

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

**ANNUAL REPORT**

**For the year ended 30 September 2018**

THE ST STEPHEN'S AND QUEEN VICTORIA  
SCHOOLS TRUST BOARD

ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

*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"*

**SUMMARY**

Trustees are pleased to present this report on the activities and financial performance of the St Stephen's and Queen Victoria Schools Trust Board for the year ended 30 September 2018.

During 2018 Trustees continued to explore ways in which it can best achieve its stated strategic purpose, being:

- continuing to build and manage a sustainable endowment fund to ensure the strategies of the Trust can be achieved,
- to continue to offer scholarships, and
- to establish a school

Trustees continued to manage the Trust's assets in a conservative manner to grow the Trust's endowment while it also continued to investigate the best long term use of the Trust's Bombay and Parnell sites as it finalises its long term strategic planning.

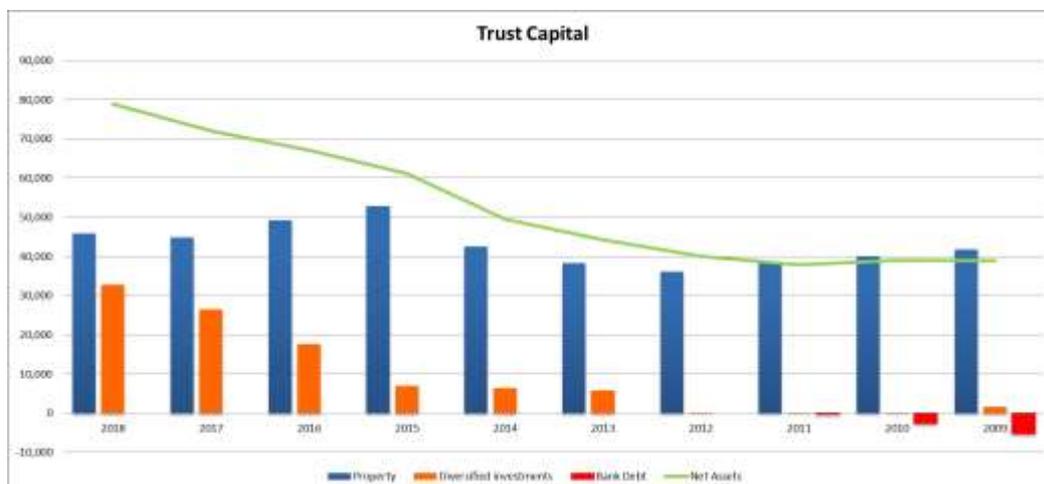
The Trust also continued to offer its scholarship programme, awarding \$252,000 of scholarships to fifty-four recipients and looks forward to continuing to offer these scholarships for the benefit rangatahi, and their whanau, throughout Aotearoa.

After considering a number of proposals for the utilisation of its Bombay and Parnell sites, the Trust is investigating how best the Trust can participate in sustainable education initiatives or provide a substitute to best meet the needs of rangatahi in the modern world.

**FINANCIAL PERFORMANCE**

As Trustees have previously reported, Trust has transformed itself over the decade from a position of incurring significant annual operating deficits and owing significant amounts to third parties, to generating positive returns that allow the Trust to achieve its purpose.

As a consequence of the investment strategy has been implemented progressively over more recent years, the Trust's capital has grown from \$39 million in 2010 to \$79 million as at 30 September 2018. Additionally the Trust has strong cash flow and has no debt.



The financial performance of the Trust for the five years ended 30 September 2018 can therefore be summarised as follows:

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Revenue	1,985	1,850	1,671	1,793	1,567
Expenditure	663	644	890	656	827
Operating surplus	1,322	1,206	781	1,137	740
Net revaluation and realisation of investments	5,712	3,818	5,209	10,567	4,537
Deficit/Surplus	7,034	5,024	5,590	11,704	5,247

The strategy to establish an investment fund, using the proceeds generated from the sale of underperforming commercial property assets, has continued to generate both solid capital growth and income returns for the Trust, delivering a 9.1% total return in 2018.

Conversely the income generated from the Trust's Parnell and Bombay sites remains very low, due to the poor tenantable nature of many of the improvements, to the extent that the income being generated is not sufficient to cover the holding costs of these properties.

However, while more modest than in prior years, the capital value of these properties continued to grow in line with the general property market in Tāmaki Makaurau. During 2018 their assessed value grew by \$3.3 million or 7.8%.

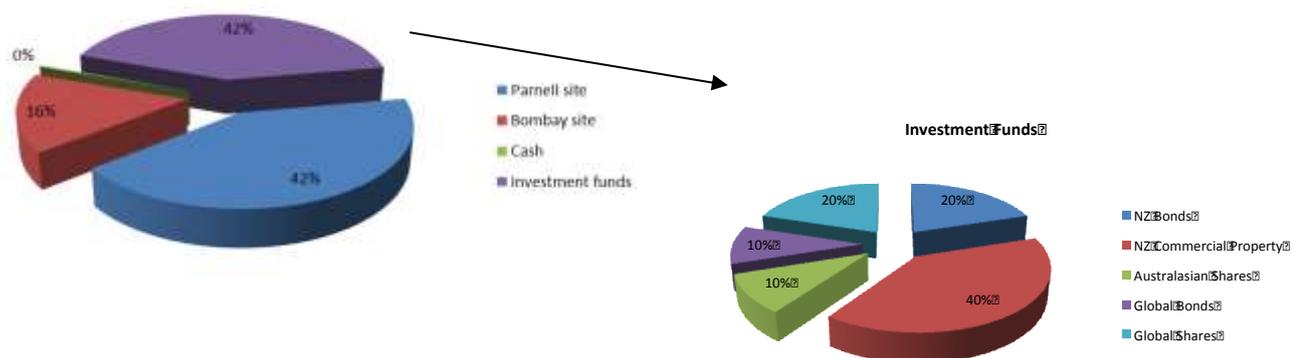
The Board has retained these assets for a prolonged period as the long-term strategy of the Trust is being considered. The long-term retention of these assets will need to be considered by Trustees as part of the Trust's strategic planning considerations and within the Trust board's legal and fiduciary responsibilities.

## FINANCIAL POSITION

As at 30 September 2018 the Trust's capital had increased to \$79 million (2017:\$ 72 million) 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:

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Cash	281	760	406	1,399	779
Accounts receivable and prepayments	34	44	24	30	145
Current Assets	315	804	430	1,429	924
Properties (at valuation)	45,830	44,870	49,280	52,921	42,528
Other investments	32,845	26,492	17,644	6,983	6,396
<b>Total Assets</b>	<b>78,675</b>	<b>72,166</b>	<b>67,354</b>	<b>61,333</b>	<b>49,848</b>
Accounts payable	65	104	172	115	335
<b>Net Assets</b>	<b>78,925</b>	<b>72,062</b>	<b>67,182</b>	<b>61,218</b>	<b>49,513</b>

As at 30 September 2018, 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. Trustees remain aware that the properties produce almost no income for the Trust, and that the future of these properties will be dependent on the finalisation of the Trust’s long-term strategy.

### LIAISON WITH STAKEHOLDERS

The Trust remains in close liaison with the Anglican Church of Aotearoa, New Zealand and Polynesia to which the Trust reports and by whom Trustees are appointed.

Meetings of Alumni groups are also attended by Trustees as frequently as possible, including Agnes Naera attending meetings of Te Rauhitanga o Te Mano o Tipene as a representative of the Trust.

### TRUSTEES

As of 30 September 2018 the Trustees were:

	<u>Appointed Or reappointed</u>
• Bernard Te Paa (Chair)	May 2018
• Keringawai Evans	May 2014
• Selwyn Parata	May 2016
• Pihopa Te Kitohi Pikaahu	May 2016
• Agnes Naera	Feb 2018
• Tama Potaka	April 2018
• Karleen Everitt	June 2018

In 2018 the Trust saw the retirements of two long serving Trustees, Kahu Pou and Rev. John Fairbrother.

Kahu had served the Board for over twenty years since her first appointment in 1996. Kahu’s institutional knowledge and passion for the kaupapa of the Trust will be missed by her fellow Trustees.

Rev John Fairbrother served as a Trustee since his appointment by General Synod in 2008, including as Chair from 2009 to 2014 when John led and navigated the Board through some extremely challenging times. John departed the Board with the gratitude and aroha of the Trustees and he left a Trust in good position and spirit to forge a path into the future.

The 2018 year also saw the Trust joined by three new Trustees, all whom bring to the Board their respective skills and commercial experiences. The Trust continues to have a vacancy in respect to its

membership and Trustees are in discussion with the appointing body, the General Standing Committee, in respect to this matter.

Additionally, in accordance with the Constitution of the Trust, the two longest serving Trustees offered their retirements at commencement of the meeting of the Church's General Synod / Te Hīnota Whānui in May 2018. The two longest serving Trustees at this time were Bernard Te Paa and Kahu Pou.

The General Synod / Te Hīnota Whānui having considered this matter, duly reappointed both Trustees for a further term, albeit Kahu subsequently chose to retire from the Board.

#### **THANKS**

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

February 2018