

CHURCH PROPERTY TRUSTEES
ANNUAL PERFORMANCE REPORT

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



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CHURCH PROPERTY TRUSTEES
ENTITY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

Legal Name of Entity: Church Property Trustees [CPT]

CPT is established under the Anglican (Diocese of Christchurch)
Church Property Trust Act 2003.
CPT is a registered charity.

Charities Registration Number: CC36062

NZ Business Number: NZBN:9429048839693

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 investment funds.

CPT Structure:

Governance Structure:

The membership of CPT is comprised of

(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 headed by the General Manager. Reporting to the General Manager are the Finance Manager - Facilities, Property Manager; 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.
- 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:	cptfinance@anglicanlife.org.nz

**CHURCH PROPERTY TRUSTEES
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2020**

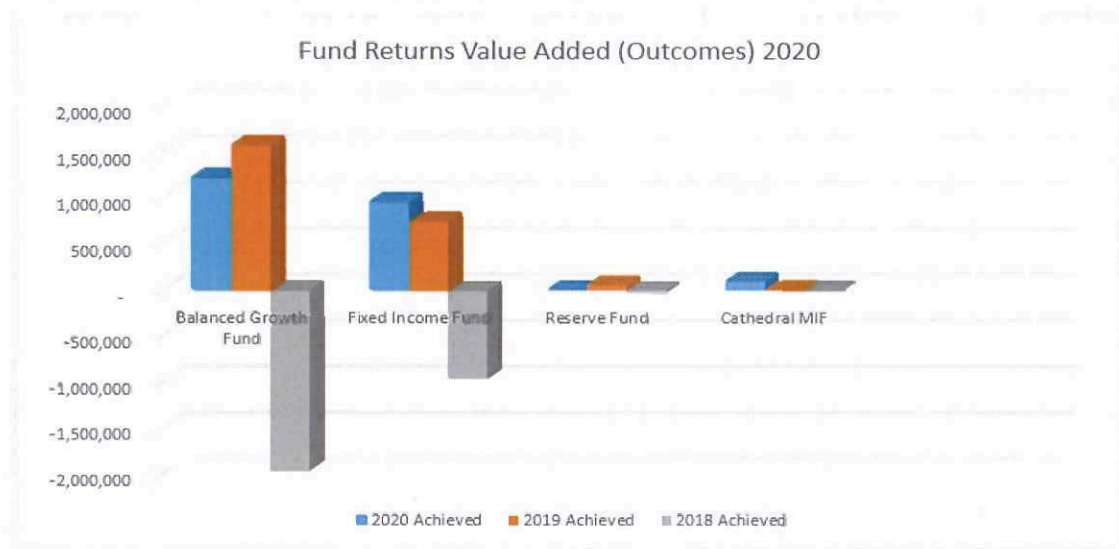
The function of CPT is to hold and administer trust property in accordance with the Anglican (Diocese of Christchurch) Church Property Trust Act 2003. CPT is therefore tasked with the prudent stewardship of the financial and property assets of the Diocese.

Financial Assets

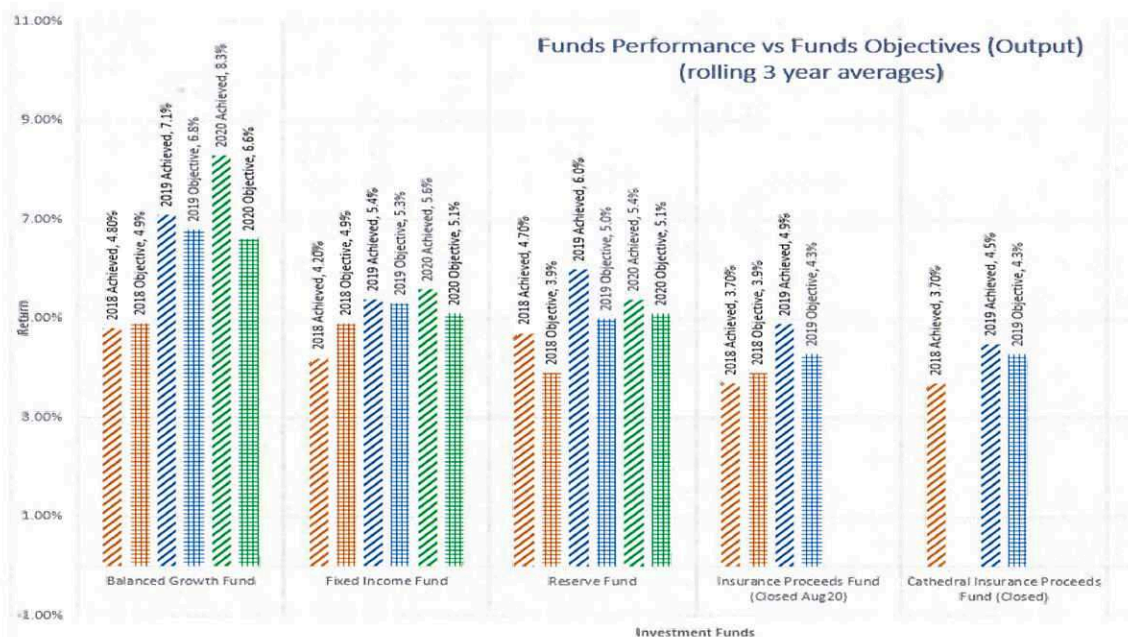
CPT administers approximately \$130m of funds held in trust and bank deposits. CPT has developed a Statement of Investment Policy and Objectives [SIPO] that, among other things, serves as the basis for monitoring the on-going performance of funds invested.

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.

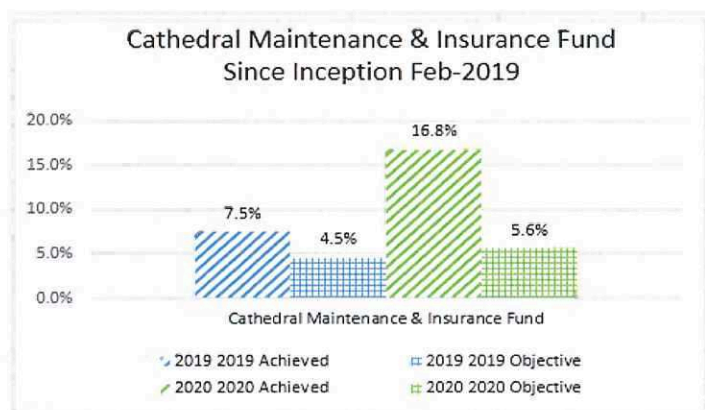
The 'output' (what CPT has delivered) for funds held in trust is the extent to which the actual rolling 3 year return (years 2020 - 2018) meets the policy objective for each fund: Balanced Growth Fund (BGF), Fixed Income Fund (FIF), Reserve Fund (RF), Insurance Proceeds Fund (IPF) Closed in 2020, Cathedral Insurance Proceeds Fund (CIPF) closed in 2019 and Cathedral Maintenance & Insurance Fund (CMIF) new in 2019. This is illustrated in the graph "Funds Performance vs Funds Objectives (Output)".



Funds Performance vs Funds Objectives (Output)



Funds Performance vs Funds Objectives (Output) (Cont.)



The CMIF Fund has only been in place since 2nd Quarter 2019, hence there is not sufficient data to include in the three year tables.

Property Assets

CPT holds and administers approximately \$184m of land and buildings ('real property'). An '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' is the extent to which the premium rate is minimised.

	2020	2019	2018
Insurance Premium Paid	\$ 439,022	\$ 399,911	\$ 361,005
Non-Domestic Buildings (Churches/Halls) Insured	188	221	217
Non-Domestic Buildings (Churches/Halls) Insured for Natural Disaster	13	13	12
Domestic Buildings (Vicarges/Garages) Insured	76	58	56
Number of Buildings not Insured	1	2	2

Earthquake Recovery Programme:

CPT successfully negotiated an insurance settlement with Ansva 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.

An 'outcome' for the Recovery Programme is to complete the earthquake repairs and rebuilds within the insurance proceeds received and within a realistic timeframe.

The corresponding 'output' is continual progress in closing out on individual building repairs and rebuilds. Progress is illustrated in the table below:

	2020		2019		2018	
	Number of Projects		Number of Projects		Number of Projects	
Number of projects in the programme	241	100%	241	100%	236	100%
Number of projects completed	226	94%	213	88%	196	83%
Projects in scoping, planning, tender or construction phase	15	6%	28	12%	40	17%

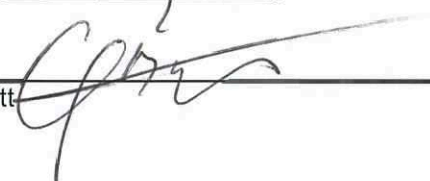
**CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
EXCHANGE REVENUE			
Assets Management			
Estate and Trusts management fees		15,103	15,084
Investment fund administration fees		590,773	613,353
Interest, dividends and FIF investment revenue at fair value		6,175	34,950
Investment gain/(loss) on fair value adjustment		4,537	60,180
Grants		80,000	80,000
Other income		8,113	5,232
Total Exchange Revenue Assets Management		704,700	808,800
Earthquake Recovery Programme			
Cost recovery		993,652	1,065,847
Interest, dividends and investment revenue		1,578	2,599
Total Exchange Earthquake Recovery Programme		995,230	1,068,446
TOTAL EXCHANGE REVENUE		1,699,930	1,877,246
EXPENSES			
Assets Management			
Accommodation		62,860	69,257
Administration Expenses		35,677	28,089
Audit Fees		36,481	35,865
IT & Software		15,178	20,172
Communication		8,932	11,407
Legal & Professional Fees		4,323	63,616
Compliance & Projects Expenses		5,648	1,568
Grant to GTE	10	1,426,634	-
Staff Expenses		435,369	521,066
Total Expenses Assets Management		2,031,100	751,040
Earthquake Recovery Programme			
Accommodation		92,326	89,333
Administration Expenses		35,500	65,731
IT & Software		15,293	19,124
Communication		13,275	23,006
Legal & Professional Fees		1,050	16,359
Staff Expenses		835,455	854,893
Total Expenditure Earthquake Recovery Programme		992,898	1,068,446
TOTAL EXPENDITURE		3,023,998	1,819,486
Surplus (Loss) for the Year		(1,324,068)	57,760

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Bank accounts and cash	3	457,447	637,077
Short Term deposit		-	838,976
Debtors & Prepayments		128,613	181,651
Total Current Assets		586,060	1,657,704
NON CURRENT ASSETS			
Investments			
Other Investments	4	104,537	430,225
Other Related Entity accounts	8	26,000	26,000
Total Non Current Assets		130,537	456,225
TOTAL ASSETS		716,596	2,113,929
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable & Accruals		98,281	161,910
Employee Costs Payable		72,708	82,344
Total Current Liabilities		170,989	244,254
TOTAL LIABILITIES		170,989	244,254
NET ASSETS		545,608	1,869,675
ACCUMULATED FUNDS			
ACCUMULATED SURPLUSES			
Opening Balance		614,046	899,701
Surplus (Loss) for the year		(1,324,068)	57,760
Transfers to Special Purpose Funds			(343,415)
Transfers from Special Purpose Funds	11	1,255,630	-
Closing Balance		545,608	614,046
Special Purpose Funds			
Earthquake Revenue Protection Fund			
Opening Balance		1,255,630	912,214
Transfer from Accumulated Funds			343,415
Transfer to Accumulated Funds	11	(1,255,630)	-
Closing Balance		-	1,255,630
TOTAL ACCUMULATED FUNDS		545,608	1,869,675

For and on behalf of the Board of Trustees who authorised the issue of the Financial statements on

13th May 2021

C G Murfitt


S J Wakefield

CHURCH PROPERTY TRUSTEES
STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

		2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was received from:			
Revenue from providing services		1,745,216	1,914,797
Interest, dividends and other investment revenue		7,438	26,928
		<u>1,752,654</u>	<u>1,941,725</u>
Cash was applied to:			
Employee related costs		1,334,453	1,384,483
Grant to GTE	10	1,426,634	-
Expenses for provision of administration services		336,177	439,661
		<u>3,097,264</u>	<u>1,824,144</u>
Net Cash Flows from / (used in) Operating Activities		<u>(1,344,610)</u>	<u>117,581</u>
CASH FLOWS FROM INVESTING & FINANCING ACTIVITIES			
Cash was received from:			
Receipts from reduction of investments, revaluations & distributions		1,164,980	424,621
Cash was applied to:			
Payments to increase investments		-	838,976
Net Cash Flows from Investing and Financing Activities		<u>1,164,980</u>	<u>(414,355)</u>
Net increase / (decrease) in Cash		(179,630)	(296,774)
Opening Cash		637,077	933,851
Closing Cash / (Overdraft)		<u>457,447</u>	<u>637,077</u>
THIS IS REPRESENTED BY:			
Bank Accounts and Cash	3	<u>457,447</u>	<u>637,077</u>

**CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

Reporting Entity

Church Property Trustees [CPT] is constituted as a Body Corporate under "The Anglican (Diocese of Christchurch) Church Property Trust Act 2003" (Church Property Trust Act 2003). This legislation defines the powers and responsibilities of 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 Trust 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.

The financial statements have been prepared on a historical cost basis, except for investments which have been measured at fair value. CPT has expenditure over \$2,000,000 this year, but has applied the exemption for PBE Tier 3 of a one-off 'exceptional' year, so remaining in Tier 3 is still appropriate but the status will be reviewed for the PBE Tier 3 status next year.

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. Revenue on Capital projects are recorded at stage of completion of the service at Balance Date.

(b) Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

(c) Receivables 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. All amounts are recorded exclusive of GST except for accounts receivable and accounts payable which are stated GST inclusive.

(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 through statement of financial performance disclosed under investment gain / (loss) on fair value adjustments.

Method: The fair value investments held in the Fixed Income Fund (FIF) are determined by reference to published exit prices, being the redemption price established by the Managed Funds held within the FIF. CPT believes that any volatility in the price of investments in the FIF, is more than covered by the Reserve Fund which the balance being at yearend \$4.02m represents 7.06% of the value of the FIF \$56.993m (2019 \$2.476m at 5.91% of \$41.9m).

Investment fund administration fees are levied based on Funds Under Management (FUM), the two largest of these being FIF and BGF. The Diocese Estates and Trusts are also levied on a smaller rate.

(f) Payables and Accrued expenses

Accounts payable 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 amount to be paid.

(i) Income Tax

CPT is registered as a charitable entity under the Charities Act 2005, which is wholly exempt from New Zealand Income Tax having fully complied with all statutory conditions for these exemptions.

**CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL PERFORMANCE REPORT
AS AT 31 DECEMBER 2020**

3. BANK ACCOUNTS AND CASH

This is the total of all bank accounts and cash held by the entity.

2020 **2019**

This includes the following current account balances:

ANZ - 000 CPT Clearing Account (for Funds, Estates and Trusts)	500	7,700
ANZ - 001 CPT Facilities Operational Account	110,385	294,829
ANZ - 074 CPT Recovery Operational Account	346,562	334,548
	<u>457,447</u>	<u>637,077</u>

4. INVESTMENTS

Investments are held in short term investments with the Fixed Income Fund, for less than a two year period.

Fixed Income Account short term funding.

	104,537	430,225
	<u>104,537</u>	<u>430,225</u>

5. CONTINGENT LIABILITIES

CPT did not have any contingent liabilities at balance date (2019: Nil).

6. 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.

7. COMMITMENTS

Church Property Trustees has the following operating lease obligations for 2020 \$5,771 (2019: \$4,726).

For the year ending 31 December 2020:

Within 12 Months	\$5,771
> 12 Months	-
Total	\$5,771

8. RELATED PARTIES

The Anglican Centre

CPT shares premises, office equipment and staffing resources with the Diocese of Christchurch, Anglican Diocese Ministry Support Centre (ADMSC) 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 2020 were \$313,111 (2019: \$352,760).

Wynn Williams

Jeremy Johnson, (the Diocesan Chancellor to September 2020) was a partner at Wynn Williams (now at Bankside Chambers) . Wynn Williams provided legal services to CPT to the value of \$142,864 (2019: \$57,058). The transactions were at an arms length basis.

Trollope & Co

Mr Maurice Walker a partner of Trollope & Co was appointed as the new Diocesan Chancellor from the September 2020 synod. His company has not billed in 2020 (2019 \$ nil).

Loans to other Parties

Related party Land & Building Trusts (L&BT)	20,000	20,000
Related party Reserve Fund (RF)	6,000	6,000
	<u>26,000</u>	<u>26,000</u>

9. SUBSEQUENT EVENTS

The response to the Coronavirus [COVID-19] pandemic in 2020 did not cause major disruption to the operation of Church Property Trustees.

2019: Subsequent to the 2019 Balance Date the response to the Coronavirus (COVID-19) pandemic did not cause major disruption to the operation of Church Property Trustees, although income received from Investment Fund Management Fees will reduce as a consequence of reductions in values of funds under management.

10. GRANTS AND ACCUMULATED FUNDS

In late 2019 the Boards of Church Property Trustees, Anglican Diocesan Ministry Support Centre and Standing Committee resolved to distribute/grant circa \$900k of the Church Property Trustees - Revenue Protection Fund (and close the fund) and circa \$500k of surplus Church Property Trustees liquidity to the General Trust Estate - being a total grant/distribution of circa \$1.43m.

The actual grants/distributions recorded in the financial statements are \$926K and \$500k respectively. A prior overprovision of transfer to the Revenue Protection Fund of \$343k was required, in order to close the fund, a total transfer of \$1,256k to the general accumulated surpluses.

11. SPECIAL PURPOSE FUNDS

The close out of the Special Purpose Funds (SPF), following the closure of the Earthquake Revenue Protection Fund (RPF) and winding down of the Recovery programme, has meant there was no need to maintain the SPF category separately noted in Retained Earnings. This was determined by the resolution passed by Standing Committee in 2020.

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 9, 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 2020, the statement of financial position of the Body Corporate as at 31 December 2020, 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 9 presents fairly, in all material respects
 - ▶ the entity information for the year ended 31 December 2020;
 - ▶ the service performance for the year then ended; and
 - ▶ the financial position of the Body Corporate as at 31 December 2020, 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 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) 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.

Partners and employees of our firm may deal with the Body Corporate on normal terms within the ordinary course of the activities of the Body Corporate. We have no other relationship with, or interest in, 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.

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

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;
- ▶ 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:



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- ▶ 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.

A stylized, handwritten-style signature of 'Ernst & Young' in black ink.

Chartered Accountants
Christchurch
25 May 2021