Financial Statements

Statement of Accounting Policies

For the six–month period ended 30 June 2018

REPORTING ENTITY

The University of Canterbury (the University) is domiciled and operates in New Zealand. The relevant legislation governing the University's operations includes the Crown Entities Act 2004, the Education Act 1989, and the Financial Markets Conduct Act 2013.

The University is a Tertiary Education Institution. The primary objective of the University is to provide education services for the benefit of the community, rather than make a financial return. The University has designated itself as a public benefit entity (PBE) for financial reporting purposes.

These financial statements are unaudited and are for the six-month period ended 30 June 2018. The financial statements were authorised for issue by Council on 29 August 2017.

The difference between the consolidated and entity financial results and disclosures is insignificant. Accordingly, the results reported here comprise both the consolidated and entity financial statements for the University of Canterbury and Group.

BASIS OF PREPARATION

Statement of compliance

The financial statements of the University have been prepared in accordance with the requirements of the Crown Entities Act 2004, the Education Act 1989, and the Financial Markets Conduct Act 2013, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP)

These financial statements have been prepared on a going concern basis and in accordance with Tier 1 PBE accounting standards, which have been applied consistently throughout the period.

These financial statements comply with PBE accounting standards.

Presentation currency and rounding

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

Changes in accounting policies

These accounting policies have been consistently applied in the periods covered by these financial statements.

Standards issued and not yet effective and not early adopted

Standards issued and not yet effective that may affect the University include PBE IPSAS 35 *Consolidated financial statements.* This standard is effective for periods on or after 1 January 2019.

The University Council has yet to formally decide on the process for adoption of this accounting standard, which has many ramifications for both the Consolidated Statement of Comprehensive Revenue and Expense and the Consolidated Statement of Financial Position and the wider context of the University's relationship with the UC Foundation and the trusts and bequests. The University will be reviewing its approach, and assessing the impact in time for the effective application date for the standard of 1 January 2019. Further information on the UC Foundation and the University of Canterbury Trust Funds (which incorporates the separate trusts and bequests) is publically available in the Charities Register at the Charities Services web site https://www.charities.govt.nz/.[1]

Other standards issued but not yet effective are not considered to have a significant effect on the University's financial statements. The University does not intend to early adopt any standard issued but not yet effective.

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.

Revenue

Revenue recognition

The University recognises revenue from individual categories of transactions as follows:

Government grants

Student Achievement Component (SAC) funding

SAC funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange.

The University's SAC funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its SAC funding from the commencement of the specified funding period, which is the same as the University's financial year.

The University has a guaranteed amount of SAC funding agreed with TEC for 2018.

Fees free

The University recognises Fees-free tuition payments from the Tertiary Education Commission on the same basis as for Domestic Student Tuition Fees (see "Tuition fees" below). This applies from 1 January 2018, having been introduced as a Government policy payment from that date. The University classifies Fees-free payments as Government Grants.

Performance-Based Research Fund (PBRF)

The University considers PBRF funding to be non-exchange in nature.

PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding from the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Other Grants Received

The University considers other grants received to be non-exchange in nature.

[1] University of Canterbury Foundation, registration number CC27669; University of Canterbury Trust Funds, registration number CC45255

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

*Tuition fee*s

Domestic student tuition fees are subsidised by government funding and are considered non-exchange in nature.

Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

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

Research revenue

The University exercises its judgement in determining whether funding received under a research contract is received in an exchange or non-exchange transaction. In determining whether a research contract is exchange or non-exchange, the University considers factors such as the following:

- Whether the funder has substantive rights to the research output. This is a persuasive indicator of exchange or non-exchange.
- How the research funds were obtained. For example, whether through a commercial tender process for specified work or from applying to a more general research funding pool.
- Nature of the funder.
- Specificity of the research brief or contract.

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder, to retain funding, or return unspent funds.

Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year research contracts.

Interest

Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the related asset.

Other revenue

Other revenue includes revenue from the sales of goods and services, which is recognised when the product is sold to the customer, or the service provided.

Other revenue also includes Reversionary Interest revenue to reflect the Campus Living Villages building assets, which will become University assets in 2040. The interest is calculated using the latest building valuation and a discounted cash flow methodology.

Donations

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.

Financial Instruments

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 interest rate swaps and forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 17 and 18.

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 hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

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 18 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 Net Assets / Equity and in Note 19.

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 revenue and expense 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 other revenue 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.

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.

Financial assets

The University has the following non-derivative financial assets:

Cash and cash equivalents
Receivables
Deposits
Investments – privately held company shares

The University classifies its financial assets into the following four categories: financial assets at fair value through the surplus or deficit; loans and receivables; held to maturity investments; and available-for-sale. 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. Held to maturity investments are non-derivative financial assets where the University has the positive intention and ability to hold them to maturity. Available-for-sale assets include investments. There are currently no other financial assets measured at fair value through surplus or deficit.

Financial liabilities

The University has the following non-derivative financial liabilities:

Accounts payable
Sonoda Gakuen Corporation of Japan loan

Philanthropic Bond

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 using the effective interest rate method;
- Held to maturity investments – at amortised cost using the effective interest rate method; and
- Available-for-sale – at fair value through other comprehensive revenue and expense.

After initial recognition at fair value, other financial liabilities are measured at amortised cost using the effective interest rate method.

Cash and Cash Equivalents

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

Trade and Other Receivables

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

Property, Plant and Equipment

Initial recognition and subsequent measurement

All assets are initially recorded at cost. 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.

Where an item of property, plant and equipment is acquired through a non-exchange transaction at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Subsequent to acquisition, all items of property, plant and equipment are depreciated over their useful life except for Land, Artworks, Medals, the Logie Collection and the Library Permanent Collection, which are not depreciated. Land, Buildings, Infrastructure, the Library Permanent Collection, and Artwork, Medals and the Logie Collection are subject to periodic revaluation.

Any gains or losses on disposal of property, plant and equipment 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.

Land

Independent registered valuers undertake revaluations of Land every three years in conjunction with that of Buildings.

Land has been valued at fair value by CB Richard Ellis Limited as at 31 December 2016. 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. Where there is no sales based market evidence, the valuation is based on a discounted hypothetical development less allowances for legal impediments.

Buildings

Independent registered valuers undertake revaluations of 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.

Buildings, with the exception of residential and commercial property, including 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 2016, 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 8.

Additions to Land and Buildings subsequent to the date of valuation are recorded at cost. Where Land and Buildings are acquired through a non-exchange transaction at no cost, or for a nominal cost, they are recognised at fair value at the date of acquisition.

Residential and commercial property, including the Ilam Homestead

Independent and registered valuers undertake revaluations of the University's residential and commercial property every three years, unless there is a 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.

Residential and commercial property is valued at market value, taking into account recent market activity, and was revalued by CB Richard Ellis Limited as at 31 December 2016.

The University has valued its Ilam Homestead property on a market value basis, as the nature of its use is changing to incorporate more commercial activity. The Ilam Homestead property was valued by CB Richard Ellis Limited as at 31 December 2016.

Infrastructure Assets

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.

Infrastructure Assets were valued by AECOM as at 31 December 2017 at depreciated replacement cost.

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

Library

The Current Collection of books and serials is valued at historical cost less depreciation.

The Permanent Collection of heritage collections including Macmillan Brown, Māori and Pacific, rare books, archives, architectural drawings, photographs and art of rare books is revalued every three years by an independent registered valuer.

The Permanent Collection was valued on a fair value basis as at 31 December 2016 by Jones Lang Lasalle Limited. The valuation was carried out in accordance with the University's valuation guidelines. Assets have been valued at market value where appropriate or at depreciated replacement cost where an active market does not exist.

Donated books are treated as a non-exchange transaction on acquisition, and have been included at estimated market value.

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

Artworks/Medals/Logie Collection

The collections are 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 July 2016 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 30 November 2017. James Ede has over 30 years of commercial experience in Classical and Pre-Classical antiquities.

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, including any retention amounts. 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.

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	1.25-3.3%
Building Services	2.50-3.3%
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% or over period of lease
Current Collection (Library)	10.00%

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

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.

Leases

Finance Leases

The University has no finance leases.

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 thirty-five 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 revenue, 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 revenue 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, 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, which 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 twelve months and future years. The liability balance is split into a current and non-current portion.

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 plan.

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

Borrowing costs 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
- available-for-sale reserve

General equity - Te Pourewa settlement reserve

This reserve was created to acknowledge the University's undertakings to its insurers on receipt of the Te Pourewa insurance settlement of $17.5 million. Principally, the University undertook to replace the work space provided to the College of Education, Health and Human Development by the demolished Te Pourewa building. The University has substantially progressed the refurbishment of Rehua on the Ilam Campus, which is planned to be available for occupation by the College of Education, Health and Human Development in 2018. Accordingly, the reserve was released back into general equity in December 2017.

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.

Further details on movements in the period in the Student Service Levy Capital Reserve are shown in Note 21 – Related party transactions.

Cash flow hedge reserve

This reserve relates to the movements of fair value of all foreign exchange forward contracts and interest rate swaps, where they qualify as hedge instruments.

Property revaluation reserves

These reserves relate to the revaluation of Building, Land, Infrastructure, Library and Collections to fair value.

Available-for-sale reserve

This reserve comprises the cumulative net change in the fair value of “available-for-sale” 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.

Taxation

The University is exempt from the payment of income tax under section CW55BA (Tertiary education institutions and subsidiaries) of the Income Tax Act 2007. Accordingly, there is no provision for income tax.

Critical Accounting Judgements, Estimates and Assumptions

In preparing these financial statements the University has made judgements on the application of accounting policies and made estimates and assumptions concerning the future. The 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 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. As in previous years, the University adjusted the valuation to allow for the decrease in value in the buildings asset as at 31 December 2016 for unremediated earthquake damage. Note 8 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.

The next valuation is expected to be on 31 December 2019.

(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, there are a number of significant assumptions.

- The replacement costs of individual buildings are adjusted where appropriate for optimisation due to over-design or surplus capacity.
- The depreciated replacement cost comprises construction cost plus any other costs directly attributable to bringing the item to working condition for its intended use. Construction costs are determined by a review of the latest costs indications and review of relevant market data (if any).
- 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.

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. 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 impairments are discussed further in Note 8.

Reversionary Interest

The University has a detailed contract with Campus Living Villages Limited (CLV), the operator of the residences the University has leased to them. This contract clearly delineates responsibilities and does not entail any substantive control of the operation or finances of the residences or, for the residences built by CLV that will revert to the University in 2040, constitute a Service Concession Arrangement within the terms of PBE IPSAS 32.

Instead, the University accounts for its interest in the residences built by CLV as a Reversionary Interest, where an amount is recognised representing the progressive recognition of the value of the CLV accommodation that will ultimately vest in the University.

The key assumptions in the calculation of this progressive recognition are:

- Discount rate 5.29% (2017: 5.29%);
- Independent valuation of property (last performed with the University's main valuation 31 December 2016); and
- Application of appropriate index to determine depreciated replacement cost at vesting.

Any changes in these factors will affect any revenue recognised.

Long Service, Retirement Leave and Sick Leave

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 30 June 2018. They have based their valuation on the model recommended by Treasury for the reporting purposes of Crown Entities.

The estimates and uncertainties surrounding these valuations by Eriksen & Associates Limited at 30 June 2018 include an estimation of salary growth rate of 2.5%, resignation rates (as per Government Superannuation Fund), retirement rates (as per Government Superannuation Fund), and discounting rates based on the yields on Government Bonds ranging from 1.77% to 4.75% (consistent with all entities that form part of the Crown's annual reporting).

University of Canterbury

Statement of Comprehensive Revenue and Expense

For the period ended 30 June 2018

Consolidated and University	***Notes***	***Unaudited June 2018 University Actuals ($000's)***	***Unaudited June 2017 University Actuals ($000's)***	***December 2017 University Actuals ($000's)***
OPERATING REVENUE				
Government Grant	**1**	78,357	73,318	133,176
Performance Based Research Funding (PBRF)		15,067	14,349	28,790
Student Tuition Fees Domestic Fee Paying	**1**	30,913	35,346	67,915
Student Tuition Fees Full Fee Paying		20,067	16,542	34,386
Student Services Levy	**1**	3,963	4,543	8,697
Other Student Related Fees		564	424	917
Research Revenue		19,074	16,386	34,418
Interest Revenue		4,987	6,719	11,809
Other Revenue	**1**	18,419	17,795	34,653
TOTAL OPERATING REVENUE	**1**	191,411	185,422	354,761
OPERATING EXPENDITURE				
Personnel Expenses	**2**	91,048	87,778	179,192
General / Operating Expenditure	**3**	67,076	57,956	129,240
Finance Charges	**4**	2,220	2,271	4,441
Depreciation and Amortisation	**8**	26,065	24,235	47,215
TOTAL OPERATING EXPENDITURE		186,409	172,240	360,088
SURPLUS / (DEFICIT)		**5,002**	**13,182**	**(5,327)**
Other Comprehensive Revenue and Expense				
Movements in revaluation reserves relating to the Library (Permanent Collection) / Other Collections	**8**	-	-	904
Movements in revaluation reserves relating to Building Assets	**8**	-	-	(1,772)
Movements in revaluation reserves relating to Infrastructure Assets	**8**	-	-	(2,222)
Net Movements in revaluation reserves	**19**	-	-	(3,090)
Effective portion of changes in fair value of cash flow hedges	**19**	463	203	927
Adjustment to New Zealand Synchrotron Group Limited Valuation	**19**	-	-	(9)
Total Other Comprehensive Revenue and Expense		463	203	(2,172)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		5,465	13,385	(7,499)

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

Statement of Changes in Net Assets / Equity

For the period ended 30 June 2018

Consolidated and University	***Notes***	***Unaudited June 2018 University Actuals ($000's)***	***Unaudited June 2017 University Actuals ($000's)***	***December 2017 University Actuals ($000's)***
Balance at 1 January		**1,379,180**	**1,386,679**	**1,386,679**
Comprehensive revenue and expense				
Surplus / (deficit)	**19**	5,002	13,182	(5,327)
Other comprehensive revenue and expense	**19**	463	203	(2,172)
Total comprehensive revenue and expense		5,465	13,385	(7,499)
Balance as at period end		**1,384,645**	**1,400,064**	**1,379,180**

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

Statement of Financial Position

As at 30 June 2018

Consolidated and University	*Notes*	*Unaudited June 2018 University Actuals ($000's)*	*Unaudited June 2017 University Actuals ($000's)*	*December 2017 University Actuals ($000's)*
CURRENT ASSETS				
Cash and Cash Equivalents	**5**	31,386	112,412	96,688
Other Financial Assets / Short Term Deposits	**17**	246,056	184,069	155,911
Receivables	**6**	30,887	27,584	23,920
Prepayments		6,830	6,731	11,223
Inventories		1,274	1,324	1,274
Non-Current Assets Held for Sale	**7**	2,038	-	1,494
Total Current Assets		318,471	332,120	290,510
LESS CURRENT LIABILITIES				
Revenue Received in Advance	**11**	86,679	75,358	40,493
Accounts Payable	**12**	32,276	35,325	34,709
Provisions	**13**	490	-	490
Derivative Financial Instrument Liabilities	**17**	3	259	27
Loans	**14**	32	32	32
Philanthropic Bond	**15**	2,000	2,000	2,000
Employee Entitlements	**16**	14,132	10,405	13,909
Total Current Liabilities		135,612	123,379	91,660
WORKING CAPITAL		**182,859**	**208,741**	**198,850**
NON CURRENT ASSETS				
Property, Plant and Equipment	**8**	1,159,574	928,009	1,135,949
Intangible Assets	**8**	9,986	5,888	10,994
Capital Work-in-Progress	**8**	93,288	284,224	112,873
Investments	**9**	46	56	46
Derivative Financial Instrument Assets	**17**	1,375	1,881	1,721
Other Financial Assets / Long Term Deposits	**17**	17,833	52,500	-
Receivables	**10**	2,226	2,080	2,151
Other Non Current Assets	**10**	19,404	18,578	19,024
Total Non Current Assets		1,303,732	1,293,216	1,282,758
NON CURRENT LIABILITIES				
Provisions	**13**	181	-	423
Loans	**14**	800	832	800
Derivative Financial Instrument Liabilities	**17**	2,830	4,329	3,649
Philanthropic Bond	**15**	47,809	47,690	47,750
Employee Entitlements	**16**	30,242	28,124	29,304
Revenue Received in Advance	**11**	20,084	20,918	20,502
Total Non Current Liabilities		101,946	101,893	102,428
NET ASSETS		**1,384,645**	**1,400,064**	**1,379,180**
REPRESENTED BY :				
General Equity	**19**	1,107,567	1,105,697	1,102,565
General Equity - Te Pourewa Settlement Reserve	**19**	-	17,500	-
General Equity - Student Services Levy Capital Reserve	**19**	7,911	5,788	7,911
Revaluation Reserves	**19**	270,460	273,550	270,460
Cashflow Hedge Reserve	**19**	(1,320)	(2,507)	(1,783)
Available-For-Sale Reserve	**19**	27	36	27
TOTAL EQUITY		**1,384,645**	**1,400,064**	**1,379,180**

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

Statement of Cash Flows

For the period ended 30 June 2018

Consolidated and University	Notes	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
OPERATING ACTIVITIES				
Cash provided from:				
Government Grant		90,037	81,347	161,966
Tuition Fees		91,656	89,750	107,008
Other Revenue		41,356	42,229	81,180
Agency Funds		2,534	3,002	4,074
Interest Received		7,841	7,585	10,886
Net GST Movement		445	1,937	2,914
		233,869	225,850	368,028
Cash applied to:				
Personnel Expenses		90,706	87,804	179,048
General / Operating Expenses		64,201	59,894	131,930
Agency Funds		2,534	3,002	4,074
Interest Paid		1,938	1,934	3,896
		159,379	152,634	318,948
Net cash provided by Operating Activities	**20**	**74,490**	**73,216**	**49,080**
INVESTING ACTIVITIES				
Cash provided from:				
Proceeds from disposal of Fixed Assets		-	-	91
Proceeds from disposal of Investments		-	135,300	179,800
Maturity of deposits with terms greater than 3 months but less than 12 months		155,911	111,750	111,750
		155,911	247,050	291,641
Cash applied to:				
Capital Expenditure		31,814	93,688	165,993
Deposits with terms greater than 3 months but less than 12 months		246,056	184,069	155,911
Deposits with terms greater than 12 Months		17,833	8,000	-
Purchase of Investments		-	-	-
		295,703	285,757	321,904
Net cash used in Investing Activities		**(139,792)**	**(38,707)**	**(30,263)**
FINANCING ACTIVITIES				
Cash provided from:				
Capital Contribution from the Crown		-	-	-
		-	-	-
Cash applied to:				
Repayment of Loans		-	-	32
Capital Contribution - Repayment under Funding Agreement		-	-	-
		-	-	32
Net cash provided by Financing Activities		**-**	**-**	**(32)**
Net increase (decrease) in cash held		(65,302)	34,509	18,785
Cash and Cash Equivalents on hand at beginning of period		96,688	77,903	77,903
Cash and Cash Equivalents on hand at end of period	**5**	31,386	112,412	96,688

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.

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

	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
1 REVENUE			
Other Revenue			
Donations / Koha	10	313	334
Donations from Trusts	2,849	5,010	9,551
Rentals	1,411	1,860	3,808
External Sales	2,194	2,434	4,031
Consultancy	2,269	1,700	4,253
Membership Fees	355	345	680
Reversionary Interest	380	446	892
Sundry Revenue	8,951	5,687	11,104
Total Other Revenue	18,419	17,795	34,653
Non exchange revenue included in total operating revenue	143,673	140,196	265,058

Fees free funding of $8.175 million is included in Government Grants. The reduction in Tuition Fees and the Compulsory Student Service Levy in comparison with the period ended 30 June 2017 is directly related to this change.

	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
2 PERSONNEL EXPENSES			
Academic Salaries	41,542	39,820	81,460
General Salaries*	41,420	40,936	82,434
Superannuation Contributions	3,775	3,614	7,345
Councillors' Honoraria	122	104	227
Redundancy Costs	394	523	1,755
Movement in Actuarially Valued Employee Entitlements	734	(13)	1,079
Other Salary Related Expenditure	3,061	2,794	4,892
TOTAL PERSONNEL EXPENSES	91,048	87,778	179,192
***** The General staff classification includes Education Plus staff.	1,033	1,251	2,365
3 GENERAL / OPERATING EXPENDITURE - DISCLOSURES			
General / Operating Expenditure includes the following:			
Audit New Zealand - External Financial Statements Audit	110	110	210
Audit New Zealand - Other Assurance Work: Report to Bond Trustees and PBRF	-	-	15
Bad Debts Written Off	11	7	58
Demolition Costs	1,691	744	3,812
Equipment Rentals	212	262	400
Exchange Losses	24	99	124
Fair Value Movement in Interest Rate Swaps	-	(458)	(48)
Increase / (Decrease) in Provision for Doubtful Debts	57	79	224
Loss on Disposal of Property, Plant & Equipment	15	-	630
Property Rentals	3,775	4,084	8,191
Student Association Service Provision	1,138	1,283	2,211
4 FINANCE CHARGES			
Finance Charges - Interest Paid	2,220	2,271	4,441
5 CASH AND CASH EQUIVALENTS			
Cash at Bank	6,368	6,734	9,355
Call Deposits	25,018	18,582	20,564
Term Deposits with maturities less than 3 month at acquisition	-	87,096	66,769
TOTAL CASH AND CASH EQUIVALENTS	31,386	112,412	96,688

The weighted average interest rate as at 30 June 2018 is 2.30% per annum (30 June 2017: 2.47% per annum; 31 December 2017: 2.74% per annum).
The carrying amount of cash at bank, call deposits and term deposits with maturities less than three months at acquisition approximates their fair value.

6 RECEIVABLES	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
Receivables (gross)	31,335	27,830	24,311
Less Provision for Doubtful Debts	(448)	(246)	(391)
TOTAL RECEIVABLES	30,887	27,584	23,920
Total Receivables comprise;			
Receivables from exchange transactions	28,018	25,229	21,605
Receivables from non exchange transactions	2,869	2,355	2,315
TOTAL RECEIVABLES	30,887	27,584	23,920

Fair Value
Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

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

7 NON-CURRENT ASSETS HELD FOR SALE

Non Current Assets held for Sale include;	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
Land	1,839	-	1,384
Buildings	199	-	110
	2,038	-	1,494

The Non-Current Assets Held for Sale are;
West Coast Property - A contract for the sale has not been entered into yet however the property is being actively marketed.
Christchurch Properties - Negotiations are underway to sell 2 Christchurch properties, the first being to transfer a parcel of land to Fire and Emergnecy New Zealand and the second is a property surplus to requirements.

8 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES

UNIVERSITY	COST / VALN DEC 16 ($000's)	ACCUM DEPN & AMORTISATION DEC 16 ($000's)	NET BOOK VALUE DEC 16 ($000's)	CURRENT YEAR ADDITIONS JUN 17 ($000's)	CURRENT YEAR DISPOSALS COST JUN 17 ($000's)	CURRENT YEAR DISPOSALS ACCUM DEPN JUN 17 ($000's)	CURRENT YEAR DEPN & AMORTISATION JUN 17 ($000's)	CURRENT YEAR REVALUATION/ MOVEMENTS JUN 17 ($000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN JUN 17 ($000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS JUN 17 ($000's)	CURRENT YEAR TRANSFER COST HELD FOR SALE JUN 17 ($000's)	Unaudited COST / VALN JUN 17 ($000's)	Unaudited ACCUM DEPN & AMORTISATION JUN 17 ($000's)	Unaudited NET BOOK VALUE JUN 17 ($000's)
Land at Valuation	108,270	-	108,270	-	-	-	-	-	-	-	-	108,270	-	108,270
Buildings at Valuation	617,848	-	617,848	49,922	-	-	(12,798)	-	-	-	-	667,770	(12,798)	654,972
Infrastructure Assets	46,461	(3,896)	42,565	2,068	-	-	(1,150)	-	-	-	-	48,529	(5,046)	43,483
Plant & Equipment at Cost	135,430	(96,290)	39,140	13,549	(1,651)	1,673	(5,466)	-	-	-	-	147,328	(100,083)	47,245
Leased Equipment at Cost	11,050	(11,050)	-	-	(11,050)	11,050	-	-	-	-	-	-	-	-
Library (Current Collection) at Cost	96,642	(78,045)	18,597	1,816	-	-	(1,848)	-	-	-	-	98,458	(79,893)	18,565
Library (Permanent Collection) / Other Collections at Valuation	55,155	-	55,155	319	-	-	-	-	-	-	-	55,474	-	55,474
Property, Plant and Equipment	**1,070,856**	**(189,281)**	**881,575**	**67,674**	**(12,701)**	**12,723**	**(21,262)**	**-**	**-**	**-**		**1,125,829**	**(197,820)**	**928,009**
Intangible Assets - Software	**24,767**	**(16,720)**	**8,047**	**814**	**(283)**	**283**	**(2,973)**	**-**	**-**	**-**	**-**	**25,298**	**(19,410)**	**5,888**

UNIVERSITY	COST / VALN DEC 16 ($000's)	ACCUM DEPN & AMORTISATION DEC 16 ($000's)	NET BOOK VALUE DEC 16 ($000's)	CURRENT YEAR ADDITIONS DEC 17 ($000's)	CURRENT YEAR DISPOSALS COST DEC 17 ($000's)	CURRENT YEAR DISPOSALS ACCUM DEPN DEC 17 ($000's)	CURRENT YEAR DEPN & AMORTISATION DEC 17 ($000's)	CURRENT YEAR REVALUATION/ MOVEMENTS DEC 17 ($000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN DEC 17 ($000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS DEC 17 ($000's)	CURRENT YEAR TRANSFER COST HELD FOR SALE DEC 17 ($000's)	COST / VALN DEC 17 ($000's)	ACCUM DEPN & AMORTISATION DEC 17 ($000's)	NET BOOK VALUE DEC 17 ($000's)
Land at Valuation	108,270	-	108,270	425	-	-	-	-	-	-	(1,384)	107,311	-	107,311
Buildings at Valuation	617,848	-	617,848	269,782	-	-	(26,455)	-	-	(1,772)	(110)	885,666	(26,373)	859,293
Infrastructure Assets	46,461	(3,896)	42,565	3,671	-	-	(2,318)	(8,435)	6,213	-	-	41,697	(1)	41,696
Plant & Equipment at Cost	135,430	(96,290)	39,140	24,642	(4,821)	4,256	(10,757)	-	-	-	-	155,251	(102,791)	52,460
Leased Equipment at Cost	11,050	(11,050)	-		(11,050)	11,050	-	-	-	-	-	-	-	-
Library (Current Collection) at Cost	96,642	(78,045)	18,597	3,839	-	-	(3,682)	-	-	-	-	100,481	(81,727)	18,754
Library (Permanent Collection) / Other Collections at Valuation	55,155	-	55,155	376	-	-		904	-	-	-	56,435	-	56,435
Property, plant & equipment	**1,070,856**	**(189,281)**	**881,575**	**302,735**	**(15,871)**	**15,306**	**(43,212)**	**(7,531)**	**6,213**	**(1,772)**	**(1,494)**	**1,346,841**	**(210,892)**	**1,135,949**
Intangible Assets - Software	**24,767**	**(16,720)**	**8,047**	**6,950**	**(283)**	**283**	**(4,003)**	**-**	**-**	**-**	**-**	**31,434**	**(20,440)**	**10,994**

UNIVERSITY	COST / VALN DEC 17 ($000's)	ACCUM DEPN & AMORTISATION DEC 17 ($000's)	NET BOOK VALUE DEC 17 ($000's)	CURRENT YEAR ADDITIONS JUN 18 ($000's)	CURRENT YEAR DISPOSALS COST JUN 18 ($000's)	CURRENT YEAR DISPOSALS ACCUM DEPN JUN 18 ($000's)	CURRENT YEAR DEPN & AMORTISATION JUN 18 ($000's)	CURRENT YEAR REVALUATION/ MOVEMENTS JUN 18 ($000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN JUN 18 ($000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS JUN 18 ($000's)	CURRENT YEAR TRANSFER COST HELD FOR SALE JUN 18 ($000's)	Unaudited COST / VALN JUN 18 ($000's)	Unaudited ACCUM DEPN & AMORTISATION JUN 18 ($000's)	Unaudited NET BOOK VALUE JUN 18 ($000's)
Land at Valuation	107,311	-	107,311	413			-	-	-	-	(455)	107,269	-	107,269
Buildings at Valuation	885,666	(26,373)	859,293	37,039			(15,645)	-	-	-	(90)	922,615	(42,018)	880,597
Infrastructure Assets	41,696	-	41,697	4,719			(1,160)	-	-	-	-	46,415	(1,160)	45,255
Plant & Equipment at Cost	155,251	(102,791)	52,460	4,684	(885)	865	(5,956)	-	-	-	-	159,050	(107,882)	51,168
Leased Equipment at Cost	-	-	-				-	-	-	-	-	-	-	-
Library (Current Collection) at Cost	100,481	(81,727)	18,754	1,843			(1,761)	-	-	-	-	102,324	(83,488)	18,836
Library (Permanent Collection) / Other Collections at Valuation	56,435	-	56,435	14			-	-	-	-	-	56,449	-	56,449
Property, plant & equipment	**1,346,840**	**(210,891)**	**1,135,950**	**48,712**	**(885)**	**865**	**(24,522)**	**-**	**-**	**-**	**(545)**	**1,394,122**	**(234,548)**	**1,159,574**
Intangible Assets - Software	**31,434**	**(20,440)**	**10,994**	**539**	**(11)**	**7**	**(1,543)**	**-**	**-**	**-**	**-**	**31,962**	**(21,976)**	**9,986**

Capital Work In Progress

The University continues to carry a substantial Capital Work In Progress baalnce, althought a significant amount of building work was capitalised in the year ended 31 December 2017, with more to follow.. This balance has reduced in 2018 as some projects have been completed such as stage one of the RRSIC and CETF. The University has followed a programme of significant building repairs following the earthquakes and, latterly, new building projects that take some time to complete. The University expects this balance to continue to reduce as more projects come to an end and completed buildings are capitalised.

	Unaudited	Unaudited	
	Jun 2018	Jun 2017	Dec 2017
Capital Work in Progress	$000's	$000's	$000's
Building	90,380	281,178	111,501
Plant and Equipment	104	65	226
Intangible Assets - Software	2,804	2,981	1,146
	93,288	284,224	112,873

Revaluation Movement

There were no revaluation movements in the period ended 30 June 2018 or 30 June 2017. Revaluation movements for the year ended 31 December 2018 were a net decrease of $3 million.

Restrictions and Security

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.

Revaluations

Land and Buildings, including residential and commercial property and the Ilam Homestead were revalued at 31 December 2016 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 at 31 December 2017 by George Jason Smith, of AECOM New Zealand Limited.

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 Library Permanent Collection, included in the Library (Permanent Collections) / Other Collections at Valuation category, was revalued at 31 December 2016 by Basil J Roberts, registered Plant and Machinery Valuer of Jones Lang LaSalle Limited.

The Logie Collection was revalued at 30 November 2017 by James Ede of Charles Ede Limited.

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

The Art Collection was revalued at 31 July 2016 by James Parkinson, Director of Valuations, Art + Object Limited, Auckland.

Buildings Revaluation

Buildings were last revalued at 31 December 2016. There is no indication at 30 June 2018 that a further revaluation of buildings is required.

As noted in the critical accounting judgements, estimates and assumptions the valuation does not factor in damage incurred from the earthquakes. Accordingly, as in previous years, the University has adjusted the carrying value of buildings that have yet to be remediated to reflect the estimated cost of repairing the buildings back to the state that existed prior to the earthquakes.

Impairment

The University's buildings received significant damage in the 2010 and 2011 Canterbury Earthquakes. The damage incurred has not been factored into the valuation, but a separate assessment of impairment has been performed, adjusting the carrying value of buildings that have yet to be remediated to reflect the estimated costs 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 (unless the estimated damage repair cost is more than Net Book Value (NBV), in which case the building is impaired to $nil), adjusting also for remediation work completed.

In preparing these financial statements, the University has reviewed the estimates of earthquake damage or other impairment as at 30 June 2018. In previous years, the University has used external Quantity Surveyors Inovo Projects Limited to provide the estimate of total building repairs. The University has reviewed inflation factors and actual costs of repair being incurred, and does not consider there to have been any significant increase in that estimate since that date. However, for unremediated buildings, and for the totality of the building stock, the risk remains that the final cost to the University will be in excess of estimate, although the University considers that any further increase in damage assessment will continue to demonstrate a similar pattern to that already experienced. The total impairment recognised in the financial statements was $113 million (30 June 2017; $113 million; 31 December 2017: $113 million).

The estimate of damage remains subject to considerable potential variability and consequently the cost of repair estimated in these financial statements could change. Additionally, while these estimates have been updated for inflation there is no allowance in these estimates for future inflation or other exogenous factors that may affect the actual cost of repair. 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 NBV.

The University continues to develop its remediation and wider capital asset management plans, which it anticipates will be completed in 5 to 10 years.

Critical Accounting Assumptions

See the accounting policies for further critical accounting assumptions regarding Land and Buildings.

9 INVESTMENTS

	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
Investment Category			
Investments at Fair Value through other Comprehensive Revenue and Expense - Non Current			
Investment in New Zealand Synchrotron Group Limited	46	56	46
TOTAL INVESTMENTS	46	56	46

Investment in New Zealand Synchrotron Group Limited

The New Zealand Synchrotron Group Limited is made up of 8 universities and currently 4 Crown Research Institutes. The University has a 9.48% shareholding.

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

The University and Subsidiaries also have equity investments of minimal or nil value as follows:

Name	
Subsidiaries	**Percentage Held**
Canterprise Limited	100%
Entré Limited	100%
UC International College Limited	100%
Other Investments	
Flow Holdings Limited	40%
2.2G Limited	33%
New Zealand Dryland Forests IP Limited	25%
Stratified Concrete Technologies Limited	15%
Unisaver Limited	14%
Kiwi Innovation Network Limited	8%
Veritide Limited	5%
Tiro Medical Limited (formerly Tiro Life Sciences Limited)	5%
Other Investments held by the University's subsidiary Canterprise Limited	
Mars Bioimaging Limited	13%
Syft Technologies Limited	1%

10 TERM RECEIVABLE AND OTHER NON CURRENT ASSETS

	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
Campus Living Village - Term Receivable	2,226	2,080	2,151
Other non current assets			
Reversionary interest	19,404	18,578	19,024

Campus Living Village - 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.
$28 million was received in advance 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 payments 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 REVENUE RECEIVED IN ADVANCE

	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
Current Revenue Received in Advance			
Student Fees	56,108	48,532	14,147
Research Revenue	21,414	17,793	17,940
Future minimum operating lease revenue not later than one year	868	868	868
Other	8,289	8,165	7,538
	86,679	75,358	40,493
Term Revenue Received in Advance			
Future minimum operating lease revenue:			
Later than one year and not later than five years	3,471	3,471	3,471
Later than five years	16,613	17,447	17,031
	20,084	20,918	20,502
TOTAL REVENUE RECEIVED IN ADVANCE	106,763	96,276	60,995

12 ACCOUNTS PAYABLE	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
Payables under exchange transactions			
Trade Payables	5,438	2,733	6,352
UCSA Payable	7,572	7,114	7,288
Other Payables	17,027	23,041	17,563
Total Payables under exchange transactions	30,037	32,888	31,203
Payables under non-exchange transactions			
Taxes payable (GST, PAYE, and rates)	2,239	2,437	3,506
Total Payables under non-exchange transactions	2,239	2,437	3,506
TOTAL ACCOUNTS PAYABLE	32,276	35,325	34,709

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 PROVISIONS	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
Current Provision			
Onerous Contracts	490	-	490
Non current Provisions			
Onerous Contracts	181	-	423
	671	-	913

The University has a non-cancellable lease for Student Accommodation that is no longer required as a result of new accommodation being built closer to the Campus and is not being used.
The lease does not expire until 23 December 2019. The provision has been calculated using the future discounted lease payments.

14 LOANS	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actual ($000's)
Current Loans			
Sonoda Gakuen Corporation of Japan Loan	32	32	32
Non current Loans			
Sonoda Gakuen Corporation of Japan Loan	800	832	800
TOTAL LOANS	832	864	832
Analysis of Loan			
Analysis of Loan Liabilities			
Within one year	32	32	32
One - five years	128	128	128
Greater than five years	672	704	672
	832	864	832

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.

The University operates a purchasing card facility and had a credit limit of $11 million as at 30 June 2018 (30 June 2017: $11 million; 31 December 2017: $11 million).

15 PHILANTHROPIC BOND	*Unaudited* *June 2018* *University* *Actuals* *($000's)*	*Unaudited* *June 2017* *University* *Actuals* *($000's)*	*December 2017* *University* *Actuals* *($000's)*
Philanthropic Bond - Current	2,000	2,000	2,000
Philanthropic Bond - Long Term	47,978	47,978	47,978
Capitalised bond issue costs	(169)	(288)	(228)
	47,809	47,690	47,750
TOTAL PHILANTHROPIC BOND	49,809	49,690	49,750

In 2009, the University launched a $50 million, 10 year, fixed rate, unsubordinated, unsecured Bond at an interest rate of 7.25% per annum fixed for 5 years to be reset for a further 5 years at a 1.75% margin over the then prevailing 5 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 5 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. All donations of principal are required to be given to the Philanthropic Bond Trust. Any donations received by the Philanthropic Bond Trust must be used for advancing and promoting the University's capital works programme.

On the 29th of 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.

On 30 November 2016, the University registered a further amended Trust Deed with the Financial Markets Authority, reflecting solely the consequential changes required following the introduction of the Financial Markets Conduct Act 2013. None of the previous amendments or rights of the bondholders was affected.

Capitalised bond issue costs

Expenses incurred in the issue of the 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

There was no breach of the covenants for the six months to 30 June 2018 (30 June 2017: no breach; 31 December 2017: no breach).

Ministry of Education (MOE) Borrowing Consent

The borrowing consent from the Secretary for Education 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; for the provision of Financial Planning and Resourcing Committee and Council papers to the Tertiary Education Commission; limits on use of assets as security; and provision of capital asset management planning and capital expenditure reporting. There are no financial covenants.

The MOE consent requirements were fully complied with for the six months to 30 June 2018 (30 June 2017: full compliance, 31 December 2017: full compliance).

The fair value of the bonds as at 30 June 2018 was $51.4 million (30 June 2017: $52.2 million; 31 December 2017: $52.0 million). The fair values of the bonds are determined by reference to the quoted market price on the NZDX at balance date.

16 EMPLOYEE ENTITLEMENTS	*Unaudited* *June 2018* *University* *Actuals* *($000's)*	*Unaudited* *June 2017* *University* *Actuals* *($000's)*	*December 2017* *University* *Actuals* *($000's)*
Sick Leave	533	775	736
Annual Leave	7,777	7,063	7,152
Long Service Leave	1,739	1,707	1,688
Retirement Leave	30,730	28,666	29,818
Payroll Accrual	3,248	-	3,104
Total	44,027	38,211	42,498
Redundancy Provision [1]	347	318	715
Total Employee Entitlements	44,374	38,529	43,213
Made up of:			
Current	14,132	10,405	13,909
Non Current	30,242	28,124	29,304
Total	44,374	38,529	43,213
[1]Redundancy Provision - University & Group			
Redundancy Provision Opening Balance	715	294	294
Provision made	247	318	715
Amounts used	(615)	(294)	(294)
Redundancy Provision Closing Balance	347	318	715

The Redundancy Provision was created for confirmed redundancies at balance date.

17 OTHER FINANCIAL ASSETS AND LIABILITIES	*Unaudited* *June 2018* *University* *Actuals* *($000's)*	*Unaudited* *June 2017* *University* *Actuals* *($000's)*	*December 2017* *University* *Actual* *($000's)*
Other Financial Assets / Term Deposits			
Short term deposits with maturities over 3 months but less than 12 months	246,056	184,069	155,911
Other Financial Assets / Long Term Deposits			
Long term deposits with maturities greater than 12 months	17,833	52,500	-

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 interest rate as at 30 June 2018 is 3.21% (30 June 2017 is 2.93% per annum; 31 December 2017 is 3.09% 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 30 June 2018 is 4.18% per annum (30 June 2017 is 3.97% per annum: 31 December 2017 is 3.96% per annum).

Other Financial Assets and Liabilities - Derivative Financial Instruments

Derivative Financial Instrument Assets - Non Current			
Interest Rate Swap Derivative	1,375	1,881	1,721
Total Derivative Financial Instrument Assets	1,375	1,881	1,721
Derivative Financial Instrument Liabilities - Current			
Forward Currency Exchange Contracts - Current	3	259	27
Derivative Financial Instrument Liabilities - Non Current			
Forward Currency Exchange Contracts - Non Current	-	52	-
Interest Rate Swap Derivative	2,830	4,277	3,649
Total Derivative Financial Instrument Liabilities	2,833	4,588	3,676
Total Derivative Financial Instruments	(1,458)	(2,707)	(1,955)
Analysis of Derivative Financial Instruments			
Net Settled Derivatives (Interest Rate Swaps)	(1,455)	(2,396)	(1,928)
Gross Settled Derivatives (Forward Exchange Contracts)	(3)	(311)	(27)
	(1,458)	(2,707)	(1,955)

18 FINANCIAL INSTRUMENTS

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.

Derivative financial instruments (both current and non-current) are valued with valuation techniques using observable inputs.
Investments have been valued with valuation techniques with significant non-observable inputs.

RISK MANAGEMENT

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 is managed by foreign currency forward contracts taken to reduce exposure to currency fluctuations. The University's exposure remains immaterial for these financial statements.

As at 30 June 2018, 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 $(3,314) (30 June 2017 $(311,419); 31 December 2017: $(26,846)).

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 and Loans.
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.

Notes 5,14,15 and 17 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 enabled 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 period end.

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 PBE IPSAS 29 Financial Instruments: Recognition and Measurement, this balance is being recycled through the surplus and deficit from the hedge reserve on a straight-line basis over the remaining 5 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. 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 balance date.

Interest Rate Swaps

Swap 1 Outstanding pay fixed receive floating contract
Swap 2 Outstanding pay floating receive fixed contract

	Average contracted fixed interest rate			Notional Principal Amount		
University & Group	**30 June 2018**	**30 June 2017**	**31 December 2017**	**30 June 2018**	**30 June 2017**	**31 December 2017**
	%	*%*	*%*	*(NZ$000's)*	*(NZ$000's)*	*(NZ$000's)*
Swap 1:						
2 to 5 years		5.95	5.95	50,010	50,010	50,010
Swap 2:						
2 to 5 years		Floating	Floating	50,010	50,010	50,010

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at 30 June. For floating rate liabilities and assets, the analysis is prepared assuming the exposure outstanding at 30 June was outstanding for the period.

For interest rate swap contracts the analysis is prepared assuming that the interest rate swap contracts are revalued to fair value at 30 June, and that the 30 June contracts were in place for the period.

A 50 basis point increase or decrease is used by key management personnel to represent management's assessment of the reasonable possible change in interest rates.

As at 30 June, if interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the following would occur:

	Unaudited June 2018 University Actuals ($000's)	*Unaudited June 2017 University Actuals ($000's)*	*December 2017 University Actuals ($000's)*
Surplus/Equity			
Surplus/Equity - increase (i)	597	757	1,491
Surplus/Equity - (decrease) (i)	(597)	(757)	(1,491)

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

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.

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.

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 14,15 and 17 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 balance date. Future interest payments on floating rate debt are based on the floating rate applicable to the instruments at 30 June.

The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between Years 1 - 2	Between Years 2 - 3	From Year 3
	($000's)	*($000's)*	*($000's)*	*($000's)*	*($000's)*	*($000's)*
University June 2018						
Accounts Payable	32,276	32,276	32,276	-	-	-
Sonoda Gakuen Corporation of Japan Loan	832	1,169	57	56	55	1,001
Philanthropic Bond	49,809	54,339	2,886	51,453	-	-
Total	82,917	87,784	35,219	51,509	55	1,001
University June 2017						
Accounts Payable	35,325	35,325	35,325	-	-	-
Sonoda Gakuen Corporation of Japan Loan	864	1,227	58	57	56	1,056
Philanthropic Bond	49,690	57,225	2,886	2,886	51,453	-
Total	85,879	93,778	38,269	2,943	51,509	1,056
University December 2017						
Accounts Payable	34,709	34,709	34,709	-	-	-
Sonoda Gakuen Corporation of Japan Loan	832	1,169	57	56	55	1,001
Philanthropic Bond	49,750	55,782	2,886	52,896	-	-
Total	85,291	91,660	37,652	52,952	55	1,001

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 30 June to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability Carrying Amount	Contractual cash flows	Less than 1 year	Between Years 1 - 2	Between Years 2 - 3	From Year 3
	($000's)	*($000's)*	*($000's)*	*($000's)*	*($000's)*	*($000's)*
University June 2018						
Net settled derivatives	1,455	1,456	975	481	-	-
University June 2017						
Net settled derivatives	2,396	2,668	975	953	740	-
University December 2017						
Net settled derivatives	1,928	1,978	989	989	-	-

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	Contractual cash flows	Less than 1 year	Between Years 1 - 2	Between Years 2 - 3	From Year 3
	($000's)	*($000's)*	*($000's)*	*($000's)*	*($000's)*	*($000's)*
University June 2018						
Cash and Cash Equivalents	31,386	31,386	31,386	-	-	-
Receivables	30,887	30,887	30,887	-	-	-
Other Financial Assets	263,889	273,788	255,334	18,454	-	-
Term Receivable	2,226	7,000	-	-	-	7,000
Total	328,388	343,061	317,607	18,454	-	7,000
University June 2017						
Cash and Cash Equivalents	112,412	112,412	112,412	-	-	-
Receivables	27,584	27,584	27,584	-	-	-
Other Financial Assets	236,569	247,596	191,653	55,943	-	-
Term Receivable	2,080	7,000	-	-	-	7,000
Total	378,645	394,592	331,649	55,943	-	7,000
University December 2017						
Cash and Cash Equivalents	96,688	96,688	96,688	-	-	-
Receivables	23,920	23,920	23,920	-	-	-
Other Financial Assets	155,911	168,433	168,433	-	-	-
Term Receivable	2,151	7,000	-	-	-	7,000
Total	278,670	296,041	289,041	-	-	7,000

	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
19 EQUITY			
General Equity			
Balance as at 1 January	1,102,565	1,092,515	1,092,515
Net Surplus / (Deficit) for the year	5,002	13,182	(5,327)
Transfer (from) / to General Equity - Te Pourewa Settlement Reserve	-	-	17,500
Transfer (from) / to General Equity - Student Services Levy Capital Reserve	-	-	(2,123)
Transfer from revaluation reserve on retirement of assets	-	-	-
Balance as at period end	1,107,567	1,105,697	1,102,565
General Equity - Te Pourewa Settlement Reserve			
Balance as at 1 January	-	17,500	17,500
Transfer (to) / from General Equity	-	-	(17,500)
Balance as at period end	-	17,500	-
General Equity - Student Services Levy Capital Reserve			
Balance as at 1 January	7,911	5,788	5,788
Current year allocation of Levy	-	-	2,123
Current year usage	-	-	-
Balance as at period end	7,911	5,788	7,911
Cashflow Hedge Reserve			
Balance as at 1 January	(1,783)	(2,710)	(2,710)
Fair Value Movement in Derivatives - Forward Foreign Exchange Contracts	24	(236)	49
Fair Value Movement in Derivatives - Interest Rate Swaps	439	439	878
Balance as at period end	(1,320)	(2,507)	(1,783)
Available-For-Sale Reserve:			
Balance as at 1 January	27	36	36
Adjustment to New Zealand Synchrotron Group Limited valuation	-	-	(9)
Balance as at period end	27	36	27
Revaluation Reserves			
Balance as at 1 January	270,460	273,550	273,550
Transfers to General Equity and Revaluation Reserves	-	-	-
Revaluations and Impairment	-	-	(3,090)
Balance as at period end	270,460	273,550	270,460
Revaluation Reserves consists of:			
Buildings	113,285	115,057	113,285
Infrastructure Assets	26,602	28,824	26,602
Land	83,167	83,167	83,167
Library / Collections	47,406	46,502	47,406
Balance as at period end	270,460	273,550	270,460

20 RECONCILIATION OF NET SURPLUS WITH NET CASH FROM OPERATING ACTIVITIES	Unaudited June 2018 University Actuals ($000's)	Unaudited June 2017 University Actuals ($000's)	December 2017 University Actuals ($000's)
OPERATING ACTIVITIES			
Net Surplus / (Deficit)	5,002	13,182	(5,327)
Add (less) non-cash items:			
Depreciation and Amortisation	26,065	24,235	47,215
Donated Assets	-	(310)	(323)
Movement in Reversionary Interest	(380)	(446)	(892)
Movement in Long Term Revenue Owing	(75)	(70)	(141)
Movement in Total Employee Entitlements	1,161	721	2,370
Unrealised Foreign Exchange Variations	14	(242)	(107)
Net Movement In Fair Value of Interest Rate Swaps	(35)	(20)	(49)
Asset Impairments	-	-	2,191
Add (less) movements in other working capital items:			
Accounts Payable	(2,431)	(5,348)	(2,931)
Provisions	(242)	-	913
Revenue in Advance	46,186	42,700	7,835
Accounts Receivable and Prepayments	(2,574)	(4,027)	(4,855)
Inventories	-	-	50
Add (less) items classified as Investing / Financing Activities:			
Net Loss on Disposal included in Investing Activities	15	-	8
Movement in Lease Revenue in Advance	(418)	(416)	(832)
Movement in Library Serials Prepayment	(1,465)	(1,577)	(3,242)
Movement in Fixed Asset Related Payables / Accruals	3,667	4,834	7,197
NET CASH PROVIDED BY OPERATING ACTIVITIES	**74,490**	**73,216**	**49,080**

21 RELATED PARTY TRANSACTIONS

Transactions with related parties

The University transacts with other Government owned or related entities independently and on an arms' length basis. Transactions cover a variety of services including funding and grants for education and research services and purchases of electricity, postage, travel and tax.

The University Council and Senior Management Team may be directors or officers of other companies or organisations with whom the University may transact. Such transactions are all carried out independently on an arms' length basis, except for the following:

- The University leases property to the UCSA on the Dovedale campus for the provision of child care facilities. The lease is for 30 years from 2018 at a peppercorn rent; and
- The University has also extended a loan facility of $350,000 to the UCSA to assist in funding the necessary refurbishment required to the leased property. The loan is interest free and is repayable in 30 equal annual instalments. The Facility was drawn down in February 2017.
- The University leases property to Bishop Julius Hall. The lease is for 34 years and 360 days from 2015 at a peppercorn rent.

All related party transaction figures are stated exclusive of GST.

Transactions with Key Management Personnel

Rod Carr was a director of Canterprise Limited and UC International College Limited during the period. Directors' Fees paid were $nil (June 2017: $nil; December 2017: $nil).

Senior Management

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

	Unaudited June 2018 University Actuals ($000's)	*Unaudited June 2017 University Actuals ($000's)*	*December 2017 University Actuals ($000's)*
Council Members - Council Honoraria	114	104	227
Senior Management Team, including the Vice-Chancellor - Remuneration	2,160	2,522	4,851
	Number	***Number***	***Number***
Council Members - Full-time equivalent members[1]	12	12	12
Senior Management Team - Full-time equivalent members	14	14	14

[1] The Vice Chancellor is shown as a Council Member only but leads the Senior Management Team and his remuneration is included in the Senior Management Team remuneration. The Vice-Chancellor does not receive any honorarium for his role on Council. Due to the difficulty in determining the full-time equivalent for Council Members, the full-time equivalent figure is taken as the number of Council Members.

Senior Management comprises the Vice-Chancellor, Deputy Vice-Chancellor, Assistant Vice-Chancellor (Academic), Assistant Vice-Chancellor (Maori), Registrar and Assistant Vice-Chancellor, Executive Director Chief Financial Officer, Pro Vice-Chancellors for the Colleges and the Executive Directors of the Service Areas.

22 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.

Early Childhood Learning Centre **Statement of Comprehensive Revenue and Expenditure**	*Unaudited June 2018 University Actuals ($000's)*	*Unaudited June 2017 University Actuals ($000's)*	*December 2017 University Actuals ($000's)*
OPERATING REVENUE			
Government Grant - Child Funded Hours	309	341	677
Other Revenue	215	228	440
TOTAL OPERATING REVENUE	**524**	**569**	**1,117**
OPERATING EXPENDITURE			
Personnel Expenses	472	482	963
Site & Property Costs	56	54	107
General / Operating Expenditure	5	7	15
Depreciation	1	1	1
TOTAL OPERATING EXPENDITURE	**534**	**544**	**1,086**
NET SURPLUS / (DEFICIT) FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE	**(10)**	**25**	**31**

23 COMMITMENTS

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 25.

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 25 years.
The leases have varying terms and renewal rights. There are no restrictions placed on the University by any of its leasing arrangements.

Capital Commitments	*Unaudited June 2018 University Actuals ($000's)*	*Unaudited June 2017 University Actuals ($000's)*	*December 2017 University Actuals ($000's)*
Not later than one year	47,184	69,516	80,091
Later than one year and not longer than five years	16,609	2,550	6,500
Total Capital Commitments[1]	63,793	72,066	86,591

[1] Capital Commitments relate to buildings.

Non-cancellable Operating Lease Commitments as Lessee	June 2018	June 2017	December 2017
Not later than one year	3,077	7,064	5,123
Later than one year and not longer than five years	5,391	4,304	5,415
Later than five years	4,914	3,145	2,729
Total Non-cancellable Operating Lease Commitments	13,382	14,513	13,267

The University has rights of renewal of varying periods in some of its leases.

Non-cancellable Operating Lease Commitments as Lessor	June 2018	June 2017	December 2017
Not later than one year	1,039	1,217	1,262
Later than one year and not longer than five years	767	1,101	985
Later than five years	134	644	171
Total Non-cancellable Operating Lease Commitments	1,940	2,962	2,418

The University entered into a 35 year lease arrangement with Campus Living Village for the University's student accommodation in 2005 and the prepaid lease amounts related to this arrangement have been excluded from the above commitments

No contingent rents have been recognised in revenue during the year.

24 CONTINGENCIES

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 Regional Science and Innovation Centre (RSIC) and the Canterbury Engineering the Future (CETF) project. The University has received $210 million so far under this agreement, and has repaid $8 million in line with the terms of the funding 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 amount in full, including EFTS numbers not exceeding the forecasts made by the University in its business cases to the Government and meeting certain construction milestones.

As a result, the University has a contingent asset of up to $50 million, dependent on the successful completion of the required plans and other dependencies.

The University is exposed to potential sharing of its insurance settlement with other claimants. Negotiations continue, and involve allocation of receipts to damage in specified buildings, and to claim recovery costs. In certain cases there may result no requirement to share the insurance receipts at all. Accordingly, 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. Negotiations are continuing and the University is unable to quantify any contingent asset relating to these potential claims.

Construction

In common with many large construction projects, the University and its large project construction contractors are involved in regular review of contract variations due *inter alia* to developments in working conditions, design changes and finalisation of provisional sums in the original contract. These discussions are often complex and technical and do not always result in a financial outcome. Accordingly, the University is unable to estimate any amount payable in relation to current variations or other risk sharing arrangements under review.

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 provided a bond of $3,500 to the New Zealand Automobile Association for a vehicle trailer. This bond is held by the University's bankers, ANZ and will expire September 2020.

The University has also provided a Carnet Indemnity for $15,013 to the Wellington Regional Chamber of Commerce for the export of a Formula 1 car to Australia for testing. This Carnet will expire in April 2019.

The University has entered into a Memorandum of Understanding with the UCSA that provides for certain undertakings regarding the ground lease and underwriting of the lecture space use in the new UCSA building. This building is currently in the course of construction and the memorandum will give rise to a formal agreement once the building is complete. This is expected to be mid 2019.

The University has no other contingent liabilities or assets at 30 June 2018 (30 June 2017: $nil; 31 December 2017: $nil).

25 CAPITAL MANAGEMENT

The University's capital is its equity, which comprises general funds, and property revaluations and fair value adjustments through comprehensive revenue 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 15) to assist with capital investment.

In 2014, the University entered into a funding agreement with the Crown to provide a capital contribution of up to $260 million as part of the University's planned $357 million investment in new facilities for its Science 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 where operationally possible without damaging the potential for recovery.

26 EVENTS AFTER BALANCE DATE

Subsequent to 30 June 2018, the University has entered into a Memorandum of Understanding with Lincoln University to allow the parties to explore partnership and merger options, focusing on meeting sector needs for enhanced teaching and research.

Except for this, there have been no significant events after period end (30 June 2017: no significant events; 31 December 2017: no significant events).