

**NEW ZEALAND
VICE-CHANCELLORS' COMMITTEE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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NEW ZEALAND VICE-CHANCELLORS' COMMITTEE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

BACKGROUND

Establishment of the Committee

The Committee is a statutory body established under section 240 of the Education Act 1989 (the same body established under the Universities Act 1961). The Vice-Chancellors of the eight universities make up the membership of the Committee. They are assisted in the administration of the Committee's affairs by a range of committees and working groups and a secretariat based in Wellington. The New Zealand Vice-Chancellors' Committee (NZVCC) adopted the name Universities New Zealand – Te Pōkai Tara in August 2010.

Sources of Funds

Grants of \$2,029,155 from the universities were the main source of funding received by the Committee. \$1,650,000 was for the Committee and \$379,155 for the Academic Quality Agency for New Zealand Universities (AQA).

Interest income and scholarship administration fees supplement this income.

Further Information about Universities New Zealand – Te Pōkai Tara (Universities NZ)

The Universities NZ website, www.universitiesnz.ac.nz provides a wide range of information and publications.

The Universities NZ offices are located at Level 9, 142 Lambton Quay, Wellington.

Further information about the Academic Quality Agency for New Zealand Universities

The Academic Quality Agency for New Zealand Universities was established by the New Zealand Vice-Chancellors' Committee. It is funded by the universities and its Board is appointed by the NZVCC. However its operations, including academic audits, are independent of the NZVCC and of the individual universities. The accounts of the AQA have been included in the consolidated accounts of the NZVCC. This in no way compromises the operational independence of the AQA in carrying out its activities.

The office of the AQA is located at Level 9, 142 Lambton Quay, Wellington.

Further information about the AQA can be found at www.aqa.ac.nz.

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

STATEMENT OF RESPONSIBILITY

We acknowledge that:

- (a) The preparation of financial statements of the New Zealand Vice-Chancellors' Committee and judgements used herein are our responsibility.

- (b) The establishment and maintenance of an internal control system designed to give reasonable assurance as to the integrity and reliability of the financial and non-financial reports for the year ended 30 June 2014 are our responsibility; and

In our opinion the financial statements for the year under review fairly reflect the financial position and operations of the New Zealand Vice-Chancellors' Committee.



Professor Harlene Hayne
Acting Chair
New Zealand Vice-Chancellors' Committee



Hon Steve Maharey
Acting Deputy Chair
New Zealand Vice-Chancellors' Committee

INDEPENDENT AUDITOR'S REPORT
To the readers of New Zealand Vice-Chancellors' Committee and Group's
Financial Statements and Non-Financial Performance Information
For the year ended 30 June 2014

The Auditor-General is the auditor of the New Zealand Vice-Chancellors' Committee ("the Committee") and group. The Auditor-General has appointed me, Michael Rania, using the staff and resources of BDO Wellington, to carry out the audit of the financial statements and non-financial performance information of the Committee and group on her behalf.

We have audited:

- the financial statements of the Committee and group on pages 25 to 46, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Committee and group in the statement of service performance on pages 13 to 24.

Opinion

In our opinion, the financial statements of the Committee and Group on pages 25 to 46:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Committee and group's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the Committee on pages 13 to 24 fairly reflects the Committee's and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 30 June 2014.

Our audit was completed on 17 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Committee and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Committee and group's preparation of the financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Committee and group;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Committee

The Committee are responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Committee and Group's financial position, financial performance and cash flows.

The Committee is also responsible for preparing non-financial performance information that fairly reflects the Committee and group's service performance achievements measured against the performance targets adopted in the investment plan.

The Committee is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Committee is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Committee's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Committee or its subsidiary.



Michael Rania
BDO Wellington
On behalf of the Auditor-General
Wellington, New Zealand

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
STATEMENT OF OBJECTIVES
FOR THE YEAR ENDED 30 JUNE 2014**

Mission

The mission of Universities New Zealand – Te Pōkai Tara is to promote the common interests of the eight New Zealand universities and the advancement of university education and research activities.

Outcomes

Universities New Zealand – Te Pōkai Tara seeks to achieve the following outcomes:

1. Enhanced quality assurance in the New Zealand university system
2. Enhanced efficiency in the New Zealand university system
3. Policies and activities that strengthen the universities' contribution to economic growth and social well-being.

Functions

1. To exercise approval and moderation procedures for new academic programmes in universities and to develop and support processes for auditing quality assurance.
2. To administer current scholarship schemes and to develop that function further.
3. To provide policy advice and co-ordinating services to the universities, government and any other bodies on inter-university policy issues including representing the New Zealand university system nationally and internationally.

NEW ZEALAND VICE-CHANCELLORS' COMMITTEE STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

Output 1 – Academic Quality Assurance

Outcomes

This output contributes to the achievement of Outcomes 1 and 3 - enhanced quality assurance in the New Zealand university system and policies and activities that strengthen the universities' contribution to economic growth and social well-being.

The Academic Quality Agency for New Zealand Universities also contributes to Outcome 1 and their Statement of Service Performance is provided separately.

Service Provided

To exercise approval and moderation procedures for new academic programmes in universities, develop and support processes for monitoring quality assurance and provide advice on matters of academic policy.

Quality and Timeliness

The quality and timeliness of the work of the Committee on University Academic Programmes (CUAP) are ensured by CUAP's carrying out its functions and procedures in accordance with the criteria and timetable set out in its handbook and by periodic independent audits of its procedures.

(a) Objective

To complete the two annual rounds of approvals for new university academic programmes.

Achievements

CUAP approved 72 new qualifications in 2013 to be offered in 2014.

(b) Objective

To develop and improve quality assurance arrangements in New Zealand universities.

Achievements

CUAP undertook an analysis of the 180-credit masters approved by CUAP since the revision of the masters definition. The universities currently offer 62 180-credit masters degrees.

Universities NZ met with and provided university representation to professional bodies on issues relevant to programme approval and accreditation.

The Committee signed off on the Academic Quality Agency for New Zealand Universities (AQA) audit and resolved to proceed with an external review of the AQA in 2015 and approved a budget for this.

(c) Objective

To work effectively with the New Zealand Qualifications Authority to fulfil statutory responsibilities and promote quality assurance.

Achievements

The Joint Consultative Group (JCG), a body made up of representatives of Universities NZ, NZQA and AQA, met four times.

Universities NZ participated in the Working Party on Academic Cheating Services established by NZQA.

CUAP representatives contributed to the work of the NZQA Advisory Group for NZQF referencing projects.

CUAP provided feedback on revisions of the NZQA Credit Recognition and Recognition of Prior Learning guidelines and the NZQA Degree Approval and Accreditation guidelines.

Universities NZ continued to liaise closely with NZQA regarding the operation of the New Zealand Qualifications Framework.

(d) Objective

To consider matters relating to university entrance and to contribute to the process of curriculum development and examination in the senior secondary school.

Achievements

CUAP's Subcommittee on University Entrance undertook a review of the ad eundem statum table for university entrance.

Universities NZ provided representation on NZQA's Targeted Review of Qualification – Foundation and Bridging programmes. CUAP met with representatives of the Governance Group and provided feedback on the outcomes of the review.

CUAP's Subcommittee on University Entrance met with the Ministry of Education and NZQA representatives to inform discussion on the development of Māori National Certificate of Educational Achievement (NCEA) achievement standards.

(e) Objective

To work effectively with the Academic Quality Agency for New Zealand Universities (AQA) to fulfil Universities NZ's responsibilities for quality assurance in the universities.

Achievements

The Committee confirmed the appointment of New Zealand Union of Students' Associations nominees to the board of AQA.

The Committee approved a budget for the AQA for the period 1 July 2014 to 30 June 2015.

The Committee received a report on the implementation of the AQA's Strategic Plan 2013-2015.

Universities NZ and AQA published an update version of the joint 'Academic Quality Assurance of New Zealand Universities' brochure.

Universities NZ and AQA collaborated on presentations to visiting international bodies on quality assurance in New Zealand universities.

Universities NZ and AQA collaborated on a paper on the use of Information Technology in New Zealand Universities' quality assurance processes presented at the APQN Conference in March 2014.

Universities NZ renewed its agreement for the provision of administrative services to the AQA.

Total budget for academic services:	\$186,533
Total cost for academic services:	\$180,537

Output 2 - Scholarships

Outcomes

This output contributes to the achievement of Outcome 3 - policies and activities that strengthen the universities' contribution to economic growth and social well-being.

Service Provided

To administer current scholarship schemes and to further develop the provision of scholarships.

Quality and Timeliness

The quality and timeliness of scholarship administration is ensured by the supervision of the Scholarships Committee and adherence to the timetable and rules for the award of each scholarship scheme.

Achievements

During the reporting period management and administration services were provided for 41 scholarship programmes.

Within these programmes Universities NZ:

- made 121 scholarship or fellowship awards on behalf of benefactors; the value of these awards was NZ\$1.54 million and US\$60,000.
- made 43 nominations of NZ applicants to other overseas decision making bodies.
- administered the selection process for 33 scholars where the awards were then managed by the benefactor.

Total budget for scholarship services:	\$247,458
Total cost for scholarship services:	\$240,149

The accompanying accounting policies and notes form part of and should be read in conjunction with this financial statement.

Output 3 - Policy Advice and Co-ordinating Services

Outcomes

This output contributes to the achievement of Outcomes 2 and 3 – enhanced efficiency in the New Zealand university system and policies and activities that strengthen the universities' contribution to economic growth and social well-being.

Service Provided

To provide policy advice and co-ordinating services to Government and the universities, particularly through the government agencies of the Tertiary Education Commission (TEC), Ministry of Business, Innovation and Employment (MBIE), New Zealand Qualifications Authority (NZQA) and Ministry of Education, including participating in working parties.

Quality and Timeliness

The quality and timeliness of advice is ensured by approval of policy advice and submissions by Universities NZ and its committees and meeting deadlines specified by external bodies.

(a) Governance

Objective

To assist Chancellors in holding meetings and joint meetings with Vice-Chancellors.

Achievements

There were three joint-meetings of Chancellors and Vice-Chancellors in August and December 2013 and April 2014. All were supported by Universities NZ.

(b) Ministers and Government Agencies

Objective

To initiate and respond to policy initiatives on behalf of the universities.

Achievements

Universities NZ made submissions or participated in policy discussions on the following:

- *Employment Relations Amendment Bill*
- *Tertiary Education Strategy 2014-2019*
- *Education Amendment Bill*

Universities NZ launched a Strategic Work Programme at the start of 2014 aimed at engaging on Government policy and operational matters more proactively. Papers were considered and accepted by the Vice-Chancellors at the February, April and June meetings on the following subjects:

- *TEC's outcomes & investment approach to funding & management*
- *Funding system*
- *University research system*
- *University rankings*

(c) Research

Objectives

To promote the funding of university research in New Zealand.

To facilitate the development of relationships with the Ministry of Business, Innovation and Employment (MBIE), other research funding bodies such as the Health Research Council and the Royal Society of New Zealand, and the Tertiary Education Commission (TEC).

To co-ordinate consideration of research issues amongst the universities.

To foster the universities' relationship with the Crown Research Institutes (CRIs) and Science New Zealand.

To support the care of animals in research.

Achievements

Worked with the universities and the Ministry of Education on changes to the reporting of External Research Income as measured by the Performance Based Research Fund.

Oversaw the development of a standardised research contract to be used by universities and funding agencies.

Produced a booklet on the successful commercialisation of university research and the contribution it makes to economic development in New Zealand.

Worked with the TEC on options for handling an additional funding round for the Centres of Research Excellence.

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

Funds of \$40,000 were provided to the Royal Society of New Zealand to support the Australian and New Zealand Council for the Care of Animals in Research Training (ANZCCART).

Co-sponsored the Speaker's Science Forum series at Parliament; worked with the Royal Society on selecting suitable topics and speakers.

Worked with Statistics NZ on changes to the biennial Research and Development survey

(d) Te Kāhui Amokura

Objectives

To provide advice to the Vice-Chancellors, the universities and government on strategies, policies and structures relating to Māori and the universities, in areas of priority to Māori and Māori scholarship.

To instigate initiatives in areas of priority to Māori and Māori scholarship.

Achievements

Through regular meetings exchanged information on initiatives to promote the success of Māori students and researchers at New Zealand universities.

Continued to work with members of the Research Committee on the WAI 262 Guidance Statement. This statement will provide guidance to university academic staff on the implications of the Waitangi Tribunal's WAI 262 report and includes good practice examples of engagement with iwi.

Provided feedback on the Government's Tertiary Education Strategy which was used to inform the Universities New Zealand submission.

Maintained an oversight of the five publications which arose from the work of the MANU AO Academy for Māori Academic and Professional Advancement. These were released at a launch on 29 November 2013.

Discussed and provided advice to Ngā Pae o te Māramatanga as it prepared its bid for continued funding as a Centre of Research Excellence.

Considered the development of a collaborative Masters in Māori Business Development. This will draw on expertise of Māori Business academics from across the New Zealand universities.

(e) Human Resources

Objectives

To monitor university human resources issues at the national level with particular regard to the international competitiveness of remuneration, staff recruitment and retention.

To advise the Vice-Chancellors on human resources matters.

Achievements

Commissioned Tribal to collect and analyse university workforce planning data for 2011, referred that report to the Vice-Chancellors, and commenced collection of the 2012 data - ongoing.

Reviewed developments with the NZ Universities Superannuation Scheme (NZUSS) with the Chair of NZUSS Trustees and the Secretary to Trustees.

Prepared the Universities NZ submission on the Employment Relations Amendment Bill. Track progress of Employment Relations Amendment Bill through the House

Considered the merits of establishing a pan-university immigration advisory service. The International Committee reports that an internationalisation sub-committee was formed and commenced work on a pan-university internationalisation strategy. Further, it states that the strategy includes proposed initiatives to help the universities achieve the goals of the government's Leadership Statement for International Education.

Contributed to the Universities NZ submission on the proposed charges for police vetting services.

Universities NZ continued its sponsorship of the biannual Women in Leadership programme.

(f) Copyright Licensing

Objectives

To negotiate on behalf of universities for licenses with copyright licensing agencies and to keep new developments in copyright including legislative change under review.

Achievements

Negotiations continued with Copyright Licencing Ltd (CLL) regarding renewal of the licence that expired on 31 December 2012. As at 30 June 2013, the matter had been to the Copyright Tribunal and was being appealed at the High Court.

(g) Communications

Objectives

To promote increased public support for the New Zealand university system by raising awareness of universities' multifaceted contribution to individual advancement and New Zealand's economic, social, cultural and environmental goals.

To raise awareness of university education, research and internationalisation activities and how these add value to New Zealand's economic and social development.

Achievements

As a part of a revised Government relations strategy, Universities NZ's communications strategy was adjusted to ensure the organisation was seen as a constructive, collaborative partner for developing and discussing policy.

An extensive programme of meeting with and working with key advisors in the main Government agencies was implemented from the start of 2014. It underpins a Strategic Work Programme where Universities NZ and Government officials jointly work on common problems and objectives to identify solutions that optimally meet all requirements.

(h) International

Objectives

To facilitate internationalisation in the NZ universities.

To co-ordinate the consideration of international policy and strategy amongst the universities.

To develop and maintain relationships with foreign higher education providers, governments and peak bodies.

To foster the universities' relationship with Education NZ, the Ministry of Education, Immigration and other relevant government agencies.

To provide advice to the Vice-Chancellors and government on matters relevant to internationalisation in the New Zealand universities.

Achievements

The International Policy Committee continued its regular meetings to advance the economic, cultural and social interests of New Zealand through internationalisation of the universities.

In a special meeting of the International Policy Committee, the group considered an internationalisation issues and options paper, and work-shopped initiatives which would contribute to the governments export education agenda and the Education New Zealand roadmaps.

The internationalisation sub-committee continued to work towards developing a pan-university internationalisation strategy. Work included the preparation of a paper on New Zealand Universities and internationalisation.

Universities New Zealand advanced higher education co-operation through organising and hosting a higher education delegation of 12 led by Taiwan's Political Deputy Minister of Education, and comprised of Taiwanese university presidents and vice-presidents and government officials.

Universities New Zealand contributed to broader economic relations with Taiwan through participation in a meeting associated with the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation.

International collaboration in higher education was promoted through the universities' participation at the second meeting of the India-New Zealand Education Council.

Universities NZ assisted the India-New Zealand Research Institute and Education NZ to administer the research and travel grants established under the India-New Zealand Education Council.

Universities NZ signed a co-operation agreement with the Conférence des Présidents d'Université of France, and a Letter of Intent with the Office of the Civil Service Commission Bangkok, Thailand.

Universities NZ negotiated and signed a work plan which will enable Brazilian study abroad students to study in New Zealand under scholarships offered by the Brazilian government and began work on an agreement to facilitate Brazilian Masters students to study in New Zealand.

Universities NZ represented university interests at the quarterly education sector meetings convened by Immigration NZ at both strategic and operational levels. These provide a vehicle to promote improvements in immigration policy settings for international students.

Universities NZ prepared submissions to Immigration New Zealand on work-rights for international students and worked with Immigration in their development of the online student visa processing initiative.

Universities NZ prepared submissions on the International Students section of the Education Amendment Bill (No.2), 2014.

(i) **Information and Communications Technology**

Objective

To provide leadership in the use of information and communications technology in the universities and advance the efficient and effective use of this technology in the support of teaching, learning, research and administration by the staff and students of NZ universities.

Achievements

Negotiated with Research and Education Advanced Network New Zealand (REANNZ) on international connectivity options with Australia's Academic and Research Network (AARNet). REANNZ contracts with Vice Chancellors for signing.

Oversaw negotiations with Microsoft for a tertiary campus agreement.

Initiated a review of best practice guidance for setting up Eduroam in NZ. All new Zealand universities are now on Eduroam. District Health Boards are to join. Eduroam facilities at Universities new Zealand to be arranged.

(j) **Libraries**

Objective

The Council of New Zealand University Librarians (CONZUL) acts collaboratively to improve access for students and staff of NZ universities to the information resources required to advance teaching, learning and research.

Achievements

CONZUL continued the investigation of the collaborative storage options for low use monographs.

Most CONZUL members partnered with the Australian universities in establishing University Libraries of Australia and New Zealand – the borrowing scheme for students and staff of Australian and New Zealand universities that allows borrowing from other members' libraries.

CONZUL completed a survey of library remuneration.

CONZUL received and considered collaborative purchasing offers from ID Profile and Scival. CONZUL extended the CONZULAC agreement for the purchasing of monographs with YBP/Baker and Taylor to the end of 2015.

CONZUL contributed to forums including those convened by the Library and Information Association New Zealand Aotearoa (LIANZA) and the Strategic Advisory Forum for the National Librarian.

CONZUL members participate in the following Committee of Australian Universities Librarians (CAUL) advisory committees:

- CAUL Copyright Advisory Committee (CCAC)
- CAUL Electronic Information Resources Advisory Commission (CEIRAC)
- CAUL Finance Advisory Committee (CFAC)
- CAUL Library Publishing Advisory Committee (CLPAC)
- CAUL Learning and Teaching Advisory Committee (CLTAC)
- CAUL Quality and Assessment Advisory Committee (CQAAC)
- CAUL Research Advisory Committee (CRAL)
- CAUL Statistics Advisory Committee (CSAL)

(k) **Facilities Management**

Objective

To provide leadership in the management of resources for the maintenance, compliance and sustainability of the New Zealand universities' property and related infrastructure assets.

Achievements

Facilities Directors of the eight universities:

- Organised and attended a presentation on disaster resistant university campuses by international experts from Miyamoto impact.
- Held a joint meeting with their Direct Reports to discuss risk and resilience, functionality assessment model pilot, energy management and capital asset management and external maturity assessments.
- Generally shared of best practice in areas such as asset management, disaster recovery, IT systems for facilities management, space use and team structures to promote efficiency in facilities management at twice yearly meetings.

(l) **Planning**

Objective

To provide advice on issues concerning the universities' planning, funding and reporting functions especially those related to the proposals and requirements of the Tertiary Education Commission and the Ministry of Education.

Achievements

Co-ordinated the development of revised protocols for the release of data from the Graduate Longitudinal Study NZ.

Co-ordinated and presented to the Ministry of Education the views of the universities on the introduction of the New Zealand Benchmarking Tool, aimed at gathering information on the costs of delivery of tertiary courses and the funding received for the provision of courses.

(m) **Student Administration and Academic Services**

Objectives

To provide advice and make recommendations to the Vice-Chancellors on matters relating to the provision of student administration and academic services and to be the principal contact on behalf of the universities with appropriate government agencies.

Achievements

Liaised with NZQA on the timeline for the release of NCEA result files.

Liaised with StudyLink and provided feedback and advice on StudyLink processes.

Drafted principles for the application of s292e of Education Act to the universities which were agreed by NZQA and Universities NZ.

(n) **Legal Advice**

Objective

To provide legal advice on issues of common concern to all universities.

Achievements

Universities NZ sourced legal advice on a range of issues in this period with the two main items being:

- Copyright Licensing – aimed at renewing the copyright licence administered by Copyright Licencing Ltd (CLL) that expired on 31 December 2012.
- Te Whare Wānanga o Awanuiārangi – advice on the use of the legally protected term 'University' in the context of use by Te Whare Wānanga o Awanuiārangi referring to themselves as an 'indigenous university'.

(o) **Administrative Support**

Objective

To provide administrative support to inter-university initiatives.

Achievements

Administrative support to the Women in Leadership Programme.

Administrative support to the Council of Deans of Education.

Total budget for policy advice and co-ordinating services:	\$1,686,679
Total cost of policy advice and co-ordinating services:	\$1,778,809

Total budget for all outputs:	\$2,120,670
Total cost for all outputs:	\$2,199,495



Professor Harlene Hayne
Acting Chair, NZ Vice-Chancellors' Committee



Hon Steve Maharey
Acting Deputy Chair, NZ Vice-Chancellors' Committee

ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

The Academic Quality Assurance Agency for New Zealand Universities (AQA) was established by the New Zealand Vice-Chancellors' Committee (NZVCC) in 1993 as an operationally independent body to carry out institutional quality assurance and promote quality enhancement for the universities.¹

The Mission of AQA is to contribute to high quality New Zealand university education by:

- engaging as a leader and advocate in the development of universities based on high quality, internationally acceptable, academic practices;
- providing quality assurance and quality enhancement services which assist universities in facilitating excellent student experience and learning outcomes.²

Total cost of service:

	2013/14 Actual	2013/14 Estimated	2012/13 Actual
Total income	\$532,626	\$536,426	\$439,780
Total expenditure	\$498,999	\$507,827	\$422,829
Surplus/deficit	\$33,627	\$28,599	\$16,951

Objective 1: Quality Assurance

To ensure academic audits are timely and produce audit reports which are of assistance to universities, are authoritative, fair and perceptive.³

Description: AQA undertakes regular academic audits of all New Zealand universities using a framework developed by AQA in consultation with the sector and other stakeholders. Academic audits are conducted to a schedule approved by the Board and with the agreement of the universities. From time to time, AQA may be contracted to undertake other forms of audit or review including academic audits of international universities. The quality and timeliness of the work of AQA are overseen by a Board, comprised of a Vice-Chancellor and academic, student and lay members who are appointed by the NZVCC but operate independently of them and of the universities.

¹ Originally established as the New Zealand Universities Academic Audit Unit.

² Extract, AQA Constitution.

³ Objectives as per AQA Constitution.

Measure	2013/14 Quantity Delivered	2013/14 Quantity Estimated	2012/13 Quantity Delivered
1.1 Academic audit reports published as per indicative timeline ⁴	2 (Massey, USP)	2 (Massey, USP)	1 (Lincoln)
1.2 Academic audit follow-up reports received as per indicative timeline	1 (Lincoln)	1 (Lincoln)	2 (AUT, Otago)
1.3 Feedback on audit process from recently audited universities as per indicative timeline	1 (Massey)	1 (Massey)	1 (Lincoln)
1.4 Periodic assessment of impact of AQA audit activities on university quality	1	1 (impact survey to be undertaken)	N/A
1.5 Percentage of New Zealand-based auditors attending training/ update sessions	94%	75%	N/A

Objective 2: Quality Enhancement - Universities

To contribute to the development, dissemination and implementation of new policies and good practices in quality assurance and quality enhancement in education, both nationally and internationally.

Description: AQA's mission includes assisting universities to facilitating excellent student experience and learning outcomes. AQA undertakes this quality enhancement role in a variety of ways, including by identifying and commending national and international good practice in regard to academic quality assurance and quality enhancement, and by facilitating dialogue between university staff on quality matters.

Measure	2013/14 Quantity Delivered	2013/14 Quantity Estimated	2012/13 Quantity Delivered
2.1 Publication of AQA newsletter	4	4	4
2.2 Workshops and/or meetings held with New Zealand universities on	4 (Individual	3 (Individual meetings	2 (Cycle 5 workshops –

⁴ Indicative audit timelines published in Cycle 5 Academic Audit Handbook for Universities and available from the AQA website: www.aqa.ac.nz/cycle5.

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

Measure	2013/14 Quantity Delivered	2013/14 Quantity Estimated	2012/13 Quantity Delivered
matters pertaining to university quality	meetings - Auckland, Victoria Canterbury and Otago)	- Auckland, Victoria and Waikato)	all universities)
2.3 Ad hoc reports on matters pertaining to university quality	1	1	1
2.4 Biennial 'Support for Quality' Conference	N/A (2014/15)	N/A (2014/15)	1
2.5 Biennial QE/communications survey of stakeholders	1	1	N/A (2013/14)

Objective3: Quality Enhancement - AQA

To improve the quality and reputation of AQA activities, including audit practice, by interaction with other education and academic quality assurance agencies, both nationally and internationally.

Description: AQA's work is benchmarked internationally: the agency is independently audited every five years (last audited in 2009) and has been assessed as meeting the Guidelines of Good Practice in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education (confirmed 2013, valid until 2017). Interaction and engagement with national and international peer agencies is an important component of AQA's continued commitment to its own development and to the professional development of its staff and activities.

Measure	2013/14 Quantity Delivered	2013/14 Quantity Estimated	2012/13 Quantity Delivered
3.1 Membership of related national boards, committees and working groups	3	3	3
3.2 Membership of related international boards and working groups	1	1	1
3.3 Independent review of AQA operations including assessment against Guidelines of Good Practice (GGP) in Quality Assurance of the International Network for Quality Assurance Agencies in Higher	0 (next full review to be undertaken 2014/15)	0 (next full review to be undertaken 2014/15)	1 (partial review to confirm adherence with GGP. Last full review 2009/10)

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

Measure	2013/14 Quantity Delivered	2013/14 Quantity Estimated	2012/13 Quantity Delivered
Education			
3.4 External consultancy or other contracts undertaken	3 (USP, TWAEA, PNG Office of HE)	2 (USP, one other)	2 (USP, Hong Kong)

Objective 4: Quality Support

To ensure effective processes and adequate resourcing to achieve the above objectives at a high level of satisfaction for universities and other stakeholders.

Description: AQA's annual operating grant is funded by the universities collectively. The Board of AQA prepares and recommends a budget to the committee of New Zealand Vice-Chancellors prior to the commencement of each financial year. In doing so, the Board seeks to ensure that the annual grant provides for an adequate level of resources to enable the organisation to achieve its stated objectives for that year, and that the organisation's net asset levels and cash flow are sufficient to sustain its continued operation.

Measure	2013/14 Quantity Delivered	2013/14 Quantity Estimated	2012/13 Quantity Delivered
4.1 Review of annual service lease agreement with Universities New Zealand	Review completed and lease re-signed	Review completed and lease re-signed	Review completed and lease re-signed
4.2 Review of budget and staffing requirements alongside ongoing monitoring of AQA Strategic Plan	Review undertaken	Review undertaken	Review undertaken
4.3 Approval of requested annual grant by Vice-Chancellors	Annual grant approved as sought	Annual grant approved as sought	Annual grant approved as sought

Total budget for Academic Quality Agency for NZ Universities

\$507,827

Total cost for Academic Quality Agency for NZ Universities

\$498,999



Professor David Mackay (Chair)
Academic Quality Agency for New Zealand Universities

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

Note	Consolidated 2014	Consolidated Budget 2014	Consolidated 2013	NZVCC Actual 2014	NZVCC Budget 2014	NZVCC Actual 2013	
Income							
University Annual Grants	2,029,155	2,029,155	1,879,155	1,650,000	1,650,000	1,500,000	
University GLSNZ Contributions	230,000	230,000	195,000	230,000	230,000	195,000	
Audit Fees	140,754	151,271	35,909	0	0	0	
Administration Fees	62,314	64,800	66,046	62,314	64,800	66,046	
Interest Income - Bank Term Deposits	47,304	50,000	53,255	42,778	46,000	47,214	
Rent & other services income	0	0	0	49,395	48,300	48,836	
Sundry Income	34,327	2,000	18,414	26,136	0	0	
Total Income	2,543,854	2,527,226	2,247,779	2,060,623	2,039,100	1,857,096	
Less Expenditure	2	2,649,099	2,580,197	2,278,795	2,199,495	2,120,670	1,905,063
Profit/(Loss) for the year	(\$105,245)	(\$52,971)	(\$31,016)	(\$138,872)	(\$81,570)	(\$47,967)	
Other Comprehensive Income for the Year	0	0	0	0	0	0	
Total Comprehensive income/(expense) for the year	(\$105,245)	(\$52,971)	(\$31,016)	(\$138,872)	(\$81,570)	(\$47,967)	

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Consolidated 2014	Consolidated Budget 2014	Consolidated 2013	NZVCC Actual 2014	NZVCC Budget 2014	NZVCC Actual 2013
	\$	\$	\$	\$	\$	\$
Equity at start of the year	825,246	825,246	856,262	693,938	693,938	741,905
Profit/(Loss) for the year	(105,245)	(\$2,971)	(31,016)	(138,872)	(81,570)	(47,967)
Other Comprehensive Income			0	0	0	0
Total Comprehensive Income/(Expense) for the year	(105,245)	(52,971)	(31,016)	(138,872)	(81,570)	(47,967)
Equity at end of the year	\$720,001	\$772,275	\$825,246	\$555,066	\$612,368	\$693,938

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Consolidated Actual 2014	Consolidated Budget 2014	Consolidated Actual 2013	NZVCC Actual 2014	NZVCC Budget 2014	NZVCC Actual 2013	
Note	\$	\$	\$	\$	\$	\$	
Equity							
Committee Funds	720,001	772,275	825,246	555,066	612,368	693,938	
Accumulated Funds	\$720,001	\$772,275	\$825,246	\$555,066	\$612,368	\$693,938	
REPRESENTED BY:							
Current Assets							
Cash and Cash Equivalents	4	408,454	502,995	449,703	287,719	386,570	406,834
Trade and Other Receivables	6	124,511	165,646	203,639	89,269	80,000	168,763
Bank Term Investments	5	3,399,478	3,500,000	3,621,269	3,347,579	3,500,000	3,536,356
		3,932,443	4,168,641	4,274,611	3,724,567	3,966,570	4,111,953
Non-Current Assets							
Property, Plant & Equipment	7	35,825	33,315	68,815	34,462	32,549	67,549
Intangible Assets	8	32,297	49,844	29,844	32,297	49,844	29,844
JMIS Investment Portfolio	5	1,526,112	1,396,532	1,396,532	1,526,112	1,396,532	1,396,532
		1,594,234	1,479,691	1,495,191	1,592,871	1,478,925	1,493,925
Total Assets		5,526,677	5,648,332	5,769,802	5,317,438	5,445,495	5,605,878
Current Liabilities							
Trade and Other Payables	9	192,176	180,000	277,828	153,837	150,000	253,120
Employee Entitlements	10	82,781	78,500	71,773	74,559	70,000	63,311
Income Received In Advance		0	0	0	0	0	0
GST Payment/(Refund)		(6,542)	26,667	4,065	(4,285)	22,237	4,619
CONZUL	12	56,510	52,657	52,657	56,510	52,657	52,657
INQAAHE Conference Surplus	12	0	2,016	2,016	0	2,016	2,016
NZ Council of Deans of Education	12	217,253	208,174	208,174	217,253	208,174	208,174
NZ Women In Leadership	12	279,314	309,723	309,723	279,314	309,723	309,723
		821,492	857,737	926,236	777,188	814,807	893,620
Non-Current Liabilities							
Employee Entitlements	10	13,390	15,310	15,310	13,390	15,310	15,310
Scholarship Commitments	11	3,971,794	4,003,010	4,003,010	3,971,794	4,003,010	4,003,010
		3,985,184	4,018,320	4,018,320	3,985,184	4,018,320	4,018,320
Total Liabilities		4,806,676	4,876,057	4,944,556	4,762,372	4,833,127	4,911,940
Net Assets		\$720,001	\$772,275	\$825,246	\$555,066	\$612,368	\$693,938

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

Note	Consolidated Actual 2014 \$	Consolidated Budget 2014 \$	Consolidated Actual 2013 \$	NZVCC ACTUAL 2014 \$	NZVCC BUGET 2014 \$	NZVCC ACTUAL 2013 \$
Cash Flows From Operating Activities						
Cash Was Provided From						
Interest Received	36,817	56,472	52,280	31,555	52,356	46,466
Annual Grants from Universities	2,029,155	2,029,155	1,879,155	1,650,000	1,650,000	1,500,000
Administration Fees	62,314	30,018	71,086	62,314	30,018	71,086
Audit Fees	141,640	130,207	34,862	0	0	0
Other Receipts	269,264	308,290	251,448	264,746	306,030	232,834
Goods and Services Tax	(7,743)	27,208	3,851	(7,373)	21,423	(1,050)
Accumulation of Scholarship Funds	(49,805)	(58,589)	133,776	(49,805)	(58,589)	133,776
	2,481,642	2,522,761	2,426,458	1,951,437	2,001,238	1,983,112
Cash Was Applied To						
Payments to Suppliers	1,428,209	1,283,329	1,150,405	1,176,054	1,013,491	924,023
Payments to Employees	1,172,085	1,244,937	1,149,993	940,904	1,013,011	930,545
	2,600,294	2,528,266	2,300,398	2,116,958	2,026,502	1,854,568
Net Cash Flows from Operating Activities	(118,652)	(5,505)	126,060	(165,521)	(25,264)	128,544
Cash Flows From Investing Activities						
Cash Was Provided From						
Decrease in Term Deposits & Portfolio	232,278	0	0	200,000	0	0
	232,278	0	0	200,000	0	0
Cash Was Applied To						
Increase in Term Deposits & Investment Portfolio	129,580	0	54,641	129,580	0	51,643
Purchase Intangible Assets	17,375	20,000	47,049	17,375	20,000	47,049
Purchase of Property, Plant & Equipment	7,920	5,000	5,494	6,639	5,000	5,494
	154,875	25,000	107,184	153,594	25,000	104,186
Net Cash Inflow from Investing Activities	77,403	(25,000)	(107,184)	46,406	(25,000)	(104,186)
Cash Flows From Financing Activities						
Cash Was Applied To						
Payments of AQA Finance Lease Liability	0	0	3,852	0	0	0
	0	0	(3,852)	0	0	0
Net Cash Inflow from Financing Activities	0	0	(3,852)	0	0	0
Net Increase (Decrease) In Cash Held	(41,249)	(30,505)	15,024	(119,115)	(50,264)	24,358
Opening Cash at Beginning of Year	449,703	449,703	434,679	406,834	406,834	382,476
Closing Cash at 30 June	\$408,454	\$419,198	\$449,703	\$287,719	\$356,570	\$406,834
Represented By:						
Petty Cash	740		705	504		652
Bank of New Zealand	407,714		448,998	287,215		406,182
	\$408,454		\$449,703	\$287,719		\$406,834

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS**

**SEPARATE FUNDS
FOR THE YEAR ENDED 30 JUNE 2014**

	ACTUAL 2014 \$	ACTUAL 2013 \$
<hr/>		
Rhodes Scholarship Account (Note 13)		
Accumulated Funds		
Balance at beginning of the year	6,322	2,949
Add: Funds Received	8,000	12,000
Interest Income	20	19
	8,020	12,019
Less: Honoraria	1,920	1,956
Travel to Selection & Meeting Expenses	10,410	6,647
Bank Fees	45	43
	(12,375)	(8,646)
Balance at end of the year	\$1,967	\$6,322
<hr/>		
Represented By:		
Bank of New Zealand Current Account	1,965	6,317
Accrued Interest	2	5
	\$1,967	\$6,322
<hr/>		

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS**

**STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2014**

John Katz QC is currently acting for NZVCC on behalf of the eight Universities in the pending Reference to the Copyright Tribunal by Copyright Licensing Limited. This is an ongoing issue and the costs can not currently be quantified.

There are no contingent liabilities at 30 June 2014. (2013 Nil)

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS**

**STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2014**

Non-cancellable operating lease commitments:

The NZVCC entered into a non-cancellable lease for Level 9, 142 Lambton Quay from Zircon Properties Ltd with effect from 1 August 2009. The NZVCC entered into a photocopier lease with Konica Minolta in February 2013. The total lease commitments are as follows:

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Not later than one year	175,422	175,422	175,422	175,422
Later than one year but not later than five years	535,635	697,313	535,635	697,313
Later than five years	0	13,744	0	13,744
Total lease commitments	\$711,057	\$886,479	\$711,057	\$886,479

The total expense for the year relating to the payment of leases was \$175,422 (2013, \$175,522).

There are no capital commitments at 30 June 2014. (2013 Nil)

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of Accounting Policies

Reporting Entity

The reporting entity is NZVCC (the "Parent") and was established under the Education Act 1989. The "Consolidated" group comprises of NZVCC and its subsidiary AQA.

Under the Education Act the NZVCC is required to prepare financial statements in accordance with Section 153-156 of the Crown Entities Act 2004.

As such these financial statements have been prepared in accordance with generally accepted accounting practice.

These financial statements are authorised for issue by Professor Harlene Hayne, Acting Chair of NZVCC for the 2013/14 financial year, on 17 October 2014.

Basis of Preparation

The financial statements of NZVCC and the Consolidated Group have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on the historical cost basis except as indicated below.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Basis of Consolidation

The Consolidated Group financial statements consolidate the financial statements of the NZVCC and all entities over which the NZVCC has the power to govern the financial and operating policies so as to obtain benefits from their activities (defined as "subsidiaries"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All subsidiaries have a 30 June reporting date and consistent accounting policies are applied.

The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All transactions and balances between the Consolidated Group are eliminated on consolidation, including unrealized gains and losses on transactions between NZVCC and AQA. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Consolidated Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Consolidated Group.

In the NZVCC financial statements investments in subsidiaries are stated at cost less any impairment losses.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Significant Accounting Policies

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

Budget

The budget figures for NZVCC and AQA are those approved by the NZVCC Committee at their June 2013 meeting.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Committee for the preparation of the financial statements.

Depreciation

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Computers and Printers	33.3% - 48%SL
Office equipment, furniture and fittings	16.2% - 20%SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, Plant & Equipment

Property, plant and equipment are initially recognised at cost. Property, plant and equipment are recorded at cost less accumulated depreciation. Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense when incurred.

Intangible Assets

IT Software Development has a finite useful life. It is recorded at cost less accumulated amortisation and accumulated impairment losses. Software is capitalised and amortised at 50% per annum on the diminishing value. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the entity, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion or relevant overheads.

Impairment of property, plant, equipment and Intangible Assets

Property, plant, equipment and Intangible Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the profit and loss. The reversal of an impairment loss is also recognised in the Statement of Comprehensive Income.

Leases

Leases where the NZVCC and the Consolidated Group assume substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Upon initial recognition finance leased assets are measured at an amount equal to the lower of its fair value and the present value of minimum leased payments and a matching liability is recognized for minimum lease payment obligations excluding the effective interest expense. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Trade and Other Receivables

Trade and Other Receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method less any impairment losses.

Cash and cash equivalents

Cash includes cash on hand and funds on deposit with banks and is measured at its face value.

Deposits with a bank that have maturities of 90 days or more at acquisition are deemed to be investments.

Investments

Investments are classified as at 'fair value through profit or loss' if it is held for trading or is designated as such upon initial recognition. Shares are designated at fair value through profit or loss if the entity manages such investments and makes purchase and sale decisions based on their fair value. Shares held for trading are classified as current assets. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Investments in shares classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss.

Investments held and administered on behalf of Scholarship Funds are measured and carried at market value and changes therein together with income from interest and dividends are recognized directly in the Scholarship Commitments liability.

Financial Instruments

All assets and liabilities of NZVCC and the Consolidated Group, with the exception of Property, Plant & Equipment and intangible assets are financial instruments and are recognised in the Statement of Financial Position. No other financial instruments exist other than those recognised in the Statement of Financial Position. Revenues and expenses in relation to these financial instruments are recognised in the Statement of Comprehensive Income.

Financial instruments are measured in accordance with the accounting policies disclosed in relation to each type of asset and liability. Unless stated, the carrying amounts reflected in the financial statements equate to the estimated fair value of the Committee's assets and liabilities at 30 June 2014 for each financial instrument (refer to note 14).

The JMIS investment portfolio has been classified as investments held and administered on behalf of the Scholarship Funds as it does not meet the requirements of NZ IAS 39 for classification under any of the following categories: Available for Sale, Fair Value through the Profit & Loss, Held to Maturity or Originated Loans and Receivables.

Premium (discount) on Investment

Premium or discount on investment is amortised on a straight line basis over the remaining periods before the maturity date. This policy is not significantly different to applying the yield to maturity basis of income recognition.

Impairment

NZVCC assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics. All impairment losses are recognised in profit or loss and reflected in an allowance account against receivables. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

Grant Revenue

Grant revenue is received from the eight universities on a six monthly basis, and applied on a straight-line basis over the financial year in which it relates. All other revenue is recognised when earned and is reported in the financial period to which it relates.

Interest

Interest income is recognised using the effective interest method as it accrues.

Employee Entitlements

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

The entity recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation

NZVCC's obligation in respect of long service leave is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated on an actuarial basis based on the probability of each staff member attaining a specific number of years of service. Current entitlements to long service leave are recognised at the amounts expected to be paid when liabilities are settled on an undiscounted basis.

NZVCC's obligation in respect of Retirement Leave is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated on an actuarial basis based on the probability of each entitled staff member remaining in service until retirement, length of service and current age and salary.

Obligations for contributions to defined contribution pension plans (including KiwiSaver) are recognised as an expense in profit or loss when they are due.

Creditors and other payables

Creditors and other payables are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Cost Accounting

The Committee has derived the costs of outputs using a cost allocation system, which is outlined below.

(i) Criteria for direct and indirect costs

"Direct costs" are those costs directly attributed to an output.

"Indirect costs" are those costs that cannot be identified in an economically feasible manner, with a specific output.

(ii) Direct costs assigned to outputs

Direct costs are charged directly to outputs. Depreciation is charged on the basis of average asset utilization. Personnel costs are charged by time incurred.

For the year ended 30 June 2014, direct costs accounted for 70% of the Committee's costs. (2013: 70%)

(iii) Basis for assigning indirect costs to outputs

Indirect costs are assigned to outputs based on calculated average usage.

For the year ended 30 June 2014 indirect costs accounted for 30% of the Committee's costs. (2013: 30%)

Scholarship Funds

Scholarship emolument commitments are recognised as available when the Committee has received funding for the obligation. Scholarship emolument commitments are recognised when invoices are paid from the universities or scholarship entitlement is confirmed by the Scholarships Manager. Universities receive payments from NZVCC to reimburse them for scholarship emoluments paid to scholars, who receive a scholarship, which the university has paid to the scholar.

NZVCC Scholarship Funds Management Guidelines were introduced in October 2011 to manage scholarship cash flow requirements during the selection process. Both the funding received and the scholarships paid are excluded from the Statement of Comprehensive Income.

Goods and Services Tax

The financial statements are exclusive of GST except for Trade Payables and Trade Receivables which are GST inclusive.

Taxation

The NZVCC and the Consolidated Group is a statutory body and is registered with the Charities Commission under the Charities Act 2005 and consequently is exempt from income tax.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach method.

Cash includes cash on hand and deposits held at call with banks.

Operating activities includes cash received from all income sources of the NZVCC and the Consolidated Group including annual grants, interest, accumulation of scholarship funds and administration fees.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the NZVCC and the Consolidated Group.

Change in accounting policy

The accounting policies applied in these financial statements are the same as those applied to NZVCC and the Consolidated Group's financial statements as at the year ended 30 June 2013.

2 Schedule of Expenditure

	Note	Consolidated	Consolidated	Consolidated	NZVCC	NZVCC	NZVCC
		Actual	Budget	Actual	Actual	Budget	Actual
		2014	2014	2013	2014	2014	2013
		\$	\$	\$	\$	\$	\$
ACC Levy		3,007	5,500	2,951	2,428	4,700	2,333
ANZCCART-Contribution		40,000	40,000	40,000	40,000	40,000	40,000
Audit Fee	15	22,745	21,870	22,350	14,370	14,370	13,975
Accountancy		8,160	8,500	6,864	5,560	4,500	3,823
Advertising		10,626	24,000	14,878	10,626	23,000	12,861
Amortisation Intangible Assets		14,922	0	17,205	14,922	0	17,205
AQA Chairman & Board							
Honoraria		21,070	19,500	17,464	0	0	0
Bank Fees		1,460	1,750	1,319	1,078	1,400	1,088
Computer Maintenance and Training		56,798	57,702	47,238	54,275	53,000	38,649
Conference and Committee Expenses		35,061	45,567	43,066	31,940	40,000	27,383
Consultancy Fees		269,557	254,100	207,893	210,407	188,500	174,985
Copyright Licence Fees		0	0	0	0	0	0
Depreciation Computer Equipment		9,475	9,250	29,445	8,912	9,000	29,103
Depreciation Office Equipment, Furniture & Fittings		31,149	31,250	31,153	30,813	31,000	30,721
GLSNZ		230,000	230,000	195,000	230,000	230,000	195,000
Insurance		9,727	10,500	8,599	4,129	4,500	3,891
Interest		0	0	220	0	0	0
Legal Advisory Costs		213,445	68,000	81,234	213,445	68,000	81,234
Legal Costs		1,957	3,000	342	1,957	2,000	40
Loss on sale of Asset		284	0	0	0	0	0
Occupancy Costs		18,519	19,000	17,787	18,519	19,000	17,787
Office Expenses and Administration		75,555	60,488	54,510	59,545	45,500	37,351
Occupancy Rent		164,922	165,000	164,922	164,922	165,000	164,922
Photocopier Lease		10,500	10,500	10,600	10,500	10,500	10,600
Publications and Reports		14,228	10,000	32,743	14,228	10,000	32,743
Salaries		1,127,832	1,194,200	1,062,623	905,701	970,000	851,291
Superannuation Contributions (including KiwiSaver)		50,880	53,500	44,556	42,103	45,000	36,145
Staff Training		8,982	15,500	7,821	8,982	14,000	7,821
Telephone, Tolls and Faxes		17,003	14,000	12,738	13,863	11,000	10,417
Travel and Accommodation		181,235	207,520	103,274	86,270	116,700	63,695
		\$2,649,099	\$2,580,197	\$2,278,795	\$2,199,495	\$2,120,670	\$1,905,063

Advertising expenditure incurred during 2013/14 amounted to \$70,128 (2012/13, \$73,364). NZVCC was reimbursed by the eight universities for a total of \$59,501 (2012/13, \$60,503) for their portion of the advertising costs. The amount included in the financial statements is the actual cost to NZVCC at 30 June 2014.

3 Reconciliation of Operating Surplus

	Consolidated 2014	Consolidated 2013	2014	NZVCC 2013
	\$	\$	\$	\$
Net surplus/(deficit) from Operations	(105,245)	(31,016)	(138,872)	(47,967)
Add Non-Cash Items:				
Amortisation and Depreciation	55,830	77,803	54,647	77,029
	(49,415)	46,787	(84,225)	29,062
Add (Less) Movements In Other Working Capital Items:				
Trade and Other Receivables	78,089	(132,006)	79,495	(142,353)
GST Refund	(10,607)	6,649	(8,904)	1,279
Accrued Interest	(10,487)	(975)	(11,223)	(748)
Income Received In Advance	0	(12,111)	0	0
Trade and Other Payables	(85,609)	97,022	(99,283)	103,310
Prepayments	998	(16,926)	0	0
Provision for Employee Entitlements	9,088	(41,150)	9,328	(40,776)
CONZUL	3,853	(7,920)	3,853	(7,920)
INQAAHE Conference Surplus	(2,016)	(347)	(2,016)	(347)
NZ Council of Deans of Education	9,079	8,351	9,079	8,351
NZ Women in Leadership	(30,409)	11,782	(30,409)	11,782
Scholarship Commitments	(31,216)	166,904	(31,216)	166,904
	(69,237)	79,273	(81,296)	99,482
Net Cash Inflow from Operating Activities	(\$118,652)	\$126,060	(\$165,521)	\$128,544

4 Cash and Cash Equivalents

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Bank of New Zealand				
Current Account (0.25%)	63,001	52,342	37,726	36,002
Autocall Account (1.25%-3.1%)	324,077	369,949	228,853	343,473
US\$ Account Pratt Scholarship (0%)	20,636	26,707	20,636	26,707
	407,714	448,998	287,215	406,182
Petty Cash	740	705	504	652
	\$408,454	\$449,703	\$287,719	\$406,834

5 Investments

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Current Investments				
Deposits with trading banks				
ASB Bank (Average Interest Rate 4.31%)	1,400,000	1,600,000	1,400,000	1,600,000
WPT Investments (Average Interest Rate 4.2%)	600,000	1,000,000	600,000	1,000,000
BNZ Bank (Average Interest Rate Consolidated 4.44%, NZVCC 4.46%)	1,351,519	983,797	1,300,000	900,000
Interest Accrued	47,959	37,472	47,579	36,356
	\$3,399,478	\$3,621,269	\$3,347,579	\$3,536,356
Term Investments				
JMIS Portfolio				
Financial assets held for sale:				
Investments in listed companies	806,038	800,612	806,038	800,612
Investments in capital notes	71,456	73,430	71,456	73,430
Investments in bonds	648,618	522,490	648,618	522,490
Investments in New Zealand fixed interest	0	0	0	0
	\$1,526,112	\$1,396,532	\$1,526,112	\$1,396,532
Total Investments	\$4,925,590	\$5,017,801	\$4,873,691	\$4,932,888

The JMIS investment portfolio and deposits placed in banks have been classified as investment held and administered on behalf of Scholarship Funds. Changes in market value and income from interest and dividends are recognized directly in Scholarship Commitments liability as disclosed in Note 11.

6 Trade and Other Receivables

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Scholarships	33,449	83,154	33,449	83,154
Sundry and Miscellaneous Income	91,062	120,485	55,820	85,609
	\$124,511	\$203,639	\$89,269	\$168,763

7 Property, Plant & Equipment

	Consolidated Computer Equipment	Consolidated Office Equipment and Furniture	Consolidated Total	NZVCC Computer Equipment	NZVCC Office Equipment and Furniture	NZVCC Total
	\$	\$	\$	\$	\$	\$
Cost or valuation						
Balance at 1 July 2012	124,330	159,241	283,571	123,478	156,571	280,049
Additions	0	5,494	5,494	0	5,494	5,494
Disposals	(10,942)	0	(10,942)	(10,942)	0	(10,942)
Balance at 30 June 2013	113,388	164,735	278,123	112,536	162,065	274,601
Balance at 1 July 2013	113,388	164,735	278,123	112,536	162,065	274,601
Additions	7,919	0	7,919	6,639	0	6,639
Disposals	(58,918)	(599)	(59,517)	(58,918)	0	(58,918)
Balance at 30 June 2014	62,389	164,136	226,525	60,257	162,065	222,322
Accumulated depreciation and impairment losses						
Balance 1 July 2012	86,002	73,650	159,652	85,492	72,678	158,170
Depreciation expense	29,445	31,153	60,598	29,103	30,721	59,824
Elimination on disposal	(10,942)	0	(10,942)	(10,942)	0	(10,942)
Balance at 30 June 2013	104,505	104,803	209,308	103,653	103,399	207,052
Accumulated depreciation and impairment losses						
Balance 1 July 2013	104,505	104,803	209,308	103,653	103,399	207,052
Depreciation expense	9,475	31,149	40,624	8,912	30,813	39,725
Elimination on disposal	(58,918)	(314)	(59,232)	(58,918)	0	(58,918)
Balance at 30 June 2014	55,062	135,639	190,701	53,647	134,213	187,860
Carrying amounts						
At 1 July 2012	38,328	85,591	123,919	37,986	83,893	121,879
At 30 June / 1 July 2013	8,883	59,932	68,815	8,883	58,666	67,549
At 30 June 2014	7,327	28,497	35,825	6,610	27,852	34,462

The additions were to Computer Equipment \$6,639 (\$0, 2013) and there were no additions to Office Equipment Furniture in 2014 \$0 (2013, \$5,494). Costs have reduced by items that had fully depreciated during the financial year on 1 July 2013.

The related depreciation expense for each category has been disclosed separately in note 2.

8 Intangible Assets

	Consolidated IT Software Development	Consolidated Total	NZVCC IT Software Development	NZVCC Total
	\$	\$	\$	\$
Cost or valuation				
Balance at 1 July 2012	0	0	0	0
Additions-Developed	47,049	47,049	47,049	47,049
Disposals	0	0	0	0
Balance at 30 June 2013	47,049	47,049	47,049	47,049
Balance at 1 July 2013	47,049	47,049	47,049	47,049
Additions-Developed	17,375	17,375	17,375	17,375
Disposals	0	0	0	0
Balance at 30 June 2014	64,424	64,424	64,424	64,424
Accumulated Amortisation and impairment losses				
Balance 1 July 2012	0	0	0	0
Amortisation expense	17,205	17,205	17,205	17,205
Elimination on disposal	0	0	0	0
Balance at 30 June 2013	17,205	17,205	17,205	17,205
Accumulated Amortisation and impairment losses				
Balance 1 July 2013	17,205	17,205	17,205	17,205
Amortisation expense	14,922	14,922	14,922	14,922
Elimination on disposal	0	0	0	0
Balance at 30 June 2014	32,127	32,127	32,127	32,127
Carrying amounts				
At 1 July 2012	0	0	0	0
At 30 June / 1 July 2013	29,844	29,844	29,844	29,844
At 30 June 2014	32,297	32,297	32,297	32,297

The additions were to IT Software Development of the Scholarships Online System \$17,375 (2013, \$47,049) during this financial year.

The related amortisation expense has been disclosed separately in note 2.

9 Trade and Other Payables

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Sundry Trade Other Payables	158,727	176,795	120,388	152,087
Accrued Payments from Scholarship Funds	33,449	101,033	33,449	101,033
	\$192,176	\$277,828	\$153,837	\$253,120

10 Employee Entitlements

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Long term Employee entitlements				
Retirement Leave	0	4,448	0	4,448
Long Service Leave	13,390	10,862	13,390	10,862
Total Long Term Employee entitlements	13,390	15,310	13,390	15,310
Short term Employee entitlements				
Salary Accrual	21,008	28,340	15,872	24,271
Employer Superannuation Contribution on Salary Accrual	930	995	724	832
Annual Leave	41,457	32,184	38,688	28,117
Employer Superannuation Contribution on Annual Leave	2,121	2,033	2,010	1,870
Long Service Leave	3,540	1,454	3,540	1,454
Retirement Leave	13,725	6,767	13,725	6,767
Total short term Employee entitlements	82,781	71,773	74,559	63,311
Total Employee Entitlements	\$96,171	\$87,083	\$87,949	\$78,621

11 Scholarship Commitments

For NZVCC and the Consolidated Group

	2014	2013
	\$	\$
Balance at beginning of the year	4,003,010	3,836,106
Plus: Interest and Dividend Income	183,947	190,405
Funding	1,289,629	1,286,095
	1,473,576	1,476,500
	5,476,586	5,312,606
Less: Scholarships Allocated	1,496,258	1,208,448
	3,980,328	4,104,158
Allocation of fair value change	(8,534)	(101,148)
Balance at end of the year	\$3,971,794	\$4,003,010

For NZVCC and the Consolidated Group

Represented by:	2014 \$	Fair Value Change	Funds Received	Funds Allocated	2013 \$
Non-Interest Bearing Scholarships					
Asia 2000	238		0	0	238
Commonwealth Scholarship	24,690		2,131	2,131	24,690
Freyberg	37,501		90,000	132,500	80,001
Kitchener	0		1,000	500	(500)
Miscellaneous Scholarship Fund	2,051		0	0	2,051
NZ University Scholarship	743		0	0	743
The Hydrological Sciences Fellowship	3,289		0	0	3,289
Unicare Fund	2,672		0	0	2,672
Interest Bearing Scholarships					
Andrew Justice Memorial	819		34	0	785
Auckland Council Economics	0		0	0	0
Auckland Medical Aid Trust Scholarship	15,312		50,682	37,500	2,130
Bank of New Zealand Scholarship	52,403		2,190	0	50,213
Bing's Scholarship	16,643		707	345	16,281
Buddle Findlay Centennial Scholarship	6,235		260	0	5,975
Children's Health Camps Scholarship	2,223		93	0	2,130
Claude McCarthy Fellowship	218,968		148,526	169,708	240,150
Dick & Mary Earle Scholarship	15,014		21,742	24,732	18,004
Douglas Myers	72		3,702	3,700	70
Edward & Isobel Kidson Scholarship	1,006,546	(2,816)	62,803	26,008	972,567
Edna Waddell Scholarship	5,886		15,325	10,000	561
Electoral Commission Scholarship	23		13,900	13,877	0
Fish & Game New Zealand	2,269		95	0	2,174
Georgetti Scholarship	595,308		348,068	336,990	584,230
Gerald Agnew Scholarship	0		0	0	0
Girdlers	(22)		14,823	14,813	(32)
Gordon Watson Scholarship	678,201	(2,771)	42,053	37,546	676,465
Henry Kelsey Scholarship	5,300		6,159	9,000	8,141
Kia Ora Foundation	21,964		57,820	64,047	28,191
Kiwi Music Scholarship	10,036		55,324	78,002	32,714
Kiwirail Group Ltd	52,156		21,801	17,000	47,355
L B Wood Traveling Scholarship	8,920		9,284	10,500	10,136
Mervyn Sterling Memorial Scholarship	8,227		2,316	1,000	6,911
NZAid Field Research	13,871		47,822	58,187	24,236
NZ Association of Economists	109		4	0	105
NZEET	13,825		578	0	13,247
NZ France Friendship Fund	29,291		25,529	12,500	16,262
NZFPA Alice Bush Scholarship	3,379		141	0	3,238
NZLF Doctorial	570		35,022	35,000	548
NZLF Ethel Benjamin	21,625		52,259	69,852	39,218
Sullivan Scholarship	45,904		1,954	3,299	47,249
PEANZ	677		28	0	649
Peter Windle Scholarship	19		1	0	18
Pukehou Pouto Scholarship	459,425	(1,161)	102,204	13,432	371,814
Resource Management Law Assn	4,547		190	0	4,357
Reynolds Scholarship	8,088		8,060	8,000	8,028
Road Safety Research Scholarship	8,673		756	22,500	30,417
Robertson	124		8,225	8,221	120
Seafarers Union Scholarship	5,790		5,173	5,000	5,617
Shirtcliffe Fellowship	461,016	(1,786)	27,839	13,762	448,725
Te Putea Awhina Akonga Maori A Te Manatu Waka	23,097		965	0	22,132
TEU Crozier Scholarship	4,354		5,130	2,500	1,724
Todd Foundation Awards for Excellence	42,686		174,993	249,538	117,231
Tower Undergraduate Scholarship	15,463		646	0	14,817
Transit NZ Post Graduate Scholarships	15,571		651	0	14,920
Woolf Fisher	3		4,568	4,568	3
	\$3,971,794	(\$8,534)	\$1,473,576	\$1,496,258	\$4,003,010

Interest earned on the investments held as non-interest bearing scholarships has been credited to the NZVCC in lieu of charging administration fees.

Interest totaling \$106,508 (2013, \$103,242) was earned on investments represented by interest-bearing scholarship funds. This interest has been apportioned to each respective Scholarship Fund by applying an average interest rate earned for each month to the closing balance of the Scholarship Fund for that month.

Income, expenditure and fair value change on investments in the JMIS Portfolio are allocated to the 4 related scholarships in proportion with their investment in the fund. (Gordon Watson 32.47%, Edward & Isobel Kidson 33%, Pukehou Pouto 13.6% and Shirtcliffe Fellowship 20.93%). Interest & Dividends earned totaled \$77,439 (2013, \$87,163) and (\$6,808) (2013, (\$101,148)) represented the fair value change.

Administration fees are charged to all interest-bearing scholarship funds by the Committee for annual services rendered.

The Committee has assumed the obligation for paying out the above scholarships. The period of payment will depend on the timing of approval of the applications.

12 Specialised Funds

CONZUL

NZVCC administers the CONZUL funds on behalf of CONZUL. Funds are received from the eight universities to fund collaborative projects.

INQAAHE Conference Surplus

The Trustees of the INQAAHE Conference Fund agreed to dissolve the INQAAHE Conference Fund as of 30 June 2011 and distribute the funds to the three parties involved. The funds have been utilised to assist in projects, activities and events which have advanced education.

NZ Council of Deans of Education

The NZ Council of Deans of Education received funds as a result of the winding up of the ACENZ and NZVCC has agreed to administer the funds on their behalf.

NZ Women in Leadership Programme

NZVCC has undertaken to provide financial administration services on behalf of the NZ Women in Leadership programme.

13 Separate Funds

The Rhodes Scholarship Fund operates a separate bank/investment account, and the Fund balance is not included in the NZVCC's Statement of Financial Position.

14 Financial Instruments

Financial Instrument Categories

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Loans and receivables				
Cash and cash equivalents	408,454	449,703	287,719	406,834
Bank Term Investments	3,399,478	3,621,269	3,347,579	3,536,356
Trade and Other receivables	124,511	203,639	89,269	168,763
Financial liabilities measured at amortised cost				
Trade and Other payables	192,176	277,828	153,837	253,120
Available for Sale				
JMIS Investment Portfolio	1,526,112	1,396,532	1,526,112	1,396,532

Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

For NZVCC and the Consolidated Group

	Total	Valuation technique		
		Quoted market Price	Observable inputs	Significant non-observable inputs
	\$	\$	\$	\$
30 June 2013				
Financial Assets				
JMIS Investment Portfolio	1,396,532	1,396,532	0	0
30 June 2014				
Financial Assets				
JMIS Investment Portfolio	1,526,112	1,526,112	0	0

There are no transfers between the different levels of the fair value hierarchy.

Credit Risk

Financial instruments which potentially subject NZVCC and the Consolidated Group to credit risk principally consist of Cash and Cash Equivalents and Trade and Other Receivables.

The maximum exposures to credit risk at balance date were:

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Cash on Hand	740	705	504	269
Bank Balances	407,714	448,998	287,215	382,207
Accounts Receivable	124,511	203,639	89,269	26,410
Investments	1,526,112	1,396,532	1,526,112	1,344,889
Bank Deposits	3,399,478	3,583,797	3,347,579	3,500,000
BNZ Credit Cards	31,000	23,000	15,000	15,000

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

Counterparty risk is minimized by spreading investments over registered New Zealand banks.

Concentrations of Credit Risk

The NZVCC and the Consolidated Group is not exposed to any concentration of credit risk.

Interest Rate Risk

The NZVCC and the Consolidated Group is primarily a short term investor in on-call funds and term deposits not exceeding one year. The interest rate risk exposure on deposits pertains to fluctuations in market rates of interest.

The NZVCC and the Consolidated Group seeks to manage movements in investment interest rates by maintaining a balanced portfolio.

Foreign Exchange Risk

Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

15 Auditors' Remuneration

The auditor of NZVCC and AQA is BDO Wellington on behalf of the Auditor-General.

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Audit of the Financial Statements	21,445	21,050	13,570	13,175
Office Audit General overhead charge	1,300	1,300	800	800
Total	\$22,745	\$22,350	\$14,370	\$13,975

16 Related Party

The AQA is a related party by virtue of the fact that the NZVCC has the capacity to appoint all members of the Governing body of the AQA.

During the year NZVCC applied for and received \$379,155 (2013, \$379,155) of University Annual Grants on behalf of the AQA. These funds were then paid to the AQA upon receipt of an invoice.

NZVCC provided serviced offices and provided other administrative services to AQA during the year and received \$49,395 (2013, \$48,836) income for these services.

The Universities are a related party by virtue of the fact that they provide the majority of the funding for the NZVCC. During the year NZVCC applied for and received from the universities the following in University Annual Grants.

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
The University of Auckland	417,348	386,724	339,365	308,695
Auckland University of Technology	233,492	213,369	189,863	170,318
The University of Waikato	184,180	173,341	149,765	138,366
Massey University	252,425	236,632	205,258	188,887
Victoria University of Wellington	257,432	239,754	209,330	191,379
University of Canterbury	230,122	210,598	187,123	168,106
Lincoln University	121,695	109,874	98,956	87,705
University of Otago	332,460	308,863	270,339	246,544
Total	\$2,029,155	\$1,879,155	\$1,650,000	\$1,500,000

The Universities provided funding for the Graduate Longitudinal Study New Zealand (GLSNZ). The University of Otago is undertaking this study. These funds are paid to the University of Otago upon receipt of an invoice.

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
The University of Auckland	47,305	40,130	47,305	40,130
Auckland University of Technology	26,466	22,141	26,466	22,141
The University of Waikato	20,876	17,988	20,876	17,988
Massey University	28,612	24,555	28,612	24,555
Victoria University of Wellington	29,179	24,879	29,179	24,879
University of Canterbury	26,084	21,854	26,084	21,854
Lincoln University	13,794	11,402	13,794	11,402
University of Otago	37,684	32,051	37,684	32,051
Total	\$230,000	\$195,000	\$230,000	\$195,000

The University of Auckland provides assistance with Copyright issues and NZVCC pays for these services upon receipt of an invoice 2014, \$53,810 (2013, \$74,725).

Key Management employees received the following forms of compensation during the course of the year.

	Consolidated 2014	Consolidated 2013	NZVCC 2014	NZVCC 2013
	\$	\$	\$	\$
Short-term employee benefits	385,341	362,652	213,438	198,156
Post-employment benefits	0	0	0	0
Other long-term benefits	0	0	0	0
Termination benefits	0	0	0	0

Key Management employee benefits for the Consolidated Group include Key Management and the AQA Board Honoraria.

