

Hillary Institute of International Leadership

Financial Statements

For the year ended 31 March 2008

Hillary Institute of International Leadership

Financial Statements For the year ended 31 March 2008

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Hillary Institute of International Leadership

Trust Directory As at 31 March 2008

Settlement:	17 February 2005
IRD Number:	090-436-058
Nature of Business:	Recognising, rewarding and nurturing great leadership.
Type of Trust:	Qualifying Trust
Trustees:	G A Moore P R Townsend M A Prain D Caygill A Goodall Dean Peter Beck (1 April 2008)
Bankers:	The National Bank of New Zealand P O Box 3478 Wellington
Solicitors:	Buddle Findlay Clarendon Tower 78 Worcester St P O Box 322 Christchurch
Auditors:	KPMG Ibis House P O Box 1739 Christchurch
Accountants:	Deloitte 32 Oxford Terrace Christchurch

Hillary Institute of International Leadership

Trustees' Approval Statement For the year ended 31 March 2008

Approval and Issue of Financial Statements

On this date the trustees approve and issue the attached Financial Statements of Hillary Institute of International Leadership for the year ended 31 March 2008.

Auditors

KPMG have indicated their willingness to continue in office in accordance with the Charitable Trusts Act 1957.

G A Moore

Date

P R Townsend

Date

M A Prain

Date

D Caygill

Date

A Goodall

Date

Dean Peter Beck (1 April 2008)

Date

Hillary Institute of International Leadership

Income Statement For the year ended 31 March 2008

	<i>This Year</i>	<i>Last Year</i>
REVENUE		
Interest income	213,033	76,107
Grants	-	50,000
Adjustment of interest free loans to market value	-	1,266,085
	<u>213,033</u>	<u>1,392,192</u>
EXPENSES		
Accountancy	2,500	2,455
Bank charges	54	188
Board expenses	1,150	1,150
Capital raising	37,534	-
Communication	2,669	5,763
Depreciation	381	448
Executive services	69,583	65,333
Fund management fees	25,000	25,000
Interest - deemed interest on adjustment to market value	110,338	4,762
Legal expenses	-	5,981
Research and development	3,500	-
Summit costs	1,534	-
Travelling expenses	16,096	19,684
	<u>270,338</u>	<u>130,764</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>\$(57,305)</u>	<u>\$1,261,429</u>
ALLOCATED AS FOLLOWS:		
Trustees' accumulated funds	<u>(57,305)</u>	<u>1,261,429</u>
	<u>\$(57,305)</u>	<u>\$1,261,429</u>

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Statement of Changes in Trust Funds For the year ended 31 March 2008

	<i>This Year</i>	<i>Last Year</i>
OPENING BALANCE	1,194,994	(66,435)
Plus		
Trustees' share of net profit for the year	<u>-</u>	<u>1,261,429</u>
	1,194,994	1,194,994
Less		
Trustees' share of net loss for the year	<u>57,305</u>	<u>-</u>
CLOSING BALANCE	<u>\$1,137,689</u>	<u>\$1,194,994</u>

Analysed as:

Trust Capital		
Opening balance	<u>100</u>	<u>100</u>
Closing balance	<u>\$100</u>	<u>\$100</u>

Trustees' Accumulated Funds		
Opening balance	1,194,894	(66,535)
Plus		
Trustees' share of net profit for the year	<u>-</u>	<u>1,261,429</u>
	1,194,894	1,194,894
Less		
Trustees' share of net loss for the year	<u>57,305</u>	<u>-</u>
Closing balance	<u>\$1,137,589</u>	<u>\$1,194,894</u>

Hillary Institute of International Leadership

Balance Sheet As at 31 March 2008

		<i>This Year</i>	<i>Last Year</i>
CURRENT ASSETS			
The National Bank		84,536	46,473
Cash on hand		100	100
Accounts receivable		32,238	161
Goods and services tax refund due		2,455	2,635
Accrued interest		9,796	6,651
Investments	3	2,547,222	2,540,665
		2,676,347	2,596,684
NON CURRENT ASSETS			
Property, plant and equipment	2	2,157	2,537
		2,678,504	2,599,221
TOTAL ASSETS			
CURRENT LIABILITIES			
Accounts payable		52,500	26,250
NON CURRENT LIABILITIES			
Term loans	4	1,488,315	1,377,977
		1,540,815	1,404,227
TOTAL LIABILITIES			
NET ASSETS			
		\$1,137,689	\$1,194,994
TRUST FUNDS			
Trustees' accumulated funds		1,137,589	1,194,894
Trust capital		100	100
		\$1,137,689	\$1,194,994

Hillary Institute of International Leadership

Statement of Cash Flows For the year ended 31 March 2008

	<i>This Year</i>	<i>Last Year</i>
OPERATING ACTIVITIES		
Cash was provided from:		
Grants	-	50,000
Interest income	209,888	74,059
Net GST received	180	1,855
	<u>210,068</u>	<u>125,914</u>
Cash was applied to:		
Payments to suppliers	165,447	124,262
Net Cash Inflow (Outflow) from Operating Activities	<u>44,621</u>	<u>1,652</u>
INVESTING ACTIVITIES		
Cash was provided from:		
Sale of deposits	2,540,664	-
Cash was applied to:		
Fixed assets purchased	-	2,985
Purchase of deposits	2,547,222	2,540,665
	<u>2,547,222</u>	<u>2,543,650</u>
Net Cash Inflow (Outflow) from Investing Activities	<u>(6,558)</u>	<u>(2,543,650)</u>
FINANCING ACTIVITIES		
Cash was provided from:		
Non current liabilities	-	2,575,000
Net Cash Inflow (Outflow) from Financing Activities	-	2,575,000
Net Increase (Decrease) in Cash Held	38,063	33,002
Cash at beginning of year	<u>46,573</u>	<u>13,571</u>
Cash at end of year	<u><u>\$84,636</u></u>	<u><u>\$46,573</u></u>
Comprising:		
The National Bank	84,536	46,473
Cash on hand	100	100
	<u><u>\$84,636</u></u>	<u><u>\$46,573</u></u>

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Notes to the Financial Statements For the year ended 31 March 2008

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Hillary Institute of International Leadership. Hillary Institute of International Leadership is a trust established by a trust deed dated 17 February 2005.

The financial statements are general purpose financial reports which have been prepared in accordance with generally accepted accounting principles.

Differential Reporting

The trust qualifies for differential reporting based on the following criteria:

- . It is not publicly accountable and;
- . The trust is 'not large' as defined by the New Zealand Institute of Chartered Accountants.

The trust has adopted all available differential reporting exemptions except for FRS 10 Statement of Cashflows.

The financial statements have been prepared taking the exemption from the application of New Zealand International Financial Reporting Standards permitted by ASRB Release 9.

Measurement System

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical basis have been followed, except for the revaluation of interest free loans at fair values.

SPECIFIC ACCOUNTING POLICIES

The following are the specific accounting policies which have a material effect on the measurement of results and financial position:

Accounts Receivable

Accounts receivable are stated at their estimated realisable value.

Property, Plant and Equipment

Property, plant and equipment are included at cost less aggregate depreciation. Depreciation is provided so as to write off the cost of each asset over its expected useful life.

	<i>Rate</i>	<i>Method</i>
Website	15	DV

Investments

Investments are stated at cost.

Income Tax

For taxation purposes the trust is deemed to be a charitable organisation and its income is not subject to taxation.

Hillary Institute of International Leadership

Notes to the Financial Statements For the year ended 31 March 2008

Liabilities

Liabilities are stated at the estimated amounts payable and include obligations which can be reliably estimated, with the exception of interest free loans.

Interest free loans are recorded at fair values. Any changes in the fair values are recognised as 'deemed interest on adjustment to market value' in the income statement.

Goods and Services Tax

Financial information in these statements is recorded exclusive of GST with the exception of receivables and payables, which include GST.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

2 *PROPERTY, PLANT AND EQUIPMENT*

This Year

Website

<i>Cost</i>	<i>Accum Depn</i>	<i>Book Value</i>
<u>2,985</u>	<u>828</u>	<u>2,157</u>
<u>\$2,985</u>	<u>\$828</u>	<u>\$2,157</u>

Last Year

Website

<i>Cost</i>	<i>Accum Depn</i>	<i>Book Value</i>
<u>2,985</u>	<u>448</u>	<u>2,537</u>
<u>\$2,985</u>	<u>\$448</u>	<u>\$2,537</u>

3 *INVESTMENTS*

Private banking - Term deposit 1002
Private banking - Term deposit 1003
Private banking - Term deposit 1005
Private banking - Term deposit 1007
National Bank Cash fund

	<i>This Year</i>	<i>Last Year</i>
	-	2,500,000
	-	30,000
	25,000	-
	2,522,222	-
	-	10,665
	<u>\$2,547,222</u>	<u>\$2,540,665</u>

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Notes to the Financial Statements For the year ended 31 March 2008

4 NON CURRENT LIABILITIES	<i>Due Within 12 Months</i>	<i>Due Over 12 Months</i>	<i>This Year</i>	<i>Last Year</i>
Term loans				
Canterbury Economic Development Fund	-	138,888	138,888	128,600
J Cameron	-	1,349,427	1,349,427	1,249,378
	-	<u>\$1,488,315</u>	<u>\$1,488,315</u>	<u>\$1,377,977</u>

Canterbury Economic Development Fund (CEDF)

Terms: Interest free, unsecured and repayable on 31 August 2009.

At the date of the loan, the principal sum was adjusted to its fair value. Fair value is determined by discounting the expected future cash flows at a market interest rate. The market interest rate is determined at 8% by using the first mortgage rate. In the current and subsequent years interest at the rate of 8% per annum is charged as an expense. The carrying value of the loan at 31 March 2008 is as follows:

	<i>This Year</i>	<i>Last Year</i>
Opening balance	128,600	59,537
Advances	-	75,000
	<u>128,600</u>	<u>134,537</u>
Market Value Adjustment	-	(10,700)
Deemed Interest Expense	10,288	4,763
	<u>\$138,888</u>	<u>\$128,600</u>

Jan Cameron

Terms: Interest free, unsecured and repayable on 31 December 2015.

At the date of the loan, the principal sum was adjusted to its fair value. Fair value is determined by discounting the expected future cash flows at a market interest rate. The market interest rate is determined at 8% by using the first mortgage rate. In the current and subsequent years interest at the rate of 8% per annum is charged as an expense. The carrying value of the loan at 31 March 2008 is as follows:

	<i>This Year</i>	<i>Last Year</i>
Opening balance	1,249,378	-
Advances	-	2,500,000
	<u>1,249,378</u>	<u>2,500,000</u>
Market Value Adjustment	-	(1,250,622)
Deemed Interest Expense	100,049	-
	<u>\$1,349,427</u>	<u>\$1,249,378</u>

Hillary Institute of International Leadership

Notes to the Financial Statements For the year ended 31 March 2008

5	RECONCILIATION OF NET PROFIT with Cashflows from Operating Activities	<i>This Year</i>	<i>Last Year</i>
	Net surplus (deficit) for the year	(57,305)	1,261,429
	Add Non-Cash Items:		
	Movement in Fair Value of loans	-	(1,256,560)
	Depreciation	381	448
	Deemed interest expense	110,337	-
		110,718	(1,256,112)
		53,413	5,317
	Add (less) Movements in Other Working Capital Items:		
	Decrease (increase) in GST receivable	180	1,855
	Increase in accounts receivable	(32,077)	-
	Increase in sundry receivables	(3,145)	(6,651)
	Increase in accounts payable	26,250	1,292
		(8,792)	(3,665)
	Net Cash Inflow From Operating Activities	\$44,621	\$1,652

6 COMMITMENTS

During the year ended 31 March 2008, the Hillary Institute of International Leadership entered into forward exchange contracts to pay for capital raising services post balance date, amounting to \$47,813.44 (2007 Nil). These commitments are expected to be settled in the following financial year.

7 INTERESTS REGISTER

Many of the Board members of Hillary Institute of International Leadership are involved in other organisations with which Hillary Institute transacts.

Following are the Board members and the associated entities. The entities listed are transacted with to carry out the activities of the trust. All transactions are entered into on an arms length basis. There have been no debts written off or forgiven during the year.

- Garry Moore - Former Mayor of Christchurch.
- Peter Townsend - Chief Executive - CECC.
- Anake Goodall - Chief Executive of Ngai Tahu.
- David Caygill - Chair Electricity Commission, Convenor of the Hillary Summit.
- Rev Peter Beck - Dean of Christchurch.
- Mark Prain - Director Maven Ltd and Shareholder of Anark Limited.

Hillary Institute of International Leadership

Notes to the Financial Statements For the year ended 31 March 2008

8 *CONTINGENT LIABILITIES*

There are no contingent liabilities at year end (31 March 2007: \$Nil).

9 *RELATED PARTIES*

During the year total payments of \$69,583 were made to Anark Limited as a related party for Executive Services rendered. A fund management fee of \$25,000 per annum is also paid to Anark Limited. As in the previous financial year, the payment of this has been deferred.

Other than the related party disclosures made in note 5, there were no other material related party transactions.



Audit report

To the readers of the financial statements of Hillary Institute of International Leadership

We have audited the financial statements on pages 3 to 11. The financial statements provide information about the past financial performance of the Trust and its financial position as at 31 March 2008. This information is stated in accordance with the accounting policies set out on pages 7 to 8.

Board of Trustees Responsibilities

The Board of Trustees is responsible for the preparation of financial statements which give a true and fair view of the financial position of the Trust as at 31 March 2008 and the results of its operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Board of 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 Board of Trustees in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. 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 obtain 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 interests in the Trust.



Unqualified opinion

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

In our opinion the financial statements on pages 3 to 11:

- comply with New Zealand generally accepted accounting practice;
- give a true and fair view of the financial position of the Trust as at 31 March 2008 and the results of its operations and cash flows for the year ended on that date.

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

KPMG.

Christchurch

Hillary Institute of International Leadership

Resolution of the Trustees by entry in the Minute Book

Resolved That:

- 1 The financial statements for the year ended 31 March 2008 be approved and adopted.
- 2 The net profit of the trust for the ensuing year when determined, be allocated at the discretion of the trustees. Any income allocated to the beneficiaries be indefeasibly vested in their names.
- 3 The Trustees have considered the various investments of the Trust and consider they are appropriate and prudent at the present time.

G A Moore

Date

P R Townsend

Date

M A Prain

Date

D Caygill

Date

A Goodall

Date

Dean Peter Beck (1 April 2008)

Date