

University Annual Financial Statements



Statement of accounting policies

For the year ended December 31, 2002

The University of Canterbury Group consists of the University of Canterbury and its subsidiary, Canterprise Limited (100% owned). Both the Group and the University's financial results are disclosed.

These Financial Statements have been prepared in accordance with Section 41 of the Public Finance Act 1989 and Section 203 of the Education Act 1989.

Measurement base

The general policies adopted in the preparation of these financial statements are the measurement and reporting of financial performance and position on a historical cost basis adjusted by the revaluation of certain assets.

Accounting policies

The following are the particular accounting policies that have a material effect on the measurement of financial performance and the financial position:

Accounts Receivable

- Accounts receivable are recorded at expected realisable value.
- Where a debt is considered unrecoverable it is written off.

Employee Entitlements

- Provision is made in respect of the University's liability for annual leave, long service leave, retirement leave and study leave.
- Annual leave and long service leave are calculated on an actual entitlement basis at current rates of pay.
- Retirement leave has been recognised on an actuarial basis.
- Study leave for academic staff is accrued once it has been approved.

Consolidated Financial Statements

- The consolidated financial statements include the University of Canterbury and its subsidiary.
- The subsidiary is accounted for using the purchase method, which involves adding together corresponding assets, liabilities, revenue and expenses on a line-by-line basis.
- All significant inter-entity transactions are eliminated on consolidation.

Financial Instruments

- Income and expenditure relating to all financial instruments are recognised in the Statement of Financial Performance.
- All financial instruments are recognised in the Statement of Financial Position.

Fixed Assets and Depreciation

- Land has been valued at fair value by DTZ New Zealand Limited as at 31 December 2002. The valuation was undertaken by Chris C. Barraclough, BCom FNZPI.
 - Buildings have been revalued at depreciated replacement cost as at 31 December 2002 on a component basis by DTZ New Zealand Limited. The valuation was undertaken by Chris C. Barraclough, BCom FNZPI. Chris C. Barraclough is a Registered Valuer and has experience in valuing buildings of a specialized nature such as the University. This valuation has been performed to meet the requirements of FRS 3 -Accounting for Property, Plant and Equipment and the valuation standard New Zealand Property Institute Valuation Standard 3 – Valuations for Financial Statements. The valuation has been prepared on a component basis recognising four major components:
 - Structure
 - Building Services
 - Fittings and Fitout
 - Furnishings (chattels)
 - Equipment, including furniture and motor vehicles, was redefined and revalued in order to determine the 'deemed cost' in September 1992. The equipment is recorded at the 'deemed cost' less accumulated depreciation. The basis of valuation was current existing use as determined by Edward Rushton NZ Ltd in accordance with NZIV asset valuation standards. The University does not intend to pursue a revaluation policy in future years. Additions are recorded at cost less accumulated depreciation.
 - The Library Current Collection is now valued on an historical cost. The Library Permanent Collection is valued on a fair value basis as at 31 December 2001 by DTZ New Zealand Limited. The valuation was undertaken by Basil J. Roberts, SNZPI. Donated books have been included in the library valuation at what the University considers to be fair value.
 - Capital work-in-progress is valued on the basis of expenditure incurred and certified gross Progress Claim Certificates up to balance date. Work-in-progress is not depreciated.
 - Additions to all assets subsequent to the date of valuation are recorded at cost.
 - Depreciation has been provided on a straight-line basis after allowing for irreducible minimums at the following rates:

• Building Components	
• Structure	1.25%
• Building Services	2.5%
• Fittings and Fitout	4%
• Furnishings (chattels)	5%
• Computer equipment at cost	33.33%
• Software and computer development	10% to 20%
• Furniture and Equipment at cost	10% to 20%
• Motor Vehicles at cost & valuation	20%
- Irreducible minimums have been applied to the following assets:
- | | |
|-----------------------|-----|
| • Building Components | |
| • Structure | 40% |
| • Fitout and Fittings | 30% |
- The Library Current Collection has been depreciated at 6% or 15% on a diminishing value basis. The Library Permanently Retained Collection is not depreciated.
 - Depreciation on all equipment and furniture stated at valuation has been calculated using estimated remaining useful life.

Foreign Currencies

- Foreign currency transactions throughout the year have been translated to New Zealand currency at the ruling rates of exchange at date of payment.
- Realised exchange gains or losses are accounted for in the Statement of Financial Performance.

Goods and Services Tax

All amounts are stated net of the Goods and Services Tax with the exception of Accounts Receivable and Accounts Payable.

Income

- The government grant is recognised as income on entitlement.
- Research grants are recognised as income when the money is received, or entitlement to receive money is established, except where fulfilment of any restrictions attached to such money is not probable.

Investments

- Fixed interest investments are stated at face value adjusted for discount or premium on purchase, and the discount or premium is amortised over the life of the investment.
- All other investments are stated at cost.
- Foreign investments have been translated to New Zealand currency at the ruling rates of exchange at balance date.

Inventories

- Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Leases

- Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating result in equal instalments over the lease term.

Taxation

- Universities are exempt from the payment of income tax as they are not for profit organisations. Accordingly there is no provision for income tax.

Changes in accounting policies

Library

The Library Permanent Collection was previously revalued by DTZ Darroch Ltd on an annual basis. This has changed to a three yearly cycle as at 31 December 2002.

Statement of financial performance

For year ended 31 December, 2002

	Notes	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
OPERATING INCOME					
Government Grant		73,925	77,802	76,044	76,044
Student Tuition Fees					
Student Tuition Fees Domestic		33,697	33,165	32,768	32,768
Student Tuition Fees International		8,086	14,552	13,232	13,232
Total Student Tuition Fees		41,783	47,717	46,000	46,000
Other Income					
Other Student Related Fees		5,402	7,667	7,873	7,873
Student Accommodation		4,186	5,636	4,648	4,648
Research Income		9,939	10,257	10,509	10,509
Interest Income		558	370	956	977
Other Income	1	13,309	8,486	11,949	12,621
Total Other Income		33,394	32,416	35,935	36,628
TOTAL OPERATING INCOME		149,102	157,935	157,979	158,672
OPERATING EXPENDITURE					
Personnel Expenses	2	97,338	94,651	95,979	96,344
Site & Property Costs	3	5,979	5,314	5,854	5,882
General / Operating Expenditure	4	31,989	38,592	36,425	36,569
Depreciation	5b	18,082	18,620	18,420	18,427
TOTAL OPERATING EXPENDITURE		153,388	157,177	156,678	157,222
NET SURPLUS / (DEFICIT)	8	(4,286)	758	1,301	1,450

The accompanying policies and notes form an integral part of these financial statements.

Statement of movements in equity

For year ended 31 December, 2002

	Notes	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
Balance as at 1 January		433,485	427,123	326,015	325,583
Net Surplus / (Deficit)		(4,286)	758	1,301	1,450
Movements in revaluation reserves relating to asset valuations	6	(91,747)	(101,103)	21,260	21,260
Net asset change ex lease arrangement		0	0	(7,682)	(7,682)
Adjustment to asset valuations in excess of reserves		(19,783)	0	0	0
Transfer of disestablished library reserve to equity		7,914	0	0	0
Capital Adjustments		0	0	4,924	4,924
Total Recognised Income and Expenditure for the year		(107,902)	(100,345)	19,803	19,952
Balance as at 31 December		325,583	326,778	345,818	345,535

The accompanying policies and notes form an integral part of these financial statements.

Statement of financial position

As at 31 December, 2002

	Notes	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
CURRENT ASSETS					
Cash & Bank	7	1,861	510	1,296	1,950
Short Term Investments	7	930	2,000	0	1
Receivables	7	2,727	1,950	2,702	2,799
Prepayments	7	4,316	4,000	4,334	4,334
Inventories		1,542	1,600	1,637	1,637
Total Current Assets		11,376	10,060	9,969	10,721
LESS CURRENT LIABILITIES					
Funds Received in Advance	7	3,272	3,300	4,217	4,217
Accounts Payable	7	12,103	13,374	12,071	12,319
Loans Repayable Within 1 Year	9	9,258	3,446	602	602
Current Provisions - Employee Entitlements		3,223	3,195	3,698	3,740
Total Current Liabilities		27,856	23,315	20,588	20,878
		(16,480)	(13,255)	(10,619)	(10,157)
WORKING CAPITAL					
NON CURRENT ASSETS					
Land	5a	39,340	39,340	33,952	33,952
Buildings	5a	235,532	245,341	289,306	289,306
Plant & Equipment	5a	35,952	31,302	32,888	32,893
Library	5a	49,130	51,494	51,834	51,834
Capital Work-In-Progress	5a	15,716	4,958	5,190	5,190
Investments in Canterprise Ltd	10	0	750	750	0
Total Non Current Assets		375,670	373,185	413,920	413,175
NON CURRENT LIABILITIES					
Loans & Leases	9	17,799	17,344	41,792	41,792
Term Provisions - Employee Entitlements		15,808	15,808	15,691	15,691
Total Non Current Liabilities		33,607	33,152	57,483	57,483
TOTAL NET ASSETS		325,583	326,778	345,818	345,535
REPRESENTED BY :					
Community Equity		283,512	284,707	282,487	282,204
Revaluation Reserves	6	42,071	42,071	63,331	63,331
TOTAL COMMUNITY EQUITY		325,583	326,778	345,818	345,535

The accompanying policies and notes form an integral part of these financial statements.

Statement of cash flows

For year ended 31 December, 2002

Notes	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
OPERATING ACTIVITIES				
Cash provided from:				
Government Grant	73,925	77,802	76,044	76,044
Tuition Fees	44,113	50,917	46,883	46,883
Other Income	23,839	30,309	29,763	30,341
Agency Funds	6,714	0	7,022	7,022
Interest Received	558	370	956	975
Rental Income	4,186	5,636	4,648	4,648
	153,335	165,034	165,316	165,913
Cash applied to:				
Personnel Expenses	96,888	94,900	96,274	96,516
Site & Property Expenses	5,951	5,314	5,854	5,854
General / Operating Expenses	28,214	35,531	35,238	35,238
Agency Funds	6,714	0	7,022	7,022
Interest Paid	60	834	840	840
Net GST Movement	519	1,000	586	590
	138,346	137,579	145,814	146,060
Net cash provided by Operating Activities	8	14,989	27,455	19,502
INVESTING ACTIVITIES				
Cash provided from:				
Proceeds of disposal:				
Fixed Assets	270	0	153	153
	270	0	153	153
Cash applied to:				
Capital Expenditure	29,144	13,689	17,102	17,105
Purchase of Investments (net)	0	0	0	0
Miscellaneous	0	0	0	0
	29,144	13,689	17,102	17,105
Net cash used in Investing Activities		(28,874)	(13,689)	(16,949)
		(16,952)		(16,952)

Statement of cash flows continued:

For year ended 31 December, 2002

Notes	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
FINANCING ACTIVITIES				
Cash provided from:				
Loans	12,000	0	0	0
Capital Contributions	0	0	4,959	4,959
	<u>12,000</u>	<u>0</u>	<u>4,959</u>	<u>4,959</u>
Net cash provided by Financing Activities	12,000	0	4,959	4,959
Net increase (decrease) in cash held	(1,885)	13,766	7,512	7,860
Cash on hand at beginning of period	(4,024)	(14,256)	(6,216)	(5,909)
Cash on hand at end of period	7 & 9 (5,909)	(490)	1,296	1,951
Represented by :				
Cash and Short Term Deposits	2,791	2,510	1,296	1,951
Working Capital Facility	(8,700)	(3,000)	0	0
	<u>(5,909)</u>	<u>(490)</u>	<u>1,296</u>	<u>1,951</u>

The accompanying policies and notes form an integral part of these financial statements.

Statement of commitments

As at 31 December 2002

Expenditure committed in:	Full Year 2002	2003
Capital Commitments	(in \$000's)	(in \$000's)
Chemistry	40	1,034
English Language (Creyke)	4	-
Psychology Building Addition	1,203	120
SALT	413	444
Science Precinct Cooling	-	1,208
Other Projects (<\$100k)	119	320
Total	1,779	3,126

It is expected that these commitments will have been discharged in full by the following year.

Capital commitments listed above represent contractual commitments and estimated project completion costs.

Operating Commitments

The University has operating lease commitments on the lease of printing and photocopier equipment from various companies. \$2,702,307 is committed over the next 5 years (2001: \$776,051).

Notes to the financial accounts

For period ended 31 December 2002

	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
1 Other Income				
Donations/Bequests/Koha	3,564	146	426	426
Rentals	1,456	1,143	1,500	1,500
External Sales	3,811	3,904	4,190	4,190
Sundry Income	4,478	3,293	5,833	6,505
TOTAL SUNDRY INCOME	13,309	8,486	11,949	12,621

2a Personnel Expenses

Teaching Personnel	46,292	48,473	47,966	47,966
Non Teaching Personnel	40,183	38,381	40,071	40,436
Total Direct Personnel Costs	86,475	86,854	88,037	88,402
Superannuation	4,041	3,803	3,669	3,669
Accident Compensation (ACC)	399	455	562	562
Other Salary Related Expenditure	6,423	3,539	3,711	3,711
Total Other Personnel Expenses	10,863	7,797	7,942	7,942
TOTAL PERSONNEL EXPENSES	97,338	94,651	95,979	96,344

2b Full Time Equivalent Staff by Salary Band

Salary Band (in 000,s)	2001 FTE	2002 FTE
240-260	1.0	1.0
::		
120-140	4.0	5.0
100-120	15.0	22.1
80-100	133.0	193.7
60-80	351.9	339.7
40-60	513.4	492.5
20-40	428.6	462.7
0-20	86.7	27.7
TOTAL FTE	1,533.6	1,544.4

3 Site & Property Costs

Repairs & Maintenance to Property/Facilities	2,753	1,766	2,226	2,254
Electricity, Coal, Gas	2,002	2,358	2,227	2,227
Resources	630	594	626	626
Other Site and Property Costs	594	596	775	775
TOTAL SITE & PROPERTY COSTS	5,979	5,314	5,854	5,882

	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
4 General / Operating Expenditure				
Academic Expenses	366	397	379	379
Advertising	1,198	990	948	948
Auditors Remuneration-Financial Audit	83	134	80	85
Auditors Remuneration- Other Services	22	0	55	55
Bad Debts Written Off	48	3	27	27
Consultancy/Contractors	2,372	3,470	4,206	4,206
Direct Academic Costs	3,363	4,247	4,171	4,171
Interest Paid	113	834	840	840
Office Equipment	2,901	2,480	3,156	3,158
Photocopying, Postage, Printing and Stationery	4,210	4,492	4,291	4,291
Provision for Doubtful Debts Adjustment	(50)	0	0	0
Rental on Operating Leases	416	1,067	766	775
Scholarships & Prizes	4,958	6,118	4,967	4,967
Travel & Conference Costs	3,590	4,171	4,687	4,694
Other General/Operating Costs	8,399	10,189	7,852	7,973
TOTAL GENERAL / OPERATING COSTS	31,989	38,592	36,425	36,569

	Dec-01 NET BOOK VALUE (in \$000's)	Dec-02 COST/VALN (in \$000's)	ACCUM DEPN (in \$000's)	Dec-02 NET BOOK VALUE (in \$000's)
5a Non Current Assets Excluding Investments				
UNIVERSITY				
As at 31 December				
Land at Valuation	39,340	33,952	0	33,952
Buildings at Cost	4,011	17,487	(565)	16,922
Buildings at Valuation	231,521	272,384	0	272,384
Plant & Equipment at Cost	35,944	102,951	(70,063)	32,888
Library Collection at Cost	42,013	70,049	(25,332)	44,717
Library Collection at Valuation	7,117	7,117	0	7,117
Work-In-Progress at Cost	15,716	5,190	0	5,190
TOTAL NON-CURRENT ASSETS excluding Investments	375,662	509,130	(95,960)	413,170

	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
UNIVERSITY AND GROUP				
As at 31 December				
Land at Valuation	39,340	33,952	0	33,952
Buildings at Cost	4,011	17,487	(565)	16,922
Buildings at Valuation	231,521	272,384	0	272,384
Plant & Equipment at Cost	35,952	102,995	(70,102)	32,893
Library Collection at Cost	42,013	70,049	(25,332)	44,717
Library Collection at Valuation	7,117	7,117	0	7,117
Work-In-Progress at Cost	15,716	5,190	0	5,190
TOTAL NON-CURRENT ASSETS excluding Investments	375,670	509,174	(95,999)	413,175

	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
5b Depreciation				
Asset Category				
Buildings	5,652	5,940	5,771	5,771
Equipment	9,000	9,172	8,836	8,843
Library (Current Collection)	3,430	3,508	3,812	3,812
	18,082	18,620	18,420	18,427

	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
6 Revaluation Reserves				
Balance as at 1 January	133,818	42,071	42,071	42,071
Revaluation	(91,747)	0	21,260	21,260
Balance as at 31 December	42,071	42,071	63,331	63,331
Being :				
Buildings	0	0	26,609	26,609
Plant & Equipment	8,357	8,357	8,396	8,396
Land	26,597	26,597	21,209	21,209
Library	7,117	7,117	7,117	7,117
Total	42,071	42,071	63,331	63,331

7 Financial Instruments

Financial instruments in the form of fixed interest investments are subject to the risk that market values may change subsequent to their acquisition.

Fair Values

The estimated fair values of the University's financial instruments are as follows:

	DEC-01 Carrying Amount (in \$000's)	DEC-01 Fair Value (in \$000's)	DEC-02 Carrying Amount (in \$000's)	DEC-02 Fair Value (in \$000's)
Accounts Receivable and Prepayments	7,013	7,013	7,036	7,036
Bank and Short Term Deposits	2,484	2,484	1,296	1,296
Accounts Payable and Funds Received in Advance	15,376	15,376	16,288	16,288

The estimated fair values of the Group's financial instruments at 31 December 2001 and December 2002 are as follows:

	DEC-01 Carrying Amount (in \$000's)	DEC-01 Fair Value (in \$000's)	DEC-02 Carrying Amount (in \$000's)	DEC-02 Fair Value (in \$000's)
Accounts Receivable and Prepayments	7,043	7,043	7,133	7,133
Bank and Short Term Deposits	2,791	2,791	1,951	1,951
Accounts Payable and Funds Received in Advance	15,375	15,375	16,536	16,536

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Accounts Receivable, Bank, Short Term Deposits, Accounts Payable, & Bank Overdraft

The carrying amounts of these balances are equivalent to their fair value.

Concentration of Credit Risk

Financial instruments which subject the University potentially to concentrations of credit risk consist principally of cash and short-term investments, accounts receivable, and fixed interest investments.

Cash and short-term investments are placed with high-credit-quality financial institutions and the amount of credit exposure to any one financial institution is limited. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of debtors.

8 Reconciliation of Net Surplus with Net Cash From Operating Activities

	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
OPERATING ACTIVITIES				
Net Surplus/Deficit	(4,286)	758	1,301	1,450
Add (less) non-cash items:				
Depreciation	18,082	18,620	18,420	18,427
Donated Assets	(417)	0	(197)	(197)
Foreign Exchange Unrealised (Gains)/Losses	(8)	0	130	130
NZTET1 Lease Revenue	(333)	0	(333)	(333)
Amortised Research Revenue	0	0	(224)	(224)
Add (less) movements in other working capital items:				
Accounts Payable	3,670	5,618	1,917	1,597
Accounts Receivable	(2,248)	(221)	(23)	472
Inventories	(22)	(41)	(95)	(95)
Miscellaneous adjustments	(8)	0	(43)	(43)
Other:				
Net GST	(519)	(1,000)	(586)	(566)
Movement in Employee Entitlements (Non Current)	303	(280)	(117)	(117)
Movement in Library Prepayments	775	4,000	(648)	(648)
NET CASH PROVIDED BY				
OPERATING ACTIVITIES	14,989	27,454	19,502	19,853

9 Loans Payable in One Year

Loans payable within one year includes the current portion of NZTET1 lease prepayment received (\$334k), and any current portion of research monies received in advance (\$112k).

Loans payable within one year also includes a working capital facility of \$0.00 (2001: \$8,700)

	Dec-01 University & Group (in \$000's)	Dec-02 University Budget (in \$000's)	Dec-02 University Actuals (in \$000's)	Dec-02 University & Group (in \$000's)
Opening Balance	4,700	26,539	8,700	8,700
Repayments	(38,050)	(23,539)	(8,700)	(8,700)
Loans Raised	42,050	0	0	0
Closing Balance	8,700	3,000	0	0

The University restructured its loan facilities in 2001. The University has a working capital multi option facility on a seasonal basis for up to \$30m and a committed cash advance, fixed rate facility for up to \$15m.

The committed cash facility has a maturity date of 17 December 2004 and is fixed at an interest rate of 6.7%.

10 Canterprise Limited

Canterprise Limited is registered under the Companies Act 1993 and is a wholly owned subsidiary of the University of Canterbury.

Canterprise Limited is the commercial arm of the University and manages commercial activities relating to the sale of research, services and technology to external clients.

11 Councillor's Honoraria and Other Benefits

Honoraria and other benefits paid to members of University Council to December 2002 (Full Year 2001: \$63,055) are as follows:

Council Member	Honoraria (in \$'s)	Other Benefits (in \$'s)
Dr SN Bagshaw	0	0
Dr CJ Burrows	4,000	0
Prof J Chetwynd	4,000	0
His Honour Judge SG Erber	0	0
Mr J Gilbert	4,000	0
Dame Phyllis Guthardt	19,500	0
Dr WR Holmes	4,000	0
Dr BR Mann	10,980	0
Mr CD McInnes	9,245	0
Mr RG Neal	4,000	0
Ms DR Shand	4,000	0
Mr JC Simpson	6,000	0
Sir Angus Tait	4,200	0
	<u>73,925</u>	<u>0</u>

No honoraria were paid to staff representatives on Council or its committees.

Sir A Tait declined remuneration as a Councillor, the \$4,200 relates to fees as a Director of Canterprise Limited.

Mr C D McInnes' \$9,245 includes \$3,500 which he received as fees as a Director of Canterprise Limited.

12 Reconciliation of Approved Budget to Revised Budget

In May 2002, the budget was revised from the approved budget to adjust for changed EFTS numbers and other movements.

Changes affecting the surplus were:	<u>(in \$000's)</u>
Surplus per Approved Budget 2002:	247
Increase in Tuition Fees (International)	1,989
Reduction in Revenue (drop in domestic EFTS)	(2,114)
Increase in depreciation to reflect revaluation of assets	(1,489)
Adjustment to repositioning costs	1,659
Adjustment to bottom line target for Continuing Education	553
Expected rates refund relating to prior periods	400
Adjustment to Education overhead contribution	200
Recalculation of interest expense	(359)
Additional departmental expenditure	(331)
Miscellaneous adjustments	3
Net Budget Surplus reported in Financial Statements	<u><u>758</u></u>

13 Related Party Transactions

	<u>Dec-01</u> <u>(in \$000's)</u>	<u>Dec-02</u> <u>(in \$000's)</u>
During the financial period to 31 December		
Canterprise Ltd had the following inter-group transactions:		
Share Capital contributed by the University of Canterbury	100	0
Agency Sales collected from University of Canterbury	64	103
Agency Payments to University of Canterbury (net of commission paid to Canterprise)	2,411	3,106
Suppliers Costs paid to University of Canterbury	38	46
Receivable from University of Canterbury	30	16
Agency Creditors to University of Canterbury	567	658

During the year, Canterprise Limited facilitated the purchase of research services from Land and Water Studies (International) Limited, a company which is owned and directed by Professor R W Kirk, a Canterprise director. These services cost \$48,972 (2001- \$77,013) excluding GST and were supplied on normal commercial terms.

During the year the University purchased \$29,161 (2001: \$5,951) of goods and services from Tait Communications and \$78.70 of goods and services from Tait Electronics. Council member Sir Angus Tait is the Managing Director of Tait Communications and Tait Electronics. These goods and services were supplied on normal commercial terms.

During the year the University purchased \$1,800 of goods and services from Jade Direct NZ Limited. Council Member Mr John Simpson is a Director of Aoraki Corporation Limited. These goods and services were supplied on normal commercial terms.

During the year the University made contributions totalling \$49,500 excluding GST to Te Tapuae. Professor R W Kirk - Acting Vice Chancellor of the University of Canterbury is a Director of Te Tapuae.

Trust Annual Financial Statements



Statement of Accounting Policies

The University administers these funds as trustee and is bound by the requirements of the individual trusts. The funds are not available for general university operating expenditure and for this reason are accounted for separately.

These Financial Statements have been prepared in accordance with Section 41 of the Public Finance Act 1989.

GENERAL ACCOUNTING POLICIES

The general policies adopted in the preparation of these financial statements are the measurement and reporting of financial performance and position on a historical cost basis adjusted by the revaluation of certain assets.

PARTICULAR ACCOUNTING POLICIES

The following are the particular accounting policies which have a material effect on the measurement of financial performance and the financial position:-

ACCOUNTS RECEIVABLE

- accounts receivable are recorded at expected realisable value;
- where a debt is considered unrecoverable it is written off.

FINANCIAL INSTRUMENTS

Income and expenditure relating to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position.

FIXED ASSETS AND DEPRECIATION

- the value of the interest in the Endowment Lands is limited to the value of the "Land exclusive of Improvements"(LEI) and is stated at net current value as determined by Valuation New Zealand in accordance with NZIV asset valuation standards in 1996 & 1997. The Endowment Lands are disclosed at a 31 December 2000 valuation.
- equipment is stated at cost less accumulated depreciation.
- the Macmillan Brown Library is regarded as a permanent collection. It is revalued periodically by the University's Librarian (latest revaluation - 1996). Additions since revaluation are capitalised at cost.
- depreciation has been provided on a straight-line basis at the following rates:

Buildings - concrete	1.00%
Buildings - wooden	2.00%
Computer equipment at cost	33.33%
Furniture and Equipment at cost	10% to 20%
Library	Not depreciated
Permanently Retained	Not depreciated

Depreciation on all equipment and furniture stated at valuation has been calculated using estimated remaining useful life.

INVESTMENTS

- fixed interest investments are stated at face value adjusted for discount or premium on purchase, and the discount or premium is amortised over the life of the investment.
- share investments are stated at the lower of cost or market value.
- all other investments are stated at cost.
- foreign investments have been translated to New Zealand currency at the ruling rates of exchange at balance date.

FOREIGN CURRENCIES

- foreign currency transactions throughout the year have been translated to New Zealand currency at the ruling rates of exchange at date of payment;
- realised and unrealised exchange gains or losses are accounted for in the Statement of Financial Performance.

GOODS AND SERVICES TAX

All amounts are stated net of the Goods and Services Tax with the exception of Accounts Receivable and Accounts Payable.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

Statement of financial performance

For the Year Ended 31 December 2002	NOTE	31-Dec-01 \$000	31-Dec-02 \$000
INCOME			
Sundry Income	1	1,056	1,804
Investment income	2	4,510	(3,529)
Research		0	0
TOTAL INCOME		5,566	(1,725)
EXPENDITURE			
Personnel	3	297	313
Property	4	23	7
General	5	8,332	8,547
Depreciation		1	0
TOTAL EXPENDITURE		8,653	8,867
NET SURPLUS / (DEFICIT)		(3,087)	(10,592)

Statement of movements in equity

For the Year Ended 31 December 2002		
Balance as at 1 January	85,865	82,782
Net Surplus / (Deficit)	(3,087)	(10,592)
Increase/(Decrease) in Revaluation Reserve	0	0
Total Recognised Income & Expenditure	(3,087)	(10,592)
Capital Contributions- Bequest & donations	4	272
Balance as at 31 December	82,782	72,462

Statement of financial position

For the Year Ended 31 December 2002	NOTE	31-Dec-01 \$000	31-Dec-02 \$000
CURRENT ASSETS			
Bank		3,639	3,643
Short-term deposits		489	9,488
Inter-Entity Balance		1,173	82
Accounts Receivable		17	14
TOTAL CURRENT ASSETS		5,318	13,227
LESS: CURRENT LIABILITIES			
Accounts Payable		1,114	407
TOTAL CURRENT LIABILITIES		1,114	407
Net Current Assets		4,204	12,820
NON-CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT			
Freehold Land at valuation		4,064	4,064
Forests		230	230
Buildings		7	7
Equipment at cost		83	83
Less: Accumulated depreciation		(60)	(60)
Library		3,818	3,833
TOTAL PROPERTY, PLANT & EQUIPMENT		8,142	8,157
INVESTMENTS	7	70,436	51,485
Total Non-Current Assets		78,578	59,642
TOTAL NET ASSETS		82,782	72,462
REPRESENTED BY:			
Community Equity	8	78,522	68,202
Revaluation Reserves	9	4,260	4,260
	10	82,782	72,462

Statement of cash flows

For the Year Ended 31 December 2002	NOTE	31-Dec-01 \$000	31-Dec-02 \$000
OPERATING ACTIVITIES			
Cash provided from:			
Sundry		1,040	1,809
Dividends		1,777	1,848
Interest		2,122	1,351
Rent		114	117
		5,053	5,125
Cash applied to:			
Personnel Expenses		297	313
Property costs		23	7
General Expenses		3,880	4,128
		4,200	4,448
Net cash provided by Operating Activities	6	853	677
INVESTING ACTIVITIES			
Cash provided from:			
Proceeds of Disposal:			
Fixed Interest Investments		4,197	299
Shares		2,501	14,285
		6,698	14,584
Cash applied to:			
Capital Expenditure		19	15
Fixed Interest Investments		2,442	1,848
Shares purchased		7,270	6,477
		9,731	8,340
Net cash (used in) / from Investing Activities		(3,033)	6,244
FINANCING ACTIVITIES			
Cash provided from:			
Capital contributions		4	272
Cash applied to:			
Movement in Inter-Entity Balance		1,173	(1,091)
Net cash (used in) / from Financing Activities		(1,169)	1,363
Net (decrease)/increase in cash held		(3,349)	8,284
Cash on hand at beginning of period		6,656	4,128
Net (loss)/gain on exchange		821	719
Cash on hand at end of period		4,128	13,131

Notes to the financial statements

	31-Dec-01 \$000	31-Dec-02 \$000
1 Sundry Income		
Other External Income	41	58
Overhead Recovery External	24	16
Sundry Other	991	1,730
	<u>1,056</u>	<u>1,804</u>
2 Investment Income		
Dividends	1,777	1,848
Exchange variations	821	719
Gain on disposal	(324)	(7,564)
Interest	2,122	1,351
Rent	114	117
	<u>4,510</u>	<u>(3,529)</u>
3 Personnel Expenses		
SALARIES & WAGES		
Academic	2	0
General	283	307
	<u>285</u>	<u>307</u>
RELATED EXPENSES		
ACC	3	2
Superannuation	2	2
Other	7	2
	<u>12</u>	<u>6</u>
	<u>297</u>	<u>313</u>
4 Property Expenses		
Resources	18	0
Rent	0	1
Telecommunications	5	6
	<u>23</u>	<u>7</u>
5 General Expenses		
Administrative	0	32
Advertising	19	21
Auditor's Remuneration		
- Audit	3	3
- Other Services	0	9
Bad Debts	0	2
Conferences	11	11
Consultancy/Contractors	122	409
Investment Advice	390	292
Legal Expenses	0	17
Office Equipment	20	15
Postages	5	3
Printing	97	60
Scholarships & Prizes	2,082	1,140
Stationery	7	11
Sundry	72	689
Travel	382	706
WriteDown Value of Shares	5,122	5,127
	<u>8,332</u>	<u>8,547</u>

	31-Dec-01 \$000	31-Dec-02 \$000
6 Reconciliation of Net Surplus/(Deficit) with Net Cash provided by Operating Activities		
Net Surplus / (Deficit)	(3,087)	(10,592)
Add(less) non-cash items:		
Depreciation	1	0
Exchange Variation	(821)	(719)
Add(less) movements in other working capital items:		
Accounts Payable	(670)	(707)
Accounts Receivable	(1,189)	1,094
Add(less) items classified as investing activities		
Loss (Gain) on Sale of Investments	324	7,565
Write-Down in Value of Shares	5,122	5,127
Add(less) items classified as financing activities		
Movement in Inter-Entity Balance	1,173	(1,091)
 NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	 <u>853</u>	 <u>677</u>
7 Investments		
Fixed Interest	25,313	26,862
Shares (See Note 7.1)	45,123	24,623
	<u>70,436</u>	<u>51,485</u>
Note 7.1		
Shares at cost:		
Balance at 1 January	45,759	45,123
Purchases	7,270	6,477
Disposals	(2,784)	(21,850)
Adjustment to Net Realisable Value	(5,122)	(5,127)
Balance at 31 December	<u>45,123</u>	<u>24,623</u>
 Market Value of Investments		
Fixed Interest	29,576	27,999
Shares	45,123	24,623
Cash	4,128	13,131
Total estimated market value	<u>78,827</u>	<u>65,753</u>
8 Community Equity		
Balance at beginning of period	81,605	78,522
Net surplus / (Deficit)	(3,087)	(10,592)
Capital contributions	4	272
Value of Endowment Land sold	0	0
Balance at end of period	<u>78,522</u>	<u>68,202</u>

	31-Dec-01	31-Dec-02
	\$000	\$000
9 Revaluation Reserves		
Balance at 1 January	4,260	4,260
Value of Endowment Land sold	0	0
Revaluation adjustment	0	0
Balance at 31 December	<u>4,260</u>	<u>4,260</u>
10 Trust Balances		
Centre for Advanced Engineering	2,253	1,627
Endowment Trust	14,646	13,622
Erskine Trust	37,127	32,457
General Trusts	18,692	15,529
Lord Rutherford Memorial Scholarship	1,770	1,585
Macmillan Brown Library	3,784	3,761
Mason Trust	1,105	918
Ethel R. Overton Scholarship	1,057	907
Roper Scholarship	1,299	1,113
Sims Empire Scholarship	1,049	943
	<u>82,782</u>	<u>72,462</u>

Equal Employment Opportunity (EEO)

The responsibilities relating to the University's EEO Programme remain with the Director of Human Resources and the staff within his department.

In 2002 a committee on equity and diversity was established. This committee, which now is called the Equity and Diversity Advisory Group, comprises academic and general staff who have expressed strong interests in equity issues. They have interpreted their brief to include EEO matters but to extend more broadly to all areas of equity and diversity.

The University has not been able to appoint a Kai Arahi during 2002, and will be reviewing its approach to this role with Ngai Tahu and other significant Maori groups.

An EEO Plan for 2003 is under preparation.

The University has robust policies and systems in place to deal with harassment. Cases which occur are dealt with by an Employment Relations Consultant and, where appropriate, she works closely with Education Co-ordinators from the University of Canterbury Students' Association.

Equal Educational Opportunities (EEoO)

The Equal Education Opportunities Committee continued to meet in 2002, chaired by the Chancellor. It is broadly representative of the communities within the University and includes the principals of two of the target, low-decile secondary schools.

In 2002 a part-time EEoO Co-ordinator worked with members of the committee on projects including:

- a programme involving four low-decile Christchurch city schools researching factors involved in the decision of students and their families on whether or not to attend university
- interactions with the same schools and students to attract capable students who are 'at risk' of deciding not to attend university because of real or perceived barriers
- events held at the target schools and the University with the aim of informing and supporting prospective students, whilst familiarising students with life at university
- granting four undergraduate scholarships to one recipient at each of the target schools as a means of motivating and rewarding those 'at risk' students who are scholastically able, but lack financial means.

Feedback from the target schools and prospective students has been positive. The aim is to extend the program to involve younger high school students and to undertake further research regarding obstacles to university access.