

**NEW ZEALAND
VICE-CHANCELLORS' COMMITTEE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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FOR THE YEAR ENDED 30 JUNE 2016**

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NEW ZEALAND VICE-CHANCELLORS' COMMITTEE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 \$2,808,788 from the universities were the main source of funding received by the Committee. \$2,408,788 was for the Committee and \$400,000 for the Academic Quality Agency for New Zealand Universities (AQA).

Interest revenue and scholarship administration fees supplement this revenue.

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

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

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

Further information about the Academic Quality Agency for New Zealand Universities

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

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

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

**NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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 2016 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 STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016**

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

Opinion on the financial statements and the statement of service performance

We have audited:

- the financial statements of the Committee and group on pages 23 to 45, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Committee and group on pages 13 to 22.

In our opinion:

- the financial statements of the Committee and group on pages 23 to 45:
 - present fairly, in all material respects the Committee and group's:
 - § financial position as at 30 June 2016; and
 - § financial performance and cash flows for the year then ended;
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Sector PBE Standards with disclosure concessions.
- the statement of service performance of the Committee and group on pages 13 to 22 presents fairly, in all material respects, the Committee and group's service performance achievements measured against the proposed outcomes described in the statement of objectives for the year ended 30 June 2016.

Our audit was completed on 13 October 2016. 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 explain our independence.

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service performance. 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 the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Committee and group's financial statements and statement of service performance 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;
- the adequacy of the disclosures in the financial statements and the statement of service performance; and
- the overall presentation of the financial statements and the statement of service performance.

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

We 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 present fairly the Committee and group's financial position, financial performance and cash flows.

The Committee is also responsible for preparing a statement of service performance that presents fairly the Committee and group's service performance achievements measured against the proposed outcomes adopted in the investment plan.

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

The Committee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and statement of service performance 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 the statement of service performance, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

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

Other than the audit, we have no relationship with or interests in the Committee or 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 2016

Roles

Universities NZ has three roles:

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

Outcomes

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

1. Enhanced quality assurance in the New Zealand university system
2. Enhanced efficiency and effectiveness across the New Zealand university system
3. Policies and an operating environment that ensure New Zealand universities are optimally able to contribute to economic growth and social well-being.

Functions

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

NEW ZEALAND VICE-CHANCELLORS' COMMITTEE STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

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

During two annual rounds of approval CUAP approved 77 new qualifications in 2015 to be offered in 2016.

(b) Objective

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

Achievements

CUAP further developed its online Proposal Management System to include the Graduating Year Review moderation process.

CUAP continued to monitor the development of 180-credit master's qualifications and produced a discussion document on the development of the 180-credit master's degrees in the university sector.

Universities NZ facilitated an afternoon session for the universities to discuss institutional Internal Programme Review policies and processes.

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

Universities NZ participated in discussions and presentations on university quality assurance policies and processes to international delegations from the following countries; Indonesia, Samoa and 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:

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

(e) Objective

To work effectively with the Academic Quality Agency for New Zealand Universities (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.

Total budget for academic services:	\$194,690
Total cost for academic services:	\$192,819

Output 2 - Scholarships

Outcomes

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

Service Provided

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

Quality and Timeliness

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

Achievements

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

For the programmes Universities NZ:

- made 140 scholarship or fellowship awards on behalf of sponsors and donors; the value of these awards was \$1,769,617.00.
- made 44 nominations of NZ applicants to overseas decision making bodies.
- managed the selection for 24 scholars where the awards were then managed by the donor.

Universities NZ assumed responsibility for two new scholarship programmes.

Total budget for scholarship services:	\$334,785
Total cost for scholarship services:	\$320,181

Output 3 - Policy Advice and Coordinating Services

Outcomes

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

Service Provided

To provide policy advice and coordinating services to Government and the universities, particularly through the government agencies of the Tertiary Education Commission (TEC), Ministry of Business, Innovation and Employment (MBIE), 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 2015 and February 2016. 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 2015/16 on the following subjects;

- *Submission to the Ministry of Culture & Heritage on convergence of technologies (October 2015)*
- *Submission to the Ministry of Business Innovation & Employment (MBIE) on the Implementation of the Trans-Pacific Partnership (March 2016)*
- *Submission to Archives New Zealand on their Draft Regulatory Statement (February 2016)*
- *Submissions on changes to the Education Act (December 2015 and February 2016)*

Universities New Zealand continued to implement its Strategic Work Programme (begun in 2014). Key areas of focus were;

Contributing proactively to key Government initiatives in the areas of;

- *The Tertiary Education Commission's (TEC) Investment Approaches Programme,*
- *MBIE's National Statement of Science Investment and the subsequent creation and operation of the Endeavour Fund.*
- *Lifting university participation and achievement by Māori & Pasifika*
- *International education Roadmap Strategy implementation.*
- *Government initiatives around providing advice to young people on study and career options and the merger of Careers NZ into the TEC.*

Responding appropriately to other smaller scale Government initiatives including;

- *Changes to the University Entrance Standard (February, April & June UNZ meetings)*
- *Implementation of the new Vulnerable Children Act*
- *Preparation for the next Performance Based Research Fund (PBRF) round by involvement in the PBRF Sector Reference Group.*
- *Participation in a New Zealand Qualification Authority series of workshops looking at options around credit transfer and recognition of prior learning.*
- *Implementation of new Education Act requirements around pastoral care for international students.*

(c) The Public and Non-Government Stakeholders

Objective

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

Achievements

- *A significant project to quantify graduate earnings and employment rates underpinned extensive public communications during 2016.*
- *The Executive Director's role was expanded to include greater engagement with the public and non-Government stakeholders. During the year he;*
 - *Held around 50 meetings with stakeholder groups like Business NZ and NZUSA.*
 - *Made 22 formal presentations to conferences, and stakeholder groups and presented at over 30 Rotary Clubs.*
 - *Made a large number of media statements – both proactive and reactive.*

(d) **Research**

Objectives

To promote the funding of university research in New Zealand.

To facilitate the development of relationships with the Ministry of Business, Innovation and Employment (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 PBRF for the 2018 Quality Evaluation through membership of the Sector Reference Group set up to advise the TEC.*
- *Funds of \$40,000 were provided to the Royal Society of New Zealand to support the Australian and New Zealand Council for the Care of Animals in Research Training (ANZCCART).*
- *Co-sponsored the Speaker's Science Forum series at Parliament; worked with the Royal Society on selecting suitable topics and speakers.*
- *Worked with NZ Police on the development of policies relating to the engagement of external researchers.*

(e) **Te Kāhui Amokura**

Objectives

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

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

Achievements

- *Completed a pan-university stocktake of Māori initiatives including a variety of areas including; Academic Programmes, Academic and Learning Support Services, Pastoral Support and Bridging and Foundation Courses etc. It was created to provide Te Kāhui Amokura with a national view of the current operating context for Māori taurua / staff within the university sector.*
- *Delivered an analysis on the number of Māori Academic and Professional staff within the university sector.*
- *Developed an Implementation Plan for the delivery of the Strategic Plan – including Case Studies etc.*
- *Provided advice to Universities New Zealand – Te Pūkai Tara on potential policy changes to improve Māori participation and completion rates at universities through the following channels – Budget 2016 Papers and the Productivity Commission Submissions 2016.*
- *Provided Ngā Pae o te Māramatanga advice around its next funding bid with the universities, and its new strategic direction.*

(f) **Human Resources**

Objectives

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

To advise the Vice-Chancellors on human resources matters.

Achievements

- *Human Resources Directors held three meetings during the year.*
- *New Zealand Women in Leadership Regional roadshow for Alumni was held in Wellington in November 2015.*
- *A Tribal Benchmarking contract has been signed for the next three years.*
- *Health & Safety Workshop attended by members of the committee in March 2016.*

(g) **Copyright Licensing**

Objectives

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

Achievements

- *After a protracted negotiation over extending the main copyright license between NZ universities and Copyright Licensing New Zealand (CLNZ) in the previous year, there was very little activity in this year. All universities are currently implementing new e-reporting tools to simplify copyright reporting ahead of the CLNZ licence being renewed again in 2017. Universities NZ is taking a coordinating role in this.*
- *The licence for use of music with APRA/AMCOS and PPNZ was renewed for a further four year term.*

(h) Communications

Objectives

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

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

Achievements

- *Implemented Universities NZ's engagement strategy by initiating 42 meetings for the Executive Director with government and wider sector decision-makers, influencers and media across NZ*
- *Selected software, developing design and rewritten content for UNZ website development*
- *Developed 53 media releases on sector issues and facilitated media inquiries and interviews*
- *Developed opinion pieces on key sector issues*
- *Contributed to strategy and risk and issue management*
- *developed collateral including an organisational profile through two key facts documents*
- *provided communications advice and support to UNZ portfolio managers*
- *coordinated Marketing and Communications Directors; and planned and organised Marketing and Communications Managers Annual event*
- *other support work for Vice-Chancellors and Universities New Zealand including writing speeches and presentations for China/ Taiwan delegation.*

(i) International

Objectives

To facilitate internationalisation in the NZ universities.

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

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

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

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

Achievements

- *The International Policy Committee held 5 meetings during the year.*
- *International collaboration in higher education was promoted through Universities New Zealand participation in the fourth New Zealand China Higher Education Forum and third New Zealand Taiwan Higher Education Forum and an opportunity scoping visit to Latin America.*
- *Participated in quarterly immigration operational meetings. These provide a vehicle to promote improvements in immigration policy settings for international students.*
- *Fostered relationships with Education New Zealand, Immigration New Zealand and the New Zealand Qualifications Authority by ensuring their representation at each Committee on International Policy meeting, and the meeting of the Forum of International Managers and Directors.*
- *Completed the shortlist of priority pan-university initiatives agreed to in 2014/15 these include;*
 - *the 'University Story' a marketing tool kit to promote New Zealand universities in target markets, increased collaboration with Government, and maintaining and strengthening our relationship with Education New Zealand.*
 - *Developed a market development plan for Latin America, to increase New Zealand's visibility in target markets, and advance our internationalization interests through promoting research collaboration and academic and student mobility.*
 - *Commenced planning for 2017 pan-university international education initiatives, incorporating engagement with Education New Zealand and their Country Activity Plans, and the Ministry of Business Innovation and Employment's research strategy.*

(i) Information and Communications Technology (ICTC)

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

- A joint Strategic Plan was adopted by NZ's ICTC and its Australian counterpart - the Council for Australian Directors of IT (CAUDIT).
- Regular meetings, planning and reporting activities took place with CAUDIT
- There was a joint CONZUL and ICTC working party on ORCID (identification for researchers). A report and recommendations were published February 2016 on the University New Zealand website.

(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

- The Committee of NZ University Librarians (CONZUL) held three meetings during the year.
- There was a joint CONZUL and ICTC working party on ORCID (identification for researchers). A report and recommendations were published February 2016 on the University New Zealand website.
- The recommendation in the report is for the adoption of a national ORCID consortium being
- A digitisation project register was created on the Universities New Zealand Extranet.
- Research Data Management Working Groups have met and completed work.
- CONZUL has actively participated in the Committee of Australian University Librarians (CAUL) advisory committees:
 - CAUL Electronic Information Resources Advisory Commission (CEIRA)
 - 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)
 - CAUL International Federation of Library Associates (CIFLA)
 - CAUL Leadership Institute (CLI)

(k) Facilities Management**Objective**

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

Achievements

- Facilities directors of the eight universities met twice in the year to share best practice and to coordinate activities.
- Areas where best practice has been shared in this year include; space utilization benchmarking, and asbestos management.
- Areas where there has been sector coordination include national management of the contractor 'Campus Living Villages' and responses to the Productivity Commission Inquiry into New Models for Tertiary Education.

(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

- Coordinated a workshop for Planning Directors on the TECX's approach to Plan Guidance, Māori and Pasifika involvement in tertiary education and Tertiary Education Strategy priorities.
- Represented university views through participating in a TEC working group on the provision of Information for Learners.
- Coordinated discussion between the Ministry of Education and Planning Directors on forecasts for university enrolments.

(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

Coordinated Universities NZ's signatory status on the Groningen Declaration Network, an international network that promotes digital student data portability.

Coordinated Universities NZ's participation in the Australasian Digital Student Data initiative; the Chair of Committee on Student Administration and Academic Services represents the New Zealand universities on the Steering Group.

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

(n) Administrative Support

Objective

To provide administrative support to inter-university initiatives.

Achievements

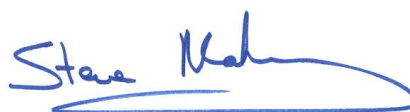
- Administrative support was provided to all formal Universities NZ committees during the year and to the Women in Leadership Programme, the Council of Deans of Education and to the Tertiary ICT Conference.

Total budget for policy advice and co-ordinating services:	\$1,873,825
Total cost of policy advice and co-ordinating services:	\$2,118,447

Total budget for all outputs:	\$2,403,300
Total cost for all outputs:	\$2,631,447



Professor Harlene Hayne
Chair, NZ Vice-Chancellors' Committee



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

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

**STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016**

Objective 1: Quality Assurance

To ensure academic audits are timely and produce audit reports which are of assistance to universities, are authoritative, fair and perceptive.¹

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

Measure	2015/16 Delivered	2015/16 Quantity Estimated	2014/15 Quantity Delivered	2014/15 Quantity Estimated
1.1 Academic audit reports published as per indicative timeline ²	2 (Waikato Oct. 2015, AUT Apr. 2016)	2 (Waikato, AUT)	4 (Auckland, Victoria, Canterbury, NUS)	4 (Auckland, Victoria, Canterbury, NUS)
1.2 Academic audit follow-up reports received as per indicative timeline	3 (Auckland, Victoria, Canterbury)	3 (Auckland, Victoria, Canterbury)	1 (Massey)	1 (Massey)
1.3 Feedback on audit process sought from recently audited universities as per indicative timeline	2 (Waikato, AUT)	2 (Waikato, AUT)	3 (Auckland, Victoria, Canterbury)	3 (Auckland, Victoria, Canterbury)
1.4 Proportion of auditors appointed to NZ university audit panels who have received auditor training	90% (n=10)	100%	N/A *	N/A *

* Change in measure from 2014/15.

¹ Objectives as per AQA Constitution.

² Indicative audit timelines published in Cycle 5 Academic Audit Handbook for Universities and available from the AQA website: www.aqa.ac.nz/cycle5.

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	2015/16 Delivered	2015/16 Quantity Estimated	2014/15 Quantity Delivered	2014/15 Quantity Estimated
2.1 Publication of AQA newsletter	3	4	4	4
2.2 Workshops and/or meetings held with New Zealand universities on matters pertaining to university quality	8 (meetings held with all universities as part of new ED induction and preliminary discussion of cycle 6)	2	5 (Individual meetings – Canterbury, Waikato, AUT, Massey – plus workshop with NZUSA on Student Voice)	4 (Individual meetings – Waikato, AUT, Massey, and Otago)
2.3 Biennial 'Support for Quality' Conference	1	1 (October 2015)	1 (September 2014)	1
2.4 Biennial QE/communications survey of stakeholders	1 (undertaken as part of 2015 review of AQA)	1	N/A (2015/16)	1

Objective 3: Quality Enhancement – AQA

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

Description: AQA's work is benchmarked internationally: the agency is independently audited every five years (last audited in June 2015) and has been assessed as meeting the Guidelines of Good Practice in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education (confirmed 2013, valid until 2017). Interaction and engagement with national and international peer agencies is an important component of AQA's continued commitment to its own development and to the professional development of its staff and activities.

Measure	2015/16 Delivered	2015/16 Quantity Estimated	2014/15 Quantity Delivered	2014/15 Quantity Estimated
3.1 Membership of related national boards, committees and working groups	1 (JCG)	2	3	3
3.2 Membership of related international boards and working groups	1	1	1	1

Measure	2015/16 Delivered	2015/16 Quantity Estimated	2014/15 Quantity Delivered	2014/15 Quantity Estimated
3.3 Independent review of AQA operations including assessment against Guidelines of Good Practice (GPP) in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education	Report published September 2015.	Review undertaken in June 2015; report to be received 2015/16	Review undertaken in June 2015; report to be received 2015/16	Review undertaken in June 2015; report to be received 2015/16
3.4 External consultancy or other contracts undertaken	1 (Macao)	2 (Macao, one other – likely Oman)	4 (USP; NUS HKCAAVQ; TNQAB)	2 (USP, one other)

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	2015/16 Delivered	2015/16 Quantity Estimated	2014/15 Quantity Delivered	2014/15 Quantity Estimated
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

\$497,667

Total cost for Academic Quality Agency for NZ Universities

\$532,887

For and on behalf of the board



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



Emeritus Professor Sheelagh Matear
Executive Director
Academic Quality Agency for New Zealand Universities

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

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

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2016**

Note	Group Actual 2016	Group Budget 2016	Group Actual 2015	NZVCC Actual 2016	NZVCC Budget 2016	NZVCC Actual 2015
Revenue						
University Annual Grants	2,430,000	2,430,000	2,310,000	2,030,000	2,030,000	1,930,000
University Cost-splitting Income	153,788	0	0	153,788	0	0
University GLSNZ Contributions	225,000	225,000	225,000	225,000	225,000	225,000
Audit Fees	130,327	86,000	169,283	0	0	0
Administration Fees	69,441	68,000	67,394	69,441	68,000	67,394
Interest Revenue - Bank Term Deposits	47,561	38,000	48,245	42,507	35,000	41,730
Rent & other services revenue	0	0	0	53,790	45,300	51,067
Sundry Revenue	31,844	10,000	9,686	23,358	0	595
Total Revenue	3,087,961	2,857,000	2,829,608	2,597,884	2,403,300	2,315,786
Less Expenditure	6 3,110,324	2,855,667	2,805,354	2,631,447	2,403,300	2,306,471
Surplus/(Deficit) for the year	(\$22,363)	\$1,333	\$24,254	(\$33,563)	\$0	\$9,315
Other Comprehensive Revenue and Expense	0	0	0	0	0	0
Total comprehensive revenue and expense for the year	(\$22,363)	\$1,333	\$24,254	(\$33,563)	\$0	\$9,315

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 2016**

	Group Actual 2016 \$	Group Budget 2016 \$	Group Actual 2015 \$	NZVCC Actual 2016 \$	NZVCC Budget 2016 \$	NZVCC Actual 2015 \$
Equity at start of the year	744,255	744,255	720,001	564,381	564,381	555,066
Total Comprehensive Revenue and Expense for the year	(22,363)	1,333	24,254	(33,563)	0	9,315
Equity at end of the year	\$721,892	\$745,588	\$744,255	\$530,818	\$564,381	\$564,381

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 2016**

	Group Actual 2016	Group Budget 2016	Group Actual 2015	NZVCC Actual 2016	NZVCC Budget 2016	NZVCC Actual 2015	
Note	\$	\$	\$	\$	\$	\$	
Assets							
Current Assets							
Cash and cash equivalents	7	627,267	881,824	699,948	477,902	700,575	543,718
GST (Payment)/Refund		46,095	(31,468)	(1,869)	43,989	(33,468)	(5,174)
Bank Investments	8	3,115,172	3,296,581	3,350,650	3,059,206	3,296,581	3,296,581
Receivables (from exchange transactions)	9	113,037	119,998	86,126	77,909	80,000	63,314
Recoverables (from non-exchange transactions)	10	2,500	10,000	25,000	2,500	10,000	25,000
		3,904,071	4,276,935	4,159,855	3,661,506	4,053,688	3,923,439
Non-Current Assets							
Property, Plant & Equipment	12	67,350	71,943	21,695	67,350	63,983	21,283
Intangible Assets	13	25,164	76,520	32,520	25,164	76,520	32,520
JMIS Investment Portfolio	8	1,454,741	1,559,448	1,559,448	1,454,741	1,559,448	1,559,448
		1,547,255	1,707,911	1,613,663	1,547,255	1,699,951	1,613,251
Total Assets		5,451,326	5,984,846	5,773,518	5,208,761	5,753,639	5,536,690
Liabilities							
Current Liabilities							
Payables (from exchange transactions)	14	230,180	240,000	196,548	190,498	200,000	154,051
Non-exchange liabilities							
Scholarship Commitments	15	159,956	150,000	0	159,956	150,000	0
Employee benefit liability	16	131,654	121,379	105,836	119,845	111,379	91,379
CONZUL	18	26,848	65,175	65,175	26,848	65,175	65,175
NZ Council of Deans of Education	18	203,577	227,383	227,383	203,577	227,383	227,383
NZ Women in Leadership	18	185,604	197,280	197,280	185,604	197,280	197,280
Tertiary ICT Fund	18	118,767	118,767	118,767	118,767	118,767	118,767
		1,056,586	1,119,984	910,989	1,005,095	1,069,984	854,035
Non-Current Liabilities							
Employee benefit liability	16	11,679	11,663	10,663	11,679	11,663	10,663
Non-exchange liabilities							
Scholarship Commitments	17	3,661,169	4,107,611	4,107,611	3,661,169	4,107,611	4,107,611
		3,672,848	4,119,274	4,118,274	3,672,848	4,119,274	4,118,274
Total Liabilities		4,729,434	5,239,258	5,029,263	4,677,943	5,189,258	4,972,309

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 2016**

Note	Group Actual 2016 \$	Group Budget 2016 \$	Group Actual 2015 \$	NZVCC Actual 2016 \$	NZVCC Budget 2016 \$	NZVCC Actual 2015 \$
Net Assets/Equity						
Accumulated revenue and expense	721,892	745,588	744,225	530,818	564,381	564,381
Net assets/equity attributable to the owners of the controlling entity	721,892	745,588	744,225	530,818	564,381	564,381
Total Net Assets/Equity	\$721,892	\$745,588	\$744,225	\$530,818	\$564,381	\$564,381
Total net Assets/Equity and Liabilities	\$721,892	\$745,588	\$744,255	\$530,818	\$564,381	\$564,381

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 2016**

Note	Group Actual 2016 \$	Group Budget 2016 \$	Group Actual 2015 \$	NZVCC Actual 2016 \$	NZVCC Budget 2016 \$	NZVCC Actual 2015 \$
Cash Flows From Operating Activities						
Interest Received	48,015	37,969	49,155	42,507	35,000	42,728
Annual Grants from Universities	2,430,000	2,430,000	2,310,000	2,030,000	2,030,000	1,930,000
Administration Fees	82,611	57,105	47,854	82,611	57,105	47,854
Audit Fees	108,279	65,200	173,133	0	0	0
Accumulation of Scholarship Funds	(268,486)	15,000	110,817	(268,486)	15,000	110,817
Goods and Services Tax	(43,035)	21,012	11,487	(44,326)	21,372	11,487
Other Receipts	328,266	220,796	369,134	373,003	252,948	358,999
Payments to Suppliers	(1,394,281)	(968,367)	(1,326,229)	(1,162,434)	(757,968)	(1,036,249)
Payments to Employees	(1,628,362)	(1,575,440)	(1,430,515)	(1,385,355)	(1,336,600)	(1,188,377)
Net Cash Flows from Operating Activities	11 (336,993)	303,275	314,836	(332,480)	316,857	277,259
Cash Flows From Investing Activities						
Decrease/(Increase) in Term Deposits & Portfolio	339,730	0	14,582	342,082	0	16,664
Purchase of intangible assets	(12,600)	(60,000)	(30,175)	(12,600)	(60,000)	(30,175)
Purchase of Property, Plant & Equipment	(62,818)	(115,000)	(7,749)	(62,818)	(100,000)	(7,749)
Net Cash Flows From Investing Activities	264,312	(175,000)	(23,342)	266,664	(160,000)	(21,260)
Net Increase (Decrease) In cash and cash equivalents	(72,681)	128,275	291,494	(65,816)	156,857	255,999
Opening Cash at Beginning of Year	699,948	699,948	408,454	543,718	543,718	287,719
Closing Cash at 30 June 2016	\$627,267	\$828,223	\$699,948	\$477,902	\$700,575	\$543,718
Represented by:						
Petty Cash	715		787	517		517
Bank of New Zealand Current accounts	626,552		699,161	477,385		543,201
	7 \$627,267		\$699,948	\$477,902		\$543,718

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 2016**

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 2016 comprise of NZVCC and AQA together referred to as the 'Group'.

2 Basis of Preparation

(a) Statement of Compliance

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

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

These financial statements were authorised for issue by Professor Harlene Hayne, Chair of NZVCC on 13 October 2016.

(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 2016 include the following:

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

(c) Changes in accounting estimates

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

4 Significant Accounting Policies

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

(a) Basis of consolidation

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

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

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

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

Loss of control of a controlled entity

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

(b) Foreign currency

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

(c) Revenue

Revenue from exchange transactions

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

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

Grant Revenue

Grant revenue is received from the eight universities on a six monthly basis, and applied on a straight-line basis over the financial year in which it relates.

Rendering of services

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

Revenue from non-exchange transactions

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

Scholarships Revenue

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

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

(d) Employee Benefits

Short-term employee benefits

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

Retirement Leave

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

Long Service Leave

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

Long-term employee benefits

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

Defined Contribution Plans

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

Termination Benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is 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 2016 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 June 2015 meeting.

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

(n) Goods and Services Tax

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

(o) Taxation

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

(p) Statement of Cash Flows

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

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

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

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

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

5 Changes in accounting policy

The accounting policies applied in these financial statements are the same as those applied to NZVCC and the Group's financial statements as at the year ended 30 June 2015.

6 Expenses

		Group Actual 2016	Group Budget 2016	Group Actual 2015	NZVCC Actual 2016	NZVCC Budget 2016	NZVCC Actual 2015
	Note	\$	\$	\$	\$	\$	\$
ACC Levy		2,382	5,300	3,533	1,796	4,500	2,986
ANZCCART-Contribution		40,000	40,000	40,000	40,000	40,000	40,000
Audit Fee	22	25,100	23,200	23,895	16,020	15,200	14,770
Accountancy		8,000	10,300	9,550	5,000	6,000	6,950
Advertising		13,401	14,000	6,398	4,638	8,000	4,932
Amortisation Intangible Assets		19,956	56,000	29,952	19,956	56,000	29,952
AQA Chairman & Board Honoraria		25,330	32,700	22,449	0	0	0
Bank Fees		1,719	1,700	1,773	1,454	1,300	1,317
Computer Maintenance and Training		86,413	86,881	83,169	84,236	80,000	83,076
Conference and Committee Expenses		89,444	41,600	34,926	83,771	34,000	28,725
Consultancy Fees		312,145	167,409	208,071	244,459	126,400	120,343
Depreciation Computer Equipment		14,299	22,052	5,087	14,197	14,600	4,472
Depreciation Office Equipment, Furniture & Fittings		2,866	2,700	16,792	2,556	2,700	16,456
GLSNZ		225,000	225,000	225,000	225,000	225,000	225,000
Insurance		10,652	12,000	10,363	4,606	5,000	4,606
Legal Advisory Costs		8,964	38,000	165,044	8,964	38,000	165,044
Legal Costs		15,029	3,000	3,407	8,334	2,000	3,407
Loss on sale of Asset		0	0	0	0	0	0
Occupancy Costs		17,916	19,000	17,471	17,916	19,000	17,471
Office Expenses and Administration		90,838	78,500	73,637	77,068	58,800	54,936
Occupancy Rent		164,922	180,000	164,922	164,922	180,000	164,922
Photocopier Lease		12,775	12,500	12,300	12,775	12,500	12,300
Publications and Reports		4,516	8,500	6,395	4,516	8,500	6,395
Salaries		1,583,790	1,520,676	1,382,559	1,352,453	1,293,100	1,146,114
Superannuation Contributions (including KiwiSaver)		70,164	69,000	62,746	61,949	60,000	53,367
Staff Training		7,334	13,000	4,030	7,028	12,000	3,698
Telephone, Tolls and Faxes		14,885	14,300	12,756	13,498	12,000	11,108
Travel and Accommodation		242,484	158,349	179,129	154,335	88,700	84,124
		\$3,110,324	\$2,855,667	\$2,805,354	\$2,631,447	\$2,403,300	\$2,306,471

Advertising expenditure incurred during 2015/16 amounted to \$8,768 (2014/15, \$6,334). NZVCC was reimbursed by the eight universities for a total of \$4,130 (2014/15, \$400) for their portion of the advertising costs. The amount included in the financial statements is the actual cost to NZVCC at 30 June 2016.

7 Cash & Cash Equivalents

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Bank of New Zealand				
Current Account (0.25%)	59,240	68,399	40,389	36,600
Autocall Account (0.55%-3.1%)	567,312	630,474	436,996	506,313
US\$ Account Pratt Scholarship (0%)	0	288	0	288
	626,552	699,161	477,385	543,201
Petty Cash	715	787	517	517
	\$627,267	\$699,948	\$477,902	\$543,718

8 Investments

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Current Investments				
Deposits with trading banks				
ASB Bank (Average Interest Rate 3.35%)	300,000	1,250,000	300,000	1,250,000
WPT Investments (Average Interest Rate 3.59%)	900,000	500,000	900,000	500,000
BNZ Bank (Average Interest Rate the Group 3.63%, NZVCC 3.65%)	1,855,557	1,553,601	1,800,000	1,500,000
Interest Accrued	59,615	47,049	59,206	46,581
	\$3,115,172	\$3,350,650	\$3,059,206	\$3,296,581
Term Investments				
JMIS Portfolio				
Financial assets held for sale:				
Investments in listed companies	888,016	936,212	888,016	936,212
Investments in capital notes	73,560	74,179	73,560	74,179
Investments in bonds	418,165	474,057	418,165	474,057
Investments in New Zealand fixed interest	75,000	75,000	75,000	75,000
	\$1,454,741	\$1,559,448	\$1,454,741	\$1,559,448
Total Investments	\$4,569,913	\$4,910,098	\$4,513,947	\$4,856,029

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 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Scholarships - exchange transactions	9,353	282	9,353	282
Sundry and miscellaneous exchange revenue	62,319	56,682	38,272	48,369
Prepayments	36,411	29,162	30,284	14,663
Accrued Audit Fees Income	4,954	0	0	0
	\$113,037	\$86,126	\$77,909	\$63,314

10 Recoverables – non-exchange transactions

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Scholarships - non-exchange transactions	2,500	25,000	2,500	25,000
Sundry and miscellaneous non-exchange revenue	0	0	0	0
	\$2,500	\$25,000	\$2,500	\$25,000

11 Reconciliation of Operating Surplus

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Net surplus/(deficit) from Operations	(22,363)	24,254	(33,563)	9,315
Add Non-Cash Items:				
Amortisation and Depreciation	37,121	51,831	36,709	50,880
	14,758	76,085	3,146	60,195
Add (Less) Movements In Other Working Capital Items:				
Trade and Other Receivables	8,165	28,045	20,526	15,618
GST	(47,964)	8,411	(49,163)	9,459
Accrued Interest	(12,161)	909	(12,626)	997
Trade and Other Payables	193,626	(10,287)	196,406	(14,448)
Provision for Employee Entitlements	26,834	20,328	29,482	14,093
CONZUL	(38,327)	8,665	(38,327)	8,665
NZ Council of Deans of Education	(23,806)	10,130	(23,806)	10,130
NZ Women in Leadership	(11,676)	(82,034)	(11,676)	(82,034)
Tertiary ICT Fund	0	118,767	0	118,767
Scholarship Commitments	(446,442)	135,817	(446,442)	135,817
	(351,751)	238,751	(335,626)	217,064
Net Cash Inflow from Operating Activities	(\$336,993)	\$314,836	(\$332,480)	\$277,259

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 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
Balance at 1 July 2015	20,602	164,136	184,738	18,470	162,065	180,535
Additions	58,759	4,059	62,818	58,759	4,059	62,818
Disposals	(4,082)	(137,288)	(141,370)	(4,082)	(137,288)	(141,370)
Balance at 30 June 2016	75,279	30,907	106,186	73,147	28,836	101,983
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
Accumulated depreciation and impairment losses						
Balance 1 July 2015	10,614	152,429	163,043	8,584	150,668	159,252
Depreciation expense	14,299	2,866	17,165	14,197	2,556	16,753
Elimination on disposal	(4,084)	(137,288)	(141,372)	(4,084)	(137,288)	(141,372)
Balance at 30 June 2016	20,829	18,007	38,836	18,697	15,936	34,633
Carrying amounts						
At 1 July 2014	7,327	28,498	35,825	6,610	27,853	34,463
At 30 June / 1 July 2015	9,988	11,707	21,695	9,886	11,397	21,283
At 30 June 2016	54,450	12,900	67,350	54,450	12,900	67,350

The additions were to Computer Equipment \$58,759 (2015, \$7,749) and for Office Equipment Furniture dual monitor arms in 2016 \$4,059 (2015, \$0). Costs have reduced by items that had fully depreciated during the financial year on 1 July 2015.

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 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
Balance at 1 July 2015	94,599	94,599	94,599	94,599
Additions-Developed	12,600	12,600	12,600	12,600
Disposals	0	0	0	0
Balance at 30 June 2016	107,199	107,199	107,199	107,199
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
Accumulated Amortisation and impairment losses				
Balance 1 July 2015	62,079	62,079	62,079	62,079
Amortisation expense	19,956	19,956	19,956	19,956
Elimination on disposal	0	0	0	0
Balance at 30 June 2016	82,035	82,035	82,035	82,035
Carrying amounts				
At 1 July 2014	32,297	32,297	32,297	32,297
At 30 June / 1 July 2015	32,520	32,520	32,520	32,520
At 30 June 2016	25,164	25,164	25,164	25,164

The additions were to IT Software Development on the CUAP Management System and the commencement in development of a new Universities NZ website \$12,600 (2015, \$30,175) during this financial year.

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

14 Payable – exchange transactions

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Exchange payments from scholarship funds	1,839	0	1,839	0
Sundry trade other payables	228,341	196,548	188,659	154,051
	\$230,180	\$196,548	\$190,498	\$154,051

15 Payable – non-exchange transactions

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Non-exchange payments from scholarship funds	159,956	0	159,956	0
	\$159,956	\$0	\$159,956	\$0

16 Employee benefit Liability

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Long term Employee entitlements				
Retirement Leave	0	0	0	0
Long Service Leave	11,679	10,663	11,679	10,663
Total Long Term Employee entitlements	11,679	10,663	11,679	10,663
Short term Employee entitlements				
Salary Accrual	45,954	38,061	37,490	31,930
Employer Superannuation Contribution on Salary Accrual	1,737	1,761	1,434	1,516
Annual Leave	49,103	38,987	46,178	31,217
Employer Superannuation Contribution on Annual Leave	1,852	1,433	1,735	1,122
Long Service Leave	9,583	6,991	9,583	6,991
Retirement Leave	23,425	18,603	23,425	18,603
Total short term Employee entitlements	131,654	105,836	119,845	91,379
Total Employee Entitlements	\$143,333	\$116,499	\$131,524	\$102,042

17 Scholarship Commitments

For NZVCC and the Group

	2016	2015
	\$	\$
Balance at beginning of the year	4,107,611	3,971,794
Plus: Interest and Dividend Revenue	167,598	194,787
Funding	<u>1,172,769</u>	<u>1,182,222</u>
	<u>1,340,367</u>	<u>1,377,009</u>
	5,447,978	5,348,803
Less: Scholarships Allocated	<u>1,694,467</u>	<u>1,367,402</u>
	3,753,511	3,981,401
Allocation of fair value change	<u>(92,342)</u>	<u>126,210</u>
Balance at end of the year	<u>\$3,661,169</u>	<u>\$4,107,611</u>

For NZVCC and the Group

Represented by:	2016 \$	Fair Value Change	Funds Received	Funds Allocated	2015 \$
Non-Interest Bearing Scholarships					
Asia 2000	238		0	0	238
Commonwealth Scholarship	22,613		1,244	1,843	23,212
Freyberg	46,501		92,000	98,000	52,501
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	892		35	0	857
Auckland Council Economics	0		0	0	0
Auckland Medical Aid Trust Scholarship	9,658		40,541	59,500	28,617
Bank of New Zealand Scholarship	57,099		2,253	0	54,846
Bing's Scholarship	13,272		586	2,345	15,031
Bruce Cronin Scholarship	2,581		5,053	5,000	2,528
Buddle Findlay Centennial Scholarship	6,794		268	0	6,526
Children's Health Camps Scholarship	2,422		96	0	2,326
Claude McCarthy Fellowship	99,551		100,301	180,765	180,015
Dick & Mary Earle Scholarship	22,030		49,296	43,167	15,901
Douglas Myers	15		4,343	4,403	75
Edward & Isobel Kidson Scholarship	1,076,742	(30,473)	78,536	45,080	1,073,759
E W File Scholarship	13		4,013	4,000	0
Edna Waddell Scholarship	14,194		20,372	20,000	13,822
Electoral Commission Scholarship	69		5,086	5,067	50
Fish & Game New Zealand	2,472		98	0	2,374
Georgetti Scholarship	329,773		333,008	503,768	500,533
Gerald Agnew Scholarship	0		0	0	0
Girdlers	69		6,490	6,421	0
Gordon Watson Scholarship	692,329	(29,983)	62,875	59,505	718,942
Henry Kelsey Scholarship	2,776		253	6,000	8,523
J H Aspinall Scholarship	2,508		2,508	0	0
Judith Clark Fellowship	35		9,837	9,836	34
Kia Ora Foundation	9,611		56,610	66,407	19,408
Kiwi Music Scholarship	504		55,089	55,000	415
Kiwirail Group Ltd	26,707		20,786	20,000	25,921
L B Wood Traveling Scholarship	4,964		3,227	9,000	10,737
Mervyn Sterling Memorial Scholarship	6,895		299	2,000	8,596
NZAid Field Research	31,020		51,197	37,653	17,476
NZ Association of Economists	119		5	0	114
NZEET	15,064		594	0	14,470
NZ France Friendship Fund	18,126		25,795	37,500	29,831
NZFPA Alice Bush Scholarship	3,682		145	0	3,537
NZLF Doctorial	0		86	18,245	18,159
NZLF Ethel Benjamin	4,367		63,984	75,856	16,239
Sullivan Scholarship	41,854		1,728	3,299	43,425
PEANZ	738		29	0	709
Peter Windle Scholarship	20		0	0	20
Pukehou Pouto Scholarship	502,868	(12,559)	34,508	8,847	489,766
Resource Management Law Assn	4,955		196	0	4,759
Reynolds Scholarship	210		16,086	16,000	124
Road Safety Research Scholarship	9,450		373	0	9,077
Robertson	140		6,118	6,107	129
Seafarers Union Scholarship	3,493		5,069	5,000	3,424
Shirtcliffe Fellowship	488,792	(19,327)	42,223	25,748	491,644
Spark Scholarship	0		0	0	0
Te Putea Awhina Akonga Maori A Te Manatu Waka	25,167		993	0	24,174
TEU Crozier Scholarship	4,642		5,124	5,000	4,518
Todd Foundation Awards for Excellence	10,555		129,099	243,371	124,827
Tower Undergraduate Scholarship	16,849		664	0	16,185
Transit NZ Post Graduate Scholarships	16,966		669	0	16,297
Woolf Fisher	10		79	4,234	4,165
	\$3,661,169	(\$92,342)	\$1,340,367	\$1,694,467	\$4,107,611

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 \$91,765 (2015, \$106,788) was earned on investments represented by interest-bearing scholarship funds. This interest has been apportioned to each respective Scholarship Fund by applying an average interest rate earned for each month to the closing balance of the Scholarship Fund for that month.

Revenue, expenditure and fair value change on investments in the JMIS Portfolio are allocated to the 4 related scholarships in proportion with their investment in the fund. (Gordon Watson 32.47%, Edward & Isobel Kidson 33%, Pukehou Pouto 13.6% and Shirtcliffe Fellowship 20.93%). Interest & Dividends earned totaled \$75,833 (2015, \$87,999) and (\$92,342) (2015, \$126,210) 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 2016 \$	ACTUAL 2015 \$
Rhodes Scholarship Account		
Accumulated Funds		
Balance at beginning of the year	624	1,967
Add: Funds Received	14,000	13,199
Interest Revenue	16	4
	<u>14,016</u>	<u>13,203</u>
Less: Honoraria	989	1,006
Travel to Selection & Meeting Expenses	10,945	13,485
Bank Fees	40	55
	<u>(11,974)</u>	<u>(14,545)</u>
Balance at end of the year	<u>\$2,666</u>	<u>\$624</u>

Represented By:

Bank of New Zealand Current Account	2,664	623
Accrued Interest	2	1
	<u>2,666</u>	<u>624</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 2016 \$	Group 2015 \$	NZVCC 2016 \$	NZVCC 2015 \$
Loans and receivables				
Cash and cash equivalents	627,267	699,948	477,902	543,718
Bank Term Investments	3,115,172	3,350,650	3,059,206	3,296,581
Receivables - exchange transactions	113,037	86,126	77,909	63,314
Recoverables - non-exchange transactions	2,500	25,000	2,500	25,000
Financial liabilities measured at amortised cost				
Trade and Other payables	234,680	196,548	194,998	154,051
Available for Sale				
JMIS Investment Portfolio	1,454,741	1,559,448	1,454,741	1,559,448

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 2015				
Financial Assets				
JMIS Investment Portfolio	1,559,448	1,559,448	0	0
30 June 2016				
Financial Assets				
JMIS Investment Portfolio	1,454,741	1,454,741	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 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Cash on Hand	715	787	517	517
Bank Balances	626,552	699,161	477,385	543,201
Receivables - exchange transactions	113,037	86,126	77,909	63,314
Recoverables - non-exchange transactions	2,500	25,000	2,500	25,000
Investments	1,454,741	1,559,448	1,454,741	1,559,448
Bank Deposits	3,115,172	3,350,650	3,059,206	3,296,581
BNZ Credit Cards	48,000	48,000	40,000	32,000

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

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

Concentrations of Credit Risk

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

Interest Rate Risk

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

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

Foreign Exchange Risk

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

21 Operating leases

The NZVCC entered into a non-cancellable lease for Level 9, 142 Lambton Quay from Zircon Properties Ltd with effect from 1 August 2009. The NZVCC entered into a photocopier lease with Konica Minolta in July 2016. The total lease commitments are as follows:

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Not later than one year	176,322	177,822	176,322	177,822
Later than one year but not later than five years	223,316	385,513	223,316	385,513
Later than five years	0	0	0	0
Total lease commitments	\$399,638	\$563,335	\$399,638	\$563,335

The total expense for the year relating to the payment of leases was \$177,697 (2015, \$177,222).

22 Auditors' Remuneration

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

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
Audit of the Financial Statements	22,900	22,345	14,320	13,970
Process Audit of Scholarships	900	0	900	0
Office Audit General overhead charge	1,300	1,300	800	800
Total	\$25,100	\$23,645	\$16,020	\$14,770

23 Related Party

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

During the year NZVCC applied for and received \$400,000 (2015, \$380,000) of University Annual Grants on behalf of the AQA. These funds were then paid to the AQA upon receipt of an invoice.

NZVCC provided serviced offices and provided other administrative services to AQA during the year and received \$53,790 (2015, \$51,067) 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 2016	Group 2015	NZVCC 2016	2015
	\$	\$	\$	\$
The University of Auckland	511,952	479,399	427,680	400,537
Auckland University of Technology	283,950	268,298	237,210	224,162
The University of Waikato	217,570	208,828	181,756	174,475
Massey University	294,830	287,541	246,298	240,240
Victoria University of Wellington	312,478	292,490	261,041	244,375
University of Canterbury	274,939	260,976	229,682	218,045
Lincoln University	139,631	138,229	116,646	115,490
University of Otago	394,650	374,239	329,687	312,676
Total	\$2,430,000	\$2,310,000	\$2,030,000	\$1,930,000

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 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
The University of Auckland	47,403	46,695	47,403	46,695
Auckland University of Technology	26,292	26,133	26,292	26,133
The University of Waikato	20,145	20,340	20,145	20,340
Massey University	27,299	28,007	27,299	28,007
Victoria University of Wellington	28,933	28,489	28,933	28,489
University of Canterbury	25,457	25,420	25,457	25,420
Lincoln University	12,929	13,464	12,929	13,464
University of Otago	36,542	36,452	36,542	36,452
Total	\$225,000	\$225,000	\$225,000	\$225,000

The Universities Cost-splitting income provided funding for specific one off events. The Taiwan/China Delegation, attendance at the China Council meeting in China, Digital Student Data initiative and the Latin America exploration mission.

	Group 2016	Group 2015	NZVCC 2016	NZVCC 2015
	\$	\$	\$	\$
The University of Auckland	32,400	0	32,400	0
Auckland University of Technology	17,971	0	17,971	0
The University of Waikato	13,769	0	13,769	0
Massey University	18,659	0	18,659	0
Victoria University of Wellington	19,776	0	19,776	0
University of Canterbury	17,400	0	17,400	0
Lincoln University	8,837	0	8,837	0
University of Otago	24,976	0	24,976	0
Total	\$153,788	\$0	\$153,788	\$0

The University of Auckland provides assistance with Copyright issues and NZVCC pays for these services upon receipt of an invoice 2016, \$36,700 (2015, \$35,348).

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

	Group 2016	FTE's 2016	Group 2015	FTE's 2015	NZVCC 2016	FTE's 2016	NZVCC 2015	FTE's 2015
	\$		\$		\$		\$	
Key Management Personnel	638,883	4	596,126	4	460,559	3	436,655	3
AQA Board Honoraria	25,330	12 People	22,449	10 People	0	0 People	0	0 People
	664,213		618,575		460,559		436,655	

24 Commitments and contingencies

Commitments

There are no capital commitments at 30 June 2016. (2015 Nil)

Contingent liabilities

There are no contingent liabilities at 30 June 2016. (2015 Nil)

25 Events after reporting date

There were no significant events after the balance date.