

Performance Report

Hospitality Training Trust

For the year ended 31 December 2019

Contents

3	Entity Information
4	Approval of Financial Report
5	Statement of Service Performance
6	Statement of Financial Performance
7	Statement of Financial Position
8	Statement of Cash Flows
9	Statement of Accounting Policies
12	Notes to the Performance Report

Entity Information

Hospitality Training Trust For the year ended 31 December 2019

Legal Name of Entity

Hospitality Training Trust

Entity Type and Legal Basis

Hospitality Training Trust is incorporated under the Charitable Trusts Act 1957 and is registered with Charities Services.

Charities Number

CC47426

Entity's Mission

To advance training in the hospitality sector, and to develop and promote excellence, leadership, talent and knowledge within the industry.

Entity Structure

Hospitality Training Trust ("the Trust") is a Trust focused on supporting the hospitality sector in New Zealand through providing grants which promote training. It is also a registered charity.

The Trust is governed by a Board of Trustees comprising the three appointed members of the Trust.

The Board of Trustees can decide how often it meets, but must convene an Annual General Meeting each year.

The Trust is structured in order to support its key strategic objectives as follows:

- a Board of Trustees, appointed by three organisations in the hospitality sector, for three year renewable terms
- a Secretary appointed to provide part time support to the Board and manage operational aspects
- four ordinary meetings per annum, guided by agreed Work Programme, and an Annual General Meeting.

Main Sources of Entity's Cash and Resources

Hospitality Training Trust's primary source of funding is through receipt of income from equities, fixed interest, and other investments.

Approval of Financial Report

Hospitality Training Trust For the year ended 31 December 2019

The Board are pleased to present the approved financial report including the historical financial statements of Hospitality Training Trust for year ended 31 December 2019.

APPROVED

B Jarvis

Bev Jarvis

Secretary

Date 10/5/20

B Robertson

Chair

Date 10/5/2020



Statement of Service Performance

Hospitality Training Trust

For the year ended 31 December 2019

Description of Entity's Outcomes

Successful Management of Trust Funds

- Investment of the Trust's capital in such a way that the capital sum grows to better or at least match inflation, and sufficient income is earned to enable the distribution of grants in accordance with the Trust Deed.

Grants Awarded Appropriately and in accordance with the Trust Deed

- Clear and sound processes are followed in soliciting, assessing and deciding applications for grants that match the Deed's Objects.

High Quality Governance

- Trustees have in place good governance policies and processes to support the two key strategic outcomes above and ensure the work of the Trust is publicly available.

	ACTUAL 2019	BUDGET 2019	ACTUAL 2018
Description and Quantification of the Entity's Outputs			
Funds Under Management			
Income earned from Funds investment under Investment Policy Statement	1,564,237	-	150,294
Grants Management			
Funds formally agreed for potential distribution	-	-	-
Funds awarded (funds formally approved by the Trust)	116,015	-	123,445
Governance			
Secretariat fee	15,000	-	15,000
Chair fee	5,750	-	5,750

Additional Output Measures

- Quarterly reports on investments received and considered:
 - Investment Policy Statement reviewed regularly with professional advisers, Craigs.
- Grants management
 - Applications called for under an agreed process and decisions made by all Trustees (allowing for conflict of interest).
 - Four meetings a year to consider and monitor grants.
- Work Programme adhered to
 - Annual programme of work adopted by Trustees at the first meeting of the new year according to the timetable set out in the document and is monitored at each meeting of Trustees.
- Risk management and Conflicts of Interest identified and managed
 - Reviewed at each meeting; any Trustee conflicted takes no part in decision making on the application in question (but may be consulted).

Statement of Financial Performance

Hospitality Training Trust

For the year ended 31 December 2019

	NOTES	2019	2018
Revenue			
Interest, dividends and other investment revenue	1	288,248	272,789
Realised and unrealised gain (loss) on investments	1	1,275,989	(122,495)
Total Revenue		1,564,237	150,294
Expenses			
Grants and donations made	2	100,064	119,516
Other expenses	2	56,129	55,348
Total Expenses		156,193	174,864
Surplus/(Deficit) for the Year		1,408,044	(24,570)

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Financial Position

Hospitality Training Trust As at 31 December 2019

	NOTES	31 DEC 2019	31 DEC 2018
Assets			
Current Assets			
Bank accounts and cash	4	8,341	5,392
Other Current Assets	4	17,709	18,913
Total Current Assets		26,050	24,305
Non-Current Assets			
Property, Plant and Equipment	5	431	862
Investments	4	8,387,695	6,980,966
Total Non-Current Assets		8,388,126	6,981,827
Total Assets		8,414,176	7,006,132
Liabilities			
Current Liabilities			
Creditors	8	5,000	5,000
Total Current Liabilities		5,000	5,000
Total Liabilities		5,000	5,000
Total Assets less Total Liabilities (Net Assets)		8,409,176	7,001,132
Accumulated Funds			
Accumulated surpluses	3	8,409,176	7,001,132
Total Accumulated Funds		8,409,176	7,001,132

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Cash Flows

Hospitality Training Trust For the year ended 31 December 2019

	2019	2018
Cash Flows from Operating Activities		
Cash was received from		
Interest, dividends and other investment receipts	291,548	264,946
Cash was applied to		
Donations or grants paid	100,064	119,516
Payments to suppliers and employees	55,698	54,654
Total Cash Flows from Operating Activities	135,786	90,776
Cash Flows from Investing and Financing Activities		
Cash was applied to		
Acquisition of investments	132,836	101,278
Total Cash Flows from Investing and Financing Activities	(132,836)	(101,278)
Net Increase/ (Decrease) in Cash	2,949	(10,502)
Cash Balances		
Cash and cash equivalents at beginning of period	5,392	15,894
Cash and cash equivalents at end of period	8,341	5,392
Net change in cash for period	2,949	(10,502)

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Accounting Policies

Hospitality Training Trust

For the year ended 31 December 2019

Basis of Preparation

The entity 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 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. A third balance sheet has not been presented as there have been no adjustments on transition to PBE SFR-A (NFP).

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust. Revenue is accounted for as follows:

Interest and dividend income

Interest income is recognised on an accruals basis.

Dividend income is recognised when the dividend is declared.

Other income

All other income is accounted for on an accruals basis and accounted for in accordance with the substance of the transaction.

Income Tax

The Trust is a registered charity under the Charities Act 2005, and accordingly is not subject to income tax.

Bank and Deposit Accounts

Bank and Deposit Accounts in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Goods and Services Tax (GST)

All amounts are recorded inclusive of GST as the Trust is not GST registered.

Investments

Investments are carried at fair value as calculated by the investment portfolio.

Financial Instruments

The Trust is party to financial instruments as part of normal operations. These financial instruments include bank accounts, creditors and investments. All financial instruments are recognised in the statement of financial position and all revenue and expenses in relation to financial instruments are recognised in the statement of financial performance. The carrying value of these assets approximates their fair value.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Grant Issuance Policy

Applications are called in March each year via website and print media advertising. Applications are considered by the Trustees. Any conflicts of interest are declared by Trustees.

Criteria for approval are for projects or ideas that will further the aims and criteria of the Trust around building excellence across the hospitality sector.

Recipients invoice and receive 75% of the agreed Grant at the commencement of the project. The recipients will invoice and receive the final 25% once the project is completed and once the final report is approved by the Trustees.

Grant recipients are to provide progress reports quarterly and a final report once the project is completed.

Tier 2 PBE Accounting Standards Applied

PBE IPSAS29 –financial instruments: recognition and measurement.

The carrying cost of investments assets is the fair value. The fair value of share investments and held to maturity investments is the market valuation quoted at the reporting date. Surpluses and deficits are shown in the Statement of Financial Performance. Fixed term investments are generally held to maturity. Shares are generally held long term.

Financial instruments

The Trust has elected to apply NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement for its financial assets and financial liabilities. Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

The Trust derecognises 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 Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Trust has transferred substantially all the risks and rewards of the asset; or
- the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 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 categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Trust's financial assets are classified as either loans and receivables or available-for-sale financial assets. The Trust's financial assets include: cash and cash equivalents, short-term investments, receivables and investments.

All financial assets 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 below.

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 Trust's investments equities fall into this category of financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, short-term investments, receivables and non-equity investments fall into this category of financial instruments.

Impairment of Financial Assets

The Trust assesses at the end of reporting date 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. 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 Trust first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Trust determines that there is no objective evidence of impairment 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 for 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 the 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.

Financial Liabilities

The Trust's financial liabilities are trade and other creditors (excluding GST and PAYE). All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Notes to the Performance Report

Hospitality Training Trust For the year ended 31 December 2019

	2019	2018
1. Analysis of Revenue		
Interest, dividends and other investment revenue		
Dividends received	178,249	154,478
Interest received	82,943	105,425
PIE income received	27,056	12,886
Realised gains (losses) on investments	2,096	(8,619)
Unrealised gains (losses) on investments	1,273,893	(113,876)
Total Interest, dividends and other investment revenue	1,564,237	150,294
	2019	2018

2. Analysis of Expenses

Other expenses

Accountancy Fees	2,875	2,588
Advertising Expenses	5,060	3,220
Audit Fees	2,897	2,540
Chair fee	5,750	5,750
Depreciation	431	862
General Expenses	311	351
Licences & Registrations	51	51
Portfolio Management Fees	23,616	23,650
Printing, Postage and Stationery	-	20
Secretariat fee	15,000	15,000
Website Expense	139	1,318
Total Other expenses	56,129	55,348

Grants and donations made

Ara Institute

Series three – Secondary School Hospitality & Cookery Masterclass	1,375	4,125
Total Ara Institute	1,375	4,125

Bocuse d'Or

Asia Pacific Selection	-	3,750
Total Bocuse d'Or	-	3,750

DINE Academy

Nurture Scholarship & Showcase Event	15,000	20,000
Total DINE Academy	15,000	20,000

Eastern Institute of Technology

Workplace Learning	2,625	-
Total Eastern Institute of Technology	2,625	-

	2019	2018
Hipgroup		
Ethics and Integrity Training	2,475	7,425
Total Hipgroup	2,475	7,425
Hospitality New Zealand		
Collaborative Communication	-	863
Conference Study Tour - NRA Show USA 2016	3,685	-
Host Responsibility Training	2,063	-
Nationwide Hospitality Online Training via Typsy	6,600	-
Total Hospitality New Zealand	12,348	863
Ignite Colleges		
Australasian Tapas Competition	3,000	-
Total Ignite Colleges	3,000	-
Lemongrass Productions		
Training with British Chef Marco Pierre White	7,000	-
Training with New York Chef Amanda Cohen	3,500	-
Training with Wine Expert - Nick Stock	4,000	-
Total Lemongrass Productions	14,500	-
Manakau Institute of Technology		
Graduated Driver Licensing Scheme	3,750	11,250
Hospitality Teachers Conference	-	2,500
Total Manakau Institute of Technology	3,750	13,750
Maori in Tourism		
Online front of house destination induction module	-	3,750
Total Maori in Tourism	-	3,750
NZ Cheese Specialists		
Awards	2,000	-
Total NZ Cheese Specialists	2,000	-
NZ Chefs Association		
International Guest Chef	2,250	6,750
NZ Hospitality Championships	-	10,000
Total NZ Chefs Association	2,250	16,750
NZ Culinary Arts Development Trust		
NZ Culinary Journey - Students	10,980	-
Total NZ Culinary Arts Development Trust	10,980	-
NZ School of Food		
NZ Wine Guide - 2nd Edition	5,625	2,070
Total NZ School of Food	5,625	2,070
NZ Sommeliers		
Asia Ocean Best Sommelier Competition 2018	-	2,500
Total NZ Sommeliers	-	2,500
Restaurant Association New Zealand		
Nationwide Professional Development	5,000	15,000
Research initiative & 2017 Hospitality Industry Report	-	4,000
Total Restaurant Association New Zealand	5,000	19,000

	2019	2018
Soul Bar & Bistro		
Event with TV Chef Nina Compton	-	7,500
Total Soul Bar & Bistro	-	7,500
The Safe Food Project		
Phase One of The Food Safety Project	3,511	10,534
Total The Safe Food Project	3,511	10,534
Turning Tables		
Roaming the Regions	5,625	-
Total Turning Tables	5,625	-
Wholegrain Organics		
Hands on Food	5,000	-
Total Wholegrain Organics	5,000	-
Young Tourism Export Council		
Leadership Day	3,750	-
Leadership workshop for top PDP participants	1,250	3,750
Quality continued PDP for young leaders in tourism	-	3,750
Total Young Tourism Export Council	5,000	7,500
Total Grants Paid	100,064	119,516
	2019	2018

3. Accumulated Funds

	2019	2018
Accumulated Funds		
Opening Balance	7,001,132	7,025,702
Operating Surplus (Deficit) on activities for the year	1,408,044	(24,570)
Total Accumulated Funds	8,409,176	7,001,132
Total Accumulated Funds	8,409,176	7,001,132
	2019	2018

4. Analysis of Assets

Bank accounts and cash		
BNZ Current Account	8,341	5,392
Total Bank accounts and cash	8,341	5,392
Other current assets		
Interest Receivable	17,709	18,913
Total Other current assets	17,709	18,913
Investments made up of		
Bonds	1,829,723	1,729,598
Equities	5,668,148	4,468,763
Property Investments	408,049	276,731
Cash	481,774	505,872
Total Investments	8,387,695	6,980,964

	2019	2018
5. Property, Plant and Equipment		
Office equipment	1,880	1,880
Accumulated depreciation on office equipment	(1,449)	(1,018)
Total Property, Plant and Equipment	431	862

6. Commitments and contingencies

There were Grants approved but not paid of \$35,562.50 at 31 December 2019 (Last year - \$25,660). Other than this there are no commitments or contingencies as at 31 December 2019 (Last year - \$Nil).

	2019	2018
7. Related Parties		
Amounts paid to Chair	5,750	5,750

	2019	2018
8. Categories of Financial Assets and Liabilities		
The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:	-	-

Financial Assets

Financial assets at fair value through surplus or deficit

Investments	8,387,695	6,980,966
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Loans and receivables

Cash and cash equivalents	8,341	5,392
Interest Receivable	17,709	18,913

Total Financial Assets	8,413,745	7,005,270
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Financial Liabilities

At amortised cost

Accounts Payable	5,000	5,000
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Total Financial Liabilities	5,000	5,000
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9. Events After the Reporting Date

On 11 March 2020 the WHO declared a global pandemic in respect to the COVID 19 virus outbreak. Following establishment of a foothold within the New Zealand population, the New Zealand Government initiated a full societal lockdown with significant isolation and movement restrictions imposed on citizens (with essential services permitted to operate) The countrywide lockdown commenced on 26 March 2020 and is initially forecast to run for a 4 week period.

The countrywide lockdown is expected to have significant economic impact on New Zealand, with flow through to the organisations financial results considered to be likely. Due to the nature of the countrywide lockdown and flow on economic impacts it is not practicable to estimate the financial impact on the organisation at this time.

There were no other significant events after balance date requiring an adjustment in these financial statements (2018 there were no significant events after balance date).

Independent Assurance Practitioner's Review Report

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To the Trustees of Hospitality Training Trust

We have reviewed the accompanying performance report of Hospitality Training Trust on pages 3 to 15 which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 December 2019, the statement of financial position as at 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of this performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and for such internal control as the trustees determines is necessary to enable the preparation and fair presentation of this performance report that is free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying performance report. We conducted our review in accordance with International Standard on Review Engagements (New Zealand) ISRE (NZ) 2400, *Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity*. ISRE (NZ) 2400 requires us to conclude whether anything has come to our attention that causes us to believe that their performance report, taken as a whole, are not prepared in all material respects in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board. This Standard also requires us to comply with relevant ethical requirements.

A review of these financial statements in accordance with ISRE (NZ) 2400 is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these financial statements.

Other than in our capacity as an assurance practitioner, we have no relationship with, or interests in the Hospitality Training Trust.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that their performance report on pages 3 to 15 do not present fairly, in all material respects, the financial position of the Hospitality Training Trust as at 31 December 2019, and its financial performance, service performance and statement of cash flows for the year then ended, in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board.

Restriction on use of our report

This report on the financial statements is made solely to the trustees, as a body. Our limited assurance work has been undertaken so that we might state to the trustees, as a body those matters which we are required to state to them in an independent assurance practitioner's review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees, as a body, and the Hospitality Training Trust, for our limited assurance work, for this report or for the conclusion we have formed.

Grant Thornton New Zealand Audit Partnership



B Kennerley
Partner
Wellington

10 May 2020