
CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT
Year ended 31 December 2015

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**CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

ENTITY INFORMATION											
NAME	Christchurch Polytechnic Foundation										
TYPE OF ENTITY AND LEGAL BASIS	Charitable Trust and Registered Charity										
PURPOSE	<p>The Trust was established with the aim of promoting and supporting the applied vocational, educational and research activities of CPIT</p> <p>Our goal is to mentor, support and offer real world opportunities to students and academics so that they maximise their life experiences.</p>										
ENTITY STRUCTURE	<p>The Trust is governed by a board of trustees with a diverse range of experience and knowledge across a range of sectors.</p> <p>The Board may have between 8 and 12 trustees appointed as below:</p> <ul style="list-style-type: none"> • 3 trustees appointed by the CPIT Council plus the Chair of the CPIT Council (ex officio) – the Council’s current policy is to appoint the CEO and two other Council members to the Board • Up to 8 persons from the general community <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">CPIT Foundation Membership</th> </tr> </thead> <tbody> <tr> <td>CPIT Council</td> <td>3 members appointed by CPIT Council</td> </tr> <tr> <td>Community Representation</td> <td>Up to 8 members</td> </tr> <tr> <td>Ex Officio</td> <td>Chair of the CPIT Council</td> </tr> <tr> <td>In Attendance</td> <td>Patron Minutes Secretary</td> </tr> </tbody> </table> <p>Board sub-committees: There is one standing sub-committee of the Board – Finance, Audit and Risk.</p> <p>In addition the Board from time to time establishes working groups to undertake specific time bound or smaller projects or specialist activities.</p> <p>Patron The role of patron is to support the aims, objectives and activities of the CPIT Foundation at every opportunity.</p> <p>The patron will have attendance and speaking rights but no voting rights at meetings of the Board and its sub-committees. To this end he will receive all notices of meetings, reports and minutes as those provided to trustees.</p>	CPIT Foundation Membership		CPIT Council	3 members appointed by CPIT Council	Community Representation	Up to 8 members	Ex Officio	Chair of the CPIT Council	In Attendance	Patron Minutes Secretary
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**CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

MAIN SOURCES OF CASH AND RESOURCES	<p>The majority of the Trust's annual cashflow is sourced from revenue from the following investments:</p> <ul style="list-style-type: none"> • Investment property • Term deposits • Portfolio equity investments.
RESPONSIBILITIES AND OUTPUTS	<p>Our core responsibilities are to:</p> <ul style="list-style-type: none"> • Improve the educational facilities of CPIT. • Provide financial assistance (including the provision of scholarships and bursaries) to students of CPIT on such conditions (if any) as they deem appropriate. • Support student educational activities of CPIT. • Support staff education and development projects of CPIT. • Support innovative educational projects undertaken by staff of CPIT. • Support any other educational or charitable enterprise. <p>In order to achieve these aims the Foundation provides grants to CPIT students and academics that meet the following criteria:</p> <ul style="list-style-type: none"> • Allow students to become involved with projects that add real value to their CV • Create projects that make CPIT an attractive option for potential students • Build relationships between CPIT and its community • Foster excellence in research, technology transfer and scholarship. • The development of skills and skilling strategies essential for the rebuild of Christchurch • Promotion of technology transfer between CPIT and industry • Creating opportunities for participation and success for those groups currently underrepresented in vocational and applied education • Developing infrastructure at and around CPIT campuses which creates an environment where students will be attracted, retained and successful in their studies.

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Revenue			
Interest, dividends and other investment revenue	1	350,179	269,683
Fair value increase of investment property		315,000	-
Insurance Proceeds		70,463	-
Rental revenue		138,573	139,574
Other revenue		-	7,500
<i>Total revenue</i>		874,215	416,757
Expenditure			
Grants	2	69,264	45,174
Functions - Awards and Others		624	5,212
Annual Report		1,869	5,666
Audit Fee		9,700	9,430
Chairs Honararium		6,000	6,000
Accounting		5,301	5,407
Consulting Fees		50,176	46,035
Depreciation		2,116	2,070
Insurance		3,150	3,596
Legal Fees		350	4,382
Portfolio Monitoring Fees		15,766	15,258
Valuation fees		2,570	4,835
Fair value decrease of investment property	6	-	85,000
Demolition Costs		81,090	-
Other expenses		3,008	10,845
<i>Total expenditure</i>		250,984	248,910
Surplus / (deficit)		623,231	167,847

The accompanying notes form part of these financial statements.

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Assets			
Current assets			
Cash at bank	3	580,167	23,300
Accrued interest		7,482	9,080
Accounts Receivable		81,032	-
Term deposits	4	836,642	1,351,075
GST Receivable		1,230	-
Portfolio investments	4	241,413	182,192
<i>Total current assets</i>		1,747,966	1,565,648
Non current assets			
Portfolio investments	4	2,799,024	2,577,899
Plant and equipment	5	2,172	4,289
Investment property	6	2,255,000	1,940,000
<i>Total non-current assets</i>		5,056,196	4,522,188
Total assets		6,804,162	6,087,835
Liabilities			
Current liabilities			
Accounts Payable		108,824	13,846
GST		-	1,897
Funds held on behalf of Artbox		6,151	6,135
<i>Total current liabilities</i>		114,975	21,879
Total Liabilities		114,975	21,879
Net Assets		6,689,187	6,065,957
Equity			
Accumulated surplus / (deficit)	7	6,689,187	6,065,957
Total equity		6,689,187	6,065,957

The accompanying notes form part of these financial statements.

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

Notes	2015	2014
	\$	\$
Cash flows from operating activities		
Interest, dividends and other investment receipts	163,608	150,491
Receipts from customers and other revenue	138,573	150,709
Grants paid	(69,264)	(45,174)
Payments to suppliers and employees	(98,306)	(181,307)
<i>Net cash flow from operating activities</i>	134,611	74,718
Cash flows from investing and financing activities		
Receipts from maturity of term investments	1,718,679	2,460,210
Investment in term deposits	(1,296,424)	(2,612,402)
Purchase of property, plant, and equipment	-	(5,100)
<i>Net cash flow from investing activities</i>	422,256	(157,292)
Net (decrease)/increase in cash and cash equivalents	556,867	(82,574)
Cash and cash equivalents at the beginning of the year	23,300	105,874
Cash and cash equivalents at the end of the year	580,167	23,300

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2015

ACCOUNTING POLICIES APPLIED

REPORTING ENTITY

These financial statements have been prepared for Christchurch Polytechnic Foundation, a charitable trust incorporated under the Charitable Trusts Act 1957 on the 3rd of December 1984 ('the Trust').

The Trust is a public entity audited by the Auditor-General.

BASIS OF PREPARATION

The Trust is required to prepare financial statements in accordance with Public Sector PBE accounting standards.

Subject to the application of tier 2 PBE Accounting Standards in relation to investment property and portfólio investments detailed below, the Trust has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* in the preparation of its financial statements. The Trust is eligible to apply this standard on the basis that it does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

GOODS AND SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Rental revenue

Revenue from rentals is recognised on a daily basis over the period the property is occupied

Fair value gains/losses on investment property

The Trust has elected to adopt the Fair Value model in Tier 2 standard IPSAS16, and recognise unrealised gains/losses on the fair valuation of investment property in surplus or deficit.

Interest, dividends and other investment revenue

Interest revenue is accrued as it is earned during the year.

Dividend revenue is recognised when the dividend is declared.

Other investment revenue recognised in surplus / deficit includes realised gains on the disposal of equity investments and unrealised fair value gains and losses on portfólio investments based on the adoption of Tier 2 standard PBE IPSAS 29.

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Expenditure

Grant expenditure

Grants are recognised as an expense when declared. Any grants approved but not paid during the year are recognised as a liability at year end.

Other expenditure

Other expenditure is recognised as it is incurred, once an obligation is established.

Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets are recognised in surplus or deficit.

Cash at bank

Cash at bank comprises cash held in call and savings bank accounts.

Receivables

Amounts receivable are recorded at the lower of original face value or expected realisable value.

Investments

Term deposits

Investments in bank term deposits are measured at the amount invested.

Portfolio investments

Portfolio investments are classified as 'fair value through surplus or deficit' financial assets, and measured at their fair value based on the adoption of Tier 2 standard IPSAS 29. Unrealised fair value gains and losses are recognised in surplus or deficit.

Investment property

The Trust has elected to adopt the Fair Value model in Tier 2 standard IPSAS16, and measure investment property at fair value, with gains and losses recognised in surplus or deficit.

Plant and equipment

Plant and equipment is recorded at cost, less accumulated depreciation and impairment losses. Items costing less than \$500 are expensed on acquisition.

Depreciation is provided on a diminishing value (DV) basis using maximum rates set by the Inland Revenue Department between 33% - 50% DV.

Accounts payable

Accounts payable are measured at the amount owed.

Income tax

The Trust has been granted Charitable status by the Inland Revenue Department and is therefore exempt from income tax.

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Tier 2 PBE Accounting Standards applied

The Trust has applied the following Tier 2 Accounting Standards in the preparation of these financial statements:

- PBE IPSAS16 in relation to the fair value measurement of investment properties and recognition of associated fair value gains / losses

- The application of PBE IPSAS 29 and 30 in relation to the fair value measurement of equity investments and recognition of associated fair value gains / losses;

CHANGES IN ACCOUNTING POLICIES AND TRANSITION TO THE NEW PBE SFR-A (PS) STANDARD

This is the first set of financial statements prepared using the new PBE SFR-A (PS) standard, and comparative information for the year ended 31 December 2014 has been restated to comply with the new standard. The significant adjustments arising on transition to the new standard are provided in note 13.

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

1. INTEREST, DIVIDENDS AND OTHER INVESTMENT INCOME

	2015	2014
	\$	\$
Interest revenue	59,129	54,373
Dividend revenue	102,399	90,496
Realised gains on disposal of portfolio investments	482	5,622
Net unrealised fair value gains on portfolio investments	188,169	119,192
Total investment income	350,179	269,683

2. GRANTS EXPENDITURE

	2015	2014
	\$	\$
Karen Lewis Award	9,500	9,500
FESTA Award		4,600
Alison Robinson Award	500	350
Internship		35,000
Stefan Downes		1,200
Evolocity Grant	20,000	10,000
Debby Taylor		3,500
Colin Russell Award	1,000	
Outdoor Leisure Club	3,314	
Rakatahi Award	5,000	
Grant for GEYSA	25,000	
Plains FM	4,800	
Other	150	
Reversal of prior year grant accruals not paid		(18,976)
Total grants expenditure	69,264	45,174

3. CASH AT BANK

	2015	2014
	\$	\$
BNZ - Artbox Funds	6,151	6,135
BNZ - Call Account	557,151	12,103
BNZ - Current Account	16,865	5,062
Total cash at bank	580,167	23,300

4. INVESTMENTS

	2015	2014
	\$	\$
Current investments		
Term Deposits*	836,642	1,351,075
<i>Total current investments</i>	836,642	1,351,075

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Portfolio investments managed by Custodial Services Limited

New Zealand Equities	1,187,962	1,068,504
Australian Equities	1,005,629	954,998
International Equities	605,434	554,397
Cash	241,413	182,192
<i>Total portfolio investments</i>	<i>3,040,437</i>	<i>2,760,091</i>
Total investments	3,877,079	4,111,166

*Term deposit investments are held with New Zealand Banks for terms of five months to twelve months, and interest rates range from 3.3% pa to 3.9% pa. (2014: 3.75% pa to 4.25% pa)

5. PLANT AND EQUIPMENT

	2015	2014
	\$	\$
Opening book value	4,289	1,259
Additions	-	5,100
Depreciation	2,116	(2,070)
Closing book value	2,172	4,289
Cost	10,770	14,540
Accumulated Depreciation	8,598	(10,251)
Closing book value	2,172	4,289

6. INVESTMENT PROPERTY

	2015	2014
	\$	\$
Opening balance 1 April	1,940,000	2,025,000
Increase/(decrease) in fair value	315,000	(85,000)
Closing balance 31 March	2,255,000	1,940,000

The Trust has elected to apply the fair value model under IPSAS 16, and measure its investment property at current fair value, less the estimated costs of disposal, as determined by an independent registered valuer.

The investment property was last revalued on 31 December 2015 by Warren Glassey, FNZIV, AREINZ, FPINZ, MNZIM, registered valuer. There was no impairment of property during the year. (2014: Nil)]

7. EQUITY

	2015	2014
	\$	\$
<i>Accumulated comprehensive revenue and expense</i>		
Opening balance 1 January	6,065,957	5,898,111
Comprehensive income and expense for the year	623,231	167,847
Closing balance 31 December	6,689,187	6,065,957

CHRISTCHURCH POLYTECHNIC FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

8. IMPACT OF THE CANTERBURY EARTHQUAKE

The trust's investment property suffered some non-structural damage as a result of the Canterbury earthquakes. This damage is covered by insurance. This repair work is expected to be completed over the next few years.

9. COMMITMENTS

The trust did not have any commitments at year end (2014: nil)

10. CONTINGENT LIABILITIES

The trust did not have contingent liabilities at year end (2014: nil)

11. RELATED PARTY TRANSACTIONS

During the year, the Trust entered into the following significant transactions with related parties:

- The receipt of rental income of \$135,255 (2014: \$136,810) from Christchurch Polytechnic Institute of Technology.
- The awarding of grants totaling \$54,800 (2014: \$64,150) to the Christchurch Polytechnic Institute of Technology, of which \$nil remain payable at year end (2014 \$nil).
- These transactions are not on an arms's length basis as grant applications can only be received from CPIT staff and students
- Payments totaling \$42,240 were made to Cherry Red Consulting Limited (of which Trustee Jackie Curtis is a Director) for consulting services (2014: \$42,195). \$4,416 was outstanding as a payable at balance date (2014: \$4,416).

In addition, a chair honorarium of \$6,000 (2014: \$6,000) was paid in remuneration for services by Carl Pascoe (Chairman of Trustees). Payments were made to Deim Holdings Limited, of which Carl Pascoe is the sole Director.

12. EVENTS AFTER BALANCE DATE

There were no significant events subsequent to balance date (2014; nil).

13. SIGNIFICANT ADJUSTMENTS ARISING ON TRANSITION TO THE NEW PBE SFR-A STANDARD

The main adjustments to the 31 December 2014 comparative statement of financial performance and statement of financial position arising on the transition to the new PBE SFR-A standard are explained below:

Statement of Financial Performance

The loss of \$85,000 on fair valuation of investment property has been recorded in surplus / deficit in accordance with PBE IPSAS16. Previously this loss was recorded directly to a property revaluation reserve.

Statement of Financial Position

Property revaluation reserves of \$1,098,163 have been reclassified as Accumulated Surplus in accordance with PBE IPSAS16.