesan Vice - Chancellor) is an Associate at Parry Field. Parry Field provided legal services to CPT to the value of \$2.476. The transactions were at an arms length basis.

30. INVESTMENT IN CATHEDRAL JOINT VENTURE

In 2018, in response to the 2017 Diocesan Synod decision to reinstate Christ Church Cathedral, CPT entered into a Joint Venture Agreement [JVA] with Christ Church Cathedral Reinstatement Trust [CCRT], established by the Crown to raise the shortfall in funding for the project, and Christ Church Cathedral Reinstatement Limited [CCRL], a company formed to undertake the project. Under the terms of the JVA, CPT and CCRT have both provided a \$1 million working capital advance to CCRL. We have recognised the CPT share (50%) of reported profit by CCRL.

31. PRIOR YEAR ADJUSTMENTS

In 2018 a prior year adjustment has been made relating to previously unrecognised trust asset of \$459,271 arising from the sale of Sumner Parish land.