

**THE SYDNEY HIGH SCHOOL FOUNDATION INC.
2006 ANNUAL GENERAL MEETING**

TREASURER'S REPORT

Financial Statements for the year ended 31 December 2005 together with notes to these statements and auditor's report thereon having previously been circulated to members are now tabled for adoption.

The Income Statement for the year shows a net profit from ordinary activities of \$24,535 compared with a profit of \$80,998 in 2004. No income tax is payable on these profits.

Included in the above net profit figures are trading profits for the High Store of \$67,173 for 2005 and \$59,531 for 2004.

The Income & Expenditure Statement included with the Financial Statements gives more detail of movements in individual items, the most significant being donations totalling \$74,800 received in 2004 not repeated in 2005 because all donations are now paid into the Centenary Building Fund. This fund is not part of the Foundation but a trust for which the Foundation is trustee.

In 2004 a settlement amount was received from State Transit Authority (STA) in compensation for damage caused by the wash of its vessels to the seawall fronting the Foundation's property at Abbotsford. This settlement amount was brought to account as income of the Foundation in that year. To reflect diminution in value of the Abbotsford property from the damage caused, the sum of \$343,008 being an amount equivalent to the settlement received after deducting legal and other expenses, was charged to profits of the Foundation in 2004.

The Balance Sheet at 31 December 2005 shows total equity of the Foundation as \$5,156,501 compared to \$3,938,955 at 31 December 2004. This increment arises from the \$24,535 retained net profit for 2005 plus an amount of \$1,193,011 increase in the Asset Revaluation Reserve. During 2005 the Committee commissioned a formal revaluation of the Abbotsford property. This resulted in a revaluation from \$3,656,992 to \$5,050,000.

Depreciation of fixed assets of the Foundation was calculated at the same rates as previous years and charged to revenue in accordance with accepted accounting principles.

During 2005 the Foundation repaid the last of its old loans and entered 2006 debt free. There is still an overdraft facility of \$100,000 available at the Commonwealth Bank but it is currently unutilised.

During the year negotiations were completed with the school and the NSW Department of Education and Training (DET) for the Foundation to secure a ten year licence over the tennis court site at the school for the purpose of re-building the courts and operating them on a commercial basis. The school will have paid access to the new courts at agreed times and the balance of time available will be leased to a tennis professional with whom a formal lease agreement has now been executed.

Construction cost of the new courts is estimated at \$200,000 which is being funded by a five year loan from the Commonwealth Bank. Repayment is by equal instalments of principal and interest over five years which commenced in March 2006. These payments are budgeted to be paid from tennis court revenue over the five year period. The courts are expected to be fully operational by June 2006.

Cash at bank and on deposit was \$23,520 at 31 December 2005 and excluding the tennis court loan was \$34,373 at 30 April 2006.

Subject to final determination of Outterside Centre maintenance requirements, for 2006 the Foundation is budgeting an operating profit of \$66,081 after deducting tennis court amortisation expense of \$14,000. For the four months to 30 April 2006 profit was \$23,229.

The Sydney High School Centenary Building Fund of which the Foundation is Trustee, had a net surplus for 2005 (excess of donations and interest received over expenditure for the year) of \$25,118 compared with a deficit of \$4,653 for 2004. Expenditure by this entity comprises donations to Sydney Boys' High School building projects and maintenance of Foundation buildings used by the school.

At 31 December 2005 the Centenary Building Fund had cash at bank and on deposit of \$56,856 of which \$36,339 was due to be paid (and was paid) to the school's own building fund (SBHS Building Fund) in February 2006.

Kenneth Clemens
Treasurer
16 May 2006