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Te Kura Trust Foundation (Inc)

Origin and Purpose

The Trust was established on 1st April 1967 under the Charitable Trusts Act 1957 to promote and assist the advancement of the education of pupils of Christchurch Boys' High School. It administers a General Fund raised initially by an appeal in 1971 and Special Funds established by gifts and bequests.

The General Fund enables the school to meet expenses and to purchase equipment and facilities which would not have been provided by the Government. The quality and diversity of the resources of the school owe much to the contributions from Te Kura Trust.

Capital items which have been funded wholly or in part by the Trust include Te Kura gymnasium, assembly hall seating, computers, overhead projectors, audio-visual equipment, library books and magazines, science and mathematics equipment, all weather athletic track, works of art, the new library, laptop computers and in this last financial year new classroom equipment.

The Special Fund is made up of gifts and bequests, the income from which provides a range of scholarships and bursaries, particularly for study at university. The largest of these is the Sir Arthur Sims fund which gives scholarships for students from Christchurch Boys' High School to study at Lincoln University.

Administration

The Trust is administered by a Board of Trustees which consists of two elected representatives and two trustees appointed by each of the following bodies:

- School Board of Trustees
- Parent Teacher Association
- Christchurch High School Old Boys' Association
- Christchurch Boys' High School Staff (to include Headmaster)

The Finance Subcommittee oversees the investments and finances of the Trust.

It consists of Messrs I. D. Leggat, D. H. Rankin, B. Johnston (co-opted) and B. Kreft (co-opted). Mr Kreft is an investment banker, director of several public companies and a member of the NZ Stock Exchanges Market Surveillance Panel. Mr Johnston is manager of the Christchurch office of Macquarie Financial Services (Sharebrokers and Investment Advisors).

The Secretary is Murray Mowat BCom ACA. Mr Mowat is a chartered accountant in practice on his own account, a life member of High School Old Boys' Association Football Club and past president of High School Old Boys' Cricket Club. At School 1963–67.

Bankers

Westpac Trust
117 Riccarton Road
Christchurch

Solicitors

Saunders & Co
227 Cambridge Terrace
P O Box 18
Christchurch

Auditors

Allott Reeves & Co
192 Manchester Street
P O Box 13-545
Christchurch

Trustees

Chairman

Ian Leggat QSO LLD(Hon) BA MSc

Elected member.

Former headmaster of Christchurch Boys' High School.

Deputy Chairman

Cranwell Bull LLB

High School Old Boys' Association representative.

Partner in the Christchurch law firm Saunders & Co. At School 1960–64.

Trevor McIntyre BAgSc DipTchg

Headmaster of the School

Lindsay Thorn MEd BA DipEd

Christchurch Boys' High School staff representative.

On teaching staff since 1994. Head of Department, Guidance Counsellor

Colin Freeman BSc(Hons) PhD FNZIC

Elected member.

Reader in Chemistry at University of Canterbury.

Past President of High School Old Boys' Association. At School 1956–60.

Sue Heukels

Parent Teacher Association representative.

David Rankin ANZIV ValProf(Urban) FREINZ SPINZ

High School Old Boys' Association representative.

Director of Christchurch real estate company, Livingstone First National Limited.

Chairman of the Real Estate Network Ltd

Chairman of Icon Communications Ltd.

At School 1962–66.

John McAuliffe

School Board of Trustees representative.

At School 1963–67 (Hostel).

Chris Glenn

Parent-Teacher Association representative.

Project manager Humanware Ltd.

Alan Gibbs

School Board of Trustees representative.

Chartered accountant, Manager of Crane Distributions NZ Ltd.

Chairman's Report

The Trust which adopts a conservative investment approach performed extremely well in the last year.

This year the shares in Shopping Centre Investments Ltd have been valued at market value (previously cost). This has resulted in a substantial profit on revaluation which, when all shares and investments are taken into account, results in a net profit of \$685,829 (\$525,479 from revaluations)

In the last 12 months the capital of the fund has increased to \$2,911,534 from \$2,231,928.

The Trust exists to provide benefits to advance the education of the boys at the School and in 2006 the General Funds disbursed \$59,908 (Centennial Building insurance \$6,267, capital expenditure \$51,733). In addition \$28,800 was distributed to individual students by way of scholarships and prizes.

Return on Funds

For the year ending 31 December 2006 the net income was \$685,829 (including an unrealised profit of \$525,479 on share and securities valuations).

This gave a net return on funds on an average capital of \$2,212,317 of 30.90%

Capital of the Fund	31/12/06	31/12/05
General Funds	1,895,313	1,437,112
Special Funds	1,016,221	794,816
	<u>2,911,534</u>	<u>2,231,928</u>

The General Funds balances have increased by \$458,201 (31.88%)

The Special Funds balances have increased by \$221,405 (27.86%)

Altiora Peto Appeal

Outstanding commitments to the appeal have been written off.

For the year ending 31 December 2006 \$1,790 was received giving a total received of \$431,572 to date (before expenses).

Investments

At 31 December 2006 the Trust investments were spread as follows:

	2006		2005	
	\$	%	\$	%
Fixed Interest Securities	268,709	9.85	434,519	20.03
Shares in Public companies	2,410,714	88.32	1,734,485	79.97
Bank Deposits & Current Accounts	50,000	1.83	—	—
	<u>2,729,423</u>	<u>100.00</u>	<u>2,169,004</u>	<u>100.00</u>

The Trust has some investments in Australia but most of the portfolio is in New Zealand, including Shopping Centre Investments Ltd (Hornby Mall).

Scholarships, Prizes And Grants

The following distributions were made for the 2006 financial year:

General Fund	Grants to school and prizes	59,908
Sir Arthur Sims Fund	Lincoln University Scholarships	17,100
Tench Fund	Prizes and Scholarships	2,650
J. Wilson Fund	Scholarships	4,000
Allen Fund	Scholarships	1,800
Moffat Fund	Grant	500
Pollock Fund	Prizes	250
Deans Fund	Prizes and Scholarships	2,500
		<hr/>
		88,708

The General Funds grants were applied over all general funds.

Investment policy

A finance subcommittee monitors and makes recommendations on investment within a policy of building up the capital and exercising care, diligence and skill in managing the funds.

Trustees

The Trustees who represent the school, the Board of Trustees, the Parent Teachers Association and the High School Old Boys Association are thanked for the contribution which they have made to the developing strength of Te Kura Trust. We also extend our thanks to the executive officer of the school and the headmaster's personal assistant for their continuing assistance.

I. D. Leggat (Chairman)

Auditors' Report

To the Partners of the
Te Kura Trust Foundation Inc.

For the year ended 31 December 2006

We have audited the accompanying Financial Statements. The Financial Statements provide information about the past financial performance of the Te Kura Trust Foundation Inc. and its financial position as at 31 December 2006. The information is stated in accordance with the accounting policies set out in the notes to the accounts..

Trustees Responsibilities

The Trustees are responsible for the preparation of Financial Statements which fairly reflect the financial position of the Trust as at 31 December 2006 and of the results of operations for the year ended 31 December 2006.

Auditors' Report

It is our responsibility to express an independent opinion on the Financial Statements presented by the Trustees and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the Financial Statements. It also includes assessing:

- The significant estimates and judgements made by the Trustees in the preparation of the Financial statements; and
- Whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Other than in our capacity as auditors we have no relationship with, or interest in, the Trust.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion, the accompanying Financial Statements fairly reflect the results of the operations for the year ended 31 December 2006 and the financial position of the Trust as at that date.

Our audit was completed on 23 April 2007 and our unqualified opinion is expressed as at that date.

Allott Reeves & Co, Chartered Accountants, Christchurch

23 April 2007

Notes To The Financial Statements

For the year ended 31 December 2006

Note 1: Statement of Accounting Policy

Reporting Entity

The Te Kura Trust Foundation Inc. is a charitable trust incorporated under the Charitable Trusts Act 1957. The Trust does not qualify as a reporting entity under the terms of the Financial Reporting Act 1993. The Financial Statements have been prepared in accordance with generally accepted accounting practice.

Differential Reporting

The Trust is a qualifying entity for differential reporting purposes. The grounds upon which the Trust qualifies are:

- The Trust is not publicly accountable as defined in the framework for differential reporting; and
- The Trust is not large as, in each of the last two reporting periods, total revenue has not exceeded \$20 million and the total assets have not exceeded \$10 million in carrying value.

The Financial Statements have been prepared taking advantage of all the differential reporting concessions.

Specific Accounting Policies

The specific accounting policies adopted in the financial statements, which have a significant effect on the results and financial position disclosed are set out below.

Changes in Accounting Policy

There have been no changes in accounting policy this year.

Note 2: Principal Activity

The principal activity in which the Trust is involved is the provision for the advancement and betterment of pupils attending Christchurch Boys' High School and the administration of bequests to the Trust.

Note 3: General Fund Grants to the School

The following grants to the school were approved:

Insurance (Centennial Building)	6,267
Capital Expenditure	51,733
Deans Medal (2)	269
Deans Scholar	500
Deans Prize	139
Te Kura Prize	1,000
	<hr/>
	59,908
	<hr/>

Note 4: Equiticorp Holdings Limited

As Equiticorp Holdings Ltd went into receivership the balance of the deposit in this Company was written off. No recovery has been received in this financial year.

Note 5: Exchange Rate

The Australian shares have been valued using the exchange rate applicable on balance date (0.8926) to convert the market value into NZ currency.

Note 6: Taxation

As the Trust is incorporated under the Charitable Trusts Act 1957, it is exempt from taxation.

Note 7.: Shares and Fixed Interest Securities

Shares and fixed interest securities are valued in the balance sheet at market value. At balance date the following market values applied:

Shares	Number	Cost	Market Value 31/12/06	Market Value 31/12/05	Unrealised Profit/(Loss)
Auckland International Airport	60,000	36,443	131,400	118,800	12,600
NZ Oil & Gas – Shares	22,000	20,003	20,240	19,800	440
NZ Oil & Gas – Options	11,000	—	1,485	1,309	176
NZ Oil & Gas – Rights	2,200	—	33	—	33
Telecom Ltd – Shares	—	—	—	38,188	—
Woodside Petroleum (Australia)	800	40,933	34,366	—	(6,597)
Macquarie Goodman Trust	44,310	51,579	63,806	87,500	12,227
Gasnet (Australia)	—	—	—	66,652	—
Series 6 OM–IP220 (Australia)	40,000	49,566	77,437	73,490	3,947
Pyne Gould Guinness – Shares	20,000	36,360	85,200	80,000	5,200
Shopping Centre Investments Ltd	831,850	883,850	1,297,686	623,850	413,836
Australian Worldwide Exploration	—	—	—	24,618	—
Wesfarmers (Australia)	1,300	52,997	55,169	—	2,172
Vector Ltd – Shares	15,005	43,051	37,813	39,313	(1,500)
Macquarie Airports	15,000	35,673	59,657	51,118	8,539
Contact Energy – Shares	7,500	30,300	62,400	49,725	12,675
Macquarie Prologis Trust	67,039	78,203	93,131	82,422	10,709
Prime Infrastructure (Babcock & Brown)	36,452	62,673	74,734	52,247	11,506
Westpac Banking Corp – Shares	2,500	29,875	67,875	61,125	6,750
St George Bank (Australia)	1,000	15,860	36,803	63,771	4,917
Postie Plus	20,000	18,589	19,400	—	811
Kiwi Income Property – C/Notes	50,531	50,531	62,153	54,068	8,805
Port Of Tauranga	—	—	—	44,000	—
Duet (Australia)	40,000	109,366	129,957	89,588	20,592
Gullivers Travel Group	—	—	—	12,900	—
		\$1,645,672	\$2,410,715	\$1,734,484	\$527,118

The Trustees have recognised the unrealised profit as income in the year to which it pertains. The unrealised profit / (loss) is the fluctuation between the market values at 31 December 2005 and 31 December 2006.

Fixed Interest Securities	Cost	Market	Market	Accrued Interest	Unrealised Profit/(Loss)
		Va1ue 31/12/06	Va1ue 31/12/05		
Montana Capital Notes (\$30,000)	—	—	30,001	—	—
Fonterra Capital Notes (\$30,000)	—	—	83,760	—	—
GPG Finance Ltd (\$30,000)	30,000	30,207	30,049	340	158
Tower Finance (\$50,000)	—	—	50,412	—	—
Meridian Energy (\$100,000)	102,990	99,385	100,774	2,944	(1,389)
Vector Notes (\$50,000)	49,733	49,837	49,563	784	274
Vector Ltd (\$40,000)	40,000	39,910	39,961	154	(51)
Infratil (\$50,000)	50,000	49,369	49,999	181	(630)
	\$272,723	268,708	\$434,519	\$4,403	\$(1,638)

The market value of fixed interest securities excludes accrued interest to balance date.

Note 8: Appeal Proceeds and Expenses

Details of appeal proceeds and expenses for the year are as follows:

Appeal Contributions received	1,790
Appeal Expenses paid	1,179
Net Proceeds	\$611

Note 9: Current Account – HSOB Association

Te Kura Trust invests certain funds on behalf of the HSOB Association. These include the Clocktower Restoration Fund. During the year, the HSOB Association gifted the Clocktower Restoration Fund to Te Kura Trust as a special fund for the benefit of the School as directed by the HSOB Association, the Clocktower having been fully restored and paid for by the Wellington branch in memory of Mike Dearsley.

	<i>HSOB Assn</i>	<i>Clocktower</i>	<i>Total</i>
Funds held 1 January 2006	19,394	6,874	26,268
Share of income	2,751	—	2,751
	22,145	6,874	29,019
Less distributions	19,394	6,874	26,268
Balance 31 December 2006	\$2,751	—	\$2,751

Note 10 Board of Trustees Funds

In 2005 the Board of Trustees forwarded funds to the Trust to invest on their behalf. These are as follows:

	<i>Pugh-Williams</i>	<i>Wai Poi</i>	<i>Rickard</i>	<i>Total</i>
Funds held 1 January 2006	4,333	1,251	1,129	6,713
Share of income	1,353	374	352	2,079
	5,686	1,625	1,481	8,792
Less Distributions	—	100	—	100
Balance 31 December 2006	\$5,686	\$1,525	\$1,481	\$8,692

Note 11: Contingent Liabilities

No contingent liabilities exist at balance date.

Note 12: Measurement Base

These financial statements have been prepared on an historical basis modified by the revaluation of certain investment assets.

Statement of Financial Performance

For the year ended 31 December 2006

Income	2006	2005
Interest Received	38,370	37,578
Dividends Received	103,473	101,103
Profit/(Loss) on Share Sales	33,262	(14,171)
Share & Securities Revaluation (Note 7)	525,479	12,947
Taxation Overprovided	—	1,902
	<u>700,584</u>	<u>139,359</u>
Less Expenses		
Audit Fees	1,485	1,400
Bank Fees & Commission	25	45
General Expenses & Annual Report	975	765
Honorarium – Secretary	1,200	1,200
Office Fees	2,560	3,629
Macquarie Custodial Fees	558	—
Sundry Expenses (incl. currency adjustment)	<u>3,122</u>	<u>—</u>
	<u>9,925</u>	<u>7,039</u>
	690,659	<u>132,320</u>
Less — HSOB Association share of income (Note 9)	2,751	1,479
Less — Board of Trustees share of income (Note 10)	<u>2,079</u>	<u>341</u>
	<u>4,830</u>	<u>1,820</u>
	<u>\$685,829</u>	<u>\$130,500</u>
Divided	%	\$
General Fund	36.18	248,133
Hostel Appeal Fund	1.08	7,407
Sir A Sims	20.13	138,058
Ivy Taylor	2.17	14,883
Tench Estate	1.94	13,305
Zack	0.32	2,195
Pollock	0.45	3,086
Est. Struthers	0.19	1,303
Webster	0.08	549
John Wilson	3.78	25,924
M. B. Allen	3.43	23,524
J. Moffatt	0.47	3,223
Est. L. Thomas	2.57	17,626
Est. A. Smith	0.12	823
Est. Cuming	2.05	14,059
Est. H. L. Wilson	21.62	148,276
Deans	0.55	3,772
Shrine Restoration	0.38	2,606
Est. W. Strong	0.06	412
Est. H. Thorne	1.48	10,150
Est. K. Gough	0.11	754
Museum Fund (125th)	0.53	3,635
Clocktower Fund	0.31	2,126
	<u>100.00</u>	<u>\$685,829</u>
		<u>\$130,500</u>

Statement of Financial Position

For the year ended 31 December 2006

Capital	2006	2005
As per following schedules:		
General Funds	1,895,313	1,437,112
Special Funds	1,016,221	794,816
	<u>\$2,911,534</u>	<u>\$2,231,928</u>
<i>Represented by...</i>		
Current Assets		
Westpac Trust – Current Account	72,757	82,271
Westpac Trust – Appeal Account	891	891
Accrued Interest	4,403	5,493
Macquarie Financial Services	117,246	11,778
Sundry Debtors	1	1
Taxation Refund Due	1,241	—
	<u>196,539</u>	<u>100,434</u>
Non-Current Assets		
Shares in Public Companies (at market values)	1,113,028	1,110,635
Westpac Trust Term Deposit	50,000	—
Fixed Interest Securities	268,709	434,519
Shopping Centre Investment Ltd (shares at market value)	1,297,686	623,850
	<u>2,729,423</u>	<u>2,169,004</u>
Total Assets	<u>2,925,962</u>	<u>2,269,438</u>
<i>Less...</i>		
Liabilities		
Sundry Creditors	3,041	4,592
Goods & Services Tax	(56)	(63)
Current Account – HSOB Association (Note 9)	2,751	26,268
– Board of Trustees (Note 10)	8,692	6,713
	<u>14,428</u>	<u>37,510</u>
Total Liabilities	<u>\$2,911,534</u>	<u>\$2,231,928</u>

TE KURA TRUST FOUNDATION (INC)

SCHEDULE OF CAPITAL — GENERAL FUNDS

AS AT 31 DECEMBER 2006

	General	Hostel	Taylor	Webster	Thomas	Smith	H Wilson	W Strong	Gough	Museum (125th)	TOTAL
Balance 1 Jan 2006	813,732	24,251	48,635	1,757	57,563	2,658	484,696	1,391	2,429	—	1,437,112
ADD:											
Net Income	248,133	7,407	14,883	549	17,626	823	148,276	412	754	3,635	442,498
Ex 125th Reunion										50,000	50,000
Bequest (Est. W. A. Hadlee)	25,000										25,000
Te Kura Appeal (Net)	611										611
	273,744	7,407	14,883	549	17,626	823	148,276	412	754	53,635	518,109
	1,087,476	31,658	63,518	2,306	75,189	3,481	632,972	1,803	3,183	53,635	1,955,221
LESS:											
Scholarships											
Prizes											
Grants	36,600	907	1,818	66	2,152	99	18,123	52	91	—	59,908
	36,600	907	1,818	66	2,152	99	18,123	52	91	—	59,908
Balance at 31 Dec 2006	1,050,876	30,751	61,700	2,240	73,037	3,382	614,849	1,751	3,092	53,635	1,895,313

TE KURA TRUST FOUNDATION (INC)

SCHEDULE OF CAPITAL — SPECIAL FUNDS

AS AT 31 DECEMBER 2006

	Sims	Tench	Zack	Pollock	Struthers	Wilson	Allen	Cuming	Moffat	Deans	Shrine	H Thorne	Clocktower	TOTAL
Balance at 01.01.06	456,255	44,383	7,121	9,917	4,206	85,834	76,414	45,125	10,723	13,938	8,329	32,571	—	794,816
ADD:														
Net Income	138,058	13,305	2,195	3,086	1,303	25,924	23,524	14,059	3,223	3,772	2,606	10,150	2,126	243,331
Bequests														—
Gift ex HSOB Assn	138,058	13,305	2,195	3,086	1,303	25,924	23,524	14,059	3,223	3,772	2,606	10,150	9,000	6,874
	594,313	57,688	9,316	13,003	5,509	111,758	99,938	59,184	13,946	17,710	10,935	42,721	9,000	1,045,021
LESS:														
Scholarships	17,100	2,400				4,000	1,800		500					25,800
Prizes	250	250							2,500					3,000
	17,100	2,650	—	250	—	4,000	1,800	—	500	2,500	—	—	—	28,800
Balance at 31.12.06	577,213	55,038	9,316	12,753	5,509	107,758	98,138	59,184	13,446	15,210	10,935	42,721	9,000	1,016,221

Statement of Movements in Equity

For the year ended 31 December 2006

	2006	2005
Opening Balance Equity	2,231,928	2,259,320
Add Trustees' Income for Year	160,350	117,553
Increase in Revaluation Reserves	525,479	12,947
Total Recognised Revenue & Expenses for Year	685,829	130,500
Bequests During Year	25,000	100
Ex 125th Reunion – Museum Fund	50,000	—
Te Kura Appeal	611	137
Gift ex HSOB Assn	6,874	—
Equiticorp Recovery	—	30
	82,485	267
	3,000,242	2,390,087
Scholarship Prizes & Grants	88,708	158,159
Closing balance equity	\$2,911,534	\$2,231,928

Te Kura Trust Foundation [Inc]

Bequests

The following wording would be appropriate:

I give and bequeath [free of all estate and other duties and deductions whatever]
to Te Kura Trust Foundation, duly incorporated under the Charitable Trusts Act, 1957,
the sum of [\$]
for the general purposes of the foundation.

Donations

Contact details of donor

name.....
address.....
phone.....
email.....

By cheque – please enter the details above and post with cheque to Te Kura Trust

By electronic transfer – please email mowatac@es.co.nz for bank account details.

To post a gift or to seek further information contact:

Murray Mowatt
Secretary of the Trust
P O Box 8461
Riccarton
Christchurch 8440

Tel. 03 348 8654 • Fax 03 348 5210 • email mowatac@es.co.nz

