
FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES

SPECIAL PURPOSE FUND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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



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FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES

STATEMENT OF FUND FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2022

NGĀ KAITIĀKI TAONGA-O-TE-HĀHI
Church Property Trustees
THE ANGLICAN DIOCESE OF CHRISTCHURCH



		Balanced Growth Fund		Fixed Income Fund		Reserve Fund		Mohaka Forest Fund		Cathedral Insurance Proceeds Fund		Cathedral Maintenance & Insurance Fund		Total Funds Under Management	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	NOTE	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME															
Net Return (Loss) from Investments		(2,841)	4,224	(2,559)	2,809	(171)	110	301	180	537	1,077	(554)	236	(5,286)	8,637
Transfer in From Reserve Fund		-	-	2,215	-	-	-	-	-	-	-	-	-	2,215	-
Revaluation of Investor Accounts		-	-	2,605	-	-	-	-	-	-	-	-	-	2,605	-
Expenses Recovery		-	-	-	-	-	-	30	122	-	-	-	-	30	122
Total Income		(2,841)	4,224	2,261	2,809	(171)	110	331	303	537	1,077	(554)	236	(436)	8,759
EXPENSES															
Management Fees - External	3	308	273	305	371	27	22	12	14	-	-	49	14	701	694
Management Fees - CPT	3	221	208	288	358	24	20	13	12	27	48	18	5	591	651
Forestry Expenses		-	-	-	-	-	-	18	14	-	-	-	-	18	14
Other Expenses	11	-	-	4	-	-	-	645	117	-	-	-	-	650	117
Total Expenses		529	480	598	729	51	42	688	157	27	48	68	20	1,960	1,476
Net Surplus / (Deficit)		(3,370)	3,744	1,664	2,081	(222)	68	(357)	146	510	1,029	(621)	217	(2,396)	7,283

FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
STATEMENT OF FUND NET ASSETS ATTRIBUTABLE TO FUND HOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2022



		Balanced Growth Fund		Fixed Income Fund		Reserve Fund		Mohaka Forest Fund		Cathedral Insurance Proceeds Fund		Cathedral Maintenance & Insurance Fund		Total Funds Under Management	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NOTE		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
FUND CURRENT ASSETS															
		1,212	274	166	558	13	26	17	39	4,654	39	65	12	6,126	949
	4	34,840	37,157	40,646	59,080	4,094	4,070	-	-	-	-	12,159	2,849	91,739	103,156
	4	-	-	-	-	-	-	-	-	6,536	36,401	-	-	6,536	36,401
	5	1,572	2,213	-	-	-	-	-	-	-	-	-	-	1,572	2,213
	6	12	1	2,275	53	0	232	45	30	-	-	0	135	2,333	450
		37,636	39,645	43,088	59,692	4,107	4,328	62	69	11,190	36,440	12,224	2,996	108,306	143,169
FUND CURRENT LIABILITIES															
		142	153	42	237	2	6	62	51	-	-	4	0	253	447
		-	-	-	-	2,221	-	-	-	-	-	-	-	2,221	-
		142	153	42	237	2,223	6	62	51	-	-	4	0	253	447
		37,494	39,492	43,045	59,455	1,884	4,321	0	18	11,190	36,440	12,220	2,996	105,833	142,722
NON-CURRENT FUND ASSETS															
		-	-	1,884	4,321	-	-	-	-	-	-	-	-	1,884	4,321
	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	1,076	1,272	-	-	-	-	1,076	1,272
	7	-	-	1,447	1,874	-	-	-	-	-	-	-	-	1,447	1,874
		-	-	3,331	6,195	-	-	1,076	1,272	-	-	-	-	4,407	7,467
NON-CURRENT FUND LIABILITIES															
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	1,884	4,321	-	-	-	-	-	-	(278)	343	1,605	4,664
		-	-	1,884	4,321	-	-	-	-	-	-	(278)	343	1,605	4,664
		-	-	1,447	1,874	-	-	1,076	1,272	-	-	278	(343)	2,802	2,803
Net Assets		37,494	39,492	44,492	61,329	1,884	4,321	1,076	1,290	11,190	36,440	12,498	2,653	108,634	145,524
REPRESENTED BY:															
Net Assets Attributable to Fundholders		37,494	39,492	44,492	61,329	1,884	4,321	1,076	1,290	11,190	36,440	12,498	2,653	108,634	141,204

FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
STATEMENT OF CHANGES IN FUNDS ATTRIBUTABLE TO FUNDHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Balanced Growth Fund		Fixed Income Fund		Reserve Fund		Mohaka Forest Fund		Cathedral Insurance Proceeds Fund		Cathedral Maintenance & Insurance Fund		Total Funds Under Management	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net Assets attributable to Fundholders at the start of the period	39,492	32,330	61,329	56,989	4,321	4,021	1,290	1,144	36,440	39,791	2,653	1,350	145,525	135,625
Fundholder Contributions	29,583	11,584	11,514	24,459	-	-	-	-	6,519	1,029	10,467	1,086	58,082	38,157
Fundholder Withdrawals	(28,212)	(8,165)	(30,014)	(22,199)	(2,215)	232	143	0	(32,279)	(5,409)	-	-	(92,576)	(35,541)
Net Increase (Decrease) from Fundholder transactions	1,371	3,419	(18,500)	2,260	(2,215)	232	143	0	(25,760)	(4,380)	10,467	1,086	(34,494)	2,616
Net Surplus / (Deficit) during the period	(3,370)	3,744	1,664	2,081	(222)	68	(357)	146	510	1,029	(621)	217	(2,396)	7,283
Net Assets attributable to Fundholders at the end of the period	37,494	39,492	44,492	61,329	1,884	4,321	1,076	1,290	11,190	36,440	12,498	2,653	108,634	145,525

FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FUND FINANCIAL STATEMENTS
NOTES TO THE FUND
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

These Fund Financial Statements have been prepared for each of the funds administered by Church Property Trustees [CPT], comprising the Balanced Growth Fund, Fixed Income Fund, Reserve Fund, Mohaka Forest Fund, Insurance Proceeds Fund, Cathedral Insurance Proceeds Fund and Cathedral Maintenance & Insurance Fund.

The funds statements are presented in New Zealand dollars.

Investment Policies

The philosophy and investment objectives for CPT, its Committee for Audit, Risk & Finance [CARF], trusts, beneficiaries, investors and investment managers are outlined in the Statement of Investment Policy and Objectives [SIPO]. It creates parameters for investment of funds under CPT administration on behalf of trusts and other investors and serves as a basis for monitoring the on-going performance of the CPT funds and of the portfolios that make up those funds. CPT sets and approves the SIPO and delegates oversight of it to CARF. Deposits are accepted and withdrawals made under the terms of the SIPO appendices. The investments administered by CPT on behalf of investors are predominately liquid and may be redeemed on 5 working days written notice.

An independent annual review of the investment strategy (SIPO), including the distribution rates, are conducted by CPT's independent investment advisors, EriksensGlobal.

Balanced Growth Fund [BGF]: Distributions to investors from the BGF are determined by CPT based on the long-term sustainable distribution rates recommended in the SIPO. Distributions are recognised in the fund statements when they are paid in cash or reinvested. There are no capital reserves within the BGF as capital gains and losses are marked to market each month and apportioned between investors according to the number of units held monthly and at year end.

Fixed Income Fund [FIF]: Interest is credited to investors in the FIF quarterly. Interest rate reviews are conducted regularly by CPT. The rate is set at a level to allow investors to receive a consistent income, with any net surplus or deficit being transferred to or from the Reserve Fund to allow income smoothing. The management of this fund is in line with the principles set out in section 31 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003 ["The CPT Act"].

Reserve Fund: CPT maintains a Reserve Fund in line with the principles set out in section 36 of the CPT Act. The net annual income of the Reserve Fund may be applied by CPT to augment the Reserve Fund, stabilise or increase the income of the FIF or to replace losses of capital in the FIF.

Mohaka Forest Fund: CPT has established a forestry fund in line with section 31 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003 ["The CPT Act"]. CPT participates in the Emissions Trading Scheme in accordance with Schedule 6 of the Climate Change Response (Emissions Trading) Amendment Act 2008.

Insurance Proceeds Fund and the Cathedral Insurance Proceeds Fund: CPT has established these investment funds in line with section 31 of the Act. The Ansvar [ACS] global insurance settlement [GIS] funds are invested in these funds. The GIS funds are held on the same trusts as those buildings deemed to be a total loss. The GIS funds received for the repair of buildings, not destroyed in the earthquakes, are held collectively to meet the insurance policy entitlements.

2. STATEMENT OF ACCOUNTING POLICIES

2.1 Basis of Preparation

The Fund Financial Statements have been prepared as Special Purpose Reports, in accordance with the following stated accounting policies:

2.2 Changes to Accounting Policies

There have been no changes to 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 Fund Financial Performance and Fund Net Assets, and Amounts Attributable to the Fundholders 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 Fund financial assets at fair value, interest income is included through the statement of Fund Financial Performance.

Unrealised or realised gains/ (losses) from re-measurement of financial assets at fair value are included in revenue.

Dividend/distribution income is recognised in the Statement of Fund Financial Performance when the right to receive the dividend/distribution is established.

All other revenue is recognised on an accruals basis.

b) Expenses

All expenses are recognised in the Statement of Fund Financial Performance on an accrual basis.

c) Income tax

Income 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 & Services Tax [GST].

e) Financial Assets

Classification:

The financial instruments comprise investments and are categorised as managed funds, term deposits, private equity and forestry. They are stated at fair value with value changes recorded through the Statement of Fund Financial Performance.

Recognition / de-recognition:

CPT 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.

**FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FUND FINANCIAL STATEMENTS
NOTES TO THE FUND
FOR THE YEAR ENDED 31 DECEMBER 2022**

Measurement:

(i) Financial assets (managed funds, term deposits and private equity funds)

Financial assets are recorded at fair value through the Statement of Fund Financial Performance.

Transaction costs are expensed as incurred in the Statement of Fund Financial Performance. Any changes in the fair values of financial assets are disclosed in the Statement of Fund Financial Performance.

Where available, quoted market prices, entry or exit, buy or sell or midpoint, are used as a measure of fair value.

(ii) Loans & Mortgages

Loans and Mortgages are measured at fair value.

(iii) Forestry

The value of the Forestry investment is based on the estimation of the net present value (NPV) of future cash flows at a discount rate of 7.5% (2021: 7.5%), associated with the development and future harvesting of the forest, as determined by the Forestry Manager. The valuation by the Forestry Manager was received on 12 December 2022.

Forestry land is valued at the August 2021 Rating Valuation. The NPV of cash flows relating to any revenue or future liabilities arising from the sale of carbon credits under the Government's Emissions Trading Scheme have not been included in the valuation.

f) Receivables

Receivables may include amounts accrued for dividends, interest income and distributions. Dividends and 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.

g) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid at balance date.

h) Cash and Cash Equivalent

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

i) Financial Liabilities

Financial liabilities include deposits from Ministry Units, other Anglican organisations and Estates, and are measured at year end deposit value.

j) Foreign Currency Translation

Items included in the Funds Financial statements are measured in New Zealand dollars.

k) Derivative Financial Instruments

Foreign currency economic hedges are not recognised in the Statement of Net Assets. Any gains or losses are recognised in the Statement of Fund Financial Performance on realisation of these hedges.

FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FUND FINANCIAL STATEMENTS
NOTES TO THE FUND
FOR THE YEAR ENDED 31 DECEMBER 2022

3. MANAGEMENT FEES

Balanced Growth Fund		Mohaka Forest Fund		Fixed Income Fund		Reserve Fund		Cathedral Insurance Proceeds Fund		Cathedral Maintenance & Insurance Fund	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
%	%	\$	\$	%	%	%	%	%	%	%	%
0.60%	0.60%	\$12,500 per annum	\$12,500 p.a.	0.60%	0.60%	0.60%	0.60%	0.14% **	0.14%	0.30%	0.30%

A CPT management fee is deducted from funds. The internal CPT fee is used to pay for its operational expenses. External management fees are paid on managed funds. Church Property Trustees have engaged EriksensGlobal to provide investment advisory services for nominated funds and general investment advice. EriksensGlobal were paid \$60k in 2022 for services provided (2021 \$60k).

4. FIXED INCOME FUND (FIF)

The FIF incurred unrealised losses during 2022 due to the extraordinarily difficult year for investments globally. The Trustees resolved on 30th March 2023 to transfer funds to the FIF from the Reserve Fund, which is held for the purposes of smoothing returns and replacing capital losses in the FIF, thereby reducing the loss for the 2022 year-end closing investor balances.

The Trustees further resolved to write down the FIF account holder balances by 5.6% based on 1st January 2023 opening balances, and to retain a minimum equivalent of 4.2% of the 2022 year-end FIF value in the Reserve Fund for future needs as at 2022 \$1,884k (2021: 4,321k).

Taking into consideration the 3.25% paid to FIF investors during 2022, the net resulting loss to investors was 2.35%.

The 1st January 2023 write down of the FIF by 5.6% has been applied to the 2022 year-end FIF balances in these financial statements.

	FIF Fund \$ 000's	Reserve Fund (RF) \$ 000's
Yearend (Losses), before transfers	(4,820)	(222)
Transfer (from) RF to FIF (RF Balance available 4,095)	2,215	(2,215)
Revaluation Yearend write-down	2,605	
Net Surplus / Loss	Nil	(2,437)

FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FUND FINANCIAL STATEMENTS
NOTES TO THE FUND
FOR THE YEAR ENDED 31 DECEMBER 2022

5. MANAGED FUNDS

	Balanced Growth Fund		Fixed Income Fund		Reserve Fund		Cathedral Insurance Proceeds Fund **		Cathedral Maintenance & Insurance Fund		Total Funds Under Management	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Managed Funds	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Aspiring Asset Management Ltd	7,369	7,488	-	-	-	-	-	-	-	-	7,369	7,488
Castle Point 5 Oceans Fund	5,141	4,791	3,763	5,328	-	-	-	-	4,425	1,416	13,329	11,535
Harbour Income Fund		-	11,924	17,698	-	-	-	-	2,963	-	14,887	17,698
Mint Trans-Tasman Equities	1,697	1,928		-	-	-	-	-	-	-	1,697	1,928
Mint Diversified Income Fund	2,319	3,053	12,756	19,379	1,915	2,096	-	-	-	-	16,990	24,528
Mint Diversified Growth Fund	2,309	3,345			-	-	-	-	3,425	1,042	5,734	4,387
Milford Active Growth	4,731	4,647		-	-	-	-	-	-	-	4,731	4,647
Milford Australasian Abs. Growth	4,579	4,709		-	-	-	-	-	-	-	4,579	4,709
Milford Diversified Income	3,541	3,079	12,203	16,675	-	-	-	-	-	-	15,744	19,754
Quay Street Asset Management		-		-	2,179	1,974	-	-	-	-	2,179	1,974
T Rowe Price Global Equity Growth	3,154	4,117		-	-	-	-	-	1,346	391	4,500	4,508
Managed Funds	34,840	37,157	40,646	59,080	4,094	4,070	-	-	12,159	2,849	91,739	103,156

6. SHORT-TERM DEPOSITS

ANZ Bank	-	-	-	-	-	-	6,536	10,695	-	-	6,536	10,695
ASB Bank								10,632				10,632
Fixed Income Fund (FIF)								6,013				6,013
Kiwibank	-	-	-	-	-	-		9,061	-	-		9,061
Total Term Deposits < 1 Year	-	-	-	-	-	-	6,536	36,401			6,536	36,401

** Cathedral Insurance Proceeds Fund includes the Cathedral settlement proceeds and donations received by Church Property Trustees. No term deposits are held for terms in excess of one year.

7. PRIVATE EQUITY FUNDS

FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FUND FINANCIAL STATEMENTS
NOTES TO THE FUND
FOR THE YEAR ENDED 31 DECEMBER 2022

	Total Commitment	Called / Invested	Uncalled Capital	Distributions	Asset Value at 31 December 2022	Asset Value at 31 December 2021
	\$000	\$000	\$000	\$000	\$000	\$000
Knox Investment Fund IV	-	-	-	-	-	49
Maui Capital Indigo Fund	300	255	45	159	81	102
Maui Capital Aqua Fund	200	164	36	71	82	140
Continuity Capital Private Equity Fund No.2 LP	500	480	20	629	208	319
Continuity Capital Private Equity Fund No.4 LP	500	380	120	174	354	356
Pioneer (PCP III)	500	447	53	54	454	420
Pencarrow Bridge Fund LP	500	445	55	616	345	723
Pohutukawa II	300	186	54	334	2	23
Radius Residential Care Ltd	101	101	-	2	46	80
Private Equity Funds	<u>2,901</u>	<u>2,458</u>	<u>383</u>	<u>2,038</u>	<u>1,572</u>	<u>2,213</u>

8. LOANS & MORTGAGES

The loans in the Fixed Income Fund relate to the following parishes and related entities: ADMSC - Cardale House, Christchurch-St Michael. These loans are secured by mortgages secured over the relevant land and buildings held in trust.

9. MOHAKA FOREST FUND – HARVEST 2022

Mohaka Forest Harvest Costs	\$ 000's
Revenue From Harvest (19ha Mixed)	657
Less Costs relating to Harvest	
Logging	(404)
Transport	(184)
Gross Harvest Proceeds	<u>69</u>

FUNDS HELD AND ADMINISTERED BY CHURCH PROPERTY TRUSTEES
SPECIAL PURPOSE FUND FINANCIAL STATEMENTS
NOTES TO THE FUND
FOR THE YEAR ENDED 31 DECEMBER 2022

10. CONTINGENCIES

There are no contingent assets or liabilities as at 31st December 2022, (2021: Nil).

11. INVESTMENT FUND RISKS:

CREDIT RISK

The funds are exposed to credit risk in that the failure of external counterparties to honour the terms and conditions of a contract may result in a financial loss to the funds. The funds are exposed to credit risk primarily through its investment activities. The maximum credit risk of financial instruments is considered to be their carrying value. Past performance is no guarantee of future results. The Fixed Income Fund and Balanced Growth Fund are not capital guaranteed.

For the managed funds, EriksensGlobal regularly review the credit risk and advise CPT of any suggested changes to minimise this risk. Where CPT invests directly in cash, private equity, term deposits and forestry, appropriate processes and risk controls are in place to diversify and mitigate credit risk. None of the financial assets are past due or impaired.

INTEREST RATE RISK

Interest rate risk is the risk that the value of an investment will fluctuate due to changes in interest rates. Interest rate risk is normally associated with bonds and is managed through bond duration management, hedging strategies and diversification of assets within a portfolio.

MARKET RISK

Market risk is the risk that market prices for investments go up or down, and may be down when the Trustees want the money for some other purpose. Market risk offers reward but can also cause losses. Examples of market risk are: changes in equity prices, property prices, fixed income securities prices and commodity prices. Triggers of market risk include recessions, geopolitics, changes in interest rates, natural disasters, terrorist attacks and changes in sentiment.

12. RELATED PARTIES

Diocese of Christchurch, ADMSC (Anglican Diocese Ministry Support Centre) and Various Anglican parishes

The Diocese of Christchurch, ADMSC and Anglican Parishes invest in the Fixed Income Fund and the Balanced Growth Fund on the same terms and conditions as other investors. Transactions with related parties (parishes and related entities) are both at normal market prices and on normal commercial terms.

13. EVENTS POST BALANCE DATE

Cyclone Gabrielle and impact on Mohaka Forest

On 14th February 2023 Cyclone Gabrielle caused extensive damage to the East Coast of the North Island, impacting Mohaka Forest. Slips have affected the tree-crop, although the damage is not considered extensive. Roding infrastructure has been impacted and will require some remedial work to clear slips. Slash and forest material would appear to be retained within the forest boundary. Although total damage has not been quantified, CPT has insurance cover for land slips and wind effects, mitigating the financial impact on any losses. The insurance policy provides cover of \$100k for land slips or \$120k for wind damage with a \$10k excess applicable.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES AND FUNDHOLDERS OF THE FUNDS HELD AND ADMINISTERED
BY CHURCH PROPERTY TRUSTEES**

Opinion

We have audited the special purpose fund financial statements of the following Funds held and administered by Church Property Trustees (together “the Funds” and each a “Fund”):

- Balanced Growth Fund
- Fixed Income Fund
- Reserve Fund
- Mohaka Forest Fund
- Cathedral Insurance Proceeds Fund
- Cathedral Maintenance and Insurance Fund

These special purpose fund financial statements comprise the statements of fund net assets attributable to fund holders of each Fund and the Funds as at 31 December 2022, and the statements of fund financial performance and statements of changes in funds attributable to fund holders of each Fund and the Funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose fund financial statements of each Fund and the Funds for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the accounting policies as set out in Note 2 Statement of Accounting Policies on page 5 of the special purpose fund financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”). 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 Funds 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 interests in, the Funds.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to the Statement of Accounting Policies on page 5 of the financial statements, which describes the basis of accounting. The financial statements are prepared to enable the Funds 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 on behalf of the fundholders of each of Fund and the Funds and should not be distributed to or used by parties other than the aforementioned. Our opinion is not modified in respect of this matter.

Those Charged with Governance Responsibilities for the Financial Statements

Those charged with governance are responsible for the preparation of the financial statements in accordance with the accounting policies as set out in Note 2 of the financial statements 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 Funds their ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Funds or to 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 ISAs (NZ) 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 decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' 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 financial statements 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 Funds to cease to continue as a going concern.

We communicate with those charged with governance 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.

Who we Report to

This report is made solely to the Trustees and the fundholders of each Fund and the Funds as a body. Our audit work has been undertaken so that we might state those matters which 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 aforementioned for our audit work, for this report or for the opinions we have formed.

A handwritten signature in purple ink that reads 'BDO Christchurch'.

BDO Christchurch
Christchurch
New Zealand
17 August 2023