Financial Statements and Statement of Service Performance 2008

Contents

Appendices

STATEMENT OF Responsibility

The Christchurch Polytechnic Institute of Technology hereby certifies that:

1 It has been responsible for the preparation of these financial statements and judgements used therein; and

2 It has been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

3 Except for the non consolidation of Ōtautahi Education Development Trust in the group financial statements and group comparative figures it is of the opinion that these financial statements and statement of service performance fairly reflect the financial position and operations of this institution for the year ended 31 December 2008.

The financial statements were authorised for issue by the CPIT Council on 15 April 2009.

Hector J R Matthews
Chair of Council

Neil R Barns
Chief Executive

Darren J Mitchell
Chief Financial Officer and Director of Corporate Services

STATEMENT OF **Accounting Policies**

Reporting Entity

The financial statements of CPIT for the year ended 31 December 2008 were authorised for issue by the Chair of Council and the Chief Executive in accordance with the Education Act 1989 section 220.2AA on 15 April 2009.

CPIT is a Crown entity and is established under the Education Act 1989 as a public tertiary institution. It provides full time and part time tertiary education in New Zealand.

The CPIT Group includes CPIT, CPIT Holdings Ltd and the Christchurch Polytechnic Foundation.

CPIT is a public benefit entity for the purpose of complying with generally accepted accounting practice in New Zealand.

Summary of Significant Accounting Policies

1 Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Public Finance Act 1989, Crown Entities Act 2004 and the Education Act 1989.

The financial statements have also been prepared on a historical cost basis, except for land and buildings and certain financial instruments that have been measured at fair value.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Notes to the Financial Statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2 Statement of Compliance

The financial statements comply with applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of CPIT and its subsidiaries as at 31 December each year ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are entities that are controlled, either directly or indirectly, by the parent. Associates are entities in which the parent, either directly or indirectly, has a significant but not controlling interest. Subsidiaries are consolidated by aggregating like items of assets, liabilities, revenues, expenses and cashflows on a line-by-line basis. 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. The results of associates are incorporated into the financial statements by recognising a share of the associates post acquisition earnings in the Income Statement, and a share of the associates post acquisition changes in net assets in the Statement of Changes in Equity.

The results of CPIT, CPIT Holdings Ltd, and the results of the Christchurch Polytechnic Foundation have been consolidated into CPIT's financial statements for the year ended December 2008.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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 CPIT has control.

4 Revenue

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

Government Grants

Government grants are recognised when eligibility to receive the grant has been established and it is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the Balance Sheet date.

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

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

Student Tuition Fees

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

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

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

Sale of Materials

Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer and can be measured reliably.

Interest

Revenue is recognised 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.

5 Property, Plant and Equipment

Land and buildings held under Crown title have been included in the financial statements. The CPIT Council is of the opinion that although formal legal transfer of title for land and buildings owned by the Crown has not occurred it has in substance assumed all the normal risks associated with ownership and accordingly it would be misleading to exclude these assets from the financial statements.

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

- Land and buildings are measured at fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses. All Institution Land & Buildings were revalued as at 31 December 2008 in accordance with NZIAS-16. The valuation was completed by independent valuers, M. Dow, BCom, VPM, FPINZ, FNZIV, Registered Valuer, Richard Kolff BCom, VPM, MPINZ, Member NZIV, and Kees Ouwehand, SPINZ, Ing(Mar Eng) all of Quotable Value New Zealand Limited. The valuation of buildings is completed to a component level on a market value basis where practical. Where market based evidence is insufficient, buildings are valued on an optimised depreciated replacement cost basis. Land & Buildings included as part of the Group accounts have been revalued as at 31 December 2008 by A C Roberts SPINZ, ANSIV, registered valuer based on current market value.
- Leasehold improvements, plant and equipment, motor vehicles, computer software and computer hardware are stated at cost less accumulated depreciation and any accumulated impairment in value.
- The Library resources have been valued by B. Roberts of DTZ New Zealand Limited, independent registered valuers, at depreciated replacement cost as at 31 December 2005. This is deemed to be cost. Additions since 31 December 2005 are recorded at cost less accumulated depreciation and any accumulated impairment in value.

6 Depreciation

Depreciation is calculated on the following bases over the estimated useful life of the asset as follows:

Buildings – 1.1%-3.3% straight line
Leasehold Improvements – straight line over the term of the lease
Electronic Equipment – 10%-33.3% straight line
Motor Vehicles – 20% straight line
Plant – 5%-20% straight line
Furniture – 10% straight line
*Library Book*s – 10% straight line
Capitalised Finance Lease Assets – straight line over the shorter of the estimated useful life of the asset and the lease term

7 Impairment

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the income statement.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Income Statement.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the income statement, a reversal of the impairment loss is also recognised in the income statement.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Income Statement.

8 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.

Fair value of land and non-specialised buildings is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction as at the valuation date. Where buildings have been designed specifically for educational purposes they are valued at depreciated replacement cost which is considered to reflect fair value for such assets. In determining depreciated replacement cost, the following assumptions have been applied. Replacement cost rates are derived from construction contracts of like assets, reference to publications, and New Zealand Property Institute cost information. Straight line depreciation has been applied to all DRC valued assets to establish the depreciated replacement value. Economic lives have been defined and used to determine the DRC.

Any net revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Balance Sheet unless it reverses a net revaluation decrease of the same asset previously recognised in the Income Statement.

Any net revaluation decrease is recognised in the Income Statement unless it directly offsets a previous net revaluation increase in the same asset revaluation reserve.

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.

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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Income Statement in the year the item is derecognised.

9 Capital Work in Progress

Capital work in progress is calculated on the basis of expenditure incurred and certified gross progress claim certificates up to balance date. Work in progress is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

10 Investment Property

An investment property is initially measured at its cost including transaction cost.

Where an investment property is acquired at no cost or nominal cost, its cost is deemed to be its fair value as at the date of acquisition.

Subsequent to initial recognition investment properties are stated at fair value as at each balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are recognised in the Income Statement in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on derecognition of an investment property are recognised in the income statement in the year of derecognition.

11 Intangible Assets

Computer Software
Computer software is capitalised at its cost as at the date of acquisition and amortised over its useful life on a straight line basis, currently 10%-33.3%

The amortisation period 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 and losses arising from derecognition 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 Income statement when the asset is derecognised.

Research and Course Development Costs
Research and Course Development costs are recognised as an expense in the Income Statement in the year in which they are incurred.

12 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventory is based on a first-in, first-out basis and includes expenditure incurred in acquiring the inventories and in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale.

13 GST and Other Taxes

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 taxation authority, 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 trade 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 and payables in the Balance Sheet.

The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

Taxation

Tertiary institutes are exempt from the payment of income tax. Accordingly, no charge for income tax has been provided.

14 Financial Instruments

CPIT is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors, and loans.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position. Except for loans which are shown at cost and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

All investments are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments which are classified as available-for-sale are measured at fair value or at cost in cases where the fair value cannot be reliably measured. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Income Statement.

Financial assets in this category include shares.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Investments in bank deposits are classified as loans and receivables.

Investments that are intended to be held-to-maturity or those classified as loans and receivables, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. Where the fair value cannot be reliably determined the investments are measured at cost.

15 Cash Flows, 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, net of outstanding bank overdrafts.

Operating Activities:	Transactions and other movements that are not investing or financing activities.
Investing Activities:	Activities relating to acquisition, holding and disposal of fixed assets and of investments, not falling within the definition of cash.
Financing Activities:	Activities that change the equity and debt capital structure of CPIT.

16 Student Fees and Other Receivables

Student fees and other receivables are classified as loans and receivables and carried at amortised cost less any provision for impairment.

An estimate for doubtful debts is made when collection of the full amount is no longer probable, defined as being when the debt is placed into external debt collection procedures. Bad debts are written off when it is impractical or uneconomic to pursue the debts further.

17 Trade Payables

Trade payables, are recognised and carried at amortised cost.

18 Loans and Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Suspensory loans are funds provided which do not have to be repaid if certain obligations are met. Where such obligations are likely to be met the funds are recognised immediately as an equity injection in the Statement of Movements in Equity.

Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the amortisation process.

19 Borrowing Cost

Borrowing costs are recognised as an expense in the year in which they are incurred, except that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset till substantially all activities necessary to prepare the qualifying asset for its intended use are complete.

An asset that takes a substantial period of time to get ready for its intended use is considered as a qualifying asset

20 Provisions

Provisions are recognised when the Group 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 pre-tax 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 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.

21 Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in the Income Statement as finance costs.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the Income Statement on a straight line basis over the lease term.

22 Employee Entitlements

Provision is made in respect of CPIT's liability for annual leave, sick leave, long service leave and retirement gratuities.

Annual leave has been calculated on an actual entitlement basis for current rates of pay.

Sick leave has been calculated based on the expected utilisation of unused entitlement.

Long service leave and retirement gratuities are calculated based on the present value of estimated future cash flows determined on an actuarial basis. The discount rate is the market yield on relevant New Zealand Government Stock at the Balance Sheet date.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

23 Allocation of Overheads

Overheads have been allocated to output faculties utilising an Activities Based Costing model.

The cost drivers are:

– FTE staff

– EFTS

– GEG budgets

– Number of computers

– Number of programmes

24 Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impractical to do so.

25 Budget Figures

The budget figures are those approved by the Council at the beginning of the financial year. They have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting polices adopted by the Council for the preparation of the financial statements.

26 Foreign Currency Translation

Both the functional and presentation currency of CPIT and its New Zealand subsidiaries is New Zealand dollars ($).

Any 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.

27 Non Current Assets held for Sale

Non current assets are separately classified where their carrying amount will be recovered through a sale transaction rather than continuing use; that is, where such assets are available for immediate sale and where sale is highly probable. These assets are recorded at the lower of their carrying amount and fair value less costs to sell.

28 Standards and Interpretations in Issue not yet effective

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the CPIT include:

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a Statement of Comprehensive Income. The Statement of Comprehensive Income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives CPIT the option of presenting items of income and expense and components of other comprehensive income either in a single Statement of Comprehensive Income with subtotals, or in two separate statements (a separate Income Statement followed by a Statement of Comprehensive Income). CPIT intends to adopt this standard for the year ending 31 December 2009, and is yet to decide whether it will prepare a single Statement of Comprehensive Income or a separate Income Statement followed by a Statement of Comprehensive Income.

29 Critical Accounting Estimates and Judgements

In preparing these financial statements CPIT has made estimates and judgements concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

There are no estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income STATEMENT

for the year ended 31 December 2008

	Notes	Parent			Group	
		Actual 2008 $000	Budget 2008 $000	Actual 2007 $000	Actual 2008 $000	Actual 2007 $000
Revenue						
Government Grants	1	47,014	47,054	44,844	47,014	44,844
Student Tuition Fees		23,380	22,813	22,596	23,380	22,596
Other Income	1	11,298	6,834	10,264	11,033	9,846
Finance Income	1	2,130	850	1,401	1,563	1,553
Total Revenue		83,822	77,551	79,105	82,990	78,839
Operating Expenses						
Employee Benefit Expenses	1	45,731	46,652	45,673	45,773	45,701
Depreciation Expense	6	5,545	5,612	5,447	5,583	5,471
Amortisation Expense	7	312	288	288	312	288
Finance Costs	1	792	810	948	792	948
Other Expenses	1	22,697	22,590	20,095	22,604	20,024
Total Operating Expenses		75,077	75,952	72,451	75,064	72,432
Profit/(Loss)		**8,745**	**1,599**	**6,654**	**7,926**	**6,407**

The accompanying notes form part of these financial statements.

Balance SHEET

as at 31 December 2008

	Notes	Parent Actual 2008 $000	Parent Budget 2008 $000	Parent Actual 2007 $000	Group Actual 2008 $000	Group Actual 2007 $000
ASSETS						
Current Assets						
Cash and Cash Equivalents	2	7,700	6,581	10,931	8,002	10,947
Trade and Other Receivables	3	2,796	1,248	1,248	2,813	1,248
Inventories	4	522	562	562	522	562
Prepayments		66	141	141	66	141
Other Financial Assets	5	13,400	7,900	7,900	14,468	9,209
Total Current Assets		24,484	16,432	20,782	25,871	22,107
Non Current Assets						
Land and Buildings	6	142,530	130,626	132,326	144,378	134,261
Plant and Equipment	6	10,785	14,203	10,384	10,786	10,384
Other Financial Assets	5	55	55	55	1,666	2,626
Intangible Assets	7	987	1,509	1,174	987	1,174
Total Non Current Assets		154,357	146,393	143,939	157,817	148,445
TOTAL ASSETS		**178,841**	**162,825**	**164,721**	**183,688**	**170,552**
LIABILITIES						
Current Liabilities						
Trade and Other Payables	8	5,508	5,781	5,781	5,583	5,972
Finance Leases	9	848	764	764	848	764
Loans and Borrowings	9	2,863	2,863	2,863	2,863	2,863
Employee Benefit Liabilities	10	2,464	2,495	2,495	2,464	2,495
Provisions	10	475	475	245	475	245
Revenue Received in Advance	11	4,487	5,586	5,586	4,487	5,586
Total Current Liabilities		16,645	17,964	17,734	16,720	17,925
Non Current Liabilities						
Finance Leases	9	614	641	641	614	641
Loans and Borrowings	9	6,474	6,473	9,336	6,474	9,336
Employee Benefit Liabilities	10	591	530	530	591	530
Provisions	10	1,239	1,239	1,714	1,239	1,714
Total Non Current Liabilities		8,918	8,883	12,221	8,918	12,221
TOTAL LIABILITIES		**25,563**	**26,847**	**29,955**	**25,638**	**30,146**
NET ASSETS		**153,278**	**135,978**	**134,766**	**158,050**	**140,406**
EQUITY						
Retained Earnings		92,094	83,362	82,150	95,799	86,674
Asset Revaluation Reserve		61,184	52,616	52,616	62,251	53,732
TOTAL EQUITY		**153,278**	**135,978**	**134,766**	**158,050**	**140,406**

The accompanying notes form part of these financial statements.

Cash Flow STATEMENT

for the year ended 31 December 2008

	Notes	Parent Actual 2008 $000	Parent Budget 2008 $000	Parent Actual 2007 $000	Group Actual 2008 $000	Group Actual 2007 $000
Cash Flows from Operating Activities						
Receipts of Government Grants		44,945	47,054	45,544	44,945	45,544
Receipts of Student Tuition Fees		23,536	22,813	22,266	23,536	22,266
Receipts of Other Income		8,163	6,589	7,682	7,881	7,264
Interest Received		2,129	850	1,274	2,303	1,458
Payments to Employees		(45,591)	(46,652)	(45,403)	(45,633)	(45,431)
Payments to Suppliers		(22,598)	(22,590)	(17,753)	(22,629)	(17,557)
Interest Paid		(832)	(810)	(974)	(832)	(974)
Net Cash Flows from Operating Activities	2	**9,752**	**7,254**	**12,636**	**9,571**	**12,570**
Cash Flows from Investing Activities						
Proceeds from Sale of Property, Plant and Equipment		10	–	(18)	10	(18)
Proceeds from Sale of Investments		43,750	–	22,505	44,035	22,538
Proceeds from Loan Receivable		–	–	–	–	630
Purchase of Intangible Assets		(152)	(670)	(241)	(152)	(241)
Purchase of Property, Plant and Equipment		(4,562)	(6,585)	(2,646)	(4,563)	(2,646)
Purchase of Investments		(49,250)	–	(30,300)	(49,067)	(30,995)
Net Cash Flows from Investing Activities		**(10,204)**	**(7,255)**	**(10,700)**	**(9,737)**	**(10,732)**
Cash Flows from Financing Activities						
Proceeds from Loans and Borrowings		–	–	–	–	–
Capital Injection from Crown		1,199	814	3,880	1,199	3,880
Repayment of Loans and Borrowings		(2,863)	(2,863)	(2,862)	(2,863)	(2,862)
Repayment of Finance Lease Liabilities		(1,115)	(1,099)	(1,065)	(1,115)	(1,065)
Net Cash Flows from Financing Activities		**(2,779)**	**(3,148)**	**(47)**	**(2,779)**	**(47)**
Net (decrease)/increase in Cash and Cash Equivalents		**(3,231)**	**(3,149)**	**1,889**	**(2,945)**	**1,791**
Cash and Cash Equivalents at the beginning of the year		10,931	9,730	9,042	10,947	9,156
Cash and Cash Equivalents at the end of the year		**7,700**	**6,581**	**10,931**	**8,002**	**10,947**

The accompanying notes form part of these financial statements.

STATEMENT OF **Changes in Equity**

for the year ended 31 December 2008

	Parent Actual 2008 $000	Parent Budget 2008 $000	Parent Actual 2007 $000	Group Actual 2008 $000	Group Actual 2007 $000
Balance at 1 January	134,766	133,565	124,232	140,406	129,971
Amounts recognised directly in equity					
Gain on Land and Buildings Revaluation	8,568	–	–	8,519	148
Capital Injection from Crown	1,199	814	3,880	1,199	3,880
Net Income Recognised directly in Equity	9,767	814	3,880	9,718	4,028
Profit/(Loss) for the Year	8,745	1,599	6,654	7,926	6,407
Total Recognised Income	18,512	2,413	10,534	17,644	10,435
Balance at 31 December	**153,278**	**135,978**	**134,766**	**158,050**	**140,406**
By Class					
Retained Earnings					
Balance at 1 January	82,150	80,949	71,616	86,674	76,387
Profit/(Loss) for the Year	8,745	1,599	6,654	7,926	6,407
Capital Injection from Crown	1,199	814	3,880	1,199	3,880
Balance at 31 December	**92,094**	**83,362**	**82,150**	**95,799**	**86,674**
Asset Revaluation Reserve					
Balance at 1 January	52,616	52,616	52,616	53,732	53,584
Fair Value Revaluation of Land and Buildings	8,568	–	–	8,519	148
Balance at 31 December	**61,184**	**52,616**	**52,616**	**62,251**	**53,732**

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another.

	Parent Actual 2008 $000	Parent Budget 2008 $000	Parent Actual 2007 $000	Group Actual 2008 $000	Group Actual 2007 $000
Asset Revaluation Reserve is comprised of:					
Land	25,085	19,665	19,665	25,600	20,180
Buildings	36,099	32,951	32,951	36,651	33,552
	61,184	**52,616**	**52,616**	**62,251**	**53,732**

STATEMENT OF Cost of Services

for the year ended 31 December 2008

	Group 2008 $000	Group 2007 $000
Attributed to Faculty:		
Commerce	19,507	20,060
Health, Humanities & Science	26,219	25,619
Te Puna Wānaka	1,099	1,090
Trades Innovation Institute *	17,651	11,472
Creative Industries *	10,588	14,191
Total	**75,064**	**72,432**
Represented by:		
Personnel	45,773	45,701
Consumables/Faculty Costs	9,236	6,939
Administration	7,061	7,156
Occupancy/Property Costs	6,307	5,929
Interest	792	948
Depreciation and Amortisation	5,895	5,759
Total	**75,064**	**72,432**

* In 2008 the School of Engineering moved from the Creative Industries Faculty to the Trades Innovation Institute.

Childcare

OPERATING INCOME AND EXPENDITURE

for the year ended 31 December 2008

Actual 2007 $	Income	Actual 2008 $	Budget 2008 $
401,476	Operating Grants	490,438	351,567
238,527	Fees	196,722	260,839
640,003	**Total**	**687,160**	**612,406**
	Expenditure		
534,071	Salaries and Related Costs	570,276	554,957
16,670	Consumables	14,959	14,000
18,166	Administration	25,498	29,218
53,007	Occupancy Costs	55,596	55,854
2,012	Depreciation	2,012	2,945
623,926	**Total**	**668,341**	**656,974**
16,077	**Net Surplus (Cost)**	**18,819**	**(44,568)**
–	**Capital Expenditure**	**20,080**	**14,000**

2007	**Total Child Funded Hours**	**2008**
12,933	Children aged under two	13,861
36,485	Children aged two and over	20,131
9,588	Free Early Childhood Education	20,407
2,194	Free Subsidy	5,204
61,200	**Total**	**59,603**

TEACHERS REGISTRATION GRANT

for the year ended 31 December 2008

CPIT receives Support Grant funding for Provisionally Registered Teachers. The following statement reports on the funding received, and how this funding was allocated.

2007 $	Grants	2008 $
3,997	Brought Forward	2,173
8,170	Grants	–
12,167	**Total**	**2,173**
	Expenditure	
4,059	Salaries and Related Costs	154
210	Materials	–
2,345	Registration fees, Conference and Course costs	3,080
3,380	Equipment	–
9,994	**Total**	**3,234**
2,173	**Remaining Grant Carried Forward**	**(1,061)**

STATEMENT OF Special Supplementary Grants

CPIT received certain funding as Special Supplementary Grants during 2008. These items are subject to Section 199(1)(b) of the Education Act 1989.

There is a requirement in Section 199(5) to apply such grants only for the purposes specified. The following statement reports on this obligation and discloses the actual cost to CPIT which resulted from the activities funded in this manner.

Grant Title	Amount $	Applied to	Salaries & Related Costs $	Materials & Services $	Cost $	Cost to CPIT $
Youth Skill Olympic	38,174	Youth Skill Olympic	–	38,174	38,174	–
Students with Severe Disabilities*	43,078	Students with Severe Disabilities	240,895	11,320	252,215	60,417*
Tertiary Students with Disabilities*	148,720	Tertiary Students with Disabilities				
Support for Māori and Pacific People	50,096	Support for Māori and Pacific People	41,396	34,846	76,241	26,145
Special Education	25,889	Classes Vocational and Living Skills	44,317	–	44,317	18,428
Total	**305,957**		**326,608**	**84,340**	**410,947**	**104,990**

* Disabilities grants are spent in common.

NOTES TO THE Financial Statements

Note 1

Revenue and Expenses

	Parent 2008 $000	Parent 2007 $000	Group 2008 $000	Group 2007 $000
Government Grants				
Normal Operational Grants	43,152	40,011	43,152	40,011
Special Supplementary Grants	306	300	306	300
Other Grants	3,556	4,533	3,556	4,533
	47,014	**44,844**	**47,014**	**44,844**
Other Income				
Gain/(loss) on Disposal of Property, Plant and Equipment	10	(18)	10	(18)
Revenue from Other Operating Activities	11,288	10,282	11,023	9,864
	11,298	**10,264**	**11,033**	**9,846**
Finance Income/Costs				
Interest Earned on Investments (incl Bank Deposits)	2,130	1,401	2,305	1,560
Interest Earned on Loans	–	–	–	25
Gains/(losses) on disposal of Investments classified as Fair Value through Profit and Loss	–	–	(10)	33
Gains/(losses) on changes in Investments classified as Fair Value through Profit and Loss	–	–	(732)	(65)
Total Finance Income	**2,130**	**1,401**	**1,563**	**1,553**
Interest on Bank Loans	792	948	792	948
Total Finance Costs	**792**	**948**	**792**	**948**
Employee Benefit Expenses				
Wages and Salaries	45,403	45,321	45,445	45,349
Post Employment Benefits	232	333	232	333
Increase/(decrease) in Employee Benefit Liabilities	96	19	96	19
	45,731	**45,673**	**45,773**	**45,701**
Other Expenses				
Audit New Zealand fees for Financial Statement Audits	99	96	109	96
Other Auditor fees for Financial Statement Audits	–	–	–	–
Audit New Zealand fees for IFRS Implementation Review	7	16	7	16
Audit New Zealand fees for PBRF External Research Income Return	6	–	6	–
Impairment of Receivables	(9)	34	(9)	34
Impairment of Property, Plant and Equipment	–	–	–	–
Impairment of Intangibles	27	737	27	737
Research and Development Expenditure	399	438	399	438
Minimum Lease Payments under Operating Leases	797	735	797	735
Other Operating Expenses	21,371	18,039	21,268	17,968
	22,697	**20,095**	**22,604**	**20,024**

There are no unfulfilled conditions or other contingencies attached to government grants recognised.

Note 2

Cash and Cash Equivalents

	Parent		Group	
	2008 $000	2007 $000	2008 $000	2007 $000
Cash at Bank and In Hand	1,093	1,174	1,100	1,190
Short-Term Deposits	6,607	9,757	6,902	9,757
	7,700	**10,931**	**8,002**	**10,947**

Cash at Bank and In Hand represents physical cash on hand and money at bank immediately available.
Short-Term Deposits represent term deposits with a maturity of three months or less.
The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.
There are no cash and cash equivalents that can only be used for a specified purpose.

Reconciliation of net surplus/(deficit) after tax to net cash flows from operating activities

	Parent		Group	
	Actual 2008 $000	Actual 2007 $000	Actual 2008 $000	Actual 2007 $000
Surplus/(deficit)	8,745	6,654	7,926	6,407
Add/(less) Non-Cash Items:				
Depreciation and Amortisation	5,857	5,735	5,895	5,759
Impairment Charges	27	737	27	737
(Gains)/Losses on the Revaluation of Investments	–	–	732	65
Recognition of Movement in Term Employee Benefits in Employee Benefit Expenses	61	–	61	–
Add/(less) Items classified as Investing or Financing Activities:				
(Gains)/Losses on disposal of Property, Plant and Equipment	(10)	18	(10)	18
(Gains)/Losses on Sale of Investments	–	–	–	(33)
Donated Assets	(1,847)	(1,227)	(1,847)	(1,227)
Add/(less) Movements in Working Capital Items:				
Accounts Receivable	(1,548)	(373)	(1,564)	(373)
Inventories	40	(89)	40	(89)
Prepayments	75	103	75	103
Accounts Payable	(273)	1,348	(389)	1,473
Income in Advance	(1,099)	(345)	(1,099)	(345)
Current Provisions	230	245	230	245
Term Provisions	(475)	(440)	(475)	(440)
Employee Benefits	(31)	270	(31)	270
Net Cash Inflow/(Outflow) from Operating Activities	**9,752**	**12,636**	**9,571**	**12,570**

Note 3

Trade and Other Receivables

	Parent		Group	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Current				
Trade Receivables	2,530	1,081	2,547	1,081
Bank Interest Receivable	207	206	207	206
Related Party Receivables	98	9	98	9
Less Provision for Impairment of Receivables	(39)	(48)	(39)	(48)
	2,796	**1,248**	**2,813**	**1,248**
Term	–	–	–	–
	–	–	–	–

The carrying value of Trade and Other Receivables approximates their fair value.

	Parent		Group	
Maturity Analysis	**2008 $000**	**2007 $000**	**2008 $000**	**2007 $000**
Current Debt	2,299	1,036	2,316	1,036
Overdue but not impaired 61 to 120 days	324	23	324	23
Overdue but not impaired >120 days	173	189	173	189
	2,796	**1,248**	**2,813**	**1,248**

As of 31 December 2008 and 2007, all overdue receivables have been assessed for impairment and appropriate provisions applied. CPIT 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 CPIT's pool of debtors.

Expected losses have been determined based on the age of debtors and review of specific debtors.

Movement in the Provision for Impairment of Receivables is as follows:

	Parent		Group	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Opening Balance	48	14	48	14
Receivables written off during period	(1)	(12)	(1)	(12)
Additional Provisions made during the year	(8)	46	(8)	46
Closing Balance	**39**	**48**	**39**	**48**

Note 4

Inventories

	Parent		Group	
	2008 $000	2007 $000	2008 $000	2007 $000
Held for Resale	4	21	4	21
Materials and Consumables	518	541	518	541
	522	**562**	**522**	**562**

The carrying amount of inventories held for distribution that are measured at current replacement cost as at 31 December 2008 amounted to $nil. (2007 $nil).

The write-down of inventories held for distribution amounted to $nil (2007 $71), while reversals of write-down's amounted to $nil. (2007 $nil).

The write-down of inventories held for sale amounted to $15,305 which related to wine (2007 $nil).

Note 5

Other Financial Assets

	Parent		Group	
	2008 $000	2007 $000	2008 $000	2007 $000
Current Portion				
Loans and Receivables				
Loans	–	–	–	–
Bank Deposits maturing within 12 months	13,400	7,900	14,468	9,209
Total Current Portion	**13,400**	**7,900**	**14,468**	**9,209**
Non Current Portion				
Loans and Receivables				
Bank Deposits maturing after 12 months	–	–	–	–
Available for Sale Investments				
Shares in Subsidiaries	5	5	–	–
Unlisted Shares – PINZ Ltd	50	50	50	50
Fair Value through Profit and Loss				
Managed Funds	–	–	1,616	2,576
Total Non Current Portion	**55**	**55**	**1,666**	**2,626**
Effective Interest Rates				
Bank Deposits with maturities of 4-12 months	8.41%	8.76%	8.41%	8.74%
Bank Deposits with maturities >12 months	–	–	–	–

There were no impairment provisions for other financial assets.

Shares in subsidiaries and unlisted entities have no quoted price in an active market.

As no fair value can be reliably measured, these shares are recorded at cost.

CPIT does not intend to dispose of these shares.

The Managed Funds are stated at fair value. The assets within these portfolios are actively traded and fair value is determined by direct reference to published prices in active markets.

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Parent		Group	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Counterparties with Credit Ratings				
Term deposits:				
AA	9,900	7,300	10,822	8,231
AA-	3,500	600	3,500	600
BBB	–	–	8	7
BBB-	–	–	138	692
Total	**13,400**	**7,900**	**14,468**	**9,530**

	Parent		Group	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Counterparties without Credit Ratings				
Other Investments:				
Existing Counterparty with no defaults in the past	55	55	1,666	2,305
Existing Counterparty with defaults in the past	–	–	–	–
Total Other Investments	**55**	**55**	**1,666**	**2,305**

Note 6

Property, Plant and Equipment

2008 Parent	Cost/Revaluation 1 January 2008 $000	Accumulated Depreciation & Impairment 1 January 2008 $000	Carrying Amount 1 January 2008 $000	Current Year Additions $000	Current Year Disposals $000	Current Year Impairment Charges $000	Current Year Depreciation $000	Revaluation Charges $000	Cost/Revaluation 31 December 2008 $000	Accumulated Depreciation & Impairment 31 December 2008 $000	Carrying Amount 31 December 2008 $000
Institution Land and Buildings	63,628	(1,412)	62,216	4,192	–	–	(1,288)	491	65,611	–	65,611
Crown Land and Buildings	71,378	(1,268)	70,110	–	–	–	(1,268)	8,077	76,919	–	76,919
Computer Equipment	8,425	(6,927)	1,498	717	–	–	(727)	–	9,142	(7,654)	1,488
Computer Equipment under Finance Lease	1,405	–	1,405	1,172	–	–	(1,115)	–	1,462	–	1,462
Plant	9,755	(6,518)	3,237	989	(1)	–	(487)	–	10,741	(7,003)	3,738
Furniture	5,366	(4,305)	1,061	125	–	–	(207)	–	5,491	(4,512)	979
Vehicles	629	(581)	48	–	–	–	(18)	–	629	(599)	30
Library Collection	3,192	(811)	2,381	387	–	–	(435)	–	3,579	(1,246)	2,333
Art Collection	754	–	754	1	–	–	–	–	755	–	755
	164,532	**(21,822)**	**142,710**	**7,583**	**(1)**	**–**	**(5,545)**	**8,568**	**174,329**	**(21,014)**	**153,315**

2008 Group	Cost/Revaluation 1 January 2008 $000	Accumulated Depreciation & Impairment 1 January 2008 $000	Carrying Amount 1 January 2008 $000	Current Year Additions $000	Current Year Disposals $000	Current Year Impairment Charges $000	Current Year Depreciation $000	Revaluation Charges $000	Cost/Revaluation 31 December 2008 $000	Accumulated Depreciation & Impairment 31 December 2008 $000	Carrying Amount 31 December 2008 $000
Group Land and Buildings	65,563	(1,412)	64,151	4,192	–	–	(1,326)	442	67,459	–	67,459
Crown Land and Buildings	71,378	(1,268)	70,110	–	–	–	(1,268)	8,077	76,919	–	76,919
Computer Equipment	8,431	(6,933)	1,498	718	–	–	(727)	–	9,149	(7,660)	1,489
Computer Equipment under Finance Lease	1,405	–	1,405	1,172	–	–	(1,115)	–	1,462	–	1,462
Plant	9,755	(6,518)	3,237	989	(1)	–	(487)	–	10,741	(7,003)	3,738
Furniture	5,366	(4,305)	1,061	125	–	–	(207)	–	5,491	(4,512)	979
Vehicles	629	(581)	48	–	–	–	(18)	–	629	(599)	30
Library Collection	3,192	(811)	2,381	387	–	–	(435)	–	3,579	(1,246)	2,333
Art Collection	754	–	754	1	–	–	–	–	755	–	755
	166,473	**(21,828)**	**144,645**	**7,584**	**(1)**	**–**	**(5,583)**	**8,519**	**176,184**	**(21,020)**	**155,164**

2007 Parent	Cost/Revaluation 1 January 2007 $000	Accumlated Depreciation & Impairment 1 January 2007 $000	Carrying Amount 1 January 2007 $000	Current Year Additions $000	Current Year Disposals $000	Current Year Impairment Charges $000	Current Year Depreciation $000	Revaluation Charges $000	Cost/Revaluation 31 December 2007 $000	Accumulated Depreciation & Impairment 31 December 2007 $000	Carrying Amount 31 December 2007 $000
Institution Land and Buildings	62,365	(130)	62,235	1,263	–	–	(1,282)	–	63,628	(1,412)	62,216
Crown Land and Buildings	71,378	–	71,378	–	–	–	(1,268)	–	71,378	(1,268)	70,110
Computer Equipment	8,687	(7,082)	1,605	709	–	–	(816)	–	8,425	(6,927)	1,498
Computer Equipment under Finance Lease	1,134	–	1,134	1,306	–	–	(1,035)	–	1,405	–	1,405
Plant	8,458	(6,219)	2,239	1,415	(19)	–	(398)	–	9,755	(6,518)	3,237
Furniture	5,276	(4,115)	1,161	108	(9)	–	(199)	–	5,366	(4,305)	1,061
Vehicles	617	(563)	54	12	–	–	(18)	–	629	(581)	48
Library Collection	2,789	(380)	2,409	403	–	–	(431)	–	3,192	(811)	2,381
Art Collection	733	–	733	21	–	–	–	–	754	–	754
	161,437	**(18,489)**	**142,948**	**5,237**	**(28)**	**–**	**(5,447)**	**–**	**164,532**	**(21,822)**	**142,710**

2007 Group	Cost/Revaluation 1 January 2007 $000	Accumulated Depreciation & Impairment 1 January 2007 $000	Carrying Amount 1 January 2007 $000	Current Year Additions $000	Current Year Disposals $000	Current Year Impairment Charges $000	Current Year Depreciation $000	Revaluation Charges $000	Cost/Revaluation 31 December 2007 $000	Accumulated Depreciation & Impairment 31 December 2007 $000	Carrying Amount 31 December 2007 $000
Group Land and Buildings	64,175	(130)	64,045	1,263	–	–	(1,305)	148	65,563	(1,412)	64,151
Crown Land and Buildings	71,378	–	71,378	–	–	–	(1,268)	–	71,378	(1,268)	70,110
Computer Equipment	8,692	(7,087)	1,605	710	–	–	(817)	–	8,431	(6,933)	1,498
Computer Equipment under Finance Lease	1,134	–	1,134	1,306	–	–	(1,035)	–	1,405	–	1,405
Plant	8,458	(6,219)	2,239	1,415	(19)	–	(398)	–	9,755	(6,518)	3,237
Furniture	5,276	(4,115)	1,161	108	(9)	–	(199)	–	5,366	(4,305)	1,061
Vehicles	617	(563)	54	12	–	–	(18)	–	629	(581)	48
Library Collection	2,789	(380)	2,409	403	–	–	(431)	–	3,192	(811)	2,381
Art Collection	733	–	733	21	–	–	–	–	754	–	754
	163,252	**(18,494)**	**144,758**	**5,238**	**(28)**	**–**	**(5,471)**	**148**	**166,473**	**(21,828)**	**144,645**

NOTES TO THE **Financial Statements**

In 2008, there was no impairment of Property, Plant and Equipment assets.

In 2007, there was no impairment of Property, Plant and Equipment assets.

Work in Progress

Expenditures recognised in the carrying amounts of Property, Plant and Equipment in the course of construction were:

	Parent		Group	
	2008 $000	2007 $000	2008 $000	2007 $000
Institution Land and Buildings	915	966	915	966

Note 7

Intangible Assets

2008	Gross Carrying Amount 1 January 2008 $000	Accumulated Amortisation 1 January 2008 $000	Net Carrying Amount 1 January 2008 $000	Current Year Additions $000	Current Year Impairment Charges $000	Current Year Amortisation $000	Gross Carrying Amount 31 December 2008 $000	Accumulated Amortisation 31 December 2008 $000	Net Carrying Amount 31 December 2008 $000
Parent – Software	3,229	(2,066)	1,163	152	(27)	(301)	3,354	(2,367)	987
Parent – Television Commercials	91	(80)	11	–	–	(11)	91	(91)	–
	3,320	**(2,146)**	**1,174**	**152**	**(27)**	**(312)**	**3,445**	**(2,458)**	**987**
Group – Software	3,229	(2,066)	1,163	152	(27)	(301)	3,354	(2,367)	987
Group – Television Commercials	91	(80)	11	–	–	(11)	91	(91)	–
	3,320	**(2,146)**	**1,174**	**152**	**(27)**	**(312)**	**3,445**	**(2,458)**	**987**

2007	Gross Carrying Amount 1 January 2007 $000	Accumulated Amortisation 1 January 2007 $000	Net Carrying Amount 1 January 2007 $000	Current Year Additions $000	Current Year Impairment Charges $000	Current Year Amortisation $000	Gross Carrying Amount 31 December 2007 $000	Accumulated Amortisation 31 December 2007 $000	Net Carrying Amount 31 December 2007 $000
Parent – Software	3,725	(1,788)	1,937	241	(737)	(278)	3,229	(2,066)	1,163
Parent – Television Commercials	91	(70)	21	–	–	(10)	91	(80)	11
	3,816	**(1,858)**	**1,958**	**241**	**(737)**	**(288)**	**3,320**	**(2,146)**	**1,174**
Group – Software	3,725	(1,788)	1,937	241	(737)	(278)	3,229	(2,066)	1,163
Group – Television Commercials	91	(70)	21	–	–	(10)	91	(80)	11
	3,816	**(1,858)**	**1,958**	**241**	**(737)**	**(288)**	**3,320**	**(2,146)**	**1,174**

In 2008, two software products with remaining values were replaced and regarded as having no further value.

Accordingly the value of software was impaired by $27,424.

In 2007, the Student Management System software had been originally capitalised at the accumulated cost of development in partnership with a software firm.

This software has been re-assessed to fair market value. Accordingly the value of the software was impaired by $736,894.

Work in Progress

Expenditures recognised in the carrying amounts of Intangibles in the course of creation were:

	Parent		Group	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Software	152	–	152	–

Note 8

Trade and Other Payables

	Parent		Group	
	Actual 2008 $000	Actual 2007 $000	Actual 2008 $000	Actual 2007 $000
Trade Payables	3,193	3,639	3,268	3,830
Other Payables	2,104	1,899	2,104	1,899
Interest Payable	203	243	203	243
Related Party Payables	8	–	8	–
	5,508	**5,781**	**5,583**	**5,972**

Trade and other payables are non-interest bearing and are normally settled by the 20th of the month following invoice, therefore the carrying value of trade and other payables approximates their fair value.

Note 9

Loans and Finance Lease

Maturity Analysis

2008 Parent and Group	Secured Loans $000	Lease Liabilities $000
Less than One Year	2,863	848
Later than One Year but not more than Five Years	6,474	614
Later than Five Years	–	–
	9,337	**1,462**
Weighted Average Interest Rate	7.86%	7.48%

2007 Parent and Group	Secured Loans $000	Lease Liabilities $000
Less than One Year	2,863	764
Later than One Year but not more than Five Years	9,336	641
Later than Five Years	–	–
	12,199	**1,405**
Weighted Average Interest Rate	7.36%	8.07%

The secured loans are secured by a first registered mortgage over the building known as the ALX Block and a Deed of Agreement over the operating grants relating to bulk funding provided by the Ministry of Education.

There were no defaults on loan agreement terms in 2008 or 2007.

Description of Material Leasing Arrangements

CPIT has entered into finance leases for various IT assets. The net carrying amount of the leased items is shown in note 6. The finance leases can be renewed at the option of CPIT.

CPIT does have the option to purchase the asset at the end of the lease term. There are no restrictions placed on CPIT by any of the finance leasing arrangements.

Note 10

Employee Benefit Liabilities and Other Provisions

	Parent		Group	
	Actual 2008 $000	**Actual 2007 $000**	**Actual 2008 $000**	**Actual 2007 $000**
Employee Entitlements				
Accrued Pay	90	58	90	58
Annual Leave	2,158	2,256	2,158	2,256
Long Service Leave	181	206	181	206
Retirement Gratuities	503	390	503	390
Sick Leave	123	115	123	115
At 31 December	**3,055**	**3,025**	**3,055**	**3,025**
Current Portion	2,464	2,495	2,464	2,495
Non Current Portion	591	530	591	530
	3,055	**3,025**	**3,055**	**3,025**
Provisions				
Obligation to TEC				
At 1 January	1,959	2,154	1,959	2,154
Additional Provisions made during the year	–	–	–	–
Charged against provision during the year	(245)	(195)	(245)	(195)
Unused amounts reversed during the year	–	–	–	–
At 31 December	**1,714**	**1,959**	**1,714**	**1,959**
Current Portion	475	245	475	245
Non Current Portion	1,239	1,714	1,239	1,714
	1,714	**1,959**	**1,714**	**1,959**

In 2003/4, an online computer course was run for which CPIT received bulk funding. An independent evaluation was completed which concluded that 25 per cent of those students who enrolled in the course did not engage or appear to have an intention to engage in the course.

CPIT has, in recognition of the conclusions reached in the independent evaluation, and its integrity as a publicly funded institution, offered to accept certain additional requirements with respect to the funding. This obligation is to be discharged through a mixture of cash payment, and the provision of a scholarship programme. This programme is expected to run for the next four years.

The amount of the provision met each year will depend on the uptake of scholarships, therefore the timing of meeting the obligation is uncertain. The current portion of the obligation reflects the current estimate of the obligation to be met in the following year.

Note 11

Revenue Received in Advance

	Parent		Group	
	Actual 2008 $000	**Actual 2007 $000**	**Actual 2008 $000**	**Actual 2007 $000**
Government Grants	23	1,203	23	1,203
Fees Income	3,752	3,596	3,752	3,596
Other Revenue in Advance	712	787	712	787
	4,487	**5,586**	**4,487**	**5,586**
Current Portion	4,487	5,586	4,487	5,586
Non Current Portion	–	–	–	–
	4,487	5,586	4,487	5,586

NOTES TO THE Financial Statements

Note 12

Capital Commitments and Operating Leases

	Parent		Group	
	Actual 2008 $000	Actual 2007 $000	Actual 2008 $000	Actual 2007 $000
Capital Commitments Approved and Contracted	–	137	–	137
Non Cancellable Operating Lease Commitment				
Property Leases				
Not later than One Year	1,248	1,458	1,248	1,458
Later than One Year and not later than Five Years	4,119	5,171	4,119	5,171
Later than Five Years	7,006	8,316	7,006	8,316
	12,373	14,945	12,373	14,945
Equipment Leases				
Not later than One Year	334	372	334	372
Later than One Year and not later than Five Years	1,299	33	1,299	33
Later than Five Years	–	–	–	–
	1,633	405	1,633	405

Description of Material Leasing Arrangements

Property Leases

The property leases can be renewed at the option of CPIT. CPIT does not have the option to purchase the property asset at the end of the lease term. There are no restrictions placed on CPIT by any of the property leasing arrangements.

Equipment Leases

The equipment leases can be renewed at the option of CPIT. CPIT does have the option to purchase the equipment asset at the end of the lease term. There are no restrictions placed on CPIT by any of the equipment leasing arrangements.

Note 13

Contingent Assets and Liabilities

During 2007 and 2008 CPIT received funding from the Crown from the Partnerships for Excellence funding pool. The project has certain deliverables that must be met by 31 December 2009 in order for CPIT to retain the funding.

As it is deemed likely that all deliverables will be met, this funding has been recognised as a Capital Contribution in Equity.

If all deliverables were not met CPIT could have a liability to the Crown up to a maximum of $4,694,000.

Any liability would be required to be repaid on 31 December 2013.

As at 31 December 2007 CPIT faced a maximum liability of $3,880,000 for this project if all deliverables were not met.

As at 31 December 2008 CPIT had a contingent liability relating to an employment matter with maximum exposure of $4,000.

As at 31 December 2008, there are no contingent assets.

As at 31 December 2007, there were no contingent assets.

NOTES TO THE Financial Statements

Note 14

Related Party Transactions

Inter-Group Transactions

Christchurch Polytechnic Foundation is accounted for as a subsidiary of CPIT. The Foundation runs an annual grants programme for staff, students and projects associated with CPIT, as well as other initiatives which promote education and enterprise in the region.

CPIT has no ownership interest or interest in the net assets of Christchurch Polytechnic Foundation.

CPIT appoints four of the nine trustees of the Christchurch Polytechnic Foundation.

During 2008, CPIT's income included the following transactions with the Foundation.

	2008	2007
Grants	$327,083	$287,494

During 2008, CPIT's expenditure included the following transactions with the Foundation.

	2008	2007
– a lease of B Block	$46,096	$45,445
– a lease of ML Block	$106,735	$90,275

At 31 December 2008, the Christchurch Polytechnic Foundation owed CPIT $5,232.00.
At 31 December 2007, the Christchurch Polytechnic Foundation owed CPIT $1,885.51.

CPIT Holdings Ltd, a wholly owned subsidiary of CPIT, was incorporated under the Companies Act 1993 on 26 September 2005. In 2008 CPIT had no transactions with CPIT Holdings Ltd (2007; no transactions).

At 31 December 2008, neither CPIT or CPIT Holdings Ltd had monies owing to the other.
At 31 December 2007, neither CPIT or CPIT Holdings Ltd had monies owing to the other.

Key Management Personnel

A member of the Key Management Personnel of CPIT is a director of Ake Associates Ltd, a member of Te Waka Huruhuru Manu Early Learning Centre, a member of Māori Language Commission, and a member of Te Ipukarea (AUT).

During 2008 CPIT was invoiced for supplies provided by Ake Associates Ltd on normal commercial terms in the amount of $228.00. (2007: $210) Ake Associates Ltd was invoiced $4,001.79 for the hire of CPIT facilities. (2007: $5,000).

At 31 December 2008 CPIT owed Ake Associates Ltd $60.00. (2007: $210)

During 2008 Te Waka Huruhuru Manu Early Learning Centre invoiced CPIT $1,500 for two childcare scholarships.

At 31 December 2008 neither CPIT nor Te Waka Huruhuru Manu Early Learning Centre had monies owing to the other.

A member of the Key Management Personnel of CPIT is Chief Executive of Te Runanga o Nga Maata Waka.

During 2008 CPIT was invoiced supplies provided by Te Runanga o Nga Maata Waka on normal commercial terms in the amount of $3,581.25.

At 31 December 2008 neither CPIT nor Te Runanga o Nga Maata Waka had monies owing to the other.

A member of the Key Management Personnel of CPIT is a director of HydraQuip (NZ) Ltd.

During 2008 CPIT was invoiced supplies provided by HydraQuip (NZ) Ltd on normal commercial terms in the amount of $614.93.

At 31 December 2008 neither CPIT nor HydraQuip (NZ) Ltd had monies owing to the other.

A member of the Key Management Personnel of CPIT is a director of Creative Facilitation Network Ltd.

NOTES TO THE **Financial Statements**

During 2008 CPIT was invoiced supplies provided by Creative Facilitation Network Ltd on normal commercial terms in the amount of $422.03.

At 31 December 2008 neither CPIT nor Creative Facilitation Network Ltd had monies owing to the other.

A member of the Key Management Personnel of CPIT is a director of Polytechnics International New Zealand Ltd (PINZ).

During 2008 CPIT invoiced PINZ on normal commercial terms the amount of $374,051. At 31 December 2008 PINZ owed CPIT $92,531.78.

There were no other parties related to CPIT through Key Management Personnel.

Other Related Parties

CPIT appoints three of the six trustees of the Ōtautahi Education and Development Trust, an independent charitable trust.

During 2008, CPIT's income included the following transactions with the Trust.

	2008	2007
Income	$675,174	–

During 2008, CPIT's expenditure included the following transactions with the Trust.

	2008	2007
– a lease of Student Accommodation Block	$481,000	$481,000
– a lease of B Block Car Park	$22,996	$22,996
– a lease of Paxus House	$320,420	$320,420
– a lease of ground for Jazz School Building	$25,755	$25,755

At 31 December 2008, neither CPIT nor the Trust had monies owing to the other.
At 31 December 2007, neither CPIT nor the Trust had monies owing to the other.

CPIT is a member of the Tertiary Accord of New Zealand (TANZ), a separate legal entity launched in early 2000 as an alliance between six of New Zealand's leading tertiary education institutes, to promote best practice in applied education.

During 2008 TANZ invoiced CPIT $87,750 for membership fees and $601.08 for photocopier rental.
During 2008 CPIT invoiced TANZ $318,768.61 for various services on normal commercial terms.

At 31 December 2008 CPIT owed TANZ $8,410, TANZ owed CPIT $684.95.
At 31 December 2007 CPIT owed TANZ $130,671.

There were no other related party transactions.

Key Management Personnel Compensation

	Parent		Group	
	Actual 2008 $000	Actual 2007 $000	Actual 2008 $000	Actual 2007 $000
Council Member Fees	88	105	88	105
Other Key Management Personnel				
Salaries and Other Short-term Employee Benefits	1,737	1,446	1,737	1,446
Post-employment Benefits	24	24	24	24
Other Long-term Benefits	8	2	8	2
Termination Benefits	–	–	–	–
Total Key Management Personnel Compensation	**1,857**	**1,577**	**1,857**	**1,577**

Key Management Personnel includes all Council Members, the Chief Executive, and all members of the CPIT Management Team.

Note 15

Financial Instrument Risks

CPIT has a series of policies to manage the risks associated with financial instruments. CPIT is risk averse and seeks to minimise exposure from its treasury activities. CPIT has an established Council approved Financial Management policy.

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

As the Parent only engages in non-speculative investment it is not exposed to price risk.

The CPIT Group is exposed to equity securities price risk on its investments, which are classified as financial assets available for sale. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of the investment portfolio.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. CPIT is not exposed to currency risk, as it does not hold financial instruments denominated in foreign currencies.

Interest Rate Risk

The interest rates on CPIT's investments are disclosed in Note 5 and on CPIT's borrowings in Note 9.

CPIT has undertaken a sensitivity analysis of its exposure to interest rate risk on both investments and borrowings.

As interest on investments is recognised as earned the net surplus reported is not sensitive to variability in the prevailing interest rate as at balance date. However if weighted average interest rates on bank deposits throughout 2008 had fluctuated by plus or minus 2%, the effect would have been to increase/decrease the net surplus by $505,000 (2007 $345,000) as a result of higher/lower interest income on bank deposits.

As interest paid on loans is recognised as incurred the net surplus reported is not sensitive to variability in the prevailing interest rate as at balance date. However if weighted average interest rates on borrowings throughout 2008 had fluctuated by plus or minus 2%, the effect would have been to decrease/increase the net surplus by $202,000 (2007 $258,000) as a result of higher/lower interest expense on borrowings.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Borrowing issued at fixed rates exposes CPIT to fair value interest rate risk.

CPIT can only engage in borrowing activities with the approval of the Ministry of Education and has a Debt Management policy designed to ensure debt levels are sustainable and servicing costs are minimised.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Borrowings and investments issued at variable interest rates expose CPIT to cash flow interest rate risk.

CPIT has a Debt Management policy designed to ensure debt levels are sustainable and servicing costs are minimised.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to CPIT, causing CPIT to incur a loss.

Where appropriate, CPIT undertakes credit checks on potential debtors before granting credit terms.

CPIT has no significant concentrations of credit risk in relation to debtors and other receivables.

The Parent invests funds only in deposits with registered banks and its Financial Management policy limits the amount of credit exposure to any one institution to 30% of total investment. The CPIT Group's exposure to credit risk on its investments is managed by diversification of the investment portfolio.

Liquidity Risk

Liquidity risk is the risk that CPIT will encounter difficulty raising liquid funds to meet commitments as they fall due.

CPIT's Financial Management policy allows short-term borrowing to be used to manage liquidity/working capital. Such borrowing takes cognisance of cash flow forecasting and any contingencies which may arise and does not exceed the maximum approved by the Minister of Education.

Concentration of Risk

Apart from exposure to movements in interest rates which affect the Group's investments and borrowings, the Group is not exposed to any significant concentration of risk.

Note 16

Fair Value of Financial Instruments

CPIT considers that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- or investments in other companies where quoted market prices are not available and valuation techniques are not appropriate, CPIT has determined fair value using cost less impairment.

Note 17

Capital Management

CPIT's capital is its equity which comprise general funds and revaluation reserves.

Equity is represented by net assets.

CPIT manages its revenues, expenses, assets, liabilities, and general financial dealings prudently.

CPIT’s equity is largely managed as a by-product of managing income, expenses, assets, liabilities.

The objective of managing CPIT’s equity is to ensure CPIT effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

Note 18

Variances to Budget

Income Statement

Other Income exceeded budget in a number of areas, including a notable increase in income from ITO delivery $503,000, facilities hire $245,000, other grants $522,000 and stakeholder contributions of $440,000.

The most significant item was income recognising the donation of assets to CPIT from the TradeFIT project. This income, totalling $1.85m, is non-cash and was not included in the budget.

Due to the better than expected cash position Finance Income was above budget by $1.28m.

Balance Sheet

The main variance to the Balance Sheet is in Cash and Cash Equivalents, Other Financial Assets, and Retained Earnings. This increase in cash reserves of $6.5m is partially due to some income improvement noted above, an increase in cashflow from operating of $2.39m and capital expenditure not spent that was deferred to 2009. This was mainly contributed to the Student Services building of $2.02m.

In addition, CPIT received a capital grant from the Tertiary Education Commission of $385,000 which had not been budgeted.

A revaluation of buildings was undertaken in 2008, increasing Land and Buildings and the Asset Revaluation Reserve.

NOTES TO THE **Financial Statements**

Cashflow

There is a variance in the cashflow from Investing Activities due to not recognising the purchase and sale of short term cash investments in the budget.

Statement of Changes in Equity

Retained Earnings and Asset Revaluation Reserve improved as noted above.

Also, Retained Earnings was increased by the unbudgeted capital grant note above.

Note 19

Post Balance Date Events

There were no significant events after balance date.

Note 20

Group Financial Statements

Our auditor is of the view that Council controls the Ōtautahi Education Development Trust in terms of the New Zealand Equivalent to International Accounting Standard 27 Consolidated and Separate Financial Statements (NZ IAS 27).

Consequently, in our auditor's opinion Council must comply with NZ IAS 27 and prepare consolidated financial statements incorporating OEDT.

CPIT accepts that for accounting purposes only, the OEDT is a controlled entity under NZ IAS 27.

However, OEDT does not accept the view of Council and our auditor that it is a public entity and therefore CPIT is unable to prepare group financial statements incorporating OEDT.

In this instance Council was unable to provide all the information and explanations sought.

STATEMENT OF Service Performance

Statement of Service Performance 2008

1 Retention

First year qualification level attrition for Level 4 certificates and Level 5-7 diplomas, degrees, and graduate diplomas

Performance indicator:	Rate of attrition
Performance target:	< 58%
Performance achievement:	59.9%

Note: "Attrition" measures the number of students enrolled in 2007 in the first year of a programme at or above Level 4 of more than one year who did not continue in that programme in 2008.

Outcome: Not achieved

2 Higher Qualifications

Proportion of EFTS for Level 4 certificates and Level 5-7 diplomas, degrees, and graduate diplomas

Performance indicator:	Proportion of total EFTS
Performance target:	>70%
Performance achievement:	73.8%

Note: "Total EFTS" includes 3,588 EFTS generated by domestic students enrolled in programmes at or above Level 4.

Outcome: Achieved

3 Completions

Successful course completion rates for Level 4 certificates and Level 5-7 diplomas, degrees, and graduate diplomas

Performance indicator:	Completion rate
Performance target:	>80%
Performance achievement:	81.3%

Note: "Completion" reports successful completion (that is, finished and passed) in courses at or above Level 4.

Outcome: Achieved

4 Foundation

Increase in the proportion of EFTS enrolled in courses focused on literacy, language, and numeracy skills

Performance indicator:	Proportion of total EFTS
Performance target:	>12%
Performance achievement:	26.2%

Note: "Foundation" means all programmes that award a qualification at Levels 1-3.

Outcome: Achieved

STATEMENT OF **Service Performance**

5 Under 25 Completions

Successful course completion rates for trade, technical, and professional Level 4 certificates and Level 5-7 diplomas, degrees, and graduate diplomas for students aged under 25

Performance indicator:	Completion rate
Performance target:	>80%
Performance achievement:	79.6%

Note: "Students aged under 25" measures students under 25 on 1 July (the date used for other sector reports).

Outcome: Not achieved

6 Organisational Sustainability

Achieve all QRP Stage 3 Business Transformation targets based on TEC contract

Performance indicator:	Twelve targets achieved
Performance target:	All targets achieved
Performance achievement:	Seven targets achieved

Note: "QRP Stage 3 Business Transformation targets" include the measures and actions set out in Section 11 Performance Indicators and Targets on pages 8 and 9 of the contract.

Outcome: Partially achieved

7 Regional Facilitation Role

Regional Statement of Canterbury's Tertiary Education Needs Gaps and Priorities updated and improved covering groups omitted in the initial process

Performance indicator:	Updated Statement submitted
Performance target:	Statement submitted by September 2008
Performance achievement:	Regional Statement Update submitted to the Tertiary Education Commission in June 2008.
Outcome:	Achieved

8 Evidenced-based Technology Development and Transfer

Implement specific initiatives which actively support links with industry that focus on applied technological development

Performance indicator:	CPIT R&D and TT Centre established
Performance target:	Centre established by December 2008
Performance achievement:	Encouraging and Supporting Innovation (ESI) funding applied for and granted for the project ITP Applied Research and Technology Development and Transfer New Zealand-wide Network – Innovating NZ.

Note: The CPIT R&D and TT Centre developed into the ITP Applied Research and Technology Development and Transfer New Zealand-wide Network – Innovating NZ.

The original CPIT project has been expanded into a sector wide initiative called "Innovating New Zealand".

As set out in the funding documents, Innovating New Zealand "will comprise an extensive web site providing information on the R&D skills and knowledge that is available in the ITP sector with contact information and a system management office".

CPIT is the lead institution in this project and the Innovating New Zealand staff will be based at CPIT.

The first Advisory Board member of Innovating New Zealand has been appointed and others have been approached.

Outcome: Partially achieved

STATEMENT OF **Resources**

as at 31 December 2008

	Gender	Non Teaching	Management	Teaching FT	Total
Executive	F	2.860	1.000		3.860
	M	0.307	2.447		2.754
		3.167	**3.447**		**6.614**
Academic Quality Assurance	F	2.064	1.044		3.108
	M	1.295			1.295
		3.359	**1.044**		**4.403**
Facilities Management	F	5.455			5.455
	M	16.115			16.115
		21.570			**21.570**
Finance	F	6.961			6.961
	M	3.000	1.000		4.000
		9.961	**1.000**		**10.961**
Human Resources	F	12.195	1.000		13.195
	M	3.404			3.404
		15.599	**1.000**		**16.599**
Education Services	F	85.388	1.000		86.388
	M	28.662			28.662
		114.050	**1.000**		**115.050**
Information Technology	F	3.654			3.654
	M	24.815			24.815
		28.469			**28.469**
Commerce	F	29.537		41.710	71.247
	M	7.646	1.000	48.863	57.509
		37.183	**1.000**	**90.573**	**128.756**
Health, Humanities & Science	F	34.467		119.304	153.771
	M	6.224	1.000	51.938	59.162
		40.691	**1.000**	**171.242**	**212.933**
Te Puna Wānaka	F	1.690	1.000	2.574	5.264
	M	2.278		3.187	5.465
		3.968	**1.000**	**5.761**	**10.729**
Trades Innovation	F	11.669	1.000	4.817	17.486
	M	10.152		61.720	71.872
		21.821	**1.000**	**66.537**	**89.358**
Design & Engineering	F	15.018	0.695	23.143	38.856
	M	15.239		46.745	61.984
		30.257	**0.695**	**69.888**	**100.840**
Total	F	210.958	6.739	191.548	409.245
	M	119.137	5.447	212.453	337.037
Total FTES		**330.095**	**12.186**	**404.001**	**746.282**

STATEMENT OF **Resources**

as at 31 December 2008

	Allied Staff		Management	
	FTE	%	FTE	%
Female	210.958	63.91	6.739	55.30
Male	119.137	36.09	5.447	44.70
Total	**330.095**	**100.00**	**12.186**	**100.00**

	Academic Staff		Total Staff	
	FTES	%	FTES	%
Female	191.548	47.41	409.245	54.84
Male	212.453	52.59	337.037	45.16
Total	**404.001**	**100.00**	**746.282**	**100.00**

Note: *Only those managers who report directly to the CEO are included in the 2008 Management FTES.*

Land & Buildings

Land area owned by CPIT	17.58	Ha
Land area leased by CPIT	1.14	Ha
Buildings owned by CPIT	73,418	square metres gross floor area
Buildings leased by CPIT	5,576	square metres gross floor area

Media Assets

TV frequency, channel 52 (718-726 mHz)
Radio frequency, FM (96.1 mHz)

Artworks Collection

The CPIT Artworks Collection comprises 182 catalogued items including paintings, prints, photographs, 3-dimensional works and craftworks. Four works were accessioned to the Collection in 2008. The majority of the works in the Collection are on display throughout the institute in areas where the works are safe and light levels are not excessive.

Library Collection

Printed books	69,797
Printed serial titles	790 current subscriptions
Electronic serial titles	13,387

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit Report

To the readers of Christchurch Polytechnic Institute of Technology and group's financial statements and performance information for the year ended 31 December 2008

The Auditor-General is the auditor of Christchurch Polytechnic Institute of Technology (the Polytechnic) and group. The Auditor-General has appointed me, K J Boddy, 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 his behalf, for the year ended 31 December 2008.

Qualified Opinion – Non-compliance with NZ IAS 27 Consolidated and Separate Financial Statements

The Otautahi Education Development Trust is a subsidiary of the Polytechnic in terms of New Zealand International Accounting Standard 27: Consolidated and Separate Financial Statements (NZ IAS-27). The Polytechnic's group financial statements do not include the financial position and results of operations and cash flows of the Otautahi Education Development Trust. This is a departure from NZ IAS-27, which requires an entity that has one or more subsidiaries at its reporting date to prepare consolidated financial statements for the group, comprising the parent and all of its subsidiaries, in accordance with that standard.

As stated in note 20 on page 64 the Polytechnic advised that it was unable to prepare group financial statements incorporating Otautahi Education Development Trust and we are unable to determine the amount of the adjustments that would be required.

In addition, we draw attention to the fact that the Polytechnic did not prepare group financial statements for the year ending 31 December 2007 that included the Otautahi Education Development Trust. As a consequence, the group comparative financial statements for 2007 do not comply with NZ IAS-27.

In our opinion, except for the non-compliance with NZ IAS-27 as outlined above, the financial statements of the group on pages 31 to 64:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the group's financial position as at 31 December 2008; and
  - the results of the group's operations and cash flows for the year ended on that date.

In our opinion:

- the financial statements of the Polytechnic (the parent) on pages 31 to 64:
  - comply with generally accepted accounting practice in New Zealand; and

- fairly reflect:
    - the parent's financial position as at 31 December 2008; and
    - the results of it's operations and cash flows for the year ended on that date.

- the performance information of the parent on pages 65 to 66 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 23 April 2009, and 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 the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. However, the scope of our work was limited because of the non-compliance with NZ IAS-27.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. We were unable to determine whether there are material misstatements in relation to the non-compliance with NZ IAS-27 because the scope of our work was limited, as we referred to in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We did not obtain all the information and explanations we required because of the non-compliance with NZ IAS-27, as explained above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Polytechnic and group as at 31 December 2008. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2008. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the annual audit of the Polytechnic, we have performed an audit of the Chief Executive Officer's declaration on the performance-based research fund external research income for 2007. This assignment is compatible with those independence requirements.

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

K J Boddy
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand