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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 Committee oversees the investments and finances of the Trust.

It consists of Messrs I. D. Leggat, D. H. Rankin, B. Johnston (co-opted), B. Kreft (co-opted) and R. Armstrong (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). Mr Armstrong is an independent financial analyst.

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 CNZM 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.

Murray Taggart

School Board of Trustees representative.

Farmer.

Chris Glenn

Parent-Teacher Association representative.

Project manager Humanware Ltd.

Sue Davidson BCom CA ACIS CMA

School Board of Trustees representative.

Senior Consultant Morrison Low.

Chairman's Report

It is now forty years since Te Kura was established. In that time it has grown from owning two small houses in Weka Street, bought with borrowed money, to having assets of more than three million dollars. In the words of Charles Caldwell, headmaster: "Te Kura set off with no money and lots of faith and hope." The generosity of many old boys and friends, the work of many individuals and groups and careful investment of the money has seen the funds grow over the years since 1967. During 2007 bequests of \$25,000 were received from two loyal supporters of the Trust, Charles Luney and Walter Hadlee.

Over the years all aspects of school life have benefited from Te Kura grants, whether for subject teaching, library books and magazines, science equipment, sports gear or assembly hall chairs. The variety has included annual art purchases, a Sunburst yacht, photographic equipment and items of new technology – with an emphasis in recent years on computers. As well, scores of individual boys have benefited from the prizes and scholarships which the Trust funds.

The Trust, which adopts a conservative approach to investment, again performed well in the past year. It returned a satisfactory profit of \$278,444 which includes an unrealised profit on share valuations of \$81,144.

In 2007 the Trust handed over \$105,930 from the General Fund to the School. This was used to pay for insurance of the Centennial Building (\$4,251) and for purchase of school equipment.

Individual students in 2007 received \$24,978 from the Special Fund by way of scholarships and prizes. The Special Fund is composed of the gifts which have been made for a specific purpose such as a designated prize or a nominated scholarship.

Return on Funds

For the year ending 31 December 2007 the net income was \$278,444 (including an unrealised profit of \$81,144 on share and securities valuations).

This gave a net return on funds on an average capital of \$2,877,455 of 9.68%

Capital of the Fund	31/12/06	31/12/07
General Funds	1,895,313	1,995,420
Special Funds	1,016,221	1,097,992
	<u>2,911,534</u>	<u>3,093,412</u>

The General Funds balances have increased by \$100,107 (5.28%)

The Special Funds balances have increased by \$81,771 (8.05%)

Altiora Peto Appeal

Outstanding commitments to the appeal have been written off.

For the year ending 31 December 2007 \$100 was received giving a total received of \$431,672 to date (before expenses).

Investments

At 31 December 2007 the Trust investments were spread as follows:

	2006		2007	
	\$	%	\$	%
Fixed Interest Securities	268,709	9.85	211,856	7.46
Shares in Public companies	2,410,714	88.32	2,574,530	90.69
Bank Deposits & Current Accounts	50,000	1.83	52,454	1.85
	<u>2,729,423</u>	<u>100.00</u>	<u>2,838,840</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).

In October the Trust had the opportunity to take up a 1:3 offer in Shopping Centre Investments Ltd. Despite the increased income this would have produced, the Board decided not to take up the offer, given that the current holding was approximately 40% of the Te Kura portfolio

Scholarships, Prizes And Grants

The following distributions were made for the 2007 financial year:

General Fund	Grants to school and prizes	105,390
Sir Arthur Sims Fund	Lincoln University Scholarships	15,600
Tench Fund	Prizes and Scholarships	2,778
J. Wilson Fund	Scholarships	5,500
Pollock Fund	Prizes	100
Deans Fund	Prizes and Scholarships	<u>1,000</u>
		130,368

The General Funds grants were applied over all general funds.

Investment policy

A finance committee monitors and makes recommendations on investment within a policy of building up the capital and exercising care, diligence and skill in managing the funds. It has target asset percentages as a guide and has limits to the action which it can take without reference to the board which approves major investment decisions.

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.

New Trustees in 2007 were Murray Taggart and Sue Davidson, representing the the Board of Trustees, and Roger Armstrong joined the Finance Committee.

I. D. Leggat (Chairman)

Auditors' Report

To the Partners of the
Te Kura Trust Foundation Inc.

For the year ended 31 December 2007

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 2007. 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 2007 and of the results of operations for the year ended 31 December 2007.

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 2007 and the financial position of the Trust as at that date.

Our audit was completed on 24 April 2008 and our unqualified opinion is expressed as at that date.

Allott Reeves & Co, Chartered Accountants, Christchurch

24 April 2008

Notes To The Financial Statements

For the year ended 31 December 2007

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)	4,251
Capital Expenditure	100,000
Deans Prize	139
Te Kura Prize	1,000
	<hr/>
	105,390
	<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 (0.8750) 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 31/12/07	Unrealised Profit/(Loss)
NEW ZEALAND					
Auckland International Airport	60,000	36,443	131,400	174,600	43,200
NZ Oil & Gas – Shares	—	—	20,240	—	—
NZ Oil & Gas – Options	—	—	1,485	—	—
NZ Oil & Gas – Rights	—	—	33	—	—
Opus International Consultants	5,000	8,250	—	9,850	1,600
Macquarie Goodman Trust	49,848	59,498	63,806	72,280	555
Pyne Gould Guinness – Shares	20,000	36,360	85,200	75,000	(10,200)
Shopping Centre Investments Ltd	831,850	883,850	1,297,686	1,306,005	8,319
Vector Ltd – Shares	15,005	43,051	37,813	33,011	(4,802)
Contact Energy – Shares	10,000	52,651	62,400	82,400	(2,351)
Westpac Banking Corp – Shares	2,500	29,875	67,875	81,000	13,125
Postie Plus	—	—	19,400	—	—
Kiwi Income Property – C/Notes	50,531	50,531	62,153	52,047	(10,106)
Rakon (Equity Partners Infrastructure)	50,000	48,863	—	50,000	1,137
		\$1,249,372	\$1,849,491	\$1,936,193	\$40,477
FOREIGN CURRENCIES					
QBE Insurance Group	3,000	110,074	—	114,309	4,235
Series 6 OM–IP220 (Australia)	40,000	49,566	77,437	95,762	18,325
BHP Billiton Ltd	1,700	52,715	—	77,986	25,271
Macquarie Airports	15,000	35,673	59,657	69,429	9,772
Macquarie Prologis Trust	—	—	93,131	—	—
Wesfarmers (Australia)	—	—	55,169	—	—
Prime Infrastructure (Babcock & Brown)	39,410	68,672	74,734	72,064	(8,669)
St George Bank (Australia)	1,000	15,680	36,803	36,103	(700)
Woodside Petroleum (Australia)	—	—	34,336	—	—
Duet (Australia)	51,220	152,644	129,957	172,685	(550)
		\$485,024	\$561,224	\$638,338	\$47,684
		\$1,734,396	\$2,410,715	\$2,574,531	\$88,161
PREVIOUS YEAR		\$1,645,672	\$1,734,484	\$2,410,715	\$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 2006 and 31 December 2007.

FIXED INTEREST SECURITIES	Cost	Market	Market	Accrued Interest	Unrealised Profit/(Loss)
		Value	Value		
		31/12/06	31/12/07		
GPG Finance Ltd (\$30,000)	30,000	30,207	28,327	340	(1,880)
Meridian Energy (\$100,000)	102,990	99,385	98,243	2,930	(1,142)
Vector Notes (\$50,000)	49,733	49,837	—	—	—
Vector Ltd (\$40,000)	40,000	39,910	39,997	154	(1,913)
Infratil (\$50,000)	50,000	49,369	47,289	181	(2,080)
	\$272,723	\$268,708	\$211,856	\$3,605	\$(7,015)
PREVIOUS YEAR	\$272,723	\$434,519	\$268,708	\$4,403	\$(1,638)

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

FOREIGN CURRENCIES

Transactions denoted in a foreign currency are converted to New Zealand dollars at the exchange rate effective at the date of the transaction.

Investments denominated in a foreign currency are translated at the closing rates. Gains and losses due to currency fluctuations on these items are included in the statement of financial performance.

The Board of Trustees has resolved that disclosure of the balance of the foreign currency translation reserves as a sub-classification of equity and its movements provides minimal benefits in relation to the costs involved in providing the disclosure.

The Trust does not hedge any of the investments held in foreign currencies.

The Share & Securities Revaluation in the Statement of Financial Performance includes foreign exchange fluctuations.

Note 8: Appeal Proceeds and Expenses

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

Appeal Contributions received	100
Appeal Expenses paid	1,288
Net Proceeds	\$(1,188)

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>
Funds held 1 January 2007	2,751
Share of income	—
	2,751
Less distributions	2,751
Balance 31 December 2007	—

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 2007	5,686	1,525	1,481	8,692
Share of income	558	140	140	838
	6,244	1,665	1,621	9,530
Less Distributions	—	50	—	50
Balance 31 December 2007	\$6,244	\$1,615	\$1,621	\$9,480

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 2007

Income		2007	2006
Interest Received		31,298	38,370
Dividends Received		159,384	103,473
Profit/(Loss) on Share Sales		6,359	33,262
Share & Securities Revaluation (Note 7)		81,144	525,479
Foreign Exchange Gains		9,119	—
		<u> </u>	<u> </u>
		287,304	700,584
Less Expenses			
Audit Fees		1,400	1,485
Bank Fees & Commission		18	25
General Expenses & Annual Report		2,314	975
Honorarium – Secretary		1,200	1,200
Office Fees		2,527	2,560
Macquarie Custodial Fees		563	558
Foreign Exchange Losses		—	3,122
		<u> </u>	<u> </u>
		8,022	9,925
		<u> </u>	<u> </u>
		279,282	690,659
Less — HSOB Association share of income (Note 9)		—	2,751
Less — Board of Trustees share of income (Note 10)		838	2,079
		<u> </u>	<u> </u>
		838	4,830
		<u> </u>	<u> </u>
		\$278,444	\$685,829
		<u> </u>	<u> </u>
Divided	%	\$	\$
General Fund	35.9	99,961	248,133
Hostel Appeal Fund	1.07	2,979	7,407
Sir A Sims	19.67	54,770	138,058
Ivy Taylor	2.14	5,959	14,883
Tench Estate	1.85	5,151	13,305
Zack	0.32	891	2,195
Pollock	0.44	1,225	3,086
Est. Struthers	0.19	529	1,303
Webster	0.08	223	549
John Wilson	3.61	10,052	25,924
M. B. Allen	3.41	9,495	23,524
J. Moffatt	0.47	1,309	3,223
Est. L. Thomas	2.54	7,073	17,626
Est. A. Smith	0.12	334	823
Est. Cuming	2.06	5,736	14,059
Est. H. L. Wilson	21.37	59,504	148,276
Deans	0.55	1,531	3,772
Shrine Restoration	0.38	1,058	2,606
Est. W. Strong	0.06	167	412
Est. H. Thorne	1.49	4,149	10,150
Est. K. Gough	0.11	306	754
Museum Fund (125th)	1.86	5,179	3,635
Clocktower Fund	0.31	863	2,126
		<u> </u>	<u> </u>
	100.00	278,444	\$685,829
		<u> </u>	<u> </u>

Statement of Financial Position

For the year ended 31 December 2007

Capital	2007	2006
As per following schedules:		
General Funds	1,995,420	1,895,313
Special Funds	1,097,992	1,016,221
	<u>\$3,093,412</u>	<u>\$2,911,534</u>
<i>Represented by...</i>		
Current Assets		
Westpac Trust – Current Account	59,507	72,757
Westpac Trust – Appeal Account	891	891
Accrued Interest	3,605	4,403
Macquarie Financial Services	201,943	117,246
Taxation Refund Due	1,532	1,241
	<u>267,478</u>	<u>196,538</u>
Non-Current Assets		
Shares in Public Companies (at market values) - NZ	630,187	551,804
Shares in Public Companies (at market values) - Aust.	638,338	561,224
Westpac Trust Term Deposit	52,454	50,000
Fixed Interest Securities	211,856	268,709
Shopping Centre Investment Ltd (shares at market value)	1,306,005	1,297,686
	<u>2,838,840</u>	<u>2,729,423</u>
Total Assets	<u>3,106,318</u>	<u>2,925,961</u>
<i>Less...</i>		
Liabilities		
Sundry Creditors	3,896	3,040
Goods & Services Tax	(470)	(56)
Current Account – HSOB Association (Note 9)	—	2,751
– Board of Trustees (Note 10)	9,480	8,692
	<u>12,906</u>	<u>14,427</u>
Total Liabilities	<u>\$3,093,412</u>	<u>\$2,911,534</u>

TE KURA TRUST FOUNDATION (INC)

SCHEDULE OF CAPITAL — GENERAL FUNDS

AS AT 31 December 2007

	General	Hostel	Taylor	Webster	Thomas	Smith	H Wilson	W Strong	Gough	Museum (125th)	TOTAL
Balance 1 Jan 2007	1,050,876	30,751	61,700	2,240	73,037	3,382	614,849	1,751	3,092	53,635	1,895,313
ADD:											
Net Income	99,961	2,979	5,959	223	7,073	334	59,504	167	306	5,179	181,685
Bequest (Est. C. S. Luney)	25,000										25,000
Te Kura Appeal (Net)	1,188										1,188
	123,773	2,979	5,959	223	7,073	334	59,504	167	306	5,179	205,497
	1,174,649	33,730	67,659	2,463	80,110	3,716	674,353	1,918	3,398	58,814	2,100,810
LESS:											
Scholarships											
Prizes											
Grants	105,390										105,390
	105,390										105,390
Balance at 31 Dec 2007	1,069,259	33,730	67,659	2,463	80,110	3,716	674,353	1,918	3,398	58,814	1,995,420

TE KURA TRUST FOUNDATION (INC)

SCHEDULE OF CAPITAL — SPECIAL FUNDS

AS AT 31 December 2007

	Sims	Tench	Zack	Pollock	Struthers	Wilson	Allen	Cuming	Moffat	Deans	Shrine	H Thorne	Clocktower	TOTAL
Balance at 01.01.07	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
ADD:														
Net Income	54,770	5,151	891	1,225	529	10,052	9,495	5,736	1,309	1,531	1,058	4,149	863	96,759
Bequests										9,990				9,990
	54,770	5,151	891	1,225	529	10,052	9,495	5,736	1,309	11,521	1,058	4,149	863	106,749
	631,983	60,189	10,207	13,978	6,038	117,810	107,633	64,920	14,755	26,731	11,993	46,870	9,863	1,122,970
LESS:														
Scholarships	15,600	2,400				5,500								23,500
Prizes		318		100					1,000					1,478
	15,600	2,778	—	100	—	5,500	—	—	—	1,000	—	—	—	24,978
Balance at 31.12.07	616,383	57,411	10,207	13,878	6,038	112,310	107,633	64,920	14,755	25,731	11,993	46,870	9,863	1,097,992

Statement of Movements in Equity

For the year ended 31 December 2007

	2007	2006
Opening Balance Equity	2,911,534	2,231,928
Add Trustees' Income for Year	197,325	160,350
Increase in Revaluation Reserves	81,144	525,479
Total Recognised Revenue & Expenses for Year	278,444	685,829
Bequests During Year	34,990	25,000
Ex 125th Reunion – Museum Fund	—	50,000
Te Kura Appeal	(1,188)	611
Gift ex HSOB Assn	—	6,874
Equiticorp Recovery	—	—
	<u>33,802</u>	<u>82,485</u>
	3,223,780	3,000,242
Scholarship Prizes & Grants	130,368	88,708
Closing balance equity	<u>\$3,093,412</u>	<u>\$2,911,534</u>

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 Mowat
Secretary of the Trust
P O Box 8461
Riccarton
Christchurch 8440

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

