AORAKI POLYTECHNIC

supporting ***your*** *success*

Our Vision

To be the Tertiary education provider of choice in the Aoraki community and to make a vital and necessary contribution to the economic, educational, social and cultural development of the region.

Aoraki Polytechnic's primary purpose is to ensure high quality foundation and vocational education is available to meet the needs of learners and industry in its region.

To be the provider of choice in the Aoraki community means:

- Excellence in education outcomes for students
- Excellence in customer and industry engagement
- Excellence in profile and position (nationally and internationally)
- Excellence in results (financial, academic quality, government priorities)

To make a vital and necessary contribution to the economic, educational, social and cultural development of the region means:

- Upskilling the region with appropriate qualifications
- Contributing to economic and social cohesion
- Providing relevant and practical skills for young people in the community, including literacy and numeracy
- Engaging in applied research and collaboratively solving industry problems
- Sharing equipment and facilities
- Continually listening to business and community needs, understanding problems and how best to support growth, productivity and economic success

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Chairperson's and Chief Executive's Report

Kua takoto te manuka

The leaves of the manuka tree have been laid down

If 2013 was characterised as a year of preparing for change then 2014 can be characterised as a year of change.

In late 2013, Aoraki started three streams of work: increasing the relevance of Aoraki's programmes; improving student outcomes; improving business efficiency and sustainability. This work continued in 2014.

This transformation involved refocusing the organisation on delivering high-quality teaching and learning, particularly for the people of the region, the primary sector and trades. Aoraki aspires to be a specialist provider of vocational education and training for the primary sector in the South Island.

In 2014 Aoraki commenced a comprehensive programme of organisational transformation to increase the relevance of its portfolio to the needs of the region. By the end of 2014, Aoraki has moved significantly towards having a portfolio of programmes that are focussed, robust and connected to deliver higher quality outcomes for both learners and employers.

As part of this shift, Aoraki has deliberately reduced delivery in areas that make less of a contribution to the strategic priorities expressed in the Tertiary Education Strategy and are not critically important to the economic development of the region.

In addressing the need to improve business efficiency and sustainability, Aoraki committed to a programme of change for 2014 and beyond. The programme balances the need to transition to a more sustainable business model with the importance of continuing to meet industry need and providing learners with quality teaching and learning.

The first part of this transformation of Aoraki into a regionally-focussed educational provider has been a period of retrenchment. In 2014 the focus was also on cost inefficiencies and Aoraki completed an organisational restructure.

In 2014, the key strategic partnerships with CPIT and Lincoln University, forged in 2013, started to show tangible results in areas such as programme development, shared facilities and marketing.

The regional economy grew strongly in 2014 with skill shortages reported in a number of key regional industries including primary industry production, food processing and support industries such as truck driving. Historically low levels of unemployment continued to put pressure on full-time student enrolments and Aoraki is responding by increasing the number of flexible study options.

In response to several years of financial losses, Aoraki council decided to explore the idea of a new combined entity with CPIT. A project to look at this option will be developed in 2015, as Aoraki continues to work towards financial sustainability.

The successful implementation of this significant programme of change is a testament to the dedication, resilience and determination of the people at Aoraki to find new ways to meet the needs of their learners, employers and communities. We are grateful for their continued hard work and inspiration.

Finally, we would like to take this opportunity to recognise the supportive governance role of Aoraki Polytechnic's Council. We also acknowledge the positive contributions made by our community, Tertiary Education Union, Tertiary Education Commission and the staff at Aoraki Polytechnic.

Aoraki remains committed to providing quality local, regionally relevant tertiary education.

Janie Annear
Council Chair

Alex Cabrera
Chief Executive

Statement of Responsibilities

In the financial year ended 31 December 2014, and in accordance with Section 155 of the Crown Entities Act 2004, the Council and Management of Aoraki Polytechnic were responsible for:

- The preparation of the financial statements and Statement of Service Performance and the judgements used therein
- Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of Aoraki Polytechnic the financial statements and the Statement of Service Performance for the financial year fairly reflect the financial position and operations of Aoraki Polytechnic and group for the year ended 31 December 2014.

Janie Annear
Council Chair

Alex Cabrera
Chief Executive

17 April, 2015

Financial Performance Summary

2014 was characterised as a further year of change for the organisation. Revenue continued to be under pressure and was $2.2m less than budget for the year, largely due to lower student numbers.

With a focus on delivering a high quality educational experience to learners, operating expenditure did not reduce in line with reduced revenue with final expenditure $0.1m less than budget. Staff numbers reduced from 150 FTE in 2013 to 134 FTE in 2014.

The net deficit for the year was $2.6m compared to a budgeted deficit of $0.4m. The total comprehensive deficit was $0.7m after inclusion of asset revaluations.

Land and buildings were valued as at 31 December 2014 as part of a three year cyclical revaluation resulting in an increase in asset revaluation reserves of $1.9m.

Total revenue decreased by $3.7m from $16.8m in 2013 to $13.1m in 2014, with a $2.6m reduction in direct Government Grants as Aoraki continued to reduce sub-contracted education delivery to focus on core tertiary education delivery within the Aoraki region.

In a continuation of the trend experienced in the previous year, demand for tertiary education remained constrained in the region by high levels of employment through a buoyant local economy and strong demand in the wider Canterbury region stimulated by earthquake recovery activity.

In these conditions, while the total cost of operations reduced by $4.2m from $19.9m in 2013 to $15.7m in 2014, the Polytechnic did not achieve sufficient growth in core education delivery within the Aoraki region during the year to generate sufficient revenue to cover costs.

Aoraki Polytechnic has no debt and held $26m in bank deposits at the end of 2014 providing a strong balance sheet and significant interest revenue. This strong funding position supports the on-going tertiary education delivery in the Aoraki region while the Polytechnic addresses the issue of operating deficits.

In 2015 the Polytechnic will explore the idea of forming a new entity, to assess whether being part of a new entity could improve its financial performance as it continues to work towards financial sustainability.

2014 HIGHLIGHTS

AT AORAKI POLYTECHNIC

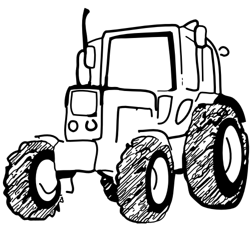
Increased participation and engagement with High School students

'V-Path', an Aoraki Polytechnic vocational pathways programme that keeps secondary students engaged in education began in 2014, and with such pleasing results, it will be expanded in 2015.

Achieved #1 in qualification completion for Youth Guarantee students

Results announced in 2014 confirmed Aoraki Polytechnic recorded the best qualification completion rate in the country and second in the sector for course completions for Youth Guarantee in 2013.

#1



Committed to Primary Industries and the Aoraki region

A very positive year engaging with industry and working alongside them to develop relevant and meaningful programmes in the primary industries. Aoraki also received Dairy NZ and Federated Farmers backing.

Built International Linkages

A Confucius Institute Resource Centre was opened at the Timaru Campus by the Hon. Mr JIN Zhijian Consul General People's Republic of China, and Chinese culture and language classes commenced. Aoraki participated in a Mayoral Delegation to Sister City Weihai, and signed an MOU with a college there. Aoraki also welcomed Pacific Island students on NZ Aid Scholarships.

Governance and Accountability Statement

Role of the Council
The Council has overall responsibility and accountability for the direction and control of Aoraki Polytechnic's activities. This responsibility includes areas of stewardship such as:

- Formulating the strategic direction
- Managing principal risks facing Aoraki Polytechnic
- Administering various regulations and meeting legislative requirements
- Ensuring the integrity of management control systems
- Safeguarding the public interest
- Ensuring effective succession of appointed members
- Reporting to students and community

Council Operations
The Council has appointed a Chief Executive to be in charge of Aoraki Polytechnic operations and delegates certain powers of management to them as required under Section 196 of the Education Act 1989. The Chief Executive has in turn appointed Directors and other Managers to manage the significant activities of Aoraki Polytechnic.

Council Committees
The Council has set up standing committees to monitor and assist in the effective discharging of its specific responsibilities.
The Audit Committee monitors financial and risk management and meets as required.
The Aoraki Polytechnic Academic Board reports to Council on its operations and advises Council on academic matters.
The Chief Executive's Performance Committee monitors the Chief Executive's performance.

Committee Constitution of Council
The Council's constitutional requirements are specified under Section 171 of the Education Act 1989. Aoraki Polytechnic believes that its balance of membership of eight councillors ensures that it is able to operate in the best interests of students and the diverse communities of learners and to function independently of management.

Communication / Reporting
Council met 11 times in 2014 to monitor management activities and to ensure that the business interactions of Aoraki Polytechnic were being conducted in accordance with legislative mandate and Council objectives.

Division of Responsibility between Council and Management
A key to the efficient running of Aoraki Polytechnic is that there is a clear division between the role of Council and that of Management.
The Council of Aoraki Polytechnic concentrates on setting policy and strategy, then reviews progress. Management is concerned with implementing Council policy and strategy. While many of the Council's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Council. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved. Council and Management acknowledge their responsibility with the signing of the Statement of Responsibility contained in this report.

Risk Management
The Council acknowledges that it is ultimately responsible for the management of risks to Aoraki Polytechnic. While it is the role of Council to set strategic objectives, monitor performance and set and uphold values, the function of designing, implementing, and maintaining a common risk infrastructure and establishing organisation-wide consistency in risk management is delegated to the Chief Executive.

Legislative Compliance
The Council acknowledges its responsibility to ensure the organisation complies with all relevant legislation. The Council has delegated responsibility to the Chief Executive for the development and operation of a programme to systematically identify compliance issues and ensure that all staff are aware of legislative requirements that are particularly relevant to them.
Council receives a quarterly report on legislative compliance from Management.

Ethics
The Council has approved a Code of Practice for staff and contractors which outlines expected standards of behaviour and practice.
Monitoring compliance with these standards is done through such means as monitoring trends in complaints and disciplinary actions, internal audit reports, or any reports or indications that show non-compliance.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of
Aoraki Polytechnic's and group's
financial statements and non-financial performance information
for the year ended 31 December 2014

The Auditor-General is the auditor of Aoraki Polytechnic (the Polytechnic) and group. The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the Polytechnic, and group, on her behalf.

We have audited:

- the financial statements of the Polytechnic and group on pages 12 to 39, that comprise the statement of financial position as at 31 December 2014, the statement of financial performance, statement of movements 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 Polytechnic and group in the statement of service performance on pages 40 to 43.

Opinion

In our opinion:

- the financial statements of the Polytechnic and group on pages 12 to 39:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Polytechnic's and group's:
    - financial position as at 31 December 2014; and
    - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the Polytechnic and group on pages 40 to 43 fairly reflects the Polytechnic's and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2014.

Our audit was completed on 17 April 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 Council 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 Polytechnic 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 Polytechnic 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 Council;
- 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. Also we did not evaluate the security and controls over the electronic publication 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 Council

The Council is responsible for preparing financial statements that:

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

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

The Council 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 Council is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

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

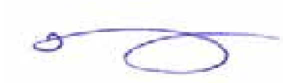
Responsibilities of the Auditor

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 Polytechnic or its subsidiary.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2014

Parent and Group 2013 $		Notes	Parent and Group Budget 2014 $	Parent and Group 2014 $
	Revenue			
10,113,542	Government Grants	3	9,264,230	7,558,505
2,867,645	Student Tuition Fees - Domestic		2,965,713	2,276,405
166,474	Student Tuition Fees - International		457,786	155,891
1,161,437	Other Fees and Charges		1,081,220	1,193,465
1,421,595	Interest Income		1,100,000	1,278,466
4,637	Donations		-	850
1,062,917	Sundry Income		459,258	623,204
16,798,247	Total Operating Revenue		15,328,207	13,086,786
	Less Cost of Operations			
355,029	Advertising/Marketing		380,002	464,676
909,403	Class Materials		931,468	670,908
5,593,214	Cost of Services	4	4,422,840	4,174,481
1,645,849	Depreciation and Amortisation	11 & 12	1,561,993	1,501,414
285,059	Maintenance		246,563	287,961
1,347,000	Restructuring Cost	16	-	(411,261)
9,733,167	Salaries and Wages	5	8,194,637	9,005,230
19,868,721	Total Cost of Operations		15,737,503	15,693,409
(3,070,474)	**Net Surplus/(Deficit) for the period**		(409,296)	(2,606,623)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

Parent and Group 2013 $		Notes	Parent and Group Budget 2014 $	Parent and Group 2014 $
(3,070,474)	Net Surplus/(Deficit)		(409,296)	(2,606,623)
	Other Comprehensive Income			
	Item that will be reclassified to surplus/(deficit)			
34,558	Fair value through other comprehensive income financial assets	19	-	-
	Item that will not be reclassified to surplus/(deficit)			
-	Increase(decrease) in asset revaluation reserves	18	-	1,929,068
34,558	Total Other Comprehensive Income		-	1,929,068
	Distribution to the Crown			
(3,035,916)	**Total Comprehensive Income**		(409,296)	(677,555)

Explanations of major variations against budget are provided in note 27
The accompanying notes form part of these financial statements

STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 31 December 2014

Parent and Group 2014	Notes	General Equity	Asset Revaluation Reserve	Fair Value through Other Comprehensive Income	Total	Budget
		$	$	$	$	$
Balance at 1 January		40,819,720	9,531,401	-	50,351,121	49,476,079
Net Surplus/(Deficit)		(2,606,623)	-	-	(2,606,623)	(409,296)
Reclassified to surplus/(deficit) on disposal	18	14,858	(14,858)	-	-	-
Increase(decrease) in asset revaluation	11 & 18	-	1,929,068	-	1,929,068	-
Balance at 31 December		38,227,955	11,445,611	-	49,673,566	49,066,783

Parent and Group 2013	Notes	General Equity	Asset Revaluation Reserve	Fair Value through Other Comprehensive Income	Total
		$	$	$	$
Balance at 1 January		43,890,194	9,531,401	(34,558)	53,387,037
Net Surplus/(Deficit)		(3,070,474)	-	-	(3,070,474)
Reclassified to surplus/(deficit) on disposal	19	-	-	34,558	34,558
Increase(decrease) in asset revaluation	11 & 18	-	-	-	-
Balance at 31 December		40,819,720	9,531,401	-	50,351,121

Explanations of major variations against budget are provided in note 27
The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

Parent and Group 2013 $		Notes	Parent and Group Budget 2014 $	Parent and Group 2014 $
	Assets			
	CURRENT ASSETS			
3,473,509	Cash and Cash Equivalents	6	500,000	3,937,994
872,344	Student Fees and other Receivables	7	228,000	874,100
19,118	Prepayments		-	29,497
106,283	Inventories	8	69,000	110,476
20,500,000	Other Financial Assets	9	25,735,782	15,000,000
24,971,254	Total Current Assets		26,532,782	19,952,067
	NON CURRENT ASSETS			
7,000,000	Other Financial Assets	9	-	7,500,000
8,000	Investments	10	152,000	-
24,251,257	Fixed Assets	11	23,804,001	25,199,413
19,719	Capital Work in Progress		-	52,653
637,110	Intangible Assets	12	45,000	508,468
31,916,086	Total Non Current Assets		24,001,001	33,260,534
56,887,340	TOTAL ASSETS		50,533,783	53,212,601
	Liabilities			
	CURRENT LIABILITIES			
126,325	Revenue Received in Advance	13	100,000	119,122
4,577,136	Trade and Other Payables	14	614,000	2,835,146
737,626	Employee Entitlements	15	753,000	584,767
1,095,132	Provisions	16	-	-
6,536,219	Total Current Liabilities		1,467,000	3,539,035
6,536,219	TOTAL LIABILITIES		1,467,000	3,539,035
50,351,121	NET ASSETS		49,066,783	49,673,566
	Public Equity			
40,819,720	General Equity	17	39,535,783	38,227,955
9,531,401	Asset Revaluation Reserves	18	9,531,000	11,445,611
50,351,121	TOTAL PUBLIC EQUITY		49,066,783	49,673,566

Explanations of major variations against budget are provided in note 27
The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

Parent and Group 2013 $		Parent and Group Budget 2014 $	Parent and Group 2014 $
	Cashflows from Operating Activities		
	Cash was provided from :		
12,550,428	Government Grants	6,324,000	6,111,262
5,176,564	Tuition Fees and Other	4,490,000	4,227,308
1,708,242	Interest and Dividends Received	1,100,000	1,154,265
(86,561)	Goods and Services Tax (Net)	-	9,339
19,348,673		11,914,000	11,502,174
	Cash was applied to :		
9,748,204	Payments to Employees	8,194,127	9,841,960
7,941,857	Payments to Suppliers	5,753,873	5,961,255
17,690,060		13,948,000	15,803,215
1,658,613	Net Cash Flows from Operating Activities	(2,034,000)	(4,301,041)
	Cash Flows from Investing Activities		
	Cash was provided from :		
9,098	Sale of Assets	-	6,968
7,625,467	Investments	644,000	12,713,430
7,634,565		644,000	12,720,398
	Cash was applied to :		
7,000,000	Investments		7,500,000
234,398	Purchase of Fixed Assets	657,000	360,448
151,016	Purchase of Intangibles	-	94,423
7,385,414		657,000	7,954,871
249,152	Net Cash Flows from Investing Activities	(13,000)	4,765,527
	Cash Flows from Financing Activities		
-	Net Cash Flows from Financing Activities	-	-
1,907,764	Net increase/(decrease) in cash held	(2,047,000)	464,486
1,565,745	Plus Opening Cash	2,547,000	3,473,509
3,473,509	Closing Cash Balance	500,000	3,937,994
	Represented by :		
700,883	Bank Account/(Overdraft)	500,000	529,711
2,772,626	Bank Deposits	-	3,408,283
3,473,509	Closing Cash Balance	500,000	3,937,994

Explanations of major variations against budget are provided in note 27
The accompanying notes form part of these financial statements

RECONCILIATION OF NET SURPLUS ON OPERATIONS WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

For the year ended 31 December 2014

Parent and Group 2013 $		Parent and Group 2014 $
(3,070,474)	**Surplus/(Loss) on Operations**	(2,606,623)
	Add/(Less) Non Cash Items :	
1,645,849	Depreciation and amortisation expense	1,501,414
1,095,132	Provision for Restructuring Expense	(411,261)
2,740,981		1,090,153
	Add/(Less) Movements in Working Capital Items:	
(246,420)	Increase/(Decrease) in Fees in Advance	(7,203)
470,502	Decrease/(Increase) in Receivables	(1,755)
(19,118)	Decrease/(Increase) in Prepayments	(10,378)
(36,807)	Decrease/(Increase) in Inventories and Livestock	(4,193)
1,831,973	Increase/(Decrease) in Payables	(1,752,603)
-	Increase/(Decrease) in Restructuring Provision	(683,871)
(15,036)	Increase/(Decrease) in Staff Entitlements	(152,859)
1,985,093		(2,612,862)
	Add/(Less) Items Classified as Investing Activities:	
3,012	Net Loss/(Gain) on Sale/Disposal of Assets	(171,710)
3,012		(171,710)
1,658,613	Net Cash Flows from Operating Activities	(4,301,041)

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Aoraki Polytechnic is a Tertiary Education Institute domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989.

The group consists of Aoraki Polytechnic and its wholly owned subsidiary, Training Solutions (NZ) Ltd (dormant).

The primary objective of the Polytechnic is to supply education and training, providing full-time and part-time tertiary education services locally, regionally and nationally.

The financial statements of Aoraki Polytechnic for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the council on 17 April 2015.

Aoraki Polytechnic does not have the power to amend the financial statements after this date.

2. Summary Of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting practice in New Zealand as appropriate for public benefit entities, and the requirements of Section 220 of the Education Act 1989 and Section 154 of the Crown Entities Act 2004.

The primary objective of Aoraki Polytechnic is to provide tertiary education services for the benefit of the community rather than making a financial return. Therefore Aoraki Polytechnic is a public benefit entity for the purpose of complying with generally accepted accounting practice in New Zealand.

The financial statements have been prepared on a historical cost basis except for land, buildings, art collection and certain financial assets which have been measured at fair value.

The financial statements are presented in New Zealand dollars.

New standards and Interpretations issued and not yet adopted

The following new standards, interpretations and amendments are not yet effective for the year ended 31 December 2014, and have not been applied in preparing these consolidated financial statements.

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Institute has elected to report as a Tier 2 reporting entity as it has expenditure of less than $30 million and can therefore apply the Reduced Disclosure Requirements (RDR) public sector Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB and are mainly based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Institute expects to transition to the new standards in preparing its 31 December 2015 financial statements. As the PAS are still under development, Aoraki Polytechnic is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

(b) Statement of compliance

The financial statements comply with Applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') as appropriate for public benefit entities.

(c) Basis of consolidation

A subsidiary is consolidated from the date on which control is transferred to the Group and ceases to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements comprise the financial statements of Aoraki Polytechnic and Training Solutions (NZ) Ltd (dormant). All inter-entity balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Unrealised losses are eliminated unless costs cannot be recovered.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which Aoraki Polytechnic has control.

(d) Foreign currency transactions

Both the functional and presentation currency of Aoraki Polytechnic and its subsidiary are New Zealand dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(e) Property, plant and equipment

The measurement bases used for determining the gross carrying amount for each class of assets is as follows:

- Land is measured at fair (market) value, less subsequent accumulated impairment losses.
- Buildings are measured at fair value, less subsequent accumulated depreciation and subsequent accumulated impairment losses.
- Plant and equipment, motor vehicles, furniture and fittings and library collection are stated at cost, less accumulated depreciation and any accumulated impairment in value.
- Art collection is measured at fair value, less subsequent accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Class of assets	Rate
Buildings	1%-10% per annum
Land Improvements	2% per annum
Plant and equipment	4%-50% per annum
Motor vehicles	20% per annum
Furniture & Fittings	5-33% per annum
Library Collection	10% per annum
Art Collection	Nil

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Aoraki Polytechnic and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential of the item will flow to Aoraki Polytechnic and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

(f) Impairment

The carrying values of plant, equipment and intangibles other than those whose future economic benefits are not directly related to their ability to generate net cash are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

For revalued assets the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that same class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

All assets are primarily held for the purpose of providing education and related activities.

Assets held for educational and related matters and related activities are assessed for impairment by considering the assets for obsolescence, changes in useful life assessments, optimisation and other related matters.

(g) Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Land
Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Buildings
Specialised buildings (e.g campuses) are valued at fair value using depreciated replacement cost because no reliable market data is available for buildings designed for education delivery purposes.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolesce due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Revaluation of land and buildings is carried out on a class of asset basis.

Land and buildings were revalued to fair value as at 31 December 2014 by Valuer, Gerald Morton (Registered Public Valuer, SNZPI, ANZIV, FREINZ) of Morton Co Limited, who was a member of the Council until 30 April 2014.

The net revaluation results are credited or debited to other comprehensive income and is accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit, up to the amount previously expensed, and then recognised in other comprehensive income.

Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

(h) Intangible assets

Computer Software
Computer software is separately acquired and capitalised at its cost as at the date of acquisition.

After initial recognition, separately acquired intangible assets are carried at cost, less accumulated amortisation and accumulated impairment losses.

Course Development costs
Course development costs relate to development of educational courses and are capitalised when it is probable that future economic benefit arising from use of the intangible asset will flow to the Polytechnic.

Following the initial recognition of the course development expenditure, the cost model is applied and the asset is carried at cost less accumulated amortisation and accumulated impairment losses.

A summary of the policies applied to the Group's intangible assets is as follows:

	Course development costs	**Computer Software**
Useful lives	Finite – 3-5 years	Finite – 3-5 years
Method used	Straight line method from the commencement of the course	Straight line method
Internally generated/ Acquired	Separately acquired	Separately acquired

The amortisation period and amortisation method for each class of intangible asset having a finite life is reviewed at each financial year-end. If the expected useful life or expected pattern of consumption is different from the previous assessment, changes are made accordingly.

The carrying value of each class of intangible asset is reviewed for indicators of impairment annually. Intangible assets are tested for impairment where an indicator of impairment exists.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the surplus or deficit when the asset is derecognised.

Research costs
Research costs are recognised as an expense in the surplus or deficit in the year in which they are incurred.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable business assets purchased by the Polytechnic. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period. Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the acquisition that gave rise to goodwill.

(i) Financial Assets

Aoraki Polytechnic classifies its financial assets into the following four categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which Aoraki Polytechnic commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Aoraki Polytechnic has transferred substantially all the risks and rewards of ownership.

The four categories of financial assets are:

i) Financial assets at fair value through the surplus or deficit

Currently, Aoraki Polytechnic does not hold any financial assets in this category.

ii) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method.

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Aoraki has trade and other receivables, and bank deposits entered into during the 2014 and 2013 financial years in this category.

iii) Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Aoraki Polytechnic has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Aoraki Polytechnic has no investments outstanding in this category entered into in the current or earlier years.

iv) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above.

This category encompasses:

- Investments that Aoraki Polytechnic intends to hold long-term but which may be realised before maturity. These include the investments in PINZ (interest disposed in 2014), ABT Limited (interest disposed in 2014) and perpetual bonds (interest disposed in 2013).
- Shareholdings that Aoraki Polytechnic holds for strategic purposes. After initial recognition these investments are measured at their fair value.

Gains and losses are recognised in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive income is re-classified from equity to surplus or deficit.

Impairment of financial assets

At each balance sheet date Aoraki Polytechnic assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Loans and receivables (including cash and cash equivalents and debtors and other receivables)

Impairment of a loan or a receivable is established when there is objective evidence that Aoraki Polytechnic will not be able to collect amounts due according to the original terms of the debt. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The amount of the loss is recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive income

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is re-classified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

(j) Inventories

Inventories are valued at the lower of cost and current replacement cost.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Inventories held for resale – purchase cost on a first-in, first-out basis.
- Materials and consumables to be utilised for rendering of services- purchase cost on a first-in, first-out basis.

Current replacement cost is the cost Aoraki Polytechnic would incur to acquire the asset on the reporting date.

Livestock is valued at its fair value less estimated point of sale costs.

(k) Student Fees and other receivables

Student Fees and other receivables are recognised and carried at the original receivable amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when the collection of the full amount is no longer probable i.e. over 90 days overdue. Bad debts are written off when identified.

(l) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(m) Provisions

Provisions are recognised when Aoraki Polytechnic has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Employee entitlements

Annual and discretionary leave have been calculated on an actual entitlement basis at current rates of pay.

Long service leave is calculated on an actuarial method.

Sick leave is calculated on a 3 year history of leave taken in excess of annualised entitlement.

Superannuation Schemes

Defined contribution schemes

Employer contributions to Kiwisaver superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

(o) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the surplus or deficit on a straight-line basis over the lease term.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Aoraki Polytechnic and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i) Government Grants

Government grants are recognised as income on enrolment entitlement, when eligibility to receive the grant has been established and it is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the balance sheet date.

Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

Where funds have been received but not earned at balance date Revenue in Advance liability is recognised.

ii) Student Tuition Fees

Revenue from student tuition fees is recognised on invoicing over the period in which the course is taught by reference to the stage of completion of the course as at the balance sheet date.

Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

Where funds have been received but not earned at balance date, a liability for fees in advance is recognised.

iii) Interest

Revenue is recognised in the surplus or deficit as the interest accrues (using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

iv) Other Revenue Received

Revenue for the sale of goods is recognised in the surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

(q) Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Income and other Taxes

Tertiary institutions are exempt from the payment of income tax and fringe benefit tax (FBT). Accordingly, no charge for income tax has been provided for.

GST

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the IRD, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on the same basis as other statements.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the IRD.

(s) Budget Figures

The budget figures are those approved by Council on 13 December 2013.

(t) Critical Accounting Estimates and Assumptions

In preparing these financial statements, Aoraki Polytechnic has made estimates and assumptions concerning the future. These estimates and assumptions may differ for the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, Plant and Equipment (PPE)

There are a number of estimates and assumptions used when performing depreciated replacement cost valuations of PPE.

Estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then Aoraki Polytechnic could be over or under estimating the annual depreciation change recognised as an expense in the surplus or deficit.

(u) Critical judgements in applying account policies

Crown owned Land and Buildings

Property in the legal name of the Crown that is occupied by the Polytechnic and group is recognised as an asset in the statement of financial position. Aoraki Polytechnic considers it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred and accordingly it would be misleading to exclude these assets from the financial statements.

Distinction between Revenue and Capital Contributions

Most Crown funding received is operational in nature and is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, Aoraki Polytechnic accounts for the funding as a capital contribution directly in equity.

(v) Changes in Accounting Policies

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

3. Government Grants

Parent and Group 2013 $			Parent and Group 2014 $
9,478,056	Student Achievement Component (SAC) funding		6,864,722
634,222	Other On Plan funding		693,783
1,263	Other Off Plan funding		-
10,113,542	Total Government Grants		7,558,505

4. Cost of Services

Parent and Group 2013 $			Parent and Group 2014 $
100,880	Audit fees for financial statement audit		104,376
1,839,212	Payments to subcontractors		754,306
54,522	Change in provision for doubtful debts		(105,398)
4,459	Bad debts written off		116,600
405,973	Information technology		363,560
10,390	Donations and Sponsorship		18,948
446,568	Rent		430,560
130,216	Travel/Accommodation		146,244
745,371	Contractors and Professional Fees		705,564
186,534	Insurance		169,671
265,477	Energy costs		257,705
143,685	Impairment of Share Investment	10	-
34,558	Reclassification on disposal of financial assets at fair value through other comprehensive income	19	-
1,225,369	Other expenditure		1,212,345
5,593,214			4,174,481

5. Salaries and wages

Parent and Group 2013 $		Parent and Group 2014 $
4,925,903	Academic Salaries	5,067,811
4,426,194	General Salaries and Wages	3,710,299
177,920	Non Payroll Personnel	160,356
188,112	Defined contribution superannuation employer	219,622
15,037	Increase/(Decrease) in Employee Entitlements	(152,858)
9,733,167		9,005,230

6. Cash and Cash Equivalents

Parent and Group 2013 $		Parent and Group 2014 $
700,883	Cash at Bank and on hand	529,711
1,972,626	Call Deposits	3,408,283
800,000	Term Deposits with maturities less than 3 months	-
3,473,509	Total Cash and Cash Equivalents	3,937,994

The carrying value of cash at bank, call deposits, and term deposits with maturities less than three months, approximates their fair value.

7. Student Fees and Other Receivables

The carrying value of trade and other receivables approximates their fair value. There is no concentration of risk with respect to receivables outside the group.

Parent and Group 2013 $		Parent and Group 2014 $
685,249	Accrued Interest	809,450
193,008	Student Fees	48,702
116,418	Other Receivables	32,881
(122,331)	Provision for Doubtful Debts	(16,933)
872,344	Total in Balance Sheet	874,100

The ages of Student Fees receivables are as follows:

16,009	Not past due	17,509
6,891	Past due 31 - 60 days	4,555
3,380	Past due 61 - 90 days	4,700
166,728	Past due over 90 days	21,938
193,008	Total in Balance Sheet	48,702

The impairment provision has been calculated based on a review of specific debtors.

As at 31 December 2014 and 2013 all overdue receivables have been assessed for impairment and appropriate provisions applied. Aoraki Polytechnic holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Aoraki Polytechnic's pool of debtors. Expected losses have been determined based on an analysis of Aoraki Polytechnic's losses in previous periods, and review of specific debtors.

Movements in the provision for impairment of receivables are as follows:

Parent and Group 2013 $		Parent and Group 2014 $
67,809	As at 1 January	122,331
58,981	Additional/(Reversed) provisions during the year	11,202
(4,459)	Paid or written off during period	(116,600)
122,331	At 31 December	16,933

Student Fees are non-interest bearing and generally should be paid on enrolment and not later than at graduation, therefore the carrying value approximates fair value.

8. Inventories

Parent and Group 2013 $		Parent and Group 2014 $
94,852	Materials and Consumables	91,833
11,431	Stationery	18,643
106,283		110,476

9. Other Financial Assets

Parent and Group 2013 $		Parent and Group 2014 $
	Other Financial Assets classified by term from commencement	
	Loans and Receivables	
20,500,000	Short-term deposits with maturities of 4-12 months	15,000,000
7,000,000	Deposits with maturities of more than 12 months	7,500,000
	Fair Value through other Comprehensive Income	
27,500,000	Other financial assets	22,500,000
	Other Financial Assets classified by Time to Maturity at 31 December	
20,500,000	Other Financial Assets (Current)	15,000,000
7,000,000	Other Financial Assets (Non Current)	7,500,000
27,500,000		22,500,000

There were no impairment provisions for other financial assets.

Other financial assets – fair value disclosure

Term deposits

Interest on term deposits is at market rates. There has been no significant change in interest rates from when the term deposits were taken out to the balance date. Therefore carrying value approximates fair value.

10. Share Investments

Parent and Group 2013 $		Parent and Group 2014 $
8,000	Investment of shares in Polytechnics New Zealand Limited (PINZ).	-
8,000		-

The investment in Agribusiness Training Ltd (ABT) was disposed of in 2014 with a gain on sale of $206,250. The investment in Agribusiness Training Ltd had been fully impaired in 2013 following a significant decline in the fair value of the investment below its cost. The investment in PINZ was disposed of in 2014 with a gain on sale of $7,180.

11. Fixed Assets

Parent and Group 2014	Buildings $	Land $	Plant & Equipment $	Motor Vehicles $	Furniture & Fittings $	Library Collection $	Art Collection $	Total $
At 1 January 2014								
Cost or fair value	19,664,028	4,148,900	5,409,038	737,233	1,321,454	276,516	64,697	31,621,866
Accumulated depreciation	(1,473,536)	(20,805)	(4,191,746)	(622,436)	(904,871)	(157,215)	-	(7,370,609)
Net Carrying Amount	18,190,492	4,128,095	1,217,292	114,797	416,583	119,301	64,697	24,251,257
Additions	105,225	-	172,687	40,866	19,684	8,198	-	346,660
Revaluation	1,744,963	184,105	-	-	-	-	-	1,929,068
Disposals at NBV	-	-	(28,584)	-	(19,926)	-	(178)	(48,688)
Held for Sale	-	-	-	-	-	-	-	-
Depreciation for year	(701,367)	(10,400)	(383,091)	(58,394)	(97,567)	(28,065)	-	(1,278,884)
Net Carrying Amount	19,339,313	4,301,800	978,304	97,269	318,774	99,434	64,519	25,199,413
At 31 December 2014								
Cost or fair value	19,480,555	4,301,800	4,854,690	726,598	1,277,428	284,714	64,519	30,990,304
Accumulated depreciation	(141,242)	-	(3,876,386)	(629,329)	(958,654)	(185,280)	-	(5,790,891)
Net Carrying Amount	19,339,313	4,301,800	978,304	97,269	318,774	99,434	64,519	25,199,413

All Land and Buildings, excluding work in progress, which were on hand 31 December 2014 were valued as at 31 December 2014 by a Registered Valuer, Gerald Morton (SNZPI, ANZIV, FREINZ) of Morton & Co Limited. The valuation was completed on the basis of: the fair value of land on its highest best use; and a Depreciated Replacement Cost (DRC) for buildings being the current gross replacement cost of improvements less allowances for physical deterioration and optimisation for obsolescence and relevant surplus capacity. The previous full valuation was undertaken on the same basis as at 31 December 2011.

In substance the Polytechnic owns the land and buildings however the legal title for the majority of land and a portion of the buildings remains with the Crown. The Polytechnic cannot sell these assets without Crown approval. The book value of Crown owned land and buildings is $13,015,420 at 31 December 2014. There are no restrictions over the title of the remaining Polytechnic's Property, Plant and Equipment or Intangibles, nor are there any pledges as security for liabilities.

Parent and Group 2013	Buildings $	Land $	Plant & Equipment $	Motor Vehicles $	Furniture & Fittings $	Library Collection $	Art Collection $	Total $
At 1 January 2013								
Cost or fair value	19,665,828	4,148,900	5,397,622	734,067	1,348,828	257,404	69,107	31,621,756
Accumulated depreciation	(788,384)	(10,405)	(3,814,632)	(587,480)	(862,320)	(130,925)	-	(6,194,146)
Net Carrying Amount	18,877,444	4,138,495	1,582,990	146,587	486,508	126,479	69,107	25,427,610
Additions	-	-	162,059	34,715	37,765	19,112	90	253,741
Revaluation	-	-	-	-	-	-	-	-
Disposals at NBV	-	-	(7,197)	(34)	(380)	-	(4,500)	(12,111)
Held for Sale	-	-	-	-	-	-	-	-
Depreciation for year	(686,952)	(10,400)	(520,560)	(66,471)	(107,310)	(26,290)	-	(1,417,983)
Net Carrying Amount	18,190,492	4,128,095	1,217,292	114,797	416,583	119,301	64,697	24,251,257
At 31 December 2013								
Cost or fair value	19,664,028	4,148,900	5,409,038	737,233	1,321,454	276,516	64,697	31,621,866
Accumulated depreciation	(1,473,536)	(20,805)	(4,191,746)	(622,436)	(904,871)	(157,215)	-	(7,370,609)
Net Carrying Amount	18,190,492	4,128,095	1,217,292	114,797	416,583	119,301	64,697	24,251,257

12. Intangibles

Parent and Group 2013	Computer Software	Programme Development	Total
	$	$	$
At 1 January 2013			
Cost or fair value	1,037,819	164,126	1,201,945
Accumulated amortisation	(402,598)	(85,389)	(487,987)
Net Carrying Amount	635,221	78,737	713,958
Additions	151,016	-	151,016
Revaluation	-	-	-
Disposals at NBV	-	-	-
Held for Sale	-	-	-
Amortisation for year	(189,092)	(38,772)	(227,864)
Not Allocated			-
Net Carrying Amount	597,145	39,965	637,110
At 31 December 2013			
Cost or fair value	1,118,102	164,126	1,282,228
Accumulated amortisation	(520,957)	(124,161)	(645,118)
Net Carrying Amount	597,145	39,965	637,110

Parent and Group 2014	Computer Software	Programme Development	Total
	$	$	$
At 1 January 2014			
Cost or fair value	1,118,102	164,126	1,282,228
Accumulated amortisation	(520,957)	(124,161)	(645,118)
Net Carrying Amount	597,145	39,965	637,110
Additions	16,459	77,964	94,423
Revaluation	-	-	-
Disposals at NBV	-	(535)	(535)
Held for Sale	-	-	-
Amortisation for year	(187,633)	(34,897)	(222,530)
Not Allocated			-
Net Carrying Amount	425,971	82,497	508,468
At 31 December 2014			
Cost or fair value	1,113,637	209,854	1,323,491
Accumulated amortisation	(687,666)	(127,357)	(815,023)
Net Carrying Amount	425,971	82,497	508,468

13. Revenue Received in Advance

Parent and Group 2013		Parent and Group 2014
$		$
126,325	Student Fees in Advance	119,122
126,325		119,122

14. Trade and other Payables

Parent and Group 2013		Parent and Group 2014
$		$
916,895	Trade Creditors	599,781
86,206	GST	108,573
20,395	Funds Held in Trust	20,395
3,553,640	MOE Payable	2,106,397
4,577,136	Total Payable	2,835,146

Trade payables are non-interest bearing and normally settled on a 30 day term on the 20th of the following month, therefore the carrying value approximates their fair value. MOE Payable of $2.1m ($3.6m 2013) represents overfunding for 2014 repayable to TEC in 2015.

15. Employee Entitlements

Parent and Group 2013 $		Parent and Group 2014 $
450,598	Annual Leave	348,703
13,230	Long Service Leave	14,427
235,244	Salary & Wage accruals	194,847
38,553	Sick Leave	26,790
737,626	Total Entitlements	584,767
752,662	At 1 January	737,626
(15,036)	Net movement increase/(decrease)	(152,859)
737,626	At 31 December	584,767
737,626	Employee Entitlements (Current)	584,767
-	Employee Entitlements (Non Current)	-
737,626		584,767

A provision is recognised for employment benefits payable to employees. Employees are entitled to annual and sick leave. Some support staff that commenced employment prior to 1995 are entitled to long service leave.

Annual leave and sick leave entitlements are expected to be settled within 12 months of the balance sheet date and are measured at the current rates of pay.

Entitlements related to long service leave have been calculated at present value of future cash flows, determined on an actuarial basis.

The provision is affected by a number of assumptions including expected length of service, attrition rate and salary increase.

16. Provisions

Parent and Group 2013 $		Parent and Group 2014 $
	Restructuring Provision	
-	At 1 January	1,095,132
1,347,000	Additional Made	-
(251,868)	Amounts Used	(683,871)
-	Unused Amounts Reversed	(411,261)
1,095,132	At 31 December	-

The restructuring provision has arisen from the restructure of Corporate Services, Academic Support, School and Delivery structures. The restructuring was completed in 2014. The provision reflected the estimated cost for redundancy payments arising from the restructure. The unutilised amount of $411,261 was reversed in 2014.

17. General Equity

Parent and Group 2013 $		Parent and Group 2014 $
	Accumulated Surplus	
43,890,194	Opening Balance	40,819,720
(3,070,474)	Net Surplus	(2,606,623)
-	Transfer from Asset Revaluation Reserve	14,858
40,819,720	Closing Balance	38,227,955

18. Asset Revaluation Reserves

Parent and Group 2013 $		Parent and Group 2014 $
	Land	
1,155,528	Balance 1 January	1,155,528
-	Land Revaluation	184,105
1,155,528	Closing Balance	1,339,633
	Buildings	
8,365,078	Balance 1 January	8,365,078
-	Building Revaluation	1,744,963
-	Transfer to General Funds on disposal	(10,358)
8,365,078	Closing Balance	10,099,683
	Art Collection	
10,795	Balance 1 January	10,795
-	Transfer to General Funds on disposal	(4,500)
10,795	Closing Balance	6,295
	Total Revaluation Reserves	
9,531,401	Balance 1 January	9,531,401
-	Revaluation	1,929,068
-	Transfer to General Funds on disposal	(14,858)
9,531,401	Closing Balance	11,445,611

19. Fair Value through Other Comprehensive Income

Parent and Group 2013 $		Parent and Group 2014 $
(34,558)	Opening Balance	-
34,558	Reclassification to surplus/(deficit) on disposal	-
-	Closing Balance	-

On disposal of the Perpetual Bond in 2013 $34,480 was reclassified to the Surplus/Deficit. On impairment of the investment in Agribusiness Training Ltd in 2013 (note 10), $78 was reclassified to the Surplus/Deficit.

20. Related Party Disclosure

The Polytechnic is the parent of the group and controls its wholly owned subsidiary, Training Solutions (NZ) Ltd (dormant).

Significant transactions with government-related entities

Aoraki Polytechnic is a wholly owned entity of the Crown. The Government influences the roles of Aoraki Polytechnic as well as being its major source of revenue.

The Polytechnic has received funding and grants from the Tertiary Education Commission totalling $9,623,274 (2013 $13,584,326) to provide education services for the year ended 31 December 2014. The Polytechnic is required to repay $2,106,397 (2013 $3,553,640) of this funding to TEC, due to non-achievement of investment plan EFTS targets.

The Polytechnic also leases, at a nil rental amount, land and buildings legally owned by the Crown. This is recognised as an asset in the statement of financial position. The Polytechnic considers it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred and accordingly it would be misleading to exclude these assets from the financial statements.

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, the Polytechnic is required to pay various taxes and levies (such as GST, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. The Polytechnic is exempt from paying income tax and fringe benefit tax (FBT).

The Polytechnic purchases goods and services from entities related to the Crown and it also provides services to entities related to the Crown. The purchase and provision of goods and services to government-related entities for the year ended 31 December 2014 are small when compared to the Polytechnic's total expenditure and revenue and have all been conducted on an arm's length basis. The purchase of goods and services included the purchase of electricity from Meridian, air travel from Air New Zealand, postal services from New Zealand Post and bank services from Kiwibank. The provision of services to government-related entities mainly related to the provision of educational courses.

Transactions with key management personnel

Parent and Group 2013 $		Parent and Group 2014 $
767,449	Salaries and other short-term employee benefits	884,890
-	Termination Payments	72,058
767,449	Total Entitlements	956,948

Key management personnel include the Chairperson, Councillors, Chief Executive and seven senior management personnel (transitional numbers with Chief Executive and three ongoing management positions within the new organisation structure implemented during 2014 and four management positions relating to the previous structure still in place at the beginning of 2014).

During the year, Aoraki purchased real estate, valuation and consultancy services from Morton & Co Ltd, a valuation firm in which the previous Deputy Chair of Council Gerald Morton (to 30 April 2014) is a Director. The value of the contracted works totalled $4,945 (2013 $10,403) and were supplied at normal commercial terms. There were no amounts outstanding at 31 December 2014(2013 $4,548) for unpaid invoices.

During the year Aoraki purchased training sessions from Agribusiness Training Ltd, which ceased being an investment of Aoraki on 14 November 2014. These services were supplied on a normal commercial basis at a value of $119,665 (2013 $735,133). At balance date Aoraki Polytechnic owed Agribusiness Training Ltd $4,440 (2013 $4,772).

During the year Aoraki did not purchase goods or services from Dan Cosgrove Ltd, a building supplies company of which former Chair of the Council, Kevin Cosgrove (to 30 April 2014) is a Director (2013 $nil). There were no amounts outstanding at year end (2013 $nil).

During the year Aoraki did not purchase goods or services from, or supply goods or services to, Tai Poutini Polytechnic of which Graeme McNally Councillor is the Chair of Council (2013 $nil).

There are close family members of key management personnel employed by Aoraki. The terms and conditions of those arrangements are no more favourable than Aoraki would have adopted if there were no relationship to key management personnel.

No provision has been required, nor any expense recognised for impairment of any receivables or loans to related parties (2013 $nil).

21. Financial Instruments

Aoraki Polytechnic is party to financial instrument arrangements as part of its everyday operations. These financial instruments include Bank Accounts, Bank Deposits, Perpetual Bonds, Accounts Receivable and Accounts Payable, and are recognised in the Balance Sheet.

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

Parent and Group 2013 $		Parent and Group 2014 $
	Loans and Receivables	
3,473,509	Cash and Cash Equivalents	3,937,994
872,344	Student Fees and other Receivables	874,100
27,500,000	Term Deposits	22,500,000
31,845,853	**Total loans and receivables**	27,312,094
	Financial assets at fair value through other comprehensive income	
8,000	Share Holding PINZ	-
8,000	**Total Financial Assets at fair value through other comprehensive income**	-
	Financial Liabilities at amortised cost	
4,577,137	Trade and Other Payables	2,835,146

Financial Instrument Risks

Aoraki Polytechnic has a series of policies to manage the risks associated with financial instruments. It is risk averse and seeks to minimise exposure from its treasury activities. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Currency Risk and Interest Rate Risk

Aoraki Polytechnic has no significant exposure to currency risk. It is exposed to interest rate risk on its financial assets which are subject to varying fixed and floating interest rates.

Term deposits are held with a number of banks with a year-end weighted average interest rate of 4.78% (4.52% for 2013) with terms to maturity of 1-731 days (1-731 days for 2013). A variation of 1% on these rates would increase or decrease the reported financial result by $265,387 ($309,794 in 2013).

Credit Risk

Aoraki Polytechnic has a minimal credit risk in its holdings of various financial instruments. These instruments include cash, bank deposits and accounts receivable.

The institution places its investments with New Zealand registered banks. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution to 35%. Aoraki Polytechnic believes that these policies reduce the risk of any loss which could arise from its investment activities.

Accounts receivable are stated at their estimated realisable value after providing for amounts not considered recoverable. There are no significant concentrations of credit risk for accounts receivable.

The maximum credit exposure for each class of financial instrument is the same as the carrying value.

Credit quality of financial assets

Parent and Group 2013 $		Parent and Group 2014 $
	COUNTERPARTIES WITH CREDIT RATINGS	
	Cash at bank and term deposits	
-	AA	-
25,997,738	AA-	23,025,228
4,972,626	A+	3,408,283
	BBB+	
-	BBB	-
3,145	Non - Rated	4,483
30,973,509	*Total cash at bank and term deposits*	26,437,994
	COUNTERPARTIES WITHOUT CREDIT RATINGS	
	Debtors and other receivables	
867,983	Existing counterparty with no default in the past	869,730
4,362	Existing counterparty with defaults in the past	4,371
872,344	*Total debtors and other receivables*	874,100

The credit quality of financial assets is with reference to Standard and Poor's credit ratings.

Liquidity Risk

Management of liquidity risk

Liquidity risk is the risk that Aoraki Polytechnic will encounter difficulty raising liquid funds to meet commitments as they fall due. Aoraki Polytechnic currently holds $26.4 million of cash and investments ($31.0 million in 2013) and has $3.7 million ($6.5 million in 2013) of current liabilities. The Current Ratio is 5.13:1 (3.8:1 in 2013). All trade payables are paid within a 30 day term. Aoraki Polytechnic has no significant exposure to liquidity risk on its financial assets.

22. Contingencies

Contingent Liabilities

Unquantifiable contingencies

Aoraki Polytechnic is a participating employer in the Government Superannuation Fund (GSF) Scheme (the scheme), which is a multi-employer defined benefit scheme. Aoraki Polytechnic has no current employees participating in the Scheme. If the other participating employers ceased to participate in the Scheme, Aoraki Polytechnic could be responsible for any deficit of the Scheme.

Contingent Assets

Aoraki Polytechnic has no contingent assets as at 31 December 2014 (2013 $94,463). As at 31 December 2013 revenue from Insurance claims arising from the Canterbury earthquakes of $94,463 had not been recognised at balance date. The final Insurance proceeds were recognised as revenue in 2014 when the compensation became receivable. For more information refer to note 28 Impact of the Canterbury Earthquakes.

23. Meeting Fees and Honorariums

Meeting Fees

Councillor	Actual 2013	Actual 2014
Janie Annear (from 01/05/14)	-	18,752
Anne Marett (from 01/05/14)	-	11,720
Robin Kilworth	14,400	14,400
Robert Smith	14,400	14,400
Craig O'Connor	14,400	14,400
Lyndon Waaka	14,400	14,400
Graeme McNally	14,400	14,400
Stella Sweney (from 01/05/14)	-	9,376
Kevin Cosgrove (to 30/04/14)	28,800	10,080
Gerald Morton (to 30/04/14)	18,000	6,300
Carole Brand (to 30/04/14)	14,400	5,040
Total	**133,200**	**133,268**

Meetings of Councillors

The number of meetings of the Polytechnic's Council and of the committees held during the year ended 31 December 2014 and the numbers of meetings attended by each Councillor were:

	Full meetings of Council		Audit committee meetings	
Councillor	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
Janie Annear	8	8	2	2
Anne Marett	8	8	2	2
Robin Kilworth	11	9		
Robert Smith	11	11	4	4
Craig O'Connor	11	9	4	3
Lyndon Waaka	11	9		
Graeme McNally	11	9		
Stella Sweney	8	8		
Kevin Cosgrove	3	1		
Gerald Morton	3	3	2	2
Carole Brand	3	3	2	2

Full meetings of Council - numbers also included 'Special' Council meetings held during 2014. Audit Committee Meetings - all councillors are able to attend these meetings, however there are only 5 voting members. Chief Executive Officer Performance Sub-Committee – comprises Chair of Council, Deputy Chair of Council and one councillor.

24. Capital Commitments and Operating Leases

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at the balance sheet date. At balance date, Aoraki Polytechnic had capital commitments of $149,606 (2013 nil).

Non-Cancellable Operating Lease Commitments

Aoraki Polytechnic leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises and photocopiers, which have a non-cancellable leasing period ranging from 14 to 60 months.

Parent and Group 2013 $	Capital Commitments and Operating Leases	Parent and Group 2014 $
	Capital Commitments	
-	Property, plant and equipment	149,606
	Non-Cancellable Operating Lease	
	Property Leases	
	Payable:	
229,328	Not later than one year	258,801
194,802	Later than one year and not later than two years	209,088
579,725	Later than two years and not later than five years	579,725
628,035	Later than five years	434,793
1,631,890	Total	1,482,407
	Equipment Leases	
	Payable:	
46,926	Not later than one year	171,252
287	Later than one year and not later than two years	54,906
-	Later than two years and not later than five years	-
-	Later than five years	-
47,213	Total	226,158
1,679,103	Total Commitments	1,858,171

Other Non-Cancellable Commitments

At balance date Aoraki Polytechnic had also entered into various minor contracts for computer maintenance, building services and other contracts for services.

25. Post Balance Date Events

There were no post balance date events.

26. Capital Management

Aoraki Polytechnic's capital is its equity which is comprised of General Equity and Revaluation Reserves. Equity is represented by net assets as disclosed in the Statement of Financial Position. The Polytechnic manages its revenue, expenses, assets and liabilities and day to day financial transactions prudently.

The purpose of managing Aoraki Polytechnics equity is to ensure that the Polytechnic achieves its goals and objectives whilst remaining a going concern.

27. Budget Variances

Statement of Financial Performance

Revenue – Total operating revenue was $2.2m lower than budget. Student based revenue was $2.7m lower than budget due to delivery of 316 fewer Equivalent Full Time Students than planned. Lower student based revenue was partially offset by an additional $0.2m interest revenue earned on call and term deposits, $0.2 gain on sale of investments, and $0.1m from final proceeds from earthquake related insurance claims.

Expenditure – Total cost of operations was on budget. Staff costs represent the largest expense and reduced by 16 Full Time Equivalents (FTEs) to 134 during the year and reduced by a cumulative 40 FTE since 2012 following the significant restructuring of Corporate Services, Academic Support, and School and Delivery structures. However staff FTE did not reduce to the budgeted level of 127 which combined with a later timing of reductions contributed to staff costs exceeding budget by $0.8m for the year. This was offset by the release of the unused balance of the restructuring provision of $0.4m and costs being lower than budget by a net $0.4 m across all other areas of expenditure.

Net Surplus/(Deficit) – The net deficit of $2.6m was $2.2m adverse to budget, principally due to lower revenue flowing from lower student numbers not offset by reductions in costs.

Statement of Movements in Equity

Total Equity reduced by $0.6m from $50.3m at the end of 2013 to $49.7m at the end of 2014 reflecting the actual Net Deficit of $2.6m less the increase in asset revaluation reserves of $1.9m resulting from the revaluation of land and buildings as at 31 December 2014.

Statement of Financial Position

Cash and Investments –Combined cash and call, current and non-current bank deposits totalled $26.4m at the end of 2014 which was $0.2m higher than budget. The level of cash and investments does not reflect the operating deficit as overfunding for 2014 of $2.1m included in Trade and Other Payables is repayable to TEC in 2015.

Statement of Cash Flows

Cash Flows from Operating Activities recorded a $2.3m higher cash outflow than budget due to lower tuition fees and other revenue $0.3m lower; Income from Government Grants $0.2m lower; payments to employees $1.6m higher (including restructuring payments of $0.7m); and payments to suppliers $0.2m higher.

28. Impact of the Canterbury Earthquakes

The 6.3 magnitude earthquake on 22 February 2011 resulted in substantial damage to Aoraki Polytechnic's two Christchurch campuses with the closure of these sites. Both of these premises were leased. Aoraki Polytechnic received written confirmation that the leases were terminated in 2011. Following the earthquake Aoraki Polytechnic's main Christchurch campus operated from premises at the Southern Institute of Technology campus building in Christchurch through until the end of 2013. The main Aoraki campus in Christchurch relocated at the end of 2013 to premises at the Christchurch Polytechnic and Institute of Technology (CPIT) in central Christchurch for the delivery of courses commencing in 2014.

As at 31 December 2014 Aoraki Polytechnic had made a total insurance claim of $681,210 with final settlement monies received in 2014. $93,129 was recognised in revenue in the year ended 31 December 2014. The insurance claim comprised of the following:

	Parent and Group			
	2011	2012	2013	2014
Cummulative postion at 31 December	$	$	$	$
Business Interuption				
Loss of Revenue	65,433	65,433	65,433	65,433
Relocation	62,625	62,625	62,625	62,625
Rent	39,389	39,389	39,389	39,389
Additional Expenses	21,483	21,483	21,483	21,483
Final claim adjustments	-	-	(29,301)	(29,301)
Material Damage				
Unrecoverable Assets	396,146	396,146	396,146	396,146
Damaged Assets	1,704	1,704	1,704	1,704
Final claim adjustments			125,066	123,732
Total Claim	586,780	586,780	682,544	681,211
Recognition as at 31 December				
Settlement monies received	-	-	522,916	681,211
Recogised as Revenue and Receivable	-	-	65,165	
Balance Recognised as a Contingent Asset	586,780	586,780	94,463	

Damaged and unrecoverable assets covered by the Material Damage claim were written off as at 31 December 2011 as a result of the building they were located in being demolished.

The insurance claim was lodged with insurance broker Jardine Lloyd Thompson Limited and as at 31 December 2013 the full claim had been assessed. Of the total claim a balance of $94,463 awaiting confirmation of acceptance from the insurer was recognised as a contingent asset as at 31 December 2013. The amount of $93,129 was included in the final settlement received and recognised as revenue in the year ended 31 December 2014.

The Polytechnic has Material Damage and Business Interruption insurance cover in place for 2015.

FIVE YEAR FINANCIAL TREND SUMMARY

	2010	2011	2012	2013	2014
Proportion of Government Grants to Total Income	76%	70%	70%	60%	58%
Total Cost of Operations per EFTS ($)	10,869	12,093	11,749	15,272	15,932
Average Government Grant per MOE EFTS ($)	9,311	8,446	8,788	8,499	8,718
Total Assets ($,000)	64,560	56,383	57,507	56,887	53,213
Capital Expenditure per EFTS ($)	783	1,099	556	296	462
Staff FTEs	184.9	191.6	174.5	149.8	134.4
Tutor : Student Ratio	1:15	1:15	1:15	1:13	1:12
Government Grants ($,000)	21,396	17,264	16,451	10,114	7,559
Total Revenue ($,000)	28,137	24,640	23,664	16,798	13,087
Net Surplus / (Deficit) ($,000)	1,988	(1,660)	26	(3,070)	(2,607)
Total Equity and Reserves ($,000)	62,001	53,505	53,387	50,351	49,674
Liquidity Ratio	9.09:1	7.05:1	7.19:1	3.67:1	5.35:1
(Current monetary assets/current liabilities)					
Return on Income	7.1%	-6.7%	0.1%	-18.3%	-19.9%
Salaries % / Total Expenditure	39.7%	48.9%	52.2%	49.0%	57.4%
EFTS – Summary					
MOE - Funded	2,298	2,044	1,872	1,190	867
International	24	28	34	16	15
ITO (off job)	37	15	18	17	17
STAR / Vocational Pathways	38	27	30	22	26
Other	10	61	58	56	60
Total EFTS	2,407	2,175	2,012	1,301	985

COMPULSORY STUDENT SERVICES FEES

For the period ended 31 December 2014

	Parent and Group Budget 2014 $	Parent and Group 2014 $
Compulsory Student Services Collected	76,000	44,072
Services Funded by Compulsory Student		
1. Advocacy and legal advice	34,000	13,674
2. Careers information, advice and guidance	-	-
3. Counselling services and pastoral care	40,000	29,824
4. Employment information	-	-
5. Financial support and advice	1,000	74
6. Health Services	-	-
7. Media	1,000	500
8. Childcare services	-	-
9. Clubs and societies	-	-
10. Sports, recreation and cultural activities	-	-
Total Services Provided	76,000	44,072

Categories of Compulsory Student Services Fees

1.	Advocacy and legal advice	Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems. This includes advocacy and legal advice relating to accommodation.
2.	Careers information, advice and guidance	Supporting students' transition into post-study employment.
3.	Counselling services and pastoral care	Providing non-academic counselling and pastoral care, such as chaplains.
4.	Employment information	Providing information about employment opportunities for students while studying.
5.	Financial support and advice	Providing hardship assistance and advice to students on financial issues.
6.	Health Services	Providing health care and related welfare services.
7.	Media	Supporting the production and dissemination of information by students to students, including newspapers, radio, television and internet-based media.
8.	Childcare services	Providing affordable childcare services while parents are studying.
9.	Clubs and societies	Supporting student clubs and societies, including through the provision of administrative support and facilities for clubs and societies.
10.	Sports, recreation and cultural activities	Providing sports, recreation and cultural activities for students.

STAFF AS AT 31 DECEMBER 2014

Full Time Equivalents (FTEs)

	Tutorial	Support	Actual 2014	Actual 2013
Portfolios [1]				
Teaching and Learning Directorate	-	3.50	3.50	
Primary Industries	6.00	3.00	9.00	
Trades	9.80	1.20	11.00	
Business and IT	9.20	1.00	10.20	
Arts and Media	10.40	1.00	11.40	
Outdoor Recreation	4.60	-	4.60	
Health and Education	14.60	1.00	15.60	
Hospitality and Tourism	8.10	2.40	10.50	
Hair and Beauty	12.60	1.00	13.60	
Hospitality, Hair and Beauty			-	29.90
Business, Arts and Media			-	25.40
Agriculture and Technology			-	14.60
Health and Education			-	19.80
Aoraki Education Partners			-	3.10
Total Portfolios	**75.30**	**14.10**	**89.40**	**92.80**
Support Departments				
Chief Executive Department			3.60	2.00
Human Resources			2.30	2.00
International			0.80	0.80
Marketing			6.60	3.30
Corporate Services			5.50	12.00
IT Services			3.40	3.30
Finance			3.00	4.70
Property Services			8.20	8.60
Registry			4.20	5.90
Library			1.40	2.00
Maori Liaison			1.00	0.50
Academic			3.80	10.60
Student Support Services			1.20	1.30
Total Support Staff			**45.00**	**57.00**
Polytechnic Total			**134.40**	**149.80**

Note:

1. In 2014 the delivery structure was reorganised into a Teaching and Learning Directorate comprising eight teaching portfolios
2. Is exclusive of contractors
3. Tutorial Staff as a percentage of total FTE is 56% (last year 52%)

Improve Participation

Output	Target Group	Measure		Actual 2011	Actual 2012	Actual 2013	Plan 2014	Actual 2014	Commentary
The proportion of SAC Eligible EFTS enrolled at the TEO who are Māori	Māori	Participation	Level 1 – 3	8.1%	6%	9%	6%	8%	
			Levels 4 and above	4.6%	3%	6%	3%	6%	The number of Maori students is consistent with 2013. The 2014 plan was based on the 2012 actuals. Accuracy and timeliness of data analysis now enables earlier identification of trends.
The proportion of SAC Eligible EFTS enrolled at the TEO who are Pacific Peoples	Pacific	Participation	Level 1 – 3	4.2%	3%	2%	3%	2%	
			Levels 4 and above	0.9%	1%	1%	1%	1%	
The proportion of SAC Eligible EFTS enrolled at the TEO who are aged under 25	Under 25	Participation	Level 1 – 3	31.0%	31%	30%	33%	27%	Changes in the programmes delivered in the Primary Industry portfolio has resulted in the target for 2014 not being met. This figure is expected to increase in 2015.
			Levels 4 and above	20.9%	22%	29%	25%	31%	A focus on returning to or continuing to study has continued the upward movement in this area.
Number of International EFTS	International	Participation	All levels	N/A	33	16	30	16	Target not achieved, largely due to a change in contract holder for the Pacific Islands training. This has been re-established and is now back on track.

Improving Learning Outcomes

Output	Target group	Measure		Actual			Plan	Actual	Commentary
				2011	2012	2013	2014	2014	
Successful **course completion rate**	All SAC-eligible Students	Course completion	All levels	80%	78%	75%	80%	79%	
			Levels 1 – 3	83%	78%	74%	80%	78%	
			Levels 4 and above	74%	77%	76%	78%	79%	
Qualification completion rate		Qualification Completion	All levels	68%	77%	69%	78%	79%	
			Levels 1 – 3	70%	74%	78%	75%	80%	Youth Advisors working closely with these students and monitoring their progress has increased this figure.
			Levels 4 and above	64%	80%	75%	81%	78%	
Student **retention** rate		Student Retention	All levels	48%	67%	72%	68%	71%	
Student **progression** rate		Student Progression	Levels 1-3	17%	21%	21%	21%	22%	Based on interim figure from TEC
Successful **course completion rate**	SAC-eligible Māori students	Course completion	All levels						
			Levels 1 – 3	80%	80%	66%	81%	74%	Low completions in a small number of programmes have higher Maori student participation has affected the overall completions. These programmes are half year programmes with a large proportion of literacy and numeracy requirements.
			Levels 4 and above	62%	66%	60%	67%	67%	
Qualification completion rate		Qualification Completion	All levels						
			Levels 1 – 3	72%	67%	63%	68%	78%	The appointment of a Kaiawhina has increased the advice and support to students on campus.
			Levels 4 and above	52%	76%	77%	77%	59%	Poor qualification completions in a distance programme at level 5 can be attributed to this figure. The programme is currently being reviewed through TROQ.
Successful **course completion rate**	SAC-eligible Pacific students	Course completion	All levels						
			Levels 1 – 3	80%	79%	51%	80%	79%	
			Levels 4 and above	46%	67%	71%	68%	67%	
Qualification completion rate		Qualification Completion	All levels						
			Levels 1 – 3	84%	72%	45%	73%	89%	Early identification through reports has enabled pastoral care and support for these students to be put in place.
			Levels 4 and above	39%	59%	70%	60%	68%	Early identification through reports has enabled pastoral care and support for these students to be put in place.

Statement of Service Performance

Output	Target group	Measure		Actual 2011	Actual 2012	Actual 2013	Plan 2014	Actual 2014	Commentary
Successful **course completion rate**	SAC-eligible Students under 25	Course completion	All levels						
			Levels 1 – 3	82%	78%	71%	80%	75%	
			Levels 4 and above	77%	76%	77%	78%	81%	
Qualification completion rate		Qualification Completion	All levels						
			Levels 1 – 3	68%	69%	69%	71%	78%	Youth Advisors working closely with these students and monitoring their progress has increased this figure.
			Levels 4 and above	63%	81%	72%	83%	81%	
The proportion of EFTS assessed as **requiring additional literacy and numeracy** who are enrolled in Levels 1 - 3 provision **and make literacy and numeracy progress** as measured by the Literacy and Numeracy for Adults Assessment Tool		Literacy and Numeracy progress as measured by the Literacy and Numeracy for Adults Assessment Tool	Levels 1 - 3		15%	18%	22%	53%	A focus on the embedding of literacy and numeracy in programmes and the professional development requirements for Level 1-3 tutors has increased this figure in 2014.

Improving the Quality of Teaching and Learning

Output	Output Measure	2012 Actual	2013 Actual	2014 Target	2014 Actual	Commentary
3.1 Provide student support to improve successful qualification completion	Percentage of students that access student support who achieve successful qualification completion.			75%	60%	The actual figure for 2014 is more realistic for the students who accessed student support taking into account the overall qualification completion was 79%.
	Percentage of students identified as at risk of not successfully completing their qualification with individual learning plans.			100%	96%	The data reflects one student out of 26 identified as "at risk" who withdrew before a support plan was put in place.
3.2 Increase staff capability to meet the needs of diverse learners.	Percentage of tutorial staff that have attended diversity workshops.			75%	31%	A large number of staff who had completed this training in the past have left. Four IAC workshops are scheduled for 2015.
3.3 Embed literacy and numeracy in all Level 1 to 3 programmes.	Percentage of Levels 1-3 programmes that meet the Tertiary Education Commission's definition of 'embedded'	98%	95%	95%	97%	

Output	Output Measure	2012 Actual	2013 Actual	2014 Target	2014 Actual	Commentary
	Percentage of Level 1 to 3 learners using the Assessment Tool at the beginning and end of provision	95%	98%	100%	80%	The end of year withdrawal process resulted in some students not completing the Assessment Tool at the end of the year.
3.4 Provide literacy and numeracy training for tutors teaching on Levels 1-3 programmes	Percentage of tutorial staff teaching Levels 1-3 programmes who are receiving Literacy and Numeracy training	92%	93%	95%	84%	7 new tutorial staff (16% of staff at Level 1 -3) have been employed since February 2014 and 5 of those employed from April 2014.
	Percentage of tutorial staff teaching Levels 1-3 programmes that do not hold but are working towards the National Certificate in Adult Literacy and Numeracy Education (Vocational)			90%	84%	7 new tutorial staff (16% of staff at Level 1 -3) have been employed since February 2014 and 5 of those employed from April 2014.
3.5 Increase teaching capability by providing training to obtain the Graduate Diploma in Tertiary Teaching (Level 7)	Percentage of permanent tutorial staff that hold or are working towards a Level 6 or above teaching qualification or equivalent with a specific teaching practice component			25%	23%	
3.6 Increase understanding of Te Ao Māori across Aoraki programmes	Percentage of staff working towards a Certificate in Te Ao Māori (Level 4)			10%	-	Certificate in Te Ao Māori (Level 4) not introduced in 2014 with the decision to do monthly Professional Development for staff on Te Reo.
3.7 Implement the Māori Development Strategy	Percentage of Māori Development Strategy goals implemented	N/A	57%	75%	73%	
3.8 Implement the Flexible On-line Distance Education Strategy	Percentage of programmes using Flexible On-line Distance Education technologies			80%	74%	
3.9 Implement the Aoraki Polytechnic Youth Development Strategy	Percentage of course completions for students under 25		74%	80%	79%	
	Percentage of qualification completions for students under 25		72%	80%	80%	

Equal Opportunity Report

Summary (Students)

	2014	2013	2012
Female	64.5%	59.5%	52.7%
Maori	14.0%	7.4%	8.7%
Pacific	3.0%	2.1%	4.3%
Disability	2.1%	2.9%	1.5%

Aoraki Polytechnic has a responsibility to promote equal educational opportunities.

Maori

- A Kaiawhina was appointed to provide a higher level of support to students Maori.
- Maori student success was celebrated at the end of the year and incorporated one of the six strategic goals of the Maori Development Strategy, the Kotahitaka (teamwork) – working together and celebrating.
- The Maori Development strategy was implemented in consultation and engagement with the local iwi and Rununga.

Programmes

- Programmes were delivered to meet the needs of under-represented groups including the Certificate in Life Skills and the Certificate in Parenting and Care of Children.
- 97% of all Level 1-3 programmes have embedded literacy and numeracy.
- A greater emphasis was placed on alternative methods of delivery e.g. e-learning through Moodle with 74% of programmes having alternative delivery methods.

Youth Guarantee

- All Youth Guarantee students had Individual Learning Plans
- 70% of students were retained in study
- 69% of students successfully completed their programme of study
- 60% of student are working fulltime or have moved onto further study

Summary (Staff)

2014 (FTEs)	Tutorial	Non-Tutorial	Total
Female	63.6%	70.9%	67.4%
Maori	3.6%	2.6%	3.1%
Pacific	0.0%	0.0%	0.0%

Aoraki Polytechnic is committed to developing and maintaining a workplace culture that values and supports diversity.

All recruitment activities of Aoraki Polytechnic follow a structured methodology which focuses on competency based criteria and enables equal access to employment opportunities, regardless of gender, marital status, age, sexual orientation, disability, ethnic origin, political persuasion or other personal characteristics which do not affect individual performance in employment.

EEO principles and practices will be actively promoted as part of management development programmes and in this way encouraged throughout the organisation.

Statement of Resources

As at 31 December 2014

Chairperson	Janie Annear Ministerial appointment (effective 1 May 2014)
	Kevin Cosgrove Ministerial appointment (finished 30 April 2014)
Deputy Chairperson	Anne Marett Ministerial appointment (effective 1 May 2014)
	Gerald Morton Ministerial appointment (finished 30 April 2014)
Members	Graeme McNally Ministerial appointment
	Craig O'Connor Ministerial appointment
	Stella Sweney Community representative (effective 1 May 2014)
	Robin Kilworth Community representative
	Rob Smith Community representative
	Lyndon Waaka Community representative
	Carole Brand Community representative (finished 30 April 2014)

Management

Chief Executive	Alex Cabrera
Academic Director	Ginny Vincent
Director of Teaching and Learning	Vikki Roadley
Chief Financial Officer (Acting)	Frans van de Vlierd

Glossary of Terms

ABT Ltd	Agribusiness Training Limited
ACC	Accident Compensation Corporation
ALNA	Adult Literacy and Numeracy Assessment Tool
ANZIV	Associate of the New Zealand Institute of Valuers
CALT	Certificate in Adult Teaching and Learning
CPIT	Christchurch Polytechnic Institute of Technology
DRC	Depreciated Replacement Cost
EEO	Equal Employment Opportunities
EFTs	Equivalent Full Time Students
EPI	Education Performance Indicators
FBT	Fringe Benefit Tax
FNZIV	Fellow of the New Zealand Institute of Valuers
FPINZ	Fellow of the Property Institute of New Zealand
FREINZ	Fellow of the Real Estate Institute of New Zealand
FTE	Full Time Equivalent
GSF	Government Superannuation Fund
GST	Goods and Services Tax
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRD	Inland Revenue Department
ITO	Industry Training Organisations
MOE	Ministry of Education
NZQA	New Zealand Qualifications Authority
NZSX	New Zealand Stock Exchange
PAS	Public Benefit Entity Accounting Standards
PAYE	Pay as You Earn tax
PINZ	Polytechnics International New Zealand Limited
PINZ	The Property Institute of New Zealand
PPE	Property, Plant, and Equipment
RDR	Reduced Disclosure Requirements
SAC	Student Achievement Component
SDR	Single Data Return (Student data)
SNZPI	Senior Member of the Property Institute of New Zealand
STAR	Secondary Tertiary Alignment Resource
TEC	Tertiary Education Commission
XRB	External Reporting Board

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