Financial Review 2000

The consolidated net surplus for the year was $7.1 million, which was $1.0 million (12.3%) below the budget and $5.3 million (43.0%) less than last year. This is the first occasion since 1996 that the University has failed to achieve its budgeted surplus, although the result was materially affected by the unexpected increase in the value of the liability for long service leave and retiring gratuities, which added $2.1 million to costs for the year. The liability, which represents the current value of long service leave and retiring gratuities expected to be paid to existing employees in the future, jumped from $11.7 million last year to $13.8 million this year. The accrual of this liability requires a number of actuarial assumptions to be made, the most important being salary escalation rates, resignation rates, mortality rates and discount rates. The discount rate, which is used to translate future payments into current values, had a large bearing on the valuation of the liability and approximately $1.7 million of the increase was caused by changes in the discount rates from those used last year.

The consolidated surplus provides a return of 2.5% on revenue and 1.5% on net assets. This compares with the budget of 3.0% and 1.7% respectively. These returns have been falling for a number of years, due not only to a declining operating surplus but also to the increasing value of infrastructural assets in the case of the return on net assets.

University income for the year was $277.7 million which was $9.1 million (3.4%) better than budget and $6.4 million (2.3%) above that earned last year. Two sources of income again provided the majority of the increase over budget for the year. Externally funded research, at $42.9 million, was $2.4 million ahead of budget, which reflects the importance that the University attaches to research and the success of its staff in winning grants from competitive research funding. University commercial and consulting activity provided $35.7 million of revenue in the year and this was $7.0 million, or almost 25%, higher than the budget. This clearly demonstrates the growing success of the University at forming business relationships that utilise the vast amount of specialist expertise that it has available.

Total University expenditure for the year was $271.4 million, which was $10.9 million (4.2%) higher than budget and $10.6 million (4.1%) above last year. The majority of the over expenditure against budget was due to the increase in provisions for long service leave and retiring gratuities mentioned above, higher expenditure than budget on externally funded research of $2.6 million due to increased activity, and the reclassification of $2.3 million of capital works to repairs and maintenance to better reflect the nature of the work carried out.

The valuation, at cost, of the University's outputs is a major exercise that provides valuable information about the utilisation of staff time and the associated costs of teaching, research and community service. The Teaching, Learning and Assessment (undergraduate) output was valued at $105.7 million for the year. This compares with a budget of $105.1 million and $108.2 million last year. The drop in value since last year reflects the 2.0% fall in undergraduate enrolments experienced in 2000. By contrast, postgraduate enrolments grew by 3.6%, reflecting the flow-on effect of undergraduate growth in the late 1990s and the successful introduction of several new qualifications. As a consequence of this and the increase in externally funded research, the value of Research and Postgraduate Teaching increased to $123.9 million from $113.2 million last year. This compares with the budget of $117.4 million. The output of Community Service is a relatively small activity within the University but none-the-less provides a valuable service to the local, national and international communities. The value of this output was $16.4 million for the year against a budget of $15.6 million and $13.9 million in 1999.

The transformation of the University campus continued its rapid pace in 2000. An end to the major projects is in sight with the 550-seat St David lecture theatre officially opened by the Prime Minister in May, the final stage of the $47 million Information Services (Library) complex due for completion in mid 2001, and the $7 million Centre for Innovation building, designed to facilitate the commercialisation of research, to be operative at around the same time. Capital expenditure for the year was $55.8 million which was $5.3 million behind budget but $5.8 million higher than last year. The building programme was the major component of this investment at $31.1 million, with equipment $16.8 million and library books and periodicals $7.9 million making up the total. This increased the value of fixed assets per EFTS from $30,679 last year to $33,019 this year.

This very substantial investment in fixed assets had a major impact on cash flows. The cash outflow for capital expenditure was $58.0 million for the year (budget $60.9 million) and this was partly financed by the net cash inflows from operating of $39.2 million (budget $33.7 million). This compares with $44.9 million and $53.0 million respectively in 1999, although the latter did include a one-off cash transfer from trust funds of $13.6 million. The cash shortfall was financed by liquidating short term investments. As a consequence liquidity deteriorated throughout the year with cash and bank deposits dropping from $25.3 million at 31 December last year to $12.5 million this year (budget $7.0 million). This is reflected in the liquid ratio which fell from 1.94 to 1 to 1.35 to 1, although this was better than the budget of 1.02 to 1.

Borrowings were not necessary in 2000 although term liabilities increased slightly due to the increase in long term employee entitlements. However, it is expected that some borrowing will be required in 2001.

CONCLUSION

Despite very considerable financial pressures caused by falling enrolments and rising costs, most divisions of the University coped well in 2000 and helped secure a good financial outcome. Although the operating surplus was slightly below budget, operating cash flows were strong throughout the year and provided much of the funds required for investment in fixed assets without the need to resort to borrowing.

Although 2000 provides a good platform for moving forward, there are some adverse trends developing that will need to be carefully monitored and may require corrective action. The level of operating surplus will be under a great deal of downward pressure in 2001 due to the combined effects of static enrolments, the fees freeze and the considerable escalation in costs resulting from the building projects, wage increases and inflation. This will tighten liquidity in the second half of 2001 and loan funding will be required to complete the building programme and replenish working capital.

Prudent financial management will be essential during this period if the University is to ensure that adequate funding is available to provide the high quality teaching, research and community service for which it is renowned.

A J Patrick
Financial Controller

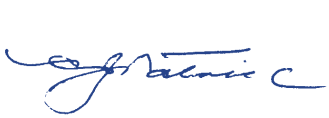
Statement of Responsibility

2000 Financial Statements

1. The Council and management of the University of Otago accept responsibility for the preparation of the annual financial statements and the judgements used in them;
2. The Council and management of the University of Otago accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. In the opinion of the Council and management of the University of Otago, the annual financial statements for the financial year ending 31 December 2000 fairly reflect the financial position and operations of the University of Otago.

Chancellor

Vice-Chancellor



Financial Controller

Statement of Accounting Policies

For the Year Ended 31 December 2000

THE REPORTING ENTITY

The University of Otago was founded in 1869 by the Ordinance of the Otago Provincial Council.

In 1961 the University acquired its present legal basis and obtained the right to award degrees by the University of Otago Amendment Act 1961.

The financial statements are presented in accordance with Section 203 of the Education Act 1989, which refers to the provisions of Section 41 (2) of the Public Finance Act 1989.

The financial statements presented here are for the reporting entity University of Otago. The University has the following interests: 40% in Unipol Recreation Limited via Univord Services Limited (100% owned); 8.1% in Zenoderm Limited via Univord Services Limited; 50% in the New Zealand Centre for Reproductive Medicine Limited; 100% in University of Otago Foundation Studies Limited and 50% in Unihealth Limited.

MEASUREMENT SYSTEM

The general accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis, adjusted by the revaluation of certain fixed assets, are followed by the University of Otago.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements include:

- Statement of Financial Performance,
- Statement of Movements in Equity,
- Statement of Cost of Services,
- Statement of Financial Position,
- Statement of Cash Flows, and
- Statement of Commitments and Contingencies.

The University is divided into divisions.

There are four teaching and research divisions – Commerce, Health Sciences, Humanities and Sciences – and seven service divisions - Information Services, Property Services, Financial Services, External Relations, Academic and Student Services, Personnel Services and Research and International.

The financial statements include the operations of the University of Otago and its subsidiary companies and associate companies. University of Otago Foundation Studies Limited has been included in the consolidated accounts using the purchase method. Other subsidiary and associate companies have been consolidated on an equity accounting basis, which shows the share of the surpluses/deficit in the University's statement of financial performance and the share of post acquisition increases/decreases in net assets in the University's statement of financial position. All significant inter-entity transactions are eliminated on consolidation.

The financial statements incorporating subsidiaries prepared on the equity basis are not materially different from those that would be prepared by adopting an alternative basis of consolidation.

ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

1. **Revenues:**

Government Grants and Student Fees:

Government grants and student fees are recognised as income on entitlement.

Trust Funds:

Revenue from Trust Funds is recognised in the Statement of Financial Performance as "Distributions from Trust Funds" when Trust Funds incur expenditure on behalf of the University. Total income received by Trust Funds, including donations of a capital nature, is detailed in note 19.

Research Funds:

Revenue from research which is externally funded is recognised in the Statement of Financial Performance as "Externally Funded Research" when research expenditure is incurred. Research funds which are not expended at year end are included in the Statement of Financial Position as "Funds Received in Advance" (see note 12).

2. **Budget figures:**

The budget figures are those approved by Council at the mid-year budget review, which is a formal process to update the initial budget approved by Council prior to the year commencing.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

3. **Foreign Currencies:**

Transactions and balances in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction and the date of balance. Foreign exchange gains and losses have been recognised in the Statement of Financial Performance.

4. **Accounts Receivable:**

Accounts Receivable are valued at estimated realisable value. Bad Debts are written off during the period in which they are identified.

5. **Investments:**

Investments are stated at cost plus (or less) the portion of any discount (or premium) on purchase allocated over the time to maturity.

6. **Fixed Assets:**

Land and Buildings are revalued every three years. They were last revalued as at 1 January 1999 on the basis of the Government Valuation at 1 September 1998. The valuations have been certified by Quotable Value as appropriate for financial reporting purposes. Any additions to Land and Buildings after 1 January 1999 have been recorded at cost (see note 16).

All Crown-owned Land and Buildings (if any) used by the University are included as part of the University's assets. The University has assumed all the normal risks and rewards of ownership.

Capital Work in Progress is valued at cost and is not depreciated.

Library Books and Periodicals, with the exception of Rare Books and Special Library Collections, have been valued on the basis of historical cost.

Rare Books and Special Library Collections were valued as at 31 December 1994 by expert University Library staff, based on the net current value of items following the generally accepted methodology employed by the Alexander Turnbull Library (see note 17).

Plant, Motor Vehicles, Equipment and Furniture are recorded at cost. Asset purchases of less than $2,000 (1999 $2,000) are written off at cost on acquisition.

Depreciation of Buildings, Motor Vehicles, Furniture and Fittings, Plant and Equipment, Computers and Photocopiers, Library Collections and Network Wiring and Cabling is provided for on a straight line basis at rates that will write off the cost, less any residual value, over their estimated lives. Land and Rare Books and Special Library Collections are not depreciated.

The depreciation rates used in the preparation of these statements are as follows:

Asset Class	Depreciation Rate	
Buildings	1% - 10%	Straight Line
Motor Vehicles	25%	Straight Line
Furniture and Fittings	20%	Straight Line
Plant and Equipment	10%	Straight Line
Computers and Photocopiers	25%	Straight Line
Library Collection	10%	Straight Line
Network Wiring and Cabling	6.67%	Straight Line

7. Inventory:

Inventories have been valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis, or by the weighted average method. Obsolete inventories have been written off.

8. Goods and Services Tax (GST):

The financial statements are prepared on a basis which excludes GST. Accounts Receivable and Accounts Payable are GST inclusive. GST owing to the Inland Revenue Department as at 31 December 2000 is included in Accounts Payable.

9. Employee Entitlements:

Annual leave for Academic and General staff has been accrued. In addition an accrual has been made for retirement gratuities for both Academic and General Staff and long service leave for General Staff. Both retirement gratuities and long service leave have been accrued on the following basis:

- leave and gratuities which have vested in the employee (an entitlement has been established) have been measured at nominal value using remuneration rates current at reporting date. This is included as a Current Liability.
- leave and gratuities which have not yet vested in the employee (no entitlement has been established) have been measured using the present value measurement basis which discounts expected future cash outflows. This is treated as a Non-Current Liability. It is included to comply with "generally accepted accounting practice" as defined in the Financial Reporting Act 1993 and results from the adoption of Australian Accounting Standard AASB 1028: "Accounting for Employee Entitlements."

10. Trusts:

The University administers these funds as trustee and is bound by the requirements of the individual trusts. The funds are not available for general operating expenditure and for this reason are disclosed separately. Trust Assets are valued using the same accounting policies as are applied to the University (see note 19). The Hocken Library has been valued as at 30 May 1994 by expert University Library staff, based on the net current value of items, following the generally accepted methodology employed by the Alexander Turnbull Library (see note 22). The valuation at 30 May 1994 was used as a base in the absence of an historical cost valuation.

11. Financial Instruments:

The University is party to financial instruments as part of its everyday operations. These financial instruments include Bank Accounts; Investments; Accounts Receivables; Prepayments; Accounts Payables and Loans. Revenues and expenses including gains and losses in relation to all financial instruments are recognised in the Statement of Financial Performance. Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value (see note 20).

12. Finance Leases:

Finance leases, which effectively transfer to the University of Otago substantially all the risks and benefits incident to ownership of the leased item, are capitalised. The leased assets and corresponding lease liabilities are disclosed and the leased assets are depreciated over the period the University is expected to benefit from their use.

13. Statement of Cash Flows:

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the University invests as part of its day-to-day cash management.

Operating Activities include cash received from all income sources and record the cash payments made for the supply of goods and services.

Investing Activities are those activities relating to the acquisition and disposal of non-current assets.

Financing Activities comprise activities that change the debt structure of the University.

14. Taxation:

Tertiary institutions are exempt from the payment of income tax as they are treated by Inland Revenue Department as charitable organisations. Accordingly, no charge for income tax has been provided for.

CHANGES IN ACCOUNTING POLICIES

Commencing from 1 January 2000, the University of Otago Foundation Studies Limited, a wholly owned subsidiary, has been accounted for on the purchase method basis. Prior to 2000, its results were equity accounted on the basis that this treatment was not significantly different from the purchase method.

All other accounting policies have been applied on basis consistent with the previous year.

Statement of Financial Performance

For the year ended 31 December 2000

	Note	University This Year $000	University Budget $000	Last Year $000	Consolidated This Year $000
INCOME					
Government Grant	1	**117,165**	117,203	114,247	117,165
Domestic Tuition Fees		**51,405**	51,693	52,360	51,405
International Tuition Fees		**11,880**	11,942	12,419	14,886
Accommodation		**12,122**	11,575	11,993	12,122
Investment Income	2	**3,403**	3,070	2,872	3,489
Externally Funded Research		**42,948**	40,515	41,171	42,948
Distributions from Trust Funds		**2,237**	2,420	3,219	2,237
Consulting and Commercial Income		**35,718**	28,678	32,372	35,718
Other Income	3	**789**	1,460	643	1,484
Total Income		**277,667**	268,556	271,296	281,454
EXPENDITURE					
Salaries - Academic		**87,256**	86,840	85,842	88,249
Salaries - General		**66,158**	65,975	65,573	66,584
Salary Related Costs		**9,459**	7,242	6,745	9,459
Consumables and General		**45,599**	39,779	51,245	46,701
Depreciation		**26,027**	26,932	24,685	26,097
Occupancy Costs		**30,665**	27,951	21,469	31,107
Scholarships		**6,193**	5,780	5,213	6,193
Total Expenditure	4	**271,357**	260,499	260,772	274,390
Operating Surplus		**6,310**	8,057	10,524	7,064
Less Adjustment for Non-Vested Employee Entitlements	5			11,752	
Plus Receipt of Funds Previously Treated as Trusts	6			13,621	
Net Surplus		**6,310**	8,057	12,393	7,064

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Statement of Movements in Equity

For the Year Ended 31 December 2000

	Note	University This Year $000	University Budget $000	University Last Year $000	Consolidated This Year $000
Opening Balance of Equity		**461,696**	461,696	451,570	461,798
Net Surplus for the period		**6,310**	8,057	12,393	7,064
Decrease in Property Revaluation Reserve				(2,267)	
Total Recognised Revenues and Expenses for the Period		**6,310**	8,057	10,126	7,064
Closing Balance of Equity		**468,006**	469,753	461,696	468,862

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Statement of Financial Position

As at 31 December 2000

	Note	University This Year $000	University Budget $000	University Last Year $000	Consolidated This Year $000
EQUITY					
General Reserve		**281,023**	282,770	274,713	281,879
Property Revaluation Reserve		**186,983**	186,983	186,983	186,983
TOTAL EQUITY		**468,006**	469,753	461,696	468,862
Current Assets					
Cash and Bank	7	**193**	500	499	286
Short Term Investments	8	**12,279**	6,500	24,766	14,534
Accounts Receivable and Prepayments	9	**14,803**	15,000	13,609	15,015
Inventory	10	**714**	850	923	714
Total Current Assets		**27,989**	22,850	39,797	30,549
Less Current Liabilities					
Accounts Payable and Accruals	11	**20,074**	18,642	18,745	20,368
Funds Received in Advance	12	**11,629**	10,000	10,186	13,424
Loans Repayable Within One Year	13	**233**	366	241	233
Employee Entitlements	14	**14,752**	14,107	13,899	14,756
Total Current Liabilities		**46,688**	43,115	43,071	48,781
WORKING CAPITAL		**(18,699)**	(20,265)	(3,274)	(18,232)
Non-Current Assets					
Investments	15	**5,108**	5,219	11,750	5,108
Fixed Assets	16&17	**496,274**	500,697	466,749	496,844
Total Non-Current Assets		**501,382**	505,916	478,499	501,952
Non-Current Liabilities					
Employee Entitlements	14	**13,830**	11,928	11,752	13,830
Loans and Leases	18	**847**	3,970	1,777	1,028
Total Non-Current Liabilities		**14,677**	15,898	13,529	14,858
NET ASSETS		**468,006**	469,753	461,696	468,862

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Statement of Cash Flows

For the Year Ended 31 December 2000

	Note	University This Year $000	University Budget $000	University Last Year $000	Consolidated This Year $000
OPERATING ACTIVITIES					
Cash was provided from:					
Government Grant		**117,741**	117,203	114,545	117,741
Revenue from Fees		**63,280**	63,656	65,096	66,827
Revenue from Services		**94,464**	83,201	101,179	94,464
Interest Received		**3,440**	2,645	3,185	3,525
Trust - Donations				1,729	
Trust - Dividends Received				1,114	
Trust - Interest Received				3,031	
		278,925	266,705	289,879	282,557
Cash was applied to:					
Employees and Suppliers		**239,699**	233,043	236,916	241,254
Student Allowance Payments				12	
		239,699	233,043	236,928	241,254
Net Cash Flows from Operating Activities		**39,226**	33,662	52,951	41,303
INVESTING ACTIVITIES					
Cash was provided from:					
Investments		**6,732**	6,531		6,732
Trust Investments Sold				7,796	
Sale of Fixed Assets		**182**	100	100	182
		6,914	6,631	7,896	6,914
Cash was applied to:					
Investments				9,995	51
Trust Investments				10,168	
Acquire Fixed Assets		**57,995**	60,876	44,874	58,115
		57,995	60,876	65,037	58,166
Net Cash Flows from Investing Activities		**(51,081)**	(54,245)	(57,141)	(51,252)

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

	Note	University This Year $000	University Budget $000	Last Year $000	Consolidated This Year $000
FINANCING ACTIVITIES					
Cash was provided from:					
Loans raised			2,582	111	
Cash was applied to:					
Reduce term liabilities		**938**	264	281	938
Net Cash Flows from Financing Activities		**(938)**	2,318	(170)	(938)
Total Cash Flows		**(12,793)**	(18,265)	(4,360)	(10,887)
Opening Balance		**25,265**	25,265	29,625	25,707
Closing Balance		**12,472**	7,000	25,265	14,820
Represented by:					
Cash and Bank	7	**193**	500	499	286
Bank Short Term Investments	8	**12,279**	6,500	24,766	14,534
		12,472	7,000	25,265	14,820

Trust transactions have been removed from the 2000 figures on the basis that the Trust transactions are undertaken by the University as an agent for the Trusts.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Reconciliation of the Net Surplus from Operations

with the Net Cash Flows from Operating Activities

	University		Consolidated
	This Year	Last Year	This Year
	$000	$000	$000
Net Surplus	**6,310**	10,524	7,064
Add/Deduct Non cash Items			
Trading Activities	**(90)**	146	(90)
Depreciation and Fixed Assets Written Off	**26,027**	24,685	26,083
	32,247	35,355	33,057
Add (less) movements in other working capital items:			
Decrease (Increase) in Accounts Receivable	**(304)**	1,259	(269)
Decrease (Increase) in Inventory	**209**	(25)	209
Increase (Decrease) in Accounts Payable	**5,631**	(1,083)	6,863
Increase (Decrease) in Funds Received in Advance	**1,443**	1,452	1,443
	6,979	1,603	8,246
Add (less) items classified as investing activity:			
Adjust for Trust Net Revenue/Expenses		2,372	
Receipt of Funds Previously Treated as Trusts		13,621	
Net Cash Flows from Operating Activities	**39,226**	52,951	41,303

Trust transactions have been removed from the 2000 figures on the basis that the Trust transactions are undertaken by the University as an agent for the Trusts.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Division of Commerce

Statement of Cost of Services

For the year ended 31 December 2000

	This Year $000	Budget $000	Last Year $000
COSTS			
Salaries - Academic	**9,892**	10,273	9,939
Salaries - General	**2,386**	2,527	2,387
Salary Related Costs	**612**	680	669
Consumables and General	**4,831**	4,154	4,690
Occupancy Costs	**1,310**	1,234	998
Depreciation	**1,009**	1,072	997
Scholarships	**89**	25	62
Total Costs	**20,129**	19,965	19,742

These costs include trading between divisions.

Division of Health Sciences

Statement of Cost of Services

For the year ended 31 December 2000

	This Year $000	Budget $000	Last Year $000
COSTS			
Salaries - Academic	**42,405**	41,488	41,237
Salaries - General	**21,519**	21,219	21,593
Salary Related Costs	**2,926**	2,738	2,289
Consumables and General	**32,853**	29,208	26,872
Occupancy Costs	**7,515**	7,068	6,987
Depreciation	**6,014**	5,970	5,587
Scholarships	**705**	635	553
Total Costs	**113,937**	108,326	105,118

These costs include trading between divisions.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Division of Humanities

Statement of Cost of Services

For the year ended 31 December 2000

	This Year $000	Budget $000	Last Year $000
COSTS			
Salaries - Academic	**14,153**	14,044	14,261
Salaries - General	**3,321**	2,974	2,858
Salary Related Costs	**1,073**	1,058	1,088
Consumables and General	**4,557**	4,694	6,236
Occupancy Costs	**1,846**	1,886	903
Depreciation	**843**	875	899
Scholarships	**125**	156	143
Total Costs	**25,918**	25,687	26,388

These costs include trading between divisions.

Division of Sciences

Statement of Cost of Services

For the year ended 31 December 2000

	This Year $000	Budget $000	Last Year $000
COSTS			
Salaries - Academic	**20,120**	20,364	19,764
Salaries - General	**9,205**	9,213	8,780
Salary Related Costs	**1,578**	1,593	1,519
Consumables and General	**12,301**	12,219	12,256
Occupancy Costs	**4,151**	4,216	2,916
Depreciation	**4,459**	4,799	4,381
Scholarships	**591**	480	547
Total Costs	**52,405**	52,884	50,163

These costs include trading between divisions.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Service Divisions

Statement of Cost of Services

For the year ended 31 December 2000

	This Year $000	Budget $000	Last Year $000
COSTS			
Salaries - Academic	**674**	658	633
Salaries - General	**27,035**	27,424	27,269
Salary Related Costs	**3,211**	1,090	1,124
Consumables and General	**31,678**	27,653	32,408
Occupancy Costs	**12,196**	10,665	6,019
Depreciation	**12,276**	12,764	11,236
Scholarships	**4,683**	4,484	3,908
Total Costs	**91,753**	84,738	82,597

These costs include trading between divisions.

Student Accommodation

Statement of Cost of Services

For the year ended 31 December 2000

	This Year $000	Budget $000	Last Year $000
COSTS			
Salaries - Academic	**12**	13	8
Salaries - General	**2,692**	2,617	2,686
Salary Related Costs	**59**	83	56
Consumables and General	**3,674**	3,690	3,874
Occupancy Costs	**3,647**	2,880	3,646
Depreciation	**1,426**	1,452	1,585
Total Costs	**11,510**	10,735	11,855

These costs include trading between divisions.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Statement of Commitments & Contingencies

As at 31 December 2000

		University and Consolidated	
		This Year	Last Year
		$000	$000
COMMITMENTS			
As at 31 December 2000, $19.710 million of capital works and equipment projects were committed for 2001:		**19,710**	29,277
	$000's		
Capital Works	17,638		
Equipment	2,072		
	19,710		
Total Commitments		**19,710**	29,277
CONTINGENT LIABILITIES			
The University provided a guarantee to the Bank of New Zealand for a bond given by the bank to the Dunedin City Council, over the siting of some temporary buildings.		**50**	50
Several personal grievance claims by employees against the University are proceeding. Any liability the University may incur is subject to the outcome of Employment Tribunal and legal proceedings. No reliable estimate of cost can be made.			
The Otago University Students Association has claimed a legal interest in a share of the improvements of the Union Building, currently reflected in these accounts as wholly owned by the University. The value of this interest is assessed at		**2,500**	
From 1 August 2000 the University of Otago became an ACC self insurer. Claims arising from 1 August 2000 to 31 December 2000 remain a potential liability to the University for a period of up to five years. At the end of the five year period any outstanding claims are returned to the ACC under the buy back provisions. The contingent liability is assessed at		**250**	

	University			Consolidated
	This Year $000	Budget $000	Last Year $000	This Year $000

Note 1. GOVERNMENT GRANTS

These include monies received from Government by way of the operational bulk grant, which is based on equivalent full-time student (EFTS) levels and the funding category levels of these EFTS, and specific purpose grants.

Vote Education	**115,083**	114,485	111,739	115,083
Vote Health	**2,082**	2,718	2,508	2,082
Income per Statement of Financial Performance	**117,165**	117,203	114,247	117,165

Note 2. INVESTMENT INCOME

Bank Term Deposits	**2,438**	2,070	2,833	2,524
Advances	**12**		39	12
Other	**953**	1,000		953
Income per Statement of Financial Performance	**3,403**	3,070	2,872	3,489

Note 3. OTHER INCOME

Donations			18	
Trading of Subsidiaries and Associates	**151**	279	(326)	151
Administration Fee Income	**501**	580	590	501
Corporate Rents	**52**	30	38	52
Sundry	**85**	571	323	780
Income per Statement of Financial Performance	**789**	1,460	643	1,484

Note 4. STATEMENT OF FINANCIAL PERFORMANCE

Total Expenditure includes:

Fees paid to external auditors	**70**		70	80
Fees paid to lay Council Members	**59**		47	59
Finance charges on finance leases	**55**		73	55
Bad Debts Written Off	**39**		66	39

Note: Council Members who are also employees do not receive attendance fees.

Note 5. NON-VESTED EMPLOYEE ENTITLEMENTS

In order to comply with "generally accepted accounting practice" (as defined in the Financial Reporting Act 1993), in 1999 it was necessary to adopt the Australian Accounting Standard AASB 1028: "Accounting for Employee Entitlements" to value and accrue long service leave and retirement gratuities. This standard required an assessment of the probable future liability for these benefits. These future cash outflows were then discounted to give a present value. In the case of the University of Otago this valuation amounted to $0.671 million for long service leave and $13.629 million for retirement gratuities.

Note 6. RECEIPT OF FUNDS PREVIOUSLY TREATED AS TRUSTS

During the 1999 financial year, it was determined that $13.621 million of funds, given to the University over a number of years, do not have the status of a true trust and therefore should more correctly be treated as part of the University's income and its equity. Consequently these funds have been transferred from the Trusts to the University. This retroactive change in accounting practice has required an initial accounting entry to recognise the income and the corresponding asset.

	University			Consolidated
	This Year $000	Budget $000	Last Year $000	This Year $000
Note 7. CASH AND BANK				
Bank Current Account	**109**		424	202
Imprest Accounts, Advances and Floats	**68**		60	68
Petty Cash	**16**		15	16
	193	500	499	286
Note 8. SHORT TERM INVESTMENTS				
Bank Term Deposits	**12,279**		23,764	14,534
New Zealand Government Stock			1,002	
	12,279	6,500	24,766	14,534
Note 9. ACCOUNTS RECEIVABLE & PREPAYMENTS				
Trade Debtors	**6,988**		6,917	7,176
Accrued Debtors	**812**	10,000	547	812
Miscellaneous Debtors	**740**		638	740
Non-University Halls of Residence	**87**		231	87
Prepayments	**6,176**	5,000	5,276	6,200
	14,803	15,000	13,609	15,015
Note 10. INVENTORY				
Closing Stock – OU Print	**349**		258	349
Closing Stock - University Press	**205**		176	205
Closing Stock – Other	**160**		489	160
	714	850	923	714
Note 11. ACCOUNTS PAYABLE & ACCRUALS				
Trade Creditors	**7,447**		8,205	7,696
Other Creditors	**8,002**	16,642	5,290	8,018
Halls of Residence Deposits from Students	**154**		177	154
General Accruals	**4,471**	2,000	5,073	4,500
	20,074	18,642	18,745	20,368

	University			Consolidated
	This Year $000	Budget $000	Last Year $000	This Year $000

Note 12. FUNDS RECEIVED IN ADVANCE

Research Funding Received in Advance	**8,707**	7,500	7,419	8,707
Student Fees Received in Advance	**1,954**	2,000	1,955	3,525
Other	**968**	500	812	1,192
	11,629	10,000	10,186	13,424

Research Grants

There is currently no accounting standard nor any clearly defined generally accepted accounting practice for treatment of externally funded research revenue. The University of Otago currently recognises externally funded research revenue as income in the Statement of Financial Performance only when the research expenditure is incurred. The unexpended portion is treated as a liability and represents the research service still to be provided.

Note 13. LOANS REPAYABLE WITHIN ONE YEAR

This is represented by loans from:

Finance Leases	**233**	366	241	233
	233	366	241	233

Note 14. EMPLOYEE ENTITLEMENTS

Current Portion of Employee Entitlements:				
Annual Leave	**10,332**		9,953	10,336
Long Service Leave – Vested	**421**		476	421
Retirement Gratuities – Vested	**3,070**		2,548	3,070
Other Entitlements	**929**		922	929
	14,752	14,107	13,899	14,756
Non-Current Portion of Employee Entitlements				
Long Service Leave – Non-Vested	**963**		671	963
Retirement Gratuities – Non-Vested	**12,867**		11,081	12,867
	13,830	11,928	11,752	13,830

A range of discount rates of 5.95% to 6.27% and an inflation factor of 2.75% have been applied. Discount rates are those assessed as the interest rates (before tax) attaching to Government Stock with terms to maturity that match, as closely as possible the terms of the related liabilities. The inflation factor is based on the projected long term annual rate of salary growth. The valuation of 31 December 2000 was completed by Aon Consulting.

Note 15. INVESTMENTS

Advances to Subsidiaries and Associates	**4,294**		3,906	4,294
Investments in Subsidiaries and Associates	**812**		661	812
NZ Government Stock & Other Term Investments			7,181	
Other	**2**		2	2
	5,108	5,219	11,750	5,108

Note 16. FIXED ASSETS

Fixed Assets – University

	Cost/ Valuation $000	Accumulated Depreciation $000	This Year Book Value $000	Last Year Book Value $000
Cost:				
Land	323		323	323
Buildings	52,935	633	52,302	27,784
Library Books	79,357	50,360	28,997	28,413
Plant, Equipment and Furniture	150,832	97,644	53,188	49,840
Fixed Assets at Cost	283,447	148,637	134,810	106,360
Valuation:				
Land – University	30,121		30,121	30,121
Land – Crown	21,651		21,651	21,651
Buildings	307,601	6,376	301,225	300,176
Rare Books & Special Library Collections	8,467		8,467	8,441
Fixed Assets at Valuation	367,840	6,376	361,464	360,389
Total Fixed Assets	651,287	155,013	496,274	466,749

Note: Buildings at Cost includes $21.132 million Construction in Progress.
The University's accounting policy is to include any Crown-owned land and buildings in its financial statements on the basis that it has assumed all the normal risks and rewards of ownership. The extent of Crown interest in buildings, if any, has not been quantified. Quantification is subject to agreement with the Ministry of Education.

Fixed Asset Movements

	Opening Book Value $000	Additions $000	Adjustments $000	Depreciation $000	Net Disposals $000	Closing Book Value $000
Land	52,095					52,095
Buildings	327,960	31,119	(176)	5,376		353,527
Library Books	28,413	7,866	8	7,290		28,997
Rare Books & Special Library Collections	8,441	6	20			8,467
Plant, Equipment & Furniture	49,840	16,768	148	13,361	207	53,188
Total	466,749	55,759		26,027	207	496,274

Adjustments include transfers between fixed asset categories.

Note 16. FIXED ASSETS (Continued)

	Cost/ Valuation $000	Accumulated Depreciation $000	This Year Book Value $000	Last Year Book Value $000
Fixed Assets – Consolidated				
Cost:				
Land	323		323	352
Buildings	52,944	636	52,308	27,784
Library Books	79,387	50,367	29,020	28,413
Plant, Equipment and Furniture	151,508	97,779	53,729	49,870
Fixed Assets at Cost	284,162	148,782	135,380	106,419
Valuation:				
Land – University	30,121		30,121	30,121
Land – Crown	21,651		21,651	21,651
Buildings	307,601	6,376	301,225	300,176
Rare Books & Special Library Collections	8,467		8,467	8,441
Fixed Assets at Valuation	367,840	6,376	361,464	360,389
Total Fixed Assets	652,002	155,158	496,844	466,808

Note: Buildings at Cost includes $21.132 million Construction in Progress.
The University's accounting policy is to include any Crown-owned land and buildings in its financial statements on the basis that it has assumed all the normal risks and rewards of ownership. The extent of Crown interest in buildings, if any, has not been quantified. Quantification is subject to agreement with the Ministry of Education.

Note 17. RARE BOOKS & SPECIAL LIBRARY COLLECTIONS

The University holds a number of gifted collections of books, manuscripts, and art-works within the Central, Medical and Dental Libraries. The collections were valued as at 31 December 1994, based on net current value, by expert University staff following the generally accepted methodology employed by the Alexander Turnbull Library. The total valuation of the Rare Books and Special Collections is $8.467 million. (1999 $8.441 million). 2000 additions at cost were $0.006 million (1999 $0.045 million) (see note 16).

	University			Consolidated
	This Year $000	Budget $000	Last Year $000	This Year $000
Note 18. LOANS AND LEASES				
This is represented by loans from:				
Stuart Residence Halls Council	**710**		710	710
"The University of Otago 1990 Fund" Trust			701	
Finance Leases	**137**		366	137
Other				181
	847	3,970	1,777	1,028

The loan from Stuart Residence Halls Council is interest free for ten years from 1994 and was provided to assist funding for student accommodation. The loan from the University of Otago 1990 Fund was provided to assist the funding of the Commerce Residential Complex.

Finance Leases are secured by way of title over the assets.

		Maturity Periods		
	Effective Interest Rate %	1 to 2 Years $000	2 to 5 Years $000	Total $000
Non- Current Liabilities				
Stuart Residence Halls Council	Nil		710	710
Finance Leases	10.42	137		137
Total		137	710	847

Note 19. **TRUSTS**

	This Year $000	Budget $000	Last Year $000
Statement of Financial Performance			
INCOME			
Donations	**627**	1,350	1,729
Investment Income:			
– Government and Public Stock	**1,577**	1,387	2,221
– Company Investments	**802**	793	1,114
– Direct Property Investments	**269**	215	314
– Other Investments	**431**	305	197
Total Investment Income	**3,079**	2,700	3,846
Total Income	**3,706**	4,050	5,575
EXPENDITURE			
Distributions To University	**2,237**	2,421	3,183
Trust Administration Fees	**185**	161	226
Total Expenditure	**2,422**	2,582	3,409
Surplus(deficit)	**1,284**	1,468	2,166
Statement of Financial Position			
ASSETS			
Current Assets			
Accounts Receivable	**645**	500	620
University Current Account	**132**		
Total Current Assets	**777**	500	620
Non Current Assets			
Stocks & Bonds (Govt, Local Auth, SOE & Corp Debt)	**24,865**	28,000	28,109
Company Shares (Market Value at 31 December 2000 $23,828k)	**19,896**	16,500	16,382
Company Debentures - (Elaine Gurr Endowment)	**1,334**	1,350	1,350
Bank Deposits	**1,240**	5,203	6,440
Delhan Holdings Limited		4,333	4,480
Loans to University of Otago		561	701
Hocken Collection	**79,769**	78,479	78,479
Total Non Current Assets	**127,104**	134,426	135,941
Total Assets	**127,881**	134,926	136,561
LIABILITIES			
University of Otago Fund Balances		14,000	13,621
Total Liabilities		14,000	13,621
EQUITY			
Trust Fund Balances	**44,624**	42,372	43,340
Investment Fluctuation Reserve	**3,488**	75	1,121
Hocken Collection	**79,769**	78,479	78,479
Total Equity	**127,881**	120,926	122,940
Total Liabilities and Equity	**127,881**	134,926	136,561

Note 20. FINANCIAL INSTRUMENTS

The University is party to financial instrument arrangements as part of its everyday operations. These financial instruments include Bank Accounts, Bank Deposits, Accounts Receivable, Accounts Payable and Term Borrowings, and are recognised in the Statement of Financial Position.

Credit Risk

The University of Otago has a minimal credit risk in its holdings of various financial instruments. These instruments include Cash, Bank Deposits, New Zealand Government Stock and Accounts Receivable. The University consults with professional investment advisors and has an investment policy which is regularly reviewed. The University believes that this policy reduces the risk of any loss which could arise from its investment activities.

Accounts receivable are stated at their estimated realisable value. There is no significant concentration of credit risk for accounts receivable due to the large number of customers included in the University's customer base.

Fair Value

The fair value of University financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

The fair value of non-current Trust investments which comprises New Zealand Government stock, Local Authority Stock and Company shares is based on current market value at 31 December 2000.

	This Year		Last Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Stock and Bonds	24,865	25,489	20,928	15,877
Company Shares	19,896	23,828	16,382	21,964
	44,761	49,317	37,310	37,841

The fair value of other Trust financial instruments is equivalent to the carrying amount disclosed in Note 19.

Currency Risk and Interest Rate Risk

Apart from the interest rate on non-current liabilities (Note 18) the University of Otago has no significant exposure to interest rate risk on its remaining financial assets and liabilities.

The University has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities.

Foreign Exchange Contracts

At 31 December 2000 the University was committed to a Forward Rate Foreign Exchange Contract as part of a swap arrangement entered into earlier.

The details of the transaction are as follows:

1. On 19 December 2000 the University purchased $475,000 US dollars at a rate of 0.4293 ($NZ 1,106,452) from the National Bank of New Zealand (NBNZ) with NZ dollars it already held. The funds were used to settle library book purchases due that week.
2. On the same day it entered into a Forward Rate Agreement to sell $475,000 US dollars at a rate of 0.4292 ($NZ 1,106,710) on 28 February 2001. This will be settled by way of funds transfer from the University's $US denominated onshore bank account to its NZ dollar bank account at the agreed rate of 0.4292. The funds in the $US onshore account will be received in January and February 2001 as international student fees.

In entering into this agreement the University is hedging the risk that the USD/NZD exchange rate will move between 19 December 2000 and 28 February 2001.

The above transaction is not recorded in the balance sheet of the University, nor are any exchange gains or losses recognised.

At 31 December 2000, the exchange rate was 0.4456 meaning the fair value of the sale contract at this date is $NZ 1,065,978.

Note 21. COST DRIVERS

Where possible, the full costs of services provided by units in the service divisions are charged direct to users on the basis of user pays. The balance of costs not charged in this manner are allocated to the outputs of the University using the following cost drivers:

Equivalent Full Time Students:	Used for Academic and Student Services (including Accommodation Office, Careers Office, Health and Counselling, Recreation Services, Disabilities Office, Maori Centre, Student Administration and Academic Committee Support) and Student Finance Services (including Loans and Fees).
Staff Appointments & Terminations:	Used for Personnel Services
Full Time Equivalent Staff:	Used for Staff Training Office, EEO Office, Records Management, Occupational Health and Safety, Research Office and Mail Services
Academic Full Time Equivalent Staff:	Used for Higher Education Development Centre
Staff Numbers (Head Count)	Used for Payroll Services
Space in Square Metres	Used for Facilities Management and Security
Telephone Extensions	Used for Telephone Systems
Equipment Depreciation	Used for Asset Management and Equipment Office
Cost of Services	Used for Financial Services
90% Equivalent Full Time Students and 10% Equally to Teaching and Research Divisions	Used for External Relations (including Publications, Advertising, Media, Alumni, Schools Liaison, Fundraising).
65% Equivalent Full Time Students and 35% Equally to Teaching and Research Divisions	Used for Information Services (including Library and Computing Services) and University Press
67% International Students and 33% Equally to Teaching and Research Divisions	Used for International Office (including International Student Liaison and International Marketing)

	This Year $000	Last Year $000
Note 22. HOCKEN LIBRARY		
Opening Balance	**78,479**	76,889
Donated Hocken Additions	**1,226**	1,497
Purchased Hocken Additions	**62**	93
	79,767	78,479

The University holds in Trust a national archival collection of books and art-works known as the Hocken Collection. Items included in the collection are acquired by gift, bequest, purchase and are also accepted on deposit where ownership is retained by the depositor. A major valuation exercise was carried out during 1994 to establish a base in the absence of an historic cost valuation. The categorisation methodology used in the valuation was that of the Alexander Turnbull Library with due allowance for differences in the structure and nature of the two library collections. The major exception was for archives and manuscripts where the National Archives methodology of categorisation was followed. The valuation is based on the net current value of items in the collection.

The University has included the valuation of the owned and deposited items in the total above as it believes that the Hocken Library is in substance the owner of all items in the collection. The total collection includes deposited items valued at $ 31,122 million ($30.426 million 1999).

Note 23. COSTING OF OUTPUTS

Definitions

The University's outputs as defined by Council are:

- Teaching, Learning and Assessment
- Research and Postgraduate Teaching
- Community Service

Teaching is defined as the transfer of knowledge (to students), learning is the acquisition of knowledge (by students), and assessment the means by which this acquisition is tested. A key characteristic of University teaching is the fact that it is delivered by staff active in research, and it is thus directly informed by research and scholarship. This section of the Statement of Service Performance considers only that teaching delivered to formally enrolled students. This teaching is normally delivered as a self contained course counting towards a degree, diploma or certificate qualification, and may include teaching delivered by way of lecture, laboratory, tutorial, fieldwork, self-study and electronic means.

Research is defined as the generation of knowledge. Research may take many forms across different disciplines, but common features are a systematic and disciplined methodology and a commitment to the publication of outcomes and peer review. Research may be funded through competitively awarded grants - internal or external - or as part of the general activities of an academic staff member. Postgraduate Teaching is advanced teaching in which students receive instruction in research methodology, are trained in the use of research techniques and gain experience in undertaking original research.

Note 23. COSTING OF OUTPUTS (continued)

Community Service is defined as the transfer and application of knowledge for the benefit of the wider community, and is closely linked to the University's recognised role as a critic and conscience of society. It includes the delivery of continuing education courses to members of the community, service on Government and other public sector boards and advisory groups, presentations to non-University groups, involvement in community issues and projects, and staff comment in the media on areas of professional expertise. It also includes service to the wider academic community through service in professional organisations and on the editorial boards of publications.

Methodology

The costing model adopted to calculate the value of each output uses the following methodology:

- The University's gross costs less internal recoveries have been allocated to the outputs to provide the total costs of outputs for each teaching and research division. Wherever possible costs are attributed directly to the relevant output. Costs not attributed directly within the teaching and research divisions have been allocated to the outputs based on the estimated time spent on each activity within the output by each teaching department.
- The estimated time spent on teaching, research and community service was based on surveys of all academic departments.
- The costs of the service divisions are charged directly to the outputs, wherever possible, on the basis of user-pays.

  The balance of costs not charged in this manner are allocated to the teaching and research divisions using cost drivers (see Note 21) and then allocated to the outputs within each of these divisions.

Note 24: RELATED PARTY INFORMATION

Parent

The government influences the role of the University and group as well as being a major source of revenue. While the University and group enters into numerous transactions with government departments and other Crown agencies, they are on an arm's length basis and where those parties are only acting in the course of their normal dealings are not considered to be related party transactions.

The University has executed transactions with its subsidiary, University of Otago Foundation Studies Limited. Other than the provision of administrative services at no charge, they were made on commercial terms and conditions. The University paid its subsidiary $70,000 commission. $20,250 is outstanding at 31 December 2000.

Parent and consolidated

Mr L Brown is a partner in the accounting firm Deloitte Touche Tohmatsu. During 2000, the University and group purchased consulting services valued at $56,000. There was nothing outstanding at 31 December 2000.

Mr G Marsh is a director of Cooke Howlison Limited. During 2000, the University and group purchased services valued at $701. There was nothing outstanding at 31 December 2000.

All transactions were conducted on commercial terms and conditions.

Report of the Audit Office

To the readers of the financial statements of University of Otago and group for the Year Ended 31 December 2000

We have audited the financial statements on pages 23 to 28, 33 to 36, 40 to 42, 44 to 54, 56 to 60 and 74 to 97. The financial statements provide information about the past financial and service performance of University of Otago and group and its financial position as at 31 December 2000. This information is stated in accordance with the accounting policies set out on pages 74 to 77.

RESPONSIBILITIES OF THE COUNCIL

The Public Finance Act 1989 requires the Council to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of University of Otago and group as at 31 December 2000, and the results of its operations and cash flows and the service performance achievements for the year ended 31 December 2000.

AUDITOR'S RESPONSIBILITIES

Section 43(1) of the Public Finance Act 1989 requires the Audit Office to audit the financial statements presented by the Council. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed R Bruce Robertson, of Audit New Zealand, to undertake the audit.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- whether the accounting policies are appropriate to University of Otago and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in University of Otago or any of its subsidiaries.

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the University of Otago and group on pages 74 to 97

- comply with generally accepted accounting practice
- fairly reflect:
  - the financial position as at 31 December 2000;
  - the results of its operations and cash flows for the year ended on that date; and
  - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on 31 December 2000.

Our audit was completed on 22 February 2001 and our unqualified opinion is expressed as at that date.

R Bruce Robertson

Audit New Zealand
On behalf of the Controller and Auditor-General
Dunedin, New Zealand.

STUDENT ENROLMENTS

	2000	1999	1998	1997	1996
Equivalent Full-time Students (EFTS)					
Commerce	**3,190**	3,227	3,193	3,245	3,282
Health Sciences	**3,679**	3,601	3,479	3,274	3,135
Humanities	**3,907**	4,039	4,164	3,825	3,799
Sciences	**4,254**	4,347	4,145	3,818	3,865
Total	**15,030**	15,214	14,981	14,162	14,081
Enrolment By Qualification Type					
Doctoral	**718**	674	645	623	589
Masters	**1,081**	1,017	1,013	937	929
Bachelors Honours	**877**	871	866	854	908
Bachelors Ordinary	**10,978**	11,150	11,376	11,034	10,834
Postgraduate Diplomas	**1,423**	1,329	1,228	1,150	1,067
Postgraduate Certificates	**196**	172	36		
Undergraduate Diplomas	**230**	250	259	318	323
Intermediates	**838**	909	877	677	582
Miscellaneous	**753**	761	645	613	673
Total	**17,094**	17,133	16,945	16,206	15,905
Full-time & Part-time Students					
Full-time	**12,050**	12,426	12,517	11,933	11,952
Part-time	**5,044**	4,707	4,428	4,273	3,953
Total	**17,094**	17,133	16,945	16,206	15,905
Female & Male Students					
Female	**9,391**	9,362	9,321	8,966	8,674
Male	**7,703**	7,771	7,624	7,240	7,231
Total	**17,094**	17,133	16,945	16,206	15,905
First Year & Returning Students					
First Year	**3,258**	3,666	3,620	3,369	3,311
Returning	**13,836**	13,467	13,325	12,837	12,594
Total	**17,094**	17,133	16,945	16,206	15,905

	2000	1999	1998	1997	1996
Ethnicity of Students					
European/Pakeha	**75.4%**	76.0%	76.7%	77.2%	78.1%
Maori	**6.2%**	6.0%	5.8%	5.5%	5.6%
Asian	**12.5%**	11.1%	12.1%	12.2%	11.3%
Pacific Islanders	**2.1%**	2.0%	1.9%	1.6%	2.0%
Other / unknown	**3.8%**	4.9%	3.5%	3.5%	3.0%
Total	**100.0%**	100.0%	100.0%	100.0%	100.0%

Note: Overseas students were included in the "other" category until 1996. Ethnic data is expressed as a percentage because students may identify with more than one ethnic group.

Home Area of Students					
Dunedin	**4,948**	4,958	5,254	5,094	4,891
Otago/Southland	**2,239**	2,323	2,418	2,353	2,405
Remainder of South Island	**2,736**	2,615	2,479	2,310	2,239
North Island	**5,641**	5,632	5,372	4,939	4,924
Overseas (including NZ Citizens Overseas)	**1,441**	1,427	1,411	1,508	1,446
Unknown	**89**	178	11	2	0
Total	**17,094**	17,133	16,945	16,206	15,905

Home Area of First Year Students					
Dunedin	**803**	883	990	974	905
Otago/Southland	**489**	559	530	600	588
Remainder of South Island	**579**	631	607	514	442
North Island	**1,184**	1,364	1,238	1,035	951
Overseas (including NZ Citizens Overseas)	**172**	178	247	245	425
Unknown	**31**	51	8	1	0
Total	**3,258**	3,666	3,620	3,369	3,311

	2000	1999	1998	1997	1996
Highest Entrance Qualification of First Year Students					
A bursary	**848**	1,041	956	799	802
B bursary	**910**	991	972	856	801
Entrance qualification from UB/US	**435**	450	459	482	430
Higher School Certificate	**160**	167	138	159	120
University Entrance	**87**	89	85	73	64
Ad eundem entrance level	**130**	94	107	55	110
Ad eundem with credits	**59**	91	144	158	278
Ad eundem graduate	**34**	22	25	24	29
Ad eundem	**2**	9	5	0	0
Special admission	**453**	589	629	633	565
Provisional Entrance	**134**	112	93	80	69
Unknown	**6**	11	7	50	43
Total	**3,258**	3,666	3,620	3,369	3,311
International Students					
Undergraduate	**952**	1,002	972	1,030	1,023
Postgraduate	**164**	137	134	154	122
Total	**1,116**	1,139	1,106	1,184	1,145
International Students by Home Country					
Malaysia	**357**	497	590	749	771
USA	**231**	231	192	138	106
Sweden	**39**	42	17	9	4
Germany	**45**	37	38	36	37
Japan	**44**	36	27	25	14
Singapore	**34**	32	19	27	23
Fiji	**28**	31	39	42	52
Hong Kong	**39**	28	30	27	22
Thailand	**32**	28	27	13	11
Norway	**28**	18	3	3	2
Samoa	**24**	17	13	8	10
Canada	**23**	14	4	6	8
Indonesia	**14**	13	10	9	10
Taiwan	**20**	12	8	3	4
China	**16**	7	4	3	4
Korea (South)	**13**	5	5	3	3
Seychelles	**14**	12	4	0	0
Denmark	**10**	9	10	5	7
Other	**105**	70	66	78	58
Total	**1,116**	1,139	1,106	1,184	1,145

ACADEMIC ATTAINMENT

	2000	1999	1998	1997	1996
Number of Graduates					
Commerce					
– undergraduate diplomas & certificates	**0**	0	30	25	26
– undergraduate degrees	**691**	658	665	834	708
– postgraduate diplomas & certificates	**37**	33	21	27	42
– postgraduate degrees	**85**	91	40	36	46
Total Commerce graduates	**813**	782	756	922	822
Health Sciences					
– undergraduate diplomas & certificates	**175**	146	20	10	40
– undergraduate degrees	**473**	447	458	453	453
– postgraduate diplomas & certificates	**245**	188	194	173	181
– postgraduate degrees	**67**	72	83	67	64
Total Health Sciences graduates	**960**	853	755	703	738
Humanities					
– undergraduate diplomas & certificates	**17**	2	18	20	16
– undergraduate degrees	**990**	927	910	923	864
– postgraduate diplomas & certificates	**41**	47	47	51	78
– postgraduate degrees	**73**	75	71	86	73
Total Humanities graduates	**1,121**	1,051	1,046	1,080	1,031
Sciences					
– undergraduate diplomas & certificates	**51**	40	63	54	66
– undergraduate degrees	**836**	700	726	804	731
– postgraduate diplomas & certificates	**76**	89	101	111	110
– postgraduate degrees	**181**	150	106	120	104
Total Sciences graduates	**1,144**	979	996	1,089	1,011
Interdivisional (Diploma for Graduates)					
– undergraduate diplomas & certificates	**230**	267	262	273	240
Total Interdivisional graduates	**230**	267	262	273	240
Total University					
– undergraduate diplomas & certificates	**473**	455	393	382	388
– undergraduate degrees	**2,990**	2,732	2,759	3,014	2,756
– postgraduate diplomas & certificates	**399**	357	363	362	411
– postgraduate degrees	**406**	388	300	309	287
Grand Total University Graduates	**4,268**	3,932	3,815	4,067	3,842

	2000	1999	1998	1997	1996
Examination Pass, Progression and Attrition Rates					
Commerce					
– Entered	**21,082**	20,339	20,288	19,816	19,540
– Sat	**19,179**	18,897	18,887	18,777	18,573
– Passed	**17,269**	17,043	17,169	17,266	16,779
– Pass Rate	**90.0%**	90.2%	90.9%	92.0%	90.3%
– Progression Rate	**81.9%**	83.8%	84.6%	87.1%	85.9%
– Attrition Rate	**9.0%**	7.1%	6.9%	5.2%	4.9%
Health Sciences					
– Entered	**15,941**	15,799	15,216	13,565	12,959
– Sat	**15,645**	15,541	14,946	13,300	12,744
– Passed	**15,031**	15,082	14,359	13,156	12,464
– Pass Rate	**96.1%**	97.0%	96.1%	98.9%	97.8%
– Progression Rate	**94.3%**	95.5%	94.4%	97.0%	96.2%
– Attrition Rate	**1.9%**	1.6%	1.8%	2.0%	1.7%
Humanities					
– Entered	**23,567**	24,483	26,746	25,343	24,946
– Sat	**21,999**	22,854	24,817	23,467	23,077
– Passed	**20,658**	21,449	23,276	21,999	21,626
– Pass Rate	**93.9%**	93.9%	93.8%	93.7%	93.7%
– Progression Rate	**87.7%**	87.6%	87.0%	86.8%	86.7%
– Attrition Rate	**6.7%**	6.7%	7.2%	7.4%	7.5%
Sciences					
– Entered	**26,216**	27,439	26,384	22,393	22,448
– Sat	**24,537**	25,950	24,751	21,260	21,396
– Passed	**22,423**	23,658	22,393	19,366	19,508
– Pass Rate	**91.4%**	91.2%	90.5%	91.1%	91.2%
– Progression Rate	**85.5%**	86.2%	84.9%	86.5%	86.9%
– Attrition Rate	**6.4%**	5.4%	6.2%	5.1%	4.7%
Total					
– Entered	**86,806**	88,060	88,634	81,117	79,893
– Sat	**81,360**	83,242	83,401	76,804	75,790
– Passed	**75,381**	77,232	77,197	71,787	70,377
– Pass Rate	**92.7%**	92.8%	92.6%	93.5%	92.9%
– Progression Rate	**86.8%**	87.7%	87.1%	88.5%	88.1%
– Attrition Rate	**6.3%**	5.5%	5.9%	5.3%	5.1%

	2000	1999	1998	1997	1996
Degrees, Diploma and Certificates Completed per 100 EFTS Enrolled					
Commerce	**25.5**	24.2	23.7	28.4	25.0
Health Sciences	**26.1**	23.7	21.7	21.5	23.5
Humanities	**28.7**	26.0	25.1	28.2	27.1
Sciences	**26.9**	22.5	24.0	28.5	26.2
Total	**28.4**	25.8	25.5	28.7	27.3

Destination of Graduates - 1997-1999				
Employment full-time	**58.5%**	51.7%	54.8%	54.5%
Employment part-time	**18.6%**	22.0%	20.5%	22.7%
Study full-time	**29.2%**	32.2%	31.7%	31.8%
Study part-time	**9.3%**	9.7%	9.0%	10.4%
Seeking Employment	**20.7%**	14.7%	26.0%	7.6%

Note: Graduate destination data is based on a standard annual survey carried out by all universities. This survey was substantially modified for 1997, with the result that data is no longer comparable with that from past years. From 1997, respondents may select more than one status, so the total response may exceed 100%.

STUDENT SUPPORT SERVICES

Financial Advice Service					
Number using service or applying to Student Assistance Fund	**213**	281	336	372	405
Number of Student Assistance Grants	**92**	108	222	210	239
Net Value of Student Assistance Grants	**$25,656**	$28,049	$35,924	$41,595	$37,341
Postgraduate Scholarships and Awards					
Scholarships and Awards Offered	**161**	162	208	206	186
Scholarships and Awards Accepted	**137**	122	144	155	145
Acceptance Rate	**85%**	75%	69%	75%	78%

STAFF PROFILE

	2000	1999	1998	1997	1996
Full-time Equivalent (FTE) Academic & Research Staff					
Female					
Vice-Chancellor/Senior Academic Managers	**1**	1	0	1	2
Professors	**7**	7	8	8	9
Readers/Associate Professors	**12**	11	8	6	4
Senior Lecturers	**83**	79	65	60	54
Lecturers	**105**	102	98	136	145
Other teaching & teaching/research staff	**124**	127	109	50	50
Research only staff	**127**	111	103	80	65
Research support staff	**187**	191	192	184	143
Total Females	**646**	629	583	525	472
Male					
Vice-Chancellor/Senior Academic Managers	**6**	6	6	7	7
Professors	**96**	92	83	84	84
Readers/Associate Professors	**63**	66	67	70	71
Senior Lecturers	**265**	250	248	241	242
Lecturers	**117**	131	131	165	184
Other teaching & teaching/research staff	**102**	99	95	44	52
Research only staff	**119**	119	136	122	110
Research support staff	**96**	90	86	73	54
Total Males	**864**	846	852	806	804
Total	**1,510**	1,475	1,435	1,331	1,276
Full-time Equivalent (FTE) General Staff					
Female					
Senior Managers	**0**	1	0	0	0
Technicians	**176**	166	170	110	151
Librarians & library assistants	**95**	96	106	85	96
Student & Community Services staff	**33**	32	31	9	31
General staff	**515**	484	429	481	403
General Services staff	**138**	141	161	47	77
Total Females	**957**	920	897	732	758
Male					
Senior Managers	**11**	10	10	12	13
Technicians	**139**	142	144	128	153
Librarians & library assistants	**22**	20	28	22	27
Student & Community Services staff	**16**	15	14	17	14
General staff	**168**	149	143	162	155
General Services staff	**117**	122	127	79	71
Total Males	**473**	458	466	420	433
Total	**1,430**	1,379	1,363	1,152	1,191
Total Staff	**2,940**	2,854	2,798	2,483	2,467

	2000	1999	1998	1997	1996
Student-Academic Staff Ratios					
Commerce	**21.3**	20.7	22.6	25.1	24.6
Health Sciences	**9.5**	9.6	10.0	9.3	9.9
Humanities	**19.1**	19.4	20.9	18.4	17.8
Sciences	**15.3**	15.6	15.9	14.6	14.2
Overall	**14.6**	14.9	15.0	14.9	15.0

RESEARCH ACTIVITIES (revised for previous years)

Research Articles Produced					
Commerce	n.a.	307	239	256	199
Health Sciences	n.a.	1,079	1,169	1,422	982
Humanities	n.a.	392	549	431	542
Sciences	n.a.	638	700	521	548
Other	n.a.	9	17	33	46
Total	n.a.	2,425	2,674	2,663	2,317
Publications per Academic Staff Member	n.a.	1.6	1.9	2.0	1.8

Note: Publication figures are not available until the middle of the next year.

LAND & BUILDINGS

	2000	1999	1998	1997	1996
Land (hectares)					
Land owned by the University	**22.43**	22.43	22.30	22.15	22.04
Land in Crown title for the University	**8.46**	8.46	8.46	8.46	8.46
Endowment Leasehold	**35,510.84**	35,510.84	35,510.84	35,510.84	35,510.84
Total Land Controlled by the University	**35,541.73**	35,541.73	35,541.60	35,541.45	35,541.34

Notes: Endowment land is tied up in long term pastoral leases

University of Otago Net Assignable Space (floor space in square metres)					
Humanities	**11,170**	10,900	11,487	10,415	10,906
Science	**36,359**	35,366	34,828	34,764	33,449
Health Sciences	**48,620**	56,523	52,147	51,184	55,597
Commerce	**7,630**	8,444	7,360	7,191	7,983
Administration	**11,146**	14,401	10,873	10,593	9,413
Corporate	**1,732**	1,771	163	163	3,772
Information Services	**30,907**	29,458	27,852	25,863	24,859
Miscellaneous	**590**	1,017	414	450	
Total	**148,154**	157,880	145,124	140,623	145,979

Notes: University-owned flats and hostels total a further 40,000 sqm (approx), Unipol and Clubs & Societies 3,730 sq m (approx).

LIBRARY

	2000	1999	1998	1997	1996
Library Collection					
Books (volumes)	**785,088**	760,235	733,845	706,028	683,488
Serials (volumes)	**459,272**	455,741	436,511	423,204	416,066
Microfilms	**212,225**	208,955	206,098	197,516	196,439
Non-book materials	**1,093,226**	1,067,374	1,059,039	1,005,719	996,094
Total	**2,549,811**	2,492,305	2,435,493	2,332,467	2,292,087
Print Serials received	**10,336**	10,332	10,837	11,101	10,582
Electonic Serials received	**21,254**	14,581	2,553	2,540	2,666
Total	**31,590**	24,913	13,390	13,641	13,248
User Services					
Loans					
– Books	**208,763**	257,525	320,231	308,156	283,551
– Periodicals	**9,830**	11,113	10,960	10,901	10,132
– Reserve Collection	**344,615**	313,797	314,261	295,144	351,364
– Equipment	**32,251**	30,795			
Total	**595,459**	613,230	645,452	614,201	645,047
Interloans					
– Items borrowed	**22,080**	21,780	21,775	22,387	21,741
– Items lent	**22,612**	24,752	30,416	33,323	24,538
Space					
Seating places available	**2,799**	2,652	2,640	2,442	2,435

INFORMATION TECHNOLOGY SERVICES

	2000	1999	1998	1997	1996
Volume of Computer and Telecommunications Traffic					
Off campus network traffic (Megabytes)	**3,939,129**	2,231,941	1,093,477	637,708	514,350
ITS Training and Support Services					
Enquiries answered by ITS Helpdesk	**29,736**	31,800	24,600	22,500	18,300
Students registered to use computer facilities	**9,795**	9,517	9,261	8,276	7,204
Students licenced to use email facilities	**all**	6,461	6,026	5,027	4,396
Seating places in student computer laboratories	**410**	403	347	287	178
Computer training sessions organised	**395**	385	385	283	97
Number of people trained – staff	**1,964**	1,615	1,480	1,300	447
– students	**4,375**	5,774	6,303	4,000	n/a

KEY FINANCIAL INDICATORS

Value of Output per EFTS					
Teaching, Learning & Assessment	**$7,032**	$7,114	$7,064	$6,727	$7,774
Research & Postgraduate Teaching	**$8,245**	$7,440	$7,163	$6,709	$5,594
Community Service	**$1,093**	$916	$815	$759	$42

Note: See Note 23 in Notes to the Financial Statements for details of the valuation exercise.

Financial Indicators					
Current Ratio (Current Assets: Current Liabilities)	**0.88:1**	0.92:1	1.19:1	1.01:1	0.97:1
Liquid Ratio (Current Assets which will result in cashflow: Current Liabilities which will result in cashflow)	**1.35:1**	1.94:1	2.48:1	2.26:1	2.74:1
Level of Total Debt (Debt as a percentage of Net Assets)	**13.1%**	12.3%	9.0%	8.3%	9.3%
Increase in Net Assets	**1.5%**	2.2%	3.0%	3.6%	17.1%