ANNUAL REPORT 2015

AORAKI POLYTECHNIC

Vision for the new organisation:

"To be an exciting, relevant, contemporary, vibrant and viable contributor to individual and community prosperity throughout Canterbury by improving access, extending the range of programmes and services and by becoming a destination for national and international students."

Contents

Chairperson's and Chief Executive's Report 4

2015 Highlights 5

Statement of Responsibilities 6

Financial Performance Summary 7

Governance and Accountability Statement 8

Independent Auditor's Report 9

Financial Statements 12

- Statement of Financial Performance 12
- Statement of Comprehensive Revenue and Expense 12
- Statement of Movements in Equity 13
- Statement of Financial Position 14
- Statement of Cash Flows 15
- Reconciliation of Net Surplus on Operations with Net Cash Flows from Operating Activities 16
- Notes to the Financial Statements 17

Five Year Financial Trend Summary 36

Compulsory Student Service Fees 37

Staffing Numbers 38

Statement of Service Performance 39

Equal Opportunity Report 43

Statement of Resources 44

Glossary of Terms 45

Chairperson’s and Chief Executive’s Report

Ko te manu e kai ana i te miro, nōna te ngahere.
Ko te manu e kai ana i te mātauranga, nōna te ao.

The bird that partakes of the miro berry reigns in the forest.
The bird that partakes of the power of knowledge has access to the world.

In 2015, the major piece of work was the preparation of the Better Business Case (BBC) with Christchurch Polytechnic Institute of Technology (CPIT), recommending to the Minister for Tertiary Education, Skills and Employment to consider the establishment of a new single organisation to provide vocational and applied tertiary education in the Canterbury and Waitaki regions.

Despite partnership initiatives, streamlined operations and growth, Aoraki Polytechnic continued to face ongoing operating deficits and depletion of its cash reserves for the foreseeable future.

Aoraki Polytechnic and CPIT had been working together for some time to identify where the opportunities for collaborative development and delivery were, and how they might be best harnessed.

The Council assessed several options in a way that thoroughly tested the core key elements required to ensure the Aoraki region could maintain access to quality tertiary education.

The evaluation process resulted in a clear preference for integrating Aoraki Polytechnic into CPIT as the legal vehicle, but with a Council, management team and investment plan structured for and dedicated to a transformational vision of a new organisation servicing the whole of Canterbury and Waitaki.

Planning was completed on the impact of the recommendation on students and staff, and exactly how a new organisation could be established and change implemented. The BBC model was used to assess the impact and to determine the best recommendation going forward.

Reflecting the commitment to engagement with stakeholders throughout the process, the Council conducted early consultation on the preferred stakeholder options. Stakeholder feedback included, amongst others, responses received from staff, students and local communities. Much of the feedback was positive and supportive of the concept.

The conclusion of the Better Business Case reflected confidence that the recommendation made to the Minister was the best way forward and outlined the Councils’ commitment to moving forward to implement a new and transformative vision for the delivery of vocational and applied tertiary education in Canterbury and Waitaki.

For the Aoraki Polytechnic community, moving to integration meant transparent use of the financial resources accumulated over recent years, continued investment in connectivity and IT, outreach into rural areas, and full use of Aoraki Polytechnic’s expertise in primary industries training, including relationships with other providers and industry. It also meant a continuing regional identity in governance.

To avoid duplication of offerings, Aoraki Polytechnic’s Dunedin-based programmes, staff and campus were transferred to Otago Polytechnic, including qualifications in early childhood studies, massage therapy, hairdressing, beauty therapy, spa therapy, journalism, photography, and film and television.

In November, Tertiary Education, Skills and Employment Minister Steven Joyce confirmed that Aoraki Polytechnic would merge with CPIT to create a new larger tertiary institution. The new organisation would be operational for the 2016 academic year and initially trade under the name CPIT Aoraki. The organisation will continue to serve the South Canterbury, Mid Canterbury and Waitaki regions.

The vision for the new organisation is “to be an exciting, relevant, contemporary, vibrant and viable contributor to individual and community prosperity throughout Canterbury by improving access, extending the range of programmes and services and by becoming a destination for national and international students”.

We would like to take this opportunity to acknowledge the dedicated staff who put their hearts and minds into their work, which is the important business of transforming lives through education. We also acknowledge the supportive governance role of Aoraki Polytechnic's Council and the positive contributions made by the Tertiary Education Union, and the Tertiary Education Commission.

And to our community and industry partners – thank you for supporting us, our students and our graduates in so many ways. We are here to respond to the regional needs and we could not do that without your consistent input.

By joining with CPIT and creating a new organisation together we can take the best of our experience and expertise and continue to build on the past. Except that now we are reaching out to all of Canterbury, and beyond, with more programmes and more pathways to get our people where they want to go.

There is much to look forward to.

Janie Annear Alex Cabrera

Janie Annear
Council Chair

Alex Cabrera
Chief Executive

2015 Highlights

Whaia e koe ki te iti kahurangi; ki te tuohu koe, me maunga teitei

Seek the treasure you value most dearly: if you bow your head, let it be to a lofty mountain

- Female enrolments in non-traditional areas such as Primary Industry and Trades increased due to a new suite of qualifications and more flexible delivery modes. Women made up more than half of students studying an agribusiness management diploma at Aoraki Polytechnic.

- A new initiative to get more people working in Canterbury's agricultural sector was launched in Ashburton. Canterbury dairy farmers banded together with Aoraki Polytechnic to develop the Dairy Pipeline Project as a way to alleviate a skills shortage in the Canterbury dairy industry.

- Successful Māori trades training moved into Ashburton, Timaru and Oamaru. Budding Māori and Pacific carpenters were given a new unique opportunity to learn a new trade through the He Toki ki te Rika programme in carpentry, free of charge. The iwi-led programme was created in response to the post-earthquake environment and the need to upskill more Cantabrians to contribute to the rebuild of Christchurch. It is a partnership between Ngāi Tahu, CPIT Aoraki and Hawkins.

- International ties with China were strengthened, with Memorandums of Understanding signed with three partner institutions in China, to enable cooperation and provide staff and student exchange opportunities. Aoraki Polytechnic hosted a teacher training programme for over 20 Chinese teachers who came to New Zealand as Mandarin language assistants, as well as hosted the first academic visitors from its partner institutions in China.

- Student Success - Aoraki Polytechnic student Joelle Snook, won junior chef of the year at the National Commis Chef competition in Auckland.

- 2015 marked a special time in the institution's history, as it was the final year as Aoraki Polytechnic. It's not the first time the institution has transformed itself. When this institution was launched in 1901, it was as the Timaru Technical School. The name later changed to Timaru Technical College, before becoming South Canterbury Community College. In 1987 Community College was incorporated as Aoraki Polytechnic, a regional institute, attracting students from around New Zealand and internationally.

Statement of Responsibilities

In the financial year ended 31 December 2015, 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 2015.

Janie Annear
Council Chair

Alex Cabrera
Chief Executive

15 April 2016

Financial Performance Summary

During 2015 Aoraki Polytechnic was focused on both maintaining education delivery and planning for the establishment of a new single tertiary education organisation in the Canterbury region. The consequence of this planning was the disestablishment of Aoraki Polytechnic as a tertiary education institution as at 31 December 2015. The financial statements for 2015 are the final accounts for the polytechnic and the net deficit for the year of $6.0m is after costs incurred and provisions made in relation to disestablishment of $2.4m.

Student numbers increased with delivery to 1,021 equivalent full time students (EFTS) compared to 985 in 2014. This reflected in revenue increasing by $0.1m to $13.2m from 2014 and achieving budget.

Total expenditure before costs associated with disestablishment exceeded budget by $0.6m due to higher costs of services and salaries and wages with total staff numbers of 138 FTE 5 higher than the 133 planned.

The operating deficit before disestablishment costs was $3.6m compared to a budget of $2.9m reflecting the increased operating expenditure and reinforcing the need for major change to achieve financially sustainable ongoing tertiary education delivery to the region.

Planning for a new entity took place through much of 2015 with the development of the business case and confirmation in November 2015 of the disestablishment of Aoraki Polytechnic as at 31 December 2015. This resulted in unbudgeted costs relating to the planning and preparation for disestablishment, staff severance costs in December 2015, impairment of fixed and intangible assets (non cash), and costs to exit service contracts that would be duplicated under the new entity.

Aoraki has no debt and held $20.9m in bank deposits at the end of 2015. Net assets of $43.7m comprising of $23.7m of fixed assets and $20.0m of current assets ($20.9m deposits less other net current liabilities of $0.9) were incorporated into the CPIT Aoraki combined entity on 1 January 2016.

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 the Chief Executive 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 2015 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.

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Aoraki Polytechnic and group's financial statements and statement of service performance for the year ended 31 December 2015

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

Opinion on the financial statements and the statement of service performance

We have audited:

- the financial statements of the Polytechnic and group on pages 12 to 35, that comprise the statement of financial position as at 31 December 2015, the statement of financial performance, statement of comprehensive revenue and expense, 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 statement of service performance of the Polytechnic and group on pages 39 to 42.

In our opinion:

- The financial statements of the Polytechnic and group on pages 12 to 35 that are prepared on a disestablishment basis:
    - present fairly, in all material respects the Polytechnic and group's:
        - financial position as at 31 December 2015; and
        - financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards.

- The statement of service performance of the Polytechnic and group on pages 39 to 42 presents fairly, in all material respects, the Polytechnic and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2015.

The financial statements are appropriately prepared on a disestablishment basis

Without modifying our opinion, we draw attention to the disclosure in note 2(a) about the financial statements being prepared on a disestablishment basis because of the disestablishment of Aoraki Polytechnic and incorporation with Christchurch Polytechnic Institute of Technology as at 1 January 2016. We consider the disestablishment basis of preparation of the financial statements and the related disclosures to be appropriate to the Polytechnic's circumstances.

Our audit was completed on 15 April 2016. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Polytechnic and group's financial statements and statement of service performance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the disclosures in the financial statements and the statement of service performance; and
- the overall presentation of the financial statements and the statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

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

Responsibilities of the Council

The Council is responsible for preparing financial statements that comply with generally accepted accounting practice in New Zealand and present fairly the Polytechnic and group's financial position, financial performance and cash flows.

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

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

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

Responsibilities of the Auditor

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

Independence

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

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

Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2015

Parent and Group 2014 $		Notes	Parent and Group Budget 2015 $	Parent and Group 2015 $
	Revenue	3		
7,558,505	Government Grants	3	7,949,711	7,980,252
2,245,910	Student Tuition Fees - Domestic		2,485,986	2,176,495
155,891	Student Tuition Fees - International		204,215	214,504
1,193,465	Other Fees and Charges		1,305,445	1,309,942
1,278,466	Interest Revenue		968,000	1,094,817
850	Donations		-	875
623,204	Sundry Revenue		291,745	378,833
13,056,291	**Total Operating Revenue**		13,205,102	13,155,718
	Less Cost of Operations			
464,676	Advertising/Marketing		463,204	422,244
670,908	Class Materials		809,152	765,328
4,174,481	Cost of Services	4	3,314,971	3,873,837
1,501,414	Depreciation and Amortisation	11 & 12	1,484,622	1,403,549
287,961	Maintenance		326,368	270,477
9,005,230	Salaries and Wages	5	9,754,708	10,045,744
16,104,670	**Total Cost of Operations**		16,153,025	16,781,179
(411,261)	Restructuring and Disestablishment Costs	16	200,000	2,381,053
(2,637,118)	**Net Surplus/(Deficit) for the period**		(3,147,923)	(6,006,514)

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 December 2015

Parent and Group 2014 $		Notes	Parent and Group Budget 2015 $	Parent and Group 2015 $
(2,637,118)	Net Surplus/(Deficit)		(3,147,923)	(6,006,514)
	Other Comprehensive Revenue and Expense			
	Item that will not be reclassified to surplus/(deficit)			
1,929,068	Increase(decrease) in asset revaluation reserves	18	-	-
1,929,068	Total Other Comprehensive Revenue and Expense		-	-
(708,050)	**Total Comprehensive Revenue and Expense**		(3,147,923)	(6,006,514)

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 2015

Parent and Group 2015	Notes	General Equity $	Asset Revaluation Reserve $	Total $	Budget $
Balance at 1 January	19	38,269,741	11,445,611	49,715,352	47,064,994
Net Surplus/(Deficit)		(6,006,514)	-	(6,006,514)	(3,147,923)
Balance at 31 December		32,263,227	11,445,611	43,708,838	43,917,071

Parent and Group 2014	Notes	General Equity $	Asset Revaluation Reserve $	Total $
Balance at 1 January	19	40,892,001	9,531,401	50,423,402
Net Surplus/(Deficit)	18 & 19	(2,637,118)	-	(2,637,118)
Reclassified on disposal	18	14,858	(14,858)	-
Increase(decrease) in asset revaluation	11 & 18	-	1,929,068	1,929,068
Balance at 31 December		38,269,741	11,445,611	49,715,352

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 2015

Parent and Group 2014 $		Notes	Parent and Group Budget 2015 $	Parent and Group 2015 $
	Assets			
	CURRENT ASSETS			
3,937,994	Cash and Cash Equivalents	6	500,000	3,874,388
874,100	Student Fees and Other Receivables	7	871,993	992,876
29,497	Prepayments		19,000	-
110,476	Inventories	8	106,000	98,743
15,000,000	Other Financial Assets	9	18,271,071	17,000,000
19,952,067	Total Current Assets		19,768,064	21,966,007
	NON CURRENT ASSETS			
7,500,000	Other Financial Assets	9	-	-
-	Investments	10	8,000	-
25,199,413	Fixed Assets	11	25,576,000	23,724,645
52,653	Capital Work in Progress		-	4,121
508,468	Intangible Assets	12	40,000	-
33,260,534	Total Non Current Assets		25,624,000	23,728,766
53,212,601	TOTAL ASSETS		45,392,064	45,694,773
	Liabilities			
	CURRENT LIABILITIES			
77,336	Revenue Received in Advance	13	125,000	182,675
2,835,146	Trade and Other Payables	14	612,993	1,426,562
584,767	Employee Entitlements	15	737,000	323,098
-	Provisions	16	-	53,600
3,497,249	Total Current Liabilities		1,474,993	1,985,935
3,497,249	TOTAL LIABILITIES		1,474,993	1,985,935
49,715,352	NET ASSETS		43,917,071	43,708,838
	Public Equity			
38,269,741	General Equity	17	34,386,071	32,263,227
11,445,611	Asset Revaluation Reserves	18	9,531,000	11,445,611
49,715,352	TOTAL PUBLIC EQUITY		43,917,071	43,708,838

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 2015

Parent and Group 2014 $		Parent and Group Budget 2015 $	Parent and Group 2015 $
	Cashflows from Operating Activities		
	Cash was provided from :		
6,111,262	Government Grants	6,753,000	6,095,290
4,227,308	Tuition Fees and Other	4,351,000	4,005,793
1,154,265	Interest Revenue Received	968,000	1,193,212
-	Dividend Revenue	-	-
9,339	Goods and Services Tax (Net)	-	(48,218)
11,502,174		12,072,000	11,246,077
	Cash was applied to :		
9,841,960	Payments to Employees	9,771,000	11,189,496
5,961,255	Payments to Suppliers	5,047,000	5,325,803
15,803,215		14,818,000	16,515,299
(4,301,041)	Net Cash Flows from Operating Activities	(2,746,000)	(5,269,222)
			-
	Cash Flows from Investing Activities		
	Cash was provided from :		
6,968	Sale of Assets	-	67,893
12,713,430	Investments	5,896,000	7,500,000
12,720,398		5,896,000	7,567,893
	Cash was applied to :		
7,500,000	Investments	-	2,000,000
360,448	Purchase of Fixed Assets	3,150,000	335,277
94,423	Purchase of Intangibles	-	27,000
7,954,871		3,150,000	2,362,277
4,765,527	Net Cash Flows from Investing Activities	2,746,000	5,205,616
	Cash Flows from Financing Activities		
-	Net Cash Flows from Financing Activities	-	-
464,486	Net increase/(decrease) in cash held	-	(63,606)
3,473,509	Plus Opening Cash	500,000	3,937,994
3,937,994	Closing Cash Balance	500,000	3,874,388
	Represented by :		
529,711	Bank Account/(Overdraft)	500,000	320,716
3,408,283	Bank Deposits	-	3,553,672
3,937,994	Closing Cash Balance	500,000	3,874,388

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 2015

Parent and Group 2014 $		Parent and Group 2015 $
(2,637,118)	**Surplus/(Deficit) on Operations**	(6,006,514)
	Add/(Less) Non Cash Items :	
1,501,414	Depreciation and amortisation expense	1,403,549
	Impairment Expense	917,099
(411,261)	Provision for Restructuring Expense	34,615
1,090,153		2,355,263
	Add/(Less) Movements in Working Capital Items:	
23,292	Increase/(Decrease) in Fees in Advance	105,339
(1,755)	Decrease/(Increase) in Receivables	(118,772)
(10,378)	Decrease/(Increase) in Prepayments	29,497
(4,193)	Decrease/(Increase) in Inventories and Livestock	11,733
(1,752,603)	Increase/(Decrease) in Payables	(1,389,603)
(683,871)	Increase/(Decrease) in Restructuring Provision	-
(152,859)	Increase/(Decrease) in Staff Entitlements	(261,669)
(2,582,367)		(1,623,475)
	Add/(Less) Items Classified as Investing Activities:	
(171,710)	Net Loss/(Gain) on Sale/Disposal of Assets	5,504
(171,710)		5,504
(4,301,041)	Net Cash Flows from Operating Activities	(5,269,222)

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. It does not operate to make a financial return.

Aoraki Polytechnic has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of Aoraki Polytechnic for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the council on 15 April 2016.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared on a disestablishment basis for 2015. For the previous year, 2014, the financial statements were prepared on a going concern basis. Otherwise, the accounting policies have been applied consistently throughout the period.

The financial statements have been prepared on a disestablishment basis as a result of the disestablishment of Aoraki Polytechnic and incorporation with Christchurch Polytechnic Institute of Technology (CPIT) as at 1 January 2016. The change in preparation basis has not resulted in reclassification of current or non-current assets and liabilities as the operations of Aoraki Polytechnic continue as part of the merged entity. The restructuring and disestablishment costs consequent upon the merger are disclosed in note 16 below.

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The polytechnic and group has applied these standards in preparing the 31 December 2015 financial statements.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar ($).

Standards issued and not yet effective and not early adopted

Not-for-profit enhancements

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not—for profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015.

(b) Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE accounting standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 19.

(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 2015 and 2014 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 Polytechnics International NZ Ltd (interest disposed in 2014) and Agribusiness Training Ltd (interest disposed in 2014).
- 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) SAC Funding

SAC funding is the polytechnic's main source of operational funding received from the Tertiary Education Commission (TEC). The polytechnic considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course.

ii) Student Tuition Fees

Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

International student fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of total course days.

Scholarships awarded by the polytechnic that reduce the amount of tuition fees payable by the student are offset against student tuition fees.

iii) Other Grants Received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance when received and recognised as revenue when the conditions of the grant are satisfied.

iv) 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).

v) 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 12 December 2014. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

(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

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 19.

(w) Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- General funds.
- Property revaluation reserves.

Property revaluation reserves

These reserves relate to the revaluation of land, buildings, infrastructure, and artwork assets to fair value.

3. Revenue

Parent and Group 2014 $		Parent and Group 2015 $
	Exchange and Non-Exchange Revenue	
3,251,876	Exchange Revenue	2,998,971
9,804,415	Non-Exchange Revenue	10,156,747
13,056,291	Total Revenue	13,155,718
	Government Grants	
6,864,722	Student Achievement Component (SAC) funding	7,240,741
693,783	Other On Plan funding	739,511
7,558,505	Total Government Grants	7,980,252

4. Cost of Services

Parent and Group 2014 $		Parent and Group 2015 $
104,376	Audit fees for financial statement audit	101,984
754,306	Payments to subcontractors	476,940
(105,398)	Change in provision for doubtful debts	(9,948)
116,600	Bad debts written off	19,854
363,560	Information technology	399,123
18,948	Donations and Sponsorship	11,066
430,560	Rent	493,080
146,244	Travel/Accommodation	199,919
705,564	Contractors and Professional Fees	451,584
169,671	Insurance	138,612
257,705	Energy costs	278,503
1,212,345	Other expenditure	1,313,121
4,174,481		3,873,837

5. Salaries and wages

Parent and Group 2014 $		Parent and Group 2015 $
5,067,811	Academic Salaries	5,678,005
3,710,299	General Salaries and Wages	4,213,375
160,356	Non Payroll Personnel	164,275
219,622	Defined contribution superannuation employer	251,758
(152,858)	Increase/(Decrease) in Employee Entitlements	(261,669)
9,005,230		10,045,744

6. Cash and Cash Equivalents

Parent and Group 2014 $		Parent and Group 2015 $
529,711	Cash at Bank and on hand	320,716
3,408,283	Call Deposits	3,553,672
3,937,994	Total Cash and Cash Equivalents	3,874,388

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 2014 $		Parent and Group 2015 $
809,450	Accrued Interest	711,055
48,702	Student Fees	17,330
32,881	Other Receivables	271,476
(16,933)	Provision for Doubtful Debts	(6,985)
874,100	Total in Balance Sheet	992,876

Exchange and Non-Exchange Receivables:

48,702	Non-Exchange Receivables	17,330
825,398	Exchange Receivables	975,546
874,100	Total in Balance Sheet	992,876

The ages of Student Fees receivables are as follows:

17,509	Not past due	6,762
4,555	Past due 31 - 60 days	3,453
4,700	Past due 61 - 90 days	2,899
21,938	Past due over 90 days	4,216
48,702	Total in Balance Sheet	17,330

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

As at 31 December 2015 and 2014 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 2014 $		Parent and Group 2015 $
122,331	As at 1 January	16,933
11,202	Additional/(Reversed) provisions during the year	9,906
(116,600)	Paid or written off during period	(19,854)
16,933	At 31 December	6,985

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 2014 $		Parent and Group 2015 $
91,833	Materials and Consumables	86,314
18,643	Stationery	12,429
110,476		98,743

9. Other Financial Assets

Parent and Group 2014 $		Parent and Group 2015 $
	Term deposits with maturities greater than 3 months and:	
15,000,000	Remaining duration less than 12 months (Current)	17,000,000
7,500,000	Remaining duration more than 12 months (Non Current)	-
22,500,000	Total Other financial assets	17,000,000

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

No investments in shares were held at 31 December 2015 (2014 nil). An investment in Agribusiness Training Limited was disposed of in 2014 with a gain on sale of $206,250. An investment in Polytechnics International New Zealand Limited was disposed of in 2014 with a gain on sale of $7,180.

11. Fixed Assets

Parent and Group 2015	Buildings $	Land $	Plant & Equipment $	Motor Vehicles $	Furniture & Fittings $	Library Collection $	Art Collection $	Total $
At 1 January 2015								
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
Additions	29,359	7,950	261,782	11,300	64,672	7,749	1,000	383,812
Revaluation	-	-	-	-	-	-	-	-
Impaired on Disestablishment	(557,195)	-	(9,766)	-	(2,385)	-	-	(569,346)
Disposals at NBV	-	-	(44,254)	(5,646)	(19,791)	-	(3,300)	(72,991)
Depreciation for year	(691,845)	(10,752)	(356,853)	(38,713)	(89,262)	(28,818)	-	(1,216,243)
Net Carrying Amount	18,119,632	4,298,998	829,213	64,210	272,008	78,365	62,219	23,724,645
At 31 December 2015								
Cost or fair value	18,798,279	4,309,750	4,618,318	632,419	1,133,699	292,463	62,219	29,847,147
Accumulated depreciation	(678,647)	(10,752)	(3,789,105)	(568,209)	(861,691)	(214,098)	-	(6,122,502)
Net Carrying Amount	18,119,632	4,298,998	829,213	64,210	272,008	78,365	62,219	23,724,645

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. Property values have not shown any material movement and Aoraki Polytechnic elected not to revalue property this year.

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 $12,587,014 at 31 December 2015. 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 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)
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

12. Intangibles

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
Impaired on Disestablishment			
Disposals at NBV	-	(535)	(535)
Amortisation for year	(187,633)	(34,897)	(222,530)
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

Parent and Group 2015	Computer Software	Programme Development	Total
	$	$	$
At 1 January 2015			
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
Additions	-	27,000	27,000
Impaired on Disestablishment	(277,575)	(70,178)	(347,753)
Disposals at NBV	(409)	-	(409)
Amortisation for year	(147,987)	(39,319)	(187,306)
Net Carrying Amount	-	-	-
At 31 December 2015			
Cost or fair value	368,037	52,973	421,010
Accumulated amortisation	(368,037)	(52,973)	(421,010)
Net Carrying Amount	-	-	-

13. Revenue Received in Advance

Parent and Group 2014		Parent and Group 2015
$		$
77,336	Student Fees in Advance	182,675
77,336		182,675

14. Trade and Other Payables

Parent and Group 2014		Parent and Group 2015
$		$
599,781	Trade Creditors	1,180,254
108,573	GST	4,678
20,395	Funds Held in Trust	20,195
2,106,397	MOE Payable	221,435
2,835,146	Total Payables	1,426,562
728,749	Exchange Payables	1,205,127
2,106,397	Non-Exchange Payables	221,435
2,835,146	Total Payables	1,426,562

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 $0.2m ($2.1m 2014) represents overfunding for 2015 repayable to TEC in 2016.

15. Employee Entitlements

Parent and Group 2014 $		Parent and Group 2015 $
348,703	Annual Leave	266,557
14,427	Long Service Leave	11,548
194,847	Salary & Wage accruals	27,393
26,790	Sick Leave	17,600
584,767	Total Entitlements	323,098
737,626	At 1 January	584,767
(152,859)	Net movement increase/(decrease)	(261,669)
584,767	At 31 December	323,098
584,767	Employee Entitlements (Current)	323,098
-	Employee Entitlements (Non Current)	-
584,767		323,098

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. Restructuring and Disestablishment Costs

Parent and Group 2014 $		Parent and Group 2015 $
1,095,132	Provision as at 1 January	-
	Additions Made:	
	Severance Costs	882,083
	Impairment of Fixed Assets	569,346
	Impairment of Intangibles	347,753
	External Support	449,612
	Exit of Service Contracts	64,705
	Other Disestablishment Costs	67,554
-	Total Additions	2,381,053
(683,871)	Amount Used	(2,327,453)
(411,261)	Unused Amounts Reversed	-
-	At 31 December	53,600

Restructuring has been undertaken in 2015 as a result of the disestablishment of Aoraki Polytechnic and incorporation with Christchurch Polytechnic Institute of Technology (CPIT) as at 1 January 2016 with a provision of $53,600 related to disestablishment outstanding at year end. In 2013 a restructuring of Corporate Services, Academic Support, School and Delivery structures was undertaken and was completed in 2014 with a provision created for estimated severance payments. The unutilised amount of $411,261 was reversed in 2014.

17. General Equity

Parent and Group 2014 $		Parent and Group 2015 $
	Accumulated Surplus	
40,892,001	Opening Balance	38,269,741
(2,637,118)	Net Surplus	(6,006,514)
14,858	Transfer from Asset Revaluation Reserve	-
38,269,741	Closing Balance	32,263,227

18. Asset Revaluation Reserves

Parent and Group 2014 $		Parent and Group 2015 $
	Land	
1,155,528	Balance 1 January	1,339,633
184,105	Land Revaluation	-
1,339,633	Closing Balance	1,339,633
	Buildings	
8,365,078	Balance 1 January	10,099,683
1,744,963	Building Revaluation	-
(10,358)	Transfer to General Funds on disposal	-
10,099,683	Closing Balance	10,099,683
	Art Collection	
10,795	Balance 1 January	6,295
(4,500)	Transfer to General Funds on disposal	-
6,295	Closing Balance	6,295
	Total Revaluation Reserves	
9,531,401	Balance 1 January	11,445,611
1,929,068	Revaluation	-
(14,858)	Transfer to General Funds on disposal	-
11,445,611	Closing Balance	11,445,611

19. Adjustments to the Comparative Year Financial Statements

Recognition and measurement adjustments

The table below explains the recognition and measurement adjustments to the 31 December 2014 comparative information resulting from the transition to the new PBE accounting standards.

	NZIFRS (PBE) 2014 $	Adjustment $	PBE accounting standards 2014 $
Parent and Group			
STATEMENT OF FINANCIAL POSITION			
Liabilities			
CURRENT LIABILITIES			
Revenue Received in Advance	119,122	(41,786)	77,336
Public Equity			
General Equity	38,227,955	41,786	38,269,741
STATEMENT OF FINANCIAL PERFORMANCE			
Revenue			
Student Tuition Fees - Domestic	2,276,405	(30,495)	2,245,910
STATEMENT OF MOVEMENTS IN EQUITY			
Balance at 1 January	50,351,121	72,281	50,423,402
Net Surplus/(Deficit)	(2,606,623)	(30,495)	(2,637,118)
Increase (decrease) in asset revaluation	1,929,068	-	1,929,068
Balance at 31 December	49,673,566	41,786	49,715,352

The polytechnic previously accounted for domestic student fees on a percentage of completion basis. A liability for revenue received in advance was therefore previously recognised at balance date for courses that spanned the balance date. Under the new PBE accounting standards, domestic student fees have been recognised as non-exchange revenue in full when the entitlement to the refund of fees expires once the course withdrawal date has passed. The previously recognised liability for revenue received in advance of $72,281 at 31 December 2013 and $41,786 at 31 December 2014 has been derecognised resulting in a net reduction of tuition fee revenue being recognised for the year ended 31 December 2014.

20. Related Party Disclosure

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

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the polytechnic would have adopted in dealing with the party at an arm's length in the same circumstances.

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 $8,109,655 (2014 $9,623,274) to provide education services for the year ended 31 December 2015. The Polytechnic is required to repay $220,713 (2014 $2,106,397) 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 2015 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.

Key management personnel compensation

Parent and Group 2014		Parent and Group 2015 $
	Council Members	
8.0	*Full-time equivalent members*	*8.0*
$133,268	Remuneration	$133,200
	Executive Management Team, including the Chief Executive	
4.9	*Full-time equivalent members*	*4.0*
$823,680	Remuneration	$829,747
12.9	*Total Full-time equivalent members*	*12.0*
$956,948	**Total Key Management Personnel Compensation**	$962,947

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).

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 (2014 $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 PBE IPSAS 30 categories are as follows:

Parent and Group 2014 $		Parent and Group 2015 $
	Loans and Receivables	
3,937,994	Cash and Cash Equivalents	3,874,388
874,100	Student Fees and other Receivables	992,877
22,500,000	Term Deposits	17,000,000
27,312,094	**Total loans and receivables**	21,867,265
	Financial Liabilities at amortised cost	
2,835,146	Trade and Other Payables	1,426,562

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 4.15% (4.78% for 2014) with terms to maturity of 1-279 days (1-644 days for 2014). A variation of 1% on these rates would increase or decrease the reported financial result by $208,666 ($265,387 in 2014).

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 2014 $		Parent and Group 2015 $
	COUNTERPARTIES WITH CREDIT RATINGS	
	Cash at bank and term deposits	
23,025,228	AA-	15,813,140
3,408,283	A+	5,053,672
4,483	Non - Rated	7,576
26,437,994	*Total cash at bank and term deposits*	20,874,388
	COUNTERPARTIES WITHOUT CREDIT RATINGS	
	Debtors and other receivables	
869,730	Existing counterparty with no default in the past	987,912
4,371	Existing counterparty with defaults in the past	4,964
874,100	*Total debtors and other receivables*	992,876

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 held $20.9 million of cash and investments as at 31 December 2015 (2014 $26.4 million) and had $1.9 million ($3.7 million in 2014) of current liabilities. The Current Ratio is 11.06:1 (5.71:1 in 2014). 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.

The Dunedin campus operations of Aoraki Polytechnic were transferred to Otago Polytechnic at the end of December 2015. Aoraki Polytechnic has a contingent liability as at 31 December 2015 for severance costs incurred by Otago Polytechnic in the event that courses are discontinued prior to 1 October 2016 due to low viability.

Contingent Assets

Aoraki Polytechnic has no contingent assets as at 31 December 2015 (2014 $nil). 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 2014	Actual 2015
Janie Annear (from 01/05/14)	18,752	28,800
Anne Marett (from 01/05/14)	11,720	18,000
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	14,400
Kevin Cosgrove (to 30/04/14)	10,080	
Gerald Morton (to 30/04/14)	6,300	
Carole Brand (to 30/04/14)	5,040	
Total	**133,268**	**133,200**

Meetings of Councillors

The number of meetings of the Polytechnic's Council and of the committees held during the year ended 31 December 2015 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	11	11	4	4
Anne Marett	11	11	4	4
Robin Kilworth	11	10		
Robert Smith	11	11	4	4
Craig O'Connor	11	8	4	4
Lyndon Waaka	11	6		
Graeme McNally	11	9	4	4
Stella Sweney	11	11		

Full meetings of Council - numbers also included 'Special' Council meetings held during 2015. 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 no capital commitments (2014 $149,606).

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 6 to 75 months.

Parent and Group 2014 $	Capital Commitments and Operating Leases	Parent and Group 2015 $
	Capital Commitments	
149,606	Property, plant and equipment	-
	Non-Cancellable Operating Lease	
	Property Leases	
	Payable:	
258,801	Not later than one year	308,241
209,088	Later than one year and not later than two years	233,658
579,725	Later than two years and not later than five years	615,571
434,793	Later than five years	241,552
1,482,407	Total	1,399,022
	Equipment Leases	
	Payable:	
171,252	Not later than one year	40,086
54,906	Later than one year and not later than two years	-
-	Later than two years and not later than five years	-
-	Later than five years	-
226,158	Total	40,086
1,858,171	Total Commitments	1,439,108

The total of minimum future sublease payments expected to be received under non-cancellable subleases at balance date is $579,725 (2014 $nil).

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

Aoraki Polytechnic was disestablished and incorporated with Christchurch Polytechnic Institute of Technology (CPIT) as at 1 January 2016.

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 until disestablishment on 31 December 2015.

27. Budget Variances

Statements of Financial Performance and Comprehensive Revenue and Expense

Revenue – The total operating revenue achieved of $13.16m was slightly less than the $13.2m budgeted. Student based revenue $0.27m less than budget due to 28 fewer Equivalent Full Time Students than planned. Lower student based revenue was offset by an additional $0.12m interest earned on call and term deposits and from additional sundry income of $0.09m.

Expenditure – Total cost of operations before restructuring and disestablishment costs exceeded budget by $0.63m, with the cost of services representing $0.60m within the overall variance. Salaries and wages exceeded budget by $0.29m with staff FTEs higher than planned. Other areas of expenditure combined were $0.22m less than budget.

Restructuring and Disestablishment Costs – Expenditure exceeded budget by $2.18m due to the timing of the disestablishment of Aoraki Polytechnic and the incorporation with Christchurch Polytechnic Institute of Technology (CPIT).

Total Comprehensive Revenue and Expense – The net deficit of $6.01m was $2.86m adverse to budget, principally due to costs associated with the disestablishment of Aoraki Polytechnic on 31 December 2015.

Statement of Movements in Equity

Total Equity reduced by the current year deficit of $6.01m from $49.71m at the end of 2014 to $43.71m at the end of 2015. The deficit was $2.86m higher than budget reflecting restructuring and disestablishment costs $2.18m in excess of budget. Closing Equity was only $0.21m lower than budget due to variations in the opening balance sheet, primarily the revaluation of land and buildings of $1.93m at the end of 2014 after preparation of the 2015 Budget.

Statement of Financial Position

Cash and Other Financial Assets – Combined cash and call and current bank deposits totalled $20.87m at the end of 2015 which was $2.10m higher than budget. This reflected capital expenditure $2.82m lower than budget, operating cash flows $2.52m adverse to budget and cash and deposits $1.70m lower than actuals in the opening budget balance sheet.

Fixed and Intangible Asset - $1.89m lower than budget due to capital expenditure $2.82m less than budget, 2014 revaluation of land and buildings of $1.93m not reflected in the budget and impairment of assets on disestablishment of $0.92m.

Total Current Liabilities - $0.51m higher than budget including higher balances for creditors and revenue in advance.

Statement of Cash Flows

Cash Flows from Operating activities recorded a $2.52m higher cash outflow than budget due to receipts of Government grants $0.66m lower; tuition fees and other revenue $0.35m lower; interest received $0.23m higher; payments to employees $1.42m higher (including severance payments of $0.88m); and payments to suppliers $0.28m 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 Institute of Technology (CPIT) in central Christchurch for the delivery of courses commencing in 2014.

As at 31 December 2015 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**	**2015**
Cummulative postion at 31 December	**$**	**$**	**$**	**$**	**$**
Business Interuption					
Loss of Revenue	65,433	65,433	65,433	65,433	65,433
Relocation	62,625	62,625	62,625	62,625	62,625
Rent	39,389	39,389	39,389	39,389	39,389
Additional Expenses	21,483	21,483	21,483	21,483	21,483
Final claim adjustments	-	-	(29,301)	(29,301)	(29,301)
Material Damage					
Unrecoverable Assets	396,146	396,146	396,146	396,146	396,146
Damaged Assets	1,704	1,704	1,704	1,704	1,704
Final claim adjustments			125,066	123,732	123,732
Total Claim	586,780	586,780	682,544	681,211	681,211
Recognition as at 31 December					
Settlement monies received	-	-	522,916	681,211	681,211
Recogised as Revenue and Receivable	-	-	65,165		
Balance Recognised as a Contingent Asset	586,780	586,780	94,463		
	586,780	586,780	682,544	681,211	681,211

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.

Five Year Financial Trend Summary

	2011	2012	2013	2014	2015
Proportion of Government Grants to Total Income	70%	70%	60%	58%	61%
Total Cost of Operations per EFTS ($)	12,093	11,749	15,272	16,350	16,436
Average Government Grant per MOE EFTS ($)	8,446	8,788	8,499	8,718	9,017
Total Assets ($,000)	56,383	57,507	56,887	53,213	45,695
Capital Expenditure per EFTS ($)	1,099	556	296	462	355
Staff FTEs	191.6	174.5	149.8	134.4	137.6
Tutor : Student Ratio	1:15	1:15	1:13	1:12	1:12
Government Grants ($,000)	17,264	16,451	10,114	7,559	7,980
Total Revenue ($,000)	24,640	23,664	16,798	13,056	13,156
Net Surplus / (Deficit) ($,000)	(1,660)	26	(3,070)	(2,637)	(6,007)
Total Equity and Reserves ($,000)	53,505	53,387	50,351	49,715	43,709
Liquidity Ratio	7.05:1	7.19:1	3.67:1	5.42:1	10.51:1
(Current monetary assets/current liabilities)					
Return on Income	-6.7%	0.1%	-18.3%	-20.2%	-45.7%
Salaries % / Total Expenditure	48.9%	52.2%	49.0%	55.9%	59.9%
EFTS – Summary					
MOE - Funded	2,044	1,872	1,190	867	885
International	28	34	16	15	20
ITO (off job)	15	18	17	17	12
STAR / Vocational Pathways	27	30	22	26	40
Other	61	58	56	60	64
Total EFTS	2,175	2,012	1,301	985	1,021

Compulsory Student Service Fees

For the period ended 31 December 2015

	Parent and Group Budget 2015 $	Parent and Group 2015 $
Compulsory Student Service Fees Collected	45,000	49,061
Services Funded by Compulsory Student Services Fees		
1. Advocacy and legal advice	14,000	15,166
2. Careers information, advice and guidance	-	-
3. Counselling services and pastoral care	30,000	33,895
4. Employment information	-	-
5. Financial support and advice	500	-
6. Health Services	-	-
7. Media	500	-
8. Childcare services	-	-
9. Clubs and societies	-	-
10. Sports, recreation and cultural activities	-	-
Total Services Provided	45,000	49,061

Fee Level

The compulsory Student Service Fee was $90 including GST per Equivalent Full Time Student for 2015.

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.

Staffing Numbers - As at 31 December 2015

Full Time Equivalents (FTEs)

	Tutorial	Support	Actual 2015	Actual 2014
Portfolios [1]				
Teaching and Learning Directorate		3.7	3.7	3.5
Primary Industries	9.0	3.0	12.0	9.0
Trades	10.1	2.4	12.5	11.0
Business and IT	7.2	1.0	8.2	10.2
Arts and Media	9.9	0.8	10.7	11.4
Outdoor Recreation	4.3		4.3	4.6
Health and Education	15.4	1.0	16.4	15.6
Hospitality and Tourism	9.0	2.0	11.0	10.5
Hair and Beauty	13.7	0.6	14.3	13.6
Total Portfolios	**78.6**	**14.5**	**93.1**	**89.4**
Support Departments				
Chief Executive Department			3.4	3.6
Human Resources			1.9	2.3
International			0.8	0.8
Marketing			6.4	6.6
Corporate Services			5.1	5.5
IT Services			3.7	3.4
Finance			2.6	3.0
Property Services			8.4	8.2
Registry			4.0	4.2
Library			1.0	1.4
Maori Liaison			1.3	1.0
Academic			4.6	3.8
Student Support Services			1.3	1.2
Total Support Staff			**44.5**	**45.0**
Polytechnic Total			**137.6**	**134.4**

Note:

1. Is exclusive of contractors
2. Tutorial Staff as a percentage of total FTE is 57% (last year 56%)

Statement of Service Performance

Performance Commitments SAC			Previous Years' Actuals Latest data			Plan	Actual	Commentary
			2012	*2013*	*2014*	*2015*	*2015*	
			%	%	%	%	%	
Participation								
The proportion of SAC Eligible EFTS who are:	Under 25	Level 3 and above	new	new	44%	**35%**	**47%**	The target for U25 level 3 and above can be attributed to the progression from the Vocational Pathways programmes and the high number of level 3 programmes delivered.
		Level 4 and above	23%	29%	31%	**30%**	**31%**	
	Māori	Levels 1 and 2	6%	5%	5%	**17% (1)**	**4%**	*1. Note an incorrect target was included in the published Plan for this measure. The agreed target was 6%.*
		Level 3 and above	new	new	9%	**9%**	**11%**	
		Level 4 and above	3%	6%	6%	**6%**	**7%**	
	Pasifika	Levels 1 and 2	2%	1%	1%	**2%**	**1%**	*2. Note an incorrect target was entered into the published Plan for this measure. The agreed target was 2%.*
		Level 3 and above	new	New	2%	**13% (2)**	**3%**	
		Level 4 and above	1%	1%	1%	**1%**	**2%**	

The number of international student EFTS	All students	All levels	34	16	15	**19**	**20**	

Performance Commitments SAC			Previous Years' Actuals Latest data			Plan	Actual	Commentary
			2012	2013	2014	2015	2015	
			%	%	%	%	%	
Course completion								
The successful course completion rate (SAC Eligible EFTS) for:	All students	Levels 1 and 2	86%	71%	81%	**75%**	**71%**	These results are interim based on the results processed to date. It is expected that these targets will be met. The course completion for Maori and Pasifika students studying at level 3 is lower. This is due largely to numbers on the horticulture programme The delivery will be reassessed in order to improve course completions.
		Level 3 and above	new	new	80%	**78%**	**76%**	
		Level 4 and above	77%	76%	79%	**80%**	**81%**	
	Under 25	Level 3 and above	new	new	80%	**78%**	**80%**	
		Level 4 and above	76%	77%	81%	**80%**	**84%**	
	Māori	Level 3 and above	new	new	70%	**78%**	**65%**	
		Level 4 and above	66%	60%	67%	**80%**	**67%**	
	Pasifika	Level 3 and above	new	new	76%	**78%**	**67%**	
		Level 4 and above	63%	71%	67%	**80%**	**70%**	
Qualification completion								
The qualification completion rate (SAC Eligible EFTS) for:	All students	Levels 1 and 2	86%	58%	80%	**68%**	**68%**	These results are interim based on the qualifications processed to date. These results are expected to increase significantly.
		Level 3 and above	new	new	75%	**72%**	**70%**	
		Level 4 and above	80%	75%	78%	**78%**	**73%**	
	Under 25	Level 3 and above	new	new	75%	**72%**	**73%**	
		Level 4 and above	81%	72%	81%	**78%**	**74%**	
	Māori	Level 3 and above	new	new	66%	**72%**	**59%**	
		Level 4 and above	76%	77%	59%	**78%**	**61%**	
	Pasifika	Level 3 and above	new	new	65%	**72%**	**55%**	
		Level 4 and above	59%	70%	68%	**78%**	**55%**	

Performance Commitments SAC			Previous Years' Actuals Latest data			Planned Commitments		Commentary
			2012	2013	2014	2015	2015	
			%	%	%	%	%	
Student Retention			**Retention data is at "All Levels"**					
The student retention rate (SAC Eligible student count) for:	All students	Levels 1 and 2	61%	74%	66%	**75%**	**78%**	The retention rate for level 3 and above programmes has been affected by over the calendar programmes.
		Level 3 and above	67%	72%	72%	**75%**	**69%**	
	Māori	Level 3 and above	61%	69%	63%	**75%**	**63%**	
	Pasifika	Level 3 and above	54%	66%	54%	**75%**	**77%**	
Student Progression								
The student progression rate (SAC Eligible student count) from levels 1 and 2, to a higher level, for:	All students	Levels 1 and 2, to a higher level	22%	27%	23%	**28%**	**26%**	The results reflect Interim data until the SDR is confirmed.
The student progression rate for students (SAC Eligible student count) at level 1 to 3, to a higher level	All students	Levels 1 to 3, to a higher level	18%	20%	19%	**22%**	**26%**	
	Māori		16%	26%	12%	**22%**	**30%**	
	Pasifika		23%	26%	23%	**22%**	**42%**	

Improving the Quality of Teaching and Learning

Output	Output Measure	Plan 2015	Actual 2015	Commentary
Improve the understanding of the Maori student experience and learning at Aoraki Polytechnic.	Completion of an annual Whanau feedback wahaka	New measure. Collection of data	Survey administered November 2016	Survey completed
Increase the number of flexible programmes in the Mix of Provision	Percentage of programmes using flexible delivery options.	35%	33%	
Provide a high level of support to students through Career and Learning Plans.	Percentage of students with a Career and Learning plan	90%	60%	Not met. This was a new initiative and progress was made against the target and further training and monitoring is required to improve the coverage of this initiative

Equal Opportunity Report

Summary (Students)

	2015	2014	2013
Female	67.1%	64.5%	59.5%
Maori	13.5%	14.0%	7.4%
Pacific	3.7%	3.0%	2.1%
Disability	1.5%	2.1%	2.9%

Aoraki Polytechnic has a responsibility to promote equal educational opportunities.

Summary (Staff)

2015 (FTEs)	Tutorial	Non-Tutorial	Total
Female	57.8%	71.7%	63.9%
Maori	1.3%	2.6%	2.0%
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 2015

Ministerial appointments

Chairperson	Janie Annear
Deputy Chairperson	Anne Marett
Members	Graeme McNally Craig O'Connor

Community representatives

Stella Sweney
Robin Kilworth
Rob Smith
Lyndon Waaka

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

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
FREINZ	Fellow of the Real Estate Institute of New Zealand
FTE	Full Time Equivalent
GSF	Government Superannuation Fund
GST	Goods and Services Tax
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standard
IRD	Inland Revenue Department
ITO	Industry Training Organisations
MOE	Ministry of Education
NZQA	New Zealand Qualifications Authority
NZSX	New Zealand Stock Exchange
PAYE	Pay as You Earn tax
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

Auditors: Audit New Zealand on behalf of the Auditor-General
Bank: ANZ Bank New Zealand
Publication Serial No: ISSN 1171-8722