

**NEW ZEALAND
VICE-CHANCELLORS' COMMITTEE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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NEW ZEALAND VICE-CHANCELLORS' COMMITTEE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 \$2,535,000 from the universities were the main source of funding received by the Committee. \$2,155,000 was for the Committee and \$380,000 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 2015**

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 2015 are our responsibility; and

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



Professor Harlene Hayne
Chair
New Zealand Vice-Chancellors' Committee



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

**INDEPENDENT AUDITOR'S REPORT TO THE READERS OF
NEW ZEALAND VICE-CHANCELLORS' COMMITTEE AND GROUP'S
FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015**

The Auditor-General is the auditor of the 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 non-financial performance information of the Committee and group on her behalf.

We have audited:

- the financial statements of the Committee and group on pages 24 to 45, that comprise the statement of financial position as at 30 June 2015, 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 non-financial performance information of the Committee and group in the statement of service performance on pages 13 to 23.

Opinion

In our opinion:

- the financial statements of the Committee and group on pages 24 to 45:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Committee and group's:
 - financial position as at 30 June 2015; and
 - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the Committee and group on pages 13 to 23 fairly reflects the Committee and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 30 June 2015.

Our audit was completed on 8 October 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

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

An audit also involves evaluating:

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

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

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

Responsibilities of the Committee

The Committee is responsible for preparing financial statements that:

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

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

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

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

Responsibilities of the Auditor

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

Independence

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

Other than the audit, we have no relationship with or interests in the Committee or 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 2015

Mission

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

Outcomes

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

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

Functions

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

NEW ZEALAND VICE-CHANCELLORS' COMMITTEE STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

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 68 new qualifications in two rounds in 2014 that were to be offered in 2015.

(b) Objective

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

Achievements

CUAP developed and published an updated edition of its Handbook outlining the Committee's policies and procedures for quality assurance in the university sector. The updated version of the Handbook was made publically available on the Universities NZ website.

CUAP met with the Tertiary Education Commission to discuss the implications of programmes being discontinued to the extent that programme is no longer offered by any New Zealand tertiary institution.

CUAP continued to monitor the development of 180-credit master's qualifications.

(c) Objective

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

Achievements

The Joint Consultative Group, a body made up of Universities NZ, NZQA and AQA met three times. Universities NZ participated in the following NZQA Advisory and Working Groups:

- *Credit Recognition and Transfer and Recognition of Prior Learning Working Group*
- *Sector Qualifications Register Working Group*
- *New Zealand Qualifications Framework Referencing Advisory Group*

Universities NZ participated in discussions and presentations on university quality assurance policies and processes to international delegations, from the following countries; Indonesia, Brazil, Hong Kong, Fiji, China.

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 NCEA to the University Entrance standard and made recommendations to CUAP.

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

- Targeted Review of Qualifications – Foundation and Bridging
- Secondary Qualifications Advisory Group
- Te Marautanga o Aotearoa NCEA Level 3 Working Group
- Vocational Pathways NCEA Level 3 Advisory Group

(e) Objective

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

Achievements

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

Universities NZ participated jointly with AQA in discussions and presentations on university quality assurance policies and processes to international delegations.

Universities NZ approved a budget for the AQA for the period 1 July 2015 to 30 June 2016.

Universities NZ approved the terms of reference for a review of the AQA and appointed reviewers. The review was still under way as at 30 June 2015.

| | |
|-------------------------------------|-----------|
| Total budget for academic services: | \$215,924 |
| Total cost for academic services: | \$220,409 |

Output 2 - Scholarships

Outcomes

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

Service Provided

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

Quality and Timeliness

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

Achievements

During the reporting period administration services were provided for 42 scholarship programmes.

Within these programmes Universities NZ:

- made 106 scholarship or fellowship awards on behalf of sponsors or donors, the value of these awards was NZ\$1,361,917.80.
- made 35 nominations of NZ applicants to overseas decision making bodies
- administered the selection process for 25 scholars where the awards were then managed by the donor.

Universities NZ assumed responsibility for two new scholarship programmes.

| | |
|--|-----------|
| Total budget for scholarship services: | \$290,448 |
| Total cost for scholarship services: | \$309,311 |

Output 3 - Policy Advice and Co-ordinating Services

Outcomes

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

Service Provided

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

Quality and Timeliness

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

(a) Governance

Objective

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

Achievements

There were two joint-meetings of Chancellors and Vice-Chancellors in August 2014 and February 2015. Both 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 2014/15 on the following subjects:

- *A Ministry of Education led review for the Minister on the use of the Protected Term 'University' (August 2014).*
- *A submission to the Ministry of Business Innovation & Employment on the Government's National Statement of Science Investment (August 2014).*
- *A Briefing for the Incoming Minister (October 2014).*

Universities NZ launched a Strategic Work Programme early in 2014 (before this period) and this was being implemented and refined throughout the 2014/15 year. Key areas of focus for the workplan were;

Contributing proactively to key Government initiatives in the areas of;

- *The Tertiary Education Commission's Investment Approaches Project*
- *MBIE's National Statement of Science Investment*
- *Lifting university participation and achievement by Māori & Pasifika*
- *International education Roadmap Strategy implementation.*
- *Improving graduate outcomes & providing study and career advice to young people.*

Responding appropriately to other smaller scale Government initiatives including;

- *Changes to the University Entrance Standard (February, April & June UNZ meetings)*
- *Changes to university governance arrangements.*

Work across these areas was supported by the following;

- *Implementation of a new structure which created five portfolio managers to lead advice and analysis around the areas of university research, international education, academic quality, the education system and Māori, and university support services.*
- *A programme of research and analysis to better position Universities NZ to contribute towards the development of evidence-based Policy across Government.*
- *Approval of a Universities NZ Engagement Strategy in February 2015.*

- *Extending the role of the Executive Director to include the ability to make media statements and including a focus on communicating with a wider range of non-Government stakeholder groups (Rotary Clubs, professional associations, etc).*

(c) Research

Objectives

To promote the funding of university research in New Zealand.

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

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

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

To support the care of animals in research.

Achievements

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.

Prepared a submission to the Ministry of Business, Innovation and Employment on university views on the National Statement of Science Investment.

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

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

Worked with Statistics NZ on university participation in the biennial Research and Development survey

(d) Te Kāhui Amokura

Objectives

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

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

Achievements

Delivered the Te Kāhui Amokura Strategic Work Plan and communicated this to key stakeholders and published it on the Universities NZ website.

Provided advice to the Ministry of Education on the development of the Te Marautanga o Aotearoa Maori Achievement Standards.

Submitted response to consultation on the Performance Based Research Fund to the Sector Reference Group to advocate for improved outcomes for Māori academic's and Māori research. This was followed up with face to face engagement with the Tertiary Education Commission (TEC). We successfully achieved agreement from the TEC to:

- *have kaumātua, kuia and other revered Māori to be included in the Peer Esteem Component when reviewing Evidence Portfolios; and to*
- *retain the mandatory cross-referral process of Māori related EPs by the academic to both the Māori Knowledge and Development Panel and one other panel (to ensure the multi-disciplinary nature of Māori research is appropriately graded).*

Elected a new Chair in May 2015, Professor Linda Tuhiwai Smith, Pro Vice-Chancellor Māori at the University of Waikato.

Provided advice to Universities NZ on potential policy changes to improve Māori participation and completion rates at universities.

(e) Human Resources

Objectives

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

To advise the Vice-Chancellors on human resources matters.

To remain aligned to the Vice-Chancellors' work plan.

To continue to work around Academic Workforce Planning.

Achievements

Implemented the New Zealand recruitment portal using jobs.ac.nz.

Facilitated a strategic discussion with HR Directors and Health and Safety Managers / representatives from the eight universities in New Zealand. The focus was key challenges and trends in the sector (nationally and internationally) and the need to move from a culture of compliance to a culture of engagement.

Updated the sector recruitment portal jobs.ac.uk.

Actively participated in the relaunch of the New Zealand Universities Superannuation Scheme – UniSaver. The new website for Unisaver is now live.

Hosting the UNZ HR Conference 2015 in Palmerston North (August).

*UNZ continued its sponsorship of the biannual New Zealand Women in Leadership programme
Considered merits of Leadership Development / International Collaborations. Discussed coaching, mentoring and leadership development. In progress.*

Continued to commission Tribal to collect and analyse university workforce planning data

(f) Copyright Licensing

Objectives

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

Achievements

Negotiations continued with Copyright Licencing Limited (CLL) regarding renewal of the licence that expired on 31 December 2012. This was finally concluded in February 2015.

(g) Communications

Objectives

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

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

Achievements

Developed a new Communications Strategy and operational communications plan, which has been approved by the Vice-Chancellors.

Developed and continue to implement a stakeholder plan to increase awareness of Universities New Zealand and to inform and influence decision-makers.

To increase our profile and influence we have:

- Commenced developing a series of opinion pieces from the Executive Director in the media. There were three by the end of this period.*
- set up meetings with the Executive Director and Ministers, Members of Parliament with responsibility for tertiary education issues or who sit on the Education and Science Select Committee*

- set up speaking engagements for the Executive Director on the Rotary circuit in both Auckland and Wellington, and with a range of other government and non-Government sector organisations
- developed a plan to improve the look, content and functionality of the website
- developed and issued 20 proactive media releases on sector issues and scholarship as well as a further 8 news stories promoting our work, and managed media issues
- developed supporting collateral including:
 - an organisational profile
 - key facts document
 - a brochure on all 8 universities
 - Graduate employability publication targeted at employers and industry
 - other support work for Vice-Chancellors and Universities New Zealand including writing speeches and presentations.

(h) International

Objectives

To facilitate internationalisation in the NZ universities.

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

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

To foster the universities' relationship with Education NZ, the Ministry of Education, Immigration NZ 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

International collaboration in higher education was promoted through Universities NZ participation the China-New Zealand Education Joint Working Group and the Malaysia-New Zealand Education Joint Working Group and a Ministerial delegation to Latin America.

Represented the New Zealand Universities at quarterly immigration operational meetings. These provide a vehicle to promote improvements in immigration policy settings for international students.

Facilitated New Zealand's ongoing participation in Brazil's Science without Borders Programme and represented the New Zealand Universities at a meeting with university delegates from Brazil.

Developed a shortlist of priority pan-university international education initiatives and commenced implementation of four of these: Development of a New Zealand Universities Story, increasing collaboration with Government, developing key country engagement strategies and maintaining our relationship with Education New Zealand

Commenced planning for fourth New-Zealand China Higher Education Forum and third New Zealand Taiwan Higher Education Forum, both of which will take place in late October 2015. Both events will raise the profile of the New Zealand universities and advance our internationalisation interests through promoting research collaboration and student mobility.

Universities NZ are in the process of finalising negotiation of an agreement with the Ministry of Education Peru which will enable our universities to receive Peruvian scholarship students.

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

(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

Established the Identity and Access Management Working Group in collaboration with the Tertiary Education Commission, New Zealand Qualifications Authority, the Ministry of Education, REANNZ and Tuakiri. The

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

purpose of the working group was to reduce fragmentation across the numerous sectors with the aim of providing an integrated experience for users to create a single seamless sign on for users.

Hosted the Tertiary ICT Conference in Dunedin in August providing opportunities for engagement and collaboration with various stakeholders by way of an eResearch Conference Submission.

Reviewed and updated ICTC Work Plan.

Participated in the CAUDIT Benchmarking Working Group.

Worked with TUANZ to discuss possibilities for the organisation's future.

(j) Libraries

Objective

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

Achievements

Reviewed and updated CONZUL's strategic work priorities.

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

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

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

Established a Research Data Management Working Group.

CONZUL completed a survey of library remuneration in 2014.

Chair of CONZUL providing feedback on LIANZA activities and initiatives on an adhoc basis.

Copyright e-Reporting - Under the new copyright licencing agreement with Copyright Licencing NZ (CLNZ) each university committed to implementing e-reporting software to replace the annual copyright surveys. These projects were launched in this period.

(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

There was one meeting of Facilities Directors in this period.

(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

Worked with the TEC and Planning Directors on a workshop on the TC's funding rules and conditions aimed at clarifying their intent and removing ambiguities.

Represented university views through participating in a TEC working group on the provision of Information for Learners.

Worked with Planning Directors on the TEC's new investment approach to funding.

(m) Student Administration and Academic Services

Objectives

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

Achievements

Liaised with NZQA on the release of NCEA results to the universities.

Liaised with StudyLink to provide advice to the Ministry of Social Welfare on matters of relevance to student loans and allowances.

Provided input into the Tertiary Education Commission's Information for Learners project.

(n) Legal Advice

Objective

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

Achievements

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

- Copyright licensing – aimed at renewing the copyright licence administered by Copyright Licencing NZ (CLNZ) that expired 31 December 2012. This was finally concluded in February 2015.
- Te Whare Wānanga o Awanuiārangi – advice on the use of the legally protected term 'university' in the context of use by Te Whare Wānanga o Awanuiārangi referring to themselves as an 'indigenous university'. As at 30 June, this matter had not been concluded (but was concluded in August 2015).

(o) Administrative Support

Objective

To provide administrative support to inter-university initiatives.

Achievements

Administrative support to the Women in Leadership Programme.

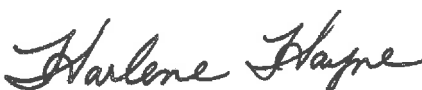
Administrative support to the Council of Deans of Education.

Administrative support to CONZUL.

Administrative support to Tertiary ICT Conference.

| | |
|--|-------------|
| Total budget for policy advice and co-ordinating services: | \$1,796,928 |
| Total cost of policy advice and co-ordinating services: | \$1,776,751 |

| | |
|--------------------------------------|--------------------|
| Total budget for all outputs: | \$2,303,300 |
| Total cost for all outputs: | \$2,306,471 |



Professor Harlene Hayne
Chair, NZ Vice-Chancellors' Committee



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

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

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

**STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015**

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, an academic, a student and lay members who are appointed by the NZVCC but operate independently of them and of the universities.

| Measure | 2014/15 Quantity Delivered | 2014/15 Estimate | 2013/14 Quantity Delivered | 2012/13 Quantity Delivered |
|--|----------------------------------|---------------------|----------------------------------|----------------------------------|
| 1.1 Academic audit reports published as per indicative timeline | 4 | 4 | 2 | 1 |
| 1.2 Academic audit follow-up reports received as per indicative timeline | 1 | 1 | 1 | 2 |
| 1.3 Feedback on audit process sought from recently audited universities as per indicative timeline | 3 | 3 | 1 | 1 |
| 1.4 Periodic assessment of impact of AQA audit activities on university quality | 1 | 1 | 1 | N/A |
| 1.5 Percentage of New Zealand-based auditors attending training/update sessions | 31%* | 75% | 94% | N/A |

* Given the high level of attendance at training in 2013/14, no all-auditor training was offered in 2014/15. Instead auditors who had already received training were encouraged to attend the AQA Support for Quality Conference and just-in-time training was provided to auditors on audit panels in 2014/15 as appropriate to their experience.

¹ Objectives as per AQA Constitution.

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

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.

| Measure | 2014/15 Quantity Delivered | 2014/15 Estimate | 2013/14 Quantity Delivered | 2012/13 Quantity Delivered |
|--|----------------------------------|---------------------|----------------------------------|----------------------------------|
| 2.1 Publication of AQA newsletter | 4 | 4 | 4 | 4 |
| 2.2 Workshops and/or meetings held with New Zealand universities on matters pertaining to university quality | 5 | 4 | 4 | 2 |
| 2.3 Ad hoc reports on matters pertaining to university quality | 0 | 0 | 1 | 1 |
| 2.4 Biennial 'Support for Quality' Conference | 1 | 1 | N/A (2014/15) | 1 |
| 2.5 Biennial QE/communications survey of stakeholders | N/A (2015/16) | 1 | 1 | N/A (2013/14) |

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

| Measure | 2014/15 Quantity Delivered | 2014/15 Estimate | 2013/14 Quantity Delivered | 2012/13 Quantity Delivered |
|---|---|------------------------------------|---|---|
| 3.1 Membership of related national boards, committees and working groups | 3 | 3 | 3 | 3 |
| 3.2 Membership of related international boards and working groups | 1 | 1 | 1 | 1 |
| 3.3 Independent review of AQA operations including assessment against Guidelines of Good Practice (GGP) in Quality Assurance of the | Review undertaken in June 2015; report to be received | Review to be undertaken in 2014/15 | 0 (full review to be undertaken 2014/15) | 1 (partial review to confirm adherence with GGP. Last full |

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

| Measure | 2014/15 Quantity Delivered | 2014/15 Estimate | 2013/14 Quantity Delivered | 2012/13 Quantity Delivered |
|--|----------------------------------|---------------------|----------------------------------|----------------------------------|
| International Network for Quality Assurance Agencies in Higher Education | 2015/16 | | | review 2009/10) |
| 3.4 External consultancy or other contracts undertaken | 4 | 2 | 3 | 2 |

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 | 2014/15 Quantity Delivered | 2014/15 Estimate | 2013/14 Quantity Delivered | 2012/13 Quantity Delivered |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 4.1 Review of annual service lease agreement with Universities New Zealand | Review completed and lease re-signed | Review completed and lease re-signed | Review completed and lease re-signed | 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

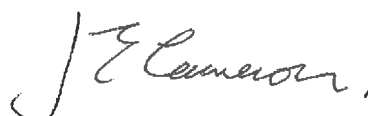
\$517,700

Total cost for Academic Quality Agency for NZ Universities

\$550,124



Emeritus Professor Pat Walsh
Chair of the Board
Academic Quality Agency for New Zealand Universities



Dr Jan Cameron
Director
Academic Quality Agency for New Zealand Universities

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

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2015**

| Note | Group Actual 2015 | Group Budget 2015 | Group Actual 2014 | NZVCC Actual 2015 | NZVCC Budget 2015 | NZVCC Actual 2014 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Revenue | | | | | | |
| University Annual Grants | 2,310,000 | 2,310,000 | 2,029,155 | 1,930,000 | 1,930,000 | 1,650,000 |
| University GLSNZ Contributions | 225,000 | 225,000 | 230,000 | 225,000 | 225,000 | 230,000 |
| Audit Fees | 169,283 | 120,500 | 140,754 | 0 | 0 | 0 |
| Administration Fees | 67,394 | 62,700 | 62,314 | 67,394 | 62,700 | 62,314 |
| Interest Revenue - Bank Term Deposits | 48,245 | 39,200 | 47,304 | 41,730 | 35,700 | 42,778 |
| Rent & other services revenue | 0 | 0 | 0 | 51,067 | 49,900 | 49,395 |
| Sundry Revenue | 9,686 | 13,700 | 34,327 | 595 | 0 | 26,136 |
| Total Revenue | 2,829,608 | 2,771,100 | 2,543,854 | 2,315,786 | 2,303,300 | 2,060,623 |
| Less Expenditure | 6 2,805,354 | 2,770,700 | 2,649,099 | 2,306,471 | 2,303,300 | 2,199,495 |
| Surplus/(Deficit) for the year | \$24,254 | \$400 | (\$105,245) | \$9,315 | \$0 | (\$138,872) |
| Other Comprehensive Revenue and Expense | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive revenue and expense for the year | \$24,254 | \$400 | (\$105,245) | \$9,315 | \$0 | (\$138,872) |

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 2015**

| | Group Actual 2015 | Group Budget 2015 | Group Actual 2014 | NZVCC Actual 2015 | NZVCC Budget 2015 | NZVCC Actual 2014 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Equity at start of the year | 720,001 | 720,001 | 825,246 | 555,066 | 555,066 | 693,938 |
| Total Comprehensive Revenue and Expense for the year | 24,254 | 400 | (105,245) | 9,315 | 0 | (138,872) |
| Equity at end of the year | \$744,255 | \$720,401 | \$720,001 | \$564,381 | \$555,066 | \$555,066 |

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 2015**

| | | Group Actual 2015 | Group Budget 2015 | Group Actual 2014 | NZVCC Actual 2015 | NZVCC Budget 2015 | NZVCC Actual 2014 |
|---|-------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Note | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | 7 | 699,948 | 628,424 | 408,454 | 543,718 | 456,428 | 287,719 |
| Bank Investments | 8 | 3,350,650 | 3,345,000 | 3,399,478 | 3,296,581 | 3,345,000 | 3,347,579 |
| Receivables (from exchange transactions) | 9 | 86,126 | 124,148 | 96,570 | 63,314 | 80,000 | 61,328 |
| Recoverables (from non-exchange transactions) | 10 | 25,000 | 0 | 27,941 | 25,000 | 0 | 27,941 |
| | | 4,161,724 | 4,097,572 | 3,932,443 | 3,928,613 | 3,881,428 | 3,724,567 |
| Non-Current Assets | | | | | | | |
| Property, Plant & Equipment | 12 | 21,695 | 11,625 | 35,825 | 21,283 | 11,212 | 34,462 |
| Intangible Assets | 13 | 32,520 | 43,937 | 32,297 | 32,520 | 43,937 | 32,297 |
| JMIS Investment Portfolio | 8 | 1,559,448 | 1,526,112 | 1,526,112 | 1,559,448 | 1,526,112 | 1,526,112 |
| | | 1,613,663 | 1,581,674 | 1,594,234 | 1,613,251 | 1,581,261 | 1,592,871 |
| Total Assets | | 5,775,387 | 5,679,246 | 5,526,677 | 5,541,864 | 5,462,689 | 5,317,438 |
| Liabilities | | | | | | | |
| Current Liabilities | | | | | | | |
| Payables (from exchange transactions) | 14 | 196,548 | 290,000 | 155,676 | 154,051 | 250,000 | 117,337 |
| Non-exchange liabilities | | | | | | | |
| Scholarship Commitments | 15 | 0 | 0 | 36,500 | 0 | 0 | 36,500 |
| Employee benefit liability | 16 | 105,836 | 103,222 | 82,781 | 91,379 | 90,000 | 74,559 |
| GST Payment/(Refund) | | 1,869 | 27,362 | (6,542) | 5,174 | 29,362 | (4,285) |
| CONZUL | 18 | 65,175 | 56,510 | 56,510 | 65,175 | 56,510 | 56,510 |
| NZ Council of Deans of Education | 18 | 227,383 | 217,253 | 217,253 | 227,383 | 217,253 | 217,253 |
| NZ Women in Leadership | 18 | 197,280 | 279,314 | 279,314 | 197,280 | 279,314 | 279,314 |
| Tertiary ICT Fund | 18 | 118,767 | 0 | 0 | 118,767 | 0 | 0 |
| | | 912,858 | 973,661 | 821,492 | 859,209 | 922,439 | 777,188 |
| Non-Current Liabilities | | | | | | | |
| Employee benefit liability | 16 | 10,663 | 13,390 | 13,390 | 10,663 | 13,390 | 13,390 |
| Non-exchange liabilities | | | | | | | |
| Scholarship Commitments | 17 | 4,107,611 | 3,971,794 | 3,971,794 | 4,107,611 | 3,971,794 | 3,971,794 |
| | | 4,118,274 | 3,985,184 | 3,985,184 | 4,118,274 | 3,985,184 | 3,985,184 |
| Total Liabilities | | 5,031,132 | 4,958,845 | 4,806,676 | 4,977,483 | 4,907,623 | 4,762,372 |

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 2015**

| Note | Group Actual 2015 \$ | Group Budget 2015 \$ | Group Actual 2014 \$ | NZVCC Actual 2015 \$ | NZVCC Budget 2015 \$ | NZVCC Actual 2014 \$ |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net Assets/Equity | | | | | | |
| Accumulated revenue and expense | 744,255 | 720,401 | 720,001 | 564,381 | 555,066 | 555,066 |
| Net assets/equity attributable to the owners of the controlling entity | 744,255 | 720,401 | 720,001 | 564,381 | 555,066 | 555,066 |
| Total Net Assets/Equity | \$744,255 | \$720,401 | \$720,001 | \$564,381 | \$555,066 | \$555,066 |
| Total net Assets/Equity and Liabilities | \$744,255 | \$720,401 | \$720,001 | \$564,381 | \$555,066 | \$555,066 |

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 2015**

| Note | Group Actual 2015 \$ | Group Budget 2015 \$ | Group Actual 2014 \$ | NZVCC Actual 2015 \$ | NZVCC Budget 2015 \$ | NZVCC Actual 2014 \$ |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Cash Flows From Operating Activities | | | | | | |
| Cash was provided from- | | | | | | |
| Interest Received | 49,155 | 41,659 | 36,817 | 42,728 | 38,279 | 31,555 |
| Annual Grants from Universities | 2,310,000 | 2,310,000 | 2,029,155 | 1,930,000 | 1,930,000 | 1,650,000 |
| Administration Fees | 47,854 | 27,918 | 62,314 | 47,854 | 27,918 | 62,314 |
| Audit Fees | 173,133 | 108,550 | 141,640 | 0 | 0 | 0 |
| Accumulation of Scholarship Funds | 110,817 | 0 | 0 | 110,817 | 0 | 0 |
| Other Receipts | 369,134 | 341,556 | 269,264 | 358,999 | 323,923 | 264,746 |
| | 3,060,093 | 2,829,683 | 2,539,190 | 2,490,398 | 2,320,120 | 2,008,615 |
| Cash was applied to- | | | | | | |
| Goods and Services Tax | (11,487) | (38,544) | 7,743 | (11,487) | (38,819) | 7,373 |
| Accumulation of Scholarship Funds | 0 | 40,000 | 49,805 | 0 | 40,000 | 49,805 |
| Payments to Suppliers | 1,326,229 | 1,188,777 | 1,428,209 | 1,036,249 | 910,641 | 1,176,054 |
| Payments to Employees | 1,430,515 | 1,430,999 | 1,172,085 | 1,188,377 | 1,199,589 | 940,904 |
| | 2,745,257 | 2,621,232 | 2,657,842 | 2,213,139 | 2,111,411 | 2,174,136 |
| Net Cash Flows from Operating Activities | 314,836 | 208,451 | (118,652) | 277,259 | 208,709 | (165,521) |
| | 11 | | | | | |
| Cash Flows From Investing Activities | | | | | | |
| Cash was provided from- | | | | | | |
| Decrease in Term Deposits & Portfolio | 50,000 | 0 | 232,278 | 50,000 | 0 | 200,000 |
| | 50,000 | 0 | 232,278 | 50,000 | 0 | 200,000 |
| Cash was applied to- | | | | | | |
| Increase in Term Deposits & Portfolio | 35,418 | 0 | 129,580 | 33,336 | 0 | 129,580 |
| Purchase of intangible assets | 30,175 | 30,000 | 17,375 | 30,175 | 30,000 | 17,375 |
| Purchase of Property, Plant & Equipment | 7,749 | 10,000 | 7,920 | 7,749 | 10,000 | 6,639 |
| | 73,342 | 40,000 | 154,875 | 71,260 | 40,000 | 153,594 |
| Net Cash Flows from Investing Activities | (23,342) | (40,000) | 77,403 | (21,260) | (40,000) | 46,406 |
| Net Increase (Decrease) In cash and cash equivalents | 291,494 | 168,451 | (41,249) | 255,999 | 168,709 | (119,115) |
| Opening Cash at Beginning of Year | 408,454 | 408,454 | 449,703 | 287,719 | 287,719 | 406,834 |
| Closing Cash at 30 June 2015 | \$699,948 | \$576,905 | \$408,454 | \$543,718 | \$456,428 | \$287,719 |
| Represented by: | | | | | | |
| Petty Cash | 787 | | 740 | 517 | | 504 |
| Bank of New Zealand Current accounts | 699,161 | | 407,714 | 543,201 | | 287,215 |
| | 7 | | 7 | | | 7 |
| | \$699,948 | | \$408,454 | \$543,718 | | \$287,719 |

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 2015**

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 2015 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 GAPP). 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 Harlene Hayne, Chair of NZVCC on 8 October 2015.

(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 2015 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.

Certain comparative amounts in the statements of comprehensive revenue and expense have been reclassified and or represented as a result of changes in the accounting policies and prior errors (see note 5).

(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 probably 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 2015 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% - 48%SL |
| Office equipment, furniture and fittings | 16.2% - 20%SL |

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

(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 April and June 2014 meetings.

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 2014 with the exception of those relating to the initial application of new, revised and amended PBE Standards and the revised cost allocation policy.

Changes due to the initial application of new, revised and amended PBE Standards

Revenue is now classified as either exchange or non-exchange revenue.

6 Expenses

| | | Group Actual 2015 | Group Budget 2015 | Group Actual 2014 | NZVCC Actual 2015 | NZVCC Budget 2015 | NZVCC Actual 2014 |
|--|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Note | \$ | \$ | \$ | \$ | \$ | \$ |
| ACC Levy | | 3,533 | 6,500 | 3,007 | 2,986 | 5,700 | 2,428 |
| ANZCCART-Contribution | | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Audit Fee | 23 | 23,895 | 23,570 | 22,745 | 14,770 | 14,770 | 14,370 |
| Accountancy | | 9,550 | 9,500 | 8,160 | 6,950 | 6,000 | 5,560 |
| Advertising | | 6,398 | 9,000 | 10,626 | 4,932 | 8,000 | 10,626 |
| Amortisation Intangible Assets | | 29,952 | 18,360 | 14,922 | 29,952 | 18,360 | 14,922 |
| AQA Chairman & Board Honoraria | | 22,449 | 20,050 | 21,070 | 0 | 0 | 0 |
| Bank Fees | | 1,773 | 1,450 | 1,460 | 1,317 | 1,100 | 1,078 |
| Computer Maintenance and Training | | 83,169 | 66,810 | 56,798 | 83,076 | 66,000 | 54,275 |
| Conference and Committee Expenses | | 34,926 | 41,075 | 35,061 | 28,725 | 33,000 | 31,940 |
| Consultancy Fees | | 208,071 | 234,300 | 269,557 | 120,343 | 168,000 | 210,407 |
| Depreciation Computer Equipment | | 5,087 | 17,410 | 9,475 | 4,472 | 16,795 | 8,912 |
| Depreciation Office Equipment, Furniture & Fittings | | 16,792 | 16,790 | 31,149 | 16,456 | 16,455 | 30,813 |
| GLSNZ | | 225,000 | 225,000 | 230,000 | 225,000 | 225,000 | 230,000 |
| Insurance | | 10,363 | 12,500 | 9,727 | 4,606 | 4,500 | 4,129 |
| Legal Advisory Costs | | 165,044 | 78,000 | 213,445 | 165,044 | 78,000 | 213,445 |
| Legal Costs | | 3,407 | 3,000 | 1,957 | 3,407 | 2,000 | 1,957 |
| Loss on sale of Asset | | 0 | 0 | 284 | 0 | 0 | 0 |
| Occupancy Costs | | 17,471 | 19,000 | 18,519 | 17,471 | 19,000 | 18,519 |
| Office Expenses and Administration | | 73,637 | 70,890 | 75,555 | 54,936 | 52,400 | 59,545 |
| Occupancy Rent | | 164,922 | 165,000 | 164,922 | 164,922 | 165,000 | 164,922 |
| Photocopier Lease | | 12,300 | 10,500 | 10,500 | 12,300 | 10,500 | 10,500 |
| Publications and Reports | | 6,395 | 15,000 | 14,228 | 6,395 | 15,000 | 14,228 |
| Salaries | | 1,382,559 | 1,376,675 | 1,127,832 | 1,146,114 | 1,149,100 | 905,701 |
| Superannuation Contributions (Including KiwiSaver) | | 62,746 | 69,255 | 50,880 | 53,367 | 60,230 | 42,103 |
| Staff Training | | 4,030 | 18,800 | 8,982 | 3,698 | 18,000 | 8,982 |
| Telephone, Tolls and Faxes | | 12,756 | 14,500 | 17,003 | 11,108 | 12,000 | 13,863 |
| Travel and Accommodation | | 179,129 | 187,765 | 181,235 | 84,124 | 98,390 | 86,270 |
| | | \$2,805,354 | \$2,770,700 | \$2,649,099 | \$2,306,471 | \$2,303,300 | \$2,199,495 |

Advertising expenditure incurred during 2014/15 amounted to \$6,334 (2013/14, \$70,128). NZVCC was reimbursed by the eight universities for a total of \$400 (2013/14, \$59,501) for their portion of the advertising costs. The amount included in the financial statements is the actual cost to NZVCC at 30 June 2015.

7 Cash & Cash Equivalents

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Bank of New Zealand | | | | |
| Current Account (0.25%) | 68,399 | 63,001 | 36,600 | 37,726 |
| Autocall Account (1.25%-3.1%) | 630,474 | 324,077 | 506,313 | 228,853 |
| US\$ Account Pratt Scholarship (0%) | 288 | 20,636 | 288 | 20,636 |
| | 699,161 | 407,714 | 543,201 | 287,215 |
| Petty Cash | 787 | 740 | 517 | 504 |
| | \$699,948 | \$408,454 | \$543,718 | \$287,719 |

8 Investments

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|--|--------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Current Investments | | | | |
| Deposits with trading banks | | | | |
| ASB Bank (Average Interest Rate 4.53%) | 1,250,000 | 1,400,000 | 1,250,000 | 1,400,000 |
| WPT Investments (Average Interest Rate 4.3%) | 500,000 | 600,000 | 500,000 | 600,000 |
| BNZ Bank (Average Interest Rate the Group 4.39%, NZVCC 4.4%) | 1,553,601 | 1,351,519 | 1,500,000 | 1,300,000 |
| Interest Accrued | 47,049 | 47,959 | 46,581 | 47,579 |
| | \$3,350,650 | \$3,399,478 | \$3,296,581 | \$3,347,579 |
| Term Investments | | | | |
| JMIS Portfolio | | | | |
| Financial assets held for sale: | | | | |
| Investments in listed companies | 936,212 | 806,038 | 936,212 | 806,038 |
| Investments in capital notes | 74,179 | 71,456 | 74,179 | 71,456 |
| Investments in bonds | 474,057 | 648,618 | 474,057 | 648,618 |
| Investments in New Zealand fixed interest | 75,000 | 0 | 75,000 | 0 |
| | \$1,559,448 | \$1,526,112 | \$1,559,448 | \$1,526,112 |
| Total Investments | \$4,910,098 | \$4,925,590 | \$4,856,029 | \$4,873,691 |

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 17.

9 Receivables –exchange transactions

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|---|-----------------|-----------------|-----------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Scholarships - exchange transactions | 282 | 5,508 | 282 | 5,508 |
| Sundry and miscellaneous exchange revenue | 56,682 | 91,062 | 48,369 | 55,820 |
| Prepayments | 29,162 | 0 | 14,663 | 0 |
| | \$86,126 | \$96,570 | \$63,314 | \$61,328 |

10 Recoverables – non-exchange transactions

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|---|-----------------|-----------------|-----------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Scholarships - non-exchange transactions | 25,000 | 27,941 | 25,000 | 27,941 |
| Sundry and miscellaneous non-exchange revenue | 0 | 0 | 0 | 0 |
| | \$25,000 | \$27,941 | \$25,000 | \$27,941 |

11 Reconciliation of Operating Surplus

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|--|------------------|--------------------|------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Net surplus/(deficit) from Operations | 24,254 | (105,245) | 9,315 | (138,872) |
| Add Non-Cash Items: | | | | |
| Amortisation and Depreciation | 51,831 | 55,830 | 50,880 | 54,647 |
| | 76,085 | (49,415) | 60,195 | (84,225) |
| Add (Less) Movements In Other Working Capital Items: | | | | |
| Trade and Other Receivables | 28,045 | 79,087 | 15,618 | 79,495 |
| GST | 8,411 | (10,607) | 9,459 | (8,904) |
| Accrued Interest | 909 | (10,487) | 997 | (11,223) |
| Trade and Other Payables | (10,287) | (85,609) | (14,448) | (99,283) |
| Provision for Employee Entitlements | 20,328 | 9,088 | 14,093 | 9,328 |
| CONZUL | 8,665 | 3,853 | 8,665 | 3,853 |
| INQAAHE Conference Surplus | 0 | (2,016) | 0 | (2,016) |
| NZ Council of Deans of Education | 10,130 | 9,079 | 10,130 | 9,079 |
| NZ Women in Leadership | (82,034) | (30,409) | (82,034) | (30,409) |
| Tertiary ICT Fund | 118,767 | 0 | 118,767 | 0 |
| Scholarship Commitments | 135,817 | (31,216) | 135,817 | (31,216) |
| | 238,751 | (69,237) | 217,064 | (81,296) |
| Net Cash Inflow from Operating Activities | \$314,836 | (\$118,652) | \$277,259 | (\$165,521) |

12 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 2013 | 113,388 | 164,735 | 278,123 | 112,536 | 162,065 | 274,601 |
| Additions | 7,919 | 0 | 7,919 | 6,639 | 0 | 6,639 |
| Disposals | (58,918) | (599) | (59,517) | (58,918) | 0 | (58,918) |
| Balance at 30 June 2014 | 62,389 | 164,136 | 226,525 | 60,257 | 162,065 | 222,322 |
| Balance at 1 July 2014 | 62,389 | 164,136 | 226,525 | 60,257 | 162,065 | 222,322 |
| Additions | 7,749 | 0 | 7,749 | 7,749 | 0 | 7,749 |
| Disposals | (49,536) | 0 | (49,536) | (49,536) | 0 | (49,536) |
| Balance at 30 June 2015 | 20,602 | 164,136 | 184,738 | 18,470 | 162,065 | 180,535 |
| Accumulated depreciation and impairment losses | | | | | | |
| Balance 1 July 2013 | 104,505 | 104,803 | 209,308 | 103,653 | 103,399 | 207,052 |
| Depreciation expense | 9,475 | 31,149 | 40,624 | 8,912 | 30,813 | 39,725 |
| Elimination on disposal | (58,918) | (314) | (59,232) | (58,918) | 0 | (58,918) |
| Balance at 30 June 2014 | 55,062 | 135,638 | 190,700 | 53,647 | 134,212 | 187,859 |
| Accumulated depreciation and impairment losses | | | | | | |
| Balance 1 July 2014 | 55,062 | 135,638 | 190,700 | 53,647 | 134,212 | 187,859 |
| Depreciation expense | 5,087 | 16,791 | 21,878 | 4,472 | 16,456 | 20,928 |
| Elimination on disposal | (49,535) | 0 | (49,535) | (49,535) | 0 | (49,535) |
| Balance at 30 June 2015 | 10,614 | 152,429 | 163,043 | 8,584 | 150,668 | 159,252 |
| Carrying amounts | | | | | | |
| At 1 July 2013 | 8,883 | 59,932 | 68,815 | 8,883 | 58,666 | 67,549 |
| At 30 June / 1 July 2014 | 7,327 | 28,498 | 35,825 | 6,610 | 27,853 | 34,463 |
| At 30 June 2015 | 9,988 | 11,707 | 21,695 | 9,886 | 11,397 | 21,283 |

The additions were to Computer Equipment \$7,749 (2014, \$6,639) and there were no additions to Office Equipment Furniture in 2015 \$0 (2014, \$0). Costs have reduced by items that had fully depreciated during the financial year on 1 July 2014.

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

13 Intangible Assets

| | Group IT Software Development | Group Total | NZVCC IT Software Development | NZVCC Total |
|---|-------------------------------------|----------------|-------------------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Cost or valuation | | | | |
| Balance at 1 July 2013 | 47,049 | 47,049 | 47,049 | 47,049 |
| Additions-Developed | 17,375 | 17,375 | 17,375 | 17,375 |
| Disposals | 0 | 0 | 0 | 0 |
| Balance at 30 June 2014 | 64,424 | 64,424 | 64,424 | 64,424 |
| Balance at 1 July 2014 | 64,424 | 64,424 | 64,424 | 64,424 |
| Additions-Developed | 30,175 | 30,175 | 30,175 | 30,175 |
| Disposals | 0 | 0 | 0 | 0 |
| Balance at 30 June 2015 | 94,599 | 94,599 | 94,599 | 94,599 |
| Accumulated Amortisation and impairment losses | | | | |
| Balance 1 July 2013 | 17,205 | 17,205 | 17,205 | 17,205 |
| Amortisation expense | 14,922 | 14,922 | 14,922 | 14,922 |
| Elimination on disposal | 0 | 0 | 0 | 0 |
| Balance at 30 June 2014 | 32,127 | 32,127 | 32,127 | 32,127 |
| Accumulated Amortisation and impairment losses | | | | |
| Balance 1 July 2014 | 32,127 | 32,127 | 32,127 | 32,127 |
| Amortisation expense | 29,952 | 29,952 | 29,952 | 29,952 |
| Elimination on disposal | 0 | 0 | 0 | 0 |
| Balance at 30 June 2015 | 62,079 | 62,079 | 62,079 | 62,079 |
| Carrying amounts | | | | |
| At 1 July 2013 | 29,844 | 29,844 | 29,844 | 29,844 |
| At 30 June / 1 July 2014 | 32,297 | 32,297 | 32,297 | 32,297 |
| At 30 June 2015 | 32,520 | 32,520 | 32,520 | 32,520 |

The additions were to IT Software Development of the Scholarships Online System \$30,175 (2014, \$17,375) during this financial year.

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

14 Payable – exchange transactions

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|-----------------------------|------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Sundry trade other payables | 196,548 | 155,676 | 154,051 | 117,337 |
| | \$196,548 | \$155,676 | \$154,051 | \$117,337 |

15 Payable – non-exchange transactions

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|--|---------------|-----------------|---------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Non-exchange payments from scholarship funds | 0 | 36,500 | 0 | 36,500 |
| | \$0 | \$36,500 | \$0 | \$36,500 |

16 Employee benefit Liability

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|--|------------------|-----------------|------------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Long term Employee entitlements | | | | |
| Retirement Leave | 0 | 0 | 0 | 0 |
| Long Service Leave | 10,663 | 13,390 | 10,663 | 13,390 |
| Total Long Term Employee entitlements | 10,663 | 13,390 | 10,663 | 13,390 |
| Short term Employee entitlements | | | | |
| Salary Accrual | 38,061 | 21,008 | 31,930 | 15,872 |
| Employer Superannuation Contribution on Salary Accrual | 1,761 | 930 | 1,516 | 724 |
| Annual Leave | 38,987 | 41,457 | 31,217 | 38,688 |
| Employer Superannuation Contribution on Annual Leave | 1,433 | 2,121 | 1,122 | 2,010 |
| Long Service Leave | 6,991 | 3,540 | 6,991 | 3,540 |
| Retirement Leave | 18,603 | 13,725 | 18,603 | 13,725 |
| Total short term Employee entitlements | 105,836 | 82,781 | 91,379 | 74,559 |
| Total Employee Entitlements | \$116,499 | \$96,171 | \$102,042 | \$87,949 |

17 Scholarship Commitments

For NZVCC and the Group

| | 2015 | 2014 |
|-------------------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| Balance at beginning of the year | 3,971,794 | 4,003,010 |
| Plus: Interest and Dividend Revenue | 194,787 | 183,947 |
| Funding | <u>1,182,222</u> | <u>1,289,629</u> |
| | 1,377,009 | 1,473,576 |
| | 5,348,803 | 5,476,586 |
| Less: Scholarships Allocated | <u>1,367,402</u> | <u>1,496,258</u> |
| | 3,981,401 | 3,980,328 |
| Allocation of fair value change | <u>126,210</u> | <u>(8,534)</u> |
| Balance at end of the year | <u><u>\$4,107,611</u></u> | <u><u>\$3,971,794</u></u> |

For NZVCC and the Group

| Represented by: | 2015 | Fair Value | Funds | Funds | 2014 |
|--|-----------|------------|----------|-----------|-----------|
| | \$ | Change | Received | Allocated | \$ |
| Non-Interest Bearing Scholarships | | | | | |
| Asia 2000 | 238 | | 0 | 0 | 238 |
| Commonwealth Scholarship | 23,212 | | 689 | 2,167 | 24,690 |
| Freyberg | 52,501 | | 75,000 | 60,000 | 37,501 |
| Kitchener | 0 | | 500 | 500 | 0 |
| Miscellaneous Scholarship Fund | 2,051 | | 0 | 0 | 2,051 |
| NZ University Scholarship | 743 | | 0 | 0 | 743 |
| The Hydrological Sciences Fellowship | 3,289 | | 0 | 0 | 3,289 |
| Unicare Fund | 2,672 | | 0 | 0 | 2,672 |
| Interest Bearing Scholarships | | | | | |
| Andrew Justice Memorial | 857 | | 38 | 0 | 819 |
| Auckland Council Economics | 0 | | 0 | 0 | 0 |
| Auckland Medical Aid Trust Scholarship | 28,617 | | 50,805 | 37,500 | 15,312 |
| Bank of New Zealand Scholarship | 54,846 | | 2,443 | 0 | 52,403 |
| Bing's Scholarship | 15,031 | | 733 | 2,345 | 16,643 |
| Bruce Cronin Scholarship | 2,528 | | 5,028 | 2,500 | 0 |
| Buddle Findlay Centennial Scholarship | 6,526 | | 291 | 0 | 6,235 |
| Children's Health Camps Scholarship | 2,326 | | 103 | 0 | 2,223 |
| Claude McCarthy Fellowship | 180,015 | | 97,136 | 136,089 | 218,968 |
| Dick & Mary Earle Scholarship | 15,901 | | 45,266 | 44,379 | 15,014 |
| Douglas Myers | 75 | | 1,199 | 1,196 | 72 |
| Edward & Isobel Kidson Scholarship | 1,073,759 | 41,649 | 73,001 | 47,437 | 1,006,546 |
| Edna Waddell Scholarship | 13,822 | | 35,436 | 27,500 | 5,886 |
| Electoral Commission Scholarship | 50 | | 14,519 | 14,492 | 23 |
| Fish & Game New Zealand | 2,374 | | 105 | 0 | 2,269 |
| Georgetti Scholarship | 500,533 | | 347,599 | 442,374 | 595,308 |
| Gerald Agnew Scholarship | 0 | | 0 | 0 | 0 |
| Girdlers | 0 | | 6,435 | 6,413 | (22) |
| Gordon Watson Scholarship | 718,942 | 40,980 | 40,681 | 40,920 | 678,201 |
| Henry Kelsey Scholarship | 8,523 | | 6,223 | 3,000 | 5,300 |
| J H Aspinall Scholarship | 0 | | 5,000 | 5,000 | 0 |
| Judith Clark Fellowship | 34 | | 8,811 | 8,777 | 0 |
| Kia Ora Foundation | 19,408 | | 75,576 | 78,132 | 21,964 |
| Kiwi Music Scholarship | 415 | | 50,487 | 60,108 | 10,036 |
| KiwiRail Group Ltd | 25,921 | | 21,765 | 48,000 | 52,156 |

| | | | | | |
|---|--------------------|------------------|--------------------|--------------------|--------------------|
| L B Wood Traveling Scholarship | 10,737 | | 6,317 | 4,500 | 8,920 |
| Mervyn Sterling Memorial Scholarship | 8,596 | | 2,369 | 2,000 | 8,227 |
| NZAid Field Research | 17,476 | | 43,988 | 40,383 | 13,871 |
| NZ Association of Economists | 114 | | 5 | 0 | 109 |
| NZEET | 14,470 | | 645 | 0 | 13,825 |
| NZ France Friendship Fund | 29,831 | | 25,821 | 25,281 | 29,291 |
| NZFPA Alice Bush Scholarship | 3,537 | | 158 | 0 | 3,379 |
| NZLF Doctorial | 18,159 | | 35,089 | 17,500 | 570 |
| NZLF Ethel Benjamin | 16,239 | | 53,019 | 58,405 | 21,625 |
| Sullivan Scholarship | 43,425 | | 2,020 | 4,499 | 45,904 |
| PEANZ | 709 | | 32 | 0 | 677 |
| Peter Windle Scholarship | 20 | | 1 | 0 | 19 |
| Pukehou Pouto Scholarship | 489,766 | 17,165 | 25,522 | 12,346 | 459,425 |
| Resource Management Law Assn | 4,759 | | 212 | 0 | 4,547 |
| Reynolds Scholarship | 124 | | 36 | 8,000 | 8,088 |
| Road Safety Research Scholarship | 9,077 | | 404 | 0 | 8,673 |
| Robertson | 129 | | 9,218 | 9,213 | 124 |
| Seafarers Union Scholarship | 3,424 | | 5,134 | 7,500 | 5,790 |
| Shircliffe Fellowship | 491,644 | 26,416 | 27,649 | 23,437 | 461,016 |
| Te Putea Awhina Akonga Maori A Te Manatu Waka | 24,174 | | 1,077 | 0 | 23,097 |
| TEU Crozier Scholarship | 4,518 | | 10,164 | 10,000 | 4,354 |
| Todd Foundation Awards for Excellence | 124,827 | | 153,265 | 71,124 | 42,686 |
| Tower Undergraduate Scholarship | 16,185 | | 722 | 0 | 15,463 |
| Transit NZ Post Graduate Scholarships | 16,297 | | 726 | 0 | 15,571 |
| Woolf Fisher | 4,165 | | 8,547 | 4,385 | 3 |
| | \$4,107,611 | \$126,210 | \$1,377,009 | \$1,367,402 | \$3,971,794 |

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

Interest totaling \$106,788 (2014, \$106,508) 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 Shircliffe Fellowship 20.93%). Interest & Dividends earned totaled \$87,999 (2014, \$77,439) and \$126,210 (2014, (\$6,808)) 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 15 for current non-exchange payments from scholarship funds.

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.

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 2015 \$ | ACTUAL 2014 \$ |
|--|----------------------|-----------------------|
| Rhodes Scholarship Account | | |
| Accumulated Funds | | |
| Balance at beginning of the year | 1,967 | 6,322 |
| Add: Funds Received | 13,199 | 8,000 |
| Interest Revenue | 4 | 20 |
| | <u>13,203</u> | <u>8,020</u> |
| Less: Honoraria | 1,006 | 1,920 |
| Travel to Selection & Meeting Expenses | 13,485 | 10,410 |
| Bank Fees | 55 | 45 |
| | <u>(14,545)</u> | <u>(12,375)</u> |
| Balance at end of the year | <u>\$624</u> | <u>\$1,967</u> |

Represented By:

| | | |
|-------------------------------------|--------------|----------------|
| Bank of New Zealand Current Account | 623 | 1,965 |
| Accrued Interest | 1 | 2 |
| | <u>\$624</u> | <u>\$1,967</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 2015 \$ | Group 2014 \$ | NZVCC 2015 \$ | NZVCC 2014 \$ |
|--|---------------------|---------------------|---------------------|---------------------|
| Loans and receivables | | | | |
| Cash and cash equivalents | 699,948 | 408,454 | 543,718 | 287,719 |
| Bank Term Investments | 3,350,650 | 3,399,478 | 3,296,581 | 3,347,579 |
| Receivables - exchange transactions | 86,126 | 96,570 | 63,314 | 61,328 |
| Recoverables - non-exchange transactions | 25,000 | 27,941 | 25,000 | 27,941 |
| Financial liabilities measured at amortised cost | | | | |
| Trade and Other payables | 196,548 | 155,676 | 154,051 | 117,337 |
| Available for Sale | | | | |
| JMIS Investment Portfolio | 1,559,448 | 1,526,112 | 1,559,448 | 1,526,112 |

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 2014 | | | | |
| Financial Assets | | | | |
| JMIS Investment Portfolio | 1,526,112 | 1,526,112 | 0 | 0 |
| 30 June 2015 | | | | |
| Financial Assets | | | | |
| JMIS Investment Portfolio | 1,559,448 | 1,559,448 | 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 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|--|------------|------------|------------|------------|
| | \$ | \$ | \$ | \$ |
| Cash on Hand | 787 | 740 | 517 | 504 |
| Bank Balances | 699,161 | 407,714 | 543,201 | 287,215 |
| Receivables - exchange transactions | 86,126 | 96,570 | 63,314 | 61,328 |
| Recoverables - non-exchange transactions | 25,000 | 27,941 | 25,000 | 27,941 |
| Investments | 1,559,448 | 1,526,112 | 1,559,448 | 1,526,112 |
| Bank Deposits | 3,350,650 | 3,399,478 | 3,296,581 | 3,347,579 |
| BNZ Credit Cards | 48,000 | 31,000 | 32,000 | 31,000 |

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 October 2014. The total lease commitments are as follows:

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|---|------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Not later than one year | 177,822 | 175,422 | 177,822 | 175,422 |
| Later than one year but not later than five years | 385,513 | 535,635 | 385,513 | 535,635 |
| Later than five years | 0 | 0 | 0 | 0 |
| Total lease commitments | \$563,335 | \$711,057 | \$563,335 | \$711,057 |

The total expense for the year relating to the payment of leases was \$177,222 (2014, \$175,522).

22 Auditors' Remuneration

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

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Audit of the Financial Statements | 22,345 | 21,445 | 13,970 | 13,570 |
| Office Audit General overhead charge | 1,300 | 1,300 | 800 | 800 |
| Total | \$23,645 | \$22,745 | \$14,770 | \$14,370 |

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 \$380,000 (2014, \$379,155) of University Annual Grants on behalf of the AQA. These funds were then paid to the AQA upon receipt of an invoice.

NZVCC provided serviced offices and provided other administrative services to AQA during the year and received \$51,067 (2014, \$49,395) revenue for these services.

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

| | Group 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| The University of Auckland | 479,399 | 417,348 | 400,537 | 339,365 |
| Auckland University of Technology | 268,298 | 233,492 | 224,162 | 189,863 |
| The University of Waikato | 208,828 | 184,180 | 174,475 | 149,765 |
| Massey University | 287,541 | 252,425 | 240,240 | 205,258 |
| Victoria University of Wellington | 292,490 | 257,432 | 244,375 | 209,330 |
| University of Canterbury | 260,976 | 230,122 | 218,045 | 187,123 |
| Lincoln University | 138,229 | 121,695 | 115,490 | 98,956 |
| University of Otago | 374,239 | 332,460 | 312,676 | 270,339 |
| Total | \$2,310,000 | \$2,029,155 | \$1,930,000 | \$1,650,000 |

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 2015 | Group 2014 | NZVCC 2015 | NZVCC 2014 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| The University of Auckland | 46,695 | 47,305 | 46,695 | 47,305 |
| Auckland University of Technology | 26,133 | 26,466 | 26,133 | 26,466 |
| The University of Waikato | 20,340 | 20,876 | 20,340 | 20,876 |
| Massey University | 28,007 | 28,612 | 28,007 | 28,612 |
| Victoria University of Wellington | 28,489 | 29,179 | 28,489 | 29,179 |
| University of Canterbury | 25,420 | 26,084 | 25,420 | 26,084 |
| Lincoln University | 13,464 | 13,794 | 13,464 | 13,794 |
| University of Otago | 36,452 | 37,684 | 36,452 | 37,684 |
| Total | \$225,000 | \$230,000 | \$225,000 | \$230,000 |

The University of Auckland provides assistance with Copyright issues and NZVCC pays for these services upon receipt of an invoice 2015, \$35,348 (2014, \$53,810).

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

| | Group 2015 | FTE's 2015 | Group 2014 | FTE's 2014 | NZVCC 2015 | FTE's 2015 | NZVCC 2014 | FTE's 2014 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | \$ | | \$ | | \$ | | \$ | |
| Key Management Personnel | 596,126 | 4 | 364,271 | 2 | 436,655 | 3 | 213,438 | 1 |
| AQA Board Honoraria | 22,449 | 10 People | 21,070 | 8 People | 0 | 0 People | 0 | 0 People |
| | 618,575 | | 385,341 | | 436,655 | | 213,438 | |

Key Management employee benefits for NZVCC in 2015 reflects changes in NZVCC management structure from 1 July 2014.

24 Commitments and contingencies

Commitments

There are no capital commitments at 30 June 2015. (2014 Nil)

Contingent liabilities

There are no contingent liabilities at 30 June 2015. (2014 Nil)

25 Events after reporting date

There were no significant events after the balance date.

26 Adjustment arising on transition to the new PBE accounting standards

Reclassification adjustments

Apart from revenue now being classified as either exchange or non-exchange revenue there have been no other reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

Recognition and measurement adjustments

There have been no adjustments required.