



# NGA KORERO WHAKAMARAMA MO NGA TAUĀKI PŪTEA NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1 STATEMENT OF ACCOUNTING POLICIES

### THE REPORTING ENTITY

Victoria University of Wellington (the University) is a Tertiary Education Institution domiciled in New Zealand, and is governed by the Crown Entities Act 2004 and the Education and Training Act 2020.

The primary purpose of the Consolidated Group (the Group) is to provide tertiary education services. This includes advancing knowledge by teaching and research, and offering courses leading to a range of degrees, diplomas, and certificates. It also makes research available to the wider community for mutual benefit, and provides research and scholarships for the purpose of informing the teaching of courses. These aspects are covered fully in the statement of service performance.

The University and the Group are designated as Public Benefit Entities (PBEs) for the purpose of complying with NZ GAAP.

The financial statements of the University and the Group for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Victoria University of Wellington Council (the University Council) on 25 March 2024.

### BASIS OF PREPARATION

The accounting policies have been applied consistently to all periods presented. Significant accounting policies can be found in the specific notes to which they relate.

These financial statements are presented in accordance with Section 220 of the Education and Training Act 2020, the Crown Entities Act 2004, and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with PBE Accounting Standards.

The financial statements are presented in New Zealand dollars, which is the presentation currency and the functional currency of all entities within the Group. All values are rounded to the nearest thousand dollars (\$'000). The measurement base applied is historical cost except where specifically identified in their relevant notes.

All components in the financial statements are stated exclusive of GST, with the exception of receivables and payables, which include any GST invoiced. The University is exempt from income tax. However, there are some controlled entities within the Group, Victoria Link Limited, that are not exempt from income tax.

The Group financial statements are prepared on a consolidation basis, which involves adding together like-items of assets, liabilities, equity, revenue, expenses, and

cash flows on a line-by-line basis. All significant intra-group balances, transactions, revenue, and expenses are eliminated on consolidation. The Group financial statements comprise the financial statements of the University, its controlled entities (including controlled trusts and subsidiary companies), and investments in joint ventures as at 31 December each year. Investments in joint ventures have been recognised at fair value through surplus or deficit. Entities that aren't tax exempt did not make a taxable profit for the year ended 31 December 2023.

The budget for 2023 was approved by the University Council on 6 December 2022.

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

There are no standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Group and the University.

### Changes in accounting policy

There have been no changes in the accounting policies of the Group and the University for the year ended 31 December 2023. All accounting policies and disclosures are consistent with those applied by the Group and the University in the previous financial year.

### SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the Group's accounting policies, management continually evaluates judgements, estimates, and assumptions based on experience and other factors, including expectations of future events that may impact the Group. All judgements, estimates, and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Significant judgements, estimates, and assumptions made by management in the preparation of these financial statements are outlined below.

- ▶ Management relies on the services of an independent valuer to assess the recoverable value of land and building assets and the remaining useful lives on a regular basis (refer note 12).
- ▶ Asset impairment judgements will be made where there is reason to suggest that the carrying value of the assets have changed materially since the previous balance date (refer notes 12 and 13).

- ▶ Management relies on the services of an independent actuary to assess the carrying value of retirement and long service entitlements (refer note 17).
- ▶ Valuation of Level 3 investments (refer note 9).
- ▶ Stage of completion of research projects is regularly assessed to determine the carrying value of deferred revenue recognised.

The Statement of Service Performance requires judgement from management. Refer to page 8 for further disclosure.

### Effect of COVID-19

The number of international students fell significantly during the pandemic due to the border closures. The underlying increase in debt due to the resultant drop in revenue was largely addressed by deferring large capital projects and undertaking the financial sustainability cost savings exercise. The number of international students increased in 2023 and is expected to gradually recover to pre-COVID-19 levels.

### Going concern

These financial statements are prepared on a going concern basis with the Group having adequate resources to continue normal business operations for the foreseeable future.

The University has traditionally been in a negative working capital position due to the impact of intercompany loans provided by the Group to support the liquidity needs of the University and tuition payments received in advance.

As at December 2023, the Group is also in a negative working capital position due to the reclassification of the external debt from non-current liabilities to current liabilities. This reclassification is because the current Consent to Borrow granted to the University by the Secretary for Education expires on 31 December 2024 and an extension of the consent has not been received at year-end. On-going discussions continue with Tertiary Education Commission (TEC) and Ministry of Education (MoE) and a new consent is expected to be granted

during 2024. The new consent is likely to have different compliance requirements.

The University has \$150m in debt facilities across three banks, and \$75m of this matures in January 2025. Once the borrowing consent is received, negotiations will take place in the second half of 2024 to refinance the maturing tranches of the facility.

2023 was a transitional year for the University as the financial sustainability programme was implemented, with redundancies and cuts to operating expenditure and prioritisation of capital programme actioned to improve ongoing financial performance. Improving student recruitment and retention has been a particular focus and early 2024 numbers are materially in line with the 2024 budget. Growth in student numbers and ongoing reduced expenditure will help set up the University for longer term sustainability.

The settlement of the earthquake insurance claim has improved the University's cash position in the short term. From 2025 the capital programme will incorporate the associated works to remediate the remaining damage to buildings.

The 2024 Budget is for a loss in the University offset by a surplus in the Foundation resulting in a modest surplus for the Group. Key assumptions in the budget include expected student numbers, the largely regulated increases in student fees and government funding, including the additional government funding announced in June 2023, and the anticipated inflationary pressure on costs. There are no early signs that this budget will not be achievable. Surpluses are expected in future years, based on modest growth in domestic student numbers, the number of full-fee students recovering to pre-Covid levels and ongoing management of cost savings made and the performance of academic offerings.

## 2 REVENUE

Revenue is measured at fair value. The Group's significant revenue items are explained below.

**Government funding:** The University considers this funding to be non-exchange in nature. This funding is recognised as revenue as the courses to which the funding relates are taught, unless there is an obligation to return the funds if the conditions of the funding are not met. If there is such an obligation, the funding is initially recorded as a deferred revenue liability and then recognised as revenue when the conditions of the funding are satisfied.

**Performance-Based Research Fund (PBRF) funding:** This is non-exchange in nature, and is measured based on the estimated funding entitlement at the commencement of the year plus or minus adjustments from the previous year.

**Domestic Tuition:** Domestic student tuition fees are considered non-exchange. Revenue is recognised when

the course withdrawal date has passed, which is when the student is no longer entitled to a refund. Domestic tuition revenue also includes fees-free funding received from the Tertiary Education Commission, which is also considered non-exchange in nature and recognised on the same basis as domestic student fees.

**Full-fee Tuition:** International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis.

**Pre-paid tuition:** Pre-paid tuition for future years is recognised as deferred income until the year of study.

**Research revenue:** For an exchange research contract, revenue is recognised on a percentage of completion basis. The percentage of completion is measured with 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 is a condition attached to the funding with performance and return obligations, the funds are recognised initially as a liability to the extent that the conditions remain unfulfilled. Revenue is then recognised when the conditions are satisfied.

**Fees for accommodation and services provided to students:** This revenue is recognised as a component of Other Revenue and is accounted for as exchange transactions. Accommodation and other services are provided to students on a straight-line basis over the academic year and revenue is recognised on this basis.

**Payments on insurance claims:** Proceeds from the payment of insurance claims are recognised as exchange and in the year in which the payment was confirmed.

## Other Revenue

	CONSOLIDATED		PARENT	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Fees for accommodation and services provided to students	56,314	55,290	53,688	52,908
Payments on insurance claims	40,784	–	40,784	–
Proceeds from disposal of fixed assets	3	3	3	3
Interest received	3,333	1,802	2,929	1,529
Gains on investments	4,634	2,539	–	–
Donations received	731	1,938	731	1,938
Sundry Revenue	7,984	10,312	7,640	10,381
<b>Total other revenue</b>	<b>113,783</b>	<b>71,884</b>	<b>105,775</b>	<b>66,759</b>
Other revenue from exchange transactions	99,311	57,999	93,206	56,856
Other revenue from non-exchange transactions	14,472	13,885	12,569	9,903
<b>Total other revenue</b>	<b>113,783</b>	<b>71,884</b>	<b>105,775</b>	<b>66,759</b>

The interest amount is predominantly from on call or on short-term deposits. In 2023, interest rates ranged from 3.55% to 6.26% (2022: 0.75% to 5.55%).

Revenue from exchange transactions	159,444	102,505	143,814	92,727
Revenue from non-exchange transactions	386,826	391,620	331,535	344,477
<b>Total revenue</b>	<b>546,270</b>	<b>494,125</b>	<b>475,349</b>	<b>437,204</b>

## 3 PEOPLE EXPENSES

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Salaries	267,355	264,196	246,398	242,833
Contractors	6,692	12,403	4,298	10,198
Entitlements	12,357	6,868	12,169	7,132
Severance costs	8,994	449	8,846	371
<b>Total</b>	<b>295,398</b>	<b>283,916</b>	<b>271,711</b>	<b>260,534</b>

Entitlements include contributions to KiwiSaver, UniSaver, and other defined contribution superannuation schemes, which are recognised as an expense when incurred.

## 4 OPERATING AND OCCUPANCY

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000

The following items are included within operating & occupancy expenses:

Audit fees to Ernst & Young	415	437	276	266
Audit fees for other services (PBRF)	21	20	21	20
Property leases	18,573	17,824	18,289	17,562
Losses on disposal of property, plant, & equipment	691	595	688	595
Information technology	14,453	15,476	14,112	14,799
Grants & scholarships	23,504	24,786	23,362	13,500
Insurance	12,414	10,027	12,127	9,770
Travel & accommodation	12,086	6,309	3,560	2,409

Operating lease payments (net of any operating lease incentive received) are recognised as an expense on a straight-line basis over the lease term. Operating lease incentives are recognised as a reduction in the lease expense over the term of the lease. Note 20 provides a summary of lease commitments.

## 5 FINANCE COSTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Interest on borrowings	3,248	2,428	7,369	4,066
Capitalised borrowing costs	(1,116)	(237)	(1,116)	(237)
<b>Total</b>	<b>2,132</b>	<b>2,191</b>	<b>6,253</b>	<b>3,829</b>

Borrowing costs are expensed when incurred. The portion of borrowing costs directly attributable to qualifying assets are capitalised up to the point the qualifying asset is commissioned for use.

## 6 VICTORIA UNIVERSITY OF WELLINGTON FOUNDATION

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Opening Balance	74,616	83,572	-	-
Revenue	30,710	(2,339)	-	-
Expenses	(8,219)	(6,617)	-	-
<b>Closing balance as at 31 December 2023</b>	<b>97,107</b>	<b>74,616</b>	<b>-</b>	<b>-</b>

The Victoria University of Wellington Foundation is a controlled subsidiary and included in the Consolidated Group financial statements. The Foundation Revenue includes investment gains of \$8.8m (2022: losses of (\$7.6m)) and donation revenue of \$21.9m (2022: \$5.1m). Foundation expenses includes grants awarded of \$7.5m (2022: \$6.2m).

## 7 FINANCIAL INSTRUMENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
<b>Financial Assets</b>				
<b>Derivatives designated as hedging instruments</b>				
Interest rate swaps	1,581	3,051	1,581	3,051
<b>Financial instruments at fair value through surplus or deficit</b>				
Investment in joint ventures	6,969	3,362	–	–
Other investments	70,014	62,733	–	–
Foreign exchange forward contracts	826	717	–	–
<b>Total financial assets at fair value</b>	<b>79,390</b>	<b>69,863</b>	<b>1,581</b>	<b>3,051</b>
<b>Debt instruments at amortised cost (excluding cash – refer to Note 8)</b>				
Receivables from exchange transactions	15,627	14,355	23,276	25,856
Receivables from non-exchange transactions	154	355	90	286
Loans to related parties at amortised cost	–	–	6,110	6,760
Term deposits at amortised cost	15,899	21,667	10,594	11,630
Other current assets at amortised cost	–	150	–	–
<b>Total financial assets at amortised cost</b>	<b>31,680</b>	<b>36,527</b>	<b>40,070</b>	<b>44,532</b>
<b>Represented by:</b>				
Total current	104,100	103,028	41,651	47,583
Total non-current	6,969	3,362	–	–
<b>Total financial assets (excluding cash)</b>	<b>111,069</b>	<b>106,390</b>	<b>41,651</b>	<b>47,583</b>

### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCRE, or FVTSD.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of short-term receivables and payables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCRE, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured

at fair value through surplus or deficit, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCRE are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The Group's financial assets include: cash and term deposits, receivables from exchange and non-exchange transactions, loans, investments in joint ventures and related parties, loans to related parties, unquoted financial instruments and derivative financial instruments.

## Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- ▶ financial assets at amortised cost
- ▶ financial assets at FVOCRE with recycling of cumulative gains or losses
- ▶ financial assets at fair value through surplus or deficit.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains or losses are recognised in surplus or deficit when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables from exchange transactions, investments in related parties, receivables from non-exchange transactions, term deposits and loan to an associate included under other non-current financial assets.

## Financial assets at FVOCRE

For debt instruments at FVOCRE, interest income and impairment losses or reversals are recognised in the statement of financial performance and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCRE. Upon derecognition, the cumulative fair value change recognised in OCRE is recycled to surplus or deficit.

The Group's debt instruments at FVOCRE, interest rate swaps, are derivative financial instruments.

## Financial assets at fair value through surplus or deficit

A financial asset is measured at fair value through surplus or deficit unless it is measured at amortised cost or at fair value through other comprehensive revenue and expense. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of financial performance.

This category includes derivative instruments, investments in related parties, investment in joint ventures, and other investments which are held for trading and which the Group had not irrevocably elected to classify at FVOCRE. Dividends on listed equity investments are recognised as revenue from exchange transactions in the statement of financial performance when the right of payment has been established.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- ▶ The rights to receive cash flows from the asset have expired; or
- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay

to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Impairment

PBE IPSAS 41 requires the Group to record expected credit losses on all of its debt instruments classified at amortised cost or FVOCRE. The Group recognises loss allowances for expected credit losses (ECLs) on financial assets at amortised cost, the allowances for receivables of exchange and non-exchange transactions are measured, using the simplified approach, at an amount equal to lifetime ECLs, while all other debt instruments classified at amortised cost are measured using the general approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on historical experience, informed credit assessments, and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- ▶ The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group; or
- ▶ The financial asset is more than 90 days old.

The Group considers writing off a financial asset primarily when the debt is older than a year and there has been no response after six months of being sent to debt collectors, however this is treated on a case by case basis.

The Group considers fixed interest and term deposit financial instruments to have low credit risk when its credit rating is equivalent to a credit rating of A+ or higher.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to the credit risk.

Financial assets at fair value through surplus or deficit include investments in managed funds. Fair values of these units are determined by reference to published price quotations. Also included is investments in equity shares of unquoted companies, namely Liquium, Ferronova, and Medical Kiwi. The group holds non-controlling interests (between 0.5% and 17.1%) in these companies.

Debt instruments at amortised cost are held to maturity and may generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
<b>Financial Liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Accounts payable	33,097	35,019	27,694	28,765
Bank borrowings	71,000	83,000	71,000	83,000
Related party borrowings	–	–	70,000	75,000
<b>Total financial liabilities</b>	<b>104,097</b>	<b>118,019</b>	<b>168,694</b>	<b>186,765</b>
<b>Represented by:</b>				
Total current	104,097	35,019	168,694	103,765
Total non-current	–	83,000	–	83,000
<b>Total financial liabilities</b>	<b>104,097</b>	<b>118,019</b>	<b>168,694</b>	<b>186,765</b>

### Initial recognition and measurement

Financial liabilities at amortised cost are classified at initial recognition and include loans and borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include payables under exchange transactions and loans and borrowings.

### Subsequent measurement

After initial recognition, interest-bearing loans and borrowings or payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

### Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward foreign exchange contracts and interest rate

swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Group's interest rate hedges are classified as cash flow hedges.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- ▶ There is 'an economic relationship' between the hedged item and the hedging instrument
- ▶ The effect of credit risk does not 'dominate the value changes' that result from that economic relationship
- ▶ The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCRE in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of financial performance. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCRE must remain in accumulated OCRE if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to surplus or deficit as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCRE must be accounted for depending on the nature of the underlying transaction as described above.

Derivatives not designated as hedging instruments reflect the positive or negative change in fair value of those foreign exchange forward contracts which are not designated in hedge relationships, but are nevertheless intended to reduce the level of foreign currency risk for expected sales and purchases.

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposures of the underlying transactions, generally from one to 24 months.

### Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

### Market Risk

#### Currency Risk

Currency risk exposure arises on foreign exchange sales and purchases (typically library items and scientific equipment) denominated in a foreign currency. Wherever possible, the University transacts in the functional

currency, including the setting of fees for international students. The Group's policies require that foreign currency forward purchase contracts are used to limit the Group's exposure to movements in exchange rates on foreign currency denominated liabilities and purchase commitments above \$100,000, where the committed payment date is known and is within 12 months. The University entered into multiple foreign exchange contracts during 2023 to mitigate any such risk, including USD\$2.3m (2022: USD\$1.5m) of forward exchange contracts held at 31 December 2023 with a fair value of (\$144k) (2022: (\$113k)) across all currencies. These contracts are held to offset exchange rate risk on expected purchases.

The Foundation holds \$50.7m of investments at fair value through surplus or deficit (2022: \$43.1m), which are invested in a range of foreign denominations and are exposed to foreign exchange risk. The fair value of The Foundation's forward foreign exchange contracts totals \$0.8m (2022: \$0.7m). A 10% movement in the New Zealand dollar against all currencies would give rise to a \$1.7m gain or loss that would equally impact equity (2022: \$1.4m).

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

#### Price Risk

Price risk arises as the fair value of units in managed funds will fluctuate as a result of changes in market prices. Market prices for a particular share may fluctuate due to factors specific to the individual share or its issuer, or factors affecting all shares traded in the market. This price risk is managed by diversification of the portfolio. A 10% movement in the market price of investments at fair value through surplus or deficit would give rise to a \$4.7m gain or loss that would equally impact equity (2022: \$4.1m).

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to fair value interest rate risk due to the exposure created by interest rate swaps.

The hedge ineffectiveness can arise from:

- ▶ differences in the timing of the cash flows of the hedged items and the hedging instruments
- ▶ changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The impact of hedging instruments on the statement of financial position of the Group and University was as follows:

	NOTIONAL AMOUNT \$'000	CARRYING AMOUNT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION	CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD \$'000
<b>As at 31 December 2023</b>				
Interest rate swaps	70,000	1,581	Investments and other financial assets	(1,470)

	NOTIONAL AMOUNT \$'000	CARRYING AMOUNT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION	CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD \$'000
<b>As at 31 December 2022</b>				
Interest rate swaps	75,000	3,051	Investments and other financial assets	2,747

The impact of hedged items on the statement of financial position of the Group and University was as follows:

	NOTIONAL AMOUNT \$'000	CARRYING AMOUNT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION	CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD \$'000
<b>As at 31 December 2023</b>				
Bank borrowings	71,000	71,000	Bank Borrowings	1,470

	NOTIONAL AMOUNT \$'000	CARRYING AMOUNT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION	CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD \$'000
<b>As at 31 December 2022</b>				
Bank borrowings	83,000	83,000	Bank Borrowings	(2,747)

The effect of the cash flow hedge in the statement of financial position and the statement of comprehensive revenue and expense of the Group and University was as follows:

	TOTAL HEDGING GAIN/(LOSS) RECOGNISED IN OCRE \$'000	INEFFECTIVE- NESS RECOGNISED IN SURPLUS OR DEFICIT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL PERFORMANCE \$'000	COST OF HEDGING RECOGNISED IN OCRE \$'000	AMOUNT RECLASSIFIED FROM OCRE TO SURPLUS OR DEFICIT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL PERFORMANCE
<b>As at 31 December 2023</b>						
Interest rate risk	(1,470)	–	Net movement in cash flow hedges	–	–	

	TOTAL HEDGING GAIN/(LOSS) RECOGNISED IN OCRE \$'000	INEFFECTIVE- NESS RECOGNISED IN SURPLUS OR DEFICIT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL PERFORMANCE \$'000	COST OF HEDGING RECOGNISED IN OCRE \$'000	AMOUNT RECLASSIFIED FROM OCRE TO SURPLUS OR DEFICIT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL PERFORMANCE
<b>As at 31 December 2022</b>						
Interest rate risk	2,747	–	Net movement in cash flow hedges	–	–	

## Impact of hedging on net assets/equity

The information set out below is the reconciliation of each component of net assets/equity and the analysis of other comprehensive revenue and expense.

	2023 CASH FLOW HEDGE RESERVE \$'000
<b>As at 31 December 2022</b>	3,051
Effective portion of changes in fair value arising from:	
Interest rate swaps	(1,470)
<b>As at December 2023</b>	<b>1,581</b>
	2022 CASH FLOW HEDGE RESERVE \$'000
<b>As at 31 December 2021</b>	304
Effective portion of changes in fair value arising from:	
Interest rate swaps	2,747
<b>As at December 2022</b>	<b>3,051</b>

### a. Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk.

#### Receivables from exchange transactions

The Group transacts with its students. These transactions do not create a significant credit risk, as students have no concentration of credit because of the relatively low value of individual student transactions. The Group also transacts with the Crown. These transactions do not create significant credit risk.

The provision rates are based on days past due. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The carrying amount of the asset is reduced through the use of the expected credit loss, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the expected credit loss account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

In the normal course of business, the Group is exposed to credit risk from cash and term deposits with banks, debtors, other receivables, loans to subsidiaries, and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by their carrying amount.

The Group limits the amount of credit exposure to any one financial institution for term deposits to no more than the greater of \$40.0m or 40% of total investment held. The Group invests funds only with registered banks with high credit ratings and for a period not exceeding 370 days.

Investments held at fair value through surplus or deficit are predominantly managed by an external fund manager in a range of securities to diversify the risk.

The Group holds no collateral or other enhancements for financial instruments that give rise to credit risk. The maximum exposure to credit risk as at the reporting date is the carrying value of each class of financial assets.

### Receivables from exchange transactions

	DAYS PAST DUE					TOTAL \$'000
	CURRENT \$'000	< 30 DAYS \$'000	31-60 DAYS \$'000	61-90 DAYS \$'000	> 91 DAYS \$'000	
<b>As at 31 December 2023</b>						
Expected credit loss rate	0.4%	1.2%	4.3%	5.4%	5.8%	
Estimated total gross carrying amount at default	25,999	762	779	268	2,568	30,376
Expected credit loss	(91)	(9)	(34)	(15)	(147)	(296)
<b>Estimated total gross carrying amount at default, net of allowance for expected credit loss</b>	<b>25,908</b>	<b>753</b>	<b>745</b>	<b>253</b>	<b>2,421</b>	<b>30,080</b>

### Receivables from exchange transactions

	DAYS PAST DUE					TOTAL \$'000
	CURRENT \$'000	< 30 DAYS \$'000	31-60 DAYS \$'000	61-90 DAYS \$'000	> 91 DAYS \$'000	
<b>As at 31 December 2022</b>						
Expected credit loss rate	0.4%	1.3%	4.7%	5.0%	5.7%	
Estimated total gross carrying amount at default	10,682	1,906	1,666	283	2,147	16,684
Expected credit loss	(42)	(24)	(78)	(14)	(122)	(280)
<b>Estimated total gross carrying amount at default, net of allowance for expected credit loss</b>	<b>10,640</b>	<b>1,882</b>	<b>1,588</b>	<b>269</b>	<b>2,025</b>	<b>16,404</b>

### Receivables from non-exchange transactions

The majority of the Group's receivables from non-exchange transactions arise from interest generated on term deposits. The gross carrying amount of the interest receivable and the exposure to credit risk are set out in the following table.

	DAYS PAST DUE					TOTAL \$'000
	CURRENT \$'000	< 30 DAYS \$'000	31-60 DAYS \$'000	61-90 DAYS \$'000	> 91 DAYS \$'000	
<b>As at 31 December 2023</b>						
Expected credit loss rate	0.4%	1.2%	4.3%	5.4%	5.8%	
Estimated total gross carrying amount at default	154	-	-	-	-	154
Expected credit loss	(1)	-	-	-	-	(1)
<b>Estimated total gross carrying amount at default, net of allowance for expected credit loss</b>	<b>153</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>

## Receivables from non-exchange transactions

	DAYS PAST DUE					TOTAL \$'000
	CURRENT \$'000	< 30 DAYS \$'000	31-60 DAYS \$'000	61-90 DAYS \$'000	> 91 DAYS \$'000	
<b>As at 31 December 2022</b>						
Expected credit loss rate	1.4%	1.3%	4.7%	5.0%	5.7%	
Estimated total gross carrying amount at default	355	–	–	–	–	355
Expected credit loss	(5)	–	–	–	–	(5)
<b>Estimated total gross carrying amount at default, net of allowance for expected credit loss</b>	<b>350</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>350</b>

## Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's policy. Investments of surplus funds are made only with approval in accordance with the treasury policy.

The Group invests only in quoted debt securities with very low credit risk.

The Group's maximum exposure to credit risk for the components of the statement of financial position as at 31 December 2023 is the carrying amount of \$184m (2022: \$163m) except for the derivative financial instruments. The Group's maximum exposure for financial derivative instruments is noted in the liquidity table.

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Cash & cash equivalents	54,772	48,449	19,947	14,482
Investments	92,881	87,762	20,005	22,891
Accounts receivable	30,233	16,754	23,487	26,794
Other current assets	–	150	–	–
	<b>177,886</b>	<b>153,115</b>	<b>63,439</b>	<b>64,167</b>

## Financial risk management objectives

### Interest rate risk

Cash flow interest rate risk exposure arises due to the exposure on bank borrowings issued at variable interest rates. Generally, the Group raises long term borrowings at floating rates and enters interest swaps to manage the cash flow interest rate risk. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed term contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts, and applies hedge accounting to ensure fair value fluctuations on the interest rate portfolio are taken to other comprehensive revenue or expense. The fair value of interest rate swaps totals \$1.6m (2022: \$3.1m). The fixed interest rates of interest rate swaps vary from 0.5% to 4.6% (2022: 0.5% to 4.6%).

### Interest rate sensitivity

The following table demonstrates the potential effect of movements in interest rates on the University and Group's surplus or deficit and equity, if interest rates had been 0.5% higher or lower with all other variables held constant. The calculation effectively changes the actual average of the contracted borrowing rates for the year by 0.5%.

	CONSOLIDATED AND UNIVERSITY 2023	
	-50BPS \$'000	50BPS \$'000
Potential effect of movement in interest rates	(472)	464

## b. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting financial liabilities as they fall due. The Group monitors and manages this risk in accordance with its Treasury Statute.

The Group's objective is to ensure there is access to cash, treasury investments, and committed bank funding at a future time when funds are required. The maturity profile of the total committed funding in respect of all external debt should be spread where practicable to reduce the concentration risk of having all or most of the University's committed funding maturing at the same time and at least 50% of committed funding facilities must expire more than 2 years beyond the reporting date. Note 18 provides a summary of bank loan facilities that are available to the University. The amount and expiry date of all bank loans,

committed bank facilities, and term debt will not exceed the maximum amount and term of the Ministerial Consent to Borrow.

The Group's assessment of risk with respect to refinancing its debt is low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The maturity profile of the Group's financial liabilities based on contractual undiscounted payments is such that other than borrowings, all accounts payable are expected to be repaid within six months. Borrowings of \$0m will mature within 12 months and will need to be refinanced or repaid (2022: \$0m). However due to the TEC permission to borrow expiring within 12 months the full balance of \$71m becomes payable within the next 12 months.

### Financial liabilities—contract maturities

	CONSOLIDATED 2023 \$'000					TOTAL
	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	GREATER THAN 5 YEARS	
Accounts payable	–	33,097	–	–	–	33,097
Bank borrowings	–	–	–	71,000	–	71,000
<b>Closing balance</b>	<b>–</b>	<b>33,097</b>	<b>–</b>	<b>71,000</b>	<b>–</b>	<b>104,097</b>

	CONSOLIDATED 2022 \$'000					TOTAL
	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	GREATER THAN 5 YEARS	
Accounts payable	–	35,019	–	–	–	35,019
Bank borrowings	–	–	–	83,000	–	83,000
<b>Closing balance</b>	<b>–</b>	<b>35,019</b>	<b>–</b>	<b>83,000</b>	<b>–</b>	<b>118,019</b>

	UNIVERSITY 2023 \$'000					TOTAL
	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	GREATER THAN 5 YEARS	
Accounts payable	–	27,694	–	–	–	27,694
Bank borrowings	–	–	–	71,000	–	71,000
Related party borrowings	–	70,000	–	–	–	70,000
<b>Closing balance</b>	<b>–</b>	<b>97,694</b>	<b>–</b>	<b>71,000</b>	<b>–</b>	<b>168,694</b>

	UNIVERSITY 2022 \$'000					TOTAL
	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	GREATER THAN 5 YEARS	
Accounts payable	–	28,765	–	–	–	28,765
Bank borrowings	–	–	–	83,000	–	83,000
Related party borrowings	–	75,000	–	–	–	75,000
<b>Closing balance</b>	<b>–</b>	<b>103,765</b>	<b>–</b>	<b>83,000</b>	<b>–</b>	<b>186,765</b>

## 8 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Cash at bank	962	2,346	677	1,281
Bank on-call deposits	53,807	46,026	19,270	13,201
Short-term deposits	3	77	–	–
<b>Closing balance</b>	<b>54,772</b>	<b>48,449</b>	<b>19,947</b>	<b>14,482</b>
Including:				
Funds held by controlled trusts	32,706	33,259	–	–

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Funds held by controlled trusts may have donor restrictions and will be used for specified purposes. When donor restrictions exist, the funds are held in trust until the University fulfils the donor's request.

## 9 INVESTMENTS AND OTHER FINANCIAL ASSETS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
<b>Current portion</b>				
Investments at fair value through profit or loss	71,483	65,119	1,581	3,051
Term deposits	15,899	21,667	10,594	11,630
<b>Closing balance</b>	<b>87,382</b>	<b>86,786</b>	<b>12,175</b>	<b>14,681</b>

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
<b>Non-current portion</b>				
Investments at fair value through profit or loss	1,879	1,383	–	–
Investment in joint venture	6,969	3,362	–	–
<b>Closing balance</b>	<b>8,848</b>	<b>4,745</b>	<b>–</b>	<b>–</b>

Quantitative disclosure of fair-value measurement hierarchy for investments:

	CONSOLIDATED			CONSOLIDATED		
	2023 \$'000 LEVEL 1	2023 \$'000 LEVEL 2	2023 \$'000 LEVEL 3	2022 \$'000 LEVEL 1	2022 \$'000 LEVEL 2	2022 \$'000 LEVEL 3
Investments	–	69,076	8,848	–	61,350	4,745
Derivatives—Forward foreign exchange	–	826	–	–	717	–
Derivatives—Interest rate swaps	–	1,581	–	–	3,051	–
<b>Closing balance</b>	<b>–</b>	<b>71,483</b>	<b>8,848</b>	<b>–</b>	<b>65,118</b>	<b>4,745</b>

Due to the diverse nature of the Group's operations, the Group has a number of investments. Primarily, the Foundation holds investments in accordance with their Statement of Investment Policy (SIPO). Insurance proceeds received are used for liquidity and held on deposit until reinvested in building and infrastructure. Investments to commercialise research are typically in unlisted entities, whose trading activity may be limited.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair-value hierarchy, described as follows, based on the lowest level input that is significant to the fair-value measurement as a whole.

**Level 1:** Fair value of investments in listed shares and fixed interest instruments obtained using quoted bid price at balance date.

**Level 2:** Fair value of investments in managed funds, obtained using closing unit prices as at balance date, published by the respective fund managers. The fair value of the forward foreign exchange contracts was determined by a present value model with reference to current forward exchange rates for contracts with similar maturity profiles at balance date. The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value.

**Level 3:** Fair value of investments in unlisted shares is derived by taking in to account significant milestones, progress towards milestones, any recent share valuations or share transactions, as well as unobservable price data and other relevant models used by market participants.

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value investments.

	CONSOLIDATED	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Opening balance	4,745	3,469
Sale of investments	(519)	(1,264)
Purchases	58	3,000
Gain or losses recognised in other revenue	4,564	(460)
<b>Closing balance</b>	<b>8,848</b>	<b>4,745</b>

The table below provides a sensitivity analysis for level 3 fair value measurements.

	2023		2022	
	\$'000 +10%	\$'000 -10%	\$'000 +10%	\$'000 -10%
Investments—aggregate share price at year end	188	(188)	138	(138)
Joint Venture—aggregate share price at year end	697	(697)	366	(366)
<b>Change in fair value</b>	<b>885</b>	<b>(885)</b>	<b>504</b>	<b>(504)</b>

## Derivative financial instruments and hedge accounting

The Group does not hold or issue derivative financial instruments for trading purposes. The Group uses financial instruments to manage exposure to interest rate fluctuations and foreign exchange risks, and are stated at fair value. For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability for a forecast transaction. Interest rate swaps that meet the conditions for hedge accounting as cash flow hedges can have the effective portion of the gain or loss on the hedging instrument recognised directly in other comprehensive revenue and expense and the ineffective portion recognised in the

net surplus/(deficit). Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in the hedging reserve is kept in the reserve until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive revenue and expense is transferred to the net surplus/(deficit) for the year. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken direct to the net surplus/(deficit) for the year.

## 10 ACCOUNTS RECEIVABLE AND ACCRUALS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Receivables & accruals	30,376	16,684	23,584	26,687
Less: allowance for expected credit losses	(297)	(285)	(187)	(179)
Other	154	355	90	286
<b>Closing balance</b>	<b>30,233</b>	<b>16,754</b>	<b>23,487</b>	<b>26,794</b>
Total Receivables comprise:				
Receivables from exchange transactions	30,079	16,399	23,397	26,508
Receivables from non-exchange transactions	154	355	90	286
<b>Closing balance</b>	<b>30,233</b>	<b>16,754</b>	<b>23,487</b>	<b>26,794</b>
<b>Ageing of receivables and accruals</b>				
Not past due	25,999	10,682	21,664	24,229
Past due 1–30 days	762	1,906	442	705
Past due 31–60 days	779	1,666	399	667
Past due 61–90 days	268	283	145	287
Past due over 91 days not impaired	2,271	1,862	747	620
Past due over 91 days impaired	297	285	187	179
<b>Total gross trade receivables</b>	<b>30,376</b>	<b>16,684</b>	<b>23,584</b>	<b>26,687</b>

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost using the effective-interest-rate method less any provision for impairment.

## 11 PRE-PAID EXPENSES

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Pre-paid insurance	11,348	10,333	11,348	10,333
Pre-paid expenses	11,553	10,467	7,664	7,344
	<b>22,901</b>	<b>20,800</b>	<b>19,012</b>	<b>17,677</b>

## 12 PROPERTY, PLANT, AND EQUIPMENT

CONSOLIDATED	LAND \$'000	BUILDINGS & INFRASTRUCTURE \$'000	COMPUTERS & NETWORKS \$'000	PLANT & EQUIPMENT \$'000	ART COLLECTION, HERITAGE, & LIBRARY \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
<b>Cost and valuation</b>							
<b>Balance as at 1 January 2022</b>	<b>328,113</b>	<b>647,124</b>	<b>21,570</b>	<b>97,175</b>	<b>79,569</b>	<b>48,521</b>	<b>1,222,072</b>
Additions	–	–	2,406	7,591	7,025	59,616	76,638
Disposals & reclassifications	–	20	(280)	(2,012)	–	(2,232)	(4,504)
Transfers	–	45,616	1,060	3,678	–	(50,354)	–
Valuation movement	(18,107)	114,366	–	–	–	–	96,259
<b>Balance as at 31 December 2022</b>	<b>310,006</b>	<b>807,126</b>	<b>24,756</b>	<b>106,432</b>	<b>86,594</b>	<b>55,551</b>	<b>1,390,465</b>
Additions	1,125	–	584	6,933	6,724	36,571	51,937
Disposals & reclassifications	–	(559)	(27)	(2,443)	–	(11,803)	(14,832)
Transfers	–	10,664	1,154	3,556	–	(15,374)	–
Valuation movement	(42,766)	(1,744)	–	–	–	–	(44,510)
<b>Balance as at 31 December 2023</b>	<b>268,365</b>	<b>815,487</b>	<b>26,467</b>	<b>114,478</b>	<b>93,318</b>	<b>64,945</b>	<b>1,383,060</b>
<b>Accumulated depreciation</b>							
<b>Balance as at 1 January 2022</b>	<b>–</b>	<b>50,374</b>	<b>13,180</b>	<b>56,600</b>	<b>49,307</b>	<b>–</b>	<b>169,461</b>
Depreciation charge	–	26,279	3,299	9,228	7,237	–	46,043
Disposals	–	239	(265)	(2,313)	–	–	(2,339)
Impairment movement	–	(71,745)	–	–	–	–	(71,745)
<b>Balance as at 31 December 2022</b>	<b>–</b>	<b>5,147</b>	<b>16,214</b>	<b>63,515</b>	<b>56,544</b>	<b>–</b>	<b>141,420</b>
Depreciation charge	–	30,657	3,297	10,409	7,265	–	51,628
Disposals & reclassifications	–	(197)	(42)	(2,103)	–	–	(2,342)
Valuation movement	–	(207)	–	–	–	–	(207)
Transfers	–	–	–	–	–	–	–
<b>Balance as at 31 December 2023</b>	<b>–</b>	<b>35,400</b>	<b>19,469</b>	<b>71,821</b>	<b>63,809</b>	<b>–</b>	<b>190,499</b>
<b>Net book value</b>							
<b>As at 1 January 2022</b>	<b>328,113</b>	<b>596,750</b>	<b>8,390</b>	<b>40,575</b>	<b>30,262</b>	<b>48,521</b>	<b>1,052,611</b>
<b>As at 31 December 2022</b>	<b>310,006</b>	<b>801,979</b>	<b>8,542</b>	<b>42,917</b>	<b>30,050</b>	<b>55,551</b>	<b>1,249,045</b>
<b>As at 31 December 2023</b>	<b>268,365</b>	<b>780,087</b>	<b>6,998</b>	<b>42,657</b>	<b>29,509</b>	<b>64,945</b>	<b>1,192,561</b>

UNIVERSITY	LAND \$'000	BUILDINGS & INFRASTRUCTURE \$'000	COMPUTERS & NETWORKS \$'000	PLANT & EQUIPMENT \$'000	ART COLLECTION, HERITAGE, & LIBRARY \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
<b>Cost and valuation</b>							
<b>Balance as at 1 January 2022</b>	<b>325,875</b>	<b>639,560</b>	<b>21,376</b>	<b>94,329</b>	<b>79,559</b>	<b>47,332</b>	<b>1,208,031</b>
Additions	–	–	2,331	7,186	7,025	60,398	76,940
Disposals & reclassifications	–	(784)	(280)	(3,251)	–	(2,102)	(6,417)
Transfers	–	45,616	1,060	3,678	–	(50,354)	–
Valuation movement	(17,648)	118,319	–	–	–	–	100,671
<b>Balance as at 31 December 2022</b>	<b>308,227</b>	<b>802,711</b>	<b>24,487</b>	<b>101,942</b>	<b>86,584</b>	<b>55,274</b>	<b>1,379,225</b>
Additions	1,125	–	574	6,084	6,724	36,572	51,079
Disposals & reclassifications	–	(429)	(27)	(2,530)	–	(11,726)	(14,712)
Transfers	–	10,606	1,154	3,556	–	(15,316)	–
Valuation movement	(42,604)	(1,744)	–	–	–	–	(44,348)
<b>Balance as at 31 December 2023</b>	<b>266,748</b>	<b>811,144</b>	<b>26,188</b>	<b>109,052</b>	<b>93,308</b>	<b>64,804</b>	<b>1,371,244</b>
<b>Accumulated depreciation</b>							
<b>Balance as at 1 January 2022</b>	<b>–</b>	<b>50,236</b>	<b>13,054</b>	<b>54,305</b>	<b>49,307</b>	<b>–</b>	<b>166,902</b>
Depreciation charge	–	26,151	3,176	8,841	7,237	–	45,405
Disposals & reclassifications	–	(117)	(265)	(3,251)	–	–	(3,633)
Impairment Movement	–	(71,248)	–	–	–	–	(71,248)
<b>Balance as at 31 December 2022</b>	<b>–</b>	<b>5,022</b>	<b>15,965</b>	<b>59,895</b>	<b>56,544</b>	<b>–</b>	<b>137,426</b>
Depreciation charge	–	30,490	3,256	9,678	7,265	–	50,689
Disposals & reclassifications	–	(69)	(27)	(2,206)	–	–	(2,302)
Valuation movement	–	(207)	–	–	–	–	(207)
<b>Balance as at 31 December 2023</b>	<b>–</b>	<b>35,236</b>	<b>19,194</b>	<b>67,367</b>	<b>63,809</b>	<b>–</b>	<b>185,606</b>
<b>Net book value</b>							
<b>As at 1 January 2022</b>	<b>325,875</b>	<b>589,324</b>	<b>8,322</b>	<b>40,024</b>	<b>30,252</b>	<b>47,332</b>	<b>1,041,129</b>
<b>As at 31 December 2022</b>	<b>308,227</b>	<b>797,689</b>	<b>8,522</b>	<b>42,047</b>	<b>30,040</b>	<b>55,274</b>	<b>1,241,799</b>
<b>As at 31 December 2023</b>	<b>266,748</b>	<b>775,908</b>	<b>6,994</b>	<b>41,685</b>	<b>29,499</b>	<b>64,804</b>	<b>1,185,638</b>

**Capital work in progress:** This is valued on the basis of expenditure incurred and certified gross progress claim certificates up to balance date. Work in progress is not depreciated, and includes borrowing costs on qualifying assets. The total costs of the project are transferred to the relevant asset class on completion and then depreciated accordingly.

**Additions:** The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired

at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

**Measurement subsequent to initial recognition for non-revalued assets:** Computers and network assets, plant and equipment assets and library assets are measured after initial recognition at cost less accumulated depreciation and impairment. Art collections and heritage assets are measured after initial recognition at cost less accumulated impairment.

**Disposals:** Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in property revaluation

reserves in respect of those assets are transferred to general funds within equity.

**Depreciation:** This is provided on a straight-line basis on all property, plant and equipment other than land and the art and heritage collections, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Art and heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered negligible.

**Impairment:** Property, plant, and equipment are reviewed for indicators of impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which

the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

CLASS OF ASSET DEPRECIATED	ESTIMATED USEFUL LIFE	DEPRECIATION RATES
Buildings & infrastructure	9–85 years	Straight line
Computers & networks	3–10 years	Straight line
Plant & equipment	3–30 years	Straight line
Library	5–10 years	Straight line

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### Asset revaluation reserve

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Land	242,493	285,259	251,127	293,731
Buildings & infrastructure	415,781	417,318	419,030	420,567
<b>Total revaluation reserve</b>	<b>658,274</b>	<b>702,577</b>	<b>670,157</b>	<b>714,298</b>

Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. Independent registered valuers undertake such revaluations every three years, unless there is reason to suggest that the values have changed materially in the intervening years, in which case a revaluation may be undertaken outside the three-year cycle. Property, plant, and equipment revaluation movements are accounted for on a class-of-asset basis.

An independent valuation of land, buildings, and infrastructure assets was undertaken as at 1 December 2022 by Mr P. Todd, registered valuer with RS Valuation Limited and member of the New Zealand Institute of Valuers. Following a 2023 assessment of likely changes in valuation of land, buildings, and infrastructure assets undertaken by Mr P. Todd, management judged there was no indication that the fair value of buildings and infrastructure had changed materially since December 2022, but that the fair value of land had materially changed. An independent valuation of land was undertaken as at 1 December 2023 by Mr P. Todd.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised within the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

The valuation of land occupied by non-residential buildings (i.e. the campuses) takes into account various factors, including zoning, title implications, alternative uses, subdivision, and development potential. Land is measured at fair value, which is determined by reference to its highest and best use if vacant, in line with market-based evidence.

Non-residential buildings are, for the purposes of the valuation, deemed to be 'specialised assets'. Specialised assets are valued using the optimised depreciated replacement cost methodology that is based on the

current gross replacement cost of the building less allowances for physical deterioration (including planned future seismic and asbestos remediation), earthquake damage and optimisation for obsolescence and space efficiencies. Residential buildings and properties located in the Wellington CBD are valued based on the market value that is the estimated price for properties should an exchange occur between a willing buyer and willing seller in an arm's length transaction. As part of the revaluation process, the independent valuer provided the Group with estimates of remaining useful lives for the buildings.

Under the Education and Training Act 2020, the University is required to obtain prior consent of the Ministry of Education to dispose of, or sell, assets where the value of those assets exceeds an amount determined by the Minister of Education.

The rate for capitalisation of borrowing costs was 5.1%.

**Kaikōura Earthquake:** The University's property, plant, and equipment suffered damage as a result of a November 2016 earthquake and the settlement with insurers was

achieved in late 2023. An ongoing structured work programme is supporting any required remediation works. The programme is supported by both external Consultant Engineers and Quantity Surveyors and is sequentially structured. The initial focus has been on damage identification to the overall property portfolio, which has now progressed to remediation scopes and associated costing for a sample of buildings. Required activity within the programme will take a number of years to complete.

Damage has been identified to both buildings and infrastructure, and plant and equipment fixed asset categories. We have addressed major structural damage to the Rankine Brown building.

As a result of the Kaikōura earthquake, the University has incorporated a fair value adjustment within the movement in revaluation reserve. The adjustment has been determined with reference to the damage identified to date, and associated reinstatement scopes. The settlement does not affect the level of fair value adjustment for the earthquake.

## 13 INTANGIBLES

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
<b>Cost and valuation</b>				
Opening balance	17,591	17,928	17,461	17,928
Additions	28	130	28	–
Disposals & reclassifications	11,164	(467)	11,164	(467)
<b>Closing Balance</b>	<b>28,783</b>	<b>17,591</b>	<b>28,653</b>	<b>17,461</b>
<b>Accumulated amortisation</b>				
Opening balance	13,297	13,545	13,276	13,545
Amortisation charge	3,571	2,320	3,545	2,299
Disposals & reclassifications	(529)	(2,568)	(530)	(2,568)
<b>Closing Balance</b>	<b>16,339</b>	<b>13,297</b>	<b>16,291</b>	<b>13,276</b>
<b>Net Book Value</b>	<b>12,444</b>	<b>4,294</b>	<b>12,362</b>	<b>4,185</b>

Intangible assets represent the Group's major digital systems and supporting processes that have been purchased, developed, and implemented. These are capitalised at cost, but only if they meet the definition and recognition criteria specified in PBE IPSAS 31 Intangible Assets.

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment. Amortisation for intangible assets is calculated using a straight-line basis and the amortisation periods are three to five years, with the expense recognised in the surplus or deficit.

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Useful lives have been assessed as three to five years. 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 in the Statement of Comprehensive Revenue and Expenses.

The amortisation period and amortisation method for each intangible asset class are reviewed at each annual reporting date.

If the expected useful life of the asset differs from previous estimates, then the amortisation period is amended accordingly. Also, the amortisation method will be amended if there are changes in the expected pattern of consumption of future economic benefits or service potential of the asset. Changes in the amortisation period or methodology are accounted for as changes in accounting estimates, in accordance with public benefit accounting standards.

## 14 INVESTMENTS IN RELATED PARTIES

NAME	PERCENTAGE CONTROLLED / OWNED	PRINCIPAL ACTIVITY
<b>Controlled entities</b>		
<b>Controlled trusts</b>		
Victoria University of Wellington Foundation	100%	Manages funds raised for the University
Research Trust of Victoria University of Wellington	100%	Conducts academic research
Victoria University of Wellington School of Government Trust	100%	Manages funds raised for the University
Presbyterian Methodist Halls of Residence Trust	100%	Provides student accommodation
<b>Subsidiary companies</b>		
Te Puni Village Limited	100%	Non-trading
Wellington Uni-Professional Limited	100%	Provides non-degree teaching
Victoria Link Limited (trading as Wellington UniVentures)	100%	Commercialises research
Wetox Limited	100%	Develops waste-water-treatment technology
Boutiq Science Limited	84%	Non-trading
New Zealand School of Music Limited	100%	Non-trading
General Cable Superconductors Limited	100%	Non-trading
<b>Joint venture</b>		
NZ Innovation Booster Limited Partnership	50%	Commercialises research

All controlled entities have a 31 December balance date.

The Group recognises its share of the jointly controlled entity at fair value utilising the exemption for “Venture Capital Organisations” under paragraph 25 of PBE IPSAS 36 Investments in Associates and Joint Ventures. The Group’s share in 2023 is \$7.0m (2022: \$3.4m).

## 15 ACCOUNTS PAYABLE AND ACCRUALS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Accounts payable	13,367	17,357	7,964	11,103
Contract retentions	1,279	1,354	1,279	1,354
Deposits held on behalf of students	18,483	16,327	18,483	16,327
Other accruals	35,673	30,316	30,167	27,252
Statutory payables	4,723	5,116	3,554	4,177
<b>Closing balance</b>	<b>73,525</b>	<b>70,470</b>	<b>61,447</b>	<b>60,213</b>
Total payables and accruals comprise:				
Payables from exchange transactions	49,396	48,038	38,591	38,841
Payables from non-exchange transactions	24,129	22,432	22,856	21,372
<b>Closing balance</b>	<b>73,525</b>	<b>70,470</b>	<b>61,447</b>	<b>60,213</b>

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective-interest-rate method.

## 16 REVENUE IN ADVANCE

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Pre-paid tuition fees	24,103	20,686	23,423	19,925
Deferred revenue on research contracts	49,040	56,833	–	–
Other revenue in advance	13,718	10,791	13,168	9,870
<b>Closing balance</b>	<b>86,861</b>	<b>88,310</b>	<b>36,591</b>	<b>29,795</b>
Revenue in advance from exchange transactions	61,632	68,050	11,913	10,456
Revenue in advance from non-exchange transactions	25,229	20,260	24,678	19,339
<b>Total revenue in advance</b>	<b>86,861</b>	<b>88,310</b>	<b>36,591</b>	<b>29,795</b>

## 17 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
<b>Current liabilities</b>				
Annual leave	15,302	16,149	15,121	15,809
Retirement leave	3,170	1,899	3,170	1,899
Long-service leave	917	1,079	904	1,063
<b>Closing balance</b>	<b>19,389</b>	<b>19,127</b>	<b>19,195</b>	<b>18,771</b>
<b>Non-current liabilities</b>				
Retirement leave	17,270	17,521	17,270	17,522
Long-service leave	2,072	1,994	2,032	1,962
<b>Closing balance</b>	<b>19,342</b>	<b>19,515</b>	<b>19,302</b>	<b>19,484</b>
<b>Total employee entitlements</b>	<b>38,731</b>	<b>38,642</b>	<b>38,497</b>	<b>38,255</b>

The retirement and long-service leave liabilities were independently assessed as at 31 December 2023 by Lee-Ann du Toit, an actuary with Deloitte and a Fellow of the New Zealand Society of Actuaries.

An actuarial valuation involves the projection, on a year-by-year basis, of the long-service leave and retirement leave benefit payment, based on accrued services in respect of current employees. These benefit payments are estimated in respect of their incidence according to assumed rates of death, disablement, resignation, and retirement, allowing for assumed rates of salary progression. Of these assumptions, the discount, salary progression, retirement age, and resignation rates are the most important. The projected cash flow is then discounted back to the valuation date at the valuation discounted rates. The present obligation appears on the Statement of Financial Position and movements in those provisions are reflected in the Statement of Comprehensive Revenue and Expense.

The discount rate applied was a single rate of 4.44% (2022: 4.55%). The salary projections assume a 2.50% increase for 2025 onwards. Resignation rates vary with age and the length of service and are reflective of the

experience of company superannuation schemes of New Zealand. No explicit allowance has been made for redundancy.

Employee entitlements are recognised when the University has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Liabilities in respect of employee entitlements that are expected to be paid or settled within 12 months of balance date are accrued at nominal amounts calculated on the basis of current salary rates. Liabilities in respect of employee entitlements that are not expected to be paid or settled within 12 months of balance date are accrued at the present value of expected future payments, using discounted rates as advised by the actuary.

Annual leave for all staff is accrued based on employment contract/agreement entitlements using current rates of pay. Annual leave is classified as a current liability. Long service leave has been accrued for qualifying general staff.

## 18 BANK BORROWINGS

The University has the following loan facility agreements.

NAME OF BANK	FACILITY LIMIT	TERM
Bank of New Zealand	\$56.25m	Maturing January 2027
ASB Bank Limited	\$56.25m	Maturing January 2025 and January 2027
Industrial and Commercial Bank of China (New Zealand) Limited	\$37.50m	Maturity January 2025

These facilities were approved by the Secretary for Education for the purposes of funding the University's long-term capital development programme.

The facilities under the loan agreements are unsecured. The lending banks receive the benefit of financial and other covenants under a negative pledge deed including debt/debt equity ratio, interest cover ratio and Guaranteeing Group/Total Group asset ratio.

As at 31 December 2023, \$71.0m (2022: \$83.0m) of the above facilities have been drawn down. Interest rates on borrowings are reset for a period not exceeding 180 days, are based on standard bank indices (BKBM/OCR) and at balance date range from 6.22% to 6.68% (2022: 4.80% to 5.63%) before hedging.

The consent to borrow issued by the TEC and the Ministry of Education includes a maximum borrowing limit. Both the banks and TEC have various covenants that must be complied with; all covenants were complied with as at 31 December 2023. The current borrowing consent matures on 31 December 2024, refer to going concern note.

Borrowings are initially recognised at the amount borrowed. After initial recognition, all borrowings are measured at amortised cost using the effect-interest-rate method. Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Interest rate swaps with a total face value of \$40.0m are in place to hedge the \$71.0m of borrowings drawn at balance date (2022: \$35.0m face value of interest rate swaps to hedge \$83.0m of borrowings).

## 19 RELATED PARTIES

### a) Transactions with key management personnel

Key management personnel represent Council members and Te Hiwa (formerly Senior Leadership Team).

Council remuneration includes meeting fees and honoraria paid to Council members, but excludes salaries paid to Council members who are also staff members of the University (including the Vice-Chancellor and two other staff members on Council). There are 12 members of Council.

	CONSOLIDATED/PARENT	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Council members (3 FTE)*	245	236
Te Hiwa (11 FTE)	4,172	4,425
<b>Total remuneration</b>	<b>4,417</b>	<b>4,661</b>

\* Due to the difficulty in determining the full-time equivalent for Council members, the full-time equivalent figure is taken as the total number of Council members who received compensation in their capacity as employees of the University.

	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
<b>Directors' fees</b>		
Victoria Link Limited (trading as Wellington UniVentures)	77	102
Wellington Uni-Professional Limited	90	90
<b>Total fees</b>	<b>167</b>	<b>192</b>

The University has loans with certain 100% controlled subsidiaries as well as accounts payable and accounts receivable.

The University has loans to Victoria Link Limited, 31 December 2023 balance \$3.3m (2022: \$3.8m), to Presbyterian Methodist Halls of Residence Trust, 31 December 2023 balance \$2.0m (2022: \$2.0m), and Wellington Uni-Professional Limited, 31 December 2023 balance \$0.8m (2022: \$1.0m). The University has a loan from the Research Trust of Victoria University of Wellington, 31 December 2023 balance \$70.0m (2022: \$75.0m). The interest charged on the intercompany loans are at market rates and range between 4.3% to 6.8% (2022: 1.2% to 6.0%).

## 20 CONTINGENT LIABILITIES AND COMMITMENTS

### Contingent liabilities

#### Construction

In common with many large construction projects, the University regularly reviews its construction projects. These discussions are often complex and technical and do not always result in a financial outcome. Accordingly, the University estimated no contingent liability in the event of damage created during the construction of the Living Pa. (\$2.0m in 2022, this work finished in 2023).

No amounts payable have been estimated in relation to current variations or other risk sharing arrangements under review.

### Commitments

#### Property, plant, and equipment

Projects for which firm commitments have been made are presented below. Commitments include planned maintenance costs and capital expenditure projects.

	CONSOLIDATED/PARENT	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Buildings	71,507	83,788

#### Non-cancellable leases and other commitments—the Group as lessee

The University has entered into commercial leases on certain land and buildings (remaining terms of between one to 65 years) and equipment (average term of three years) with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows.

	CONSOLIDATED	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Due not later than 1 year	20,192	18,002
Due between 1–5 years	72,571	66,281
Due later than 5 years	184,407	187,371
<b>Total non-cancellable operating leases—the Group as lessee</b>	<b>277,170</b>	<b>271,654</b>

#### Non-cancellable leases and other commitments—the Group as lessor

Property is leased under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	CONSOLIDATED	
	ACTUAL 2023 \$'000	ACTUAL 2022 \$'000
Due not later than 1 year	521	487
Due between 1–5 years	1,501	806
Due later than 5 years	1,902	612
<b>Total non-cancellable operating leases</b>	<b>3,924</b>	<b>1,905</b>

No contingent rents have been recognised during the year.

## 21 EQUITY AND CAPITAL MANAGEMENT

Equity is the community's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

- ▶ accumulated surplus
- ▶ the cash flow hedging reserve, which reflects the revaluation of derivatives designated as cash flow hedges. It consists of the cumulative effective portion of net changes in the fair value of these derivatives
- ▶ the asset revaluation reserve, which reflects the revaluation of those property, plant, and equipment items that are measured at fair value after initial recognition
- ▶ the non-controlling interest is the portion of subsidiaries not 100% owned.

The Group's capital is its equity, which is represented by net assets. The Group is subject to the financial management and accountability provisions of the Education and Training Act 2020, 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 Group manages its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently, and in a manner that promotes the current and future interests of the community. The objective of managing the Group's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

## 22 EVENTS AFTER BALANCE DATE

The judgements and estimates made in preparing these financial statements were based on facts and circumstances as at 31 December 2023.

## 23 EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations against the 2023 budget are as follows.

### Statement of Comprehensive Revenue and Expense

- ▶ Government funding and tuition revenue was \$31.5m unfavourable to budget, driven by lower domestic EFTS than expected.
- ▶ Research revenue was \$6.0m favourable to budget, due to increased research activity.
- ▶ Other revenue was \$41.2m favourable to budget, primarily due to the settlement of the Kaikoura earthquake insurance claim.
- ▶ Operating costs were \$4.6m higher than budgeted, driven by inflation and additional costs relating to the increased research activity noted above.
- ▶ The Foundation net surplus was \$21.8m favourable to budget, primarily due to a \$13.6m bequest and \$5.9m higher investment gains.

### Statement of Financial Position

- ▶ Accounts receivable were \$20.1m higher than budget, primarily as a result of the \$13.6m bequest to the Foundation for which cash was received in January 2024 and the timing of invoicing for tuition fees.
- ▶ Property, plant, and equipment were \$73.3m higher than budget, primarily as a result of the 2022 revaluation of land and buildings (which occurred after the 2023 budget was finalised) offset by lower capital expenditure for 2023 and the 2023 revaluation of land.
- ▶ Revenue in advance was \$18.2m higher than budget, as a result of the timing of receipts, particularly in relation to SAC funding, research and full fee tuition fee revenue from international students.
- ▶ Total bank borrowings were \$47m lower than budget, mainly due to insurance proceeds received from the Kaikōura earthquake claim settlement. Bank borrowings have been recorded as a current liability as the current Consent to Borrow granted to the University by the Secretary for Education expires at the end of 2024. A new consent is anticipated to be granted during the 2024 financial year.
- ▶ Other reserves were \$125.0m higher than budget, as a result of the 2022 revaluation of land and buildings (which occurred after the 2023 budget was finalised) and the 2023 revaluation of land.