

**NEW ZEALAND
VICE-CHANCELLORS' COMMITTEE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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FOR THE YEAR ENDED 30 JUNE 2017**

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NEW ZEALAND VICE-CHANCELLORS' COMMITTEE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 \$2,457,000 from the universities were the main source of funding received by the Committee. \$2,057,000 was for the Committee and \$400,000 for the Academic Quality Agency for New Zealand Universities (AQA).

Interest revenue and scholarship administration fees supplement this revenue.

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.

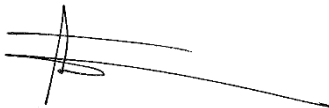
**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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 2017 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 Stuart McCutcheon
Chair
New Zealand Vice-Chancellors' Committee



Professor Harlene Hayne
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 STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

The Auditor-General is the auditor of New Zealand Vice Chancellors' Committee (the "Committee") and group. The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington, to carry out the audit of the financial statements and statement of service performance of the Committee and group on his behalf.

Opinion

We have audited:

- the financial statements of the Committee and group on pages 25 to 47, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expense, 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 performance of the Committee and group on pages 15 to 24.

In our opinion:

- the financial statements of the Committee and group on pages 25 to 47:
 - present fairly, in all material respects:
 - the financial position as at 30 June 2017; and
 - the financial performance and cash flows for the year then ended;
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR").
- the statement of performance of the Committee and group on pages 15 to 24 presents fairly, in all material respects, the Committee and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 30 June 2017.

Our audit was completed on 12 October 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Vice Chancellors' Committee and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Vice Chancellors Committee for the financial statements and the statement of service performance

The Vice Chancellors' Committee is responsible on behalf of the Committee and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Vice Chancellors' Committee is also responsible on behalf of the Committee and group for preparing a statement of performance that is fairly presented.

The Vice Chancellors' Committee is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and a statement of performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of performance, the Vice Chancellors' Committee is responsible on behalf of the Committee and group for assessing the Committee and group's ability to continue as a going concern. The Vice Chancellors' Committee is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Vice Chancellors' Committee intends to liquidate the Committee and group or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the statement of performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of performance.

For the budget information reported in the financial statements and the statement of performance, our procedures were limited to checking that the information agreed to the Committee and group's statement of objectives.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Vice Chancellors' Committee.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Vice Chancellors' Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Committee and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of performance, including the disclosures, and whether the financial statements and the statement of performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

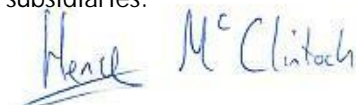
We communicate with the Vice Chancellors' Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Committee and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Henry McClintock
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 2017

Roles

Universities NZ has three roles:

1. A statutory role in quality assuring all NZ university academic programmes, overseeing high school university entrance standards and managing a range of scholarship schemes.
2. A coordination role in bringing together different parts of the university system to share best practice and to collaborate on matters of common interest.
3. A role working with key Government agencies and ministers to ensure that there is good understanding regarding the university sector and to contribute to the development of Government policy.

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 and effectiveness across the New Zealand university system
3. Policies and an operating environment that ensure New Zealand universities are optimally able to contribute 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 PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

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 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 93 new qualifications in 2016 to be offered in 2017.

(b) Objective

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

Achievements

Universities NZ commissioned the AQA to undertake a review of CUAP. The findings of the review were released in July 2017.

(c) Objective

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

Achievements

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

Universities NZ participated in the following NZQA Advisory and Working Groups:

- *New Zealand Qualifications Framework Referencing Advisory Group*

Universities NZ signed a letter of agreement with NZQA regarding NZQA's role as the Code administrator for the Code of Pastoral Care for International Students and points of cooperation between Universities NZ and NZQA in monitoring Code compliance in the university sector.

Universities NZ and the Academic Quality Agency co-presented on quality assurance in the university sector to NZQA staff.

Universities NZ participated in discussions and presentations on university quality assurance policies and processes to international delegations from Japan and China (Shanghai).

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 met. The Subcommittee reviewed the equivalency of entrance-level qualifications other than National Certificate of Educational Achievement (NCEA) to the University Entrance standard and made recommendations to CUAP.

Universities NZ was represented on the following Advisory and Working Groups;

- Secondary Qualifications Advisory Group.
- University Entrance Advisory Group.
- Te Marautanga o Aotearoa (TMOA) Working Group (for incorporating the TMOA into the University Entrance standard).
- Vocational Pathways NCEA Level 3 Advisory Group.

(e) Objective

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

Achievements

The Joint Consultative Group, a body made up of Universities NZ, NZQA and AQA met four times. Universities NZ participated jointly with AQA in discussions and presentations on university quality assurance policies and processes to international delegations.

Total budget for academic services:	\$247,169
Total cost for academic services:	\$231,900

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. For the programmes Universities NZ:

- made 107 scholarship or fellowship awards on behalf of sponsors and donors; the value of these awards was \$1,166,178.00.
- made 39 nominations of NZ applicants to overseas decision making bodies.
- managed the selection for 29 scholars were the awards were then managed by the donor.

Universities NZ assumed responsibility for one new scholarship programme. Three scholarship programs were withdrawn by their respective donors.

Total budget for scholarship services:	\$328,077
Total cost for scholarship services:	\$297,006

Output 3 - Policy Advice and Coordinating 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 coordinating 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.

(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 2016, December 2016 and June 2017. 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

Submissions were made to the Government during 2016/17 on the following subjects;

- *Submission to the NZ Productivity Commission on its Draft Report (November 2016).*
- *Submission on the Tertiary Education Bill 2016 (October 2016).*
- *Submission on the Education (Tertiary Education & Other Matters) Bill (May 2017).*
- *Submission on the Annual Maximum Fee Movement (June 2017).*

Universities New Zealand continued an active programme of engagement with officials and ministers and contributed to the following work programmes;

Contributing proactively to key Government initiatives in the areas of;

- *The Productivity Commission's Inquiry into New Models of Tertiary Education.*
- *The Tertiary Education Commission's Investment Approaches Programme.*
- *Government initiatives around providing advice to young people on study and career options and the merger of Careers NZ into the TEC.*
- *The NZQA led review of University Entrance.*

Responding appropriately to other smaller scale Government initiatives including;

- *NZQA work around micro-credentialing, credit transfer, and recognition of prior learning.*
- *Implementing new reporting and monitoring requirements around the pastoral care of international students.*
- *The review of REANNZ funding.*

(c) The Public and Non-Government Stakeholders

Objective

To ensure there is understanding and support for the university sector across New Zealand society.

Achievements

- *A website providing information on earnings and employment outcomes for graduates was developed and published.*
- *An NZIER report on the economic contribution of universities to their regions was published.*
- *During the year, the Executive Director of Universities NZ presented at 9 conferences or workshops and held 27 meetings with stakeholder groups such as Business NZ, The New Zealand Union of Student's Association (NZUSA) and Science New Zealand. He also made a large number of media statements, both proactive and reactive.*

(d) 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, other research funding bodies such as the Health Research Council and the Royal Society of New Zealand, and the Tertiary Education Commission.

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

- *Provided input into the design of the Performance-Based Research Fund (PBRF) for the 2018 Quality Evaluation through membership of the Sector Reference Group set up to advise the TEC.*
- *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 Standards New Zealand in identifying experts suitable to assist with the development of building standards.*
- *Assisted with identifying a representative on a committee overseeing the transport governance strategy and plan.*
- *Co-ordinated activities around developing a new standard for scientific divers.*

(e) 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

Universities New Zealand and Te Kāhui Amokura (TKA) were represented on the following advisory and working groups;

- *Secondary Qualifications Advisory Group (NZQA).*
- *Māori-Medium Secondary Qualifications Advisory Group (NZQA).*
- *TEC Māori and Pasifika Assessment Framework Working Group.*
- *Ministry of Education - Pathways Advisory Group.*

Formal submissions were made to NZQA on the following subjects;

- *Proposed changes to University Entrance.*
- *Aligning subjects and standards from Te Marautanga o Aotearoa with the University Entrance approved subject list (Joint submission with the Subcommittee on University Entrance).*

Other achievements include;

- *Worked with AQA to develop an initial framework for their Cycle 6 - Enhancement theme.*
- *Response provided to Vice-Chancellors regarding the Productivity Commissions Final Report noting committee concerns pertaining to Māori.*
- *In conjunction with Vice-Chancellors established a work plan to identify financial 'investment' in tairua Māori initiatives across the universities.*
- *Provided initial input to the TEC around their Māori and Pasifika Investment Plan Assessment Framework. TKA will provide further input into this during 2017-2018.*
- *Paper developed around 'Responding to the challenges of transition for some tairua Māori to New Zealand Universities'.*

(f) 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

- *Human Resource Directors (HR Directors) held four face to face meetings in 2016/17*
- *New Zealand Women in Leadership (NZWiL) pilot aimed at those working in the disciplines of accountancy, finance, mathematics and statistics, underway*
- *Joint TKA and HR Directors' workshop agreed to explore approaches to Maori workforce development*

(g) 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

- *The Copyright Licensing Committee met face-to-face twice*
- *Collecting and reporting copyright use data to Copyright Licensing Ltd (CLL) is being monitored and refined by universities*
- *Working Group meetings have included meetings with the Chief Executive Officer, Australasian Open Access Strategy Group, CLL, MBIE copyright policy representatives, Washington University's expert on Fair Use and copyright and Fulbright Scholar.*
- *Peter Watts, Chair, completed his term*

(h) 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

- *Developed new website, with entirely new content and design, for release August 2017.*
- *Developed a Key Facts & Stats publication for the university sector.*
- *Developed a bi-monthly sector newsletter, commencing April 2017.*
- *Developed 58 media releases (proactive/reactive) and news stories, coordinated comments and quotes, facilitated interviews with the Executive Director.*
- *Developed regular opinion pieces on key sector issues.*
- *Achieved 516 Twitter followers.*
- *Coordinated Marketing and Communications Directors portfolio.*
- *Planned and organised Marketing and Communications Managers Annual event.*
- *Other support work for Vice-Chancellors and Universities New Zealand.*

(i) 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 held 4 meetings during the year.*
- *International collaboration in higher education was promoted through Universities New Zealand signing agreements with FAPESP, the Sao Paulo Research Foundation, and planning for the fourth Taiwan Higher Education Symposium which will take place in October 2017.*
- *Meetings with Immigration New Zealand (INZ) reworked so INZ meet directly with the Universities, allowing more focused dialogue. These provide a vehicle to promote improvements in immigration policy settings for international students.*
- *Closer relationship with Education New Zealand resulting in the first joint country activity planning for 2018.*
- *Fostered relationships with Education New Zealand, INZ and the NZQA by ensuring their representation at Committee on International Policy meetings, and the meeting of the Forum of International Managers and Directors.*
- *Completed a number of pan-university initiatives these include;*
 - *A revised internationalisation strategy*
 - *Media engagement strategy*
 - *Government engagement strategy*
 - *India market strategy, and commencement of the implementation plan*

(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

- *Information and Communications Technology Committee (ICTC) held two face-to-face meetings and a video conference.*
- *Agile and security special interest group meetings were planned in 2016/17.*
- *Representatives are participating in the new REANNZ Service Advisory Group*
- *The bi-annual The Higher Education Technology Agenda (THETA) Conference was planned and hosted in April 2017 in Auckland.*
- *Vice-Chancellors endorsed the ICTC proposal to review REANNZ.*

(j) Council of NZ University Librarians

Objective

To improve access for students and staff of NZ universities to the information resources required to advance teaching, learning and research.

Achievements

- *Council of New Zealand University Librarians (CONZUL) met 5 times, three face-to-face, two tele/video conferences.*
- *A paper from the Research Data Management working group was tabled with the Research Committee recommending the feasibility of establishing a universities-only research metadata registry be established.*
- *Preliminary work on quantifying the quantity and amounts related to author processing charges being paid by university researchers and academics to publishing houses, underway*
- *Terms of References update endorsed by Vice-Chancellors.*

(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 met face to face twice. The March 2017 meeting included a joint meeting with ICTC.*
- *A December 2016 workshop was held to review the agreement terms for Campus Living Villages.*
- *The Asbestos Working Group established a communications policy to handle enquiries; the group has been encouraged to meet annually by Facilities Directors.*
- *A university representative is now included on the MBIE Fire Programme.*

(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

- *Represented university views through participating in a TEC working group on the provision of Information for Learners.*
- *Assisted with input into the development of a graduate satisfaction survey.*

(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

- *All eight New Zealand universities had committed in principle in the implementation of the Digital Student Data Project, now branded as 'my eQuals'.*

- *The Committee on Student Administration and Academic Services (CSAAS) initiated an admission processes benchmarking exercises across the eight universities.*
- *CSAAS continued to liaise closely with StudyLink and NZQA.*

(n) Administrative Support

Objective

To provide administrative support to inter-university initiatives.

Achievements

Administrative support was provided to all formal Universities NZ committees during the year and to the Women in Leadership Programme, the NZ Women in Leadership POD Fund, the Council of Deans of Education and to the Tertiary ICT Conference.

Total budget for policy advice and co-ordinating services:	\$1,826,754
Total cost of policy advice and co-ordinating services:	\$2,051,563

Total budget for all outputs:	\$2,402,000
Total cost for all outputs:	\$2,580,469



Professor Stuart McCutcheon
Chair
NZ Vice-Chancellors' Committee



Professor Harlene Hayne
Deputy Chair
NZ Vice-Chancellors' Committee

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

**STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017**

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.¹

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.

Measure	2016/17 Delivered	2016/17 Quantity Estimated	2015/16 Delivered	2015/16 Quantity Estimated
1.1 Academic audit reports published as per indicative timeline ¹	2 (Otago – Aug/Sept, Lincoln - Dec)	2 (Otago, Lincoln)	2 (Waikato Oct. 2015, AUT April 2016)	2 (Waikato, AUT)
1.2 Academic audit follow-up reports received as per indicative timeline	2 (Waikato, AUT)	2 (Waikato, AUT)	3 (Auckland, Victoria, Canterbury)	3 (Auckland, Victoria, Canterbury)
1.3 Feedback on audit process sought from recently audited universities as per indicative timeline	2 (Otago and Lincoln)	2 (Otago, Lincoln)	2 (Waikato, AUT)	2 (Waikato, AUT)
1.4 Proportion of auditors appointed to NZ university audit panels who have received auditor training	100%	100%	90% (n=10)	100%
1.5 Development of Cycle 6	Cycle 6 has been endorsed by the Vice-Chancellors ON 6/7 April 2017	Cycle 6 method approved by Vice-Chancellors	New for 2016/17	

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 facilitate 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. In 2016/17 Quality Enhancement activities will include "Learning from Cycle 5".

¹Objectives as per AQA Constitution.

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	2016/17 Delivered	2016/17 Quantity Estimated	2015/16 Delivered	2015/16 Quantity Estimated
2.1 Publication of AQA newsletter	4 (September, December, March, June published)	4	3	4
2.2 Workshops and/or meetings held with New Zealand universities on matters pertaining to university quality	2 (Student voice and Quality in Universities Summit, 12 October 2016; Workshop with DVCs(A), 11 Jan. 2017)	2	8	2
2.3 'Support for Quality' Conference	1 (13 Oct. 2016)	1	1	1 (October 2015)
2.4 Biennial QE/communications survey of stakeholders	1 (survey distributed with June newsletter)	1	1 (as part of AQA review)	1

Objective 3: Quality Enhancement – AQA

To improve the quality 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 June 2015) 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	2016/17 Delivered	2016/17 Quantity Estimated	2015/16 Delivered	2015/16 Quantity Estimated
3.1 Membership of related national boards, committees and working groups	3 (JCG; NZQA evaluation indicator working group, NZQA assessment practice conference)	2	1	2
3.2 Membership of related international boards and working groups	1 (Pacific benchmarking initiative reference group)	1	1	1
3.3 Enhancement of AQA operations*	See 1 year follow up report AQA Board considered the Constitution at their meeting of 12 July, 2016 and determined that no changes were recommended at that time, but may be reconsidered depending on the	Implementation in line with AQA report to Vice-Chancellors Review of Constitution completed and approved by Vice-Chancellors	Report published September 2015.	Review undertaken in June 2015; report to be received 2015/16

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

Measure	2016/17 Delivered	2016/17 Quantity Estimated	2015/16 Delivered	2015/16 Quantity Estimated
	design of Cycle 6 and the findings of the Productivity Commission Review of international best practice included in Cycle 6 Discussion paper considered by the AQA Board at its 7 November 2016 meeting	1 Paper on international best practice in academic audit presented to the AQA Board		
3.4 External consultancy or other contracts undertaken	2 (Review of CUAP; follow-up visit and report for National University of Samoa)	1 (Review of CUAP)	1	2 (Macao, one other – likely Oman)

* Measure amended from 2015/16

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	2016/17 Reviewed	2016/17 Quantity Estimated	2015/16 Delivered	2015/16 Quantity Estimated
4.1 Review of annual service lease agreement with Universities New Zealand	Review completed and lease re-signed (17-18 May, 2017)	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	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	Annual grant approved as sought

Total budget for Academic Quality Agency for NZ Universities

\$574,671

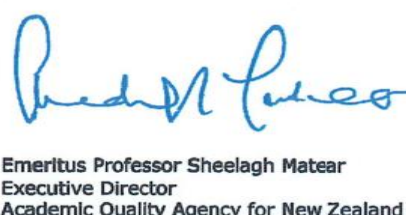
Total cost for Academic Quality Agency for NZ Universities

\$480,091

For and on behalf of the board



Pania Aroha Gray
Deputy Chair of the Board
Academic Quality Agency for New Zealand Universities



Emeritus Professor Sheelagh Matear
Executive Director
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 REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2017**

Note	Group Actual 2017	Group Budget 2017	Group Actual 2016	NZVCC Actual 2017	NZVCC Budget 2017	NZVCC Actual 2016
Revenue						
University Annual Grants	2,457,000	2,457,000	2,430,000	2,057,000	2,057,000	2,030,000
University Cost-splitting Income	41,137	0	153,788	41,137	0	153,788
University GLSNZ Contributions	190,000	190,000	225,000	190,000	190,000	225,000
Audit Fees	63,787	81,390	130,327	0	0	0
Administration Fees	70,400	74,000	69,441	70,400	74,000	69,441
Interest Revenue - Bank Term Deposits	23,032	33,000	47,561	20,639	30,000	42,507
Rent & other services revenue	0	0	0	47,957	48,000	53,790
Sundry Revenue	185,090	8,000	31,844	180,051	0	23,358
Total Revenue	3,030,446	2,843,390	3,087,961	2,607,184	2,399,000	2,597,884
Less Expenditure	2,966,094	2,873,671	3,110,324	2,580,469	2,402,000	2,631,447
Surplus/(Deficit) for the year	\$64,352	(\$30,281)	(\$22,363)	\$26,715	(\$3,000)	(\$33,563)
Other Comprehensive Revenue and Expense	0	0	0	0	0	0
Total comprehensive revenue and expense for the year	\$64,352	(\$30,281)	(\$22,363)	\$26,715	(\$3,000)	(\$33,563)

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 2017**

	Group Actual 2017 \$	Group Budget 2017 \$	Group Actual 2016 \$	NZVCC Actual 2017 \$	NZVCC Budget 2017 \$	NZVCC Actual 2016 \$
Equity at start of the year	721,892	721,892	744,255	530,818	530,818	564,381
Total Comprehensive Revenue and Expense for the year	64,352	(30,281)	(22,363)	26,715	(3,000)	(33,563)
Equity at end of the year	\$786,244	\$691,611	\$721,892	\$557,533	\$527,818	\$530,818

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 2017**

	Group Actual 2017	Group Budget 2017	Group Actual 2016	NZVCC Actual 2017	NZVCC Budget 2017	NZVCC Actual 2016	
Note	\$	\$	\$	\$	\$	\$	
Assets							
Current Assets							
Cash and cash equivalents	7	505,369	486,650	627,267	429,193	366,464	477,902
GST (Payment)/Refund		(21,330)	(30,418)	46,095	(21,265)	(32,418)	43,989
Bank Investments	8	3,013,797	3,114,763	3,115,172	2,856,190	3,059,206	3,059,206
Receivables (from exchange transactions)	9	225,921	178,500	113,037	221,585	150,000	77,909
Recoverables (from non-exchange transactions)	10	3,000	2,500	2,500	3,000	2,500	2,500
		<u>3,726,757</u>	<u>3,751,995</u>	<u>3,904,071</u>	<u>3,488,703</u>	<u>3,545,752</u>	<u>3,661,506</u>
Non-Current Assets							
Property, Plant & Equipment	11	45,252	41,450	67,350	45,252	41,450	67,350
Intangible Assets	12	51,941	55,914	25,164	40,341	48,364	25,164
JMIS Investment Portfolio	8	1,530,567	1,454,741	1,454,741	1,530,567	1,454,741	1,454,741
		<u>1,627,760</u>	<u>1,552,105</u>	<u>1,547,255</u>	<u>1,616,160</u>	<u>1,544,555</u>	<u>1,547,255</u>
Total Assets		<u>5,354,517</u>	<u>5,304,100</u>	<u>5,451,326</u>	<u>5,104,863</u>	<u>5,090,307</u>	<u>5,208,761</u>
Liabilities							
Current Liabilities							
Payables (from exchange transactions)	13	166,891	190,000	230,180	147,872	150,000	190,498
Non-exchange liabilities							
Scholarship Commitments	14	2,730	50,000	159,956	2,730	50,000	159,956
Employee benefit liability	15	156,816	163,845	131,654	154,892	153,845	119,845
Income in Advance	17	73,333	0	0	73,333	0	0
CONZUL	18	35,159	26,848	26,848	35,159	26,848	26,848
NZ Council of Deans of Education	18	203,000	203,577	203,577	203,000	203,577	203,577
NZ Women in Leadership	18	183,566	185,604	185,604	183,566	185,604	185,604
NZWIL - POD Fund	18	975	0	0	975	0	0
Tertiary ICT Fund	18	118,767	118,767	118,767	118,767	118,767	118,767
		<u>941,237</u>	<u>938,641</u>	<u>1,056,586</u>	<u>920,294</u>	<u>888,641</u>	<u>1,005,095</u>
Non-Current Liabilities							
Employee benefit liability	15	12,867	12,679	11,679	12,867	12,679	11,679
Non-exchange liabilities							
Scholarship Commitments	16	3,614,169	3,661,169	3,661,169	3,614,169	3,661,169	3,661,169
		<u>3,627,036</u>	<u>3,673,848</u>	<u>3,672,848</u>	<u>3,627,036</u>	<u>3,673,848</u>	<u>3,672,848</u>
Total Liabilities		<u>4,568,273</u>	<u>4,612,489</u>	<u>4,729,434</u>	<u>4,547,330</u>	<u>4,562,489</u>	<u>4,677,943</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**

**STATEMENT OF FINANCIAL POSITION cont.
AS AT 30 JUNE 2017**

Note	Group Actual 2017 \$	Group Budget 2017 \$	Group Actual 2016 \$	NZVCC Actual 2017 \$	NZVCC Budget 2017 \$	NZVCC Actual 2016 \$
Net Assets/Equity						
Accumulated revenue and expense	786,244	691,611	721,892	557,533	527,818	530,818
Net assets/equity attributable to the owners of the controlling entity	786,244	691,611	721,892	557,533	527,818	530,818
Total Net Assets/Equity	\$786,244	\$691,611	\$721,892	\$557,533	\$527,818	\$530,818
Total net Assets/Equity and Liabilities	\$786,244	\$691,611	\$721,892	\$557,533	\$527,818	\$530,818

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 2017

Note	Group Actual 2017 \$	Group Budget 2017 \$	Group Actual 2016 \$	NZVCC Actual 2017 \$	NZVCC Budget 2017 \$	NZVCC Actual 2016 \$
Cash Flows From Operating Activities						
Interest Received	23,011	32,909	48,015	20,639	30,000	42,507
Annual Grants from Universities	2,457,000	2,457,000	2,430,000	2,057,000	2,057,000	2,030,000
Administration Fees	73,525	12,870	82,611	73,525	12,870	82,611
Audit Fees	135,043	137,639	108,279	0	0	0
Accumulation of Scholarship Funds	(199,591)	(105,456)	(268,486)	(199,591)	(105,456)	(268,486)
Goods and Services Tax	32,185	60,098	(43,035)	29,531	60,204	(44,326)
Other Receipts	378,627	167,724	328,266	424,658	201,837	373,003
Payments to Suppliers	(1,357,487)	(1,261,722)	(1,394,281)	(1,184,482)	(1,015,732)	(1,162,434)
Payments to Employees	(1,640,366)	(1,581,679)	(1,628,362)	(1,361,682)	(1,307,161)	(1,385,355)
Net Cash Flows from Operating Activities	(98,053)	(80,617)	(336,993)	(140,402)	(66,438)	(332,480)
Cash Flows From Investing Activities						
Decrease/(Increase) in Term Deposits & Portfolio	25,572	0	339,730	127,190	0	342,082
Purchase of intangible assets	(44,706)	(45,000)	(12,600)	(30,786)	(45,000)	(12,600)
Purchase of Property, Plant & Equipment	(4,711)	(15,000)	(62,818)	(4,711)	0	(62,818)
Net Cash Flows From Investing Activities	(23,845)	(60,000)	264,312	91,693	(45,000)	266,664
Net Increase (Decrease) In cash and cash equivalents	(121,898)	(140,617)	(72,681)	(48,709)	(111,438)	(65,816)
Opening Cash at Beginning of Year	627,267	627,267	699,948	477,902	477,902	543,718
Closing Cash at 30 June 2016	\$505,369	\$486,650	\$627,267	\$429,193	\$366,464	\$477,902
Represented by:						
Petty Cash	604		715	505		517
Bank of New Zealand Current accounts	504,765		626,552	428,688		477,385
7	\$505,369		\$627,267	\$429,193		\$477,902

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 2017**

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

The reporting entity is NZVCC (the "Parent") a public benefit entity and was established under the Education Act 1989. NZVCC is required to prepare financial statements in accordance with Section 153-156 of the Crown Entities Act 2004.

The consolidated financial statement for the year ended 30 June 2017 comprise of NZVCC and AQA together referred to as the 'Group'.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements of NZVCC and the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate for Tier 2 Public Sector Public Benefit Entity (PBE) Standards, for which all reduced disclosure regime exemptions have been adopted.

The NZVCC and the Group has elected to report in accordance with Tier 2 Public Sector PBE Standards as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

These financial statements were authorised for issue by Professor Stuart McCutcheon, Chair of NZVCC on 12 October 2017.

(b) Measurement basis

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

- Financial instruments
- Property, Plant & Equipment
- Long-term employee benefits

(c) Functional and presentation currency

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

There has been no change in the functional currency of the Group or any significant foreign operations of the Group during the year.

3 Use of Judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the NZVCC and Group financial statements include the following:

- Revenue recognition non-exchange revenue
- Intangible assets having indefinite useful lives

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2017 include the following:

- Key assumptions underlying determining the recoverable amounts for impairment testing
- Useful life, recoverable amount, depreciation method and rate
- Likelihood and magnitude of outflows in determining recognition and measurement of provisions.

(c) Changes in accounting estimates

There have been no changes in accounting estimates during the period.

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group, except as explained in note 5 which addresses changes in accounting policies.

(a) Basis of consolidation

The 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, revenue and expenses on a line-by-line basis. All transactions and balances between the Group are eliminated on consolidation, including unrealised 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 the Groups perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

Loss of control of a controlled entity

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.

(b) Foreign currency

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.

(c) Revenue

Revenue from exchange transactions

Revenue from exchange transactions are those where the Group receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity.

Revenue from exchange transactions are recognised when the amount of revenue is earned and is reported in the financial period to which it relates.

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.

Rendering of services

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources but provides no (or nominal) direct consideration in return.

Scholarships Revenue

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 Revenue and Expenditure.

(d) Employee Benefits

Short-term employee benefits

Short-term employee benefit liabilities, wages and salaries, including non-monetary benefits and annual leave are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

Retirement Leave

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.

Long Service Leave

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.

Long-term employee benefits

Long-term employee benefit obligations are recognised when the Group have a legal or constructive obligation to reimburse employees for services provided beyond 12 months of reporting date.

Defined Contribution Plans

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

Termination Benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(e) Finance income

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

(f) Financial instruments

All assets and liabilities of NZVCC and the 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 Revenue and Expenditure.

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 2017 for each financial instrument.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets comprise of the JMIS Investment Portfolio.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses recognised in other comprehensive revenue and expense. These gains and losses, along with revenue, are then allocated to the 4 related scholarships in proportion with their investment in the fund.

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

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 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 revenue. When an investment is derecognised, the cumulative gain or loss previously recognised in other comprehensive revenue is transferred to surplus or deficit.

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

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 revenue recognition.

(g) Impairment of non-derivative financial assets

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 surplus or deficit 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 surplus or deficit.

(h) Property, plant and equipment

Recognition and measurement

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 surplus or deficit as an expense when incurred.

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%SL
Office equipment, furniture and fittings	20%SL

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

(i) Intangible assets

Recognition and measurement

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.

(j) Impairment of non-financial 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 deficit is recognised in the surplus and deficit. The reversal of an impairment deficit is also recognised in the Statement of Comprehensive Revenue and Expense.

(k) Leases

Leases where the NZVCC and the 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 surplus or deficit 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.

(l) Cost Accounting

The Committee reviewed and adopted the following Cost Allocation policy on 1 July 2014. The income and expenditure has been allocated across the cost centres utilising the following three rules:

- (i) All directly attributable income or expenditure is to be allocated to the cost centre responsible.
- (ii) All income or expenditure that is able to be easily tracked is to be allocated to the cost centre responsible.
- (iii) Shared services or un-tracked income and expenditure are to be allocated using the standard allocation percentages calculated as follows:
 - a) The costs of support staff that work across all cost centres are split based on the % of all Full time equivalent staff (FTES) working in each cost centre as at 1 July each financial year.
 - b) The standard cost allocation percentage will be the above distribution of FTES working in each cost centre for support staff plus the FTES working in each cost centre as at 1 July each financial year.

(m) Budget

The budget figures for NZVCC and AQA are those approved by the NZVCC Committee at their June 2016 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.

(n) Goods and Services Tax

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

(o) Taxation

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

(p) 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 revenue sources of the NZVCC and the 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 Group.

5 Changes in accounting policy

The accounting policies applied in these financial statements are the same as those applied to NZVCC and the Group's financial statements as at the year ended 30 June 2016.

6 Expenses

		Group Actual 2017	Group Budget 2017	Group Actual 2016	NZVCC Actual 2017	NZVCC Budget 2017	NZVCC Actual 2016
	Note	\$	\$	\$	\$	\$	\$
ACC Levy		3,513	5,600	2,382	2,632	4,800	1,796
ANZCCART-Contribution		40,000	40,000	40,000	40,000	40,000	40,000
Audit Fee	22	24,765	23,500	25,100	15,475	15,500	16,020
Accountancy		8,100	10,300	8,000	2,100	6,000	5,000
Advertising		4,856	14,000	13,401	4,856	8,000	4,638
Amortisation Intangible Assets		17,929	21,800	19,956	15,609	21,800	19,956
AQA Chairman & Board Honoraria		29,041	23,409	25,330	0	0	0
Bank Fees		1,777	1,900	1,719	1,364	1,500	1,454
Computer Maintenance and Training		76,602	84,000	86,413	75,996	84,000	84,236
Conference and Committee Expenses		41,658	43,300	89,444	35,570	37,000	83,771
Consultancy Fees		423,819	243,528	312,145	379,751	173,700	244,459
Depreciation Computer Equipment		24,775	31,350	14,299	24,775	23,900	14,197
Depreciation Office Equipment, Furniture & Fittings		2,034	2,000	2,866	2,034	2,000	2,556
GLSNZ		190,000	190,000	225,000	190,000	190,000	225,000
Insurance		8,574	12,000	10,652	2,951	5,000	4,606
Interest		66	0	0	0	0	0
IRD Penalties		256	0	0	0	0	0
Legal Advisory Costs		23,222	48,000	8,964	23,222	48,000	8,964
Legal Costs		3,550	3,000	15,029	3,550	2,000	8,334
Loss on sale of Asset		0	0	0	0	0	0
Occupancy Costs		18,184	18,500	17,916	18,184	18,500	17,916
Office Expenses and Administration		74,329	88,900	90,838	62,085	68,900	77,068
Occupancy Rent		167,847	172,672	164,922	167,847	165,000	164,922
Photocopier Lease		11,400	11,400	12,775	11,400	11,400	12,775
Publications and Reports		21,088	14,000	4,516	21,088	14,000	4,516
Salaries		1,570,596	1,515,122	1,583,790	1,340,267	1,284,000	1,352,453
Superannuation Contributions (including KiwiSaver)		61,958	61,000	70,164	53,658	52,000	61,949
Staff Training		4,111	12,000	7,334	4,111	11,000	7,028
Telephone, Tolls and Faxes		10,770	14,300	14,885	10,363	12,000	13,498
Travel and Accommodation		101,249	168,090	242,484	71,581	102,000	154,335
Uncollectable Debt		25	0	0	0	0	0
		\$2,966,094	\$2,873,671	\$3,110,324	\$2,580,469	\$2,402,000	\$2,631,447

Advertising expenditure incurred during 2016/17 amounted to \$4,856 (2015/16, \$8,768). NZVCC was reimbursed by the eight universities for a total of \$0 (2015/16, \$4,130) for their portion of the advertising costs. The amount included in the financial statements is the actual cost to NZVCC at 30 June 2017.

7 Cash & Cash Equivalents

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Bank of New Zealand				
Current Account (0.10-0.25%)	69,588	59,240	55,710	40,389
Autocall Account (0.1%-0.55%)	435,177	567,312	372,978	436,996
	504,765	626,552	428,688	477,385
Petty Cash	604	715	505	517
	\$505,369	\$627,267	\$429,193	\$477,902

8 Investments

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Current Investments				
Deposits with trading banks				
ASB Bank (Average Interest Rate 3.66%)	900,000	300,000	900,000	300,000
WPT Investments (Average Interest Rate 0%)	0	900,000	0	900,000
BNZ Bank (Average Interest Rate the Group 3.47%, NZVCC 3.51%)	2,057,177	1,855,557	1,900,000	1,800,000
Interest Accrued	56,620	59,615	56,190	59,206
	\$3,013,797	\$3,115,172	\$2,856,190	\$3,059,206
Term Investments				
JMIS Portfolio				
Financial assets held for sale:				
Investments in listed companies	843,896	888,016	843,896	888,016
Investments in capital notes	141,759	73,560	141,759	73,560
Investments in bonds	469,912	418,165	469,912	418,165
Investments in New Zealand fixed interest	75,000	75,000	75,000	75,000
	\$1,530,567	\$1,454,741	\$1,530,567	\$1,454,741
Total Investments	\$4,544,364	\$4,569,913	\$4,386,757	\$4,513,947

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 revenue from interest and dividends are recognised directly in Scholarship Commitments liability as disclosed in Note 16.

9 Receivables –exchange transactions

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Scholarships - exchange transactions	13,832	9,353	13,832	9,353
Sundry and miscellaneous exchange revenue	171,176	62,319	169,990	38,272
Prepayments	40,913	36,411	37,763	30,284
Accrued Audit Fees Income	0	4,954	0	0
	\$225,921	\$113,037	\$221,585	\$77,909

10 Receivables – non-exchange transactions

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Scholarships - non-exchange transactions	3,000	2,500	3,000	2,500
Sundry and miscellaneous non-exchange revenue	0	0	0	0
	\$3,000	\$2,500	\$3,000	\$2,500

11 **Property, Plant & Equipment**

	Group Computer Equipment	Group Office Equipment and Furniture	Group Total	NZVCC Computer Equipment	NZVCC Office Equipment and Furniture	NZVCC Total
	\$	\$	\$	\$	\$	\$
Cost or valuation						
Balance at 1 July 2015	20,602	164,136	184,738	18,470	162,065	180,535
Additions	58,759	4,059	62,818	58,759	4,059	62,818
Disposals	(4,082)	(137,288)	(141,370)	(4,082)	(137,288)	(141,370)
Balance at 30 June 2016	75,279	30,907	106,186	73,147	28,836	101,983
Balance at 1 July 2016	75,279	30,907	106,186	73,147	28,836	101,983
Additions	4,711	0	4,711	4,711	0	4,711
Disposals	0	(7,641)	(7,641)	0	(7,641)	(7,641)
Balance at 30 June 2017	79,990	23,266	103,256	77,858	21,195	99,053
Accumulated depreciation and impairment losses						
Balance 1 July 2015	10,614	152,429	163,043	8,584	150,668	159,252
Depreciation expense	14,299	2,866	17,165	14,197	2,556	16,753
Elimination on disposal	(4,084)	(137,288)	(141,372)	(4,084)	(137,288)	(141,372)
Balance at 30 June 2016	20,829	18,007	38,836	18,697	15,936	34,633
Accumulated depreciation and impairment losses						
Balance 1 July 2016	20,829	18,007	38,836	18,697	15,936	34,633
Depreciation expense	24,775	2,034	26,809	24,775	2,034	26,809
Elimination on disposal	0	(7,641)	(7,641)	0	(7,641)	(7,641)
Balance at 30 June 2017	45,604	12,400	58,004	43,472	10,329	53,801
Carrying amounts						
At 1 July 2015	9,988	11,707	21,695	9,886	11,397	21,283
At 30 June / 1 July 2016	54,450	12,900	67,350	54,450	12,900	67,350
At 30 June 2017	34,386	10,866	45,252	34,386	10,866	45,252

The additions were to Computer Equipment \$4,711 (2016, \$58,759) and for Office Equipment Furniture in 2017 \$0 (2016, \$4,059). Costs have reduced by items that had fully depreciated during the financial year on 1 July 2016.

The related depreciation expense for each category has been disclosed separately in note 6.

12 Intangible Assets

	Group IT Software Development	Group Total	NZVCC IT Software Development	NZVCC Total
	\$	\$	\$	\$
Cost or valuation				
Balance at 1 July 2015	94,599	94,599	94,599	94,599
Additions-Developed	12,600	12,600	12,600	12,600
Disposals	0	0	0	0
Balance at 30 June 2016	107,199	107,199	107,199	107,199
Balance at 1 July 2016	107,199	107,199	107,199	107,199
Additions-Developed	44,706	44,706	30,786	30,786
Disposals	0	0	0	0
Balance at 30 June 2017	151,905	151,905	137,985	137,985
Accumulated Amortisation and impairment losses				
Balance 1 July 2015	62,079	62,079	62,079	62,079
Amortisation expense	19,956	19,956	19,956	19,956
Elimination on disposal	0	0	0	0
Balance at 30 June 2016	82,035	82,035	82,035	82,035
Accumulated Amortisation and impairment losses				
Balance 1 July 2016	82,035	82,035	82,035	82,035
Amortisation expense	17,929	17,929	15,609	15,609
Elimination on disposal	0	0	0	0
Balance at 30 June 2017	99,964	99,964	97,644	97,644
Carrying amounts				
At 1 July 2015	32,520	32,520	32,520	32,520
At 30 June / 1 July 2016	25,164	25,164	25,164	25,164
At 30 June 2017	51,941	51,941	40,341	40,341

The additions were to IT Software Development of the UNZ CONZUL Extranet site and the development of a new Universities NZ website \$30,786 (2016, \$12,600) during this financial year.

The related amortisation expense has been disclosed separately in note 6.

13 Payable – exchange transactions

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Exchange payments from scholarship funds	1,725	1,839	1,725	1,839
Sundry trade other payables	165,166	228,341	146,147	188,659
	\$166,891	\$230,180	\$147,872	\$190,498

14 Payable – non-exchange transactions

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Non-exchange payments from scholarship funds	2,730	159,956	2,730	159,956
	\$2,730	\$159,956	\$2,730	\$159,956

15 Employee benefit Liability

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Long term Employee entitlements				
Retirement Leave	0	0	0	0
Long Service Leave	12,867	11,679	12,867	11,679
Total Long Term Employee entitlements	12,867	11,679	12,867	11,679
Short term Employee entitlements				
Salary Accrual	61,340	45,954	52,483	37,490
Employer Superannuation Contribution on Salary Accrual	2,514	1,737	2,160	1,434
Annual Leave	53,509	49,103	60,516	46,178
Employer Superannuation Contribution on Annual Leave	1,992	1,852	2,272	1,735
Long Service Leave	9,870	9,583	9,870	9,583
Retirement Leave	27,591	23,425	27,591	23,425
Total short term Employee entitlements	156,816	131,654	154,892	119,845
Total Employee Entitlements	\$169,683	\$143,333	\$167,759	\$131,524

16 Scholarship Commitments

For NZVCC and the Group

	2017	2016
	\$	\$
Balance at beginning of the year	3,661,169	4,107,611
Plus: Interest and Dividend Revenue	142,388	167,598
Funding	<u>1,160,134</u>	<u>1,172,769</u>
	<u>1,302,522</u>	<u>1,340,367</u>
	4,963,691	5,447,978
Less: Scholarships Allocated	<u>1,382,456</u>	<u>1,694,467</u>
	3,581,235	3,753,511
Allocation of fair value change	<u>32,934</u>	<u>(92,342)</u>
Balance at end of the year	<u>\$3,614,169</u>	<u>\$3,661,169</u>

For the Group and NZVCC Represented by:	2017 \$	Fair Value Change	Funds Received	Funds Allocated	2016 \$
Non-Interest Bearing Scholarships					
Asia 2000	238		0	0	238
Commonwealth Scholarship	23,212		1,400	801	22,613
Freyberg	35,501		70,000	81,000	46,501
Kitchener	0		500	500	0
Miscellaneous Scholarship Fund	2,971		920	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	0		28	920	892
Auckland Council Economics	3,009		3,009	0	0
Auckland Medical Aid Trust Scholarship	13,991		19,251	14,918	9,658
Bank of New Zealand Scholarship	59,079		1,980	0	57,099
Bing's Scholarship	11,356		429	2,345	13,272
Bruce Cronin Scholarship	2,620		5,039	5,000	2,581
Buddle Findlay Centennial Scholarship	7,030		236	0	6,794
Children's Health Camps Scholarship	2,506		84	0	2,422
Claude McCarthy Fellowship	110,044		123,775	113,282	99,551
Dick & Mary Earle Scholarship	37,087		68,965	53,908	22,030
Douglas Myers	(32)		3,606	3,653	15
Edward & Isobel Kidson Scholarship	1,118,515	10,868	77,704	46,799	1,076,742
E W File Scholarship	14		2,001	2,000	13
Edna Waddell Scholarship	14,733		20,539	20,000	14,194
Electoral Commission Scholarship	95		8,918	8,892	69
Fish & Game New Zealand	2,558		86	0	2,472
Georgetti Scholarship	125,480		308,972	513,265	329,773
Gerald Agnew Scholarship	0		0	0	0
Girdlers	56		9,012	9,025	69
Gordon Watson Scholarship	735,899	10,694	49,245	16,369	692,329
Henry Kelsey Scholarship	2,866		21,400	21,310	2,776
J H Aspinall Scholarship	8		0	2,500	2,508
Judith Clark Fellowship	109		26,074	26,000	35
Kia Ora Foundation	17,250		46,083	38,444	9,611
Kiwi Music Scholarship	522		40,018	40,000	504
Kiwirail Group Ltd	14,298		20,591	33,000	26,707
L B Wood Traveling Scholarship	2,032		3,068	6,000	4,964
Mervyn Sterling Memorial Scholarship	7,108		2,213	2,000	6,895
NZAid Field Research	6,179		503	25,344	31,020
NZ Association of Economists	123		4	0	119
NZEET	15,586		522	0	15,064
NZ France Friendship Fund	31,437		25,811	12,500	18,126
NZFPA Alice Bush Scholarship	3,810		128	0	3,682
NZLF Doctorial	0		0	0	0
NZLF Ethel Benjamin	4,695		64,044	63,716	4,367
Sullivan Scholarship	39,959		1,404	3,299	41,854
PEANZ	763		25	0	738
Peter Windle Scholarship	21		1	0	20
Pukehou Pouto Scholarship	520,503	4,479	28,686	15,530	502,868
Resource Management Law Assn	5,126		171	0	4,955
Reynolds Scholarship	8,264		8,054	0	210
Road Safety Research Scholarship	6,630		265	3,085	9,450
Robertson	143		8,223	8,220	140
Seafarers Union Scholarship	3,572		5,079	5,000	3,493
Shirtcliffe Fellowship	511,834	6,893	33,050	16,901	488,792
Spark Scholarship	72		25,072	25,000	0
Te Putea Awhina Akonga Maori A Te Manatu Waka	26,040		873	0	25,167
TEU Crozier Scholarship	4,774		5,132	5,000	4,642
Todd Foundation Awards for Excellence	28,625		150,108	132,038	10,555
Tower Undergraduate Scholarship	17,433		584	0	16,849
Transit NZ Post Graduate Scholarships	17,554		588	0	16,966
Woolf Fisher	4,167		9,049	4,892	10
	\$3,614,169	\$32,934	\$1,302,522	\$1,382,456	\$3,661,169

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

Interest totalling \$72,654 (2016, \$91,765) 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.

Revenue, 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 totalled \$69,734 (2016, \$75,833) and \$32,934 (2016, \$92,342) 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.

All scholarship commitments are non-current liabilities until all restrictions or stipulations of the scholarship award are met. See note 14 for current non-exchange payments from scholarship funds.

17 Income in Advance

The Committee received funding for several projects in the 2016/17 year that are ongoing as at 30 June 2017 and that the Committee has an obligation to complete in the 2017/18 year.

The liability held in income in advance is unspent income as at 30 June 2017 and will have matching expenditure in the 2017/18 year.

18 Specialised Funds

CONZUL

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

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.

NZWIL – POD Funds

NZVCC has undertaken to provide financial administration services on behalf of the NZWiL-POD programme.

Tertiary ICT Conference Fund

NZVCC has undertaken to provide financial administration services on behalf of the Tertiary ICT Conference Fund.

19 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.

	ACTUAL 2017 \$	ACTUAL 2016 \$
Rhodes Scholarship Account		
Accumulated Funds		
Balance at beginning of the year	2,666	624
Add: Funds Received	14,000	14,000
Interest Revenue	14	16
	<u>14,014</u>	<u>14,016</u>
Less: Honoraria	857	989
Travel to Selection & Meeting Expenses	13,075	10,945
Bank Fees	45	40
	<u>(13,977)</u>	<u>(11,974)</u>
Balance at end of the year	<u>\$2,703</u>	<u>\$2,666</u>

Represented By:

Bank of New Zealand Current Account	2,701	2,664
Accrued Interest	2	2
	<u>\$2,703</u>	<u>\$2,666</u>

20 Financial Instruments

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

	Group 2017 \$	Group 2016 \$	NZVCC 2017 \$	NZVCC 2016 \$
Loans and receivables				
Cash and cash equivalents	505,369	627,267	429,193	477,902
Bank Term Investments	3,013,797	3,115,172	2,856,190	3,059,206
Receivables - exchange transactions	225,921	113,037	221,585	77,909
Recoverables - non-exchange transactions	3,000	2,500	3,000	2,500
Financial liabilities measured at amortised cost				
Trade and Other payables	166,891	230,180	147,872	190,498
Available for Sale				
JMIS Investment Portfolio	1,530,567	1,454,741	1,530,567	1,454,741

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 Group

	Total	Valuation technique		
		Quoted market Price	Observable inputs	Significant non-observable inputs
	\$	\$	\$	\$
30 June 2016				
Financial Assets				
JMIS Investment Portfolio	1,454,741	1,454,741	0	0
30 June 2017				
Financial Assets				
JMIS Investment Portfolio	1,530,567	1,530,567	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 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:

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Cash on Hand	604	715	505	517
Bank Balances	504,765	626,552	428,688	477,385
Receivables - exchange transactions	225,921	113,037	221,585	77,909
Recoverables - non-exchange transactions	3,000	2,500	3,000	2,500
Investments	1,530,567	1,454,741	1,530,567	1,454,741
Bank Deposits	3,013,797	3,115,172	2,856,190	3,059,206
BNZ Credit Cards	48,000	48,000	40,000	40,000

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 Group is not exposed to any concentration of credit risk.

Interest Rate Risk

The NZVCC and the 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 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.

21 Operating leases

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 July 2016. The total lease commitments are as follows:

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Not later than one year	176,322	176,322	176,322	176,322
Later than one year but not later than five years	46,994	223,316	46,994	223,316
Later than five years	0	0	0	0
Total lease commitments	\$223,316	\$399,638	\$223,316	\$399,638

The total expense for the year relating to the payment of leases was \$176,322 (2016, \$176,322).

22 Auditors' Remuneration

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

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
Audit of the Financial Statements	23,465	22,900	14,675	14,320
Process Audit of Scholarships	0	900	0	900
Office Audit General overhead charge	1,300	1,300	800	800
Total	\$24,765	\$25,100	\$15,475	\$16,020

23 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 \$400,000 (2016, \$400,000) 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 \$47,957 (2016, \$53,790) revenue for these services.

NZVCC contracted AQA to audit CUAP in 2016/17. NZVCC paid AQA \$46,069 at the completion of the audit, production of the Audit report and receipt of an invoice.

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.

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
The University of Auckland	532,393	511,952	445,719	427,680
Auckland University of Technology	294,633	283,950	246,667	237,210
The University of Waikato	220,459	217,570	184,568	181,756
Massey University	300,944	294,830	251,950	246,298
Victoria University of Wellington	283,036	312,478	236,958	261,041
University of Canterbury	280,383	274,939	234,737	229,682
Lincoln University	142,285	139,631	119,121	116,646
University of Otago	402,867	394,650	337,280	329,687
Total	\$2,457,000	\$2,430,000	\$2,057,000	\$2,030,000

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.

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
The University of Auckland	41,170	47,403	41,170	47,403
Auckland University of Technology	22,784	26,292	22,784	26,292
The University of Waikato	17,048	20,145	17,048	20,145
Massey University	23,272	27,299	23,272	27,299
Victoria University of Wellington	21,887	28,933	21,887	28,933
University of Canterbury	21,682	25,457	21,682	25,457
Lincoln University	11,003	12,929	11,003	12,929
University of Otago	31,154	36,542	31,154	36,542
Total	\$190,000	\$225,000	\$190,000	\$225,000

The Universities Cost-splitting income provided funding for specific one off projects. The UNZ Domestic Student Guide and the UNZ Campaign 2017.

	Group 2017	Group 2016	NZVCC 2017	NZVCC 2016
	\$	\$	\$	\$
The University of Auckland	16,035	32,400	16,035	32,400
Auckland University of Technology	8,874	17,971	8,874	17,971
The University of Waikato	6,640	13,769	6,640	13,769
Massey University	9,064	18,659	9,064	18,659
Victoria University of Wellington	8,524	19,776	8,524	19,776
University of Canterbury	8,445	17,400	8,445	17,400
Lincoln University	4,285	8,837	4,285	8,837
University of Otago	12,133	24,976	12,133	24,976
Total	\$74,000	\$153,788	\$74,000	\$153,788

The University of Auckland provides assistance with Copyright issues and NZVCC pays for these services upon receipt of an invoice 2017, \$37,000 (2016, \$36,700).

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

	Group 2017	FTE's 2017	Group 2016	FTE's 2016	NZVCC 2017	FTE's 2017	NZVCC 2016	FTE's 2016
	\$		\$		\$		\$	
Key Management Personnel	634,435	4	623,635	4	457,065	3	447,132	3
AQA Board Honoraria	29,041	9 People	25,330	12 People	0	0 People	0	0 People
	663,476		648,965		457,065		447,132	

24 Commitments and contingencies

Commitments

There are no capital commitments at 30 June 2017. (2016 Nil)

Contingent liabilities

There are no contingent liabilities at 30 June 2017. (2016 Nil)

25 Events after reporting date

There were no significant events after the balance date.