

STATEMENT OF RESOURCES 2002

HUMAN RESOURCES

The number of staff employed by the University increased by 2.4% during 2002 to reach 2,994 in full-time equivalent (FTE) terms (2001: 2,924), following a slight decrease in the previous year. There was a 2.3% decline in the number of academic and research staff, from 1,503 to 1,468, while general staff rose by 7.4% from 1421 to 1526.

Summary Staff Profile

	2002	2001	2000	1999
Full-time Equivalent (FTE) Academic & Research Staff				
females	355	339	332	327
males	655	655	649	638
Total	1,010	994	981	964
Full-time Equivalent (FTE) Research-only Staff				
females	271	332	314	302
males	207	196	215	209
Total	478	518	529	511
Full-time Equivalent (FTE) General Staff				
females	1,023	950	957	920
males	505	462	473	458
Total	1,527	1412	1430	1379
Total Staff	2,997	2924	2940	2854

STAFF TRAINING AND DEVELOPMENT

University policy provides for a minimum 1.5% of the salary budget to be set aside for staff training and development. In 2002 this expenditure totalled \$3.5m, representing 2.1% of the salary budget (2001: 1.9%).

In 2002 691 staff attended conferences with financial support from the University, compared with 508 in 2001, while 84 academic staff undertook study leave (2000: 83). The number of staff receiving study assistance in the form of fee subsidies totalled 275 in 2002 (2001: 272), with the grants having a total value of \$358,677 (2001: \$324,059).

The University also continued to provide a comprehensive range of internal training and development programmes. These included ongoing courses run by the Training and Development Advisor as part of the General Staff Training Programme, those for academic staff run by the Higher Education Development Centre (HEDC), Information Technology Services' Computer Training Programmes, Health and Safety Training Programmes and Financial Services' Training Programmes.

Summary of Major Internal Training and Development Programmes

	2002		2001		2000		1999	
	Courses	Attendance	Courses	Attendance	Courses	Attendance	Courses	Attendance
HEDC programme	52	900	81	1108	29	629	49	758
General Staff programme	32	402	18	489	23	577	14	389
Women's Professional Development	14	190						
ITS computer training	67	1,607	78	1988	59	1964	57	1616
Health and safety programme	44	699	38	574	12	434	15	681
Financial services programme	19	528	18	408	19	379	17	471
Other programmes			0	0	5	411	9	255
Total	228	4,326	233	4567	147	4394	161	4170

INFORMATION SERVICES

Library

Despite funding difficulties caused primarily by rising costs of both books and in particular serials, the University Library continued to increase its collection during 2002, with the total number of items held rising by 51,220, an increase of 2.0%. The transition from print format to electronic resources slowed somewhat, although this was a result of rationalisation of subscriptions rather than a reversal in trend or policy. The number of print serials fell from 10,046 to 9,632 while the number of electronic serials received fell from 24,202 to 24,147.

The library added to its holdings of books by 3.1%, increasing the collection from 812,483 to 837,661 volumes. In addition it held 219,203 microfilms (2001: 214,835) and 1,120,232 other non-book items (2001: 1,111,417).

Information Technology

Rapidly increasing use of electronic communication continued to be a feature of University activity during 2002. Once again the volume of off-campus computer and telecommunications network traffic almost doubled in a year, rising in 2002 from 7.5 million megabytes to 13.2 million megabytes (an increase of 76%).

PHYSICAL RESOURCES

Land

There was no change in the area of land controlled by the University in 2002.

Land (hectares)

	2002	2001	2000
Land owned by the University	22.4	22.4	22.4
Land in Crown title for the University	8.5	8.5	8.5
Endowment leasehold	25,585.3	25,585.3	35,510.8
Total land controlled by the University	25,616.2	25,616.2	35,541.7

Buildings

The University's net assignable floor space increased by only 2,297 square metres in 2002.

Net assignable space (floor space, m²)

	2002	2001	2000
Humanities	12,335	11,796	11,170
Sciences	36,270	36,500	36,359
Health Sciences	58,821	57,613	48,620
Business (Commerce)	9,123	8,761	7,630
Administration & other	17,993	19,108	11,736
Corporate	5,638	4,950	1,732
Information Services	37,204	36,359	30,907
Total	177,384	175,087	148,154

EQUAL OPPORTUNITIES

INTRODUCTION

The University Charter identifies equity in employment and educational opportunities, freedom from discrimination, and partnership with tangata whenua as core values of the institution. These values are expressed through specific objectives relating to equal employment opportunities, equal educational opportunities and partnership with Māori in the University's principal planning document, *Strategic Direction to 2005*. Through these objectives the University aims to meet the equity challenges posed under the Education Act 1989 s220 (2)(c)(d)(e).

STAFF TRAINING AND SUPPORT INITIATIVES

The mentoring programme which the University has put in place for general staff women runs on a biennial basis. Because of the success of the 2001 programme, preparations were made during 2002 to run a third programme, with pairings of participant and mentor already made.

A mentoring programme for women in academic positions, based on the model developed for general staff women, began operating in 2002. Over the year there were 14 courses that focused on professional development for women, with a total of 190 participants.

The Employee Assistance Programme continued to be offered in 2002. This service provides confidential, short-term counselling at no cost to the individual. Usage continued within budgeted levels during the year.

Staff training courses on occupational health and safety issues continued to grow in number. There were 44 courses, which attracted a total of 699 participants (2001: 38 courses, 574 participants).

Childcare at the University is provided through the Otago University Childcare Association. The University makes an annual grant to subsidise the cost of this service, which is available to both student and staff parents. The value of the grant for 2002 was \$65,000 and the University also met occupancy costs of \$21,783 for the Association.

STUDENT SUPPORT AND RECRUITMENT INITIATIVES

The University is committed to eliminating unnecessary barriers to the admission and progress of students. A key component of its strategy in this area is the provision of support and recruitment initiatives for students from groups which may be under-represented at the institution and who may be disadvantaged in terms of their ability to attend the institution.

Māori Students

The University, through the Māori Centre/Te Huka Mātauraka, provided primary support for the academic and social needs of its Māori students. Operating from a Kaupapa Māori base, the Centre provided both a meeting point for students and a wide range of services that included scholarship information, tutorials, study skills seminars and general student support. It also acted as a focal point for liaison with Iwi and Māori student groups.

Tutorial support in 2002 was again provided for papers spanning all four of the University's teaching divisions. Pre-graduation ceremonies were held, with graduates, their whanau, University staff, Te Roopu Māori, local runanga representatives, Iwi community members and other invited guests in attendance.

A Māori Liaison Officer, based at the University's Auckland Centre, worked in close cooperation with other members of the Liaison staff in visiting schools, careers and tertiary education expos and careers evenings for Māori and Pacific Island students, as well as undertaking other activities designed to encourage young Māori to plan for future participation in tertiary education. A notable first was an essay competition for young Māori, with five winners being brought to the Dunedin campus of the University for a familiarisation visit. A Māori Community Liaison Officer, based in Te Huka Mātauraka, was also active in implementing recruitment initiatives aimed at Māori students.

A Māori Counsellor provided a service to students on the Dunedin campus, both through the Māori Centre and through the Student Health Service. A number of study grants for Māori and Pacific Island students were implemented for the first time in 2002.

Students with Disabilities

The Disabilities Office coordinates support for students with disabilities, operating within the overall framework of the University Disabilities Support Plan. The office works in conjunction with both academic and administrative departments. In addition to learning support, other forms of assistance included parking, photocopying and access to a range of special equipment.

Students With Disabilities

	2002		2001	
	Disability	Affecting Study	Disability	Affecting Study
Hearing	149	40	70	35
Learning	88	65	19	44
Physical	301	163	109	127
Psychological/Psychiatric	162	97	41	88
Visual	842	101	634	77
Other	270	97	143	74
Adjustment for students with more than one disability or who didn't identify disability as affecting study	-171	-100	685	28
Total students with disability	1,641	463	1701	473

Learning Assistance Support for Students With Disabilities

	2002		2001	
	Students Supported	Hours of Support	Students Supported	Hours of Support
Note-taking	170	4676	167	5666
Tutoring	79	2234	75	3188
Transcription/typing	8	161	14	272
Reader	7	563	8	377
Assistant	9	297	15	597
Examination arrangements	231	n/a	269	n/a
Adjustment for students receiving more than one type of support	22		-6	
Total	526	7,931	542	10,100

EQUAL EMPLOYMENT OPPORTUNITIES (EEO) MANAGEMENT INFORMATION

In terms of equivalent full-time (EFT) staffing in 2002, 45% of all academic and research staff were women (2001: 44%) and 67% of all general staff were women (2001: 66.8%).

EQUAL EDUCATIONAL OPPORTUNITIES (EEdO) MANAGEMENT INFORMATION

Maori Students

The number of Māori students increased slightly in 2002, totalling 1,173 (2001: 1,111). This total equates to 6.5% of all students and 7.0% of New Zealand students compared to 6.3% and 6.9% representation in 2001.

Iwi to which Students are Affiliated

	2002		2001	
	First Affiliation	Any Affiliation	First Affiliation	Any Affiliation
Kāti Māmoē	9	49	9	37
Ngāi Tahu	247	285	263	263
Ngāi Te Rangi	13	22	15	24
Ngāpuhi	118	160	151	151
Ngāti Awa	17	35	30	30
Ngāti Kahungunu Ki Heretaunga	18	28	16	25
Ngāti Kahungunu Ki Te Wairoa	40	64	43	63
Ngāti Kahungunu Ki Wairarapa	18	25	18	24
Ngāti Maniapoto	26	42	27	4
Ngāti Pikiao	9	17	13	22
Ngāti Porou	93	127	120	120
Ngāti Raukawa (Horowhenua - Manawatū)	28	37	26	32
Ngāti Raukawa (Waikato - King Country)	22	30	17	22
Ngāti Ruanui	15	23	12	19
Ngāti Whakaue	12	17	11	14
Ngāti Whātua	19	34	23	30
Te Āti Awa (Taranaki)	34	42	29	36
Te Āti Hau-Nui-A-Pāparangi	9	11	7	9
Te Rarawa	13	22	7	18
Tūhoe	23	42	45	45
Tūwharetoa	37	64	32	54
Waikato	20	34	42	42
Whakatōhea	21	25	16	21
Other	312	406	139	314
Total	1173	n/a	1111	n/a

FINANCIAL REVIEW 2002

University enrolments reached 15,623 equivalent full time students (EFTS) in 2002, an increase of 2.1% on the previous year's total of 15,301. The domestic student roll grew by 1.3% to 14,596 EFTS, assisted by a 25% increase in enrolments for the Summer School's second year of operation, while enrolments of international students increased by 14.7% to 1,027 EFTS, with another significant lift in student numbers from China and the United States of America. While growth at the undergraduate level was 1.4%, largely in the University's core programmes in Health Sciences and Humanities, it was particularly pleasing to record 6.0% growth at the postgraduate level, with enrolments in research degrees up by 6.2%.

The Group produced an operating surplus of \$13.0 million for the year, comprising \$8.9 million from the University, \$2.7 million from University of Otago Holdings Limited and \$1.4 million from the Trusts. While this surplus was \$6.9 million (34.6%) lower than that reported in 2001, it was \$5.3 million (69.3%) better than the budget of \$7.7 million.

The vast majority of this variance from budget occurred in the University and was caused by \$6.0 million of extraordinary income. In 2001 and 2002 the University was party to a legal action, with a number of dental students, against the Crown to recover revenue lost as a result of the then Government's decision in 1994 to reduce the funding subsidy for Dentistry to that of Medicine, without considering that medical clinical costs were funded separately through Vote Health. The action was successful and found the decision to reduce the funding was invalid. The Government settled with the parties to the action and, in December 2002, the University received \$13.6 million, of which \$6.0 million belonged to the University, with the remaining \$7.6 million held in trust by the University for eventual distribution to the dental students who were party to the action. The settlement was extraordinary and non-recurring and added \$6.0 million to the University and Group income and to the operating surplus.

The results after excluding this extraordinary income are an operating surplus of \$2.9 million for the University and \$7.0 million for the Group. After many years of very good results, it is clear that the University's level of operating surplus is slipping to unacceptable levels. This is best demonstrated by referring to the operating surplus targets considered appropriate for the tertiary sector by the Tertiary Advisory Monitoring Unit (TAMU). TAMU recommends an operating surplus of at least 3% of revenue and 1% of total assets, excluding extraordinary items. On this basis the University achieved a surplus equal to 0.9% of revenue and 0.5% of total assets. The causes of the declining level of profitability are numerous but the effect of the prolonged fees freeze and recent higher-than-expected wage settlements are major factors.

Group income for the year was \$326.4 million compared with the budget of \$310.6 million, an increase of \$15.8 million or 5.1%. This was \$22.2 million (7.3%) higher than that earned in 2001. Other than the \$6.0 million of extraordinary income referred to earlier, the sources of income that provided the most growth above budget were income from commercial and consulting activity and investment income.

Commercial and consulting activity generated \$37.6 million of income in the year, which was \$4.5 million (13.7%) better than budget and \$5.8 million (18.1%) ahead of last year. The development of alternative income streams has been an important financial strategy over recent years and has seen the development of a number of business relationships that have successfully utilised the University's specialist expertise and resources.

Investment income was \$1.8 million (38.2%) higher than budget and \$3.8 million ahead of last year. This reflects the valuable contribution that the University Trusts have made to the Group result. The income generated by the Trusts enables the University to fund a number of important strategic and operational activities. The University has recently launched an Advancement Campaign to seek financial support from alumni and friends of the University. The aim is to provide \$50 million of funds for the new Foundation Trust over the next five years. This will double the value of monetary assets held by the Trusts and will provide a valuable income stream.

Expenditure for the year was \$313.3 million, which was \$10.4 million (3.4%) above the budget of \$302.9 million and \$29.1 million (10.2%) greater than last year. The over expenditure against budget was largely due to a \$3.3 million increase in depreciation, a \$3.2 million reduction in the market value of the Group's shareholding in Blis Technologies Limited and the write-off of \$2.3 million of Library electronic resources that were previously capitalised and depreciated. The additional depreciation resulted from an increase in the value of the University's buildings and compliance with the new financial reporting standard (FRS-3) which requires buildings to be split into components and depreciated over their useful lives.

Compared with 2001, the Group's expenditure on fixed assets for 2002 was down by \$10.1 million to \$37.6 million, largely due to a decline in additions to buildings, down \$6.6 million to \$15.4 million. After several years of major building activity on campus, the building programme in 2002 was largely confined to the new Zoology building, and the completion of the Centre for Innovation building, a facility designed to bring private industry into the University to work with academic departments to develop and commercialise their intellectual property. During the year \$13.3 million was also invested in equipment (\$16.5 million in 2001) and \$7.3 million in library books (\$9.1 million in 2001).

The fall in capital expenditure and the \$13.6 million windfall from the dental settlement had a major benefit on liquidity. Total cash flow for the year was an inflow of \$18.9 million, which was \$14.5 million higher than the budget and \$23.4 million better than in 2001, when a cash outflow of \$4.5 million was reported. While this was a very good outcome, and ensured that the University easily achieved its liquidity targets, much of the surplus cash will be mopped up early in 2003 with almost \$8 million of dental settlement funds to be paid out to students.

Total Group assets reached \$742.5 million at year end. This was an increase of \$181.9 million for the year, due mainly to the inclusion of the University's Trusts in the Group for the first time (\$136.6 million) and an increase in the valuation of land and buildings (\$28.0 million). For the same reasons, equity increased to \$662.7 million, up from \$487.0 million last year. The Group's strong financial position is highlighted by the fact that it has no external borrowing other than a small interest-free loan received by the University to fund student accommodation.

CONCLUSION

The contribution from the dental settlement has meant that the financial performance for 2002 will be seen as satisfactory by readers of the University's Annual Report. However, the level of underlying surplus is unacceptably low and will be cause for concern in the coming year, especially if costs continue to escalate and revenue from fees remains constrained by the proposed fee maxima legislation.

Nevertheless, the University moves into 2003 in a strong financial position thanks to the benefits gained from the diversification of income streams, careful management of costs in all areas and, of course, the dental settlement. The University's companies have also provided significant financial benefits and will continue to do so as they develop and expand their activities.

With its high quality human and physical resources, the University is well placed to benefit from the Government's new strategies for the tertiary sector and to make an even greater contribution to the desired outcomes that the Government has for teaching and research in New Zealand.

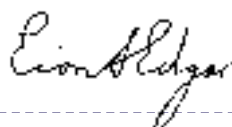
A J Patrick
Financial Controller

STATEMENT OF RESPONSIBILITY

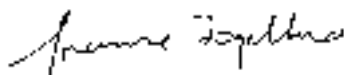
2002 FINANCIAL STATEMENTS

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 2002 fairly reflect the financial position and operations of the University of Otago.

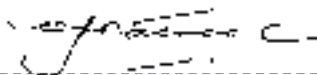
Chancellor



Vice-Chancellor



Financial Controller



11 March 2003

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 31 DECEMBER 2002

THE REPORTING ENTITY

The University of Otago was founded in 1869 by the Ordinance of the Otago Provincial Council, and is New Zealand's oldest University. In 1874 the University of Otago became an affiliated college of the University of New Zealand, which was established by statute in 1870. However, in 1961 the University of New Zealand was disestablished and the University of Otago acquired its present legal status and was granted the power to confer degrees by the University of Otago Amendment Act 1961.

The University of Otago is committed to scholarship through excellence in teaching, research and service to local, regional, national and international communities and to providing a stimulating campus environment in which students from all sections of the community may develop lifelong learning skills.

The accompanying 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, and Generally Accepted Accounting Practice as adopted by the Institute of Chartered Accountants of New Zealand.

The financial statements presented here are for the reporting entity University of Otago, group companies and controlled Trusts.

The group companies are:

University of Otago Holdings Limited. Holding company. 100% owned by the University.

Otago Innovation Limited. Company to hold and develop the commercial interests of the University. 100% owned by University of Otago Holdings Limited.

University of Otago Foundation Studies Limited. Operates the foundation year programme and an English language school. 100% owned by University of Otago Holdings Limited.

University Union Limited. Landlord of the University Union building. 50% owned by University of Otago Holdings Limited.

New Zealand Centre for Reproductive Medicine Limited. Provides human fertility services and research and teaching opportunities for the University's Christchurch School of Medicine. 50% owned by University of Otago Holdings Limited.

Unihealth Limited. Provides medical teaching and research opportunities for the Dunedin School of Medicine. 50% owned by University of Otago Holdings Limited.

Unipol Recreation Limited. Provides gymnasium and recreational services to University of Otago and Otago Polytechnic students and staff. 40% owned by University of Otago Holdings Limited.

The controlled Trusts include the University of Otago Foundation Trust, the Hocken Trust and several other Trusts established for the benefit of the University of Otago. The University is the beneficiary of all the Trusts and in some cases acts as Trustee or appoints the Trustees.

The University is organised 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, Marketing and Communications, Academic and Student Services, Human Resources, and Research Enterprise and International.

MEASUREMENT SYSTEM

The accounting principles followed by the group are those recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis, with the exception that certain fixed assets have been revalued.

BASIS OF PREPARATION OF THE 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 financial statements include the operations of the University of Otago, its subsidiary and associate companies and its controlled Trusts. The subsidiary companies and Trusts have been included in the consolidated accounts using the purchase method. 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 have been eliminated on 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.

Research Funds:

Revenue received for research which will provide reciprocal benefits to the research funding provider is recognised in the Statement of Financial Performance as "Externally Funded Research" income when research expenditure is incurred. Those research funds which are not expended at year end are included in the Statement of Financial Position as "Funds Received in Advance" to recognise the future obligation to complete the research. (Refer also to Note 11)

Revenue for research which provides no reciprocal benefits to the research funding provider is recognised in the Statement of Financial Performance as "Externally Funded Research" income when received.

2. Budgets:

The budgets used in these accounts have been updated to reflect actual EFTS enrolments at 31 March 2002, together with adjustments for any significant changes in revenue and costs that became evident after the original budget was prepared. This revised budget has been approved by University Council.

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 balance date respectively. 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. Amounts not considered recoverable are written off in the period in which they are identified.

5. Investments:

Investments, except for equities held for resale, are valued at cost plus (or less) the portion of any discount (or premium) on purchase allocated over the time to maturity, or market value. Equities held for resale are valued at market value on balance date. Investments in associate companies are valued at cost, plus the share of retained profits.

6. Fixed Assets:

The University's land and buildings are revalued every three years. They were revalued on 1 January 2002 in accordance with Financial Reporting Standard 3, "Accounting for Property, Plant and Equipment" and the New Zealand Property Institute's Valuation Standard 3, "Valuations for Financial Reporting". The basis of valuation was as follows:

- Land was valued at market value;
- Specialised buildings and improvements were valued at depreciated replacement cost; and
- Non-specialised buildings and improvements were valued at market value.

The valuation was completed by a Registered Valuer employed by the University and has been reviewed by an independent Registered Valuer (Wareham Cameron and Co Limited) and confirmed as appropriate for financial reporting purposes. Any additions to land and buildings after 1 January 2002 have been recorded at cost (Refer also to Note 8).

All Crown-owned land and buildings (if any) used by the University are included as part of the University's assets. Although legal title has not been transferred, 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 at cost. Library electronic resources in the form of annual subscriptions are written off at the time of purchase.

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. Any additions to the collection have been valued at cost (Refer also to Note 9).

Plant, motor vehicles, equipment and furniture are recorded at cost. Asset purchases of less than \$2,000 are written off at cost on acquisition, with the exception of furniture which is capitalised regardless of cost.

The useful life of each asset class and the depreciation rates used in the preparation of these statements are as follows:

Asset Class (Years)	Useful Life	Depreciation Rate
Buildings and Components		
Site improvements	50 to 100	1.0% to 2.0%
Structure including walls	40 to 250	0.4% to 2.5%
Roof	25 to 100	1.0% to 4.0%
Plumbing	40 to 60	1.7% to 2.5%
Lifts	40 to 50	2.0% to 2.5%
Heating and ventilation	30 to 60	1.7% to 3.3%
Flume cupboards	15	6.7%
Floor coverings and chattels	10 to 40	2.5% to 10.0%
Fit out	30 to 75	1.3% to 3.3%
Fire protection	50 to 60	1.7% to 2.0%
Electrical	40 to 50	2.0% to 2.5%
Data network	15	6.7%
Motor vehicles and trailers	3 to 10	10.0% to 33.3%
Furniture and fittings	5 to 7	14.3% to 20.0%
Plant and equipment	4 to 37	2.7% to 25.0%
Computers and photocopiers	4 to 10	10.0% to 25.0%
Library collections	3 to 10	10.0% to 33.3%
Software	4 to 25	4.0% to 25.0%

Depreciation of all assets, except for land, rare books and special library collections, is provided for on a straight line basis at rates that will write off their cost, less any residual value, over their estimated useful lives. Land, rare books and special library collections are not depreciated.

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 2002 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.”
- Employee entitlements relating to the sale of intellectual property have been valued using the consideration received for the intellectual property as the basis for the entitlement.

10. 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 (Refer also to Note 15).

11. Finance Leases:

Finance leases, which effectively transfer to the University of Otago and group companies all the risks and benefits incidental 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 that benefits are received from their use.

12. 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.

13. Taxation:

The University, its subsidiaries and Trusts 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 applies or has been provided for.

CHANGES IN ACCOUNTING POLICIES

All accounting policies have been applied on a basis consistent with the previous year except for the following:

The income and expenditure of the University’s Trusts were previously disclosed by inclusion in the Notes to the Financial Statements. Trust assets, liabilities and equity were similarly disclosed. In accordance with Financial Reporting Standard 37, recently introduced by the Institute of Chartered Accountants of New Zealand, the Trusts have been fully included in the 2002 consolidated accounts.

The effect of this change to the consolidated accounts was:

- \$1.362 million increase in the Operating Surplus (budget \$1.608 million)
- \$136.607 million increase in Assets (budget \$134.081 million)
- \$2.774 million increase in Liabilities (budget \$0)
- \$133.833 million increase in Equity (budget \$134.081 million).

All revenue received for research was previously recognised in the Statement of Financial Performance as “Externally Funded Research” income when research expenditure was incurred. Those funds not expended at year end were included in the Statement of Financial Position as “Funds Received in Advance” to recognise the future obligation to complete the research. For 2002 any research revenue which provides no reciprocal benefit to the research funding provider is recognised in the Statement of Financial Performance as “Externally Funded Research” income when the funding is received. There has been no change in the treatment of research revenue which provides reciprocal benefits to the research funding provider.

The Group held 12,892,500 shares in BLIS Technologies at balance date. These shares were acquired as part consideration for the sale of intellectual property to the company in 2001 and are held as an investment for future sale. At balance date 2001 these were valued in the accounts at cost, which was \$9,411,525 (\$0.73 per share). At balance date 2002 the shares had a market value of \$0.36 and it was felt prudent to revalue the shareholding to its market value of \$4,641,300. The reduction in the value of investments of \$4,770,225 was taken to the Statement of Financial Performance as a cost.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	Consolidated			University		
		This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
INCOME							
Government Grants	1	129,836	130,858	122,970	129,618	130,858	122,970
Domestic Tuition Fees		53,381	53,868	57,502	53,267	53,868	52,245
International Tuition Fees		22,438	21,045	14,398	15,561	14,527	14,398
Accommodation Income		13,782	13,391	13,144	13,782	13,391	13,144
Investment Income	2	6,428	4,650	2,591	1,891	996	2,276
Externally Funded Research		51,288	49,357	47,342	51,288	49,357	47,342
Distributions from Trust Funds				2,569	4,958	1,952	2,569
Consulting and Commercial Income		37,647	33,120	31,872	37,421	32,827	32,269
Sale of Intellectual Property		2,602	2,650	9,859	2,602	2,650	9,859
Other Income	3	8,975	1,678	1,923	6,912	2,763	1,528
Total Income		326,377	310,617	304,170	317,300	303,189	298,600
EXPENDITURE							
Salaries - Academic		96,996	99,961	90,906	94,938	97,184	89,405
Salaries - General		74,328	72,683	70,156	73,379	72,466	69,512
Staff Related Costs		10,002	7,987	6,586	9,939	7,967	6,556
Consumables and General		66,434	57,521	59,964	64,726	57,190	58,446
Depreciation		31,201	27,944	25,032	31,019	27,768	24,909
Occupancy Costs		25,908	27,309	25,800	25,898	27,091	25,679
Scholarships		8,466	9,510	5,795	8,466	9,510	5,795
Total Expenditure	4	313,335	302,915	284,239	308,365	299,176	280,302
Net Surplus		13,042	7,702	19,931	8,935	4,013	18,298

Explanatory Note:

In 2001-2, the University of Otago was party to a legal action against the Crown to recover the revenue lost as a result of the then Government's decision in 1994 to reduce the EFTS funding subsidy for Dentistry to that of Medicine without considering that medical clinical costs were funded separately through Vote Health.

The action was successful and found the decision to reduce the funding to be invalid and confirmed the University's calculation of the total underfunding. The Government settled with the parties in December 2002 and the University received \$13.600 million of which \$6.043 million belonged to the University and \$7.557 million was held in trust by the University for later payment to the dental students who were party to the action.

The settlement was extraordinary and non-recurring and added \$6.043 million to the University's income and to its operating surplus for the year.

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 2002

	Consolidated			University			
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Opening Balance of Equity		486,989	486,530	468,465	484,897	484,897	468,006
Opening Equity of Trusts		132,471	132,471				
Net Surplus for the period		13,042	7,702	19,931	8,935	4,013	18,298
Increase (Decrease) in Property Revaluation Reserve		27,969		(1,407)	27,969		(1,407)
Total Recognised Revenues and Expenses for the Period		41,011	7,702	18,524	36,904	4,013	16,891
Equity Received From Government		2,274	1,757		2,274	1,757	
Repurchase of Shares			(494)				
Closing Balance of Equity		662,745	627,966	486,989	524,075	490,667	484,897

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 2002

	Note	Consolidated			University		
		This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
ASSETS							
Current Assets							
Cash and Bank	5	5,750	5,151	510	416	500	436
Bank Short Term Investments		34,164	18,676	9,806	19,254	6,300	5,285
Other Short Term Investments				370			
Accounts Receivable and Prepayments	6	21,282	17,109	18,547	21,983	15,000	17,348
Inventory		857	850	800	857	850	800
Total Current Assets		62,053	41,786	30,033	42,510	22,650	23,869
Non-Current Assets							
Investments	7	52,176	58,313	13,969	12,429	16,727	14,421
Fixed Assets	8,9	628,281	614,094	516,624	545,200	532,530	516,259
Total Non-Current Assets		680,457	672,407	530,593	557,629	549,257	530,680
Total Assets		742,510	714,193	560,626	600,139	571,907	554,549
LIABILITIES							
Current Liabilities							
Accounts Payable and Accruals	10	28,836	22,222	21,347	28,523	21,634	21,118
Funds Received in Advance	11	16,773	18,399	20,409	13,389	14,000	16,657
Loans Repayable Within One Year	12		50	115		50	115
Employee Entitlements	13	18,351	18,000	15,904	18,347	18,000	15,900
Total Current Liabilities		63,960	58,671	57,775	60,259	53,684	53,790
Non-Current Liabilities							
Employee Entitlements	13	15,076	14,506	15,133	15,076	14,506	15,133
Loans and Leases	14	729	729	729	729	729	729
Bank Loan			12,321			12,321	
Total Non-Current Liabilities		15,805	27,556	15,862	15,805	27,556	15,862
EQUITY							
General Reserve		450,869	444,059	303,082	312,199	306,760	300,990
Property Revaluation Reserve		211,876	183,907	183,907	211,876	183,907	183,907
Total Equity		662,745	627,966	486,989	524,075	490,667	484,897
Total Liabilities & Equity		742,510	714,193	560,626	600,139	571,907	554,549

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 2002

	Consolidated			University			
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
OPERATING ACTIVITIES							
Cash was provided from:							
Government Grant		129,505	130,858	121,897	129,287	130,858	121,897
Revenue from Fees		75,021	76,550	72,118	68,858	68,147	66,965
Revenue from Services		107,573	97,749	100,005	108,444	101,272	100,005
Interest Received		6,180	4,489	2,524	1,873	996	2,314
		318,279	309,646	296,544	308,462	301,273	291,181
Cash was applied to:							
Employees and Suppliers		273,060	275,462	250,151	267,576	270,169	247,724
		273,060	275,462	250,151	267,576	270,169	247,724
Net Cash Flows from Operating Activities		45,219	34,184	46,393	40,886	31,104	43,457
INVESTING ACTIVITIES							
Cash was provided from:							
Investments		1,036	395		84		
Sale of Fixed Assets		120	400	394	120	400	394
		1,156	795	394	204	400	394
Cash was applied to:							
Investments		404		476	404		25
Fixed Assets Acquired		36,669	45,084	50,575	36,453	44,438	50,341
		37,073	45,084	51,051	36,857	44,438	50,366
Net Cash Flows from Investing Activities		(35,917)	(44,289)	(50,657)	(36,653)	(44,038)	(49,972)

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.

	Consolidated			University			
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
FINANCING ACTIVITIES							
Cash was provided from:							
Loans raised		415	12,808			12,321	
Government Funds Held in Trust		7,557			7,557		
Equity Injection		2,274	1,757		2,274	1,757	
		10,246	14,565		9,831	14,078	
Cash was applied to:							
Pay Dividends							
Reduce liabilities		662	65	240	115	65	236
		622	65	240	115	65	236
Net Cash Flows from Financing Activities		9,584	14,500	(240)	9,716	14,013	(236)
Total Cash Flows		18,886	4,395	(4,504)	13,949	1,079	(6,751)
Opening Balance		10,316	8,720	14,820	5,721	5,721	12,472
Trust Cash Balances Introduced		10,712	10,712				
Closing Balance		39,914	23,827	10,316	19,670	6,800	5,721
Represented by:							
Cash and Bank	5	5,750	5,151	510	416	500	436
Bank Short Term Investments		34,164	18,676	9,806	19,254	6,300	5,285
		39,914	23,827	10,316	19,670	6,800	5,721

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

	Consolidated			University		
	This Year Note	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Net Surplus	13,042	7,702	19,931	8,935	4,013	18,298
Plus (Less) Non cash Items						
Non cash consideration for intellectual property	(2,540)		(9,350)	(2,540)		(9,288)
Staff Entitlements	(57)			(57)		
Adjustment to Investments	6,330	(2,498)		6,584	(2,305)	
Trust Income				(2,960)		
Non cash donation to Hocken Library	(1,329)					
Depreciation and fixed assets written off	33,505	27,943	25,349	33,304	27,767	24,909
Loss on disposal of fixed assets	38		1,732	38		1,732
	48,989	33,147	37,662	43,304	29,475	35,651
Plus (less) movements in other working capital items:						
Decrease (Increase) in Accounts Receivable	(1,472)	(1,172)	(3,886)	(383)	2,347	(3,073)
Decrease (Increase) in Inventory	(57)	(50)	(86)	(57)	(50)	(86)
Increase (Decrease) in Accounts Payable	1,027	4,916	7,675	1,290	1,989	5,937
Increase (Decrease) in Funds Received in Advance	(3,268)	(2,657)	5,028	(3,268)	(2,657)	5,028
	(3,770)	1,037	8,731	(2,418)	1,629	7,806
Net Cash Flows from Operating Activities	45,219	34,184	46,393	40,886	31,104	43,457

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 2002

	This Year \$000	Budget \$000	Last Year \$000
COSTS			
Salaries - Academic	10,756	11,014	9,912
Salaries - General	2,659	2,707	2,548
Staff Related Costs	701	770	707
Consumables and General	5,081	4,925	4,785
Occupancy Costs	704	667	666
Internal Rent	718	722	893
Depreciation	820	855	871
Scholarships	154	73	106
Total Costs	21,593	21,733	20,488
Less Related Revenue	4,644	4,392	4,081
Net Cost Of Services	16,949	17,341	16,407

The net cost of services includes trading between divisions.

DIVISION OF HEALTH SCIENCES STATEMENT OF COST OF SERVICES

FOR THE YEAR ENDED 31 DECEMBER 2002

	This Year \$000	Budget \$000	Last Year \$000
COSTS			
Salaries - Academic	46,133	47,369	43,307
Salaries - General	24,548	23,871	23,416
Staff Related Costs	2,974	2,834	2,919
Consumables and General	38,605	35,888	35,813
Occupancy Costs	3,530	3,381	3,318
Internal Rent	6,333	6,323	6,558
Depreciation	4,996	4,972	4,814
Scholarships	1,955	1,752	718
Total Costs	129,074	126,390	120,863
Less Related Revenue	73,242	64,510	69,324
Net Cost Of Services	55,832	61,880	51,539

The net cost of services includes 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 2002

	This Year \$000	Budget \$000	Last Year \$000
COSTS			
Salaries - Academic	16,349	16,752	14,633
Salaries - General	3,639	3,523	3,141
Staff Related Costs	1,414	1,363	1,170
Consumables and General	5,305	5,273	4,885
Occupancy Costs	1,377	1,460	1,272
Internal Rent	954	953	1,024
Depreciation	703	673	609
Scholarships	241	322	158
Total Costs	29,982	30,319	26,892
Less Related Revenue	6,678	5,680	5,675
Net Cost Of Services	23,304	24,639	21,217

The net cost of services includes trading between divisions.

DIVISION OF SCIENCES STATEMENT OF COST OF SERVICES

FOR THE YEAR ENDED 31 DECEMBER 2002

	This Year \$000	Budget \$000	Last Year \$000
COSTS			
Salaries - Academic	20,885	21,335	20,215
Salaries - General	9,622	9,743	9,472
Staff Related Costs	1,554	1,586	1,588
Consumables and General	13,978	12,400	12,723
Occupancy Costs	2,139	2,141	2,166
Internal Rent	3,004	2,975	3,411
Depreciation	3,215	3,183	3,427
Scholarships	893	748	589
Total Costs	55,290	54,111	53,591
Less Related Revenue	19,976	15,857	16,450
Net Cost Of Services	35,314	38,254	37,141

The net cost of services includes 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 AND CONTINGENCIES

AS AT 31 DECEMBER 2002

	University and Consolidated This Year \$000	Last Year \$000
COMMITMENTS		
As at 31 December 2002, \$7.665 million of capital works, equipment and software projects were committed for 2003:		
Capital Works	5,619	4,694
Software	949	
Equipment	1,097	197
	7,665	4,891
Non Cancellable Property Operating Leases		
Not later than 1 year	1,720	1,425
Later than one year and not later than two years	1,587	1,436
Later than two years and not later than five years	3,245	2,830
Later than five years	5,618	5,564
	12,170	11,255
Total Commitments	19,835	16,146
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
There was a personal grievance claim by an employee against the University proceeding at 31 December 2002.		
	40	35
From 1 August 2000 the University of Otago became an Accident Compensation Corporation self insurer. Claims arising from 1 August 2000 to 31 December 2002 are 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 Accident Compensation Corporation under the buy back provisions.		
The contingent liability is assessed at	750	500

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2002

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$00
Note 1. GOVERNMENT GRANTS						
Vote Education	127,856	128,486	120,757	127,638	128,486	120,757
Vote Health	1,980	2,372	2,213	1,980	2,372	2,213
	129,836	130,858	122,970	129,618	130,858	122,970
<p>Vote Education includes funding 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 supplementary grants. Vote Health is EFTS funding for postgraduate health education that is clinically based and is funded by the Ministry of Health, through the Clinical Training Agency.</p>						
Note 2. INVESTMENT INCOME						
Bank Term Deposits	3,014	2,033	2,518	1,869	994	2,265
Interest from Government and Public Stock	372	391				
Interest from Corporate Bonds and Notes	748	729				
Income from Associate Company	254	193				
Dividends from New Zealand Company Shares	889	679				
Dividends from Australian Company Shares	452	446				
Realised gains on sale of equities	690	177				
Other	9	2	73	22	2	11
	6,428	4,650	2,591	1,891	996	2,276
Note 3. OTHER INCOME						
Trading of Associated Companies			125		1,950	831
Administration Fees received	95	66	264	287	244	264
Rents received	20		31	20		31
Donations received by Trusts	2,602	556				
Settlement of Dental Claim with Government	6,043			6,043		
Sundry	215	1,056	1,503	562	569	402
	8,975	1,678	1,923	6,912	2,763	1,528
Note 4. REQUIRED DISCLOSURES						
Statement of Financial Performance						
Total Expenditure includes:						
Fees paid to external auditors	89	81	76	80	72	70
Other services provided by the principal auditor	14			14		
Fees paid to lay Council members (see over)	74	78	77	74	78	77
Finance charges on finance leases	36	367	26	36	367	26
Bad debts written off	53	40	42	53	40	42
Assets written off	2,304		317	2,285		0
Depreciation (see Note 8)	31,201	27,944	25,032	31,019	27,768	24,909
Loss on disposal of fixed assets	38		1,732	38		1,732

The following fees were earned by members of the Council and Committees during the year:

Council/Committee Member	This Year \$	Last Year \$
B Aitken	7,140	7,395
L Brown	11,400	11,400
R Connelly	4,590	
E Edgar	19,500	19,500
E Ellison	3,315	3,315
D Fraser	2,550	2,295
C French	1,350	1,050
L Isaacs	3,315	2,295
M Loutit	1,530	
G Marsh	4,590	5,865
C Matthewson		4,845
M McDonald	2,805	2,805
K Russell	765	510
T Scott	3,315	5,100
K Smith	3,315	
M Stevens	3,060	
S Turner	1,275	2,295
A Verrall		5,865
R Wood		2,295
	73,815	76,830

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

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Depreciation						
- Equipment	6,766	7,071	7,001	6,766	7,070	7,001
- Furniture	2,387	1,858	1,722	2,339	1,810	1,684
- Buildings	10,471	7,004	4,649	10,467	7,000	4,646
- Library Books	5,088	5,825	5,665	5,059	5,796	5,647
- Motor Vehicles	113	114	133	107	114	131
- Computers	6,376	6,072	5,862	6,281	5,977	5,800
	31,201	27,944	25,032	31,019	27,768	24,909

Note 5. CASH AND BANK

Bank Current Account	1,622	1,800	418	334	500	344
Petty Cash Imprest Accounts	82		92	82		92
On-call Deposits	4,046	3,351				
	5,750	5,151	510	416	500	436

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Note 6. ACCOUNTS RECEIVABLE AND PREPAYMENTS						
Trade Debtors	11,180	10,719	12,668	12,194	9,000	11,479
Other Debtors	3,142	390	212	2,838		212
Prepayments	6,960	6,000	5,667	6,951	6,000	5,657
	21,282	17,109	18,547	21,983	15,000	17,348

Note 7. INVESTMENTS						
Investments in Subsidiaries				5,696		4,094
Investments in Associates	2,719		767			262
Shareholders Advances	529		459	529		3,621
Loans	3,137		3,307	3,207		3,307
New Zealand Company Shares	22,760		9,411	2,997		3,137
Australian Company Shares	7,882					
Investment in Government and Public Stock	4,119					
Investment in Corporate Bonds and Notes	11,030		25			
	52,176	58,313	13,969	12,429	16,727	14,421

	Cost/ Valuation \$000	Accumulated Depreciation \$000	This Year	Last Year
			Book Value \$000	Book Value \$000
Note 8. FIXED ASSETS - UNIVERSITY				
Cost:				
Land	140		140	405
Buildings	12,583	63	12,519	88,898
Library Books	92,927	60,606	32,325	32,424
Plant, Equipment and Furniture	170,077	120,436	49,638	54,832
Fixed Assets at Cost	275,727	181,105	94,622	176,559
Valuation:				
Land - University-owned	24,455		24,455	29,971
Land - Crown-owned	17,667		17,667	21,651
Buildings	410,180	10,403	399,777	279,421
Rare Books & Special Library Collections	8,679		8,679	8,657
Fixed Assets at Valuation	460,981	10,403	450,578	339,700
Total Fixed Assets	736,708	191,508	545,200	516,259

Note: Buildings at cost includes \$10.078 million (2001: \$9.777 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 will be subject to agreement with the Ministry of Education.

	Opening Book Value	Revaluation	Additions	Adjustments	Depreciation	Net Disposals	Closing Book Value
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
FIXED ASSET MOVEMENTS							
Land	52,027	(9,906)	140				42,261
Buildings	368,320	37,875	15,314	2,988	10,467	1,732	412,298
Library Books	32,424		7,245		5,059	2,285	32,325
Rare Books & Special Library Collections	8,657		22				8,679
Plant, Equipment and Furniture	54,831		13,336	(2,988)	15,493	49	49,637
Total	516,259	27,969	36,057		31,019	4,066	545,200

Adjustments include transfers between fixed asset categories.

	Cost/ Valuation \$000	Accumulated Depreciation \$000	This Year Book Value \$000	Last Year Book Value \$000
FIXED ASSETS - CONSOLIDATED				
Cost:				
Land	140		140	405
Buildings	12,615	75	12,539	88,914
Library Books	175,754	60,704	115,050	32,470
Plant, Equipment and Furniture	170,974	121,001	49,974	55,135
Fixed Assets at Cost	359,483	181,780	177,703	176,924
Valuation:				
Land - University-owned	24,455		24,455	29,971
Land - Crown-owned	17,667		17,667	21,651
Buildings	410,180	10,403	399,777	279,421
Rare Books & Special Library Collections	8,679		8,679	8,657
Fixed Assets at Valuation	460,981	10,403	450,578	339,700
Total Fixed Assets	820,464	192,183	628,281	516,624

Note: Buildings at cost includes \$10.078 million (2001: \$9.777 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. Any quantification will be subject to agreement with the Ministry of Education.

Note 9. **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 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 \$8.679 million. (2001 \$8.657 million). Additions at cost in 2002 were \$0.022 million (2001 \$0.190 million). (see note 8)

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Note 10. ACCOUNTS PAYABLE AND ACCRUALS						
Trade Creditors	10,343	9,109	10,051	10,030	8,521	9,822
Other Creditors	13,755	7,279	7,603	13,755	7,279	7,603
Accruals	4,738	5,834	3,693	4,738	5,834	3,693
	28,836	22,222	21,347	28,523	21,634	21,118
Note 11. FUNDS RECEIVED IN ADVANCE						
Research Funding	13,890	14,399	12,766	10,506	10,000	12,766
Student Fees	2,341	2,000	5,999	2,341	2,000	2,247
Other	542	2,000	1,644	542	2,000	1,644
	16,773	18,399	20,409	13,389	14,000	16,657
Note 12. LOANS REPAYABLE WITHIN ONE YEAR						
This is represented by loans from:						
Finance Leases		50	115		50	115
		50	115		50	115
Note 13. EMPLOYEE ENTITLEMENTS						
Current Portion of Employee Entitlements:						
Annual Leave	11,064		10,283	11,060		10,279
Long Service Leave	491		221	491		221
Retirement Gratuities	3,311		3,453	3,311		3,453
Staff Intellectual Property Entitlements	1,949		755	1,949		755
Other Entitlements	1,536		1,192	1,536		1,192
	18,351	18,000	15,904	18,347	18,000	15,900
Non-Current Portion of the Employee Entitlements:						
Long Service Leave	1,390		797	1,390		797
Retirement Gratuities	13,067		11,826	13,067		11,826
Staff Intellectual Property Entitlements	619		2,510	619		2,510
	15,076	14,506	15,133	15,076	14,506	15,133

Calculation of Long Service Leave and Retirement Gratuities

An actuarial assessment of the accrued long service leave and retirement gratuities of the University of Otago in respect of current employees as at 31 December 2002 is carried out for the purpose of complying with generally accepted actuarial principles.

A range of discount rates of 5.72% to 6.90% and a salary growth rate of 2.75% have been applied in the calculation of the non current long service leave and retirement gratuity entitlements. 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 salary growth rate is based on the projected long term annual rate of inflation.

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

Note 14. **LOANS AND LEASES**

This is represented by:

Loan from Stuart Residence Halls Council	710	710	710	710	710	710
Finance Leases	19	19	19	19	19	19
	<u>729</u>	<u>729</u>	<u>729</u>	<u>729</u>	<u>729</u>	<u>729</u>

The loan from Stuart Residence Halls Council is interest free for ten years from 1994 and was provided to assist funding for student accommodation.

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

	Effective	Maturity Periods		
	Interest Rate %	1 to 2	2 to 5	Total
		Years	Years	
		\$000	\$000	\$000
Non-Current Liabilities				
Stuart Residence Halls Council	Nil		710	710
Finance Leases	8.45-12.5%	19		19
Total		<u>19</u>	<u>710</u>	<u>729</u>

Note 15. **FINANCIAL INSTRUMENTS**

The Group is party to financial instrument arrangements as part of its everyday operations.

To manage and limit the effects of those financial risks, the University Council has approved policy guidelines and authorised the use of various financial instruments. The policy approved, and financial instruments being utilized at balance date, are outlined below.

Credit risk

The Group incurs credit risk from transactions with trade receivables and financial institutions in the normal course of its business. Trade receivables constitute a minimal concentration of credit risk due to the large number of customers included in the Group's customer base.

The Group consults with professional investment advisors and has an investment policy which is regularly reviewed. The group places its investments with institutions that have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. The Group believes that this policy reduces the risk of any loss which could arise from its investment activities.

Fair Value

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

Cash at bank, bank short term investments, other short term investments, accounts receivable and prepayments. The estimated fair values of these classes of financial instruments are the same as the carrying value in the Statement of Financial Position. As such they have been excluded from the table below.

Investments

New Zealand Government Securities, State Owned Enterprises stock, local authority stock, bank bonds, commercial bonds and listed equities held by Trust funds. The fair values of these investments are based on quoted market prices at balance date. The fair value of all other investments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

The Group owns 12,892,500 shares in Blis Technologies Limited. At 31 December 2002, the carrying amount was adjusted from the cost of \$0.73 per share to the market value of \$0.36 per share, resulting in a write down in fair value of \$4,770,225.

	This Year		Last Year	
	Carrying Value \$000	Fair Value \$000	Carrying Value \$000	Fair Value \$000
Fair value summary				
Investments				
Government and Public Stock	4,119	4,136		
Equities	30,642	32,298	9,411	9,411
Corporate Bonds and Notes	11,030	11,333	25	25
Investments in Associates	2,719	2,719	767	767
Shareholders Advances	529	529	459	459
Loans	3,137	3,137	3307	3307
Total	52,176	54,152	13,969	13,969

Currency risk and interest rate risk

The Group has minimal exposure to currency risk from transactions denominated in foreign currencies arising from its normal trading activities as the Group receives approximately the same value of foreign currency as it pays out.

At 31 December 2002, the University held US dollars of \$US 0.317 million (2001: \$US 0.930 million) within its current and call deposit accounts.

In January 2003, \$US 0.317 million was used to pay overseas creditors.

Weighted Average effective interest rate

	Consolidated		University	
	This Year	Last Year	This Year	Last Year
Short-term deposits	5.44%	6.00%	5.43%	6.06%
Long-term deposits	7.65%			

Note 16. HOCKEN LIBRARY

	This Year \$000	Last Year \$000
Opening Balance	81,355	79,767
Donated Hocken Additions	1,272	1,504
Purchased Hocken Additions	57	84
	82,684	81,355

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 and purchase. Items 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 \$32,319 million (\$31,736 million 2001).

Note 17. **COSTING OF OUTPUTS**

Definitions

The University's outputs as defined by University 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, training in the use of research techniques, and gain experience in undertaking original research.

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 staff time spent on teaching, research and community service is based on the results of questionnaires completed by all academic departments.
- The costs of the service divisions are charged direct 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 18) and then allocated to the outputs within each of these divisions.

Note 18. **COST DRIVERS**

Where possible, the full costs of services provided by units in the service divisions are charged direct to users and their outputs on the basis of user-pays. The balance of costs not charged in this manner are allocated to the outputs of the University (see Note 17) 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, Contact Centre, Union Student Services, Teaching Facilities), Student Finance Services, Vice-Chancellor's Office and the Funding and Policy Office.
Staff Appointments and Terminations:	Used for Human Resources Client Services.
Full-Time Equivalent Staff:	Used for Human Resources Training Office, Occupational Health and Safety and Payroll Services.
Academic Full-Time Equivalent Staff:	Used for Research Enterprise and International Office including: - International Marketing and Research and International.
Staff Numbers (Head Count):	Used for Academic Services including : - Higher Education Development Centre - Academic Committees and Quality Advancement.
Space in Square Metres:	Used for Property Services including: - Contracting, Project Planning & Development, Operations, Property Technical Services and the Property Management Unit.
Equipment and Computer Depreciation:	Used for Central Purchasing Office.
Cost of Services:	Used for Financial Services including: - Management Accounting, Financial Accounting, Treasury Accounting, Financial Systems and Development and Asset Management.
90% Equivalent Full-Time Students and 10% Equally to Teaching and Research Divisions:	Used for Marketing and Communications, including Advertising, Media, Alumni, Schools Liaison, Fundraising, Communications, Wellington Centre, Auckland Campus; Printery and Corporate.
65% Equivalent Full-Time Students and 35% Equally to Teaching and Research Divisions:	Used for Information Services, including Library, Computing Services; University Press and Secretary to Council.
Māori Students (Head Count) :	Used for Māori Centre.

Note 19. **RELATED PARTY INFORMATION**

Crown /Government

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 acting in the course of their normal dealings, are not considered to be related party transactions.

Inter-Group

During the year the University entered into transactions with University of Otago Foundation Studies Limited (FSL), a fully-owned subsidiary of Otago Holdings Limited. Other than the provision of some limited administrative services for which no charge was made, the transactions were made on commercial terms and conditions. The University paid FSL \$205,000 commission (full amount is outstanding at 31 December 2002) and was paid \$381,211 for rent by FSL. The University owed FSL \$10,000 for Vote Education revenue collected on its behalf.

During the year the University entered into transactions with University Union Limited (UUL), a partially owned subsidiary of Otago Holdings Limited. The transactions were made on commercial terms and conditions. The University paid UUL \$144,776 for rent.

The University entered into transactions with its Trusts. These were made on commercial terms and conditions. The Trusts paid the University administration fees of \$192,000 and distributed \$4,958,000 to the University.

Members of Council

Mr T D Scott is the Chairman of Arthur Barnett Limited and Hirequip Projex Limited and is a Director in Mercy Hospital Dunedin Limited and Pacific Edge Biotechnology Limited. During the year, the University and Group purchased goods to the value of \$109,769 from Arthur Barnett Limited; \$58,925 from Hirequip Projex Limited; \$9,704 from Mercy Hospital Dunedin Limited and \$89,551 from Pacific Edge Biotechnology Limited. All transactions were conducted on commercial terms and conditions.

Ms R Connelly is the Chairperson of Critical Publication Limited and Radio One Limited and is a Director of University Union Limited. During the year, the University and Group purchased goods or services to the value of \$32,770 from Critical Publication Limited; \$12,519 from Radio One Limited and \$144,776 from University Union Limited. All transactions were conducted on commercial terms and conditions.

Mr L Brown is a Director of Southern Community Laboratories Limited. During the year the University and Group purchased goods to the value of \$46,400 from Southern Community Laboratories Limited. All transactions were conducted on commercial terms and conditions.

Mr G J Marsh is the Chairman of Mercy Hospital Dunedin Ltd and is a Director of Delta Utility Services Ltd and Citibus Newton Ltd. During the year, the University and Group purchased goods to the value of \$9,704 from Mercy Hospital, \$97,891 from Delta Utility Services Ltd and \$48,885 from Citibus Newton Ltd. All transactions were conducted on commercial terms and conditions.

Mr E S Edgar is the Chairman of Forsyth Barr Ltd. During the year, the University and Group purchased goods and services to the value of \$13,622 from Forsyth Barr Ltd. All transactions were conducted on commercial terms and conditions.

REPORT OF THE AUDITOR-GENERAL

To the Readers of the Financial Statements of University of Otago and Group for the Year Ended 31 December 2002

We have audited the financial statements on pages 34 to 43, 48 to 54, 60 to 64, 66 to 84, 86 to 90, 92 to 100, and 111 to 135. The financial statements provide information about the past financial and service performance and financial position of University of Otago and group as at 31 December 2002. This information is stated in accordance with the accounting policies set out on pages 111 to 116.

RESPONSIBILITIES OF THE COUNCIL

The Public Finance Act 1989 requires the Council to prepare financial statements in accordance with generally-accepted accounting practice in New Zealand that fairly reflect the financial position of University of Otago and group as at 31 December 2002, the results of operations and cash flows and the service performance achievements for the year ended on that date.

AUDITOR'S RESPONSIBILITIES

Section 15 of the Public Audit Act 2001 and section 43 (1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Council. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed K J Boddy 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 the Auditing Standards published by the Auditor-General, which incorporate 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.

A taxation compliance review was performed during the year. Other than this and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in University of Otago or any of its subsidiaries.

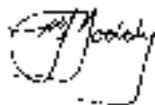
UNQUALIFIED OPINION

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

In our opinion, the financial statements of University of Otago and group on pages 34 to 43, 48 to 54, 60 to 64, 66 to 84, 86 to 90, 92 to 100, and 111 to 135:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - University of Otago and group's financial position as at 31 December 2002;
 - the results of 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 that date.

Our audit was completed on 11 March 2003 and our unqualified audit is expressed as at that date.



K J Boddy
Audit New Zealand
On behalf of the Controller and Auditor-General
Dunedin, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of the University of Otago for the year ended 31 December 2002 included on the University of Otago's web site. The University of Otago's Council is responsible for the maintenance and integrity of the University of Otago's web site. We have not been engaged to report on the integrity of the University of Otago's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements on the pages above. It does not provide an opinion on any other information which may have been hyper linked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 11 March 2003 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SUMMARY FACTS AND FIGURES

STUDENT ENROLMENTS

	2002	2001	2000	1999	1998
Equivalent Full-time Students (EFTS)					
Commerce	3,205	3,200	3,190	3,227	3,193
Health Sciences	3,856	3,700	3,679	3,601	3,479
Humanities	4,569	4,229	3,907	4,039	4,164
Sciences	3,993	4,172	4,254	4,347	4,145
Total	15,623	15,301	15,030	15,214	14,981
EFTS by Type					
Domestic Undergraduate	12,377	12,297	12,011	12,183	11,920
Domestic Postgraduate	2,219	2,109	2,209	2,134	2,136
Total Domestic	14,596	14,406	14,220	14,317	14,056
International Undergraduate	878	769	694	787	817
International Postgraduate	149	126	116	110	108
Total International	1,027	895	810	897	925
Total	15,623	15,301	15,030	15,214	14,981
Enrolment By Qualification Type					
Doctoral	723	720	718	674	645
Masters	1,029	1,034	1,081	1,017	1,013
Bachelors Honours	815	852	877	871	866
Bachelors Ordinary	11,595	11,370	10,978	11,150	11,376
Postgraduate Diplomas	1,349	1,398	1,423	1,329	1,228
Postgraduate Certificates	281	230	196	172	36
Undergraduate Diplomas	278	254	230	250	259
Intermediates	759	769	838	909	877
Miscellaneous	1,162	946	753	761	645
Sub-degree	35	25			
Total	18,026	17,598	17,094	17,133	16,945
Full-time & Part-time Students					
Full-time	12,376	12,121	12,050	12,426	12,517
Part-time	5,650	5,477	5,044	4,707	4,428
Total	18,026	17,598	17,094	17,133	16,945

	2002	2001	2000	1999	1998
Female & Male Students					
Female	9,974	9,723	9,391	9,362	9,321
Male	8,052	7,875	7,703	7,771	7,624
Total	18,026	17,598	17,094	17,133	16,945
First Year & Returning Students					
First Year	3,766	3,688	3,258	3,666	3,620
Returning	14,260	13,910	13,836	13,467	13,325
Total	18,026	17,598	17,094	17,133	16,945
Ethnicity of Students					
European/Pakeha	73.3%	75.3%	75.4%	76.0%	76.7%
Māori	6.5%	6.2%	6.2%	6.0%	5.8%
Asian	12.6%	12.3%	12.5%	11.1%	12.1%
Pacific Islanders	2.4%	2.1%	2.1%	2.0%	1.9%
Other / unknown	5.3%	4.1%	3.8%	4.9%	3.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Note: Ethnic data is expressed as a percentage because students may identify with more than one ethnic group.					
Home Area of Students					
Dunedin	4,872	4,969	4,948	4,958	5,254
Otago/Southland	2,116	2,139	2,239	2,323	2,418
Remainder of South Island	2,863	2,836	2,736	2,615	2,479
North Island	6,253	5,976	5,641	5,632	5,372
Overseas (including NZ Citizens Overseas)	1,779	1,597	1,441	1,427	1,411
Unknown	143	81	89	178	11
Total	18,026	17,598	17,094	17,133	16,945
Home Area of First Year Students					
Dunedin	776	676	803	883	990
Otago/Southland	472	488	489	559	530
Remainder of South Island	673	594	579	631	607
North Island	1,458	1,442	1,184	1,364	1,238
Overseas (including NZ Citizens Overseas)	312	460	172	178	247
Unknown	75	28	31	51	8
Total	3,766	3,688	3,258	3,666	3,620
International Students					
Undergraduate	1,220	1,041	952	1,002	972
Postgraduate	223	194	164	137	134
Total	1,443	1,235	1,116	1,139	1,106

	2002	2001	2000	1999	1998
International Students by Home Country					
Malaysia	121	204	357	497	590
USA	354	268	231	231	192
Sweden	43	39	39	42	17
Germany	76	63	45	37	38
Japan	47	50	44	36	27
Singapore	32	30	34	32	19
Fiji	42	43	28	31	39
Hong Kong	63	60	39	28	30
Thailand	41	36	32	28	27
Norway	47	34	28	18	3
Samoa	22	22	24	17	13
Canada	36	42	23	14	4
Indonesia	14	15	14	13	10
Taiwan	24	22	20	12	8
China	171	77	16	7	4
Korea (South)	25	13	13	5	5
Seychelles	24	20	14	12	4
Denmark	9	8	10	9	10
Other	252	189	105	70	66
Total	1,443	1,235	1,116	1,139	1,106
Highest Entrance Qualification of First Year Students					
A bursary	869	893	848	1,041	956
B bursary	927	991	910	991	972
Entrance qualification from UB/US	540	503	435	450	459
Higher School Certificate	184	185	160	167	138
University Entrance	123	137	87	89	85
Ad eundem entrance level	214	176	130	94	107
Ad eundem with credit	90	74	59	91	144
Ad eundem graduate	93	47	34	22	25
Ad eundem	11	4	2	9	5
Special admission	547	538	453	589	629
Provisional Entrance	160	139	134	112	93
Unknown	8	1	6	11	7
Total	3,766	3,688	3,258	3,666	3,620

ACADEMIC ATTAINMENT

	2002	2001	2000	1999	1998
Number of Graduates					
Commerce					
- undergraduate diplomas & certificates	0	0	0	0	30
- undergraduate degrees	615	644	691	658	665
- postgraduate diplomas & certificates	28	23	37	33	21
- postgraduate degrees	69	85	85	91	40
Total Commerce graduates	712	752	813	782	756
Health Sciences					
- undergraduate diplomas & certificates	238	26	175	146	20
- undergraduate degrees	504	444	473	447	458
- postgraduate diplomas & certificates	305	393	245	188	194
- postgraduate degrees	111	73	67	72	83
Total Health Sciences graduates	1,158	936	960	853	755
Humanities					
- undergraduate diplomas & certificates	31	12	17	2	18
- undergraduate degrees	878	925	990	927	910
- postgraduate diplomas & certificates	44	63	41	47	47
- postgraduate degrees	78	91	73	75	71
Total Humanities graduates	1,031	1,091	1,121	1,051	1,046
Sciences					
- undergraduate diplomas & certificates	22	32	51	40	63
- undergraduate degrees	771	858	836	700	726
- postgraduate diplomas & certificates	73	98	76	89	101
- postgraduate degrees	136	148	181	150	106
Total Sciences graduates	1,002	1,136	1,144	979	996
Interdivisional (Diploma for Graduates)					
- undergraduate diplomas & certificates	225	226	230	267	262
Total Interdivisional graduates	225	226	230	267	262
Total University					
- undergraduate diplomas & certificates	516	296	473	455	393
- undergraduate degrees	2,768	2,871	2,990	2,732	2,759
- postgraduate diplomas & certificates	450	577	399	357	363
- postgraduate degrees	394	397	406	388	300
Grand Total University Graduates	4,128	4,141	4,268	3,932	3,815

	2002	2001	2000	1999	1998
Degrees, Diplomas and Certificates Completed per 100 EFTS Enrolled					
Commerce	22.2	23.5	25.5	24.2	23.7
Health Sciences	30.0	25.3	26.1	23.7	21.7
Humanities	22.6	25.8	28.7	26.0	25.1
Sciences	25.1	27.2	26.9	22.5	24.0
Total	26.4	27.1	28.4	25.8	25.5
Examination Pass, Progression and Attrition Rates					
Commerce					
Entered	21,521	23,629	21,082	20,339	20,288
Sat	19,845	21,608	19,179	18,897	18,887
Passed	17,809	19,295	17,269	17,043	17,169
Pass Rate	89.7%	89.3%	90.0%	90.2%	90.9%
Progression Rate	82.8%	81.7%	81.9%	83.8%	84.6%
Attrition Rate	7.8%	8.6%	9.0%	7.1%	6.9%
Health Sciences					
Entered	16,811	16,267	15,941	15,799	15,216
Sat	16,456	15,958	15,645	15,541	14,946
Passed	15,712	15,313	15,031	15,082	14,359
Pass Rate	95.5%	96.0%	96.1%	97.0%	96.1%
Progression Rate	93.5%	94.1%	94.3%	95.5%	94.4%
Attrition Rate	2.1%	1.9%	1.9%	1.6%	1.8%
Humanities					
Entered	26,315	23,408	23,567	24,483	26,746
Sat	24,172	21,545	21,999	22,854	24,817
Passed	22,675	20,280	20,658	21,449	23,276
Pass Rate	93.8%	94.1%	93.9%	93.9%	93.8%
Progression Rate	86.2%	86.6%	87.7%	87.6%	87.0%
Attrition Rate	8.1%	8.0%	6.7%	6.7%	7.2%
Sciences					
Entered	24,743	25,654	26,216	27,439	26,384
Sat	23,118	23,990	24,537	25,950	24,751
Passed	21,007	21,876	22,423	23,658	22,393
Pass Rate	90.9%	91.2%	91.4%	91.2%	90.5%
Progression Rate	84.9%	85.3%	85.5%	86.2%	84.9%
Attrition Rate	6.6%	6.5%	6.4%	5.4%	6.2%

	2002	2001	2000	1999	1998
Other (Foundation Studies)					
Entered	325	148			
Sat	62	47			
Passed	62	47			
Pass Rate	100.0%	100.0%			
Progression Rate	19.1%	31.8%			
Attrition Rate	80.9%	68.2%			
Total					
Entered	89,715	89,106	86,806	88,060	88,634
Sat	83,653	83,148	81,360	83,242	83,401
Passed	77,265	76,811	75,381	77,232	77,197
Pass Rate	92.4%	92.4%	92.7%	92.8%	92.6%
Progression Rate	86.1%	86.2%	86.8%	87.7%	87.1%
Attrition Rate	6.8%	6.7%	6.3%	5.5%	5.9%

Note: Pass rate = number passing as a percentage of number sitting an examination.
Progression rate = number passing as a percentage entered for an examination, with those who entered but did not sit counted as "failed".

Destination of Graduates

Employment full-time	n/a	60.6%	58.5%	51.7%	54.8%
Employment part-time	n/a	18.2%	18.6%	22.0%	20.5%
Study full-time	n/a	26.7%	29.2%	32.2%	31.7%
Study part-time	n/a	10.5%	9.3%	9.7%	9.0%
Seeking Employment	n/a	25.5%	20.7%	14.7%	26.0%

Note: Graduate destination data is based on a standard annual survey carried out by all universities.
Respondents may select more than one status, so the total response may exceed 100%.
No data is available for 2002 as the NZVCC, after reviewing the annual Graduate Destinations survey, cancelled the survey for 2002.

STUDENT SUPPORT SERVICES

Financial Advice Service

Number using service or applying to Student

Assistance Fund	121	143	213	281	336
Number of Student Assistance Grants	59	50	92	108	222
Net Value of Student Assistance Grants	\$6,362	\$9,189	\$25,656	\$28,049	\$35,924

Postgraduate Scholarships and Awards

Scholarships and Awards Offered	116	125	161	162	208
Scholarships and Awards Accepted	98	88	137	122	144
Acceptance Rate	84%	70%	85%	75%	69%

STAFF PROFILE

	2002	2001	2000	1999	1998
Full-time Equivalent (FTE) Academic & Research Staff					
Female					
Vice-Chancellor/Senior Academic Managers	1	1	1	1	0
Professors	11	9	7	7	8
Readers/Associate Professors	12	13	12	11	8
Senior Lecturers	96	90	83	79	65
Lecturers	107	99	105	102	98
Other teaching & teaching/research staff	130	128	124	127	109
Research only staff	129	131	127	111	103
Research support staff	142	190	187	191	192
Total Females	626	661	646	629	583
Male					
Vice-Chancellor/Senior Academic Managers	6	6	6	6	6
Professors	95	94	96	92	83
Readers/Associate Professors	70	68	63	66	67
Senior Lecturers	247	256	265	250	248
Lecturers	113	115	117	131	131
Other teaching & teaching/research staff	124	107	102	99	95
Research only staff	124	111	119	119	136
Research support staff	63	85	96	90	86
Total Males	842	842	864	846	852
Total	1,468	1,503	1,510	1,475	1,435
Full-time Equivalent (FTE) General Staff					
Female					
Senior Managers	1	0	0	1	0
Technicians	206	177	176	166	170
Librarians & library assistants	100	96	95	96	106
Student & Community Services staff	28	36	33	32	31
General staff	560	539	515	484	429
General Services staff	128	102	138	141	161
Total Females	1,022	950	957	920	897
Male					
Senior Managers	7	9	11	10	10
Technicians	146	136	139	142	144
Librarians & library assistants	19	20	22	20	28
Student & Community Services staff	16	20	16	15	14
General staff	196	178	168	149	143
General Services staff	121	108	117	122	127
Total Males	505	471	473	458	466
Total	1,526	1,421	1,430	1,379	1,363
Total Staff	2,994	2,924	2,940	2,854	2,798

	2002	2001	2000	1999	1998
Student-Academic Staff Ratios					
Commerce	19.9	21.2	21.3	20.7	22.6
Health Sciences	9.3	9.2	9.5	9.6	10.0
Humanities	19.7	19.5	19.1	19.4	20.9
Sciences	14.2	14.4	15.3	15.6	15.9
Overall	14.4	14.4	14.6	14.9	15.0

RESEARCH ACTIVITIES *(revised for previous years)*

Research Articles Produced

Commerce	275	238	307	239	256
Health Sciences	1,007	1,121	1,079	1,169	1,422
Humanities	353	325	392	549	431
Sciences	627	603	638	700	521
Other	7	12	9	17	33
Total	2,269	2,299	2,425	2,674	2,663

Publications per Academic Staff Member	1.5	1.5	1.6	1.9	2.0
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Note: Publications are shown in the year they are reported in the University's Publications Report

LAND & BUILDINGS

Land (hectares)

Land owned by the University	22	22	22	22	22
Land in Crown title for the University	8	8	8	8	8
Endowment Leasehold	25,585	25,585	35,511	35,511	35,511
Total Land Controlled by the University	25,616	25,616	35,542	35,542	35,542

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

University of Otago Nett Assignable Space

(floor space in square metres)

Humanities	12,335	11,796	11,170	10,900	11,487
Science	36,270	36,500	36,359	35,366	34,828
Health Sciences	58,821	57,613	48,620	56,523	52,147
Commerce	9,123	8,761	7,630	8,444	7,360
Administration & other	17,993	19,108	11,736	15,418	11,287
Corporate	5,638	4,950	1,732	1,771	163
Information Services	37,204	36,359	30,907	29,458	27,852
Total	177,384	175,087	148,154	157,880	145,124

Note: University-owned flats and hostels total a further 40,000 sq m (approx), Unipol and Clubs & Societies 3730 sq m (approx)

LIBRARY

	2002	2001	2000	1999	1998
Library Collection					
Books (volumes)	837,661	812,483	785,088	760,235	733,845
Serials (volumes)	480,638	467,779	459,272	455,741	436,511
Microfilms	219,203	214,835	212,225	208,955	206,098
Non-book materials	1,120,232	1,111,417	1,093,226	1,067,374	1,059,039
Total	2,657,734	2,606,514	2,549,811	2,492,305	2,435,493
Print Serials received	9,632	10,046	10,336	10,332	10,837
Electronic Serials received	24,147	24,202	21,254	14,581	2,553
Total	33,779	34,248	31,590	24,913	13,390
User Services					
Loans					
- Books	259,349	308,010	208,763	257,525	320,231
- Periodicals	10,827	10,507	9,830	11,113	10,960
- Reserve Collection	365,798	309,112	344,615	313,797	314,261
- Equipment	57,667	51,986	32,251	30,795	
Total	693,641	679,615	595,459	613,230	645,452
Interloans					
- Items received	20,815	19,801	22,080	21,780	21,775
- Items supplied	19,776	20,380	22,612	24,752	30,416
Space					
Seating places available	3,338	3,302	2,799	2,652	2,640

INFORMATION TECHNOLOGY SERVICES

	2002	2001	2000	1999	1998
Volume of Computer and Telecommunications Traffic					
Off campus network traffic (Megabytes)	13,230,306	7,504,562	3,939,129	2,231,941	1,093,477
ITS Training and Support Services					
Enquiries received by ITS Helpdesk	37,350	32,353	29,736	31,800	24,600
Seating places in student computer laboratories	404	443	410	403	347
Computer training sessions organised	113	441	395	385	385
Number of staff trained	1,607	1,988	1,964	1,615	1,480
Number of students trained	705	2,785	4,375	5,774	6,303

Explanatory Note: Until 2001 first year students were required to attend ITS training.

KEY FINANCIAL INDICATORS

Value of Output per EFTS (University only)

Teaching, Learning & Assessment	\$7,521	\$6,970	\$7,032	\$7,114	\$7,064
Research & Postgraduate Teaching	\$9,094	\$8,368	\$8,245	\$7,440	\$7,163
Community Service	\$1,070	\$1,046	\$1,093	\$916	\$815

	Consolidated		University	
	2002	2001	2002	2001
Current ratio (current assets to current liabilities)	1.0	0.5	0.7	0.4
Liquid ratio (liquid assets to liquid liabilities)	2.3	1.3	1.5	1.0
Level of debt (debt to equity)	12.0%	15.1%	14.5%	14.4%
Increase in net assets	36.1%	4.0%	8.1%	3.6%
Return on total assets	1.8%	3.6%	1.5%	3.3%
Return on revenue	4.0%	6.6%	2.8%	6.1%
Revenue per EFTS			\$20,310	\$19,515
Expenditure per EFTS			\$19,738	\$18,319
Operating surplus per EFTS			\$572	\$1,196
Total assets per EFTS			\$38,414	\$36,243

