
POWER ENGINEERING EXCELLENCE TRUST

Annual Report 2019



Financial Statements

Statement of Financial Performance

For the Year Ended 31 DECEMBER 2019

		31-Dec-19	31-Dec-18
	NOTE		
INCOME			
Donations	1	213,250	253,207
Investment Income Distribution	2	93,505	(14)
Total Income		<u>306,755</u>	<u>253,193</u>
EXPENDITURE			
Scholarships	3	135,833	128,583
Education Support (sponsorship)	3	21,500	30,017
Volunteer and employer related costs		191,964	132,407
Costs related to providing goods and services (field trips, events)		21,509	27,194
Other Expenses		19,445	-
Total Expenditure		<u>390,251</u>	<u>318,201</u>
Net Surplus (Deficit)		<u>(83,496)</u>	<u>(65,008)</u>

Statement of Financial Position

As at 31 DECEMBER 2019

		31-Dec-19	31-Dec-18
ASSETS			
NON-CURRENT ASSETS		-	-
Investments held by UC Trust Funds		929,476	1,012,972
Total Non-current Assets		<u>929,476</u>	<u>1,012,972</u>
Total Assets (Net Assets)		<u>929,476</u>	<u>1,012,972</u>
ACCUMULATED FUNDS			
Trust equity (Balance as at 1 January)		1,012,972	1,077,980
Accumulated surpluses or (deficits)		(83,496)	(65,008)
Total Accumulated Funds (Balance as at 31 December)		<u>929,476</u>	<u>1,012,972</u>

Notes to the Financial Statements

For the Year Ended 31 DECEMBER 2019

	31-Dec-19	31-Dec-18
1 Donations		
Industry Funding	213,250	253,207
	<u>213,250</u>	<u>253,207</u>
2 Investment Income		
Distribution of share investment returns from UCTFs to: Operating Reserves	41,601	(14)
CPI Adjustment to Base Capital	17,565	-
Revenue Reserve	34,339	-
	<u>93,505</u>	<u>(14)</u>

The investment income distributed to operating revenue for 2019 was 4.5% (2018 investment income was a loss of 0.001%).

The distribution policy in the Statement of Investment Policy and Objectives (SIPO) is to distribute approximately 4.5% annually, in proportion to the interim closing balance of the trust, to operating revenue. The difference between the actual annual return and 4.5% is applied to inflation proof the capital base and for capital growth. For the reporting period, the investment activity returned a gain of 10.11% of the total average capital (2018 (0.001)% loss).

3 Scholarships and Education Support

Postgraduate scholarships	5,833	19,583
Undergraduate scholarships	130,000	109,000
Student Associations Sponsorship	21,500	30,017
	<u>157,333</u>	<u>158,600</u>

Statement of Accounting Policies

Reporting Entity

The Power Engineering Excellence Trust is a charitable trust established in 2002 (Registration Number: CC45199).

The Trust's mission is to empower those who will shape New Zealand's energy future.

The purpose of the Trust is to encourage a greater number of students to study power engineering and to promote research and innovation of power engineering.

Basis of Preparation

The Power Engineering Excellence Trust has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future. These financial statements have been prepared on a going concern basis and in accordance with Tier 3 PBE accounting standards, which have been applied consistently throughout the period.

Goods and Services Tax (GST)

The Power Engineering Excellence Trust is not registered for GST. Therefore amounts recorded in the Performance Report are inclusive of GST (if any).

Income Tax

The Power Engineering Excellence Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Account and Cash

The Power Engineering Excellence Trust does not have any cash or bank accounts (as of 31 December 2019).

Investments

All investments held by the UC Trust Funds (UCTFs) are stated at market value. Foreign investments have been translated to New Zealand currency at the rate of exchange at balance date.

Investment Income is calculated per the UCTFs Statement of Investment Policy and Objectives (SIPO), which is approved by the University Council. This provides for a 4.5% operating return and further distributions to equity to allow for future market fluctuations.

Financial Instruments

The Trusts investments are managed by the UCTFs in accordance with the SIPO.

The UCTFs account for Financial Instruments as follows:

Financial assets and financial liabilities are recognised when the UCTFs become party to the contractual provisions of the financial instrument.

The UCTFs derecognise a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the UCTFs have transferred the rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either;

- the UCTFs have transferred substantially all the risks and rewards of the asset: or
- the UCTFs have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

i. Financial Assets

Financial Assets within the scope of PBE IPSAS (NFP) 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expense. The UCTFs' financial assets are classified as financial assets at fair value through surplus or deficit, or as loans and receivables. The UCTFs' financial assets include: cash and cash equivalents, short-term deposits, receivables and investments.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described as follows.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The UCTFs' investment in multi asset, fixed interest, and shares fall into this category of financial instruments. This also includes the AMP Capital NZ Cash Fund. This Fund is an actively managed portfolio of bank bills, floating rate notes and short term deposits and securities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The UCTFs' receivables from exchange transactions, inter-entity balances, and cash and cash equivalents fall into this category of financial instruments.

Impairment of financial assets

The UCTFs assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the UCTFs first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the UCTFs determine that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

ii. Financial Liabilities

The UCTFs' financial liabilities include trade and other creditors, and loans and borrowings. All financial liabilities are recognised initially at fair value and are measured subsequently at amortised cost using the effective interest rate method.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year (last year - nil).

Commitments and Contingencies

There are no commitments as at balance date (2018 - nil).

There are no contingent liabilities or guarantees as at balance date (2018 - nil).

Events After the Balance Date

The UCTFs participate in New Zealand and International investment markets, which have seen significant volatility since 1 January 2020 resulting from the Covid-19 pandemic economic impacts. The full impacts will not be known until the end of the financial year but current market declines may result in a deficit for the year ending 31 December 2020. The UCTFs invest for the long term and put aside reserves to manage short term market volatility such as this. There have been no other events after the balance date that would have a material impact on the Performance Report. (Last year - nil).

The Trust elected to withdraw its funds from the UCTFs in June 2020, to be reinvested separately.