

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

CONTENTS OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

DIRECTORY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

| | |
|---|--|
| BOARD OF TRUSTEES | B Te Paa (Chairperson) K Pikaahu K Evans S Parata K Everitt A Naera T Potaka |
| REGISTERED OFFICE | Level 4 123 Carlton Gore Road Newmarket Auckland |
| NATURE OF BUSINESS | Investment and Education |
| CHARITIES COMMISSION REGISTRATION NUMBER | CC10860 |
| INDEPENDENT AUDITOR | KPMG 18 Viaduct Harbour Avenue Auckland |

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR THE YEAR ENDED 30 SEPTEMBER 2018

| | Notes | 2018 \$ | 2017 \$ |
|---|-------|------------------|------------------|
| Revenue | | | |
| Rental Revenue | | 748,283 | 877,721 |
| Interest and Dividend Revenue | | 1,236,469 | 972,903 |
| Realised Gain on Sale of Investment Property | | 853,203 | 1,271,758 |
| Unrealised Gain on Revaluation of Investment Property | 3 | 3,300,000 | 1,230,000 |
| Total Operating Revenue | | 6,137,955 | 4,352,382 |
| Expenses | | | |
| Property Expenses | | (385,281) | (304,393) |
| Management Expenses | | (230,682) | (288,892) |
| Administration Expenses | | (46,656) | (50,872) |
| Total Expenses | | (662,619) | (644,157) |
| Total Surplus for the year | | 5,475,336 | 3,708,225 |
| Net Change in Fair Value of Investments | | 1,558,735 | 1,315,747 |
| Other Comprehensive Revenue and Expense for the year | | 1,558,735 | 1,315,747 |
| Total Comprehensive Revenue and Expense for the year | | 7,034,071 | 5,023,972 |

These financial statements should be read in conjunction with the notes to the financial statements.

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 SEPTEMBER 2018

| Notes | 2018 \$ | 2017 \$ |
|---------------------------------|-------------------|-------------------|
| Current Assets | | |
| Cash and Cash Equivalents | 280,507 | 760,284 |
| Trade and Other Receivables | 34,151 | 44,420 |
| Total Current Assets | 314,658 | 804,704 |
| Non Current Assets | | |
| Investments | 32,845,593 | 26,491,992 |
| Investment Property | 45,830,000 | 44,870,000 |
| Total Non Current Assets | 78,675,593 | 71,361,992 |
| Total Assets | 78,990,251 | 72,166,696 |
| Current Liabilities | | |
| Trade and Other Payables | 64,807 | 103,784 |
| Total Liabilities | 64,807 | 103,784 |
| Total Net Assets | 78,925,444 | 72,062,912 |
| Trust Equity | | |
| Trust Capital | 15,417,206 | 15,417,206 |
| Reserves | 3,885,454 | 2,326,724 |
| Retained Earnings | 59,622,784 | 54,318,982 |
| Total Trust Equity | 78,925,444 | 72,062,912 |

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

Chairperson

These financial statements should be read in conjunction with the notes to the financial statements.

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

| | Trust Capital \$ | Investments Revaluation Reserve \$ | Retained Earnings \$ | Total Equity \$ |
|---|------------------------|---|----------------------------|-----------------------|
| Equity at 1 October 2016 | 15,417,206 | 1,010,977 | 50,754,007 | 67,182,190 |
| Surplus for the year | - | - | 3,708,225 | 3,708,225 |
| Other Comprehensive Revenue and Expense | - | 1,315,747 | - | 1,315,747 |
| Less Distributions | - | - | (143,250) | (143,250) |
| Equity at 30 September 2017 | 15,417,206 | 2,326,724 | 54,318,982 | 72,062,912 |

| | | | | |
|---|-------------------|------------------|-------------------|-------------------|
| Equity at 1 October 2017 | 15,417,206 | 2,326,724 | 54,318,982 | 72,062,912 |
| Surplus for the year | - | - | 5,475,336 | 5,475,336 |
| Other Comprehensive Revenue and Expense | - | 1,558,735 | - | 1,558,735 |
| Less Distributions | - | - | (171,539) | (171,539) |
| Equity at 30 September 2018 | 15,417,206 | 3,885,459 | 59,622,779 | 78,925,444 |

These financial statements should be read in conjunction with the notes to the financial statements.

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash Flows From Operating Activities: | | |
| <i>Cash was provided from:</i> | | |
| Receipts from Tenants | 751,435 | 862,050 |
| Interest Received | 8,193 | 18,901 |
| | 759,628 | 880,951 |
| <i>Cash was disbursed to:</i> | | |
| Payments to Suppliers and Activities | (694,565) | (711,567) |
| Net Cash Flows from Operating Activities | 65,063 | 169,384 |
| Cash Flows From Investing Activities: | | |
| <i>Cash was provided from:</i> | | |
| Sale of Investment Property | 3,193,203 | 15,356,758 |
| Sale of Investments | - | - |
| Dividend Received | 33,496 | 20,715 |
| | 3,226,699 | 15,377,473 |
| <i>Cash was applied to:</i> | | |
| Purchase of Investments | (3,600,000) | (15,050,000) |
| Net Cash used in Investing Activities | (373,301) | 327,473 |
| Cash Flows From Financing Activities: | | |
| <i>Cash was applied to:</i> | | |
| Distributions | (171,539) | (143,250) |
| Cash used in Financing Activities | (171,539) | (143,250) |
| Net Increase / (Decrease) in Cash Held | (479,777) | 353,607 |
| Add Cash at the beginning of the financial year | 760,284 | 406,677 |
| Cash at the end of the financial year | 280,507 | 760,284 |
| Represented by: | | |
| Cash | 280,507 | 160,284 |
| Short Term Deposits | - | 600,000 |
| Total Cash and Cash Equivalents | 280,507 | 760,284 |

These financial statements should be read in conjunction with the notes to the financial statements.

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. Overview

Reporting Entity

The financial statements are in respect of the St Stephen's and Queen Victoria Schools Trust Board ('The Trust'). The Trust is a charitable trust registered under the Charitable Trusts Act 1957. The Trust is domiciled in New Zealand and was registered as a Charitable Entity under the Charities Act 2005 on 16 August 2007.

The charitable purpose of the Trust is 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.

These financial statements have been approved and were authorised for issue by the Board of Trustees on 12 December 2018.

Statement of Compliance

These financial statements have been prepared in accordance with NZ GAAP. They comply with the Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised by use by the External Reporting Board. For purposes of complying with NZ GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-for-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

2. Accounting Policies

The significant accounting policies used in the preparation of these financial statements as set out below have been prepared in these financial statements. There has been no changes in accounting policies during the year.

2.1 Basis of measurement

These financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of investment properties and investments which are measured at fair value.

2.2 Functional and presentational currency

These financial statements are presented in New Zealand dollars (\$), which is the Trust's functional currency.

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised

Rental income

Rental income is recognised in the surplus or deficit on a straight line basis over the term of the lease.

Interest Income

Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's carrying amount.

Distribution income from equity investments is recognised when the Trust's right to receive payment has been established.

Bequests and Legacies

Bequest income is only recognised when cash is received or donated assets come under the control of the Trust and can be reliably measured. The Trustees have adopted this policy on the basis that until cash is received or donated assets come under control of the Trust, the bequest can be contested by other estate claimants i.e. the economic benefits to the Trust are not probable and income should not be recognised.

2.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash in banks and investments which mature within 90 days. Bank overdrafts if any, are shown within current liabilities in the Statement of Financial Position.

2.5 Goods and Services Tax

All items in the Statement of Financial Position are stated exclusive of GST, with the exception of receivables and payables, which include GST. All items in the Statement of Comprehensive Revenue and Expenses are stated exclusive of GST. Non-recoverable GST is reported as an operating expense.

2.6 Income Tax

The St Stephen's and Queen Victoria Schools Trust Board is exempt from income tax as it is a registered charity.

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. INVESTMENT PROPERTY

Initially investment properties and properties held for sale are measured at cost including transaction costs. Subsequent to initial recognition investment properties and properties held for sale are stated at fair value. Gains and losses arising from changes in the fair values of investment properties and properties held for sale are included in the surplus or deficit the year in which they arise.

External, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Trust's investment property portfolio every 12 months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Investment properties and properties held for sale are derecognised when they have either been disposed of or when the investment property and property held for sale is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property or property held for sale are recognised in the surplus or deficit in the year of derecognition.

The following schedule discloses the revaluations of the Investment Properties as at 30 September 2018 and the additions and disposals during the year.

| | 2017 \$ | Revaluations \$ | Disposals \$ | 2018 \$ |
|-----------------------|------------|--------------------|-----------------|------------|
| Freehold Commercial | 39,940,000 | 3,160,000 | - | 43,100,000 |
| Freehold Residential | 2,590,000 | 140,000 | - | 2,730,000 |
| Leasehold Residential | 2,340,000 | - | (2,340,000) | - |
| Leasehold Commercial | - | - | - | - |
| | 44,870,000 | 3,300,000 | (2,340,000) | 45,830,000 |

All investment properties are stated at fair value as at 30 September 2018 as determined by independent registered valuing firm Jones Lang La Salle. The valuation has been carried out in accordance with the appropriate Property Institute of New Zealand Professional Practice Standards and PBE IPSAS 16 - Investment Property.

THE ST STEPHEN'S & QUEEN VICTORIA SCHOOLS TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

4. INVESTMENTS

Investments are classified as available for sale financial asset. These assets are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, investments are measured at fair value.

Fair value is determined based on the quoted prices of the underlying investments at balance date. Changes in the fair value of investments, other than impairment losses, are recognised in other comprehensive revenue and expense and accumulated in the investment revaluation reserve in equity. When investments are derecognised on sale, the gain or loss accumulated in equity is reclassified to surplus or deficit. This is presented as a realised gain or loss on sale of investments. Transactions are based on trade date where purchase or sale of an investment is under a contract.

Investments are stated at fair value as at 30 September 2018 which are the quoted prices of the underlying managed funds at balance date.

| | 2018 \$ | 2017 \$ |
|-----------------------------|------------|------------|
| Investment in Shares | 214,853 | 175,295 |
| Investment in Managed Funds | 32,630,740 | 26,316,696 |
| | 32,845,593 | 26,491,991 |

5. RELATED PARTY TRANSACTIONS

Key Management Personnel of 7 trustees (2017:6) did not receive any remuneration nor other benefits during the year (2017:NIL).

6. COMMITMENTS AND CONTINGENCIES

At a Board of Trustees meeting dated 18 August 2010, the Trustees have agreed to pledge \$25,000 towards the construction and completion of the Hukarere Girls School Chapel. The distribution of the fund is contingent upon the School achieving their funding target (2017: \$25,000).

7. EVENTS AFTER BALANCE DATE

There have been no material post balance sheet events which would require disclosure or adjustment to the September 2018 Financial Statements. (2017: nil)