

**ST STEPHEN'S AND QUEEN VICTORIA
SCHOOLS TRUST BOARD**

ANNUAL REPORT

For the year ended 30 September 2016

**THE ST STEPHEN'S AND QUEEN VICTORIA
SCHOOLS TRUST BOARD**

**ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016**

Trust Purpose

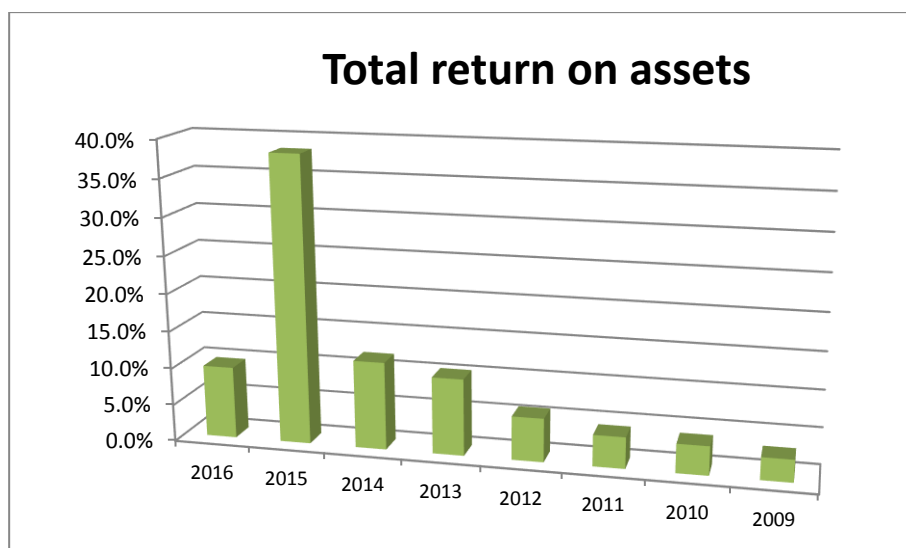
"The advancement and propagation of education for children in New Zealand, principally for girls and boys of New Zealand Maori descent but including peoples of all races and denominations, principally through the provision and management of schools and the provision and continuing development of an integrated curriculum which features foundation teaching, learning skills and excellence and blends elements of Maori concepts and Christian values with the New Zealand education curriculum"

FINANCIAL PERFORMANCE

The financial performance of the Trust for the five years ended 30 September 2016 can be summarised as follows:

	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
Revenue	1,671	1,793	1,567	1,915	2,376
Expenditure	890	656	827	930	1,381
Operating surplus	781	1,137	740	985	995
Net revaluation of investments	5,209	10,567	4,537	3,179	1,305
Deficit/Surplus	5,590	11,704	5,247	4,164	2,300

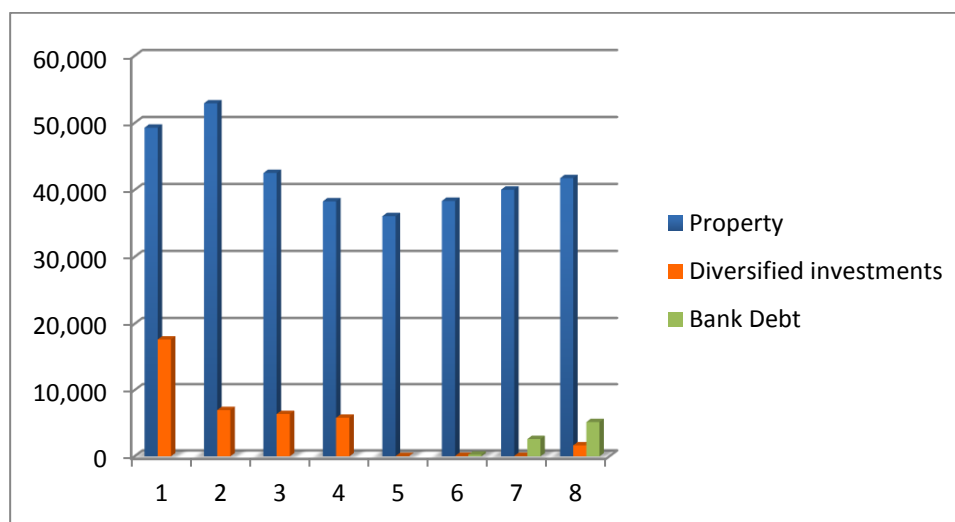
During 2016 the Trust continued to focus on improving the performance of the assets under its stewardship, achieving a total return of 9.7%. This was a solid return albeit lower than in prior years when significant valuation gains were recorded as a consequence of the Trust's investment in its properties and the extremely strong Auckland property market.



The 2016 year also saw the Trust continue to place greater focus on reducing the volatility of returns in favour of increasing the stability of income. To achieve this the Trust continued its strategy to sell its directly held commercial properties in favour of investing in a diversified invest portfolio.

The last two properties identified for sale were settled shortly after balance date. This saw the culmination of a strategy that started in 2010 resulting in property then valued at \$16.9 million being sold and the proceeds utilised firstly to extinguish the \$5.2 million of debt the Trust held and then to establish the diversified investment fund.

As at 31 March 2017 those investments are now valued at \$24.7 million and should produce annual income of circa \$850,000 p.a.



Trustees see the fulfilment of this strategy as a significant milestone for the Trust and puts the financial viability of the Trust on a strong foothold as it will reduce the Trust's reliance on the performance of a single asset class while improving the stability of income the Trust will generate.

FINANCIAL POSITION

As at 30 September 2016 the Trust's capital had increased to \$67,182,000 (2015:\$ 61,218,000) as a result of the improved financial performance and the revaluation of the Trust's investments and property assets.

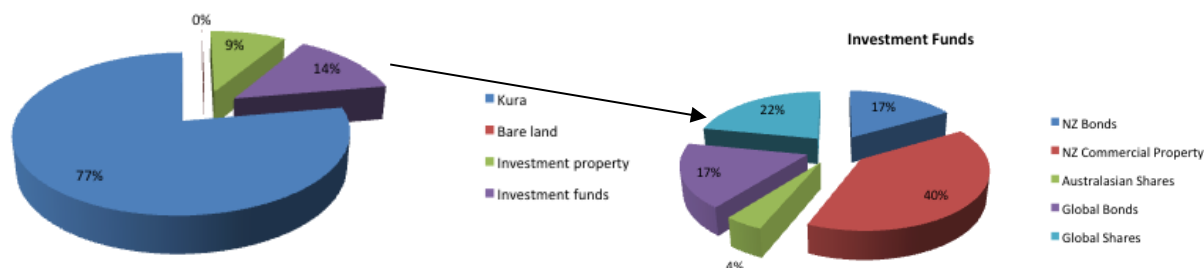
The balance sheet of the Trust can be summarised as follows:

	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
Cash	406	1,399	779	321	4,127
Accounts receivable and prepayments	24	30	145	125	145
Current Assets	430	1,429	924	446	4,272
Properties (at valuation)	49,280	52,921	42,528	38,288	36,078
Other investments	17,644	6,983	6,396	5,832	34
Total Assets	67,354	61,333	49,848	44,571	40,384
Accounts payable	172	115	335	305	279
Net Assets	67,182	61,218	49,513	44,266	37,679

As at 30 September 2016 the Trust had investments in a range of investment funds totalling \$17.6 million, increasing to \$27.4 million after year-end.

These investments generated a healthy 9.1% return during the financial period contributing strongly to the overall performance of the Trust.

As at 30 September 2016, the assets and investments of the Trust were represented as follows:



The value of the Bombay and Parnell properties continue to represent a very significant component of the Trust's total capital, although not producing significant levels of income.

THE FUTURE

The Board has continued to be very focussed on determining the best strategy for the Trust to deliver on its charitable purpose, being the sustainable advancement and propagation of education for children in New Zealand, principally for girls and boys of New Zealand Maori descent.

In late 2016 the Board launched a scholarship programme which saw the distribution of \$194,000 to thirty deserving rangatahi from across Aotearoa. Trustees look forward to continuing this scholarship programme in 2017 and advancing other strategies to achieve the purposes of the Trust.

TRUSTEES

As of 30 September 2016 the Trustees were:

	<u>Appointed</u>
• Bernard Te Paa (Chair)	July 2012
• Hineatauirā (Ira) Wilkinson (Deputy Chair)	May 2010
• Keringawai Evans	May 2014
• The Rev John Fairbrother	Feb 2014
• Selwyn Parata	May 2016
• Pihopa Te Kitohi Pikaahu	May 2016
• Kahu Pou	May 2012

The Trust Deed of the St Stephen's and Queen Victoria Schools Trust Board contains a provision that requires the two longest serving Trustees are to retire at the commencement of the each session of the General Synod.

Accordingly the two longest serving Trustees, the Rt. Rev. Te Kitohi Pikaahu and Mr Selwyn Parata, offered their resignation to the General Synod in May 2016 and were subsequently reappointed for a further term.

THANKS

The Trust continued to maintain a very close relationship with its Manager, Trust Investments Management Limited and the improving performance of the Trust is good evidence of the strength of this relationship.

I also wish acknowledge the commitment and passion my fellow trustees in regard to our strategic deliberations and dealing with the challenges that face the Trust and for their support in my role as Chairman.

CLOSING

The Trust Board remains passionate and committed to its role as steward of the St Stephen's and Queen Victoria Schools Trust Board and looks forward to refining and implementing its strategy to achieve its principal purpose to provide the sustainable delivery of education resources primarily to Maori, all to the glory of God.

Bernard Te Paa
Chair

February 2017