

8. 2004 marked the introduction of EPECentre onsite lecturing for students studying electric power engineering, the inaugural lecture at Meridian Energy's Ohau A hydro station.
9. 7 New Zealand power engineering students were sponsored to attend the AUPEC 2004 conference in Brisbane.
10. The upgrade of the Electrical Machines Laboratory at the University of Canterbury was underwritten to \$50,000.

Industry Funding against invoices for 2004 totalled \$290,500 against a funding budget of \$250,000; \$63,000 of it received after the end of the year. With 2004 spending and commitments at only \$160,853 the trust's investment has grown to \$399,068. The student response is now in full evidence. We are now exploring ways that we can elevate the teaching standards and depth to courses through targeted support of EPECentre staff. This may include support for specialist invited lecturers from overseas and support for high quality recruits to the university staff who come to teach in the power field.

It is well recognised that the increased student interest in power engineering is at the expense of other electricity industries. The power industry has created a model that others are trying to replicate. The Trustees will in 2005 be seeking long term sustainability to EPECentre and will work with it to support the expansion of its activity; students entering power course options have doubled and that requires a response. Continued financial support will be essential to enable this.

Trustees for 2004 were Dr Keith Turner (Chairman, and generation rep), Professor Pat Bodger (University of Canterbury), Geoff Hunt (contracting), Richard Aitken (consulting), David Laurie (transmission – replacement for Chandra Kumble), Peter Berry (supply sector) and Tas Scott (distribution). We met three times during 2004.

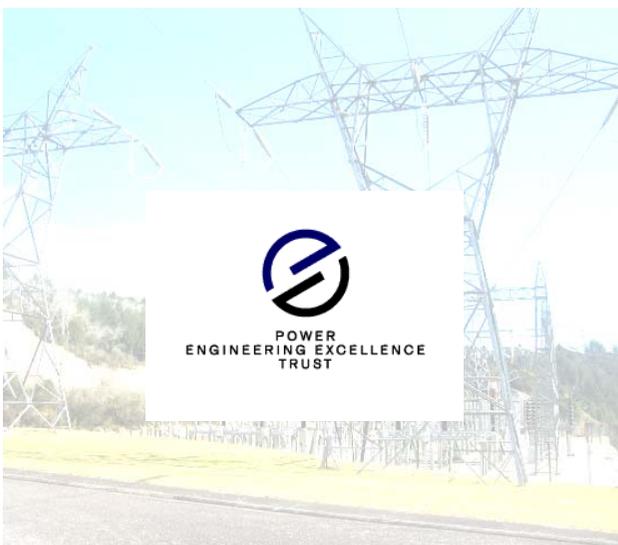
On behalf of the Trustees, I would like to thank all those who have financially contributed to the Trust in 2004, and I also wish to thank the Trustees themselves for their unpaid effort and commitment to this industry-wide initiative.

Dr Keith Turner

Chairman

Power Engineering Excellence Trust

May 2005



FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2004

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

- φ The Power Engineering Excellence Trust is a charitable trust established in 2002. The Objects of the trust are:
- φ Encourage a greater number of students to study power engineering, thus increasing the quantity and quality of power engineers in New Zealand.
- φ Maintain, enhance and sustain research into, and the study of, power engineering.
- φ Create closer, stronger and synergistic relationships between students of power engineering and the power industry.
- φ Provide for and foster power engineering innovation as a product of education.
- φ Provide better awareness of the existence and benefits of the Department's power engineering courses to the power industry.

GENERAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standards and Statements of Standard Accounting Practice issued by the Institute of Chartered Accountants of New Zealand. The Foundation applies differential reporting in the preparation of these financial statements. Full advantage has been taken of all differential reporting exemptions.

The general policies adopted in the preparation of these financial statements are the measurement and reporting of financial performance and position on a historical cost basis.

PARTICULAR ACCOUNTING POLICIES

The following are the particular accounting policies which have a material effect on the measurement of financial performance and the financial position:-

INVESTMENTS

Investments are stated at market value. Foreign investments have been translated into New Zealand currency at the ruling rates of exchange at balance date.

GOODS AND SERVICES TAX

All amounts are stated net of the Goods and Services Tax.

TAXATION

The Trust is exempt from the payment of income tax as it is a not-for-profit organisation. Accordingly, there is no provision for income tax.

CHANGES IN ACCOUNTING POLICIES

Prior to 2004 investment income was calculated on the monthly balance, of the fund, at the official Cash Rate. As of January 2004, investment income is calculated as per the Statement of Investment Objectives, which is approved by University Council. This provides for a 4.5% operating return and two further distributions to equity, which maintain the purchasing power and also allow for future market fluctuations.

There have been no other changes in accounting policies.



STATEMENT OF FINANCIAL PERFORMANCE

		31-Dec-04	31-Dec-03
For the Year Ending 31 December 2004			
INCOME	NOTE		
Sundry Income	1	227,500	142,500
Investment income	2	14,474	10,140
TOTAL INCOME		241,974	152,640
EXPENDITURE			
Scholarships	3	62,500	50,000
EPE Centre Management		42,000	4,984
Power Engineering Education Support	4	7,000	10,000
Field Trips		15,000	15,000
Promotional Costs		2,623	2,025
Sundry	5	3,000	810
TOTAL EXPENDITURE		132,123	82,819
NET SURPLUS / (DEFICIT)		109,851	69,821

STATEMENT OF MOVEMENTS IN EQUITY

		2004	2003
For the Year Ending 31 December 2004			
Balance as at 1 January		270,605	200,784
Net Surplus / (Deficit) for period		109,851	69,821
Other Distributions	6	42,668	0
Total Recognised Income & Expenditure		152,519	69,821
Balance as at 31 December		423,124	270,605

STATEMENT OF FINANCIAL POSITION

		2004	2003
As at 31 December 2004			
CURRENT LIABILITIES			
Sundry Creditors		5,230	0
Total Current Liabilities		5,230	0
NON-CURRENT ASSETS			
Investments	7	428,354	270,605
Total Non-Current Assets		428,354	270,605
TOTAL NET ASSETS		423,124	270,605
REPRESENTED BY:			
Trust Funds	8	423,124	270,605
TOTAL TRUST FUNDS		423,124	270,605

POWER ENGINEERING EXCELLENCE TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Period Ending 31 December 2004

	31-Dec-04	31-Dec-03
1 Sundry Income		
Industry Funding	227,500	142,500
	<u>227,500</u>	<u>142,500</u>
A further \$63,000 of funding has been received since balance date that relates to the 2004 accounting period. This will show in the 2005 statements.		
2 Investment Income		
Investment Income	14,474	10,140
	<u>14,474</u>	<u>10,140</u>
Investment Income for 2004 was calculated at 4.5% on the average equity balance as per the Statement of Investment Policy Objectives, which is approved by University Council. Investment Income for 2003 was calculated monthly on the closing balance.		
3 Scholarships		
Postgraduate	12,500	0
Undergraduate	50,000	50,000
	<u>62,500</u>	<u>50,000</u>
4 Power Engineering Education Support		
Support for Convention / Expo	2,000	0
Funding for Power Engineering Documentary	5,000	0
Hosting of AUPEC 2003 Conference	0	10,000
	<u>7,000</u>	<u>10,000</u>
5 Sundry Expenditure		
EPE Centre Administration Support	3,000	0
Establishment Costs	0	810
	<u>3,000</u>	<u>810</u>
6 Other Distributions		
CPI Adjustment to Base Capital	8,684	0
Revenue Reserve	33,984	0
	<u>42,668</u>	<u>0</u>
These distributions are as per the Statement of Investment Policy Objectives. The Base Capital adjustment is to maintain the purchasing power of the fund, spending this effectively reduces the capital of the fund. The Revenue Reserve is to be used as and when necessary, during years of low/negative returns, to the support the flow of distribution without recourse to reducing the capital of the fund.		
7 Investments		
As at 31 Dec 04, \$428,534 is invested through the University Trust Fund. Investment of these funds is overseen by Mercer Investment Consulting and is governed by the Statement of Investment Policy and Objectives.		
8 Trust Funds		
Balance at beginning of period	270,605	200,784
Net Operating Surplus / (Deficit) for period	109,851	69,821
Other Distributions	42,668	0
	<u>423,124</u>	<u>270,605</u>
Balance at end of period		



Industry-academia interaction highlights from 2004: field trips, conferences, expos, onsite lectures, and presentations.



ANNUAL REPORT 2004

CHAIRMAN'S STATEMENT

The initial successes of PEET and the EPECentre have begun to snowball. 2005 class sizes will be double those of 2002 ensuring continuing viability to power engineering education. High calibre students are now being attracted into power engineering study and will graduate to add value to our industry.

At this time of significant projected power industry infrastructure growth and technology development, this is a heartening result indeed. Matching the demand for power engineering professionals will be essential in all sectors of our industry to deliver and integrate the infrastructure growth, development and management.

PEET was established in mid 2002 as a pan power industry initiative and it has now completed its second full year of operation. Financial support during 2004 recovered to the pre-establishment pledge level after a dip during 2003 when some of our industry awaited evidence of the value from their donations. I am delighted to report that the trust is delivering on its purpose and that donations are both worthwhile and essential for the results to continue.

2004 highlights are :

- Enrolments in Power courses have for the 3rd consecutive year increased –
 - 2nd professional year Power Engineering course enrolments increased from 20 in 2001 to 45 in 2005 (38 in 2004)
 - 3rd professional year Power Systems course enrolments increased from 14 in 2002 to 35 in 2005 (28 in 2004)
 - 3rd professional year Power Engineering Applications course enrolments increased from 16 in 2002 to 35 in 2005 (28 in 2004).
- EPECentre conducted two power engineering field trips, one in each of the north and south islands including a Marae visit for the local iwi perspective on the power industry and natural resources. Trip applicants exceeded availability; over 25 are waitlisted for 2005 field trips. Wait-listing for Power Engineering educational activity has got to be a first!
- EPECentre has to date facilitated the placement of more than 100 students and graduates into vacation and full time engineering work – an industry wide saving of around \$500,000 for employers.
- Ten \$5000 undergraduate scholarships were awarded. Again the programme drew over twice as many suitable candidates of an overall exceptional standard. One Post graduate Scholarship of \$12,500 was awarded.
- The 2004 EPECentre Convention was a great success at promoting opportunities within the power industry, attracting over 145 students.
- EPECentre held an Electric Power Engineering R&D Expo highlighting opportunities for technology growth and R&D in power. "The Rise of the Machines" attracted over 150 students.
- PEET has agreed a three year term for sponsoring the position of EPECentre Manager a crucial position to delivering the programmes and activities of EPECentre.

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“promoting and supporting the education of power engineers and the study of power engineering as a field of excellence in New Zealand”

www.epecentre.ac.nz/peet

PREMIUM MEMBERS 2004

MEMBERS 2004

Non Member Supporter(s) 2004: Networks South Limited

Financial contributors for 2004