

**NEW ZEALAND
VICE-CHANCELLORS' COMMITTEE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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
FOR THE YEAR ENDED 30 JUNE 2013**

CONTENTS

BACKGROUND	5
STATEMENT OF RESPONSIBILITY	7
AUDITORS' REPORT.....	9
STATEMENT OF OBJECTIVES NZ Vice-Chancellors' Committee.....	11
STATEMENT OF SERVICE PERFORMANCE NZ Vice-Chancellors' Committee	13
STATEMENT OF SERVICE PERFORMANCE Academic Quality Agency.....	21
STATEMENT OF COMPREHENSIVE INCOME.....	23
STATEMENT OF CHANGES IN EQUITY	24
STATEMENT OF FINANCIAL POSITION	25
STATEMENT OF CASHFLOWS.....	26
SEPARATE FUNDS	27
STATEMENT OF CONTINGENT LIABILITIES	28
STATEMENT OF COMMITMENTS.....	29
NOTES TO THE FINANCIAL STATEMENTS	30

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 FOR THE YEAR ENDED 30 JUNE 2013

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 \$1,879,155 from the universities were the main source of funding received by the Committee. \$1,500,000 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.

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
FOR THE YEAR ENDED 30 JUNE 2013**

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 2013 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 Pat Walsh
Chair
New Zealand Vice-Chancellors' Committee



Professor Roy Crawford
Deputy Chair
New Zealand Vice-Chancellors' Committee

21 OCT 2013

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

INDEPENDENT AUDITOR'S REPORT
To the readers of New Zealand Vice-Chancellors' Committee
Financial Statements and Statement of Service Performance
For the year ended 30 June 2013

The Auditor-General is the auditor of the New Zealand Vice-Chancellors' Committee ("the Committee"). 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 the statement of service performance of the Committee on her behalf.

We have audited:

- the financial statements of the Committee and Group on pages 23 to 44, that comprise the statement of financial position as at 30 June 2013, 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 statement of service performance of the Committee on pages 13 to 20 and of Academic Quality Agency For New Zealand Universities ("AQA") on pages 21 to 22.

Opinion

In our opinion, the financial statements of the Committee and Group on pages 23 to 44:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Committee and Group's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Committee on pages 13 to 20 and of AQA fairly reflects the Committee's and AQA's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Our audit was completed on 21 October 2013. 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 the statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the statement of service performance. We found material misstatements that were not corrected, as we referred to in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statement of service performance, 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 the statement of service performance 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 the statement of service performance; and
- the overall presentation of the financial statements and the statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the statement of service performance. We report that we obtained all the information and explanations we required, to provide a basis for our unmodified opinion on the statement of service performance and our qualified opinion on financial statements 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.

In addition, the Committee are responsible for preparing a statement of service performance that fairly reflects the service performance achievements measured against the performance targets adopted for the year.

The Committee are also responsible for such internal control as they determine is necessary to enable the preparation of the financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.

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 the statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

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 2013

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.

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

NEW ZEALAND VICE-CHANCELLORS' COMMITTEE STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

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 AQA also contributes to Outcome 1 and their Statement of Service Performance is provided on pages 21 to 22.

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 36 new qualifications in 2012 to be offered in 2013.

(b) Objective

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

Achievements

CUAP's proposal for a 180-credit Master's degree to be introduced alongside existing Master's degrees was referred to the NZ Qualifications Authority (NZQA) and a revised Master's definition, allowing entry from a three-year bachelor's degree into a 180-credit Master's, was approved by NZQA's Board. CUAP approved five 180-credit Master's degrees in Round Two 2012 and a further 26 were submitted for consideration in Round One 2013.

CUAP submitted a progress report to the panel which had undertaken an audit of CUAP in 2011 advising the panel that it had met their recommendations by: amending the programme proposal template, including an appendix on programme review in the CUAP Handbook, requiring universities to submit an annual list of programme reviews, and developing an on-line proposal management system that was first used in Round Two 2012.

CUAP published an updated edition of its Handbook.

CUAP considered the implications for the universities of the developments with respect to the introduction of postgraduate qualifications for entry to initial teacher education.

CUAP received advice from the Institution of Professional Engineers of NZ and the Deans of Engineering on the implications of the Washington Accord requirements for NZ engineering qualifications.

(c) Objective

To work effectively with NZQA to fulfil statutory responsibilities and promote quality assurance.

Achievements

The Joint Consultative Group, 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.

Universities NZ reviewed its existing policies in light of the confirmed NZQF Programme Approval and Accreditation Rules, the NZQF Qualifications Listing and Operational Rules, and the confirmed NZQA rules for training schemes and offshore education quality assurance requirements. Amendments were made as required to ensure alignment of the Universities NZ and NZQA policies.

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

CUAP considered NZQA's accreditation of the Doctor of Medicine qualification to be offered by the Medical Research Institute of NZ and provided submissions to NZQA on that qualification in the interests of maintaining the international standard of New Zealand doctorates.

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

(d) Objectives

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 sub-committee on university entrance continued to be represented at meetings of the Secondary Principals' and Leaders' Forum.

The sub-committee made recommendations to CUAP regarding the acceptability of entrance-level qualifications other than NCEA.

(e) Objective

To work effectively with the AQA to fulfil Universities NZ's responsibilities for quality assurance in the universities.

Achievements

The Committee approved the change of name to the Academic Quality Agency for New Zealand Universities with effect from 1 January 2013 on the recommendation of the AQA Board.

The Committee confirmed the consolidation of the AQA accounts with Universities NZ's accounts.

The Committee approved amendments to the AQA constitution on the recommendation of the AQA Board and delegated the approval of minor constitutional amendments to the Vice-Chancellors' nominee on the AQA Board.

The Committee re-appointed a member of the AQA Board for a further three-year term and appointed four new members of the Board and a new Deputy Chair of the Board.

The Committee received advice from the AQA on its approach to the Cycle 5 audits.

The Committee approved a budget for the AQA for the period 1 July 2013 to 30 June 2014.

The Committee received a report on the implementation of the AQA's Strategic Plan 2012 -2014.

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

Total budget for academic services:	\$222,180
Total cost for academic services:	\$194,799

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 administration services were provided for 39 scholarship programmes.

Within these programmes Universities NZ:

- made 103 scholarship or fellowship awards on behalf of sponsors or donors, the value of these awards was NZ\$1.31 million and US\$40,000
- made 36 nominations of NZ applicants to overseas decision making bodies
- administered the selection process for 30 scholars where the awards were then managed by the donor.

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

Universities NZ assumed responsibility for one new scholarship programme.

Total budget for scholarship services:	\$254,756
Total cost for scholarship services:	\$231,148

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), 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.

In detail:

(a) Governance

Objective

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

Achievements

Regular meetings of Chancellors and joint meetings with the Vice-Chancellors are held three times a year and are serviced by the Universities NZ secretariat.

(b) Ministers and Government Agencies

Objective

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

Achievements

Submissions and advice to Ministers and government agencies on:

- (i) University funding policy*
- (ii) Changes to the tolerance bands for Student Achievement Component funding*
- (iii) Review of university governance structures*
- (iv) Use of the title "university" by a non-university tertiary institution*
- (v) National Network for Learning*
- (vi) Use of the additional government funding allocated to engineering and science*
- (vii) Effectiveness of school science programmes*
- (viii) Postgraduate teacher education programmes*
- (ix) Use of the average quality score for the 2012 Performance Based Research Fund round*
- (x) Administrative costs associated with the PBRF.*

Submissions were also made to the Government Administration Select Committee on the Lobbying Disclosure Bill, to the Ministerial Review of the NZ Teachers Council and to the NZ Police on the proposed charges for police vetting services.

Submissions and advice on other matters are reported elsewhere.

(c) Research

Objectives

To promote the funding of university research in New Zealand.

To facilitate the development of relationships with the MBIE, other research funding bodies such as the Health Research Council and the Royal Society of New Zealand, and the 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.

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

To support the care of animals in research.

Achievements

Co-ordinated university views and liaised with the TEC on changes to the Performance Based Research Fund reporting structures.

Assisted the university commercialisation offices with the development of a universities-financed project designed to strengthen university-business partnerships, drawing on the work on an earlier TEC-funded project.

Made representations to the Marsden Fund Council on the full cost funding of university research and postgraduate scholarships.

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.

Co-ordinated and presented to the Ministry of Education university views on the continuation of the Centres of Research Excellence.

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.

(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

Members of Te Kāhui Amokura exchanged information on initiatives to promote the success of Māori students and researchers at New Zealand universities.

Commenced work on a statement giving guidance to the universities on the implications of the Waitangi Tribunal's WAI 262 report.

Provided advice to the Ministry of Education on their refresh of the Māori Education Strategy: Ka Hikitia – Accelerating Success 2013-2017.

Maintained an oversight of progress with the publications arising from the work of the MANU AO Academy for Māori Academic and Professional Advancement.

Nominated representatives to participate in the Tū Māia e Te Ākonga working group which provides advice on the implementation of the TEC's Framework for Māori Learners.

Provided input into Ngā Pae o te Māramatanga's preparation of its bid for continued funding as a Centre of Research Excellence.

(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.

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.

Considered the merits of establishing a pan-university immigration advisory service.

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 Licensing Limited (CLL) regarding the renewal of the licence that expired at 31 December 2012. CLL lodged proceedings with the Copyright Tribunal rather than continue to negotiate. The parties agreed to roll over the licence pending a decision by the Copyright Tribunal.

Continued to monitor developments with copyright legislation internationally.

(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

Universities NZ developed a revised communications strategy, in alignment with a newly developed government relations strategy, reflecting a constructive, aspirational and solutions-focussed approach to achieve its advocacy objectives. Communications activities included media releases, media commentary, speeches and a suite of updated publications.

Universities NZ worked to develop stronger, more proactive and collaborative stakeholder relations, particularly with government and government agencies.

(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 and social interests of New Zealand through internationalisation of the universities.

An internationalisation sub-committee was formed and commenced work on a pan-university internationalisation strategy. The strategy includes proposed initiatives to help the universities achieve the goals of the government's Leadership Statement for International Education.

The universities advanced bilateral higher education co-operation through participation by Vice-Chancellors and other senior representatives in the Minister for Tertiary Education, Skills and Employment's delegation to India in October 2012 and the Prime Minister's delegation to China in April 2013.

International collaboration in higher education was promoted through the universities' participation in the Malaysia Education Joint Working Group, the Colombia Bilateral Education Consultations and the inaugural 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 agreed to become a member of the NZ China Council and the Universities NZ Chair joined the Executive Board of the Council.

Universities NZ signed a co-operation agreement with the Ministry of Education, Culture and Sport of Spain and finalised a co-operation agreement with the Conférence des Présidents d'Université of France.

An agreement was signed between Universities NZ and Brazil's National Council for Scientific and Technological Development (CNPq) and an associated work plan was progressed. The agreement and the work plan will enable Brazilian study abroad and PhD students to study in New Zealand under scholarships offered by the Brazilian government.

Strengthened relationships with Education NZ, the recently formed crown agency responsible for international education, including inviting the CEO of Education NZ to attend meetings of International Policy Committee.

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

Prepared submissions to the Ministry of Education on the review of the Code of Pastoral Care for International Students and the proposal to transfer the Office of the Code of Pastoral Care for International Education from the Ministry of Education to the NZQA

Progressed the planning for a visit to NZ by a Taiwan university delegation in October 2012, including the second Higher Education Forum to be held under Universities NZ's academic co-operation agreement with the Foundation for International Co-operation in Higher Education of Taiwan.

Visiting delegations from the Korean Ministry of Education, Science & Technology and Korea Student Aid Foundation and the Fiji Higher Education Commission were hosted.

(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 REANNZ on international connectivity options with AARNET.

Oversaw negotiations with Microsoft for a tertiary campus agreement.

Initiated a review of best practice guidance for setting up Eduroam in NZ.

(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.

(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

Information sharing of best practice in areas such as asset management, disaster recovery, facilities management software, and team structures to promote efficiency in facilities management.

Undertook space analysis benchmarking to optimize room use across the universities.

Held a joint meeting with the Directors of Information Technology to develop better co-operation, particularly around disaster recovery.

(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 TEC and the Ministry of Education.

Achievements

Worked with the TEC on the design of measures to reflect the outcomes of tertiary education.

Worked on the development of revised protocols for the release of data from the Graduate Longitudinal Study NZ.

Worked with the Ministry of Education on the development of new systems to replace the Single Data Return, capturing details of student enrolments and progression.

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

Made representations to NZQA on the timeline for the release of NCEA results in 2013. Liaised with NZQA on a revised NCEA results file and agreed to a final specification document with NZQA.

Worked with the Ministry of Education and StudyLink on the implementation of the changes to student finance policies announced in the 2012 Budget.

Reached an interim resolution with the TEC on the issues arising for the universities from the application of TEC's rules for the verification of student identity.

Considered the application of s292E of the Education Act to the universities and commenced drafting principles to be agreed by Universities NZ and NZQA.

(n) Legal Advice**Objective**

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

Achievements

The Committee provided legal advice to the universities on a range of issues including copyright issues, the development of a standardised research contract, the use of the term "indigenous-university" by a wānanga, student services fees regulations and achieving tax deductibility for donations made in Australia to NZ universities.

(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:	\$1,480,764
Total cost of policy advice and co-ordinating services:	\$1,479,116

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

Total budget for all outputs: \$1,957,700
Total cost for all outputs: \$1,905,063

Consolidated budget for all outputs: \$2,335,835
Consolidated cost for all outputs: \$2,278,795



Professor Pat Walsh
Chair, NZ Vice-Chancellors' Committee



Professor Roy Crawford
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 2013**

Academic Quality Assurance

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

Service Provided¹

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.

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. Academic audits are conducted to a schedule approved by the Board and with the agreement of the universities. 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 (in 2013).

(a) Objective²

Quality Assurance

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

Achievement

- Quality of academic audit processes has been assured by Board oversight and approval and by consultation with both NZVCC and the universities individually.
- Audit of Lincoln University completed as scheduled; report accepted by the University in October 2012; audit report published (October 2012).
- Follow-up audit reports received from AUT University and the University of Otago as scheduled (February 2013; June 2013).
- Development of Cycle 5 academic audit framework, incorporating consultation with universities, auditors and other stakeholders with respect to acceptability, feasibility, utility and timeliness.
- Board approval and publication of Cycle 5 academic audit framework and schedule of audits (January 2013).
- Publication of Cycle 5 Academic Audit Handbook for Universities (May 2013).

(b) Objective

Quality Enhancement

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.

¹ Extracted from AQA Constitution, Appendix

² Objectives extracted from AQA Constitution, Appendix

Achievement

- Publication of four newsletters (September, December, March and June); continuation consistent with feedback from 2011 communications survey³.
- Addition of new quality enhancement resources to the AQA website.
- Two workshops for universities on Cycle 5 methodology including self-review (September 2012 and April 2013).
- Publication of report on Cycle 4 academic audit findings (April 2013).
- "Support for Quality" conference for universities (May 2013) included participation by international colleagues. Participant feedback endorsed quality, timing, location and relevance.

(c) Objective

Quality Enhancement

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

Achievement

- Invited member of both ongoing and ad hoc national and international board, working parties and consultative groups.
- 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 (in 2013).
- Consultancy and contracts undertaken in Hong Kong and the Pacific.
- Receipt of Asia Pacific Quality Network Quality Award 2013 for Stakeholder Engagement.

(d) Objective

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.

Achievement

- Office administration is underpinned by serviced lease arrangement with Universities New Zealand, facilitating appropriate quality and timeliness of delivery. Agreement is reviewed annually.
- Independent review of adherence with INQAAHE Guidelines of Good Practice in Quality Assurance in response to recommendations from 2009 audit of [then] NZUAAU. AQA's compliance confirmed by INQAAHE and published on INQAAHE website (October 2012).
- Change of name and new branding image to better reflect the professional nature of the organisation and the full spectrum of AQA's objectives, and to align with International terminology.
- Annual review of budget and staffing requirements; all subject to on-going monitoring by the Director and Board and budget approval by the NZVCC (Strategic Plan submitted to NZVCC in support of the budget, for information).

Total budget for Academic Quality Agency for NZ Universities
Total cost for Academic Quality Agency for NZ Universities

\$426,935
\$422,829



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

³ Surveys conducted biennially.

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated 2013	Consolidated Budget 2013	Consolidated 2012	NZVCC Actual 2013	NZVCC Budget 2013	NZVCC Actual 2012
Income							
University Annual Grants		1,879,155	1,879,155	1,717,700	1,500,000	1,500,000	1,350,000
University GLSNZ Contributions		195,000	195,000	55,000	195,000	195,000	55,000
Audit Fees		35,909	40,700	54,686	0	0	0
Administration Fees		66,046	67,700	67,372	66,046	67,700	67,372
Interest Income - Bank Term Deposits		53,255	51,500	57,486	47,214	48,000	52,668
Rent & other services income		0	0	0	48,836	48,800	49,454
Sundry Income		18,414	3,580	14,065	0	0	643
Total Income		2,247,779	2,237,635	1,966,309	1,857,096	1,859,500	1,575,137
Less Expenditure	2	2,278,795	2,335,835	2,055,539	1,905,063	1,957,700	1,715,844
Profit/(Loss) for the year		(\$31,016)	(\$98,200)	(\$89,230)	(\$47,967)	(\$98,200)	(\$140,707)
Other Comprehensive Income for the Year							
		0	0	0	0	0	0
Total Comprehensive income/(expense) for the year		(\$31,016)	(\$98,200)	(\$89,230)	(\$47,967)	(\$98,200)	(\$140,707)

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 2013**

	Consolidated 2013 \$	Consolidated Budget 2013 \$	Consolidated 2012 \$	NZVCC Actual 2013 \$	NZVCC Budget 2013 \$	NZVCC Actual 2012 \$
Equity at start of the year	856,262	856,262	945,492	741,905	741,905	882,612
Profit/(Loss) for the year	(31,016)	(98,200)	(89,230)	(47,967)	(98,200)	(140,707)
Other Comprehensive Income	0	0	0	0	0	0
Total Comprehensive Income/(Expense) for the year	(31,016)	(98,200)	(89,230)	(47,967)	(98,200)	(140,707)
Equity at end of the year	\$825,246	\$758,062	\$856,262	\$693,938	\$643,705	\$741,905

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 2013**

		Consolidated Actual	Consolidated Budget	Consolidated Actual	NZVCC Actual	NZVCC Budget	NZVCC Actual
		2013	2013	2012	2013	2013	2012
Note	\$	\$	\$	\$	\$	\$	\$
Equity							
Committee Funds		825,246	758,062	856,262	693,938	643,705	741,905
Accumulated Funds		\$825,246	\$758,062	\$856,262	\$693,938	\$643,705	\$741,905
REPRESENTED BY:							
Current Assets							
Cash and Cash Equivalents	4	449,703	322,195	434,680	406,834	210,379	382,476
Trade and Other Receivables	6	203,639	67,720	54,447	168,763	40,000	26,410
Bank Term Investments	5	3,621,269	3,531,000	3,617,295	3,536,356	3,530,000	3,535,608
		4,274,611	3,920,915	4,106,422	4,111,953	3,780,379	3,944,494
Non-Current Assets							
Property, Plant & Equipment	7	68,815	59,479	123,919	67,549	58,279	121,879
Intangible Assets	8	29,844	50,000	0	29,844	50,000	0
JMIS Investment Portfolio	5	1,396,532	1,344,889	1,344,889	1,396,532	1,344,889	1,344,889
		1,495,191	1,454,368	1,468,808	1,493,925	1,453,168	1,466,768
Total Assets		5,769,802	5,375,283	5,575,230	5,605,878	5,233,547	5,411,262
Current Liabilities							
Trade and Other Payables	9	277,828	115,000	180,546	253,120	100,000	149,810
Employee Entitlements	10	71,773	73,500	116,984	63,311	65,000	108,148
Income Received in Advance		0	0	12,111	0	0	0
GST Payment/(Refund)		4,065	20,662	(2,584)	4,619	16,783	3,340
AQA Finance Lease Liability		0	0	3,852	0	0	0
CONZUL	12	52,657	60,577	60,577	52,657	60,577	60,577
INQAAHE Conference Surplus	12	2,016	2,363	2,363	2,016	2,363	2,363
NZ Council of Deans of Education	12	208,174	199,823	199,823	208,174	199,823	199,823
NZ Women in Leadership	12	309,723	297,941	297,941	309,723	297,941	297,941
		926,236	769,866	871,613	893,620	742,487	822,002
Non-Current Liabilities							
Employee Entitlements	10	15,310	11,249	11,249	15,310	11,249	11,249
Scholarship Commitments	11	4,003,010	3,836,106	3,836,106	4,003,010	3,836,106	3,836,106
		4,018,320	3,847,355	3,847,355	4,018,320	3,847,355	3,847,355
Total Liabilities		4,944,556	4,617,221	4,718,968	4,911,940	4,589,842	4,669,357
Net Assets		\$825,246	\$758,062	\$856,262	\$693,938	\$643,705	\$741,905

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 2013**

	Note	Consolidated Actual 2013 \$	Consolidated Budget 2013 \$	Consolidated Actual 2012 \$	NZVCC ACTUAL 2013 \$	NZVCC BUGET 2013 \$	NZVCC ACTUAL 2012 \$
Cash Flows From Operating Activities							
Cash Was Provided From							
Interest Received		52,280	57,797	57,673	46,466	54,408	53,103
Annual Grants from Universities		1,879,155	1,879,155	1,717,700	1,500,000	1,500,000	1,350,000
Administration Fees		71,086	55,349	67,300	71,086	55,349	67,300
Audit Fees		34,862	28,589	89,741	0	0	0
Other Receipts		251,448	251,642	136,712	232,834	247,862	117,442
Goods and Services Tax		3,851	22,367	(1,884)	(1,050)	11,972	863
Accumulation of Scholarship Funds		133,776	(71,717)	258,323	133,776	(71,717)	258,323
		<u>2,426,458</u>	<u>2,223,182</u>	<u>2,325,565</u>	<u>1,983,112</u>	<u>1,797,874</u>	<u>1,847,031</u>
Cash Was Applied To							
Payments to Suppliers		1,150,405	1,155,252	911,105	924,023	947,423	690,521
Payments to Employees		1,149,993	1,207,361	1,108,706	930,545	972,548	885,342
		<u>2,300,398</u>	<u>2,362,613</u>	<u>2,019,811</u>	<u>1,854,568</u>	<u>1,919,971</u>	<u>1,575,863</u>
Net Cash Flows from Operating Activities	3	<u>126,060</u>	<u>(139,431)</u>	<u>305,754</u>	<u>128,544</u>	<u>(122,097)</u>	<u>271,168</u>
Cash Flows From Investing Activities							
Cash Was Applied To							
Increase in Term Deposits & Investment Portfolio		54,641	0	417,285	51,643	0	366,487
Purchase Intangible Assets		47,049	50,000	0	47,049	50,000	0
Purchase of Property, Plant & Equipment		5,494	0	7,724	5,494	0	7,724
		<u>107,184</u>	<u>50,000</u>	<u>425,009</u>	<u>104,186</u>	<u>50,000</u>	<u>374,211</u>
Net Cash Inflow from Investing Activities		<u>(107,184)</u>	<u>(50,000)</u>	<u>(425,009)</u>	<u>(104,186)</u>	<u>(50,000)</u>	<u>(374,211)</u>
Cash Flows From Financing Activities							
Cash Was Applied To							
Payments of AQA Finance Lease Liability		3,852	3,852	3,744	0	0	0
		<u>(3,852)</u>	<u>(3,852)</u>	<u>(3,744)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Inflow from Financing Activities		<u>(3,852)</u>	<u>(3,852)</u>	<u>(3,744)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) In Cash Held		<u>15,024</u>	<u>(193,283)</u>	<u>(122,999)</u>	<u>24,358</u>	<u>(172,097)</u>	<u>(103,043)</u>
Opening Cash at Beginning of Year		434,679	618,521	557,679	382,476	382,476	485,519
Closing Cash at 30 June		<u>\$449,703</u>	<u>\$425,238</u>	<u>\$434,680</u>	<u>\$406,834</u>	<u>\$210,379</u>	<u>\$382,476</u>
Represented By:							
Petty Cash		705		322	652		269
Bank of New Zealand		448,998		434,358	406,182		382,207
	4	<u>\$449,703</u>		<u>\$434,680</u>	<u>\$406,834</u>		<u>\$382,476</u>

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 2013**

	ACTUAL 2013	ACTUAL 2012
	\$	\$
<hr/>		
Rhodes Scholarship Account (Note 13)		
Accumulated Funds		
Balance at beginning of the year	2,949	1,718
Add: Funds Received	12,000	12,000
Interest Income	19	12
	12,019	12,012
Less: Honoraria	1,956	2,026
Travel to Selection & Meeting Expenses	6,647	8,710
Bank Fees	43	45
	(8,646)	(10,781)
Balance at end of the year	\$6,322	\$2,949
<hr/>		
Represented By:		
Bank of New Zealand Current Account	6,317	2,947
Accrued Interest	5	2
	\$6,322	\$2,949
<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 2013**

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 2013. (2012 Nil)

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

**STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2013**

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 and AQA both concluded photocopier lease arrangements in February 2013 and NZVCC entered into a lease with Konica Minolta. The total lease commitments are as follows:

	Consolidated 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Not later than one year	175,422	173,502	175,422	173,502
Later than one year but not later than five years	697,313	676,848	697,313	676,848
Later than five years	13,744	178,666	13,744	178,666
Total lease commitments	\$886,479	\$1,029,016	\$886,479	\$1,029,016

The total expense for the year relating to the payment of leases was \$175,522 (2012, \$173,502).

Non-cancellable finance lease commitments:

The AQA leased a photocopier from OneSource Limited and this lease was concluded in February 2013.

	Consolidated Future Minimum Payment 2013	Consolidated Future Finance Charges 2013	Consolidated Lease Liability 2013	Consolidated Future Minimum Payment 2012	Consolidated Future Finance Charges 2012	Consolidated Lease Liability 2012
	\$	\$		\$	\$	\$
Not later than one year	0	0	0	4,071	219	3,852
Later than one year but not later than five years	0	0	0	0	0	0
Later than five years	0	0	0	0	0	0
Total lease commitments	\$0	\$0	\$0	\$4,071	\$219	\$3,852

	NZVCC Future Minimum Payment 2013	NZVCC Future Finance Charges 2013	NZVCC Lease Liability 2013	NZVCC Future Minimum Payment 2012	NZVCC Future Finance Charges 2012	NZVCC Lease Liability 2012
	\$	\$		\$	\$	\$
Not later than one year	0	0	0	0	0	0
Later than one year but not later than five years	0	0	0	0	0	0
Later than five years	0	0	0	0	0	0
Total lease commitments	\$0	\$0	\$0	\$0	\$0	\$0

There are no capital commitments at 30 June 2013. (2012 Nil)

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
FOR THE YEAR ENDED 30 JUNE 2013**

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 Pat Walsh, Chair of NZVCC for the 2012/13 financial year, on 21 October 2013.

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. The 30 June 2013 Financial Statements are the first consolidated accounts prepared by NZVCC.

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 2012 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 2013 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 2013, direct costs accounted for 70% of the Committee's costs. (2012: 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 2013 indirect costs accounted for 30% of the Committee's costs. (2012: 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.

Changes in Accounting Policies

There have been no changes in accounting policies during the year.

As from 1 July 2012 NZVCC has prepared Consolidated and Separate Financial Statements as required under NZ IAS 27 Consolidated and Separate Financial Statements including the financial statement of AQA in the consolidated group accounts. The transition to NZ IFRS for AQA had no significant impact.

New Standards, amendments and interpretations issued that are not yet effective and have not been early adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2014 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the NZVCC and the Consolidated Group, except for NZ IFRS 9 Financial Instruments, which becomes mandatory for NZVCC and the Consolidated Group's 30 June 2014 financial statements and could change the classification and measurements of financial assets. The NZVCC and the Consolidated Group does not plan to adopt this standard early and the extent of the impact has not been determined.

2 Schedule of Expenditure

	Consolidated Actual 2013	Consolidated Budget 2013	Consolidated Actual 2012	NZVCC Actual 2013	NZVCC Budget 2013	NZVCC Actual 2012
Note	\$	\$	\$	\$	\$	\$
ACC Levy	2,951	5,600	3,690	2,333	4,800	2,941
ANZCCART-Contribution	40,000	40,000	40,000	40,000	40,000	40,000
Audit Fee	15 22,350	20,800	20,074	13,975	13,800	12,930
Accountancy	6,864	8,000	9,431	3,823	4,000	2,700
Advertising	14,878	9,000	4,348	12,861	4,000	4,348
Amortisation Intangible Assets AQA Chairman & Board Honoraria	17,205	0	0	17,205	0	0
Bank Fees	1,319	1,750	1,396	1,088	1,400	1,002
Computer Maintenance and Training	47,238	104,202	55,240	38,649	100,000	55,192
Conference and Committee Expenses	43,066	45,500	41,621	27,383	40,000	36,537
Consultancy Fees	207,893	182,260	198,019	174,985	158,500	172,459
Copyright Licence Fees	0	20,000	18,000	0	20,000	18,000
Depreciation Computer Equipment	29,445	30,408	37,978	29,103	30,000	37,570
Depreciation Office Equipment, Furniture & Fittings	31,153	34,032	30,024	30,721	33,600	29,592
GLSNZ	195,000	195,000	55,000	195,000	195,000	55,000
Insurance	8,599	8,500	6,202	3,891	4,500	3,711
Interest	220	260	697	0	0	0
Legal Advisory Costs	81,234	35,000	33,416	81,234	35,000	33,416
Legal Costs	342	6,000	442	40	5,000	228
Occupancy Costs	17,787	18,000	17,423	17,787	18,000	17,423
Office Expenses and Administration	54,510	39,820	46,540	37,351	30,420	37,350
Occupancy Rent	164,922	165,000	164,922	164,922	165,000	164,922
Photocopier Lease	10,600	8,580	8,580	10,600	8,580	8,580
Publications and Reports	32,743	51,500	5,290	32,743	48,000	5,290
Salaries	1,062,623	1,106,000	1,061,839	851,291	883,000	860,041
Superannuation Contributions (Including KiwiSaver)	44,556	50,100	41,010	36,145	41,600	32,660
Staff Training	7,821	20,000	16,605	7,821	18,500	16,605
Telephone, Tolls and Faxes	12,738	14,000	13,304	10,417	10,000	9,479
Travel and Accommodation	103,274	97,840	108,653	63,695	45,000	57,868
	\$2,278,795	\$2,335,835	\$2,055,539	\$1,905,063	\$1,957,700	\$1,715,844

Advertising expenditure incurred during 2012/13 amounted to \$73,364 (2011/12, \$13,337). NZVCC was reimbursed by the eight universities for a total of \$60,503 (2011/12, \$8,989) for their portion of the advertising costs. The amount included in the financial statements is the actual cost to NZVCC at 30 June 2013.

3 Reconciliation of Operating Surplus

	Consolidated 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Net surplus/(deficit) from Operations	(31,016)	(89,230)	(47,967)	(140,707)
Add Non-Cash Items:				
Amortisation and Depreciation	77,803	68,002	77,029	67,162
	46,787	(21,228)	29,062	(73,545)
Add (Less) Movements In Other Working Capital Items:				
Trade and Other Receivables	(132,006)	33,876	(142,353)	19,382
GST Refund	6,649	(11,913)	1,279	(8,182)
Accrued Interest	(975)	187	(748)	435
Income Received in Advance	(12,111)	12,111	0	0
Trade and Other Payables	97,022	10,381	103,310	45,264
Prepayments	(16,926)	(3,170)	0	0
Provision for Employee Entitlements	(41,150)	10,663	(40,776)	12,967
Commercialization of Research Fund	0	0	0	0
CONZUL	(7,920)	25,648	(7,920)	25,648
INQAAHE Conference Surplus	(347)	3,191	(347)	3,191
NZ Council of Deans of Education	8,351	8,931	8,351	8,931
NZ Women in Leadership	11,782	(20,563)	11,782	(20,563)
Scholarship Commitments	166,904	257,640	166,904	257,640
	79,273	326,982	99,482	344,713
Net Cash Inflow from Operating Activities	\$126,060	\$305,754	\$128,544	\$271,168

4 Cash and Cash Equivalents

	Consolidated 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Bank of New Zealand				
Current Account (0.25%)	52,342	39,596	36,002	27,891
Autocall Account (2.10%-2.8%)	369,949	360,279	343,473	319,833
US\$ Account Pratt Scholarship (0%)	26,707	34,483	26,707	34,483
	448,998	434,358	406,182	382,207
Petty Cash	705	322	652	269
	\$449,703	\$434,680	\$406,834	\$382,476

5 Investments

	Consolidated 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Current Investments				
Deposits with trading banks				
ASB Bank (Average Interest Rate 4.24%)	1,600,000	1,600,000	1,600,000	1,600,000
WPT Investments (Average Interest Rate 4.2%)	1,000,000	600,000	1,000,000	600,000
BNZ Bank (Average Interest Rate Consolidated 4.27%, NZVCC 4.32%)	983,797	1,380,798	900,000	1,300,000
Interest Accrued	37,472	36,497	36,356	35,608
	\$3,621,269	\$3,617,295	\$3,536,356	\$3,535,608
Term Investments				
JMIS Portfolio				
Financial assets held for sale:				
Investments in listed companies	800,612	647,983	800,612	647,983
Investments in capital notes	73,430	74,306	73,430	74,306
Investments in bonds	522,490	622,600	522,490	622,600
Investments in New Zealand fixed interest	0	0	0	0
	\$1,396,532	\$1,344,889	\$1,396,532	\$1,344,889
Total Investments	\$5,017,801	\$4,962,184	\$4,932,888	\$4,880,497

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 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Scholarships	83,154	23,666	83,154	23,666
Sundry and Miscellaneous Income	120,485	30,781	85,609	2,744
	\$203,639	\$54,447	\$168,763	\$26,410

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 2011	139,610	155,599	295,209	138,758	152,929	291,687
Additions	4,082	3,642	7,724	4,082	3,642	7,724
Disposals	(19,362)	0	(19,362)	(19,362)	0	(19,362)
Balance at 30 June 2012	124,330	159,241	283,571	123,478	156,571	280,049
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
Accumulated depreciation and impairment losses						
Balance 1 July 2011	67,386	43,626	111,012	67,284	43,086	110,370
Depreciation expense	37,978	30,024	68,002	37,570	29,592	67,162
Elimination on disposal	(19,362)	0	(19,362)	(19,362)	0	(19,362)
Balance at 30 June 2012	86,002	73,650	159,652	85,492	72,678	158,170
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
Carrying amounts						
At 1 July 2011	72,224	111,973	184,197	71,474	109,843	181,317
At 30 June / 1 July 2012	38,328	85,591	123,919	37,986	83,893	121,879
At 30 June 2013	8,883	59,932	68,815	8,883	58,666	67,549

The additions were to Office Equipment and Furniture \$5,494 (2012, \$3,642) and there were no additions to Computer Equipment \$0 (2012, \$4,082) during this financial year. Costs have reduced by items that had fully depreciated during the financial year on 1 July 2012.

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 2011	0	0	0	0
Additions-Developed	0	0	0	0
Disposals	0	0	0	0
Balance at 30 June 2012	0	0	0	0
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
Accumulated Amortisation and impairment losses				
Balance 1 July 2011	0	0	0	0
Amortisation expense	0	0	0	0
Elimination on disposal	0	0	0	0
Balance at 30 June 2012	0	0	0	0
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
Carrying amounts				
At 1 July 2011	0	0	0	0
At 30 June / 1 July 2012	0	0	0	0
At 30 June 2013	29,844	29,844	29,844	29,844

The additions were to IT Software Development on the CUAP Management System \$47,049 (2012, \$0) during this financial year.

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

9 Trade and Other Payables

	Consolidated 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Sundry Trade Other Payables	176,795	113,830	152,087	83,094
Accrued Payments from Scholarship Funds	101,033	66,716	101,033	66,716
	\$277,828	\$180,546	\$253,120	\$149,810

10 Employee Entitlements

	Consolidated 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Long term Employee entitlements				
Retirement Leave	4,448	3,530	4,448	3,530
Long Service Leave	10,862	7,719	10,862	7,719
Total Long Term Employee entitlements	15,310	11,249	15,310	11,249
Short term Employee entitlements				
Salary Accrual	28,340	27,544	24,271	23,603
Employer Superannuation Contribution on Salary Accrual	995	814	832	656
Annual Leave	32,184	41,904	28,117	37,349
Employer Superannuation Contribution on Annual Leave	2,033	1,863	1,870	1,681
Long Service Leave	1,454	1,412	1,454	1,412
Retirement Leave	6,767	43,447	6,767	43,447
Total short term Employee entitlements	71,773	116,984	63,311	108,148
Total Employee Entitlements	\$87,083	\$128,233	\$78,621	\$119,397

11 Scholarship Commitments

For NZVCC and the Consolidated Group

	2013	2012
	\$	\$
Balance at beginning of the year	3,836,106	3,578,466
Plus: Interest and Dividend Income Funding	190,405	171,857
	1,286,095	1,409,806
	1,476,500	1,581,663
	5,312,606	5,160,129
Less: Scholarships Allocated	1,208,448	1,284,993
	4,104,158	3,875,136
Allocation of fair value change	(101,148)	(39,030)
Balance at end of the year	\$4,003,010	\$3,836,106

For NZVCC and the Consolidated Group

Represented by:	2013	Fair Value	Funds	Funds	2012
	\$	Change	Received	Allocated	\$
Non-Interest Bearing Scholarships					
Asia 2000	238		0	0	238
Commonwealth Scholarship	24,690		1,653	1,653	24,690
Freyberg	80,001		70,000	31,250	41,251
Kitchener	(500)		0	500	0
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	785		34	0	751
Auckland Medical Aid Trust Scholarship	2,130		50,609	56,987	8,508
Bank of New Zealand Scholarship	50,213		2,128	0	48,085
Bing's Scholarship	16,281		779	2,345	17,847
Buddle Findlay Centennial Scholarship	5,975		253	0	5,722
Children's Health Camps Scholarship	2,130		90	0	2,040
Claude McCarthy Fellowship	240,150		173,671	178,174	244,653
Dick & Mary Earle Scholarship	18,004		28,973	19,879	8,910
Douglas Myers	70		3,360	3,358	68
Edward & Isobel Kidson Scholarship	972,567	(33,379)	92,286	13,325	926,985
Edna Waddell Scholarship	561		249	12,018	12,330
Fish & Game New Zealand	2,174		92	0	2,082
Georgetti Scholarship	584,230		344,851	321,924	561,303
Gerald Agnew Scholarship	0		0	0	0
Girdlers	(32)		7,172	7,187	(17)
Gordon Watson Scholarship	676,465	(32,843)	78,970	20,008	650,346
Henry Kelsey Scholarship	8,141		6,132	0	2,009
Kia Ora Foundation	28,191		38,269	45,989	35,911
Kiwi Music Scholarship	32,714		60,683	43,065	15,096
Kiwirail Group Ltd	47,355		21,716	14,000	39,639
L B Wood Traveling Scholarship	10,136		15,171	10,500	5,465
Mervyn Sterling Memorial Scholarship	6,911		292	0	6,619
NZAid Field Research	24,236		91,230	114,646	47,652
NZ Association of Economists	105		5	0	100
NZEET	13,247		561	0	12,686
NZ France Friendship Fund	16,262		26,362	62,500	52,400
NZFPA Alice Bush Scholarship	3,238		137	0	3,101
NZLF Doctorial	548		17,683	26,250	9,115
NZLF Ethel Benjamin	39,218		51,542	25,599	13,275
Sullivan Scholarship	47,249		2,023	3,299	48,525
PEANZ	649		28	0	621
Peter Windle Scholarship	18		1	0	17
Pukehou Pouto Scholarship	371,814	(13,756)	36,801	3,261	352,030
Resource Management Law Assn	4,357		185	0	4,172
Reynolds Scholarship	8,028		8,028	0	0
Road Safety Research Scholarship	30,417		1,750	25,203	53,870
Robertson	120		8,074	8,113	159
Seafarers Union Scholarship	5,617		5,168	5,000	5,449
Shirtcliffe Fellowship	448,725	(21,170)	51,542	8,856	427,209
Te Putea Awhina Akonga Maori A Te Manatu Waka	22,132		938	0	21,194
TEU Crozier Scholarship	1,724		73	0	1,651
Todd Foundation Awards for Excellence	117,231		171,138	138,670	84,763
Tower Undergraduate Scholarship	14,817		628	0	14,189
Transit NZ Post Graduate Scholarships	14,920		632	0	14,288
Woolf Fisher	3		4,538	4,889	354
	\$4,003,010	(\$101,148)	\$1,476,500	\$1,208,448	\$3,836,106

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 \$103,242 (2012, \$98,573) 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 \$87,163 (2012, \$73,283) and (\$101,148) (2012, (\$39,030)) 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 are to be used to assist in projects, activities and events which will advance 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 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Loans and receivables				
Cash and cash equivalents	449,703	434,680	406,834	382,476
Bank Term Investments	3,621,269	3,617,295	3,536,356	3,535,608
Trade and Other receivables	203,639	54,447	168,763	26,410
Financial liabilities measured at amortised cost				
Trade and Other payables	277,828	180,546	253,120	149,810

Available for Sale

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	Quoted market Price	Observable inputs	Significant non- observable Inputs
	\$	\$	\$	\$
30 June 2012				
Financial Assets				
JMIS Investment Portfolio	1,344,889	1,344,889	0	0
30 June 2013				
Financial Assets				
JMIS Investment Portfolio	1,396,532	1,396,532	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 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Cash on Hand	705	322	269	269
Bank Balances	448,998	434,358	382,207	382,207
Accounts Receivable	203,639	54,447	26,410	26,410
Investments	1,396,532	1,344,889	1,344,889	1,344,889
Bank Deposits	3,583,797	3,580,798	3,500,000	3,500,000
BNZ Credit Cards	23,000	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 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Audit of the Financial Statements	21,050	18,180	13,175	11,750
Office Audit General overhead charge	1,300	1,894	800	1,180
Total	\$22,350	\$20,074	\$13,975	\$12,930

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 (2012, \$367,700) 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 \$48,836 (2012, \$49,454) 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 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
The University of Auckland	386,724	359,992	308,695	282,930
Auckland University of Technology	213,369	183,270	170,318	144,038
The University of Waikato	173,341	162,717	138,366	127,885
Massey University	236,632	205,718	188,887	161,681
Victoria University of Wellington	239,754	223,515	191,379	175,668
University of Canterbury	210,598	197,819	168,106	155,473
Lincoln University	109,874	92,716	87,705	72,869
University of Otago	308,863	291,953	246,544	229,456
Total	\$1,879,155	\$1,717,700	\$1,500,000	\$1,350,000

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 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
The University of Auckland	40,130	11,527	40,130	11,527
Auckland University of Technology	22,141	5,868	22,141	5,868
The University of Waikato	17,988	5,210	17,988	5,210
Massey University	24,555	6,587	24,555	6,587
Victoria University of Wellington	24,879	7,157	24,879	7,157
University of Canterbury	21,854	6,334	21,854	6,334
Lincoln University	11,402	2,969	11,402	2,969
University of Otago	32,051	9,348	32,051	9,348
Total	\$195,000	\$55,000	\$195,000	\$55,000

The University of Auckland provides assistance with Copyright issues and NZVCC pays for these services upon receipt of an invoice 2013, \$74,725 (2012, \$73,830).

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

	Consolidated 2013	Consolidated 2012	NZVCC 2013	NZVCC 2012
	\$	\$	\$	\$
Short-term employee benefits	362,652	357,828	198,156	198,419
Post-employment benefits	0	0	0	0
Other long-term benefits	0	0	0	0
Termination benefits	0	0	0	0
Total	\$362,652	\$357,828	\$198,156	\$198,419

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