

UC14

Annual Report.

Directory 2014

Chancellor

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Vice-Chancellor

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Deputy Vice-Chancellor (Research)

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Acting University Registrar (from November)

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Assistant Vice-Chancellor (Māori)

Darryn Russell, MIndS(Otago)

Pro-Vice-Chancellor (Arts)

Professor Jonathan Le Cocq, BA(Hons)(Warwick), BMus(Hons)(ULGC), DPhil(Oxon), LGSM

Pro-Vice-Chancellor (Business and Law)

Professor Sonia Mazey, BA(First Class Hons)(Leicester), MA(Oxon), DPhil(Oxon)

Pro-Vice-Chancellor (Education)

Professor Gail Gillon, BEd(Cant), PhD(UQLD), DipSpTh(CCE), LTCL, MNZSTA, ASHA Fellow

Pro-Vice-Chancellor (Engineering)

Professor Jan Evans-Freeman, BSc(Hons), PhD(Manc), FInstP, FIPENZ, MInstD

Pro-Vice-Chancellor (Science)

Professor Paul Fleming, BEd(Belf), MSc(Leeds Met), PhD(Ulster), FRIPH, FHEA, MIHPE (until October)
Professor Wendy Lawson, BSc(Hons)(Manc), PhD(Camb), PGCert(Warwick) (from October)

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Director of Student Services and Communications

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Annual Report 2014 was produced by staff from Financial Services, the Vice-Chancellor's Office, and Student Services and Communications

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Printer

Canterbury Educational Printing Services

Published March 2015

ISSN 1171-5774 (Print)

ISSN 1177-8156 (Online)

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Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF UNIVERSITY OF CANTERBURY AND GROUP'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2014

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

We have audited:

- the financial statements of the University and group on pages 34 to 79, that comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the University and group in the statement of service performance on pages 16 to 31.

Opinion

Financial statements and non-financial performance information

In our opinion:

- the financial statements of the University and group on pages 34 to 79:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the University and group's:
 - financial position as at 31 December 2014; and
 - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the University and group on pages 16 to 31 gives a true and fair view of the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2014.

Effects of the Canterbury earthquakes

Without modifying our opinion, we draw your attention to note 24 to the financial statements which discusses the financial effects of the 2010 and 2011 Canterbury earthquakes and in particular the impairment estimates for buildings damaged in the earthquakes, the significance of the estimates and the inherent uncertainties in the information on which the estimates have been based.

We consider the disclosures to be adequate.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the University and group as far as appears from an examination of those records.

Our audit was completed on 25 February 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University and group's preparation of the financial statements and non-financial performance information that gives a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

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

In accordance with the Financial Reporting Act 1993 we report that we have obtained all the information and explanations we have required.

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

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the University and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing non-financial performance information that gives a true and fair view of the University and group's service performance achievements measured against the performance targets adopted in the investment plan.

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

The Council's responsibilities arise from the Education Act 1989, the Crown Entities Act 2004 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

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

In addition to the audit, we have carried out other assurance engagements which were providing a report to the University's philanthropic bond trustees, and reports on the University's Performance- Based Research Fund external research income and research overhead recovery rate certification. These engagements are compatible with those independence requirements.

Other than the audit and these engagements, we have no relationship with or interests in the University or any of its subsidiaries.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

2014 at a Glance

	2010	2011	2012	2013	2014
Students enrolled (Headcount) ¹	18 783	16 444	15 798	14 872	14 725
Equivalent Full-time Students (EFTS) ¹	15 494	13 604	13 171	12 180	11 943
Full-time Equivalent Academic Staff (FTE) ²	833	817	773	740	726
Staff : Student ratio	1:18.6	1:16.7	1:17.0	1:16.5	1:16.5

Equivalent Full-time Students EFTS EFTS by level of study³

Non and sub-degree	426	270	230	183	152
Undergraduate	12 950	11 261	10 796	9 936	9 569
Postgraduate	2 118	2 073	2 145	2 061	2 222
Total EFTS	15 494	13 604	13 171	12 180	11 943

EFTS by Fee Type

Domestic Fee Paying	14 228	12 667	12 334	11 381	11 168
International Full Fee Paying	1 267	937	837	799	775

UC Total EFTS⁴

UC Total EFTS⁴	15 494	13 604	13 171	12 180	11 943
PBRF funding received	\$25.48m	\$28.4m	\$26.3m	\$24.6m	\$25.8m

Operating

(All amounts net of GST)	In \$ 000	In \$ 000	In \$ 000	In \$ 000	In \$ 000
Government grant	\$117 236	\$119 566	\$125 237 ⁸	\$126 996	\$128 209
Tuition fees	\$90 406	\$79 302	\$78 739	\$75 849	\$78 194
Research funding ⁵	\$49 820	\$55 407	\$53 612	\$50 848	\$52 429
Cost per EFTStudent ⁶	\$18.4	\$20.8	\$24.3	\$24.9	\$25.3
Capital expenditure ⁷	\$37 612	\$89 892	\$71 362	\$90 545	\$129 843

Financial position

Non-current assets	\$757 210	\$641 935	\$596 402	\$671 409	\$873 208
Net current assets ⁹	\$60 795	\$46 536	\$29 324	\$28 944	\$390 600

1 Excludes enrolments in community education courses.

2 FTE's are annualised. Unlike a snap shot of FTE taken at 31 December, Annualised FTE takes into account fluctuating staff numbers during the year.

3 Level of Study is based on the level associated with the course enrolled in.

4 Reconciliation with Ministry of Education (SDR) numbers: EFTS from community education classes are required to be returned to the Ministry of Education but not typically included in UC's total EFTS. There is also a small number of other EFTS not required to be returned but typically reported in UC's total EFTS. In addition to this, the MoE return may include changes made after the Annual Financial Accounts Year End cut off dates.

MoE SDR Reconciliation	2010	2011	2012	2013	2014
Balance of EFTS returned to Ministry of Education	179	(74)	(79)	(95)	(112)

5 Includes PBRF funding received.

6 Cost per EFTS is based on total operating costs less building impairment and, in 2013, the revaluation loss for the Homestead.

7 Capital Expenditure is taken from the Statement of Cash Flows and is the actual cash amount spent.

8 \$4.7M of the increase in Government grant from 2011 to 2012 is attributable to a reclassification of the Tripartite component of Government grant that was previously classified as Other Income.

9 The significant increase is due to the insurance settlement negotiated in December 2014 and shown as a receivable at 31 December 2014. All cash relating to this amount was received in January 2015.

Chancellor's Welcome



Dr John Wood

2014 marked the close of one of the most significant chapters in the history of the University. At year's end, UC had put behind it the post-earthquake period of uncertainty, stabilisation and planning, and was looking forward to a period of heightened activity, consolidation of progress so far, and delivery on the opportunities for the future.

Our most important achievement was, through a series of negotiated outcomes, to regain control of our destiny. The impact on the state of our people and institution has been universally positive. The challenges, which up to now have seemed daunting, offer tantalising glimpses of the new University of Canterbury we have worked so hard to conceive.

Since the events of 2010–2011, the imperatives for the University have been the rebuilding of student numbers and a return to financial viability, and to plan for and implement the transformational opportunities the earthquakes created.

2014 saw the achievement of two key milestones along that path. Receipt of the first \$100 million of the Government's UC Futures funding of up to \$260 million new investment in the University was acknowledged through the visit of the Prime Minister, the Rt. Honourable John Key, the Minister for Tertiary Education, the Honourable Steven Joyce, the Minister for Canterbury Earthquake

Recovery, the Honorable Gerry Brownlee, and Ministers Amy Adams and Nicky Wagner in September. The second milestone was the settlement, for \$550 million, of the University's earthquake-related insurance claims.

Individually, these two achievements were both sizeable and significant. Taken together they are game-changing. The combined extraordinary capital will be invested in the provision of world-class facilities for students. Resolution of the insurance claim, in particular, allows the University's extensive campus transformation capital works programme to proceed with greater clarity and autonomy than before.

UC Futures represents the Government's investment in the redevelopment of our College of Engineering, in a project known as Canterbury Engineering the Future (CETF), and building of the Rutherford Science and Innovation Centre (RSIC).

The main contract for the \$143 million CETF project was let to Hawkins Construction in late 2014. The project, scheduled to be completed by the start of the 2017 academic year, requires the substantial redevelopment of more than 40,000sqm of space making up the Engineering Precinct. It will ensure the University remains at the forefront of engineering research and teaching well into the 21st century. It will create new laboratories for chemical and process engineering and structural engineering, along with modernised laboratories for civil, mechanical and electrical engineering, and a new social learning space for 1500 students.

The \$213 million RSIC project — named for the University's most distinguished alumnus — will be a new building, creating state-of-the-art teaching and research laboratories for physics, astronomy, chemistry, biology and geology. The University Council expects to progress a contract for this project early in 2015.

UC's largely insurance-funded capital works programme continued to progress rapidly during 2014. The UC Council marked the completion of significant remediation works through the renaming of several UC buildings, acknowledging the University's historical and cultural connections with key partners and distinguished alumni.

The building once known as Registry, and now repurposed, was renamed Matariki, and the James Hight building is now known as Puaka-James Hight.

The name Matariki is a taonga, a treasure gifted to UC by our partners Ngāi Tahu. Matariki is one of seven brilliant stars in the constellation known as Pleiades. The name signifies a new beginning for us all.

The Puaka-James Hight Central Library continues to commemorate Sir James Hight, one of the greatest contributors to UC's academic and institutional development. In addition, it is named after the brightest star in the constellation Orion, which rises at about the same time as Matariki.

These new names reflect the growing strength of UC's relationship with Ngāi Tahu and the mana of Te Ao Māori at the heart of UC's campus.

In recognition of the long-standing and rewarding partnership between UC and Tait Communications, the Butterfly building was renamed after Tait founder, UC alumnus and electronics pioneer Sir Angus Tait. The building was formally re-opened by Communications and Information Technology Minister Amy Adams, in the presence of members of Sir Angus's family.

The University's History building was renamed in recognition of one of UC's most influential academics, Sir Karl Popper (1902–1994). Sir Karl taught at UC from 1937 to 1944 and is regarded as one of the 20th century's leading philosophers.

Of course, a university is not just about buildings which, after all, are simply a means to the ends they serve. At UC, the overriding concern has always been and remains people — our staff and, above all, our students.

In 2014, UC staff continued to gain international and national acclaim for the quality of their research and teaching.

The status and title of Distinguished Professor is reserved for UC staff who have demonstrated world-class academic leadership and achievements of the highest international standing. In 2014, Professors Mike Steel (Mathematics and Statistics), Niki Davis (Educational Studies and Leadership) and Jack Copeland (Humanities and Creative

Arts) were promoted to join Distinguished Professor Geoff Chase (Mechanical Engineering) to bring to four the total number recognised at this highest professorial rank.

Every year, the UC Council highlights the quality of staff at the University through the awarding of its annual teaching, research and innovation medals, the highest honours it can bestow. In 2014, Professor C. Michael Hall (Management, Marketing and Entrepreneurship), a leading international sustainability and tourism researcher, and Professor Mike Steel (Mathematics and Statistics), an expert in the science of reconstructing evolutionary trees and networks from genetic data, each received a UC Research Medal. Leading New Zealand communication disorders researcher Associate Professor Maggie-Lee Huckabee was awarded the UC Innovation Medal. Associate Professor Paul Ballantine (Management, Marketing and Entrepreneurship) received the Teaching Medal in recognition of his outstanding achievements in marketing and his contribution to UC as a lecturer, supervisor and head of department.

In 2014, the University Council awarded four honorary doctorates. Academy award-winning filmmaker Vincent Ward (Doctor of Fine Arts), corporate magnate Alan Gibbs (Doctor of Engineering) and Christchurch property investor and entrepreneur Antony Gough (Doctor of Commerce) received their honorary doctorates in April.

Mr Gough has made a significant contribution to the development of Christchurch's central city. He graduated from UC in 1970 with a BSc(Hons) in nuclear physics.

Mr Ward is one of New Zealand's most celebrated filmmakers, screenwriters and artists. His films began receiving international recognition and critical acclaim before he graduated from UC in 1979 with a Diploma in Fine Arts.

Mr Gibbs has had a substantial influence across New Zealand's business, economic, political and cultural spheres since graduating from UC in 1961 with a BA in economics, having previously studied for three years towards an engineering degree.

Christchurch retailer and UC graduate Richard Ballantyne received an Honorary Doctor of Commerce degree before Christmas. He was invested as a Companion of the New Zealand Order of Merit for services to business and the community in March 2014.

UC students continued to excel. Among many highlights, UC student — and product of my own former high school at Lincoln — Hadleigh Frost, was the fifth UC student in a row to earn a Rhodes Scholarship. UC students won 10 of the 26 Fulbright scholarships in 2014, more than any other New Zealand university.

During the year I had the honour of being re-elected Chancellor of the University Council, a position I have held since 2011. Sue McCormack was re-elected Pro-Chancellor.

I also had the privilege of leading a UC delegation to the United States on a successful appeal to US-based alumni and supporters. The interest and support of the welfare of the University from so far away was humbling and inspiring. In 2014, we achieved a record level of philanthropic support. The University of Canterbury New Zealand Trust and University of Canterbury Foundation funds rose to record levels in excess of \$120 million as at 31 December 2014. The income from these funds has supported thousands of students through scholarships, and hundreds of staff through research and travel grants.

The generosity of our alumni and other supporters reflects the valued contribution UC has made in Christchurch, in Canterbury, nationally and internationally throughout its history. It is also a clear acknowledgement of the vital role UC has in the future success of the wider Canterbury region, to which it continues to contribute through world-class teaching and research — of most recent note in the seismic and earthquake engineering domains, but in many other areas as well.

In 2014, the University awarded 3926 qualifications to 3600 people. Since the September 2010 earthquake (to 10 February 2015), the University has awarded 18,718 qualifications to 15,889 people.

The University Council and its key committees were particularly active during 2014. The Council met 14 times — for the first time on record in every month of the year — and held

11 workshops. I would like to thank Council members for their hard work during a year which has seen larger, more complex and more difficult challenges, and therefore decisions to take, than at any time in the University's history. Our two main committee chairs, in particular — of Finance, Planning and Resources, and Audit and Risk — have achieved a phenomenal amount of work throughout 2014, assessing advice to Council, holding workshops and special meetings, and finally joining me as UC members of the TEC Minister's Governance Oversight Group for the UC Futures programme.

It is noteworthy that Council has, throughout 2014, sought and achieved consensus on all the big issues before it. That united voice has been particularly helpful to the University in dealing with our stakeholders and interested parties, and is a tribute to the entire Council membership.

A challenge for 2015 will be the gazetting and implementation of the Council's new constitution.

I began by saying that, to my mind, the most significant achievement in 2014 was squarely to put the destiny of the University back in its own hands. The efforts of the Council have been no small part of that outcome, alongside the work of so many others — staff, students, alumni, other stakeholders and the community.

Buoyed by the success of 2014 and sustained by the collegiality which has underpinned it, we look forward to writing the 2015 chapter, and future chapters, with excitement and in anticipation of what this fine University will become.



Dr John Wood
Chancellor

Vice-Chancellor's Report



Dr Rod Carr

The University of Canterbury has made significant progress in its major remediation and rebuild projects in 2014.

Staff and students have welcomed these developments and borne the inevitable disruption with great professionalism. Throughout, UC has continued to deliver a high-quality education to all students, and research productivity and excellence remain key priorities.

Transformation

It is an exciting time to be at UC as we transform the University into a modern, sustainable learning and working environment that is innovative and engaging for both staff and students. Overall, \$1.2 billion of capital expenditure is planned over the next 10 years and will cover 80% of campus.

In September, UC reached a milestone with the receipt of \$100 million of UC Futures Government funding as part of up to \$260 million in capital funding that is being invested in the \$357 million state-of-the-art science and engineering facilities. The Prime Minister and UC alumnus the Rt. Honourable John Key was on campus to make the announcement.

The University Council and management continue to engage with the Government,

Treasury and the Tertiary Education Commission to give effect to the Government's investment in UC and fulfil the responsibilities required when using public funds. We have continued to manage a challenging financial position prudently, preserving capability while aligning spending with sustainable revenue.

We will also enhance our connections with central Christchurch, leasing the Chemistry Building at the Christchurch Arts Centre from April 2015. This will provide student learning space for classics and music, and increased opportunities for music performances. It will also allow the University to make its James Logie Memorial Collection of more than 350 Greek and Roman artefacts more accessible to the public.

The return to the Arts Centre — the original home of the University — is also an opportunity to renew our historic links to the central city and support the renewal of Christchurch's cultural heart. It also highlights UC's recognition of the value of a strong College of Arts, both on and off campus.

As well as advancing new projects, 2014 saw the completion of others. Following redesign and remediation, the College of Business and Law moved permanently to the former Law building, with the formal opening conducted by Christchurch Mayor and UC alumna, Lianne Dalziel, in May.

In July, the University's distinctive Butterfly Building re-opened as the Angus Tait building and now houses the University's BlueFern supercomputer team. The History building, renamed Karl Popper, and Matariki (formerly known as Registry) are also now re-occupied. Matariki is now the hub for frontline services to all students and home to the University Council and the Vice-Chancellor's Office.

To ease pressure on the Christchurch rental market, and boost student accommodation, UC opened two new student accommodation villages. Waimairi Village, comprising of 15 four bedroomed houses that can accommodate up to 60 students close to campus, was officially opened by Deputy Prime Minister Bill English. UC also secured the 80-bed Waitakiri Village complex in Mairehau.

Resources

The University continues to deliver a satisfactory financial performance while managing the issues arising from major remediation and redevelopment.

In late December, the University Council adopted my recommendation to settle our insurance claim under the Universities NZ insurance collective agreement for business interruption and material damage arising from the 2010 and 2011 earthquakes for \$550 million (exclusive of GST). Of this, some \$281 million had been paid or agreed to be paid, and a further \$269 million was paid to the University on 28 January 2015. While uncertainty is resolved, along with the cash certain significant risks are transferred to the University. The settlement, in line with expectations, is considered acceptable and does not represent any windfall gain to the University.

There is still some risk with the true costs of some remediation projects still to be confirmed. We continue to monitor our operations for earnings potential and cost savings, balancing the need to maintain world-class teaching and research with efficient use of resources.

The University's consolidated audited annual surplus for 2014 was \$433.3 million. This result includes insurance proceeds of \$370.3 million. More importantly, the University estimates that its revenue from business as usual less business as usual operating costs resulted in a deficit of \$3.3 million compared to a budgeted deficit of \$10.5 million. This is another positive step towards the return to sustainable operating surpluses, although with some way still to go.

The University's working capital has increased significantly to \$390.7 million, compared to \$29.0 million in 2013. This is due to the negotiated insurance settlement agreed by Council in December 2014, which is included in current assets at year end. The University received the cash in January 2015, and has already invested it over a range of periods to meet the University's earthquake repair commitments, including budgeted capital expenditure of \$224.4 million in 2015 alone.

Total consolidated equity of the University has increased to \$1.165 billion from \$604.2 million, reflecting the insurance settlement, property revaluations, and the receipt of \$100 million capital contribution from the government under the funding agreement contract, which was signed in September 2014.

While the auditors have issued an unmodified opinion, they have drawn attention to one issue of note, involving the estimates of building damage and cost of reinstatements, due to the scale of work programmed and some remaining uncertainty of final costs. This is consistent with previous years.

Our students

The success of our students is always pleasing, and in 2014 there were a number of highlights to celebrate.

Second-year natural resources engineering student Rebecca Forgesson was the only New Zealander, and one of five students from Australasia, to be awarded the Engineers Without Borders Australia Challenge Scholarship.

Mechanical engineering students Scott Paulin, Sean Bayley, Thomas Gilbert and George Wareing were awarded the national Ray Meyer Medal by the Institution of Professional Engineers New Zealand for designing a robot that can move from tree to tree. The project aims to improve forestry safety and efficiency.

Student success remains a strong focus. In 2014, the University launched the UC Pathways programme to assist first year students' transition to tertiary study. The programme assists students to develop the essential skills they need to succeed at university, while also providing an enhanced student experience and encouraging them to continue with their studies.

Increasing student numbers is a key element of the Government's UC Futures investment and includes both recruitment and retention initiatives. Efforts to increase the number of international students has seen a rise in "new to UC" students in comparison with 2013, and a rise in "new to UC" domestic and full fee paying students. 2014 saw the largest engineering intermediate class in the

University's history and a record number of new to UC students from Auckland. About 14,500 students studied at UC in 2014, of which nearly 2000 were postgraduates, giving UC one of the highest proportions of postgraduate students of any New Zealand university.

To make enrolling as easy as possible, the University launched the first stage of a new student management system in October. Called myUC, the system allows students to apply to enrol online. Students are able to upload their supporting documents and track the progress of their application.

Growing the University's profile is key to increasing enrolment figures so in 2014 we progressed plans to have a presence in Auckland and Wellington. This will be a joint initiative with other partners to support student recruitment and alumni engagement, and will commence in 2015.

The University has also committed to a range of graduate attributes to guide our teaching and learning programmes. The aim is to produce graduates who are:

- Critically competent in a core academic discipline of their degree;
- Employable, innovative and enterprising;
- Biculturally competent and confident;
- Engaged with the community;
- Globally aware.

To achieve these goals, UC is enhancing the relationships it already has with a wide range of organisations as well as establishing new connections. These will drive exciting student learning opportunities that will include time in the workplace and community engagement, putting them ahead of the pack as they start their careers.

UC strives to provide a learning environment that encourages the participation and educational success of all students in all areas of study. With this in mind, Te Rautaki Whakawhanake Kaupapa Māori — UC's Strategy for Māori Development — is being implemented across the institution and connections with Ngāi Tahu remain vibrant and collaborative. In response to this strategy, the University has appointed three Kaiarahi who work with each of the Colleges to

support the delivery and development of the University's vision. The Kaiarahi are based within the Office of the Assistant Vice-Chancellor (Māori), Darryn Russell, who was appointed in 2011.

We have also increased funding for the Ngāi Tahu Research Centre (NTRC), which was established in 2011 as a joint initiative between UC and Ngāi Tahu. Its founding intention was to be a leader in indigenous scholarship and to provide a centre for the intellectual capital and development of Ngāi Tahu. The NTRC has a strong postgraduate research focus and it now offers five scholarships, valued at \$12,000–\$16,000, to diploma, honours and masters students, as well as three doctoral scholarships valued at \$21,000 a year for three years, to students whose research is facilitated by the centre.

The University this year adopted the UC Pasifika Strategy 2014–2018. This strategy, launched in November, was developed in consultation with the Pasifika community and outlines the University's approach to supporting the educational needs of Pasifika learners, who have been identified by the Tertiary Education Commission as a priority learner group. Our goal is to be recognised nationally for our innovation in advancing the educational aspirations of Pasifika people, and create an innovative Pasifika-inspired learning environment.

The University was also pleased to confirm the appointment of Dr Steven Ratuva to the full-time continuing role of Director of the Macmillan Brown Research Centre for Pacific Studies.

The UC Pasifika Strategy and Te Rautaki Whakawhanake Kaupapa Māori are among the key initiatives in the UC Futures programme and cement the University's commitment to supporting and graduating the next generation of leaders of Māori and Pasifika descent. They reinforce our vision of a campus community that is culturally inclusive and responsive, and in which students and staff value diversity and respect individual differences.

Continued on following page

Our staff

I would like to acknowledge and thank UC staff for their continued commitment and support during 2014. It has been a busy and challenging year, particularly as the remediation, recovery and rebuild of campus took major steps forward.

There have been some changes to the Senior Management Team. Professor Wendy Lawson was appointed Pro-Vice-Chancellor (Science) after we farewelled Professor Paul Fleming, who had been in the role since November 2009. During his time at UC, Professor Fleming worked tirelessly to advance the College of Science and played a significant role in the development of the science component of the UC Futures project.

The University's Registrar, Jeff Field, was appointed Assistant Vice-Chancellor (Strategic Risk Management) in November. It became clear that the University needed a dedicated strategic risk management capability and this appointment will allow Mr Field to make best use of his considerable knowledge of UC's insurance claims and deal with any other strategic risk issues that may arise. The role of Acting Registrar has been taken up by Bruce White.

Our staff have also received acclaim and recognition both nationally and internationally.

The University was awarded more than \$4.4 million in funding from the Marsden Fund. This funding will support research that includes an investigation into the primary deficit in stuttering and a study of the movement of Antarctic ice at the ice sheet-ice shelf boundary using satellite data.

Associate Professor Brendon Bradley was named New Zealand Young Engineer of the Year by the Institution of Professional Engineers in December, and UC geologist Associate Professor Mark Quigley was the first scientist outside North America to win the Geological Society of America's annual Public Service Award.

Professor Anne-Marie Brady became the first New Zealander to be appointed a Global Fellow at the Wilson Center in Washington

“The University has a history of some 140 years of valuable contribution to the city of Christchurch, and is investing significantly in its future, the city and the wider Canterbury region.”

DC, and biological scientist Professor Jason Tylianakis won the New Zealand Ecological Society's Te Tohu Taiao Award for his research into how communities of interacting species respond to environmental changes. Head of the School of Music, Associate Professor Glenda Keam, was the first New Zealander to be appointed to the Executive Committee of the International Society of Contemporary Music.

Teaching excellence at UC was also recognised with the awarding of a national Tertiary Teaching Medal to civil engineer Professor Charles Fleischmann. He is the tenth teacher from UC to receive a national teaching award from Ako Aotearoa, the National Centre for Tertiary Teaching Excellence, since the awards were established in 2001.

How others see us

The University has retained its position among the top three per cent of the world's universities. It has retained the five-star rating from the international university ranking research company QS, which ranks civil and structural engineering at UC at 19th in the world.

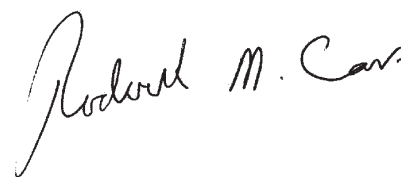
According to the Tertiary Education Commission, the University of Canterbury has the highest proportion of students completing qualifications and the highest proportion of students progressing to higher levels of study of any New Zealand university.

Times Higher Education ranked UC as the most international of New Zealand's universities, the third most international in Australasia and the 22nd most international in the world based on the composition of its student body, staff and research collaborations.

The University was also named one of the top universities worth travelling abroad for by the website FlipKey.com, an offshoot of leading travel site TripAdvisor. The website noted that the top universities in its list not only had academic interests, but also featured flawless grounds, interesting architecture and must-see attractions.

The year ahead

The University is about to commence an extremely busy building programme over the next two to three years, signalling a major increase in investment in University property. We are moving forward as a community and are firmly on the path to recovery, sustainability and transformation. The University has a history of some 140 years of valuable contribution to the city of Christchurch, and is investing significantly in its future, the city and the wider Canterbury region.



Dr Rod Carr
Vice-Chancellor

University Statement of Strategic Intent

*We have a vision of
People prepared to make a difference
– tangata tū, tangata ora.*

*Our mission is to
contribute to society through knowledge
in chosen areas of endeavour
by promoting a world-class
learning environment
known for attracting people
with the greatest potential to make a difference.*

*We seek to be known as a
university where knowledge is
created, critiqued, disseminated and protected
and where research, teaching and learning
take place in ways that are inspirational and innovative.*

*Looking towards 2023,
the 150th anniversary of our founding,
the primary components of our strategy are to
Challenge, Concentrate and Connect.*

Adopted by Council on 30 September 2009 and reviewed in 2012

Council Membership 2014

The composition of the University Council in 2014* was:

Council Members	First Appointed	Current Term Appointed	Current Term Ending
<i>Four Persons Appointed by the Minister</i>			
Ms Catherine Drayton	2009	2013	07/2017
Mr Bruce Gemmell	2013	2013	07/2017
Mr Tony Hall	2013	2013	07/2017
Ms Sue McCormack	2009	2013	07/2017
<i>Vice-Chancellor</i>			
Dr Rod Carr	2009	02/2014	02/2019
<i>Two Members of the Academic Staff</i>			
Professor Simon Kemp	2011	2011	12/2014
Dr Andy Pratt	2011	2011	12/2014
<i>One Member of the General Staff</i>			
Mr Michael Shurety	2003	2011	12/2014
<i>One Student/Former Student</i>			
Ms Sarah Platt	2014	2014	12/2014
<i>One Member Appointed in Consultation with the Employers' Federation</i>			
Vacant for 2014			
<i>One Member Appointed in Consultation with the NZ Council of Trade Unions</i>			
Mr David Ivory	2009	11/2009	12/2014
<i>One Member Appointed Following Consultation with Ngāi Tahu</i>			
Ms Sacha McMeeking	07/2008	2010	07/2014
<i>Two Members Appointed by the Council</i>			
His Honour Judge Colin Doherty	2005	2005	12/2013
Mr Peter Ballantyne	2012	2012	12/2014
<i>Four Graduates Elected by the Court of Convocation</i>			
Ms Joanne Appleyard	2013	2013	12/2016
Mr Warren Poh	2013	2013	12/2016
Dr Duncan Webb	2011	2011	12/2014
Dr L John Wood	2008	2011	12/2014

*In response to a proposal by the Minister for Tertiary Education to introduce legislation to reduce the size of university councils, the UC Council has decided to retain its existing membership until these changes are introduced. As such, terms of office are being rolled over as is permitted within the current legislation.

UC Council 2014



Back row (from left): Bruce White (Acting Registrar), Professor Simon Kemp, Judge Colin Doherty, Joanne Appleyard, Warren Poh, Michael Shurety, Dr Andy Pratt, David Ivory, Sarah Platt and Jeff Field (Registrar).

Front row (from left): Sue McCormack, Dr Rod Carr, Dr John Wood, Catherine Drayton, Peter Ballantyne and Tony Hall.

Absent: Bruce Gemmell, Sacha McMeeking and Dr Duncan Webb.

Governance Statement

This statement is an overview of the University's main governance policies, practices and processes followed by the Council.

Compliance with NZX best practice code and other guidelines

The NZX Listing Rules require issuers to disclose in their annual report whether and to what extent their governance principles materially differ from the NZX Corporate Governance Best Practice Code. There are no significant differences from NZX Corporate Governance Best Practice Code other than to reflect that the University is governed by the Education Act 1989 (Education Act). Further details are provided below.

The following section summarises the key governance and compliance policies and procedures in place.

Code of Conduct

The University expects Council members to maintain high ethical standards that are consistent with its core values, business objectives and legal and policy obligations.

A Register of Interests is maintained for all Council members and is published in all meeting agendas. Conflicts of interest are a standing item on the agenda of all meetings. A member of the Council or of a committee of the Council who has an interest in a matter being considered or about to be considered by the Council or the committee is required under the Education Act to, as soon as possible after the relevant facts have come to the Council member's knowledge, disclose the nature of the interest at a meeting of the Council or committee.

A formal Code of Conduct has been adopted by the Council. The Code sets the ethical standards expected of Council members and deals specifically with receipt and use of information, receipt and use of assets and property, delegated authorities, compliance with applicable laws, regulations, rules and policies and a general obligation to act honestly and in the best interest of the University.

Role of the Council

The Council is the governing body of the University. It is responsible for the governance of the University, and its powers are set out in the Education Act. Its powers include the oversight of the University's policy, degree, financial and capital matters.

The Council is comprised of:

- (a) Four members appointed by the Minister of Education;
- (b) The Vice-Chancellor of the University;
- (c) One permanent member of the academic staff of the University elected by the permanent members of that staff;
- (d) Two academic staff members of the Academic Board of the University elected by the academic staff members of that Board;
- (e) One permanent member of the general staff of the University elected by the permanent members of that staff;
- (f) Two members who are or have been students of the University appointed by the Executive of the University of Canterbury Students' Association Incorporated;
- (g) One member appointed by the Council after consultation with the central organisation of employers within the meaning of the Labour Relations Act 1987;

- (h) One member appointed by the Council after consultation with the central organisation of workers within the meaning of the Labour Relations Act 1987;
- (i) One member appointed by the Council, following consultation with Te Rūnanga o Ngāi Tahu;
- (j) Two members co-opted by the Council; and
- (k) Four graduates, not currently employed as permanent members of the University staff, elected by the Court of Convocation of the University.

The term of office of members of the Council, vacation of office, disclosure of members' interest and casual vacancies are covered in sections 173–176 of the Education Act 1990. Subject to section 173, the maximum term for any member, other than the Vice-Chancellor, shall be three consecutive four-year terms.

Council members (other than the Vice-Chancellor) are paid fees at such rates (not exceeding the maximum rates fixed by the Minister in accordance with the fees framework determined by the Government from time to time) as the Council determines.

Delegation of authority

The Council delegates its authority where appropriate to the Vice-Chancellor for the day-to-day affairs of the University. Formal policies and procedures exist that detail the delegated authorities and parameters that the Vice-Chancellor and in turn, his direct reports, are able to operate within.

Continuous disclosure obligations

Continuous disclosure obligations of NZX require all issuers to advise the market about any material events and developments as soon as they become aware of them. The University complies with these obligations on an ongoing basis.

Operation of the Council

The Council meets regularly (usually monthly) for meetings. Key executives attend Council meetings by invitation. For each meeting, the Vice-Chancellor prepares a report to the Council that includes a summary of the Council's activities, together with financial reports and operational updates. In addition, the Council receives regular briefings on key strategic issues from management.

The University offers the usual Council member's induction for newly appointed Council members. All Council members have advice from the Tertiary Education Commission on the governance role they fulfil and are provided with a detailed handbook of University policies, procedures and protocols. The Council Secretary, the University Registrar, is available for advice at any time.

Vice-Chancellor

The Council is responsible for the evaluation of the Vice-Chancellor against his key performance objectives and is responsible for the setting of these objectives on a periodic basis and ensuring that they are appropriate measurable targets.

Independence of Council members

It has been determined by the Council that all Council members are independent except for Dr Rod Carr, Professor Simon Kemp, Dr Andy Pratt and Mr Michael Shurety.

Council committees

The following standing committees have been established to assist in the execution of the Council's responsibilities. Each of these committees has a charter outlining its responsibilities and objectives.

Finance, Planning and Resources Committee

This committee meets monthly and as at the end of the financial year comprised Ms Catherine Drayton (Chair), Dr John Wood, Ms Sue McCormack, Dr Rod Carr, Ms Sarah Platt, Mr Warren Poh and Dr Duncan Webb.

The Finance, Planning and Resources Committee is responsible for reporting and recommending to Council on financial planning, budgeting and monitoring of expenditure and financial performance matters. The committee will also recommend and report to Council on capital planning, major capital projects and post-project case evaluation including recommendations for the establishment of capital planning, expenditure and monitoring protocols.

The Chair of the Audit and Risk Committee, Deputy Vice-Chancellors, Chief Financial Officer and Registrar (Secretary) are also in attendance.

Audit and Risk Committee

The Audit and Risk Committee at the end of the financial year comprised Mr Peter Ballantyne (Chair), Dr John Wood, Ms Sue McCormack, Ms Catherine Drayton and Mr Bruce Gemmill.

The Audit and Risk Committee is responsible for monitoring the ongoing effectiveness of risk management activities. The committee monitors trends in the University's risk profile and considers how it manages or mitigates key risk exposures. It implements risk management through its business processes of planning, budgeting, investment and project analysis, and operations management.

The committee also monitors and oversees the quality of financial reporting and financial management. In order to achieve this, the committee considers accounting and audit issues and makes recommendations to the Council as required and monitors the role, responsibility and performance of the internal and external auditors.

The function of the Audit and Risk Committee is to assist the Council in carrying out its responsibilities under the Education Act, Crown Entities Act 2004 and the Financial Reporting Act 1993 on matters relating to

the University's accounting practices, policies and controls relevant to the financial position and to liaise with internal and external auditors on behalf of the Council.

The Vice-Chancellor, Deputy Vice-Chancellors, UCSA President, Chief Financial Officer and Registrar (Secretary) are in attendance at Committee meetings as are the internal and external auditors.

Vice-Chancellor Employment Committee

The Vice-Chancellor Employment Committee at the end of the financial year comprised Ms Sue McCormack (Chair), Dr John Wood, Ms Jo Appleyard and Mr Peter Ballantyne.

The primary purpose of the committee is to review the Vice-Chancellor's remuneration package and performance. These reviews form the basis of recommendations to the Council for which concurrence is then sought from the State Services Commissioner.

Elections and appointments

Election to Council committees and nomination to external bodies are governed by well documented electoral processes and are made at Council meetings after open nomination processes.

Audit governance and independence

The work of the external auditor is limited to audit and related work only. The University is committed to auditor independence. In addition, the lead internal audit partner must rotate after a maximum of five years.

Reporting and disclosure

Annual and Six Monthly Reports in accordance with the requirements of the Education Act 1989, Crown Entities Act 2004, the Financial Reporting Act 1993 and the NZX Listing Rules are communicated on a periodic basis to all bondholders. The Annual Report is audited.

The University website provides regular updates to bondholders. The Annual Report is available online at our website www.canterbury.ac.nz.

Bondholder relations

The Council's policy is to ensure that bondholders are informed of all major and strategic developments affecting the University's state of affairs. The University releases all material information to the NZX under its continuous disclosure requirements.

Statutory Information *Bondholder Statistics*

NZDX debt securities distribution as at 31 December 2014

5.77% PHILANTHROPIC BONDS (rate reset 15 December 2014, previously 7.25%)

Range	No. of Bondholders	Percentage of Bondholders	Number of securities held	Percentage of securities held
1 – 5,000	82	9.12%	406,000	0.81%
5,001 – 10,000	204	22.70%	1,992,000	3.98%
10,001 – 100,000	565	62.85%	18,958,000	37.91%
100,001 – over	48	5.33%	28,654,000	57.30%
	899	100.00%	50,010,000	100.00%

NZDX Waivers

The NZDX listing rules require issuers to disclose in their annual report a summary of all waivers granted and published by the NZX within the 12 months preceding the date two months before the date of the publication of the annual report. The waiver on page 80 was granted in the reporting period.

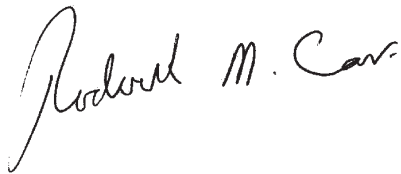
Statement of Responsibility

In terms of Section 155 of the Crown Entities Act 2004 we hereby certify that:

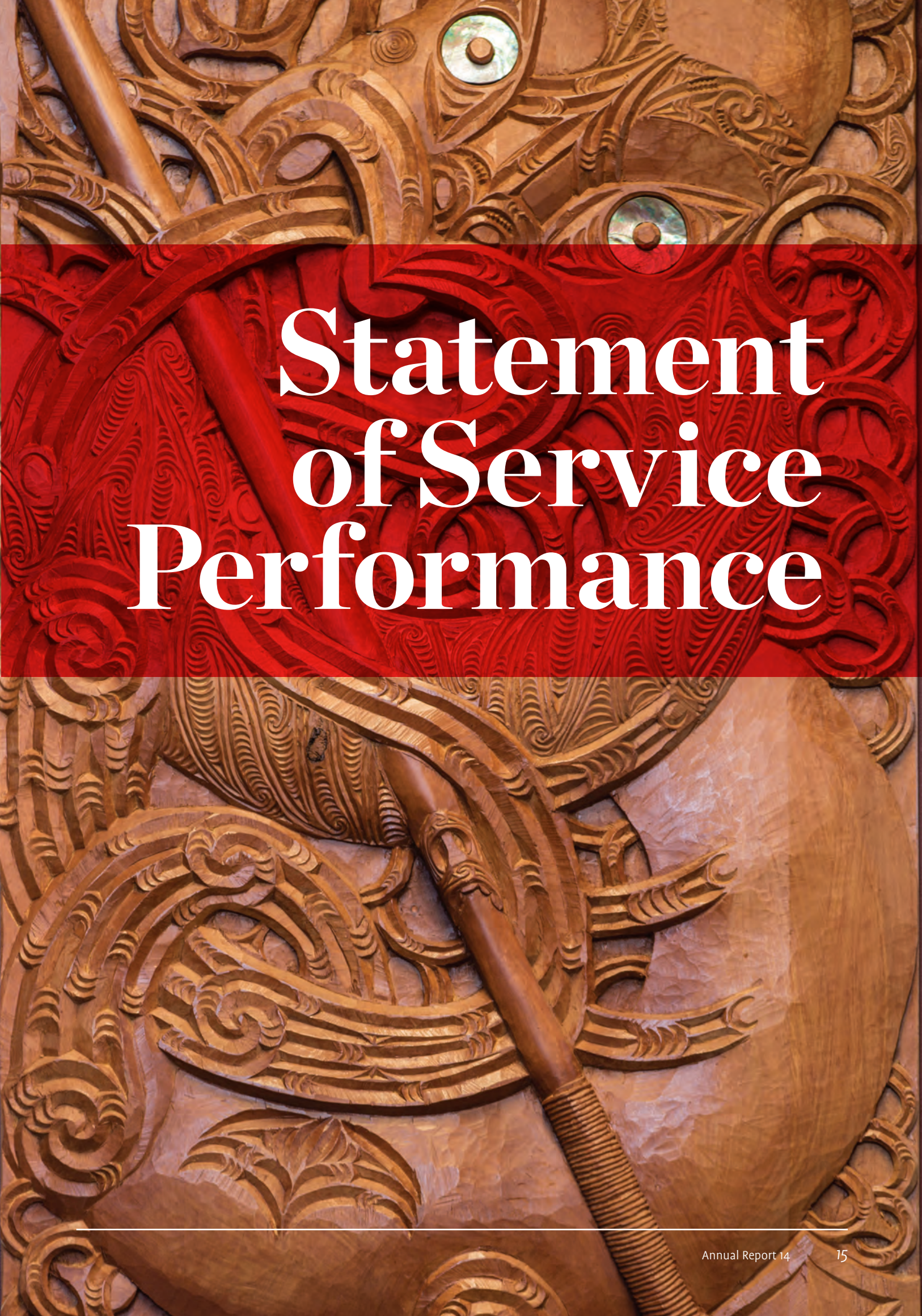
- We have been responsible for the preparation of these financial statements and statement of service performance and for the judgements used therein; and
- We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
- We are of the opinion that these financial statements and statement of service performance fairly reflect the financial position and operations of the University and group for the year ended 31 December 2014.



Chancellor



Vice-Chancellor
25 February 2015



Statement of Service Performance

Statement of Service Performance

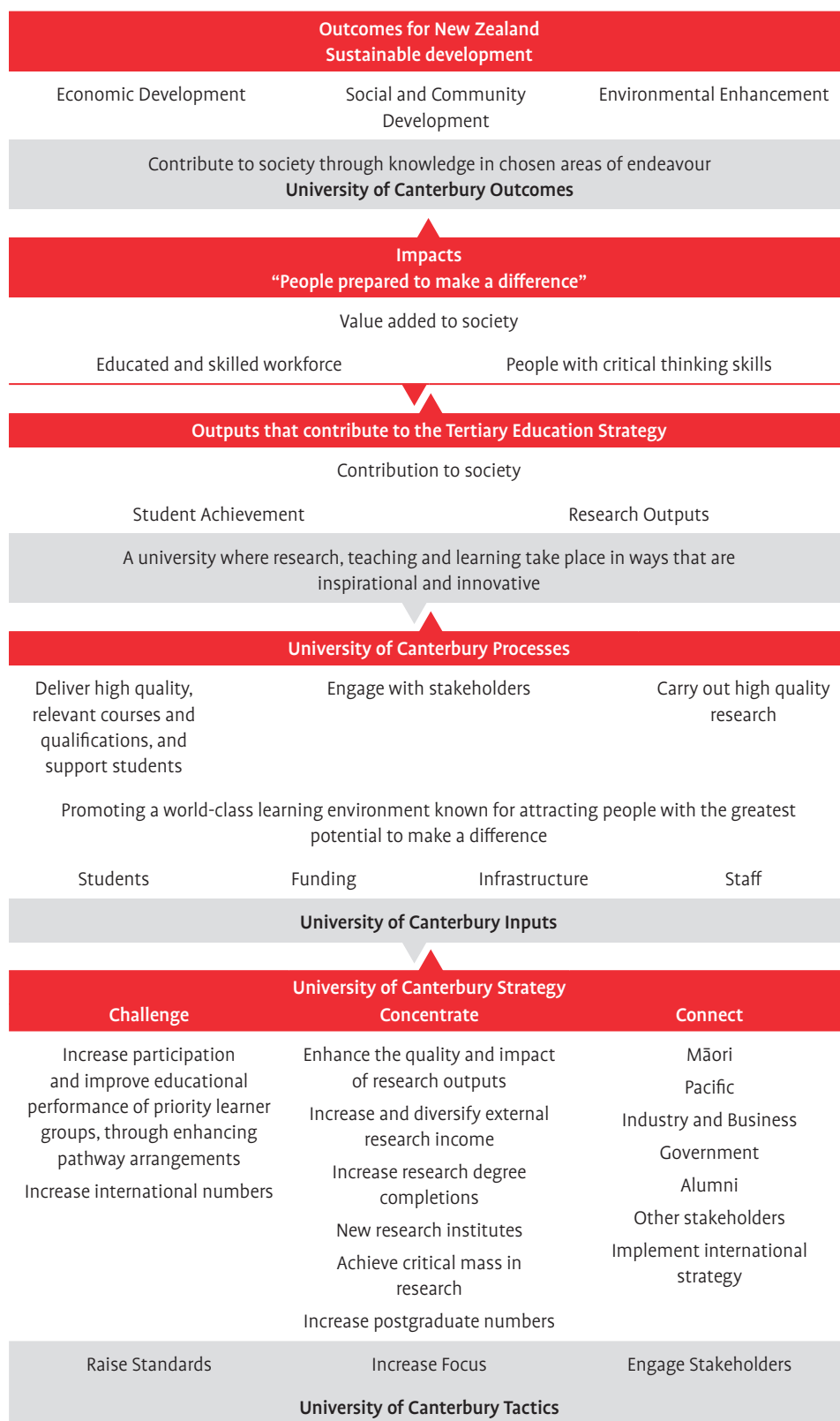
The vision of the University is “People Prepared to Make a Difference”. The mission of the University is to contribute to society through knowledge in chosen areas of endeavour by promoting a world-class learning environment known for attracting people with the greatest potential to make a difference. We seek to be known as a university where knowledge is created, critiqued, disseminated and protected and where research, teaching and learning take place in ways that are inspirational and innovative. The primary components of our strategy are Challenge, Concentrate and Connect.

The relationship between the University’s activities and the wider goals is shown in table 1.

Through achieving the University’s mission we will contribute to the wider societal objectives of economic development, social and community development and environmental enhancement. It has been widely recognised that an educated community will enjoy a longer and more comfortable life than one which does not have access to education. An educated community is likely to have the opportunity to pursue interests and pastimes that add to the perceived quality of life. University graduates bring critical thinking to bear on problems and issues. They will develop innovative solutions which contribute to the social and economic development of the wider community. Measurement of progress towards these broader societal goals and, in particular, the proportion that can be attributed to this institution is not an exact science. Accordingly, a variety of surrogate measures are used to reassure stakeholders that resources are deployed in a manner that supports the achievement of the University’s vision and mission and, by implication, the wider societal goals.

The environment in which the University of Canterbury has existed has been dominated by the impact of the 2010 and 2011 earthquakes. The University will be engaged in a building remediation programme that will continue until the end of this decade. Critical to the on-going development of the campus has been the Government commitment of up to \$260 million to the development of the Rutherford Science and Innovation Centre and redevelopment of the College of Engineering facilities, and the successful resolution of the insurance claim for the disruption and damage resulting from the earthquakes. Whilst the redevelopment of the physical infrastructure is an element of the recovery, the rebuilding of student numbers will be critical to the University returning to sustainable financial health. At the end of December 2014, there were 11,943 Equivalent Full Time Students (EFTS) enrolled.

Table 1



The Government requirements for tertiary institutions are laid out in the Tertiary Education Strategy 2014–2019. The priorities relevant to universities are to:

- Deliver skills for industry;
- Boost the achievement of Māori and Pasifika students;
- Strengthen research based institutions;
- Grow international linkages.

The University has internalised these priorities as being to:

- Challenge: Recover student numbers, boost student achievement (especially Māori and Pasifika) and to deliver skills for industry;
- Concentrate: Strengthen research;
- Connect: Develop relationships internationally and domestically and deliver skills to industry.

Priority Objective 1: Challenge

Improving the educational performance and participation of students

Student Enrolments (EFTS)		Actual 2013	Actual 2014 ¹
Impact	Input commitments		
Increased student enrolment	Domestic	11,381	11,168
	Full Fee	799	775
	Total	12,180	11,943

The decline in total student numbers was expected as the reduced intake of 2011 progressed to the end of their studies. The number of new students enrolling has shown a steady increase over recent years.

Priority Learner Group participation		Actual 2012	Actual 2013	Actual 2014 ²	Target 2014
Impact	Input commitments				
Increased participation by priority learner groups	Māori enrolments	6.8%	7.0%	7.3%	6.9%
	Pacific enrolments	1.9%	2.1%	2.6%	2.2%
	Under-25 enrolments	74.6%	76.4%	76.7%	75.4%

The planned mix of students was achieved in 2014.

Māori and Pacific pathways		Actual 2012	Actual 2013	Actual 2014 ³	Target 2014
Impact	Input commitments				
Enhanced Māori and Pacific pathways into tertiary study	First-year Māori enrolments as a proportion of first-year domestic enrolments in first year of tertiary study.	7.4%	7.2%	7.4%	7.6%
	First-year Pacific enrolments as a proportion of first-year domestic enrolments in first year of tertiary study.	2.4%	2.8%	3.5%	2.5%

The evaluation of recruitment of students from Māori and Pasifika backgrounds has resulted in an evolutionary process. Changes are made to the recruitment programme each year in order to ensure that Māori and Pasifika students are more appropriately engaged.

Sub-degree provision		Actual 2012	Actual 2013	Actual 2014 ⁴	Target 2014
Impact	Input commitments				
Targeted sub-degree provision (EFTS)	Sub-degree enrolments as a proportion of all enrolments	1.2%	1.2%	1.2%	1.0%
Enrolments in sub-degree courses	Māori enrolments (Sub-degree EFTS)	12.2%	10.0%	11.4%	14.0%
	Pacific enrolments (Sub-degree EFTS)	7.8%	6.1%	8.1%	9.0%
	Under-25 enrolments (Sub-degree EFTS)	76.1%	83.5%	84.8%	80.0%

Provision of sub-degree qualifications is one of a number of pathways that students can enter into university study. This pathway will be of particular importance for Māori and Pasifika students who are more likely to be second chance learners.

¹ The 2014 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

² The 2014 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

³ The 2014 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

⁴ The 2014 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

International (Full Fee) Participation		Actual 2012	Actual 2013	Actual 2014 ⁵	Target 2014
Impact	Input commitments				
Increased and more diversified international (full fee) participation	Full Fee enrolments (as a percentage of total enrolments)	6.4%	6.6%	6.5%	8.5%
	Concentration ratio (C3) ⁶	58.9%	58.7%	55.8%	56.0%

Growing the number of international students is a key element of the recovery plan. Providing students with opportunities to engage and understand other cultures, be they indigenous or international, will enable them to succeed as global citizens of the 21st century.

Successful Course completion ⁷		Actual 2012	Actual 2013	Actual 2014 ⁸	Target 2014
Impact	Output commitments				
Increased successful course completions by priority learner groups	Māori completion rates	81%	80%	81%	84%
	Pacific completion rates	69%	70%	70%	74%
	<25 completion rates	87%	87%	87%	89%
	All SAC eligible students	87%	87%	87%	89%
	<i>NZ university median</i>	86%	86%		

Course completion rates have exceeded sector medians with an overall course completion rate of 87% (unchanged from the previous year). Completion rates for Māori and Pasifika students have not met the targeted levels. The numbers of Māori and Pasifika students are comparatively small and therefore small movements materially impact performance.

Qualification completion ⁹		Actual 2012	Actual 2013 ¹¹	Actual 2014 ¹⁰	Target 2014
Impact	Output commitments				
Increased qualification completions by priority learners	Māori completion rates	81%	68%	65%	67%
	Pacific completion rates	75%	51%	45%	55%
	<25 completion rates	77%	78%	75%	75%
	All SAC eligible students	85%	88%	88%	75%
	<i>NZ university median</i>	81%	81%		

Qualification completion rates have exceeded expectations and significantly exceeded the sector medians, with UC recording the highest rate of completion across the eight New Zealand universities. Percentage completion figures were forecast to reduce in the light of an expected decline in the number of students enrolled. The number of Māori and Pasifika students is comparatively small and therefore small movements in student numbers materially impact performance.

⁵ The 2014 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

⁶ The C3 Concentration Ratio is a measure of the proportion of the University's international (full fee) student body contributed by the three largest source countries. Reducing the ratio mitigates the risk of over-exposure to a few source countries. In the period 2012–2014, the three largest contributing countries were the United States of America, China and Malaysia.

⁷ Where possible confirmed TEC data has been referenced.

⁸ Interim result to 28 January 2015.

⁹ Where possible confirmed TEC data has been referenced.

¹⁰ Interim result to 28 January 2015.

¹¹ Updated since 2013 Annual Report published.

Retention ¹²		Actual	Actual	Actual	Target
Impact	Output commitments	2012	2013	2014 ¹³	2014
Increased retention of priority learner groups	Māori completion rates	83%	81%	82%	75%
	Pacific completion rates	78%	76%	79%	65%
	<25 completion rates	89%	88%	88%	85%
	All SAC eligible students	87%	86%	86%	85%
	<i>NZ university median</i>	84%	86%		

Retention rates have exceeded expectations and also exceeded the sector median.

Student Engagement		Actual	Actual	Actual
Impact	Output commitments	2013 ¹⁴	2014	2014
Improved student engagement (AUSSE) ¹⁵	Active learning	35%	N/A	35%
	Student staff interactions	21%	N/A	21%
	Supportive learning environment	55%	N/A	57%

The AUSSE survey was not undertaken in 2014. It was recognised that the changes contemplated as part of the UC Futures programme would take longer than 12 months to implement.

Under the heading of Challenge, the University has set targets in conjunction with Government that support the TES goals. The primary objective is to recover student numbers to levels achieved prior to 2010 and to welcome them to an environment that supports students to achieve their potential.

Domestic students

The University has invested heavily in advertising to ensure that potential students are aware of the opportunities available at the University of Canterbury. Market research has provided valuable insights into the information required by prospective students and their parents. The presentations made to schools have been amended to include more targeted information. Research conducted in late 2014 showed a positive response from high school students in target markets.

The University continued to offer NCEA excellence and merit scholarships for 2014 and will repeat this in 2015. The provision of financial support has reportedly made a difference to a number of students who otherwise may have taken an alternative path. The other major challenge facing prospective students has been the decreasing availability of affordable rental accommodation in Christchurch. The University has responded through a number of initiatives, including the provision of additional student accommodation in conjunction with a third party funder, taking head leases on rental accommodation around the Ilam campus and leasing additional accommodation. These initiatives have ensured that undergraduate students have been able to secure suitable accommodation at affordable rates.

The University has recognised that the aspiration of some students cannot be realised on the basis of their academic results to date. This can be due to poor course selection, lack of base knowledge or inadequate academic results in required areas. TEC has previously indicated that universities should not be providing sub-degree tuition. The University of Canterbury has developed a programme with Hagley Community College to allow students to undertake remedial study to prepare them for university. It is likely that a combined programme will provide a pathway for second chance learners to successfully complete a programme of tertiary study.

In 2014, for the fifth consecutive year, a UC student was awarded a Rhodes Scholarship to study at Oxford University. University of Canterbury students also gained 10 of the 26 Fulbright Scholarships to study in the US.

¹² Where possible confirmed TEC data has been referenced.

¹³ Interim result to 28 January 2015.

¹⁴ The survey undertaken in 2012 was reported in 2013.

¹⁵ Australasian Survey of Student Engagement.

Māori students

In 2012, Te Rautaki Whakawhanake Kaupapa Māori (UC Strategy for Māori Development) was launched in conjunction with and endorsed by Ngāi Tahu. A significant aim of the strategy is to increase the number of Māori students enrolling and successfully completing study at UC. The University has recognised the relationship is not that of an institution to individual, but rather that of an institution to the Māori community. UC has implemented a programme of early contact with each Māori student to develop a relationship that aspires to ensure that they have the requisite knowledge and/or experience to achieve in their chosen area of study. This contact will develop into a relationship between the student and their whanau, and the University. Students will be mentored and developed through their programme of study.

The Māori Development Team has been restructured to ensure the appropriate skills are in place to assist in the retention and development of Māori students to improve their qualification completion rates, as well as their experience of tertiary study.

Three kaiarahi have been appointed to assist the College Pro-Vice-Chancellors, their executive teams and staff in developing, in the first case, College strategies to enact Te Rautaki Whakawhanake Kaupapa Māori. A Director of Māori Teaching and Learning has also been appointed to assist academic colleagues in curriculum development, responding to the bicultural pillar of the UC Graduate Profile. UC graduates will be distinguished in the workplace as those who can demonstrate the cultural competence and confidence to live and work in a bicultural Aotearoa New Zealand and a multicultural world.

Pasifika students

The UC Pasifika Strategy 2014–2018 was developed in consultation with the various Pasifika communities and launched in November 2014. This strategy outlines the aspirational goals of the University and the Pasifika community for Pasifika students based on the core themes of Connect, Confidence, Challenge, Concentrate and Contribute. In the implementation of this strategy, we expect to develop a more attractive environment for Pasifika students and provide opportunities for students from other cultures to gain a deeper understanding of our Pacific neighbours.

There are several initiatives aimed at attracting Pacific students, from targeted scholarships and dedicated liaison staff working with University ready students through targeted secondary schools to the UC Me XL outreach programme. This programme was initially provided with support from the Australian and New Zealand Association based in New York and subsequently by other external donors. The programme was initially developed in the post-earthquake environment. Sessions were run at the schools by University staff and postgraduate students to provide insight to tertiary study for students who have no family connection to university study. The programme has now evolved into two outreach strands – UC Generate offers schools an interactive two hour session during school hours for Years 9–11. UC Me XL is a two week holiday programme on campus designed to support students studying NCEA levels 1–3. There are now students from 25 schools in Christchurch participating in the programmes.

The South Island has a very small Pasifika population (21,132 at 2013 Census) distributed across a number of centres. The major concentration of Pasifika is in Canterbury (12,720 people living in the region). Taking a more targeted recruitment approach is expected to result in an increased number of students enrolling at UC.

International students

Whilst the proportion of international students enrolled is important to the financial sustainability of the University, their presence also enables our students to glean an understanding of other cultures through engagement with classmates from other countries and cultures. Once an international student has decided to study overseas, they have many options. One of the major factors in the decision of where to study is the ranking of the institution. The University of Canterbury was ranked 242nd in the world which is in the top 3%, a position maintained since before the 2010 and 2011 earthquakes. Given the disruption of 2011 this was a significant achievement. The University was the first New Zealand institution to achieve five stars in the QS STARS ranking that reflects the relative quality of the University.

The International Growth Strategy details how international students will be attracted to study in Christchurch. This strategy has been developed with extensive input from Education New Zealand and focuses on growth in five main areas:

- a. The new Navitas-run UC International College (UCIC) is a pathway college that brings students to the University campus who would not normally meet UC's entry requirements, and provides a first year programme structured so that, on completion, students are able to gain direct entry to UC's second year courses. UCIC was launched in September 2013 and, as at December 2014, has more than 80 applications for the February 2015 intake.
- b. Developing the University's agent network, particularly in China, Malaysia, India, Indonesia and the US.
- c. Working with local Christchurch high schools to develop partnerships that attract more international students to secondary study on the basis that it provides preparation for tertiary study and guaranteed entry where academic requirements are met.
- d. Developing a small number of close partnerships with second tier universities in China, Indonesia and India with a view to offering 2+2 type articulation agreements, where students do their first two years of undergraduate study at the overseas institution, then complete their degree and a postgraduate degree at the University of Canterbury.
- e. Strengthening the University's mix of courses and programmes to better support the expectations of the international market.

These actions resulted in a stabilising of international student numbers and the outlook for 2015 shows an increase of 12.8% applications to enrol over the prior year at the same time (week 17 of the enrolment cycle).

Graduate Profile

In order to be successful, the University must rebuild domestic student enrolments to at least the pre-earthquake levels. To differentiate the University of Canterbury graduate from those who study elsewhere, the University has implemented a graduate profile outlining a package of specific competencies that all undergraduates will be able to participate in developing.

Competence	Learning Objective
Critically competent in a core academic discipline of their degree	Students know and can critically evaluate and, where applicable, apply this knowledge to topics/ issues within their majoring subject.
Employable, innovative and enterprising	Students will develop key skills and attributes sought by employers that can be used in a range of applications.
Biculturally competent and confident	Students will be aware of, and understand the nature of biculturalism in Aotearoa New Zealand and its relevance to their area of study and/or their degree.
Engaged with the community	Students will have observed and understood a culture within a community by reflecting on their own performance and experiences within that community.
Globally aware	Students will comprehend the influence of global conditions on their discipline and will be competent in engaging with global and multicultural contexts.

This graduate profile has been developed in conjunction with employers, key stakeholders, academic staff (both internal and external) and student representatives. This work is ongoing and will take several years to fully implement. Specific programmes that are being implemented include:

Work integrated learning — The objective is to provide all students with the opportunity for gaining relevant work experience at some point during their degree studies. This experience is likely to be gained from some combination of internships, volunteer work and/or project work done with or for industry. The objective is to have all graduates able to enter the workforce with at least one referee able to speak to their skills and competencies and some experience demonstrating relevant work skills to potential employers.

Currently some 34% of undergraduates (mainly in vocational subjects such as engineering and teaching) already have a relevant work experience as a graduating requirement. The strategies for providing work integrated learning experience will necessarily include roles focused on developing generic transferrable competencies and skills at undergraduate level for a large proportion of students.

Co-curricular transcript — From 2015, as part of a pilot programme, all first year students have the opportunity to have their non-academic experience and competencies independently validated and documented in a co-curricular transcript that can be shared with employers. A co-curricular transcript would record not for credit activities such as leadership roles in clubs and societies. It could also include volunteering experience and part-time/holiday work experience. The transcripts could also include an assessment of a range of skills and competencies (team work, can-do attitude, work ethic, etc) and the student's reflection on learning outcomes.

Internationalisation programme — The programme provides opportunities for students to do a semester's study abroad to gain experience of working and living in different cultures. The network of more than 100 exchange partnerships is already in place with overseas universities. In 2014, 105 UC students went on exchange.

Opportunities were created for the mixing and mingling of cultures within the University by curriculum and study programmes that brought domestic and international students together more often to showcase international cultural and business perspectives.

Late in 2014, the University announced a study abroad award for all new to UC undergraduates enrolling in 2015, who complete a full-time programme of study and are of good academic standing. The award will pay the return economy class airfares to enable eligible students to study abroad in their second or subsequent year at UC.

Bicultural competence — An overarching goal is that all UC programmes will have learning objectives that support cultural confidence and competence in graduates, thus providing a unique skill set valued by employers locally and globally. UC has a memorandum of understanding with Ngāi Tahu and is working cooperatively with the iwi to create many valuable outcomes for both parties. To date, this cooperation includes involvement by students and staff in the Colleges of Education and Science. In 2012, Te Rautaki Whakawhanake Kaupapa Māori was developed in consultation with Ngāi Tahu and adopted by the University Council. The University has allocated additional resources to support curriculum development, including creating an enhanced understanding of indigenous knowledge across a range of courses and programmes. In 2015 this curriculum development includes courses such as HIST292 Oral Traditions and Modern Histories of Ngāi Tahu, and LAWS326 Treaty Settlement Negotiations.

University success planning — In 2014, high school students considering university studies and other students starting university study were provided with a tool that indicates the sort of careers open to them and the sort of academic and non-academic experiences (clubs and societies, volunteering, paid work, etc) that will best position them for the career areas they are interested in. More than 70 study to career guides have been developed and have been distributed as a free resource for all New Zealand high schools. This tool guided students to think about options around work-integrated learning, developing strong co-curricular transcripts and developing both vocational and non-vocational skills, competencies and experiences, including across areas such as innovation, entrepreneurship, international experience and bicultural competence.

The Educational Performance Indicators (course completion, qualification completion and retention) described above are prepared by the University using the TEC methodology. TEC reports annually to the sector well after our reporting timeframe. The 2014 figures for qualification completion and student retention are the best estimates currently available and have an expected margin of error of two percentage points.

Course completion data for priority groups is the subject of on-going monitoring. Whilst the numbers of students are small, it is important that the institution understands the causes for non-completion and implements strategies to manage the trend. At an institutional level, UC continues to deliver above the sector median course completions.

The University Council continues to support and encourage teaching excellence through the award of the Teaching Medal. Associate Professor Paul Ballantine has received the 2014 UC Teaching Medal in recognition of his outstanding achievements and his contribution to the University as a lecturer, supervisor and head of department. His student-centred approach to teaching with a strong emphasis on 'real world' problem-based learning aligns strongly with the key pillars of learning associated with the UC graduate profile, especially employability and community engagement.

Student engagement is a significant element of the University's strategy to increase student enrolments. The Australasian Survey of Student Engagement (AUSSE) was the primary tool used to measure student engagement in 2013. The responses from a random sample of students are compared with benchmarking groups defined by the participating institutions. "Student engagement is an idea focused on students and their interactions with their institution". The University of Canterbury exceeded the benchmarks for the amount of time students spent on campus (indicating a higher level of satisfaction with the physical environment), careers advice available to students, opportunities and facilities provided by the University to socialise and exercise, and a larger number of final year experience opportunities such as final year projects and exhibitions. Initiatives developed under the UC Futures programme will enhance areas such as workplace experience, community learning and internationalisation. As the changes are significant, it was decided to defer detailed student engagement surveys until 2015 to ensure that emerging trends would be more visible.

Priority Objective 2: Concentrate

Enhancing the quality and impact of research outputs

Research Outputs		Actual 2012	Actual 2013	Actual 2014	Target 2014
Impact	Output commitments				
Increased research degree completions and external research income	Number of research degree completions	374 ¹⁷	450 ¹⁸	452 ¹⁹	350
	External research income	\$27.5m	\$26.3m	\$26.7m	\$28.5m

The over delivery in 2014 and the shortfall in 2012 represents the impact of events in 2010 and 2011. A significant proportion of the postgraduate research was disrupted and resulted in extensions being granted. The post-earthquake environment has provided unique opportunities for research in a number of fields, which has resulted in increased numbers of students enrolling in research degrees.

Quality Assured Research Publications		Actual 2012 ²⁰	Actual 2013 ²¹	Actual 2014 ²²	Target 2014
Impact	Output commitments				
Increasing knowledge	Number of quality assured research publications	3926	3435	3077	4200

The number of academic staff has reduced over the past two years resulting in a reduced aggregate number of publications.

Postgraduate enrolments		Actual 2012	Actual 2013	Actual 2014	Target 2014
Impact	Input commitments				
Increased postgraduate enrolments as a % of total EFTS	Postgraduate taught EFTS	8.0%	7.9%	9.3%	8.0%
	Postgraduate research EFTS	8.6%	9.4%	9.5%	8.8%
	Total postgraduate EFTS	16.6%	17.3%	18.8%	16.8%

The number of postgraduate enrolments has not reduced at the same rate as undergraduate which is reflective of the teaching and research opportunities available at the University of Canterbury.

Māori and Pacific Research Students		Actual 2012	Actual 2013	Actual 2014	Target 2014
Impact	Input commitments				
Increased postgraduate enrolments on the part of key priority learner groups	Māori postgraduate research students as a proportion of total Māori EFTS	3.9%	4.3%	4.7%	4.4%
	Pacific postgraduate research students as a proportion of total Pacific EFTS	5.5%	6.6%	4.6%	5.8%

The population of Māori and Pacific students is small so minor movements in enrolment have disproportionate impact on the performance metrics.

¹⁷ Updated since 2013 Annual Report published.

¹⁸ Updated since 2013 Annual Report published.

¹⁹ Forecast based on December 2014 SDR figures.

²⁰ This information can be retrospectively updated by academic staff.

²¹ This information can be retrospectively updated by academic staff.

²² As provided to January 2014. This information can be retrospectively updated by academic staff and is forecast to be 3400 for 2014.

Work integrated learning		Actual 2013 ²³	Actual 2014	Target 2014
Impact	Output commitments			
Improved work integrated learning (AUSSE) ²⁴	Work integrated learning	38%	N/A	39%

The AUSSE survey was not undertaken in 2014. It was recognised that the changes contemplated as part of the UC Futures programme would take longer than 12 months to implement.

The number of research degree completions exceeded the target for 2014. The research revenue excluding Performance Based Research Funding continues to exceed budget with a favourable variance of \$1.2m.

The quality assured publications completed by academic staff members in 2014 is estimated to reach 3400. Since the target was set, the number of staff members has reduced which has resulted in a reduction in the number of papers published. This situation is further exacerbated by the fact that a number of those academic staff members, who have completed papers, have faced challenges such as departments being relocated to allow building remediation or their homes being remediated or a combination of both. The level of sustained output is a reflection of the commitment of the academic staff to their disciplines.

Despite the reduction in the total number of students enrolling, the proportion of postgraduate students increased. 2014 research degree completions are expected to exceed the record number achieved in 2013. The proportion of postgraduate students from priority groups is also increasing beyond expectations. In recognition of the increased interest, five additional doctoral scholarships have been created to support Māori candidates.

The quality and breadth of research undertaken at the University of Canterbury is recognised in the developing responses to the National Science Challenges. UC researchers will contribute to all 10 of the challenges released so far.

There were nine departments ranked in the top 100 in the world in their respective disciplines by the international QS University Ranking by Subject.

The University has elected to invest in a number of initiatives across a number of disciplines to foster on-going excellence in research. Increased investment has been made in the Ngāi Tahu Research Centre and CEISMIC, the digital repository of earthquake materials. In conjunction with external partners, the University has established the UC Quake Centre and the Centre for Risk, Resilience and Renewal (UCR3). The Quake Centre has been established in response to the Canterbury earthquakes to deliver tomorrow's earthquake engineering solutions today, for Christchurch, New Zealand and the world. UCR3 aims to improve understanding of risk, resilience and renewal, and to apply this to development of improved strategies for risk reduction, development of resilience and implementation of post-disaster renewal.

The University Council awarded the Innovation Medal to Associate Professor Maggie-Lee Huckabee (Communication Disorders). Her research seeks to reduce swallowing impairment in post-stroke or post-surgical stroke patients. Her work is nationally and internationally recognised and her research has led clinicians from district health boards across New Zealand to change protocols. In the Canterbury District Health Board alone, the rate of pneumonia for patients who struggle to swallow following strokes dropped from 26 percent to 11 percent in a three year time period following implementation of her research results. This has resulted in a potential cost savings to the national health system of about \$1.4 million per annum. This innovation has not only improved patient outcomes and reduced health care costs, but has facilitated a culture of research and innovation for frontline clinicians, which is a key priority for the New Zealand Health Research Council.

UC Research Medals were awarded to Professor Michael Hall in recognition of his world leading research in sustainability and tourism and to Professor Mike Steel in recognition of his outstanding contribution to the application of discrete mathematics and probability theory to contemporary problems in biology. Internally, the University continued to foster excellence through promotion to the rank of Distinguished Professor of Professor Jack Copeland (Philosophy), Professor Mike Steel (Mathematics and Statistics) and Professor Niki Davis (Educational Studies and Leadership).

²³ The survey undertaken in 2012 was reported in 2013.
²⁴ Australasian Survey of Student Engagement

Priority Objective 3: Connect

Maintaining strong, collaborative and mutually beneficial relationships with stakeholders

Engagement with Māori		Actual 2012	Actual 2013	Actual 2014	Target 2014
Impact	Input commitments				
Enhanced engagement with Māori	Regular discussions with mana whenua, tangata whenua and other Māori groups (two meetings annually of a UC-TRONT Governance Group and three meetings per year of the Advisory Board to the Office of the Assistant Vice-Chancellor Māori and Ngāi Tahu Research Centre).	Achieved	Achieved	Achieved	Achieved

Engagement with Pacific Communities		Actual 2012	Actual 2013	Actual 2014	Target 2014
Impact	Input commitments				
Enhanced engagement with Pacific communities	Regular meetings of the Pacific Peoples' Advisory Group (two meetings per year)	Achieved	Not Achieved	Achieved	Achieved

There has been an extensive consultation process feeding into the creation of the UC Pacific Strategy 2014-2018. The full-time continuing role of Director of the Pacific Development Team was created and appointed. Also, the full time continuing role of Director of the Macmillan Brown Centre for Research into the People of the Pacific was established and appointed.

Engagement with Industry		Actual 2012	Actual 2013	Actual 2014	Target 2014
Impact	Input commitments				
Building strong relationships with industry.	Number of participants on industry advisory boards	145	145	145	155

Participation by industry in the teaching and research activities will change significantly with the changes to the graduate profile described above. A much closer relationship is envisaged which will fundamentally change the way in which the University and industry engage.

Staff engagement and satisfaction		Actual 2013	Actual 2014	Target 2014
Impact	Output commitments			
Feedback from staff surveys	Passion Index/engagement	72%	N/A	75%
	Progress Index/satisfaction	45%	N/A	55%

The survey is now conducted biennially to allow the results to inform follow-up actions. The next survey is planned for 2015. The passion index measures the level of engagement of staff with mission of the University and the progress index reflects progress towards delivering the mission.

Relationship with Alumni and Supporters		Actual 2012	Actual 2013	Actual 2014	Target 2014
Impact	Input commitments				
Strengthened relationships with alumni and supporters	Income through UC Foundation to UC	\$3.8m	\$2.9m	\$2.3m	\$7.0m
	Number of living alumni (thousands)	118	118	122	N/A
	Proportion of alumni with current addresses (electronic or physical)	47%	47%	52%	47%

The funding received from the UC Foundation expected for 2014 included a substantial contribution to the undergraduate scholarship costs. This contribution was not required as the scholarships were funded from alternate sources.

International Engagement		Actual 2012	Actual 2013	Actual 2014	Target 2014
Impact	Input commitments				
Enhanced international connection	Visiting Fellowships awarded	69	72	69	73
	Take-up of Outgoing awards	16	29	25	19

The shortfall in the number of incoming awards was offset by an increase in outgoing awards.

The University is now focused on cementing the relationship with Ngāi Tahu through the implementation of Te Rautaki Whakawhanake Kaupapa Māori (UC's Strategy for Māori Development). This strategy focuses on six key areas: strategic relationships; Māori student recruitment, retention and achievement, (as noted above); research; quality programmes; staff development; and the University's physical environment. When successfully implemented this strategy will provide the University with unique courses that will appeal to a wide range of potential students, Māori, local non-Māori and international. All students will develop skills of cultural competence and cultural confidence which will enhance their careers. Māori student success at UC will be improved through the implementation of the strategy and our staff will be engaged in research which is collaborative with Māori and indigenous communities, and which is responsive to their needs. Our staff development programmes will provide opportunities for contribution to indigenous knowledge economies and the campus will be a dynamic space reflecting the histories and aspirations of mana whenua, as well as the bicultural development of the University. All of these elements will continue to be supported by the relationships with Ngāi Tūāhuriri and Te Rūnanga o Ngāi Tahu.

The UC Pasifika Strategy 2014–2018 has been carefully developed with input from the Pacific communities. Through the process of consultation, the University response to the aspirations of the communities has been developed.

The UC Futures programme has provided a broad platform for engagement with a wide range of stakeholders. The relationship with industry has strengthened appreciably as the University has sought to define its role in the Christchurch recovery. The University of Canterbury's role in the recovery of the region is multifaceted:

- a provider of skilled labour;
- a source of solutions to problems through research expertise; and
- a generator of economic activity.

The University has had, and will continue to have a close connection to the city of Christchurch. The University will contribute up to \$15 billion dollars to the local economy in the period 2014–2024 and is a major source of economic activity in the city. The University has recently committed to lease remediated space in the Arts Centre and will return to occupy the Chemistry Building to allow remediation of buildings on the Ilam campus. The University has also enhanced its presence in the city through participation in the Health Precinct where clinical teaching will be co-located with the clinical services of the Canterbury District Health Board. The University expects to have a role in the proposed ICT Graduate School that will be located in the Innovation Precinct.

The University is also one of the largest employers in the city. University of Canterbury knowledge has always fuelled Canterbury's economic engine. The University has been involved in the recovery since the earthquakes, helping provide an intelligent and innovative response. Examples of new and leading edge research that builds on the already strong and comprehensive academic foundation include:

- UC's Department of Geological Sciences undertook a seismic reflection survey in Christchurch with the University of Calgary's Consortium for Research in Elastic Wave Exploration Seismology (CREWES) and GNS Science.
- The establishment of a Port Hills Geotechnical Group study to inform the rebuild and future land-use planning.
- UC civil, structural and geotechnical engineering experts have been called upon to help inform many aspects of the earthquake and its impacts, including fault mechanisms, energy transmission during a quake, ground surface response and liquefaction.
- Consequence management such as designing lifelines to minimise damage, community preparation and planning for emergency response and recovery.

A major lesson that the University of Canterbury took from the earthquakes and the aftermath was the need to rely on other members of its network for support. This support was greatly appreciated by UC students and staff. In the early months of 2011, students were transferred to Adelaide University, Oxford University and Auckland University. Students were accommodated at Tait Electronics and Jade Software, laboratory space was made available at other universities and Crown Research Institutes. Additional staff support was provided by Massey University. The alumni of the University have provided a range of support including sponsorships and scholarships to donations and messages of support. As the case for support to government was developed, the support of the local civic, commercial and industrial leaders was sought and provided.

The University currently maintains relationships with more than 100 partner universities representing all continents. These relationships can include a wide range of activities and can include research, intellectual property licenses, teaching, and student and staff exchanges. In 2014, UC was invited to join the AC21 consortium. This group of universities has representatives from around the globe. This group includes some of the oldest universities, including the University of Freiburg (Germany, founded 1457), University of Strasbourg (France, 1621), Chemnitz University of Technology (Germany, 1836), Stellenbosch University (South Africa, 1866), Peking University (China, 1898) and Nagoya University (Japan, 1871). The consortium members are committed to innovation in education, research and academic governance through collaborative action. The universities of Canterbury and Adelaide are the only members in Australasia.

Through AC21, University of Canterbury students will have opportunities to participate in programmes such as the World Student Forums (2015 Strasbourg, France), international student exchanges with member universities, community learning programmes which are run in a variety of locations in emerging and developed economies, and research opportunities linking with students from across the globe. The AC21 members are also committed to undertaking projects involving collaboration between industry, academia and government. Drawing on the wider pool of international expertise of the members is expected to provide more effective results than could be achieved through the efforts of individual members.

The University attracts thousands of students, staff and visitors to Christchurch every year. As a result, the contribution to the economic activity of the city is in excess of \$1.5 billion per annum. This figure does not include the hundreds of millions of dollars that will be spent in the capital development and remediation, funded by Government and the University.

The opportunity for further engagement with the ICT industry has arisen as the University has taken a lead role in developing the South Island bid for the Christchurch based ICT Graduate School with a range of industry and educational partners (CPIT, Otago Polytechnic, Lincoln and Otago universities). If the bid is successful, enrolment is expected to commence in 2015.

The strength of a teaching institution is dependent on the skills and motivation of its academic staff. The academic staff attitudes and values are reflected by the support staff. The students quickly absorb the culture of the institution. Over the past four years, the staff members of this institution have demonstrated a level of enthusiasm, determination and resilience that exceeded expectations. As a result of the Government support announcement and the completion of a number remediation projects, staff members are now able to see tangible progress toward the strategic intent of the University.

The UC Foundation in North America, under the leadership of Professor David Teece, has taken the leading role in seeking funds to meet the cost of the fitout of the Chemistry Building at the Arts Centre. This leased space will house the Logie Collection of Greek and Roman antiquities, the Department of Classics and the School of Music. The alumni are an increasingly valuable resource to the University. Support from alumni has ranged from letters of endorsement for the UC Futures project to contributions for scholarship funds and the funding of the homework academies. The University has a current relationship with 52% of its living alumni. With the use of social media and an on-going recruitment programme, it is expected that this number will increase over time.



Annual Financial Statements

Statement of Accounting Policies

For the year ended 31 December 2014

REPORTING ENTITY

The University of Canterbury group is domiciled in New Zealand and consists primarily of the University of Canterbury (the University) and its subsidiary Canterprise Limited (100% owned). Full details of the University of Canterbury group are shown in note 9.

The University is a Tertiary Education Institution governed by the Crown Entities Act 2004 and the Education Act 1989.

The primary objective of the University of Canterbury and group is to provide education services for the benefit of the community, rather than make a financial return. Accordingly, the University of Canterbury group has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS (PBE)).

The financial statements of the University of Canterbury and group are for the year ended 31 December 2014. The financial statements were authorised for issue by Council on 25 February 2015.

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

BASIS OF PREPARATION

Statement of compliance

The financial statements of the University of Canterbury group have been prepared in accordance with the requirements of the Crown Entities Act 2004, Financial Reporting Act 1993 and the Education Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS (PBE), and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on an historical cost basis, adjusted by the revaluation of certain assets and derivatives.

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies in 2014.

Standards, amendments and interpretations issued that are not yet effective and have not been adopted early

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. However, as a new Accounting Standards Framework will apply before this date (see below), there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

New Accounting Standards Framework

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the University is classified as a Tier 1 reporting entity and it will be required to apply full public sector Public Benefit Entity Accounting Standards (PAS).

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

The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means the University will transition to the new standards in preparing its 31 December 2015 financial statements. The University has not concluded its assessment of the implications of the new Accounting Standards Framework at this time, but in common with other universities, expects the greatest effect will be in standards relating to revenue, service concession arrangements, leases, related party disclosures, and control of other entities and related consolidation requirements.

SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Consolidation

The purchase method is used to prepare the group financial statements, which involves adding together like items of assets, liabilities, equity, income, expenses, and cash flows on a line-by-line basis. All significant intra-group balances, transactions, income, and expenses are eliminated on consolidation.

Subsidiaries

The University consolidates in the group financial statements entities where it has the capacity to control the financing and operating policies of an entity so as to obtain benefits from the activities of the entity. This power exists where the University controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the University or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Investments in subsidiaries are carried at cost, less impairment, in the University's parent entity financial statements.

Revenue

Government grants are recognised as revenue on entitlement.

Student tuition fees are recognised as revenue over the 12 month period of the financial year.

Research income is recognised as revenue on a percentage of completion calculation, which is based on the proportion of costs incurred as a percentage of the total costs. Research funding revenue not expended is shown in the Statement of Financial Position as 'Funds Received in Advance'. Research funding that is milestone specific is treated as revenue as milestones are achieved.

Up until 31 December 2014, insurance reimbursements had been recognised as revenue when the claimable expenditure was incurred. This expenditure was verified by the Marsh Risk Consulting forensic accounting team prior to submission to the insurer.

At the end of 2014, the University negotiated a final settlement with its insurers. As a result the full amount of the final settlement, less revenue

recognised to 31 December 2013, has been recognised as revenue in the 31 December 2014 surplus.

Further details on insurance receipts are included in Note 23 and Note 25.

Donations of money are recognised immediately as revenue unless a condition is attached. If a condition is attached it would be recognised as a liability until the condition is met, at which time it is recognised as revenue.

Donations of assets are recorded at fair value on receipt and recognised as revenue.

Reversionary interest income is recognised to reflect the Campus Living building assets, which will become University assets in 2040. The interest is calculated using the latest building valuation and a discounted cashflow methodology. Further detail on reversionary interest is included in Note 10.

Revenue from sales of goods and services is recognised when the product is sold to the customer, or the service provided.

Derivative Financial Instruments

The University enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 16 and 17.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into, and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the surplus or deficit immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the surplus or deficit depends on the nature of the hedge relationship. The University designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges). The University has no fair value hedges at balance date.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge Accounting

The University designates certain hedging instruments, which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency exchange risk and interest rate risk, as cash flow hedges. Hedges of foreign currency exchange risk on firm commitments, forecast transactions, and hedges of interest rate risk on future interest payments, are accounted for as cash flow hedges.

At the inception of the hedge relationship, the University documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the University documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 17 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the Statement of Changes in Equity and in Note 18.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the surplus or deficit, and is included in the other income or general expenditure line items, as appropriate.

Amounts recognised in the hedging reserve are reclassified from equity to the surplus or deficit (as a reclassification adjustment) in the periods when the hedged item is recognised in the surplus or deficit, in the same line as the recognised hedged item.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset or liability (as a reclassification adjustment).

Hedge accounting is discontinued when the University revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in the hedging reserve at that time remains in equity and is recycled into the surplus or deficit over the remainder of the hedge maturity period. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in the hedging reserve is recognised immediately in the surplus or deficit.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid cash investments with original maturities of three months or less from date of acquisition.

Trade and Other Receivables

Receivables are initially measured at fair value and then adjusted for amounts not considered recoverable.

All receivables are reviewed for recoverability. Receivables that are 180 days past due date are considered unrecoverable unless there is a clear agreement for repayment. Receivables over \$1,000 that are 90–180 days overdue are also assessed for recoverability based on the type of debtor, relationship to the University, communications with the debtor and predicted chances of recovery and costs associated with recovery.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential. Loss of service potential is assessed by physical inspection when stocktakes occur.

Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Any obsolete inventories are written off.

Other Financial Assets and Liabilities

Classification and initial recognition

All financial assets and financial liabilities are initially recognised at fair value. The University determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date.

The University classifies its financial assets into the following three categories: financial assets at fair value through the surplus or deficit; loans and receivables; and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired.

Loans and receivables include term deposits with maturities greater than three months, classified as current where the remaining duration is less than 12 months, or non-current where the remaining duration is more than 12 months. Fair value through other comprehensive income assets include investments. There are currently no other financial assets measured at fair value through surplus or deficit.

The University classifies its other financial liabilities into trade and other payables, and bonds.

Subsequent measurement

After initial recognition at fair value, other financial assets are measured as follows:

- Fair value through surplus or deficit — at fair value;
- Loans and receivables — at amortised cost; and
- Fair value through other comprehensive income — at fair value.

After initial recognition at fair value, other financial liabilities are measured at amortised cost.

Further details of other financial assets and liabilities are included in Notes 9 and 16.

Property Plant and Equipment

Land and Buildings

Land has been valued at fair value by CB Richard Ellis Limited as at 31 December 2014. The fair value of land is determined by reference to its highest and best use vacant, and then adjustments are made for possible legal impediments to achieving the fair market value. The fair value of land is normally determined from market based evidence and a discounted cash flow basis, with no optimisation process applied. As there is no sales based market evidence, the valuation is based on a discounted hypothetical development less allowances for legal impediments.

Buildings, with the exception of the Ilam Homestead (see below), have been valued on a component basis by CB Richard Ellis Limited at depreciated replacement cost as at 31 December 2014, except where there exists a contestable market in which case a comparative sales or discounted cash flow approach is used. The valuation makes no adjustment for any contingent costs associated with strengthening for those buildings that have a seismic rating of less than 67% of the New Building Standard, or for any impairment.

The depreciated replacement cost methodology is based on the current gross replacement cost of buildings less allowances for physical deterioration, and optimisation for obsolescence and relative surplus capacity. The Buildings Valuation completed by CB Richard Ellis Limited has been modified by the University to allow for the impact of the Canterbury earthquakes. This is explained in Note 24.

Independent registered valuers undertake revaluations of Land and Buildings every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three year cycle, which is currently the case.

The University has valued its Ilam Homestead property on a market value basis (previously depreciated replacement cost), as the nature of its use is changing to incorporate more commercial activity. The Ilam Homestead property was valued by CB Richard Ellis Limited at 31 December 2014.

Additions to Land and Buildings subsequent to the date of valuation are recorded at cost. Where a Land and Building asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Any gains or losses on disposal of Land or Buildings are determined by comparing the proceeds, if any, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are disposed of, the amounts included in the asset revaluation reserves in respect of those assets are transferred to General Equity.

Infrastructure Assets

Infrastructure Assets have been valued by AECOM as at 31 December 2014 at depreciated replacement cost.

Independent registered valuers undertake revaluations of Infrastructure Assets every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three year cycle.

Additions to Infrastructure Assets subsequent to the date of valuation are recorded at cost. Where an Infrastructure Asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Any gains or losses on a disposal of Infrastructure Assets are determined by comparing the proceeds, if any, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are disposed of, the amounts included in the asset revaluation reserves in respect of those assets are transferred to General Equity.

Library

The Current Collection is valued at historical cost less depreciation.

The Permanent Collection was valued on a fair value basis as at 31 December 2013 by Jones Lang Lasalle Limited. The valuation was carried out in accordance with the University's Treasury valuation guidelines. Non-specialised assets have been valued at market value and specialised assets have been valued on a depreciated replacement cost basis. The Permanent Collection is revalued every three years by an independent registered valuer.

Donated books have been included at estimated market value.

Additions to Library Assets subsequent to the date of valuation are recorded at cost.

Any gains or losses on the disposal of Library Assets are determined by comparing the proceeds, if any, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are disposed of, the amounts included in the asset revaluation reserves in respect of those assets are transferred to General Equity.

Artworks/Medals/Logie Collection

Initial recognition of items in these collections is at cost. Where an item is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition. The collections are then revalued by independent valuers on the following cycle:

- Artworks are revalued on a three yearly cycle.
- Medals are revalued on a five yearly cycle.
- The Logie Collection is revalued on a five yearly cycle.

Artwork fair value was determined by reference to market values for comparable works and the size and condition of the piece. They were revalued as at 31 May 2014 by James Parkinson of Art + Object Limited.

Medals were valued at fair value by R. J Watt & Associates as at 18 December 2013. Fair value was determined by reference to the NZ market and, where appropriate, the global market adjusted for the condition of the medal, rarity and any premium associated with the recipient. The latter particularly applies to the Lord Rutherford medal collection.

The Logie Collection has been valued at the replacement cost by James Ede, Director of Charles Ede Limited in London, at the valuation date of 25 September 2012. James Ede has 30 years of commercial experience in classical and pre-classical antiquities.

Any gains or losses on the disposal of items in Artworks, Medals, and the Logie Collection are determined by comparing the proceeds, if any, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are disposed of, the amounts included in the asset revaluation reserves in respect of those assets are transferred to General Equity.

Plant and Equipment

Assets including plant, equipment, motor vehicles, and furniture are recorded at cost less accumulated depreciation. Assets with a cost value lower than \$2,500 are expensed on acquisition, with the exception of computers and data projectors, which are capitalised regardless of cost.

Additions to Plant and Equipment assets are recorded at cost. Where Plant and Equipment is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Gains and losses on disposal of Plant and Equipment are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit.

Capital Work-in-Progress

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. The total cost of a project is transferred to the relevant asset class on completion and then depreciated accordingly.

Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation of Software

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives of the University's software range from 3–10 years.

Accounting for Revaluations of Property Plant and Equipment

The University accounts for revaluations on a class of asset basis.

The results of any revaluation are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Impairment of Property, Plant and Equipment and Intangible Assets

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, any 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 surplus or deficit.

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

The reversal of any 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 surplus or deficit, a reversal of the impairment loss is recognised first in the surplus or deficit.

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

Depreciation of Property Plant and Equipment

All items of property, plant and equipment other than Land, the Permanent Collection, and the Artworks, Medals and Logie Collections are depreciated using the straight-line method, at rates that will write off the cost of assets less their residual values, over their estimated remaining useful lives. Depreciation rates used are as follows:

Buildings Components:

Structure	1.25–2%
Building Services	2.50–6.70%
Fittings and Fit-out	4.00%
Furnishings (chattels)	5.00%
Infrastructure Assets	0.95%–33.3%
Other Plant and Equipment	6.7% to 33.3%
Leased Equipment	33.3%
Current Collection (Library)	10.00%

Artworks, Medals, Logie and the Permanent collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered negligible.

Leases

Finance Leases

Leases which effectively transfer substantially all the risks and benefits of ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments.

The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period of expected benefit from the asset's use on a straight line basis.

The finance charge is included in the surplus or deficit over the lease period so as to produce a constant periodic rate of interest.

Operating Leases

Leases that do not transfer the risks and rewards incidental to ownership are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The University has entered into a 35 year lease of its student accommodation facilities with Campus Living Villages Limited. The majority of the lease rental was received in advance in 2005, and is being recognised as income, apportioned equally over the period of the lease.

The present value of the term receivable for the remaining interim and terminal lease payment from this transaction is reflected in non-current assets. The income received in advance is shown in current and non-current liabilities.

Provisions

Provisions are required for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event that makes it probable that expenditure will be required to settle the obligation. Provisions are only recognised when a reliable estimate can be made as to the amount of the obligation. Provisions are not made for future operating losses.

Employee Entitlements

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

Annual leave which has vested in the employee (an entitlement has been established) has been measured at nominal value using remuneration rates current at reporting date. This provision is shown as a current liability.

Long service leave for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service, as calculated at balance date by an independent actuary. The portion which has already vested in the employee (an entitlement has been established) is presented as a current liability using remuneration rates current at reporting date. The balance is shown as a non-current liability.

Retirement leave for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service, as calculated at balance date by an independent actuary. This provision is shown as a non-current liability, except for the estimated amount attributable to retirees for the following financial period – this is shown as a current liability.

Sick leave for all eligible staff is calculated at balance date by an independent actuary and is an actuarial function of the extent to which absences are expected to be greater than sick leave entitlements earned over the next 12 months and future years. The liability balance is split into a current and non-current portion.

The present value of long service, retirement and sick leave obligations depends on a number of factors that are determined on an actuarial

basis using a number of assumptions. The key assumptions used in calculating this liability include the discount rate and the salary growth factor. Any changes in these assumptions will impact on the carrying amount of the liability. The valuation was carried out by an independent actuary, Eriksen & Associates Limited, as at 31 December 2014. They have based their valuation on the model recommended by Treasury for the reporting purposes of Crown Entities.

In addition to the above, the University has previously made provision for staff taking leave to manage their post-earthquake obligations.

Earthquake-related leave was based on all continuing employees being eligible for a maximum of 15 days, from 1 August 2011, to be used before 31 December 2013. The provision assumed that the number of days taken were dependent on estimated earthquake damage zones of an employee's residence. The value of this provision was measured using remuneration rates current at balance date. This provision terminated as at 31 December 2013.

Prior to 31 December 2013, the University announced that while the earthquake-related leave benefit had been terminated, employees could still apply for discretionary leave where they were required to attend to earthquake related matters up to 31 December 2014. While remaining discretionary, the University considers that there was sufficient probability that such leave would be applied for and granted that a new provision for this leave, based on previous earthquake leave taken, was included as at 31 December 2013. The calculation was performed by management with reference to published data of progress on earthquake damage repairs to residential property and to leave taken to date by University staff relating to earthquake residential property damage.

This provision terminated as at 31 December 2014.

Superannuation

Defined Benefit Plan

The University is party to the Government Superannuation Fund (GSF) but has no underwriting responsibilities as any shortfall is met by the Government.

Insufficient information is available to use defined benefit accounting as it is not possible to determine from the terms of the scheme the extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Defined Contribution Plan

Any superannuation defined contributions are undertaken and reflected as normal operating expenses and are included within both the surplus or deficit and Statement of Financial Position as appropriate.

Foreign Currencies

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of the balance date.

Borrowing Costs

The University has elected to defer the adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2008) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities.

Consequently, all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in the period in which they are incurred.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components of equity are:

- general equity;
- general equity — Te Pourewa settlement reserve;
- general equity — student service levy capital reserve;
- cash flow hedge reserve;
- property revaluation reserves; and
- fair value through other comprehensive income reserve

General equity — Te Pourewa settlement reserve

This reserve has been created to acknowledge the University's undertakings to its insurers on receipt of the insurance settlement of \$17.5 million. Principally, the University undertakes to replace the work space provided by the demolished Te Pourewa building as a new building or as part of a larger new building on another site owned by the University, yet to be determined. The reserve will be released back into general equity once this undertaking has been met.

General Equity — student service levy capital reserve

This reserve records the annual allocation of funding of capital items from the student services levy, which is shown as a transfer from general equity. As capital items are purchased, the corresponding balance is deducted from this reserve and transferred back to general equity.

The University is in receipt of insurance proceeds for the repair of the UCSA building on campus, which is jointly owned by UCSA and the University. UCSA has the majority holding. The University will be managing any earthquake remediation work, but in 2014 has credited \$6 million to this reserve, being the estimated amount of insurance receipts allocated to the UCSA majority ownership.

This will be released back to General Equity as the UCSA building is repaired.

Cash flow hedge reserves

This reserve relates to the movements of fair value of all foreign exchange forward contracts and interest rate swaps.

Property revaluation reserves

These reserves relate to the revaluation of building, land, library and collections to fair value. The Building Revaluation Reserve is currently nil due to significant impairment in 2011 as a result of earthquake damage.

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of "fair value through other comprehensive income" instruments.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated GST inclusive. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. GST owing to the Inland Revenue Department as at 31 December 2014 is included in Accounts Payable.

Taxation

The University is exempt from the payment of income tax as it is treated by the Inland Revenue Department as a charitable organisation. Accordingly, there is no provision for income tax.

Critical Accounting Estimates and Assumptions

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Land and Buildings Valuations

The valuation from CB Richard Ellis Limited assumes that there were no physical consequences of the Canterbury earthquakes that had a detrimental effect on the value of the land and buildings. It also assumes there are no rectification costs which are not covered by insurance and hence no extraordinary costs that will warrant deductions from the valuation. The University adjusted the valuation to allow for the decrease in value in the buildings asset as at 31 December 2014 for unremediated earthquake damage. Note 24 explains the rationale for this and the methodology used, and highlights risks that estimates of damage to buildings may be different from that reflected in these financial statements.

(a) Land

The land valuation includes an allowance to reflect the possible legal impediments to achieving the fair market value of the land's highest and best use, incorporating assumptions as to the realisation period for the disposal of property sections and the number of sub-divisible sections, which has a direct impact on overall returns and the valuation.

(b) Buildings at Depreciated Replacement Cost

In performing depreciated replacement cost valuations with respect to buildings, estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then the University could be over or under estimating

the annual depreciation charge recognised as an expense in the surplus or deficit. The cost element is determined with reference to building cost indices and / or market data if available.

The valuation excludes any capitalisation of borrowing costs that may have been incurred in the construction or acquisition of a component asset.

Adjustments have been made as appropriate to fairly reflect remaining lives by reference to physical condition and capital expenditure.

(c) Residential Properties at Market Values

The valuation of residential property owned by the University is based on market value. Market value is the estimated amount the property would sell for on the date of valuation, between a willing buyer and willing seller in an arm's length transaction, acting knowledgeably, prudently and without compulsion.

The market value methodology for residential properties takes into account recent sales of comparable properties.

(d) Buildings at Market Value – Ilam Homestead

The valuation of the Ilam Homestead is based on market value and is predicated on a standard commercial lease arrangement for a property of this type.

(e) Campus Living Villages

The valuation of land and improvements that are leased to Campus Living ignores the lease impediment and treats the valuation in the same fashion as the balance of the University campus assets, that is, the leased assets are valued at depreciated replacement cost.

(f) Dovedale Campus

The valuation merges the interests of the Crown and the University in respect of the Dovedale campus. The Government has indicated that ownership of this land will be transferred to the University as part of the present Tertiary Education Commission (TEC) and Ministry of Education (MOE) asset transfer policy process.

Reversionary Interest

A reversionary interest amount is recognised representing the progressive recognition of the value of the Campus Living accommodation which will vest in the University in 2040. The key assumption used in calculating this revenue is the discount rate at 6.33% (December 2013: 7.0%). Any changes in this rate will impact on the revenue recognised.

Long Service, Retirement Gratuity and Sick Leave

The estimates and uncertainties surrounding these valuations include an estimation of salary growth rate of 3.0%, resignation rates (as per Government Superannuation Fund), retirement rates (as per Government Superannuation Fund), and discounting rates based on the yields on Government Bonds (consistent with all entities that form part of the Crown's annual reporting).

Other leave provisions

The University advised employees that discretionary leave to enable them to address earthquake-related matters could be applied for through the normal processes up until 31 December 2014. The University considers this to be a tangible enough offer to recognise a reliably estimated provision of \$750,000 in respect of this leave. The amount has been calculated based on:

- the amount of earthquake leave taken to date;
- the current stage of residential rebuild and repair in Christchurch, as advised by CERA; and
- discounted by 25% to reflect the likelihood that some work will still remain to be completed by the end of 2014.

This offer was terminated at 31 December 2014 and the unused amount of the provision released in full.

Recognition of Buildings Impairments

The University has estimated the extent of damage to its buildings through the use of independent Quantity Surveyors, Inovo Projects Limited (formerly Davis Ogilvie and Partners Limited) (2013: Davis Ogilvie and Partners Limited). These estimates are based on the following:

- each building has been separately considered;
- historical data and experience gathered over the last three years of remediation work;
- no allowance has been made for cost escalation;
- allowances are included for professional fees, contractor's costs and contingencies where appropriate, using industry rates; and
- certain buildings have detailed information and reports while others have very limited information and where the estimates have been developed using the best information available for each building.

Building impairment are discussed further in Note 24.

Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
OPERATING INCOME						
Government Grant		128,209	126,996	128,209	126,996	126,744
Performance Based Research Funding (PBRF)		25,763	24,566	25,763	24,566	25,216
Student Tuition Fees Domestic Fee Paying		59,673	57,478	59,673	57,478	60,451
Student Tuition Fees Full Fee Paying		18,521	18,371	18,521	18,371	18,122
Student Services Levy		7,728	7,611	7,728	7,611	7,816
Other Student Related Fees		1,202	734	1,202	734	721
Research Income		26,666	26,282	26,666	26,282	25,485
Interest Income		6,103	4,338	6,103	4,338	2,320
Other Income	1	24,533	15,113	24,248	15,521	17,195
Insurance reimbursements and settlements	25	370,306	78,887	370,306	78,887	40,970
Increase in revaluation of Buildings	8,24	73,388	65,229	73,388	65,229	-
TOTAL OPERATING INCOME		742,092	425,605	741,807	426,013	325,040
OPERATING EXPENDITURE						
Personnel Expenses	2	167,790	159,185	167,790	159,185	167,054
General / Operating Expenditure	3	89,992	102,647	89,687	102,822	85,000
Finance Charges	4	3,814	3,913	3,814	3,913	4,560
Depreciation and Amortisation	8	40,429	36,947	40,429	36,946	37,909
Increase in impairment of Buildings	8,24	6,790	42,920	6,790	42,920	-
Ilam Homestead Revaluation Loss	24	-	3,666	-	3,666	-
TOTAL OPERATING EXPENDITURE		308,815	349,278	308,510	349,452	294,523
SURPLUS/(DEFICIT)		433,277	76,328	433,297	76,562	30,517
Other Comprehensive Income						
Movements in revaluation reserves relating to the Art Collection	8	434	-	434	-	-
Movements in revaluation reserves relating to Library Permanent Collections	8	-	2,354	-	2,354	-
Movements in revaluation reserves relating to Infrastructure Assets	8	12,808	-	12,808	-	-
Movements in revaluation reserves relating to Land	8	16,450	(10,795)	16,450	(10,795)	-
Net Movements in revaluation reserves	18	29,692	(8,441)	29,692	(8,441)	-
Effective portion of changes in fair value of cash flow hedges	18	(2,703)	3,225	(2,703)	3,225	-
Adjustment to New Zealand Synchrotron Group Limited Valuation	18	8	-	8	-	-
Adjustment to New Zealand South African Large Telescope (SALT) Limited Valuation	18	33	-	33	-	-
Adjustments to Fair Value through Other Comprehensive Income Reserve to Net Surplus/(Deficit)	18	-	993	-	993	-
Total Other Comprehensive Income		27,030	(4,223)	27,030	(4,223)	-
TOTAL COMPREHENSIVE INCOME		460,307	72,105	460,327	72,339	30,517

	Notes	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
The surplus/(deficit) can be analysed as follows:						
Deficit from primary operations	26	(3,271)	(2,969)	(3,251)	(2,735)	(10,453)
Campus rebuild costs, Science Lecture Theatre, Commerce and Te Pourewa demolition and write offs	3	(937)	(19,730)	(937)	(19,730)	–
Ilam Homestead Revaluation Loss	24	0	(3,666)	0	(3,666)	–
Insurance reimbursements and settlements	25	370,306	78,887	370,306	78,887	40,970
Increase in revaluation of Buildings	8,24	73,388	65,229	73,388	65,229	–
Increase in impairment of Buildings	8,24	(6,790)	(42,920)	(6,790)	(42,920)	–
Leave provision adjustments	15	721	2,638	721	2,638	–
Increased costs of working	24	(140)	(1,142)	(140)	(1,142)	–
SURPLUS/(DEFICIT)		433,277	76,328	433,297	76,562	30,517

Further details on the impact of the earthquake and the rebuilding of the UC campus are included in the notes as indicated. Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2014 BUDGET. The accompanying policies and notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2014

	Notes	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
Balance at 1 January		604,205	522,100	604,132	521,793	574,038
Comprehensive Income						
Surplus/(deficit)	18	433,277	76,328	433,297	76,562	30,517
Other comprehensive income	18	27,030	(4,223)	27,030	(4,223)	–
Total comprehensive income		460,307	72,105	460,327	72,339	30,517
Non Comprehensive Income Items						
Contributions from the Crown	18	100,000	10,000	100,000	10,000	100,000
Total Non Comprehensive Income Items		100,000	10,000	100,000	10,000	100,000
Balance as at period end		1,164,512	604,205	1,164,459	604,132	704,555

Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2014 BUDGET. The accompanying policies and notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2014

	Notes	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
CURRENT ASSETS						
Cash and Cash Equivalents	5	98,756	65,648	98,730	65,583	148,403
Other Financial Assets / Short Term Deposits	16	66,846	5,299	66,846	5,299	–
Receivables	6	276,851	15,313	276,847	15,313	13,219
Prepayments		8,239	8,487	8,239	8,487	8,451
Derivative Financial Instrument Assets	16	161	–	161	–	–
Inventories	7	1,139	1,391	1,139	1,391	1,450
Total Current Assets		451,992	96,138	451,962	96,073	171,523
LESS CURRENT LIABILITIES						
Funds Received in Advance	11	24,222	22,697	24,222	22,697	23,857
Accounts Payable	12	26,118	31,709	26,141	31,715	21,473
Current Loans & Leases	13	32	1,032	32	1,032	32
Philanthropic Bond	14	2,000	2,000	2,000	2,000	2,000
Current Provisions – Employee Entitlements	15	8,968	9,685	8,968	9,685	11,462
Total Current Liabilities		61,340	67,123	61,363	67,129	58,824
WORKING CAPITAL		390,653	29,015	390,600	28,944	112,699
NON CURRENT ASSETS						
Property, Plant and Equipment	8	736,964	551,310	736,964	551,308	683,555
Intangible Assets	8	8,206	3,717	8,206	3,717	–
Capital Work-in-Progress		76,134	91,420	76,134	91,420	–
Investments	9	786	745	786	745	1,060
Other Financial Assets / Long Term Deposits	16	39,500	17,500	39,500	17,500	–
Term – Receivable	10	1,756	1,641	1,756	1,641	1,756
Other Non Current Assets	10	9,862	5,078	9,862	5,078	7,544
Total Non Current Assets		873,208	671,411	873,208	671,409	693,915
NON CURRENT LIABILITIES						
Loans & Leases	13	896	928	896	928	896
Other Financial Liabilities	16	4,493	1,552	4,493	1,552	4,785
Philanthropic Bond	14	47,392	47,273	47,392	47,273	47,978
Term Provisions – Employee Entitlements	15	23,572	22,643	23,572	22,643	25,442
Term – Funds Received in Advance	11	22,995	23,825	22,995	23,825	22,958
Total Non Current Liabilities		99,348	96,221	99,348	96,221	102,059

Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2014 BUDGET. The accompanying policies and notes form an integral part of these financial statements.

	Notes	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
NET ASSETS		1,164,512	604,205	1,164,459	604,132	704,555
Represented by:						
General Equity	18	996,152	470,494	996,099	470,421	565,619
General Equity — Te Pourewa Settlement Reserve	18	17,500	17,500	17,500	17,500	17,500
General Equity — Student Services Levy Capital Reserve	18	8,168	550	8,168	550	–
Revaluation Reserves	18	146,913	117,221	146,913	117,221	126,221
Cashflow Hedge Reserve	18	(4,262)	(1,560)	(4,262)	(1,560)	(4,785)
Fair Value Through Other Comprehensive Income Reserve	18	41	–	41	–	–
TOTAL EQUITY		1,164,512	604,205	1,164,459	604,132	704,555

Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2014 BUDGET.
The accompanying policies and notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
OPERATING ACTIVITIES						
Cash provided from:						
Government Grant		153,972	151,562	153,972	151,562	151,960
Tuition Fees		78,612	76,869	78,612	76,869	78,573
Other Income		57,845	51,563	57,892	51,286	51,084
Agency Funds		4,818	4,227	4,818	4,227	–
Interest Received		4,585	4,461	4,585	4,461	2,320
Net GST Movement		4,134	(1,720)	4,134	(1,721)	(1,271)
		303,966	286,962	304,013	286,684	282,666
Cash applied to:						
Personnel Expenses		166,263	166,427	166,263	166,427	167,054
General / Operating Expenses		91,020	87,581	90,699	87,310	87,000
Agency Funds		4,818	4,227	4,818	4,227	–
Interest Paid		3,727	3,794	3,727	3,794	3,650
		265,828	262,029	265,507	261,758	257,704
Net cash provided by Operating Activities	19	38,138	24,932	38,506	24,926	24,962
INVESTING ACTIVITIES						
Cash provided from:						
Proceeds from Disposal of Fixed Assets		3,485	34	3,485	34	–
Proceeds from Disposal of Investments		329	–	–	–	–
Earthquake Insurance Receipts		105,578	70,737	105,578	70,737	41,000
Maturity of Deposits with terms greater than 3 months but less than 12 months		5,299	57,665	5,299	57,665	17,500
		114,691	128,436	114,362	128,436	58,500
Cash applied to:						
Capital Expenditure		129,843	90,545	129,843	90,545	113,536
Deposits with terms greater than 3 months but less than 12 months		66,846	5,299	66,846	5,299	–
Deposits with terms greater than 12 months		22,000	17,500	22,000	17,500	–
		218,689	113,344	218,689	113,344	113,536
Net cash used in Investing Activities		(103,998)	15,092	(104,327)	15,092	(55,036)

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2014 BUDGET. The accompanying policies and notes form an integral part of these financial statements.

	Notes	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
FINANCING ACTIVITIES						
Cash provided from:						
Capital Contribution from the Crown		100,000	10,000	100,000	10,000	100,000
		100,000	10,000	100,000	10,000	100,000
Cash applied to:						
Repayment of Loans		1,032	2,064	1,032	2,064	1,032
		1,032	2,064	1,032	2,064	1,032
Net cash provided by Financing Activities		98,968	7,936	98,968	7,936	98,968
Net increase (decrease) in cash held		33,108	47,960	33,147	47,954	68,894
Cash and Cash Equivalents on hand at beginning of period		65,648	17,688	65,583	17,629	79,509
Cash and Cash Equivalents on hand at end of period	5	98,756	65,648	98,730	65,583	148,403

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2014 BUDGET. The accompanying policies and notes form an integral part of these financial statements.

Statement of Commitments

As at 31 December 2014

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date. Further details of the University's wider construction intentions are included in Note 24.

Non-cancellable Operating Lease Commitments

The University leases property in the normal course of business. These leases are predominantly for premises which have remaining non-cancellable leasing periods ranging from six months to 26 years. The leases have varying terms and renewal rights. There are no restrictions placed on the University by any of its leasing arrangements.

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)
Capital Commitments		
Not later than one year	55,764	6,579
Between year two to five	59,744	120
Total Capital Commitments	115,508	6,699
Non-cancellable Operating Lease Commitments as Lessee		
Not later than one year	2,113	583
Between year two to five	6,022	2,273
Later than five years	1,430	1,003
Total Non-cancellable Operating Lease Commitments	9,565	3,859
The University has rights of renewal of varying periods in some of its leases		
Non-cancellable Operating Lease Commitments as Lessor		
Not later than one year	1,955	1,618
Between year two to five	4,824	4,763
Later than five years	15,163	19,263
Total Non-cancellable Operating Lease Commitments	21,942	25,644

The University entered into a 35 year lease arrangement with Campus Living Village for the University's student accommodation in 2005. No contingent rents have been recognised in revenue during the year.

Statement of Contingencies

As at 31 December 2014

Earthquake and insurance related contingencies

The University entered into a funding agreement with the Crown in September 2014, which commits the Crown to funding UC up to \$260 million for the construction of the Rutherford Science and Innovation Centre (RSIC) and the Canterbury Engineering the Future (CETF) project. The University has received \$110 million so far under this agreement.

There are a number of conditions in the funding agreement that may either delay receipt or result in the University receiving less than the remaining \$150 million in full, including the satisfactory completion of implementation plans for RSIC and the maintenance of EFTS numbers within the forecasts made by the University in its business cases to the Government.

As a result, the University has a contingent asset of up to \$150 million, dependent on the successful completion of the required plans.

As at 31 December 2013, the University disclosed contingent assets in relation to future insurance claims in relation to the Canterbury earthquakes, and in respect of a court case where the outcome could further increase amounts recoverable from the insurers for strengthening of buildings to meet the New Building Standards. Following the final settlement being agreed with the insurers in December 2014 and the loss of the appeal to the Supreme Court, both of these contingencies have been extinguished.

The University is exposed to potential sharing of its insurance settlement with the Crown and other claimants. Negotiations are currently at an early stage, and involve allocation of receipts to damage in specified buildings, and to claim recovery costs. Because of the early stage of these negotiations, which in certain cases may result in no requirement to share the insurance receipts at all, the University is unable to quantify any amount that might become payable.

The University is also exploring the potential for further claims on EQC for damage to its halls of residence. This is at a very early stage, and the University is unable to quantify any contingent asset relating to these potential claims.

Other contingencies

The University has provided a bond of \$30,000 to the NZX to secure amounts payable under the NZX Listing Rules for Debt-only Issuers Listed on the NZX Main Board. This bond is held by the University's bankers, ANZ.

The University has also provided 2 Carnet Indemnities for \$42,000 and \$46,000 to the Wellington Regional Chamber of Commerce for the export of a Formula 1 car to Australia for testing. The Carnet for \$42,000 will expire in May 2016 and the Carnet for \$46,000 will expire in June 2017.

The University has no other contingent liabilities or assets at 31 December 2014 (2013: \$nil).

Notes to the Financial Statements

For the year ended 31 December 2014

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
1 / Other Income					
Donations / Koha	62	135	62	135	185
Donations from Trusts	2,467	2,641	2,467	2,641	2,629
Rentals	3,380	2,747	3,380	2,747	2,591
External Sales	2,781	2,793	2,781	2,793	2,636
Consultancy	3,391	3,419	3,391	3,419	2,955
Membership Fees	635	718	635	718	652
Reversionary Interest	4,784	(1,665)	4,784	(1,665)	399
Dividends Received	-	-	261	684	-
Sundry Income	7,033	4,325	6,487	4,049	5,148
TOTAL OTHER INCOME	24,533	15,113	24,248	15,521	17,195

2 / Personnel Expenses					
Academic Salaries	76,399	77,635	76,399	77,635	77,324
General Salaries*	78,132	76,158	78,132	76,158	76,474
Superannuation Contributions	6,722	6,606	6,722	6,606	6,495
Councillors' Honoraria	83	75	83	75	100
Redundancy Costs	1,133	1,778	1,133	1,778	1,750
Actuarially Valued Employee Entitlements	1,076	(2,792)	1,076	(2,792)	-
Earthquake Leave Provision Used	-	(336)	-	(336)	-
Earthquake Leave Provision Released	-	(3,388)	-	(3,388)	-
Special Leave Provision Used	(29)	750	(29)	750	-
Special Leave Provision Released	(721)	-	(721)	-	-
Other Salary Related Expenditure	4,995	2,699	4,995	2,699	4,911
TOTAL PERSONNEL EXPENSES	167,790	159,185	167,790	159,185	167,054

* The General staff classification includes Education Plus staff.

	4,028	3,967	4,028	3,967	3,382
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	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
3 / General / Operating Expenditure – Disclosures					
Audit New Zealand – External Financial Statements Audit	195	189	195	189	227
Audit New Zealand – External Financial Statements Audit – additional fees for earthquake related issues	21	70	21	70	–
Audit New Zealand – External Financial Statements Audit Subsidiaries	9	16	9	16	–
Audit New Zealand – Other Assurance Work: Report to Bond Trustees, PBRF and Overhead Recovery Rate Certification	22	11	22	11	–
Bad Debts Written Off	53	73	53	73	2
Building Write Offs	118	14,188	118	14,188	–
Demolition Costs	819	5,542	819	5,542	–
Equipment Rentals	161	240	161	240	190
Exchange Losses	52	51	52	51	–
Increase / (Decrease) in Provision for Doubtful Debts	(410)	276	(410)	276	35
Loss on Disposal of Property, Plant & Equipment	500	676	500	676	20
Software Asset Impairment	3,162	–	3,162	–	–
Student Association Service Provision	1,928	2,065	1,928	2,065	1,985
Write-down of Inventories	252	47	252	47	–
Fair Value Movement in Interest Rate Swaps	70	–	70	–	–

4 / Finance Charges					
Finance Charges – Interest Paid	3,790	3,766	3,790	3,766	3,736
Finance Charges – Interest on Finance Leases	24	147	24	147	24
Accommodation Guarantee	13	–	–	–	800
TOTAL FINANCE CHARGES	3,814	3,913	3,814	3,913	4,560

5 / Cash and Cash Equivalents					
Cash at bank and in hand	98,756	65,648	98,730	65,583	148,403
TOTAL CASH AND CASH EQUIVALENTS	98,756	65,648	98,730	65,583	148,403

The weighted average interest rate as at 31 December 2014 is 4.12% (31 December 2013 is 3.71%).
The carrying amount approximates the fair value.

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
6 / Receivables					
Trade Receivables	3,364	5,919	3,364	5,919	5,307
Provision for Doubtful Debts	(92)	(502)	(92)	(502)	(200)
Insurance Receivable	269,023	7,363	269,023	7,363	-
Other Receivables	4,556	2,533	4,552	2,533	8,112
TOTAL RECEIVABLES	276,851	15,313	276,847	15,313	13,219

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

There is no concentration of credit risk with respect to Trade Receivables as the balances are made up of a large number of customers.

Insurance receivables are in respect of a small number of insurance companies which represent a concentration of credit risk. These receivables were paid in full subsequent to the year end.

As at 31 December 2014 and 2013, overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below:

	Dec 2014 Actuals (\$000's)			Dec 2013 Actuals (\$000's)		
	Gross	Impairment	Net	Gross	Impairment	Net
University						
Not past due	1,616	-	1,616	3,620	-	3,620
1-30 Days Past Due	531	-	531	1,436	-	1,436
31-60 Days Past Due	402	-	402	155	-	155
61-90 Days Past Due	408	-	408	61	-	61
Greater than 91 Days Past Due	407	(92)	315	647	(502)	145
	3,364	(92)	3,272	5,919	(502)	5,417

	Dec 2014 Actuals (\$000's)			Dec 2013 Actuals (\$000's)		
	Gross	Impairment	Net	Gross	Impairment	Net
University & Group						
Not past due	1,616	-	1,616	3,620	-	3,620
1-30 Days Past Due	531	-	531	1,436	-	1,436
31-60 Days Past Due	402	-	402	155	-	155
61-90 Days Past Due	408	-	408	61	-	61
Greater than 91 Days Past Due	407	(92)	315	647	(502)	145
	3,364	(92)	3,272	5,919	(502)	5,417

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
7 / Inventories					
Held for distribution	985	1,155	985	1,155	1,450
Commercial inventory	154	236	154	236	-
Total Inventory	1,139	1,391	1,139	1,391	1,450

No inventories are pledged as security for liabilities.

8 / Property, Plant and Equipment and Intangibles

	COST / VALN DEC 12 (\$000's)	ACCUM DEPN & AMORTISATION DEC 12 (\$000's)	NET BOOK VALUE DEC 12 (\$000's)	CURRENT YEAR ADDITIONS DEC 13 (\$000's)	CURRENT YEAR DISPOSALS COST DEC 13 (\$000's)	CURRENT YEAR DISPOSALS ACCUM DEPN DEC 13 (\$000's)	CURRENT YEAR DEPN & AMORTISATION DEC 13 (\$000's)	CURRENT YEAR REVALUATION/ MOVEMENTS DEC 13 (\$000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN DEC 13 (\$000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS DEC 13 (\$000's)	COST / VALN DEC 13 (\$000's)	ACCUM DEPN & AMORTISATION DEC 13 (\$000's)	NET BOOK VALUE DEC 13 (\$000's)
UNIVERSITY & GROUP													
Land at Valuation	100,085	-	100,085	-	-	-	-	(10,795)	-	-	89,290	-	89,290
Buildings at Valuation	286,937	-	286,937	59,877	(14,721)	535	(17,596)	48,168	17,061	(42,920)	337,341	-	337,341
Infrastructure Assets	23,352	(959)	22,393	1,077	-	-	(961)	-	-	-	24,429	(1,920)	22,509
Plant & Equipment at Cost	110,178	(74,934)	35,241	7,576	(4,544)	4,508	(8,215)	-	-	-	113,210	(78,641)	34,569
Leased Equipment at Cost	11,055	(7,355)	3,700	-	(5)	5	(2,467)	-	-	-	11,050	(9,817)	1,233
Library (Current Collection) at Cost	84,581	(60,989)	23,593	3,437	(1,111)	1,111	(5,667)	-	-	-	86,907	(65,546)	21,361
Library (Permanent Collection) / Other Collections at Valuation	43,335	-	43,335	45	(726)	-	-	2,354	-	-	45,008	-	45,008
Intangible Assets – Software	18,584	(13,036)	5,548	210	-	-	(2,041)	-	-	-	18,794	(15,077)	3,717
TOTAL UNIVERSITY PROPERTY PLANT & EQUIPMENT AND INTANGIBLES	678,107	(157,273)	520,832	72,222	(21,107)	6,159	(36,947)	39,727	17,061	(42,920)	726,029	(171,001)	555,028
UNIVERSITY & GROUP													
Land at Valuation	89,290	-	89,290	-	-	-	-	16,450	-	-	105,740	-	105,740
Buildings at Valuation	337,341	-	337,341	111,907	(3,350)	451	(22,432)	53,698	21,981	(6,790)	492,806	-	492,806
Infrastructure Assets	24,429	(1,920)	22,509	806	(413)	32	(1,079)	9,842	2,966	-	34,664	(1)	34,663
Plant & Equipment at Cost	113,210	(78,641)	34,569	12,883	(5,437)	5,203	(8,810)	-	-	-	120,656	(82,248)	38,408
Leased Equipment at Cost	11,050	(9,817)	1,233	-	-	-	(1,233)	-	-	-	11,050	(11,050)	-
Library (Current Collection) at Cost	86,907	(65,546)	21,361	3,136	-	-	(4,651)	-	-	-	90,042	(70,197)	19,845
Library (Permanent Collection) / Other Collections at Valuation	45,008	-	45,008	62	-	-	-	434	-	-	45,503	-	45,503
Intangible Assets – Software	18,794	(15,077)	3,717	9,985	(257)	148	(2,224)	-	-	(3,162)	25,359	(17,153)	8,206
TOTAL UNIVERSITY PROPERTY PLANT & EQUIPMENT AND INTANGIBLES	726,029	(171,001)	555,028	138,779	(9,457)	5,834	(40,429)	80,424	24,947	(9,952)	925,820	(180,649)	745,171

8 / Property, Plant and Equipment and Intangibles (continued)

Revaluation Movement

The building revaluation at 31 December 2014 was an increase of \$75.679 million. However, this has been reduced for contract works insurance for 2012 and 2013 of \$2.291 million. The net movement is \$73.388 million.

Impairment Movement

The impairment of buildings at 31 December 2014 was an increase of \$17.965 million. However, this has been adjusted by the write back of the Commerce Building of \$11.177 million resulting in a net impairment of \$6.790 million.

As a result of the merger with the Christchurch College of Education, the University occupies land and buildings at Solway Avenue, Christchurch. The Crown has legal title of the land and a portion of the buildings.

However, the University has 'in substance' ownership of the land and buildings and reports these assets as if owned by the University. The University has a 99 year lease of this land and these buildings at a peppercorn rent, subject to the rights of renewal being exercised. This includes two rights of renewal being exercised every 33 years.

There are no restrictions over the title of the University's Property, Plant and Equipment or Intangibles, nor are any pledged as security for liabilities. See the accounting policies for further critical accounting assumptions regarding Land and Buildings.

Included in the Library (Permanent Collection) / Other Collections at Valuation line item are the University's Art Work Collections, Medal Collection and Logie Collection.

The Logie Collection was revalued 25 September 2012 by James Ede of Charles Ede Limited.

The Medal Collection was revalued 18 December 2013 by R J Watt and Associates, independent valuers.

The Art Collection was revalued 31 May 2014 by James Parkinson, Director of Valuations, Art + Object Limited, Auckland.

The Library Permanent Collection, included in the Library (Permanent Collections) / Other Collections at Valuation category, was revalued at 31 December 2013 by Basil J Roberts, registered Plant and Machinery Valuer of Jones Lang LaSalle Limited.

Land and Buildings were revalued at 31 December 2014 by Chris Barraclough, Registered Valuer of CBRE, Christchurch.

Infrastructure Assets at Valuation have been established as a separate category within Property, Plant and Equipment, and revalued by AECOM New Zealand Limited as at 31 December 2014.

2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
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9 / Investments

Investment Category

Investments at Fair Value through other Comprehensive Income

Investment in South African Large Telescope (SALT)

758 725 758 725 950

Investment in New Zealand Synchrotron Group Limited

28 20 28 20 110

TOTAL INVESTMENTS

786 745 786 745 1,060

Canterprise Limited is registered under the Companies Act 1993 and is a wholly owned subsidiary of the University of Canterbury. Canterprise Limited is a non-trading entity which owns the University's residual interest in intellectual property.

During the 2013 year, the University's investment in Canterprise Limited was written down to \$nil.

The South African Large Telescope Foundation is a collaboration of various universities and research organisations, to design, construct and operate a 10 metre telescope for the advancement of science and the promotion of astronomy and astrophysics. The University has a 3.1% shareholding in the South African Large Telescope Foundation.

The New Zealand Synchrotron Group Limited is made up of seven universities and currently four Crown Research Institutes. The University has a 10.12% shareholding.

The New Zealand Synchrotron Group Limited invests as a shareholder in Australian Synchrotron Holding Company, and in return receives access rights to usage of the Synchrotron Instrument.

The University also has investments of minimal or nil value as follows:

Name	Percentage Held
Canterprise Limited	100%
Canterprise Nominees Limited	100%
Canterprise Trustees (No.2)	100%
Entré Limited	100%
UC International College Limited	100%
Geospatial Research Centre (NZ) Limited	30%
Te Tapuae O Rehua Limited	17%
Stratified Concrete Technologies Limited	15%
Veritide Limited	9%
Powerhouse Ventures Limited	8%
Kiwi Innovation Network Limited	8%
Tiro Life Sciences	8%
WQI Limited	2%

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
10 / Term Receivable and Other Non Current Assets					
Campus Living Villages – Term Receivable	1,756	1,641	1,756	1,641	1,756
Other non current assets					
Reversionary interest	9,862	5,078	9,862	5,078	7,544

Campus Living Villages – Term Receivable

In December 2005, the University entered into a 35 year arrangement to lease the student accommodation facilities to Campus Living Village (CLV) for \$35 million.

A portion of revenue was received in advance (\$28 million) for the current facilities and is being spread over the term of the lease on a straight line basis (Note 11).

The term receivable represents the present value of the amount still owing by CLV. This amount will increase over the term of the lease and a final payment will be made by CLV on maturity.

Reversionary Interest

In line with the CLV lease agreement, additional buildings have been constructed at Campus Living's cost. Ownership of these buildings will vest with the University at the end of the lease.

The reversionary interest represents the value of the University's interest in these buildings which will generally increase over time, dependant on the discount rate used and the valuation of the buildings, and is valued on a present value basis.

11 / Funds Received in Advance

Current Funds Received in Advance					
Student Fees	5,649	5,425	5,649	5,425	7,235
Research Income	14,767	14,175	14,767	14,175	13,541
Future minimum operating lease revenue not later than one year	868	868	868	868	868
Other	2,938	2,229	2,938	2,229	2,213
	24,222	22,697	24,222	22,697	23,857
Term – Funds Received in Advance					
<i>Future minimum operating lease revenue:</i>					
Later than one year and not later than five years	3,471	3,471	3,471	3,471	3,472
Later than five years	19,524	20,354	19,524	20,354	19,486
	22,995	23,825	22,995	23,825	22,958
TOTAL FUNDS RECEIVED IN ADVANCE	47,217	46,522	47,217	46,522	46,815

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
12 / Accounts Payable					
Trade Payables	3,428	13,931	3,428	13,931	3,671
Other Payables	22,690	17,778	22,713	17,784	17,802
TOTAL ACCOUNTS PAYABLE	26,118	31,709	26,141	31,715	21,473

Trade Payables and Other Payables are non-interest bearing and are normally settled on 30-day terms, therefore their carrying value approximates to their fair value.

13 / Loans and Leases					
Current Loans and Leases					
Sonoda Gakuen Corporation of Japan Loan	32	32	32	32	32
Finance Leases	-	1,000	-	1,000	-
	32	1,032	32	1,032	32
Non current Loans and Leases					
Sonoda Gakuen Corporation of Japan Loan	896	928	896	928	896
TOTAL LOANS AND LEASES	928	1,960	928	1,960	928

The University operates a purchasing card facility and had a credit limit of \$11 million as at 31 December 2014 (31 December 2013: \$11 million).

The finance lease was for the NeSI High Performance Computer which was lease to own and the final lease payment was made 30 June 2014. There are no other finance leases in place at 31 December 2014.

Sonoda Gakuen Corporation of Japan advanced \$1.6 million in March 1992 to assist with the funding of the construction of the Sonoda Christchurch Campus. The loan is for a term of 50 years at an interest rate of 3% per annum.

The carrying amount for loans and leases approximates their fair value.

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
ANALYSIS OF LOAN AND LEASE LIABILITIES					
Analysis of Loan Liabilities					
Within one year	32	32	32	32	32
One – five years	128	128	128	128	128
Greater than five years	768	800	768	800	768
	928	960	928	960	928
ANALYSIS OF FINANCE LEASE LIABILITIES					
Total minimum lease payments that are payable					
Within one year	–	1,025	–	1,025	–
Total minimum lease payments	–	1,025	–	1,025	–
Future finance charges	–	(25)	–	(25)	–
Present value of minimum lease payments	–	1,000	–	1,000	–
Present value of minimum lease payments that are payable					
Within one year	–	1,000	–	1,000	–
Total	–	1,000	–	1,000	–

There were no restrictions placed on the University by any of the finance leasing arrangements.

14 / Philanthropic Bond

Philanthropic Bond – Current	2,000	2,000	2,000	2,000	2,000
Philanthropic Bond – Long Term	47,978	47,978	47,978	47,978	47,978
Capitalised bond issue costs	(586)	(705)	(586)	(705)	–
	47,392	47,273	47,392	47,273	47,978
	49,392	49,273	49,392	49,273	49,978

In 2009, the University successfully launched a \$50 million, 10 year, fixed rate, unsubordinated, unsecured Bond at an interest rate of 7.25% per annum fixed for five years to be reset for a further five years at a 1.75% margin over the then prevailing five year swap rate. The issue was fully subscribed at an issue price of \$1 per Bond with a maturity date of 15 December 2019. On 15 December 2014 the interest rate was reset at 5.77% for the next five years in line with the original offer terms.

The Bond is a philanthropic bond which gives the bond holder the ability to donate either the principal or interest or both throughout the 10 year period of the bond. Principal donated will be irrevocable, but donations of interest are revocable by the bond holder interest period to interest period.

Any donations received by the Philanthropic Bond Trust must be used for advancing and promoting the University's capital works programme.

On 29 November 2012 an amendment to the Bond Deed was made to limit the amount of donations, immediately payable to UC Foundation, within a rolling 12 month period at \$2 million. This portion of the Bond is regarded as a Current Liability and disclosed separately on the face of the Statement of Financial Position.

Capitalised bond issue costs

Expenses incurred in the issue of the 10 year Fixed Rate Unsubordinated Unsecured Philanthropic Bond were capitalised and are being amortised over the period of the bond.

Bond Covenants

The Bond trust deed requires the University to ensure that the following financial covenant ratios are achieved during the year:

- Secured debt will not exceed 5% of the aggregate of debt plus equity;
- Debt will not exceed 25% of the aggregate of debt plus equity.

Ministry of Education (MOE) Borrowing Consent

The existing borrowing consent from the Secretary for Education was replaced in 2014 by a consent that requires appointment of an independent advisor as soon as practicable after the University Council forms the view that it will be required to have outstanding borrowings of more than \$65 million; and for the provision of Financial Planning and Resourcing Committee and Council papers; limits on use of assets as security; and provision of capital asset management planning and capital expenditure reporting. There are no financial covenants.

All Bond covenants and MOE consent requirements were complied with for the 2014 year.

The fair value of the bonds as at 31 December 2014 was \$50.9 million (31 December 2013; \$50.9 million). The fair values of the bonds are determined by reference to the quoted market price on the NZDX at 31 December.

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
15 / Employee Entitlements					
Sick Leave	717	671	717	671	796
Annual Leave	6,105	5,977	6,105	5,977	8,796
Long Service Leave	1,505	1,414	1,505	1,414	1,802
Special Leave ¹	–	750	–	750	–
Retirement Leave	24,046	23,083	24,046	23,083	25,510
Total	32,373	31,895	32,373	31,895	36,904
Redundancy Provision ²	167	433	167	433	–
Total Employee Entitlements	32,540	32,328	32,540	32,328	36,904
Made up of:					
Current	8,968	9,685	8,968	9,685	11,462
Non Current	23,572	22,643	23,572	22,643	25,442
Total	32,540	32,328	32,540	32,328	36,904

¹Special Leave – University & Group

Special Leave Opening Balance	750	–
Provision made	–	750
Amounts used	(29)	–
Provision released	(721)	–
Special Leave Closing Balance	–	750

The Special Leave provision was created as discretionary leave provision. If deemed appropriate this discretionary leave could be used for attendance to earthquake-related matters on a case by case basis until the end of 2014.

²Redundancy Provision – University & Group

Redundancy Provision Opening Balance	433	1,090
Provision made	167	433
Amounts used	(433)	(1,090)
Redundancy Provision Closing Balance	167	433

The Redundancy Provision was created for confirmed redundancies at year end.

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
16 / Other Financial Assets and Liabilities					
Other Financial Assets/Term Deposits					
Short term deposits with maturities over 3 months but less than 12 months	66,846	5,299	66,846	5,299	-
Long term deposits with maturities greater than 12 months	39,500	17,500	39,500	17,500	-
Forward Currency Exchange Contracts	128	-	128	-	-
Interest Rate Swap Derivative	33	-	33	-	-
	106,507	22,799	106,507	22,799	-
Other Financial Liabilities					
Derivative Financial Instrument Liabilities					
Foreign Currency Derivative	-	-	-	-	-
Interest Rate Swap Derivative	4,493	1,552	4,493	1,552	4,785
	4,493	1,552	4,493	1,552	4,785

17 / Financial Instruments

The accounting policies for financial instruments have been applied to the line items below:

FINANCIAL ASSETS					
Loans and Receivables					
Cash and Cash Equivalents	98,756	65,648	98,730	65,583	148,403
Receivables	276,851	15,313	276,847	15,313	13,219
Other Financial Assets	106,346	22,799	106,346	22,799	-
Term - Receivable	1,756	1,641	1,756	1,641	1,756
Total Loans and Receivables	483,709	105,401	483,679	105,336	163,378
Fair value through Other Comprehensive Income					
Foreign Currency Derivative	128	-	128	-	-
Investments	786	745	786	745	1,060
	914	745	914	745	1,060
FINANCIAL LIABILITIES					
Financial Liabilities at amortised cost					
Accounts payable	26,118	31,709	26,141	31,715	21,473
Sonoda Gakuen Corporation of Japan Loan	928	960	928	960	928
Philanthropic Bond	49,392	49,273	49,392	49,273	49,978
Total Financial Liabilities at Amortised Cost	76,438	81,942	76,461	81,948	72,379

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
Fair value					
Foreign Currency Derivative — Fair Value through other Comprehensive Income	–	–	–	–	–
Interest Rate Swap Derivative — Fair Value through Surplus / (Deficit)	4,493	1,553	4,493	1,553	4,785
Total fair value through other Comprehensive Income	4,493	1,553	4,493	1,553	4,785

The carrying amount of both short and long-term deposits approximates their fair value.

Short term deposits maturing over three months but less than 12 months from date of acquisition are all at fixed rates. The weighted average rate secured as at 31 December 2014 is 4.88% per annum (31 December 2013 is 3.85% per annum).

Long-term deposits maturing over three months and remaining duration is more than 12 months from date of acquisition are all at fixed rates. The weighted average interest rate as at 31 December 2014 is 5.50% per annum (31 December 2013 is 4.49% per annum).

The University has a series of policies to manage the risks associated with financial instruments in line with statutory and Council guidelines. The University is risk averse and seeks to minimise exposure from its treasury activities.

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price — financial instruments with quoted prices for identical instruments in active markets.
- Valuation techniques using observable inputs — financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs — financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position:

	Total (\$000's)	Quoted market price (\$000's)	Observable inputs (\$000's)	Significant non-observable inputs (\$000's)
31 December 2014 – University & Group				
Financial Assets				
Investments	786	–	–	786
Derivative Financial Instruments	161	–	161	–
Financial Liabilities				
Derivative Financial Instruments	(4,493)	–	(4,493)	–
TOTAL	(3,546)	–	(4,332)	786
31 December 2013 – University & Group				
Financial Assets				
Investments	745	–	–	745
Financial Liabilities				
Derivative Financial Instruments	(1,560)	–	(1,560)	–
TOTAL	(815)	–	(1,560)	745

Price Risk

The equity investments that are held by the University are reflected within the financial statements either at cost, less impairment, or at fair value. It is deemed that there is limited price risk since at balance date no events had occurred to counter the view that their fair values were significantly different to their respective capitalisation figures.

Foreign Exchange Risk

The University's sensitivity to foreign currency has decreased during the current year as a result of foreign currency forward contracts taken to reduce exposure to currency fluctuations. The University's exposure remains immaterial for these financial statements.

Forward Foreign Currency Exchange Contracts

It is the policy of the University to enter into forward foreign currency exchange contracts to cover specific significant foreign currency payments.

As at 31 December 2014, the aggregate amount of unrealised gains/(losses) under forward foreign exchange contracts deferred in the

hedging reserve relating to the exposure on these anticipated future transactions is \$128,259 (31 December 2013 (\$7,136)).

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. Cash and Cash Equivalents and short term deposits issued at variable interest rates create exposure to cash flow interest rate risk.

Fair Value Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments which potentially subject the University to concentrations of interest rate risk consist principally of Cash and Cash Equivalents, Short and Long Term Deposits, Loans and Leases.

Although overall interest rate risk has been reduced due to the utilisation of fixed interest rates for both borrowing and investment in deposits, this does expose the University to a

degree of "fair value interest rate risk" should market conditions move significantly in an adverse direction.

Note 13 and Note 14 provide an analysis in relation to these financial instruments.

Interest Rate Swap Contracts

The University uses interest rate swaps to reduce its exposure to cash flow interest rate risk resulting from resetting the fixed interest rates on bond borrowings.

Under an interest rate swap contract, the University agreed to exchange the difference between floating and fixed rate interest amounts calculated on an agreed notional principal amount. This was designated as a cash flow hedge. This contract enables the University to mitigate future cash flow exposures on the interest rate reset (which was set for 15 December 2014) of the issued fixed rate bond debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curve at reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at 31 December.

On 15 December 2014, the Philanthropic Bond Interest rate was reset at 5.77% and the hedging relationship between the original swap and the bond was de-designated. At the time the accumulated losses on this hedge relationship held in reserves was \$4,390,000. In accordance with NZ IAS 39 (PBE) Financial Instruments: Recognition and Measurement, this balance will be recycled through the surplus and deficit from the hedge reserve on a straight-line basis over the remaining five years of the bond.

A second Interest rate swap contract was entered into at the same time as the Philanthropic Bond interest rate reset, effectively locking in the interest payable by the University over the remaining term of the Philanthropic Bond.

Both interest rate swaps will settle on a quarterly basis from December 2014. The floating rate on the interest rate swap is the floating rate in New Zealand. The University will settle the difference between the fixed and floating rate on a net basis.

The interest payments on the bond are made half yearly and the interest payments on the interest rate swaps are made quarterly. The Bond rate is 5.77% but with the swap arrangement, the University's effective interest rate is 7.77%.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at 31 December.

Interest Rate Swaps

Swap 1 Outstanding pay fixed receive floating contract

Swap 2 Outstanding pay floating receive fixed contract

University & Group	Average contracted fixed interest rate		Notional Principal Amount	
	2014 %	2013 %	2014 (NZ\$000's)	2013 (NZ\$000's)
Swap 1:	5.95	5.95	-	-
Less than 1 year	5.95	5.95	-	-
1 to 2 years	5.95	5.95	50,000	-
2 to 5 years	-	5.95	-	50,000
5 years+				
Swap 2:	Floating	-	-	-
Less than 1 year	Floating	-	-	-
1 to 2 years	Floating	-	50,000	-
2 to 5 years	N/A	-	-	-
5 years+				

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at 31 December.

For floating rate liabilities and assets, the analysis is prepared assuming the exposure outstanding at 31 December was outstanding for the whole year.

For interest rate swap contracts the analysis is prepared assuming that the interest rate swap contracts are revalued to fair value at 31 December, and that the 31 December contracts were in place for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

As at 31 December, if interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the following would occur:

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)
Surplus/Equity				
Surplus/Equity – increase (i)	689	632	632	632
Surplus/Equity – (decrease) (i)	(689)	(632)	(632)	(632)
Other Equity Reserves				
Other Equity Reserves – increase (ii)	–	1,083	–	1,083
Other Equity Reserves – (decrease) (ii)	–	(1,121)	–	(1,121)

(i) This is mainly attributable to the University's exposure to interest rates on its cash deposits.

(ii) This was the result of the University's exposure to interest rates on interest rate swaps designated as cash flow hedges. As the interest rate swap designated as a cashflow hedge was de-designated on 15 December 2014, when the Philanthropic Bond interest rate was reset, there will be no further impact on reserves as a result of any future interest rate movements.

Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The University is subject to an element of credit risk principally within Receivables, Cash and Cash Equivalents and Term Deposits. To mitigate risk, the University's treasury management framework is adhered to. Cash, Cash Equivalents and Term Deposits are diversified through placements with a number of different New Zealand financial institutions. Credit exposure is further reduced by monitoring individual weightings.

Due to the large number of individual trade debtors, the concentration of credit risk with respect to Trade Receivables is greatly reduced. There is significant exposure to a small group of insurance companies at year end, but they have sound credit ratings. Subsequent to year end the insurance companies have paid in full. The University exposure to credit risk is reflected by the carrying amount in the Statement of Financial Position for cash and cash equivalents, receivables, term deposits, and forward foreign exchange contract assets.

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 & Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
Counterparties with Credit ratings					
Total Cash and Cash Equivalents, Short and Term Deposits: AA- (ANZ, BNZ, Westpac, ASB)	205,102	88,447	205,076	88,382	148,403
Other Receivables					
Insurance Companies:					
A+	141,237	3,866	141,237	3,866	–
A	45,734	1,252	45,734	1,252	–
AA-	82,052	2,246	82,052	2,246	–
	269,023	7,363	269,023	7,363	–
Total Cash At Bank And Term Deposits and Other Receivables	474,125	95,810	474,099	95,745	148,403
Counterparties without Credit Ratings					
Existing counterparty with no defaults in the past	7,828	7,950	7,824	7,950	13,219
Total Counterparties without Credit Ratings	7,828	7,950	7,824	7,950	13,219

Liquidity Risk

Liquidity risk is the risk that the University will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The maturity profiles of the University's interest bearing financial instruments and investments are disclosed in Notes 13, 14 and 16 respectively. Liquidity ratio measurement analysis and forecasting is undertaken in order that liquidity risk is reduced.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the period remaining to the contractual maturity date as at 31 December. Future interest payments on floating rate debt are based on the floating rate applicable to the instruments at 31 December.

The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount (\$000's)	Contractual cash flows (\$000's)	Less than 1 year (\$000's)	Between years 1-2 (\$000's)	Between years 2-3 (\$000's)	From year 3 (\$000's)
University & Group December 2014						
Accounts Payable	26,118	26,118	26,118	-	-	-
Sonoda Gakuen Corporation of Japan Loan	928	1,346	60	59	58	1,169
Philanthropic Bond	49,392	64,438	2,886	2,886	2,886	55,781
Total	76,438	91,902	29,064	2,945	2,944	56,950
University December 2014						
Accounts Payable	26,141	26,141	26,141	-	-	-
Sonoda Gakuen Corporation of Japan Loan	928	1,346	60	59	58	1,169
Philanthropic Bond	49,392	64,439	2,886	2,886	2,886	55,781
Total	76,461	91,926	29,087	2,945	2,944	56,950
University & Group December 2013						
Accounts Payable	31,709	31,709	31,709	-	-	-
Sonoda Gakuen Corporation of Japan Loan	960	1,407	61	60	59	1,227
Philanthropic Bond	49,273	68,139	3,626	3,626	3,626	57,261
Total	81,942	101,255	35,396	3,686	3,685	58,488
University December 2013						
Accounts Payable	31,715	31,715	31,715	-	-	-
Sonoda Gakuen Corporation of Japan Loan	960	1,407	61	60	59	1,227
Philanthropic Bond	49,273	68,139	3,626	3,626	3,626	57,261
Total	81,948	101,261	35,402	3,686	3,685	58,488

Contractual maturity analysis of derivative financial liabilities

The table below analyses derivative financial liabilities into those that are settled net and those that will be settled on a gross basis into their relevant maturity groupings based on their remaining period from 31 December to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount (\$000's)	Contractual cash flows (\$000's)	Less than 1 year (\$000's)	Between years 1-2 (\$000's)	Between years 2-3 (\$000's)	From year 3 (\$000's)
University & Group December 2014						
Net settled derivatives	4,460	4,941	986	989	989	1,977
University & Group December 2013						
Net settled derivatives	1,552	1,848	–	852	509	487

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	Carrying Amount (\$000's)	Contractual cash flows (\$000's)	Less than 1 year (\$000's)	Between years 1-2 (\$000's)	Between years 2-3 (\$000's)	From year 3 (\$000's)
University & Group December 2014						
Cash and Cash Equivalents	98,756	98,756	98,756	–	–	–
Receivables	276,851	276,847	276,847	–	–	–
Other Financial Assets	106,346	106,346	66,846	39,500	–	–
Term Receivable	1,756	7,000	–	–	–	7,000
Total	483,709	488,949	442,449	39,500	–	7,000
University December 2014						
Cash and Cash Equivalents	98,730	98,730	98,730	–	–	–
Receivables	276,847	276,847	276,847	–	–	–
Other Financial Assets	106,346	106,346	66,846	39,500	–	–
Term Receivable	1,756	7,000	–	–	–	7,000
Total	483,679	488,923	442,423	39,500	–	7,000

	<i>Carrying Amount (\$000's)</i>	<i>Contractual cash flows (\$000's)</i>	<i>Less than 1 year (\$000's)</i>	<i>Between years 1-2 (\$000's)</i>	<i>Between years 2-3 (\$000's)</i>	<i>From year 3 (\$000's)</i>
University & Group December 2013						
Cash and Cash Equivalents	65,648	65,648	65,648	-	-	-
Receivables	15,313	15,313	15,313	-	-	-
Other Financial Assets	22,799	22,799	5,299	17,500	-	-
Term Receivable	1,641	7,000	-	-	-	7,000
Total	105,401	110,760	86,260	17,500	-	7,000
University December 2013						
Cash and Cash Equivalents	65,583	65,583	65,583	-	-	-
Receivables	15,313	15,313	15,313	-	-	-
Other Financial Assets	22,799	22,799	5,299	17,500	-	-
Term Receivable	1,641	7,000	-	-	-	7,000
Total	105,336	110,695	86,195	17,500	-	7,000

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)	2014 University Budget (\$000's)
18 / Equity					
General Equity					
Balance as at 1 January	470,494	401,376	470,421	401,068	435,102
Net Surplus / (Deficit) for the year	433,276	76,328	433,297	76,562	30,517
Contributions from the Crown	100,000	10,000	100,000	10,000	100,000
Transfer (from) / to General Equity - Te Pourewa Settlement Reserve	–	(17,500)	–	(17,500)	–
Transfer (from) / to General Equity - Student Services Levy Capital Reserve	(7,618)	(800)	(7,618)	(800)	–
Transfer from revaluation reserve on retirement of assets	–	1,090	–	1,090	–
Balance as at 31 December	996,152	470,494	996,099	470,421	565,619
General Equity – Te Pourewa Settlement Reserve					
Balance as at 1 January	17,500	–	17,500	–	17,500
Transfer from General Equity	–	17,500	–	17,500	–
Balance as at 31 December	17,500	17,500	17,500	17,500	17,500
General Equity - Student Services Levy Capital Reserve					
Balance as at 1 January	550	(250)	550	(250)	–
Current year allocation of Levy	1,718	2,239	1,718	2,239	–
Insurance Settlement - UCSA Building	6,000	–	6,000	–	–
Current year usage	(100)	(1,439)	(100)	(1,439)	–
Balance as at 31 December	8,168	550	8,168	550	–
Cashflow Hedge Reserve					
Balance as at 1 January	(1,560)	(4,785)	(1,560)	(4,785)	(4,785)
Fair Value Movement in Derivatives	(2,703)	3,225	(2,703)	3,225	–
Balance as at 31 December	(4,262)	(1,560)	(4,262)	(1,560)	(4,785)
Fair Value through Other Comprehensive Income Reserve:					
Balance as at 1 January	–	(993)	–	(993)	–
Adjustment to South African Large Telescope (SALT)	33	(192)	33	(192)	–
Adjustment to New Zealand Synchrotron Group Limited valuation	8	(123)	8	(123)	–
Write-off Fair Value through Other Comprehensive Income Reserve to Net Surplus / (Deficit)	–	1,308	–	1,308	–
Balance as at 31 December	41	–	41	–	–
Revaluation Reserves					
Balance as at 1 January	117,221	126,752	117,221	126,752	126,221
Transfers to General Equity on Library/Collections	–	(1,090)	–	(1,090)	–
Revaluations and Impairment	29,692	(8,441)	29,692	(8,441)	–
Balance as at 31 December	146,913	117,221	146,913	117,221	126,221
Revaluation Reserves consists of:					
Infrastructure Assets	28,824	16,016	28,824	16,016	16,016
Land	81,185	64,735	81,185	64,735	75,530
Library / Collections	36,904	36,470	36,904	36,470	34,675
Total	146,913	117,221	146,913	117,221	126,221

	2014 University & Group Actuals (\$000's)	2013 University & Group Actuals (\$000's)	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)
19 / Reconciliation of Net Surplus with Net Cash from Operating Activities				
OPERATING ACTIVITIES				
Net Surplus / (Deficit)	433,277	76,328	433,297	76,562
Add (less) non-cash items:				
Depreciation and Amortisation	40,429	36,947	40,429	36,946
Donated Assets	56	47	56	47
Dividends Received from Arcactive Trustees Limited	–	–	–	(684)
Movement in Reversionary Interest	(4,784)	1,665	(4,784)	1,665
Movement in Long Term Revenue Owing	(115)	(108)	(115)	(108)
Movement in Total Employee Entitlements	929	(7,806)	929	(7,806)
Unrealised Foreign Exchange Variations	(30)	20	(30)	20
Impairment in Software Asset	3,162	–	3,162	–
Increase in revaluation of Buildings	(73,388)	(65,229)	(73,388)	(65,229)
Increase in Impairment of Buildings	6,790	42,920	6,790	42,920
Ilam Homestead Revaluation Loss	–	3,666	–	3,666
Add (less) movements in other working capital items:				
Accounts Payable	(5,588)	9,566	(5,573)	9,572
Revenue in Advance	1,525	390	1,525	390
Accounts Receivable and Prepayments	(261,290)	(8,177)	(261,286)	(8,189)
Inventories	252	46	252	46
Add (less) items classified as Investing / Financing Activities:				
Net Loss on Disposal included in Investing Activities	(651)	14,862	(322)	14,862
Movement in Lease Revenue in Advance	(830)	(828)	(830)	(828)
Movement in Library Serials Prepayment	(2,254)	(1,980)	(2,254)	(1,980)
Movement in Fixed Asset Related Payables / Accruals	6,226	(8,000)	6,226	(8,000)
Insurance Receipts related to PPE	(105,578)	(70,737)	(105,578)	(70,737)
Write down investment in Canterprise Limited	–	–	–	450
Philanthropic Bond Principal Donations	–	32	–	32
Adjustments to Fair Value through Other Comprehensive Income Reserve to Net Surplus / (Deficit)	–	1,308	–	1,308
NET CASH PROVIDED BY OPERATING ACTIVITIES	38,138	24,932	38,506	24,926

20 / Related Party Transactions

Significant transactions with government-related entities

The Government is a major source of revenue. In 2013, the Government announced a funding envelope of up to \$260 million for certain construction projects on the University campus to be paid over the next five years. In the year to 31 December 2014, UC received \$100 million (December 2013: \$10 million) as a capital contribution.

The University has received funding and grants from the Tertiary Education Commission totalling \$146.4 million (2013 \$144.2 million) to provide education and research services for the year ended 31 December 2014.

The University has also received research funding from the Crown and related entities

of \$16.4 million (2013 \$15.9 million).

The University also leases, at a peppercorn rate, Land and Buildings at Solway Avenue, Christchurch, legally owned by the Crown.

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

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

The University is exempt from paying income tax.

The University purchases goods and services from entities related to the Crown and it also provides services to entities related to

the Crown of \$7.8 million (2013 \$7.6 million).

The purchase of goods and services to government-related entities for the year ended 31 December 2014 have all been conducted on an arm's length basis. The purchases included electricity from Meridian Energy Limited, air travel from Air New Zealand, Audit Fees to Audit New Zealand and postal services from New Zealand Post.

The provision of services to government-related entities mainly related to the provision of educational courses.

Transactions with Key Management Personnel

Dr Rod Carr, Vice-Chancellor, was a director of Canterbury Limited and UC International College Limited during the year. Directors' Fees paid were \$nil (December 2013: \$nil).

Senior Management

The compensation of Councillors and senior management, being the key management personnel of the University, is as follows:

	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)
Short-Term Employment Benefits	4,077	4,442
	4,077	4,442

The following transactions occurred between the University and the interested parties during the 12 months to 31 December 2014. All goods and services supplied by these companies/organisations were on normal commercial terms in the ordinary course of business.

Dr Rod Carr is a Board Member of the Canterbury Employers Chamber of Commerce. The University paid \$21,589 (2013: \$ 15,185) to the Canterbury Employers Chamber of Commerce during the period.

Dr Rod Carr is also a member of Universities New Zealand, Vice Chancellors' Committee. During the year the University paid Universities New Zealand \$293,990 (2013: \$281,342).

Dr Rod Carr is the Chair of the Reserve Bank of New Zealand Board of Directors and during the period the University received \$80 (2013: \$80) from the Reserve Bank.

Dr John Wood, Chancellor, and Dr Rod Carr are Board Members of the University of Canterbury Foundation. During the period the Foundation donated \$2,348,108 (2013:

\$1,995,393) to the University. At year end the University has a balance of \$nil (2013: \$1,487,753) for accounts payable to the University of Canterbury Foundation. The 2013 year end balance is the result of funds paid into the University's bank account in error by a third party at year end. The balance was paid to the University of Canterbury Foundation at the earliest opportunity in 2014.

Dr Rod Carr was a Director of Te Tapuae o Rehua Limited until 26 November 2013. Professor Gail Gillon was appointed a Director of Te Tapuae o Rehua on 26 November 2013. During the year, the University made payments to Te Tapuae o Rehua Limited of \$32,355 (2013: \$75,696). The University also received \$4,162,612 (2013: \$2,633,995) from Te Tapuae o Rehua during the year. The University has a balance of \$169,041 (2013: \$1,007,481) for accounts receivable at balance date.

Dr John Wood, Chancellor, Bruce Gemmill and Tony Hall, University Council members, are all Lincoln University Council members. During the year the University paid \$158,625 (2013: \$82,248) to Lincoln University.

The University has a balance of \$5,314 (2013: \$nil) for accounts payable at year end for Lincoln University.

The University also received \$97,703 (2013: \$242,940) from Lincoln University and has a balance of \$13,620 (2013: \$1,972) for accounts receivable at balance date.

During the year, Warren Poh, University Council member, was appointed a Trustee of the Canterbury Museum Trust Board and Dr John Wood resigned as a Trustee of the Canterbury Museum Trust Board. During the year the University paid \$nil (2013: \$609) to the Canterbury Museum.

Sarah Platt was President of the University of Canterbury Students' Association during the year. The University made payments to the University of Canterbury Students' Association during the year of \$2,019,524 (2013: \$2,089,010). The University has a balance of \$603 (2013: \$1,175) for accounts payable to the University of Canterbury Students' Association at year end.

The University also received \$359,664 (2013: \$252,428) from the UCSA during the year and

has a balance of \$44,062 (2013: \$19,954) for accounts receivable at balance date.

Sue McCormack, University Council member, is a Director of Mortlock McCormack Law Limited and during the year the University paid \$8,348 (2013: \$5,043) to Mortlock McCormack Law Limited.

Sacha McMeeking, University Council member, is a Director and Shareholder of Catalytic Limited. During the year, the University made payments to Catalytic Limited of \$6,147 (2013: \$nil).

Catherine Drayton, University Council Member, is a Director of Ngāi Tahu Holdings Corporation Limited and during the year the University paid \$19,032 (2013: \$34,091) to Te Rūnanga o Ngāi Tahu. The University has a balance of \$nil (2013: \$4,504) for accounts payable at year end. During the year the University received \$216,941 (2013: \$178,491) from Te Rūnanga o Ngāi Tahu and has a balance of \$nil (2013: \$15,638) for accounts receivable from Te Rūnanga o Ngāi Tahu.

Catherine Drayton is a Director of Christchurch International Airport Limited and during the year the University paid Christchurch Airport \$35,727 (2013: \$36,461).

Catherine Drayton is the Chair of the Canterbury Earthquake Recovery Authority (CERA) Audit and Risk Committee. The University received \$74,126 from CERA during the year (2013: \$26,562).

Catherine Drayton was a Non-Executive Director of the New Zealand Institute of Chartered Accountants (NZICA). The University made payments to NZICA of \$18,485 (2013: \$20,234) during the year.

Catherine Drayton is also a Director of BECA Group Limited. The University made payments of \$2,870,430 (2013: \$781,468) to Beca Group Limited and its subsidiaries during the period. The University also received \$22,842 (2013: \$51,838) from Beca Group Limited and its subsidiaries and has a balance of \$nil (2013: \$nil) for accounts receivable at year end.

Peter Ballantyne, University Council member, is a member of the Canterbury District Health Board's (CDHB) subcommittee on Quality, Finance, Audit and Risk. Jeff Field, University Registrar and member of the Senior Management Team, is the Chair of the CDHB Information and Use Management Group. During the year, the University paid CDHB \$120,739 (2013: \$43,997) and the University has a balance of \$255 (2013: \$148) for accounts payable at balance date. During the year, the

University received from CDHB \$140,005 (2013: \$78,505) and had a balance of \$28,965 (2013: \$8,385) for accounts receivable at balance date.

Peter Ballantyne is also a shareholder (as Trustee) in Canterbury Scientific Limited. During 2014, the University received \$35,519 (2013: \$5,000) from Canterbury Scientific Limited.

Dr Duncan Webb, University Council member, is also a Partner in Lane Neave, Lawyers. During the year, the University paid \$264,943 (2013: \$76,370) to Lane Neave. The University has a balance of \$3,086 (2013: \$9,016) for accounts payable at year end.

Tony Hall, University Council member, is a Director of Core Education Limited. During the year, the University paid \$4,722 (2013: \$90) to Core Education Limited.

Tony Hall is also a Board member for the NZ Olympic Committee and during the year the University received \$2,608 (2013: \$nil) from the NZ Olympic Committee.

David Ivory, University Council member, has a management contract with St Thomas of Canterbury College. During the year, the University paid \$1,100 (2013: \$1,325) to St Thomas of Canterbury College.

David Ivory has also been appointed by the Crown to the Board of Trustees of Our Lady of Victories School. During the year, the University paid Our Lady of Victories School \$180 (2013: \$309).

Warren Poh, University Council member, was an employee of Hawkins Construction Limited. During the year, the University paid \$76,739,336 (2013: \$72,517,104) to Hawkins Construction Limited. The University has a balance of \$nil (2013: \$9,149,883) for accounts payable at balance date.

Jo Appleyard, University Council member, is a Partner and Board member of Chapman Tripp, Lawyers. During the year, the University received \$33,610 (2013: \$10,370) from Chapman Tripp. The University has a balance of \$32,200 (2013: \$nil) for accounts receivable at year end.

Professor Steve Weaver, Senior Management Team member and Deputy Vice-Chancellor, Research, is a Director of the NZ Brain Research Institute. During the year, the University made payments to the NZ Brain Research Institute of \$170,344 (2013: \$101,727). The University has a balance of \$517 (2013: \$nil) for accounts payable at year end. The University also received \$2,500 (2013: \$nil)

from the NZ Brain Research Institute during the year and has a balance of \$2,500 (2013: \$nil) at year end for accounts receivable.

Professor Steve Weaver is a Director of the Institute of Geological & Nuclear Sciences Limited (GNS). The University paid \$32,089 (2013: \$59,269) to GNS during the year and has a balance of \$nil (2013: \$9,875) for accounts payable at year end. In addition, the University received \$20,005 (2013: \$2,180,687) from GNS during the year and has a balance of \$15,000 (2013: \$nil) for accounts receivable from GNS at balance date.

Professor Steve Weaver was also on the Executive Committee of the Canterbury Medical Research Foundation during the year. The University paid \$13,505 (2013: \$90,100) to the Foundation.

Professor Steve Weaver was appointed a Director of Research and Education Advanced Network NZ Limited (REANNZ) on 1 July 2014. During the year, the University paid REANNZ \$592,682 (2013: \$588,343).

Professor Jan Evans-Freeman, Senior Management Team member, is a Director of Transpower New Zealand Limited. During the year, the University paid \$3,500 (2013: \$nil) to Transpower New Zealand Limited. The University received \$59,974 (2013: \$72,025) from Transpower New Zealand Limited during the year and has an accounts receivable balance of \$nil (2013: \$57,500) at year end from Transpower New Zealand Limited.

Professor Jan Evans-Freeman is a Director of the MacDiarmid Institute. During the year, the University received \$1,446,052 (2013: \$1,650,286) from the MacDiarmid Institute.

Professor Jan Evans-Freeman is also a Director of IPENZ. During the year, the University paid IPENZ \$32,307 (2013: \$44,284) and has a balance of \$nil (2013: \$nil) for accounts payable at balance date.

Alex Hanlon, Senior Management Team member, is a Councillor for the New Zealand Green Building Council. During the year, the University paid the New Zealand Green Building Council \$1,736 (2013: \$nil). The University has a balance of \$nil (2013: \$nil) for accounts payable at year end.

Darryn Russell, Senior Management Team member, is a Disciplinary Tribunal member for the Social Work Registration Board. During the year, the University paid the Social Work Registration Board \$1,600 (2013: \$6,541).

Bruce White, Acting Registrar and Senior Management Team member, is a Partner in Hippo River Partnership. During the year, the University paid Hippo River Partnership \$204 (2013: \$nil).

Additional related party disclosures

Bruce Gemmell, University Council member, is a partner with Ernst & Young, who are currently providing technical support to the Ministry of Education in reviewing the business cases proposals to the Government by the University.

Mr Gemmell is not involved in any of the technical support being provided by Ernst & Young and his potential conflict of interest in this area has been declared to Council.

Dr Duncan Webb, University Council member, is a partner in Lane Neave, Lawyers, who are preparing the major construction contracts for the Rutherford Science and Innovation Centre and the Canterbury Engineering the Future buildings.

Dr Webb is not involved in any of the technical support being provided by Lane Neave and his potential conflict of interest in this area has been declared to Council.

Related Party Transactions

During the year to 31 December 2014 the University had the following inter-group transactions with its subsidiaries:

	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)
Payable to Canterprise Limited	25	9
Payments to University of Canterbury from Canterprise Limited	90	90
Payments to University of Canterbury from Entré Limited	2	-
Dividend Received from Canterprise Limited	261	-
Dividend Received from Trustees ArcActive Limited	-	684

In addition to the above transactions with the University, on 2 September 2014, Canterprise Trustees (No. 2) Limited transferred all shares in Veritide Limited to the University for no consideration.

These were all conducted on an arms length basis.

Note all related party transaction figures are stated exclusive of GST.

21 / Early Childhood Education

The purpose of this note is to meet the disclosure requirements of the Ministry of Education for operators of funded childcare facilities.

The University operated one childcare facility in 2014 – the Early Childhood Learning Centre.

The Te Ao Tamariki and the Sheila Walker Unit childcare facilities, which were separately disclosed in 2013, have been closed and any residual funds have been consolidated in the Early Childhood Learning Centre.

	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)
Early Childhood Learning Centre		
Statement of Financial Performance		
OPERATING INCOME		
Government Grant – Child Funded Hours	686	674
Other Income	423	328
TOTAL OPERATING INCOME	1,109	1,002
OPERATING EXPENDITURE		
Personnel Expenses	1,002	570
Site & Property Costs	59	50
General / Operating Expenditure	21	15
Depreciation	1	1
TOTAL OPERATING EXPENDITURE	1,083	636
NET SURPLUS / (DEFICIT) FOR THE YEAR	26	366

22 / Capital Management

The University's capital is its equity, which comprises general funds, and property revaluations and fair value through comprehensive income reserves. Equity is represented by net assets.

The University is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

The University manages its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The University's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities investments and general financial dealings.

The objective of managing the University's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which the University was established, while remaining financially viable.

In 2009, the University issued a \$50 million, 10 year, fixed rate, unsubordinated, unsecured Bond (refer Note 14) to assist with capital investment.

The Government announced a commitment to provide financial support of up to \$260 million to assist the University in a \$357 million investment in new facilities for its

Science and and Engineering Colleges. The balance of funding will be drawn in part from insurance settlements, and in part from its own resources, coupled with careful management of its capital programme, deferring investments to future years wherever operationally possible without damaging the potential for recovery.

The University has also settled its insurance claim, and will be reviewing its asset management plans to develop a strategy for the rebuilding of the University campus. This will be funded within the envelope provided by this settlement and any operating cash flow surpluses earned over time.

23 / Events After Balance Date

Subsequent to balance date, the University has received the remainder of the insurance settlement being \$269,023,000 (per Note 6) approved by Council in December 2014.

Other than this, there have been no significant events after the balance date.

Challenge

The University has faced the challenges of post-earthquake rebuilding common to most businesses and residents in Canterbury, albeit on a magnified scale. These challenges have included not only the severe damage to property and other assets, but also the disruption of its normal life and core business, with reduced student enrolments and impaired operational efficiency, and with increased costs of working.

The resulting damage and disruption has had a severe financial impact on the University, and affected its staff and students. The University's activities and commitment to research and education are not something that can be easily or quickly manipulated to meet the changes in the operating environment, even though the consequential decrease in revenues from falling student enrolments was instant and has endured during the difficult years immediately after the earthquakes.

Operational dislocation, cash management concerns, extended insurance negotiations and detailed engagement with Government have been at the head of Council's agenda, as has the paramount importance of recruiting and retaining students as the lifeblood of the organisation. Efforts have been expended in emphasising the positive features of a Canterbury education, and in the unique student experience at the University of Canterbury, with some reward as student numbers stabilise and "new to UC" student numbers show improvement.

Concentrate

The University's response has been manifold, with the launch of its "UC Futures" programme, which is not just about the refurbishment and rebuild of its Engineering and Science facilities but also the refocusing of the University on the qualities of its outputs — including students ready for life.

The 2014 graduates were the first full cohort of those students passing through the University of Canterbury in the post-earthquake era. This is a significant achievement, showing that the University, its staff and students, have been able to make the academic journey to the highest standard in times of great trial and difficulty.

Council and management have invested substantial time in developing plans,

reviewing and submitting business cases, negotiating their position with insurers and the Government, and guiding the University through the early stages of its rebuilding programme. This effort has included close supervision of its building plans, maintenance of tight financial control, and review and revision of the University's academic and service operations for efficiency and effectiveness.

Connect

The culmination of these efforts manifests severally:

- The University has signed the funding agreement with the Government, which promises funding of up to \$260 million for the refurbishment and rebuilding of the Engineering and Science facilities, respectively the Canterbury Engineering the Future (CETF) project and the Rutherford Science and Innovation Centre (RSIC). Having already received \$10 million in 2013 in advance of this formal agreement, the University has now drawn down a further \$100 million on successful completion of the first round of its business case submissions to Government.
- As a result, Council has entered into the formal construction contract with Hawkins South Island Limited for the CETF refurbishment, and work is under way. The final selection of the main contractor for Stage 1 of the RSIC is also in progress, and early preparation works have already begun on the RSIC site, which was cleared with the demolition of the Science Lecture Theatre in 2013 and Old Maths and ancillary buildings at the end of 2014.
- Council and management are also engaging further with Government over the separate business cases for the formal transfer of ownership of the Dovedale campus from the Crown to the University of Canterbury; and the relocation of the College of Education from Dovedale to the main campus.
- With the completion of these business cases, and with the preparation of an implementation plan for the RSIC, the University should be in a position to draw down a further \$100 million from the Government's offer late in 2015. The

final \$50 million is available in early 2019, subject to the level to which student numbers increase.

- The University has concluded its extended negotiations with its insurers, with a final negotiated acceptable settlement of \$550 million covering all claims under its policies, including material damage to buildings, plant and contents, and business interruption. This relieves Council of further uncertainty of cash receipts in respect of its insurance policies, and hands back to the University responsibility for the management and control of the remediation work.

This creates no windfall gain, since the balance includes an estimated cost of material damage repair work that is less than the University's current expectations, and also recompenses the University for cash already spent or foregone as a result of the earthquake for the extra costs of working, for example in the building of the Dovedale and Kirkwood Villages, additional scholarships, incremental operating costs in the aftermath of the earthquakes, and reduced student numbers and related revenue.

The negotiated insurance settlements and the agreement with Government come as the University is poised on the cusp of two years of significant capital expenditure, planned to exceed \$210 million in each of 2015 and 2016. While the University remains a going concern for the foreseeable future, the massive building and remediation plans, operational disruption, and slowly increasing student numbers mean that prudent cash management remains at the top of Council and management's priorities.

Impairment

While there has been no appreciable damage to land recorded to date, Geotech reviews continue as part of the remediation projects.

The main effect of the earthquakes has been the extensive damage to the University's buildings. The consequential impairment recorded in the University's financial statements has proved to be a challenge, given the level of estimation, particularly in the structural investigation of the affected buildings. As more information has become available and work has been carried out, these estimates have been refined and increased,

and remediation costs have been incurred sometimes significantly in excess of original estimates due to the level of damage revealed.

For 31 December 2014, the University has employed Inovo Projects Limited to provide the estimate of total repairs, which is set at \$511 million (2013: \$483 million by Davis Ogilvie and Partners Limited), using the same staff and the same methodology. This is very similar to the estimate of \$518 million included in the unaudited published financial statements for the six months ended 30 June 2014.

Despite the level of ongoing reporting and investigations, there remain important inherent uncertainties in the estimates, and they include several key assumptions:

- the degree of cracking across the large surface area of concrete structures across campus;
- the availability of detailed engineering reports and the degree these are informed by invasive testing; and
- the changing quantification of damage estimates when the remediation and strip out work is commenced, which can expose a greater degree of damage than first thought.

The estimate of damage is based on reinstatement to 34% of the New Building Standards and, as noted above, remains subject to considerable potential variability, and consequently the cost of repair estimated in these financial statements could increase. Additionally, there is no allowance in these estimates for inflation, whereas forecast

increases in construction costs in the Canterbury region are likely to be significant.

The inherent uncertainty in the damage estimates is reflected in the continued increases in the assessed amounts. The University has written down many of its buildings to \$nil, and as a consequence any increase in assessed remediation cost for those buildings has minimal effect – there can be no further reduction in Net Book Value (NBV).

For 31 December 2014, the University increased its damage assessment by \$28 million (2013: increase of \$93 million), but recorded an increase in impairment of \$6.8 million (2013: increase of \$43 million), reflecting the allocation of the increase in impairment to buildings already with \$nil NBV, the reduction of existing buildings to \$nil NBV, and the exclusion from the impairment calculation of those buildings now remediated. The University estimates, on this basis, that any further increase in damage assessment will demonstrate a similar pattern. Building impairment to date is estimated at \$511 million (2013: \$483 million), but only \$277 million (2013: \$270 million) has been shown as an impairment cost, for the reasons outlined. On this basis, the University estimates that for every \$100 million increase in remediation assessment, between 45% and 55% (\$45 million and \$55 million) will be required to be expensed. As the remediation programme progresses and assessments become more accurate, the University also considers that the effect of any increase in the remediation assessment will attenuate.

Of the overall impairment estimate of \$511 million (2013: \$483 million), \$303 million (2013: \$364 million) relates to buildings that are yet to be remediated as of 31 December 2014. The University continues to develop its remediation and wider capital asset management plans, which it anticipates will be completed in five years.

Valuation of Buildings

Due to the rapidly moving construction environment in Canterbury, as in previous years the University engaged CBRE to undertake a valuation of its land and buildings as at 31 December 2014, outside of the normal three year cycle. Until the revaluation reserves have been replenished, the University expects to undertake annual revaluations as all movements in building values will flow through the surplus or deficit, and are material to the financial result for the year.

As the damage incurred from the earthquakes was not factored into this valuation, the University adjusted the carrying value of buildings as at 31 December 2014 to reflect the estimated cost of repairing the buildings back to the state that existed prior to the earthquakes. This impairment does not reflect the full cost of making buildings compliant with the new building code.

The University has accounted for impairments to all damaged buildings at a value equal to each building's estimated damage per Inovo Projects Limited (unless the estimated damage repair cost is more than NBV, in which case the building is impaired to \$nil), adjusting also for remediation work completed.

	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)
Fair Value of buildings as at 1 January	337,341	286,937
Building Additions	111,907	59,878
Depreciation, Amortisation and Adjustments	(22,432)	(17,596)
	426,816	329,219
Increase in valuation of buildings	75,679	68,895
Ilam Homestead Revaluation Loss	–	(3,666)
Building write offs	(117)	(14,187)
Building disposals	(2,782)	–
Increase in impairment of buildings	(6,790)	(42,920)
Fair Value of buildings as at balance date	492,806	337,341

Additional Earthquake-related costs included Operating Expenditure

The following is a summary of the increased costs of working included in Operating Expenditure under Personnel Expenses, Site & Property Expenses, and General/Operating Expenditure:

	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)
Additional Costs		
Consultancy and Outsourcing	99	629
Direct Academic Costs	–	3
Equipment Rentals	–	17
Repairs and Maintenance	–	24
Scholarships & Prizes	16	238
Other	25	231
Total Additional Costs	140	1,142

From 1 January 2015, the University will no longer be tracking these additional costs, which are now insignificant in understanding the University's financial results, and which will be included in the future in arriving at its primary operating result.

25 / Insurance reimbursements and settlements included in Revenue

	2014 University Actuals (\$000's)	2013 University Actuals (\$000's)
Insurance reimbursements and settlements	370,306	78,887

Insurance reimbursements were previously recognised in the financial statements on the basis of claimable expenditure incurred for the year as the total amount receivable could not be quantified with any certainty. This year, following the final global settlement agreed in December 2014, insurance reimbursements constitute the agreed final settlement of \$550 million, less the \$179.7 million recognised to 31 December 2013.

The previous basis of insurance reimbursements recognition, on claimable expenses incurred, was considered the most reliable estimate of revenue, but did not reflect the total value of the University's insurance claim. While negotiations continued, and damage estimates increased, the University did not consider there was any basis for a reliable estimate of any final insurance reimbursement figure. Additionally,

the University had been receiving progress payments from insurers on a regular basis, based on actual spend to date. These payments were made on a "non-specific basis", meaning that payment did not constitute acceptance by the insurers of any specific claim.

The reconciliation of the reported insurance reimbursement for the year to the final settlement of \$550 million is as follows:

	2014 University Actuals (\$000's)
Global settlement December 2014	550,000
Reimbursements recognised to 31 December 2013	(179,694)
Insurance reimbursement recognised year ended 31 December 2014	370,306

26 / Presentation of Results

The University has taken the opportunity to further explain its operating results in a separate disclosure on the face of the Statement of Comprehensive Income. This supplementary disclosure is not intended to replace the reported surplus, but to provide context for the exceptional financial impact of the post-earthquake environment, the significant insurance settlements, and the

University's plans for the rebuilding of its campus. The University has separated out what it considers to be its primary operating financial result, separately identifying the major costs relating both to the demolition and write off of building stock and the specific income and expenditure clearly identifiable as being a direct effect of the earthquakes.

27 / Interim Financial Statements

The University published unaudited interim six monthly financial statements to 30 June 2014 on 27 August 2014. These interim financial statements included estimates in relation to the impairment of its buildings arising from the earthquakes.

At 30 June 2014, the indication was that while the estimate of impairment had increased from \$483 million at 31 December 2013 to \$518 million, there was no increase in the impairment required to be booked. Since then, a further reassessment of the damage to the University's buildings has been performed and the impairment estimate reduced to \$511 million. Further details of the revised assessment are provided in Note 24.

28 / Explanations of Major Variances Against The 2014 Budget

Statement of Comprehensive Income

Government Grant — the \$1.5m favourable variance against budget relates to additional income recognised for the Ministry of Education contracts for teacher development. This was due to a combination of, 1) the release of a portion of prior year contract income being brought to account in 2014; and 2) the awarding of additional contract income over that which was budgeted for 2014.

Performance Based Research Funding (PBRF) — income is \$0.5m higher than budget. While the University share has not increased the total funding pool increased by more than had been allowed for in the budget.

Student Tuition Fees Domestic Fee Paying — fees are \$0.8m lower than budget, with student numbers (EFTS) 1.4% lower than the budget anticipated.

Research income — this is \$1.2m lower as a result of one particular contract where a conservative view has been taken as to the level of income that will be recognisable. Notwithstanding this contract, the budget would have been on track.

Interest income — higher cash balances have resulted in higher interest against budget of \$3.8m. This is a result of the timing of receipt of the \$100m government support and the favourable variances in the operating and capital spend throughout the year. In addition to this, interest has been earned on the \$39.5m long-term deposits, which do not form part of the cash balance given their extended maturity date.

Other income — the main variance to budget is the movement in reversionary interest, which is based on discount rates and price indices at balance date, and which are difficult to budget. Additionally, this year the University has increased its student accommodation provision, with increased rental income that was not planned at the time the budget was set. Finally, other income includes royalties from the relationship with Navitas for the first time.

Insurance Reimbursements — income is \$329.3m favourable due to the settlement in late 2014. The 2014 budget had been set at the estimated level of remediation spend for the year.

Increase in Valuation of Buildings — the value of the buildings increased by a net of \$66.6m in the 2014 building revaluation exercise. Due to previous write downs being debited against the reporting result, future increases will be credited against the operating result to the same value of those write downs. Revaluations are not budgeted for given the uncertainty around predicting the movements that far out.

Personnel expenses — costs are \$0.7m unfavourable, with \$0.9m of this relating to the movement in the actuarially valued employee entitlement for retirement leave.

General / Operating Expenditure — There are three individual items that have materially affected this category. Rental costs have increased with the University extending its student accommodation provision through rental of property to sub-let to students. The University has also incurred additional consultancy costs largely related to UC Futures and perimeter development work. The University also reviewed its software projects and wrote off \$3.2m of development costs as impaired.

Finance Charges — the favourable variance is due to the \$0.8m budget for an accommodation guarantee that was not required. This was a possibility at the time the budget was set and negotiations were under way with Campus Living to increase the student accommodation capacity.

Depreciation and Amortisation — costs are \$2.5m higher than budget due to the increased depreciation on buildings as a result of the 2013 end of year revaluation exercise increasing the overall buildings values by \$65.2m, hence increasing the value to be depreciated.

Increase in Impairment of Buildings — this movement is assessed for each reporting period. The complexities associated with this exercise prevent us from being able to budget with any reasonability.

Other Comprehensive Income

Movements in Revaluation Reserves Relating to the Art Collection — the Art Collection was revalued during 2014.

Movements in Revaluation Reserves Relating to Infrastructure Assets — the Infrastructure Assets were revalued at the end of 2014. The increase is due to the reappraisal of the unit costs in light of the current Canterbury environment.

Movements in Revaluation Reserves Relating to Land Valuations — the Land asset was revalued as at the end of 2014. The valuation increased based on recent sales analysis.

For all revaluation movements, due to the difficulty in estimating any revaluation movements particularly at the time the budget is set, no revaluation movements are factored into the budgeted results.

Effective portion of changes in fair value of cash flow hedges — this movements is due to the revaluation of the interest rate swap entered into in December 2010.

Statement of Financial Position

Cash and Other Financial Assets / Short Term

Deposits — a favourable balance against budget by \$17.2m. However, including the balance in Long Term Deposits of \$39.5m, this favourable variance increases to \$56.7m. This variance is the result of a number of items including receiving some of the insurance settlement funds in December 2014; an underspend against budget for the two UC Futures capital projects; proceeds from the sale of Waimairi Village; and a favourable operating result against budget.

Receivables — the \$263.6m favourable balance is due to the \$269.0m receivable at year end for the balance owing for the insurance settlement. The budget did include an amount owing from the insurers but this had been assessed based on the quarterly payments for work completed.

Accounts Payable — the \$4.7m higher balance than budget reflects the higher net GST payable due to the significant insurance receipts received in December. Other sundry accruals were also slightly higher than budget.

Current Provisions — Employee Entitlements — a \$2.5m lower balance is due to the higher use of annual leave in 2014 than anticipated. In addition to this, the closing balances for 2013 were also lower than the budget had allowed for.

Property, Plant and Equipment; Intangible Assets; and Capital Work-in-progress — the favourable variance against budget is due to a number of factors. The 2014 budget was prepared in advance of the 2013 year end therefore the impairment and revaluations impacts were not included in the budget. Likewise the 2014 impairment and revaluation movements are unbudgeted and significant. In addition to this, the anticipated level of earthquake remediation spend in 2014 was \$25.8m higher than anticipated in the budget.

Other Financial Assets / Long Term Deposits —

the \$39.5m favourable variance against budget is due to the investment of funds long term to maximise interest income returns in line with treasury policy. These were not known about at the time of setting the budget.

Other Non-current Assets — These are \$2.3m higher than budget due to the increased value for the reversionary interest in the Campus Living leased assets. The increase is due to the movement in discount rate and the increase in value of the underlying assets.

Philanthropic Bond — the favourable variance of \$0.6m, against budget, is due to the amortisation of capitalised bond costs being reclassified as a reduction of the bond value.

Term Provisions — Employee Entitlements

— while the actuarially valued employee entitlements actually increased in value during 2014 the variance to budget is favourable by \$1.9m. This is due to a large reduction in the valuation at the end of 2013 subsequent to setting and approving the 2014 budget.

Revaluation Reserves — see Movements in Revaluation Reserves under Other Comprehensive Income above. These movements are not budgeted for due to the difficulty in predicting any changes that far out from the valuation process.

NZDX Waivers

The University of Canterbury (“UOC”) has in the 12 month period preceding the date two months before publication of the annual report relied upon the following waivers from the NZDX Listing Rules (“Rules”):

- i. A waiver from Rule 10.5.1 (which was granted on 2 November 2009 prior to its initial listing), being the requirement to deliver to NZX, and to make available to each Quoted Security Holder, an annual report within three months of financial year end. The waiver was granted on the condition that the annual report is delivered by the later of: a) Three months after financial year end, and b) the earlier of the time of presentation of the annual report to Parliament, or five weeks after the annual report is received by the responsible minister pursuant to section 220(1) of the Education Act 1989.
- ii. A waiver from Rule 10.4.1(a) (which was granted on 21 September 2010), being the requirement to provide a preliminary announcement to the market not later than 60 days after the end of its financial year-end. The waiver was granted on condition that:
 - the annual report is delivered at the earlier of the time of presentation of the annual report to Parliament; the time at which UOC’s annual report ceases to be confidential; or five weeks after the annual report is received by the responsible minister pursuant to section 220(1) of the Education Act 1989;
 - that UOC make an announcement, as soon as it is known, and in any event within 60 days of each of UOC’s financial year ends, disclosing the date on which UOC’s annual report and UOC’s preliminary announcement are expected to be released to the market; and
 - that, not later than 60 days after the end of each of UOC’s financial years, UOC provide to the market a certificate from the Chancellor or the Vice Chancellor; and the Chief Financial Officer of UOC, that all relevant financial information required to be disclosed to the market, pursuant to NZDX Listing Rule 10.1.1, has been provided.



Compulsory Student Services Levy

Compulsory Student Services Levy

As at 31 December 2014

The University of Canterbury consults with student representatives through the Joint Operations Advisory Board to make the following decisions related to Compulsory Student Services Levy:

- The maximum amount that students will be charged for student services;
- The types of services to be delivered;
- The procurement of these services; and
- The method for authorising expenditure on these services.

Students also have representation on the University Council which is responsible for the governance of the University, including oversight of the institution's policy, degree, financial and capital matters.

For 2014, the Compulsory Student Services Levy per Equivalent Full Time student was \$725.00. These fees are separately accounted for in the University of Canterbury's accounting system.

In conjunction with the UC Students' Association, in 2011, 2012 and 2013 surveys of student preferences were carried out to inform the Joint Operations Advisory Board in its decision-making. These were followed in 2014 by a further student survey to help inform decision-making around the student space capital fund allocation. Details of Student Services Fees expenditure are provided to students in the *Guide to Enrolment* publication, on the Enrol at UC website, in student publication *Canta* and via campus poster campaigns.

UC Student Services Levy Allocations	Actual (\$000's)	Budget (\$000's)	Variance (\$000's)
Compulsory Student Services Levy Collected	7,728	7,816	(88)
Services Funded by the Compulsory Student Services Levy			
1. Advocacy, legal and financial advice	503	513	(10)
2. Careers & employment information, advice & guidance	578	645	(68)
3. Counselling services and pastoral care	766	793	(27)
4. Health services	1,023	1,247	(224)
5. Media	314	314	-
6. Sports, recreation & cultural activities; Clubs & societies	2,607	2,617	(10)
7. Balance to Student Space Capital Fund	1,718	1,718	-
Total	7,508	7,847	(339)
Surplus/(Deficit)	220	(31)	(251)

From categories of student services outlined in Education (Compulsory Student Services Fees) Notice 2014:

- Cat. 1 above merges Advocacy and legal advice and Financial support.
- Cat. 2 above merges Careers information, advice and guidance and Employment information.

- Other allocation categories match.
- The balance not allocated is transferred to the Student Space Capital Reserve.
- No funding is provided for Childcare services or Accommodation services.

Student Space Capital Reserve for 2014	(\$000's)	(\$000's)	
Opening Balance 01 Jan 2014	550		
Capital Reserve allocation from 2014 Levy budget	1,718	500	From 2013 allocations
Minor Capital Works expenditure Business & Law Building	(100)	1,168	From 2014 allocations
		500	From 2014 allocations
Closing Balance 31 Dec 2014	2,168	2,168	

Amounts allocated towards future year spending Recreation Centre Development

In addition, the University has allocated a further \$6 million in relation to insurance receipts in relation to the UCSA building. This is detailed further in Note 18 to the Annual Financial Statements.

UC Student Services Levy Allocations for 2014 (\$000's)
Actual expenditure of Student Services Levy by UC and UCSA Departments

	1. Advocacy & Financial	2. Careers & Employment	3. Counselling	4. Health services	5. Media	6. Sport, Cultural, Clubs	7. Capital	8. Total
1. UC Student Support: with a team of eight staff develop and deliver a range of student-focused support services that facilitate the academic, social and cultural development of students from diverse backgrounds.	48	72	242	24		97		483
2. UC Disability Resource Services: Disability Resource Services deliver specialist advice and resources to disabled students. This funding is to cover the additional expenses for servicing temporary disabilities and international students. Almost all of their funding comes from TEC Equity Funding.				16				16
3. UC Health Centre Counselling: with a team of five counsellors they deal with all sorts of problems eg loneliness, grief, anxiety, depression, stress, homesickness, relationship problems, gender worries. Most counselling is short to medium term.			303					303
4. UC Health Centre: with a team of 25 doctors, nurses and support staff the Health Centre provide high quality, responsive and cost effective services to its clients, to enable students to pursue their academic endeavours with minimal hindrance from medical and psychological problems, by providing affordable, accessible and comprehensive health services.				687				687
5. UC Rec Centre: with a team of 15 plus an array of group fitness and exercise instructors they manage UC Recreation Centre membership, programmes and facilities, to registered members.						995		995
6. UC Sport: with a team of four and support staff they deliver high quality sport, fitness, health and education opportunities that enable students and the wider UC community to be more effective in their study and work and add value to their UC experience.						310		310
7. UC Careers, Internship and Employment: with a team of four they engage with students and graduates by providing quality career education informed through effective connections with employers and industry.		490						490
8. UC Māori Development: with a team of six they deliver integrated support programmes for Māori students, focusing on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding.	84		69			102		256
9. UC Pacific Development: with a team of six they provide leadership in identifying and meeting Pacific educational aspirations, focusing on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding.	46	15	152			91		305
10. UCSA Advocacy & Welfare: Provide advice, dispute resolution services, and welfare provision (free legal advice, budgeting help and a food bank. They also administer the Class Reps system.	325							325
11. UCSA Media & Comms: Handle UCSA's communication channels to inspire debate, make you laugh, cry, angry, informed, ambivalent, nonplussed or otherwise.					314			314
12. UCSA Activities & Events: Provide direct support to clubs, weekly student events and organise the big events of the year including Orientation, Grad Ball and the like.						846		846
13. UCSA Dental: provides access for basic dental care (check-up; x-ray; fillings; extractions) utilising the CDHB's Community Dental Clinic in Memorial Avenue for 20 hours/week.				295				295
14. UC Sport: In cooperation with UC Sport and Recreation Services for the provision of UC Sport activities.						165		165
15. Student Space Capital: The balance of the Student Services Levy transferred to the Student Space Capital Fund.							1,718	1,718
Total	503	578	766	1,023	314	2,607	1,718	7,508



Equity & Diversity

Equity & Diversity

The University of Canterbury, in line with the Human Rights Act (1993) and Education Act (1989), is committed to ensuring quality of opportunity in employment and education for all its staff and students, irrespective of background. It is accepted that age, gender, ethnicity or disability should not disadvantage or hinder appointment, professional development, promotion, advancement or successful study.

The University recognises its responsibility to adopt procedures to ensure the absence of discrimination in relation to all facets of university life in accordance with prevailing community standards of best practice and relevant legislation.

Equity and diversity issues underpin the core business of the University and are therefore considered to be of concern to every member of the University community. The aim of the University's equity and diversity programmes is to foster a campus environment of inclusion, knowledge and understanding in which students and staff learn to value diversity and to respect individual differences that enrich the University community.

In 2014, we have clarified and augmented roles and responsibilities for equity and diversity matters. Formal oversight of equity and diversity rests with the Assistant Vice-Chancellor (Māori), the Director of Student Services and Communications, and the Director of Human Resources who jointly hold the Equity and Diversity portfolio within the University's Senior Management Team. A Central Equity and Diversity Advisory Committee (CEDAC), under the facilitation of the Student Success Manager, meets monthly to share plans, initiatives and best practice, and lead educational initiatives across the UC community. Responsibilities have also been incorporated into the role of Team Leader for Disability Resource Services to co-ordinate equity and diversity programmes and assist in the implementation of University, College and service undertakings.

CEDAC has also undertaken significant steps to augment its committee representation by three additional student representatives to be appointed for 2015. In addition, the University of Canterbury Students' Association has created its own Equity and Diversity Committee to improve its ability to incorporate a wide range of student needs and views into its services.

In 2014, the University also undertook an inventory of existing and proposed programmes with a view to developing a more coherent UC-wide equity and diversity strategy. The University also sees this exercise as an opportunity to develop more student-focused strategies to support student success and retention, and to clarify the equity and diversity reporting framework.

Significant effort has been devoted in 2014 to developing the University of Canterbury Pasifika Strategy 2014-2018, which was officially launched in November. The strategy was developed in consultation with the Pasifika community and outlines the University's approach to supporting the educational aspirations of Pasifika learners, who have been identified as a priority learner group by the Tertiary Education Commission. The strategy also supports the University's goal of providing a learning environment that encourages the participation and educational success of all students in all areas of study, providing them with the skills to fully contribute to the social and economic wellbeing of their communities.

The UC Pasifika Strategy comes after the adoption Te Rautaki Whakawhanake Kaupapa Māori, the UC Māori Development Strategy, which was developed in 2012 and reasserts Māori developmental and student-centred strategies in supporting and empowering students while they achieve personal and academic goals.

As the University progresses its remediation and building projects following the 2010 and 2011 earthquakes, consideration is being given as to how to incorporate universal building design and improvement to support all students, staff and community members, including those with disabilities. Current and future building plans are continually considered for their impact on serviceability and accessibility.

In 2014, CEDAC continued to develop its equity and diversity strategy and to respond to opportunities created by events on campus. Factors including student gender, ethnicity, disability, age, citizenship and culture have been taken into account when updating the strategy. One significant educational initiative to emerge was the creation of UC Diversity Week - A wide scale inclusion intervention. "Everyone Belongs" is the theme for the inaugural UC Diversity Week, which will be held in March 2015. The events occurring during the week will provide opportunities for individuals to come together to celebrate the rich diversity of our university community. The goal is to promote some of the different spectrums of diversity that continue to grow on our campus and to create more widespread awareness of diversity as a UC priority.

Notes

Notes

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