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**ST JOHN'S COLLEGE TRUST BOARD**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 DECEMBER 2021**

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**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2021**

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# **ST JOHN'S COLLEGE TRUST BOARD**

## **DIRECTORY**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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**BOARD OF TRUSTEES**      Archdeacon M Tangohau (Chair)  
Mr K Wearne  
Ms M Tuilotolava  
Archdeacon D Rangi  
Mr J Halapua  
Archbishop Philip Richardson  
Ms M Ritchie  
Archdeacon S Fordyce  
Archbishop Don Tamihere

**REGISTERED OFFICE**      Level 4  
123 Carlton Gore Road  
Newmarket  
Auckland

**CHARITIES COMMISSION  
REGISTRATION NUMBER**      CC21706

**INDEPENDENT AUDITOR**      KPMG  
18 Viaduct Harbour Avenue  
Auckland

**ST JOHN'S COLLEGE TRUST BOARD**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2021**

	Notes	2021 \$000	2020 \$000
<b>Operating Revenue</b>	2	26,958	24,423
<b>Less Expenditure</b>			
<b>Operating Expenditure</b>	3		
Management Expenses		2,118	1,946
Property Expenses		5,086	4,255
General Administration Expenses		1,006	177
Loan Forgiven	8	11,667	-
		19,877	6,378
<b>Distributable Surplus for the Year</b>		7,081	18,045
<b>Capital Gains</b>	4	60,935	46,071
<b>Non Distributable Discount Charge and Deemed Interest</b>	8	348	656
<b>Total Comprehensive Income for the Year</b>		68,364	64,772

The accompanying notes form part of these financial statements

**ST JOHN'S COLLEGE TRUST BOARD**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2021**

	2021 \$000	2020 \$000
<b>Equity at the Beginning of Year</b>	574,683	527,324
Total Comprehensive Income for the Year	68,364	64,772
Less Distributions to Beneficiaries	(22,626)	(17,413)
<b>Equity at End of Year</b>	12 620,421	574,683

The accompanying notes form part of these financial statements

**ST JOHN'S COLLEGE TRUST BOARD**  
**Statement of Financial Position**  
**As at 31 December 2021**

	Notes	2021 \$000	2020 \$000
<b>Current Assets</b>			
Cash and Cash Equivalents		4,470	9,325
Loan	8	200	200
Trade and Other Receivables		1,383	813
		6,053	10,338
<b>Non Current Assets</b>			
Loan	8	-	11,689
Property, Plant & Equipment	9	43,445	43,728
Investments	5	246,309	224,056
Investment Property	10	326,066	286,627
		615,820	566,100
<b>Total Assets</b>		<b>621,873</b>	<b>576,438</b>
<b>Current Liabilities</b>			
Trade and Other Payables		1,452	1,636
		1,452	1,636
<b>Non-Current Liabilities</b>			
Rental Bond		-	119
		-	119
<b>Equity</b>			
Non Distributable Reserves	12	593,541	532,606
Distributable Reserves	12	26,880	42,077
Total Equity		620,421	574,683
<b>Total Funds Employed</b>		<b>621,873</b>	<b>576,438</b>

For and on behalf of the Board

\_\_\_\_\_  
**Chairman**

\_\_\_\_\_  
**Date**

The accompanying notes form part of these financial statements

**ST JOHN'S COLLEGE TRUST BOARD**  
**Statement of Cash Flows**  
**For the year ended 31 December 2021**

	Notes	2021 \$000	2020 \$000
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Receipts from Rental Customers		16,001	15,507
Interest Received		1,085	520
Dividends		5,797	3,985
<b>Cash Provided</b>		<b>22,883</b>	<b>20,012</b>
<i>Cash was Applied to:</i>			
Payments to Suppliers		(7,753)	(5,893)
<b>Cash Applied</b>		<b>(7,753)</b>	<b>(5,893)</b>
<b>Net Cash Inflow from Operating Activities</b>	13	<b>15,130</b>	<b>14,119</b>
<b>Cash Flows from Investing Activities</b>			
<i>Cash was provided from:</i>			
Proceeds from Sale of Financial Assets		24,515	2,837
Proceeds from Sale of Investment Property		-	15,750
<b>Cash Provided</b>		<b>24,515</b>	<b>18,587</b>
<i>Cash was Applied to:</i>			
Purchase of Financial Assets		(18,074)	(8,256)
Purchase of Investment Property		(3,580)	(1,017)
Purchase of Property Plant & Equipment		(220)	(270)
<b>Cash Applied</b>		<b>(21,874)</b>	<b>(9,543)</b>
<b>Net Cash Inflow from Investing Activities</b>		<b>2,641</b>	<b>9,044</b>
<b>Cash Flows from Financing Activities</b>			
<i>Cash was Applied to:</i>			
Distributions to Beneficiaries		(22,626)	(17,413)
<b>Cash Applied</b>		<b>(22,626)</b>	<b>(17,413)</b>
<b>Net Cash Outflow from Financing Activities</b>		<b>(22,626)</b>	<b>(17,413)</b>
Net Increase (Decrease) in Cash Held		(4,855)	5,750
Cash and Cash Equivalents Balance at 1 January		9,325	3,575
<b>Cash and Cash Equivalents Balance at 31 December</b>		<b>4,470</b>	<b>9,325</b>

The accompanying notes form part of these financial statements

# **ST JOHN'S COLLEGE TRUST BOARD**

## **Notes to the Financial Statements**

**For the year ended 31 December 2021**

### **1 Statement of Accounting Policies**

#### **Reporting Entity**

The financial statements are in respect of the St John's College Trust Board (the Trust).

The financial statements of the Trust are a general purpose report which has been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards. The St John's College Trust is a trust domiciled in New Zealand and registered under the Charities Act 2005. The financial statements have been prepared in accordance with the requirements of the Charities Act 2005 and the Financial Reporting Act 2013.

#### **Statement of Compliance**

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable financial reporting standards as appropriate for profit oriented entities. The financial statements were approved by the Trust Board on the date on page 4.

#### **Measurement Base**

The financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair value.

Capital gains and losses on the revaluation or sale of investments and investment properties are included in the calculation of the Trust's total comprehensive income for the year. However they are not classified as part of the reserves available for distribution to the beneficiary.

#### **Basis of preparation**

The accounting policies have been applied consistently with prior periods. The material judgements in the preparation of these financial statements include the determination of key management personnel, fair value of investment properties as discussed in note 16 and 10 respectively.

The functional and presentation currency of the Trust is NZD, transactions in foreign currencies are converted at the rate applying on the transaction date, balances are converted at the balance date rate, and differences are recognised in Statement of Comprehensive Income for the year.

The Trust is registered as a Charitable Trust (registration number CC21706) and is exempt from Income Tax under the Income Tax Act 1994.

All amounts in the Statement of Financial Position are stated exclusive of GST, except for receivables and payables, which include GST. All items in the Statement of Comprehensive Income are stated exclusive of GST.



**ST JOHN'S COLLEGE TRUST BOARD**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**1 Statement of Accounting Policies (Continued)**

**New Accounting Standards and Interpretations**

No new accounting standards have been issued for the period ended 31 December 2021 that materially impact the trust.

**New Accounting Standards and Interpretations issued but not yet effective**

At the date of authorisation of these financial statements, there are no new accounting standards or interpretations issued but not yet adopted that are expected to have a material impact on the trust.

**2 Operating Revenue**

	2021 \$000	2020 \$000
<i>Total Revenue Comprises:</i>		
Property Rentals and Recoveries	15,279	15,663
Interest Revenue	820	1,241
Dividend Revenue	10,859	7,519
	26,958	24,423

Revenue is comprised of rental and investment income. Rental income is recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount. Dividend income from investments is recognised when the Trust's right to receive payment has been established.

**3 Operating Expenditure**

	2021 \$000	2020 \$000
<i>Included in operating expenditure are the following expenses:</i>		
Audit Fees	33	26
Depreciation:		
Buildings	424	421
Equipment	79	58

**4 Capital Gains/(Losses)**

	2021 \$000	2020 \$000
<i>Capital Gains Comprise:</i>		
Realised Gains/(Losses) on Investment Property	-	(218)
Realised Gains on Investments	11,978	111
Realised Losses on Foreign Exchange	(29)	-
Unrealised Fair Value Gains on Investment Property	36,395	32,305
Unrealised Fair Value Gains on Investments	14,552	7,514
Unrealised Foreign Exchange (Losses) on Investments	(1,961)	6,359
	60,935	46,071

## ST JOHN'S COLLEGE TRUST BOARD

### Notes to the Financial Statements

For the year ended 31 December 2021

#### 5 Investments and financial risk management

	2021 \$000	2020 \$000
<i>Investments Comprise:</i>		
Investment in New Zealand Bonds	-	13,538
Investment in New Zealand Bonds Unit Trust	27,621	-
Investment in Private Equity Investments	24,633	20,438
Investment in International Equities Unit Trusts	124,080	113,493
Investments in International Bonds	24,735	26,093
Investment in New Zealand and Australasian Equities	45,240	50,494
<b>Total Investments</b>	<b>246,309</b>	<b>224,056</b>

The Trust manages its financial investments on a fair value basis and measures them at fair value with gains or losses recognised in the Statement of Comprehensive Income (NZ Bond Unit Trust; International Bonds, International Equities and Australasian Equities "Level 2" fair value and Private Equity "Level 3" fair value). Fair value is measured by closing redemption price for unit trusts and calculations using published market yields for derivatives and for (2020 only) New Zealand Bonds.

#### Classification

In accordance with NZ IFRS 9, the Trust classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below. In applying that classification, a financial asset or financial liability is considered to be fair value through profit and loss (FVTPL) if: (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short term profit taking or (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Cash, term deposits and receivables fulfill the solely payment of principal and interest test and are recognised at amortised cost. Equity instruments fail the solely payment of principal and interest test and are recognised at fair value through profit and loss. Debt instruments are also recognised at fair value through profit and loss as they are managed on a fair value basis.

#### Recognition

The Trust recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Trust commits to purchase or sell the asset.

#### Initial measurement

Financial assets and financial liabilities at Fair Value through Profit and Loss (FVTPL) are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss. Financial assets and liabilities at amortised cost are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

#### Subsequent measurement

After initial measurement, the Trust measure financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVTPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income

Debt instruments, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

**ST JOHN'S COLLEGE TRUST BOARD**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**5 Investments and financial risk management (continued)**

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derecognition

A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Trust has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and the Trust has:

- (a) Transferred substantially all the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its right to receive cash flows from an asset, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Trust's continuing involvement in the asset. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

The Trust derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment

The Trust holds only trade and loan receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Trust's approach to ECLs reflects a probability weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Trust uses a provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward looking estimates.

**ST JOHN'S COLLEGE TRUST BOARD**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**6 Financial Instruments**

*Categories of Financial Instruments*

	<b>2021</b>		
	Fair Value through profit and loss	Held at amortised cost	Total
Cash and Cash Equivalents	-	4,470	4,470
Loan	-	200	200
Trade and Other Receivables	-	1,338	1,338
Investments	246,309	-	246,309
<b>Total Financial Assets</b>	<b>246,309</b>	<b>6,008</b>	<b>252,317</b>
Trade and Other Payables *	-	1,356	1,356
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,356</b>	<b>1,356</b>

	<b>2020</b>		
	Fair Value through profit and loss	Held at Amortised Cost	Total
Cash and Cash Equivalents	-	9,325	9,325
Loan	-	200	200
Term Loan	-	11,689	11,689
Trade and Other Receivables	-	813	813
Investments	224,056	-	224,056
<b>Total Financial Assets</b>	<b>224,056</b>	<b>22,027</b>	<b>246,083</b>
Trade and Other Payables *	-	1,636	1,636
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,636</b>	<b>1,636</b>

\* Excluding GST payable at year end.

*Fair Value*

The fair value of financial assets and liabilities are equivalent to their carrying values as reflected in the Statement of Financial Position.

## ST JOHN'S COLLEGE TRUST BOARD

### Notes to the Financial Statements

For the year ended 31 December 2021

#### 6 Financial Instruments (Continued)

##### *Credit Risk*

The Trust's exposure and the credit ratings of counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed regularly. Ongoing credit evaluation is performed on the financial condition of trade receivables. The credit risk on liquid fund and derivative financial instruments is limited because the counterparties are banks currently with high credit ratings assigned by international credit rating agencies.

	International Bonds (Unit Trust)		New Zealand Bonds	
			(Unit Trust)	(Direct)
Standard and Poors Long Term Ratings	2021 \$000	2020 \$000	2021 \$000	2020 \$000
AAA	9,810	10,585	17,252	2,211
AA+, AA, AA-	3,602	3,928	5,414	8,520
A+, A, A-	7,762	7,839	2,450	1,809
BBB+	3,562	3,741	2,505	998
	24,735	26,093	27,621	13,538

The Trust's financial assets subject to the expected credit loss model with NZ IFRS 9 are only short-term trade and other receivables. At 31 December 2021, the total of short term trade and other receivables is \$1,383,000 (2020: \$813,000), on which a loss allowance of \$370,000 had been provided (2020: \$209,000).

A doubtful debt provision was created for tenant receivables considered at risk. A general loss allowance has also been provided in accordance with NZ IFRS 9.

##### *Market Risks*

The Trust is exposed to interest rate, currency and equity market risks indirectly through its investments in unit trusts. The below table shows the effect on the Trust's position and results at reporting date if unit prices move 10 percent higher or lower. These risks are managed by the Trust's investment managers, in accordance with the Trust's investment policy. The current market environment makes a likely range difficult to predict, and market movements could be materially higher or lower than the 10% movement illustrated.

	International Bonds (Unit Trust)		New Zealand and Australiasian Equities (Unit Trust)	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
10% increase in values	2,474	2,609	6,987	7,093
10% decrease in values	(2,474)	(2,609)	(6,987)	(7,093)

##### *Liquidity Risk*

The liquidity risk is managed by the Trust maintaining sufficient liquid assets to meet any expenditure and distribution requirements. Further, Trustees are able to determine the level and timing of any distributions to beneficiaries.

## ST JOHN'S COLLEGE TRUST BOARD

### Notes to the Financial Statements

For the year ended 31 December 2021

#### 7 Contingent Liabilities and Commitments

The Trust has committed to investments of \$50,900,000 into the following Private Equity Funds (2020: \$46,900,000):

	Commitment 2021 \$000	Called 2021 \$000
Direct Capital IV	6,000	3,575
Direct Capital V	5,000	4,407
Direct Capital VI	5,000	929
Continuity Capital 2	5,000	4,750
Continuity Capital 4	3,000	2,175
Continuity Capital 6	4,000	600
Waterman Fund 2	4,000	2,982
Waterman Fund 3	1,500	1,200
Waterman Fund 4	5,000	1,875
Maui Capital Indigo Fund	6,000	5,100
Maui Capital Aqua Fund	2,000	1,540
Impact Enterprise	3,000	2,550
Community Finance	1,400	1,400
	50,900	33,083

	Commitment 2020 \$000	Called 2020 \$000
Direct Capital IV	6,000	3,575
Direct Capital V	5,000	4,203
Maui Capital Indigo Fund	6,000	5,100
Continuity Capital 2	5,000	4,400
Continuity Capital 4	3,000	1,650
Waterman Fund 2	4,000	2,982
Waterman Fund 3	1,500	1,177
Maui Capital Aqua Fund	2,000	1,540
Impact Enterprise	3,000	1,560
Waterman Fund 4	5,000	1,025
Direct Capital VI	5,000	744
Community Finance	1,400	1,400
	46,900	29,356

**ST JOHN'S COLLEGE TRUST BOARD**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**8 Loans and Advances**

Loans and advances repayable on demand  
Loans and advances over 1 year maturity

2021 \$000	2020 \$000
200	200
-	11,689

The Trust made secured advances between to the Te Aute Trust Board and the loan was repayable on demand. The interest rate was 0%.

The loan has been discounted to fair value and a total fair value adjustment of \$348,046 has been charged to the Statement of Comprehensive Income in 2021.

In June 2021, The Trust gave approval to forgive Te Aute Trust Board's debt of \$11,666,609, subject to the Court's approval. The application to forgive the loan to Te Aute Trust Board has been approved by the High Court on 23 February 2022 and the debt has been forgiven in 2021.

In 2015, the Trust made a secured advance to Te Hui Amorangi Ki Te Tairawhiti Trust Board of \$200,000. The loan was repayable initially on 14 August 2020 but has been subsequently extended and is now repayable on demand. Interest is payable quarterly at the official cash rate plus 2%.

**9 Property, Plant & Equipment**

All property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in Statement of Comprehensive Income.

Depreciation is provided for on a straight line basis on all non investment property, plant and equipment, other than freehold land, at depreciation rates calculated to allocate the assets' cost over their estimated useful lives and is charged to the Statement of Comprehensive Income.

Major depreciation periods are :

Buildings	50 years
Equipment	3-8 years

The carrying amounts of property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

PPE is held to carry out the purpose of the Trust, including use by St John's Theological College.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of the assets and are recognised in Statement of Comprehensive Income.

There was no impairment of assets recognised for during the year.

**ST JOHN'S COLLEGE TRUST BOARD**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**9 Property, Plant & Equipment (Continued)**

**Net Book Value**

31/12/2021

	Carrying Value as at 01/01/21	Additions	Disposals	Reclassification	*Depreciation	Carrying Value As at 31/12/21
Freehold Land	27,041	-	-		-	27,041
Buildings	16,354	67	-		(424)	15,997
Equipment	333	153	-	-	(79)	407
<b>Total</b>	<b>43,728</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>(503)</b>	<b>43,445</b>

31/12/2020

	Carrying Value as at 01/01/20	Additions	Disposals	Reclassification	*Depreciation	Carrying Value As at 31/12/20
Freehold Land	27,434	-	-	(393)	-	27,041
Buildings	16,250	132		393	(421)	16,354
Equipment	254	138	-	0	(59)	333
<b>Total</b>	<b>43,938</b>	<b>270</b>		<b>0</b>	<b>(480)</b>	<b>43,728</b>

**\*Analysis of Accumulated Depreciation**

31/12/2021

Accumulated Depreciation	Value as at 01/01/21	Depreciation Expense	Value as at 31/12/21
Buildings	(5,393)	(424)	(5,817)
Equipment	(667)	(79)	(746)
<b>Total</b>	<b>(6,060)</b>	<b>(503)</b>	<b>(6,563)</b>

31/12/2020

Accumulated Depreciation	Value as at 01/01/20	Depreciation Expense	Value as at 31/12/20
Buildings	(4,972)	(421)	(5,393)
Equipment	(608)	(59)	(667)
<b>Total</b>	<b>(5,580)</b>	<b>(480)</b>	<b>(6,060)</b>



## ST JOHN'S COLLEGE TRUST BOARD

### Notes to the Financial Statements

For the year ended 31 December 2021

#### 10 Investment Property

Investment properties are stated at fair values determined annually by appropriately qualified, experienced and independent registered valuers (a "Level 3" fair value), based on the estimated amount for which a property could be exchanged on the date of the valuation in an orderly transaction. Valuations are prepared by considering estimated rental cash flows and an appropriate yield. Valuations take into account occupancy rates, capitalisation rates ranging from 3.5%-10% (2020: 3.88%-5.5%) average lease terms, Ground rental rate ranges from 5%-6.75% (2020: 6.5%-7.25%). Discount rates range from 5.75%-11.5% (2020: 6%-7.75%) and the growth rate assumptions range from 2.5%-2.75% (2020: 2.5%-3%). Gains and losses are recognised in Operating Surplus.

The external valuers engaged by the Trust have highlighted in their reports that the ongoing economic impact of COVID-19 is providing elevated market risk, the risk that the property may experience a reduction in value over time as a result of changing market conditions after valuation date. Accordingly, the value stated in the valuation report is the market value as at the valuation date, 31 December 2021 and is based on events and evidence up to that date.

Reconciliation of Movements in Property Values	2021 \$000	2020 \$000
Opening Value	286,627	254,177
Additions	2,398	307
Lease Inducements	646	(162)
Fair Value Changes	36,395	32,305
Closing Value	326,066	286,627

Split between Investment Property Categories	2021 \$000	2020 \$000
Freehold Commercial	301,056	262,037
Leasehold Commercial	25,010	24,590
Closing Value	326,066	286,627

There has been no change in use of any Trust's investment properties in 2021.

#### NZ IFRS 16 Leases

The trust acts as a lessor and classifies its lease as operating leases

## **ST JOHN'S COLLEGE TRUST BOARD**

### **Notes to the Financial Statements**

**For the year ended 31 December 2021**

#### **11 Joint Operations**

##### ***15 Home Place, Albany***

St John's College Trust has entered into a joint operation with the Melanesian Mission Trust in relation to the property at 15 Home Place, Albany. The joint operation is a 50/50 split with all assets, liabilities and revenue and expenses being recognised on this basis. The two owners share joint control over the property.

All rental revenue and expenditure is collected by the Melanesian Mission Trust Board and then the 50% share is paid to St John's College Trust Board. No transactions have occurred between the joint operation partners separately. The 50% share of the Asset value is \$18,150,000 (2020: \$17,000,000). Melanesian Mission Trust Board owes \$73,175 to St John's College Trust in respect of the Trust's share in prepaid rent and non recoverable property expenses (2020: \$57,310). Rental income received amounted to \$760,814 (2020: \$783,397). Property expenses amounted to \$22,444 (2020: \$36,672).

##### ***1-15 The Avenue, Lynfield***

St John's College Trust has entered into a joint operation with the Trust Investments Property Fund in relation to the property at 1-15 The Avenue, Lynfield. The joint operation is a 50/50 split with all assets, liabilities and revenue and expenses being recognised on this basis. The two owners share joint control over the property.

All rental income and expenditure is collected by the St John's College Trust Board and then the 50% share is paid to the Trust Investments Property Fund. No transactions have occurred between the joint operation partners separately. The 50% share of the Asset value is \$16,750,000 (2020: \$16,000,000). Trust Investments Property Fund owes \$28,065 to St John's College Trust Board in respect of the Funds share of non recoverable property expenses (2020: \$1,065). Rental income received amounted to \$869,655 (2020: \$874,484). Property expenses amounted to \$165,902 (2020: \$70,132)

##### ***421/433 and 439 East Tamaki Road, East Tamaki***

St John's College Trust has entered into a joint operation with the Trust Investments Property Fund in relation to the property at 421/433 and 439 East Tamaki Drive, East Tamaki. The joint operation is a 50/50 split with all assets, liabilities and revenue and expenses being recognised on this basis. The two owners share joint control over the property.

All rental income and expenditure is collected by Trust Investments Property Fund and then the 50% share is paid to the St John's College Trust Board. No transactions have occurred between the joint operation partners separately. The 50% share of the Asset value is \$26,980,000 (2020: \$23,986,500). Trade liabilities owing at year end is \$196,154 (2020: \$47,072). Rental income received amounted to \$1,604,280 (2020: \$1,161,960). Property expenses amounted to \$286,872 (2020: \$218,156).

##### ***441 East Tamaki Road, East Tamaki***

St John's College Trust has entered into a joint operation with the Trust Investments Property Fund in relation to the property at 441 East Tamaki Drive, East Tamaki. The joint operation is a 50/50 split with all assets, liabilities and revenue and expenses being recognised on this basis. The two owners share joint control over the property.

All rental income and expenditure is collected by Trust Investments Property Fund and then the 50% share is paid to the St John's College Trust Board. No transactions have occurred between the joint operation partners separately. The 50% share of the Asset value is \$1,375,000 (2020: \$1,050,000). Trade liabilities owing at year end is \$7,912 (2020: \$2,400). Rental income received amounted to \$56,045 (2020: \$43,553). Property expenses amounted to \$24,310 (2020: \$11,624).

## ST JOHN'S COLLEGE TRUST BOARD

### Notes to the Financial Statements

For the year ended 31 December 2021

#### 12 Equity

Trust equity is split between Non Distributable Reserves and Distributable Reserves. Total Comprehensive Income for the Year is split between distributable and non-distributable surpluses and allocated to reserves.

Non Distributable Reserves represent realised and unrealised capital gains and losses

##### *Distributable Reserves*

Distributable Reserves are amounts available from operating surpluses for distribution to the beneficiaries at the discretion of the Trustees. Distributable Reserves includes an Income Equalisation Reserve. That reserve is to enable Trustees to use their discretion to continue to distribute at agreed levels in years where the Total Comprehensive Income for the Year falls below the agreed distribution.

Accumulated income is represented by the Total Comprehensive Income for the Year after distributions to the beneficiaries and transfer to reserves. The Trustees will generally use their discretion to distribute the balance of the accumulated income reserve in accordance with the provisions of the Trust Deed.

Special Reserves are amounts set aside for a special purpose available for distribution to the beneficiaries at the discretion of the Trustees.

	2021 \$000	2020 \$000
<b>Realised/Unrealised Investments Gains/(Losses) Reserve</b>		
Balance at 1 January	488,884	442,813
Capital Gains Transfer from Accumulated Income	60,935	46,071
Balance at 31 December	549,819	488,884
<b>Accumulated Income-Not Available for Distribution *</b>		
Balance at 1 January	43,722	43,722
Balance at 31 December	43,722	43,722
<b>Total Non Distributable Reserves</b>	<b>593,541</b>	<b>532,606</b>
<b>Income Equalisation Reserve</b>		
Balance at 1 January	14,165	14,165
Balance at 31 December	14,165	14,165
<b>Special Reserve</b>		
Balance at 1 January	3,000	3,000
Balance at 31 December	3,000	3,000
<b>Accumulated Income **</b>		
Balance at 1 January	24,912	23,624
Total comprehensive income for the year	68,364	64,772
Transfer Capital (Gains) (to) Accumulated Income	(60,935)	(46,071)
Distributions to Beneficiaries	(22,626)	(17,413)
Balance at 31 December	9,715	24,912
<b>Total Distributable Reserves</b>	<b>26,880</b>	<b>42,077</b>
<b>Total Reserves</b>	<b>620,421</b>	<b>574,683</b>

\*Accumulated Income-Not Available for Distribution, represents the portion of net income relating to the College land, buildings & freehold residential properties held for the use of the Trust's beneficiary or for administrative purposes.

\*\*Accumulated Income represents the portion of net income from operations that have been retained.

## ST JOHN'S COLLEGE TRUST BOARD

### Notes to the Financial Statements

For the year ended 31 December 2021

#### 13 Reconciliation of Total Comprehensive Income for the Year with Cash Inflow from Operating Activities

	2021 \$000	2020 \$000
<b>Total Comprehensive Income for the Year</b>	68,364	64,772
<b>Add/(Less) Non-Cash Items:</b>		
Lease Inducements	275	162
Amortisation on New Zealand Bonds	41	96
Depreciation	503	480
Loan forgiven	11,667	
Reinvested Investment Income	(3,819)	(4,379)
	8,667	(3,641)
<b>Classified as an Investing Activity</b>		
Capital (Gains)	(61,283)	(46,728)
<b>Movement in Working Capital:</b>		
(Increase)/Decrease in Trade and Other Receivables	(585)	(285)
(Decrease)/Increase in Trade Payable	(33)	-
<b>Net Cash Inflow from Operating activities</b>	15,130	14,118

Cash and cash equivalents includes bank, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### 14 Operating Lease Arrangements

Leasing Arrangements - St John's College Trust Board as Lessor.

Operating leases relate to investment property owned by the Trust with lease terms of between 2.58 to 25.33 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

The property rental income earned from investment property during the period amounted to \$13,757,774 (2020: \$14,182,442). During the year, the Trust granted rent abatement for a total of \$330,780 (2020: \$435,691). Direct operating expenses arising on investment property in the period amounted \$2,752,722 (2020: \$2,003,781).

The table below shows the rental receivable from non-cancellable operating leases, over the remainder of the lease period.

<u>Non-cancellable operating lease receivables</u>	2021 \$000	2020 \$000
Not longer than 1 year	14,291	11,746
Longer than 1 year and not longer than 5 years	47,751	38,363
Longer than 5 years	35,029	38,792
	97,071	88,901

## **ST JOHN'S COLLEGE TRUST BOARD**

### **Notes to the Financial Statements**

**For the year ended 31 December 2021**

#### **15 Subsequent Events**

Subsequent to balance date, ongoing economic uncertainty caused by COVID 19 and other global events have contributed to increased market volatility, which may impact the valuation of investments in the short to medium term, as disclosed in Notes 5, 6 and 10. In particular, the fair value of financial investments have decreased by 13.5% to June 2022 due to large declines in the value of financial markets around the world.

In June 2021, The Trust gave approval to forgive Te Aute Trust Board's debt subject to the Court's approval. The application to forgive the loan to Te Aute Trust Board has been approved by the High Court on 23 February 2022 and the debt as at 31 December 2021 discussed in Note 8 are adjusted to reflect the loan forgiven.

#### **16 Related parties**

##### ***Trust Investment Management Limited***

Trustees have determined that Trust Investments Management Limited (TIML) is the key management personnel for the Trust. TIML provides professional services and investment management in accordance with a mandate approved by the Board.

During the year, the Trust engaged the professional services of TIML as the primary service provider to the Trust. Total remuneration to TIML was to the value of \$2,820,309 (2020: \$2,634,403), and includes management expenses.

At balance date \$52,653 was outstanding to TIML (2020: \$5,515). Outstanding amounts are due and payable within 30 days from the date of invoice. No amounts have been written off during the year.

##### ***Te Aute Trust Board***

As at 31 December 2021, Maui Tangohau, Archbishop Don Tamihere and Archbishop Philip Richardson are Trustees of both the Trust and the Te Aute Trust Board. During 2014, the Trust agreed the terms of a loan to the Te Aute Trust Board (refer to Note 8). In June 2021, the loan has been forgiven (Refer Notes 8 and 15).