

## Financial Review 2008

The University Group achieved a good financial outcome in 2008.

The University's operating surplus for the year was \$24.7 million. This was \$9.2 million (59.4%) higher than the budget, but \$1.7 million (6.3%) lower than last year. The net costs of all the University's academic divisions were below budget for the year, due to strong growth in income and lower-than-expected costs. Critical space shortages and difficulties in recruiting suitable academic staff are cited by academic departments as the main reasons for the budget under-spends. University Council has approved a number of building projects in a Critical Space Plan as a major initiative to resolve some of these issues over the next five years.

The University's surplus represented a return of 4.8% on revenue of \$517.7 million and 2.3% on equity of \$1.068 billion. The surplus was comfortably above the Tertiary Education Commission's guidelines of 3.0% and 1.2% respectively. The surplus also met the University's own surplus target of a five-year moving average of at least 2% of equity, with an average of 2.3% from 2004 to 2008.

The University continued to invest heavily in fixed assets in 2008. Capital expenditure was \$92.4 million for the year, which was slightly higher than budget and well up on the \$69.5 million invested in 2007. Significant investment in land and buildings was a feature of 2008 and was part of the plan to deal with critical space shortages.

The University Group, which includes the University, University of Otago Holdings Limited, Dunedin City Accommodation Trust and the Trusts, produced an operating surplus of \$18.5 million for the year. This was \$3.4 million less than the budget and \$13.6 million less than the 2007 actual result.

The world financial crisis created very difficult investment conditions for the Trusts in 2008 with a significant downturn in the value of local and global equities. As a result, the Trusts recorded a deficit of \$5.2 million, which was \$11.3 million worse than budget. The net return on investments for the year, including unrealised gains and losses, was negative 2.7%, compared with a positive return of 3.1% in 2007. However, the average net return on Trust funds over the last 10 years has been 7.8%.

University of Otago Holdings Limited produced a deficit of \$0.9 million for the year, which was below budget and less than the result achieved in 2007. Results from its subsidiary companies were mixed with a good surplus from University of Otago Foundation Studies Limited, due to increased student numbers, being more than offset by a deficit from Otago Innovation Limited due to the difficult market for commercialising intellectual property in 2008.

Total cash flow for the Group for the year was an inflow of \$0.5 million compared to a budgeted cash outflow of \$49.3 million and an inflow of \$9.7 million in 2007. The improvement from budget was due to greater net cash inflows from operating activities, up \$18.2 million thanks to the good performance from the University, and lower net cash outflows for investing activities than budget, down \$30.6 million due largely to the decision by the Trusts to stay underweight in equities.

Total assets for the group were \$1.412 billion, with the University accounting for \$1.196 billion of this. Equity was \$1.280 billion which represents 90.7% of total assets. The Group has no external loans.

### Conclusion

The financial performance of the University in 2008 was solid, although this was partially offset by reduced earnings from subsidiary companies and the Trusts due to the difficult trading conditions caused by the global recession. Despite this, it is pleasing to report that the financial results for the Group exceeded all of the guidelines provided by the Tertiary Education Commission.

The University's financial position at year end was strong, with a satisfactory level of cash on hand and no debt. While this strong liquidity and capacity to borrow is a good platform for the future, it will be essential to maintain targeted levels of operating surpluses if the University is to fund the large number of capital works projects planned for the next five years, including major upgrading of several existing buildings and the construction of significant new space. With recessionary conditions expected to last until 2010, this will not be easy to achieve.

### A J Patrick

Chief Operating Officer

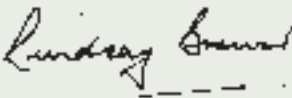
# Statement of Responsibility

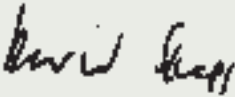
## 2008 FINANCIAL STATEMENTS

The Council and management of the University of Otago accept responsibility for the preparation of the annual financial statements and the Statement of Service Performance and the judgements used in them;

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

In the opinion of the Council and management of the University of Otago, the annual financial statements and the Statement of Service Performance for the financial year ending 31 December 2008 fairly reflect the financial position and operations of the University of Otago.

Chancellor	
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Vice-Chancellor	
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Chief Operating Officer	
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30 April 2009

## Statement of Accounting Policies for the year ended 31 December 2008

### 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 financial statements presented here are for the reporting entity University of Otago (Parent), Group companies, controlled Trusts and the Dunedin City Tertiary Accommodation Trust.

The Group associate and subsidiary 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.
- ~ New Zealand Genomics Limited. 100% owned by University of Otago Holdings Limited – was set up to assist the University sector increase genomics research. The company did not trade during the year.
- ~ University Union Limited. Owner of the University Union building. 50% owned by University of Otago Holdings Limited.
- ~ New Zealand Centre for Reproductive Medicine Limited. No longer trading – business assets sold. 50% owned by University of Otago Holdings Limited.
- ~ Unihealth Limited. Not trading. 50% owned by University of Otago Holdings Limited.
- ~ LCo New Zealand Limited. Owns and operates a software system for libraries serving four universities. 31% 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.
- ~ BPAC NZ Limited. This company works with the Division of Health Sciences to provide best-practice advocacy services to primary, secondary and tertiary health providers in the area of medication prescribing. 25% owned by University of Otago Holdings Limited.
- ~ Upstart Incubation Company Limited. 33% owned by University of Otago Holdings Limited.
- ~ Immune Solutions Limited. This company is working with the Department of Microbiology to develop oral vaccines for the treatment of tuberculosis in animals, particularly possums. 100% owned by Otago Innovation Limited.
- ~ Isotrace NZ Limited. No longer trading. 100% owned by Otago Innovation Limited.
- ~ Delta S Technology Limited. Developer of heat pump technology for industrial uses. 44.7% owned by Otago Innovation Limited.
- ~ Photonic Innovation Limited. Developer of revolutionary laser technology. 50% owned by Otago Innovation Limited.

- ~ Harmonic Aotearoa Limited (previously known as Medialab Limited). Provides technical consulting advice to the telecommunications industry, 50% owned by Otago Innovation Limited.
- ~ Comone Limited (not trading). 40% owned by Otago Innovation 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 most cases, acts as Trustee or appoints the Trustees.

The Dunedin City Tertiary Accommodation Trust includes City College and is jointly controlled by the University of Otago and the Otago Polytechnic.

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

The financial statements of the University and Group are for the year ended 31 December 2008. The financial statements were authorised for issue by Council on 21 April 2009.

The University is organised into divisions.

There are four teaching and research divisions (Commerce, Health Sciences, Humanities, Sciences) and nine service divisions (Information Technology Services, Property Services, Financial Services, Marketing and Communications, Academic Services, Student Services, Human Resources, Research and Accommodation Services).

## **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The accompanying financial statements are presented in accordance with Section 220 of the Education Act 1989, the Crown Entities Act 2004, and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 1 13(1)(d), 105 (a) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

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 property plant and equipment have been revalued.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the University of Otago is New Zealand dollars.

The financial statements include:

- ~ Statement of Financial Performance
- ~ Statement of Movements in Equity
- ~ Balance Sheet
- ~ 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 by line aggregation of assets, liabilities, revenues, expenses and cashflows. Associate companies and the Dunedin City Tertiary Accommodation Trust 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 Balance Sheet.

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**

Income 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 Balance Sheet as "funds received in advance" to recognise the future obligation to complete the research. (Refer also to Note 13.)

Income 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.

#### **Pledged Donations**

Pledged donations are recognised in the Statement of Financial Performance as "Trust donations" when the pledge agreement is signed. When payments are made they are recorded against the asset. Pledged donations are recorded at their face value. (Refer to Note 23.)

#### **Other**

Where physical assets are acquired for nil consideration the fair value of the asset received is recognised as revenue.

Dividends are recognised when the right to receive payment has been established.

### **2. BUDGETS**

The budgets reported in these financial statements are those approved by University Council on 11 December 2007.

### **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. TRADE AND OTHER RECEIVABLES

Accounts receivable are valued at estimated realisable value. Amounts not considered recoverable are written off in the period in which they are identified.

#### 5. PROPERTY, PLANT AND EQUIPMENT

The University's land and buildings are revalued when there has been a significant movement in the market value or depreciated replacement cost. They were revalued on 31 December 2006 in accordance with NZ IAS 16 "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 (Chapman Consulting Otago Limited) and confirmed as appropriate for financial reporting purposes. (Refer also to Note 10.)

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 less accumulated depreciation. 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 18.)

The Hocken Library Collections were revalued at 1 January 2006 by an independent registered valuer (Peter Webb Galleries). The University elected to adopt optional exemption section 13 (b) of NZ IFRS 1 and has recognised the revalued amounts as fair value, and used this as the deemed cost. Any additions since 1 January 2006 have been valued at cost. (Note 19.)

University artworks were valued at 1 January 2006 by an independent registered valuer (Peter Webb Galleries). The University elected to adopt optional exemption section 13 (b) of NZ IFRS 1 and has recognised the valued amounts as fair value, and used this as the deemed cost. Any additions since 1 January 2006 have been valued at cost.

Plant, motor vehicles, equipment and furniture are recorded at cost less accumulated depreciation and impairment losses. Asset purchases of less than \$2,000 are expensed at cost on acquisition, with the exception of furniture and computers which are 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	Useful Life (Years)	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%
Fume 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 10	10.0% 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%

Depreciation of all assets, except for land, artworks, 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, artworks, rare books and special library collections are not depreciated.

## 6. INTANGIBLE ASSETS

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the University of Otago are recognised as an intangible asset.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful economic life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance. (Note 11.)

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 to 25 years	4% to 33.3%.
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## **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 2008 is included in accounts payable.

The net GST paid to, or received from the IRD, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## **9. EMPLOYEE ENTITLEMENTS**

Annual leave for academic and general staff has been accrued. In addition, an accrual has been made for retirement gratuities and sick leave for both academic and general staff and long service leave for general staff. Retirement gratuities, long service and sick leave have been accrued on the following basis:

- ~ Long service leave which has vested to the employee (an entitlement has been established) has been measured at nominal value using remuneration rates current at reporting date. This is included as a current liability.
- ~ Retirement gratuities which have vested to the employee (an entitlement has been established) have been measured at nominal value using remuneration rates current at the time of entitlement. This is included as a current liability.
- ~ Retirement gratuities and long service leave 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.
- ~ Sick leave has been measured using the present value measurement basis which discounts expected future cash outflows. This is treated as a non-current liability.
- ~ Employee entitlements relating to the sale of intellectual property have been valued using the value of the intellectual property at balance date as the basis for the entitlement.

## **10. 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.

## **11. OPERATING LEASES**

An operating lease is a lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

**12. OTHER FINANCIAL ASSETS**

The University classifies its other financial assets into the following four categories: financial assets at fair value through the Statement of Financial Performance, loans and receivables, held-to-maturity investments and available for sale. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at reporting date. Financial assets are initially measured at fair value plus transition costs.

**Financial assets at fair value through the Statement of Financial Performance:**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. These include investments in quoted shares. After initial recognition they are measured at fair values. Gains or losses on measurement are recognised in the Statement of Financial Performance.

**Loans and receivables:**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include shareholders advances; loans and short term deposits. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses where the asset is impaired or derecognised are recognised in the Statement of Financial Performance.

**Held to maturity investments:**

These are assets with fixed or determinable payments and fixed maturities that the University has the positive intention and ability to hold to maturity. The University and Group have no investments in this category.

**Available for sale assets:**

These are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through the Statement of Financial Performance, loans and receivables or held to maturity investments. The University and Group have no assets in this category.

University investments in its subsidiaries are carried at cost. Investments in associate companies are valued at cost plus the share of retained profits.

**13. ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

The University uses derivative financial instruments to hedge exposure to foreign exchange risks arising from financing activities. The University does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value.

**14. STATEMENT OF CASH FLOW:**

"Cash and cash equivalents" includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

"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.

## **15. 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.

## **16. ACC PARTNERSHIP PROGRAMME**

The University of Otago belongs to the ACC Partnership Programme whereby the University accepts the management and financial responsibility of work-related illnesses and accidents of employees. Under the ACC Partnership Programme, the University is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to accidents and illnesses occurring up to the Balance Sheet date for which the University has responsibility under the terms of the Partnership Programme.

The liability for claims reported prior to balance date has been determined by assuming that the future experience for each current claim is consistent with historical claim information since the commencement of the programme. The liability for injuries or illnesses that have occurred up to balance date, but not yet reported or not fully reported, has been determined by reference to historical information of the time it takes to report injury or illness.

The value of the liability is measured at the present value of the future payments for which the University has responsibility using a risk free discount rate. The value of the liability includes a risk margin that represents the inherent uncertainty of the present value of the expected future payments.

## **17. SUPERANNUATION SCHEMES**

Defined contribution schemes: Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance.

Defined benefit schemes: The University belongs to the Government Superannuation Fund which is a Defined Benefit Plan Contribution Scheme. The University has no underwriting responsibilities as any shortfall is met by the Government. As such, the scheme is accounted for as a defined contribution plan. Further information on this scheme is disclosed in Note 14.

## **18. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

## **CHANGES IN ACCOUNTING POLICIES**

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

## Statement of Financial Performance

### for the year ended 31 December 2008

	Note	Consolidated			University		
		This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>INCOME</b>							
Government Grants	1	<b>233,795</b>	225,900	219,401	<b>232,900</b>	225,007	218,522
Domestic Tuition Fees		<b>76,459</b>	76,693	71,613	<b>75,993</b>	76,250	71,164
International Tuition Fees		<b>34,218</b>	35,711	33,870	<b>29,978</b>	32,454	30,528
Investment Income	2	<b>8,397</b>	16,629	13,556	<b>11,235</b>	4,838	6,685
Externally Funded Research		<b>87,115</b>	72,953	72,974	<b>86,875</b>	72,705	72,649
Distributions from Trust Funds					<b>4,285</b>	5,012	4,579
Consulting and Commercial Income		<b>55,447</b>	50,394	48,599	<b>55,819</b>	51,327	48,978
Sale of Intellectual Property		<b>105</b>	1,120	425	<b>79</b>	58	413
Trust Donations		<b>2,312</b>	369	6,180			
Other Income		<b>21,947</b>	18,896	24,335	<b>20,556</b>	16,527	24,208
<b>Total Income</b>		<b>519,795</b>	498,665	490,953	<b>517,720</b>	484,178	477,726
<b>EXPENDITURE</b>							
Salaries – Academic		<b>166,659</b>	162,967	146,404	<b>163,854</b>	160,513	144,059
Salaries – General		<b>118,885</b>	114,377	112,900	<b>116,932</b>	112,290	110,886
Staff Related Costs		<b>22,688</b>	14,717	13,759	<b>22,592</b>	14,676	13,701
Consumables and General		<b>89,478</b>	85,609	79,461	<b>86,200</b>	82,513	76,778
Depreciation & Amortisation	3	<b>47,591</b>	46,211	59,676	<b>47,487</b>	45,895	59,317
Occupancy Costs		<b>34,853</b>	32,197	28,978	<b>34,853</b>	32,187	28,978
Scholarships		<b>21,123</b>	20,625	17,656	<b>21,123</b>	20,625	17,656
<b>Total Expenditure</b>	3	<b>501,277</b>	476,703	458,834	<b>493,041</b>	468,699	451,375
<b>Net Surplus</b>		<b>18,518</b>	21,962	32,119	<b>24,679</b>	15,479	26,351

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 2008

	Consolidated			University			
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Opening Balance of Equity		<b>1,255,871</b>	1,264,352	1,157,255	<b>1,042,549</b>	1,044,780	949,701
Net Surplus For the Period		<b>18,518</b>	21,962	32,119	<b>24,679</b>	15,479	26,351
<b>Total Recognised Revenues and Expenses for the Period</b>		<b>18,518</b>	21,962	32,119	<b>24,679</b>	15,479	26,351
Net Assets Arising From the Merger with the Dunedin College of Education <sup>4</sup>				56,806			56,806
Capital Contribution From Government to University of Otago Foundation Trust Leading Thinkers Initiative				9,691			9,691
Foreign Exchange Contracts Revaluation		<b>(436)</b>			<b>(436)</b>		
Dunedin City Tertiary Accommodation Trust Opening Position at 1 January 2008 <sup>5</sup>		<b>6,258</b>					
Transfer of External Trusts to Loan Balance		<b>(424)</b>					
<b>Closing Balance of Equity</b>		<b>1,279,787</b>	1,286,314	1,255,871	<b>1,066,792</b>	1,060,259	1,042,549

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.

## Balance Sheet

as at 31 December 2008

	Note	Consolidated			University		
		This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	6	28,221	12,852	27,683	13,519	3,247	17,684
Other Financial Assets	7	60,021	66,034	56,680	56,697	33,228	62,463
Trade and Other Receivables and Prepayments	8	33,226	29,152	33,753	31,947	27,262	32,072
Inventory		804	840	716	804	840	715
<b>Total Current Assets</b>		<b>122,272</b>	108,878	118,832	<b>102,967</b>	64,577	112,934
<b>Non-Current Assets</b>							
Investments in Associates	9	4,132	3,991	4,002			
Other Financial Assets	7	93,034	92,171	109,675	14,624	17,593	11,976
Property, Plant and Equipment	10	1,180,344	1,198,923	1,126,268	1,066,824	1,093,998	1,021,158
Intangible Assets – Internally Generated	11	2,534		2,816	2,534		2,816
Intangible Assets – Externally Generated	11	9,294		9,581	9,283		9,575
<b>Total Non-Current Assets</b>		<b>1,289,338</b>	1,295,085	1,252,342	<b>1,093,265</b>	1,111,591	1,045,525
<b>Total Assets</b>		<b>1,411,610</b>	1,403,963	1,371,174	<b>1,196,232</b>	1,176,168	1,158,459
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Trade and other Payables and Accruals	12	35,901	29,197	31,841	36,056	28,580	33,722
Funds Received in Advance	13	34,272	29,078	31,098	32,476	28,135	30,048
Employee Entitlements	14	31,408	34,941	30,424	31,274	34,761	30,200
<b>Total Current Liabilities</b>		<b>101,581</b>	93,216	93,363	<b>99,806</b>	91,476	93,970
<b>Non-Current Liabilities</b>							
Loans and Leases	15	608		250			250
Employee Entitlements	14	29,634	24,433	21,690	29,634	24,433	21,690
<b>Total Non-Current Liabilities</b>		<b>30,242</b>	24,433	21,940	<b>29,634</b>	24,433	21,940
<b>EQUITY</b>							
General Reserve	16	722,195	719,284	698,279	509,200	493,229	484,957
Property Revaluation Reserve	16	557,592	567,030	557,592	557,592	567,030	557,592
<b>Total Equity</b>		<b>1,279,787</b>	1,286,314	1,255,871	<b>1,066,792</b>	1,060,259	1,042,549
<b>Total Liabilities and Equity</b>		<b>1,411,610</b>	1,403,963	1,371,174	<b>1,196,232</b>	1,176,168	1,158,459

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 2008

	Note	Consolidated			University		
		This Year \$'000	Budget \$'000	Last Year \$'000	This Year \$'000	Budget \$'000	Last Year \$'000
<b>OPERATING ACTIVITIES</b>							
Cash was provided from:							
Government Grant		233,905	225,862	218,899	233,012	224,969	217,843
Revenue from Fees		111,837	114,834	108,923	106,616	108,779	105,190
Revenue from Services		166,606	143,517	151,206	168,883	147,799	150,400
Investment Income		19,291	14,731	17,230	8,985	5,334	5,989
		<b>531,639</b>	<b>498,944</b>	<b>496,258</b>	<b>517,496</b>	<b>486,881</b>	<b>479,422</b>
Cash was applied to:							
Employees and Suppliers		441,189	426,704	392,633	435,754	420,251	387,170
		<b>441,189</b>	<b>426,704</b>	<b>392,633</b>	<b>435,754</b>	<b>420,251</b>	<b>387,170</b>
<b>Net Cash Flows from Operating Activities</b>		<b>90,450</b>	<b>72,240</b>	<b>103,625</b>	<b>81,742</b>	<b>66,630</b>	<b>92,252</b>
<b>INVESTING ACTIVITIES</b>							
Cash was provided from:							
Investments		3,310		230	1,190		196
Investments – Subsidiaries and Associates		1,231		319	1,231		2,259
Sale of Property, Plant and Equipment		21		2			
		<b>4,562</b>		<b>551</b>	<b>2,421</b>		<b>2,455</b>
Cash was applied to:							
Investments		6,835	28,972	40,130		7,579	30,691
Investments – Subsidiaries and Associates		1,500	3,107	1,320	1,500	3,107	1,320
Property, Plant and Equipment Acquired		87,249	89,517	70,726	87,046	89,335	70,624
		<b>95,584</b>	<b>121,596</b>	<b>112,176</b>	<b>88,546</b>	<b>100,021</b>	<b>102,635</b>
<b>Net Cash Flows from Investing Activities</b>		<b>(91,022)</b>	<b>(121,596)</b>	<b>(111,625)</b>	<b>(86,125)</b>	<b>(100,021)</b>	<b>(100,180)</b>
<b>FINANCING ACTIVITIES</b>							
Cash was provided from:							
Loans raised		417	72	9,700	222	21	9,700
College of Education Merger	4			8,014			8,014
Reduce Current Assets		836	32				
		<b>1,253</b>	<b>104</b>	<b>17,714</b>	<b>222</b>	<b>21</b>	<b>17,714</b>
Cash was applied to:							
Reduce liabilities		143			4		
		<b>143</b>			<b>4</b>		
<b>Net Cash Flows from Financing Activities</b>		<b>1,110</b>	<b>104</b>	<b>17,714</b>	<b>218</b>	<b>21</b>	<b>17,714</b>
<b>Total Cash Flows</b>		<b>538</b>	<b>(49,252)</b>	<b>9,714</b>	<b>(4,165)</b>	<b>(33,370)</b>	<b>9,786</b>
Opening Balance		27,683	62,104	17,969	17,684	36,617	7,898
<b>Closing Balance</b>		<b>28,221</b>	<b>12,852</b>	<b>27,683</b>	<b>13,519</b>	<b>3,247</b>	<b>17,684</b>
<b>Represented by:</b>							
Cash and Cash Equivalents	6	28,221	12,852	27,683	13,519	3,247	17,684
<b>Total</b>		<b>28,221</b>	<b>12,852</b>	<b>27,683</b>	<b>13,519</b>	<b>3,247</b>	<b>17,684</b>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

THE 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			
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Net Surplus</b>		<b>18,518</b>	21,962	32,119	<b>24,679</b>	15,479	26,351
<i>Plus (Less) Non-Cash Items</i>							
Non-Cash Consideration for Intellectual Property			(1,208)				
Adjustment to Staff Entitlements		<b>7,944</b>	894	(719)	<b>7,944</b>	894	(719)
Adjustment to Investments		<b>13,721</b>	(1,885)	5,383	<b>120</b>		
College of Education Merger				(2,080)			(2,080)
Dunedin City Tertiary Accommodation Trust		<b>(438)</b>					
Increase (Decrease) in Realised Capital Gains				94			94
Non-Cash Pledged Donations		<b>2,445</b>	2,395	1,135			
Non-Cash Donation to Hocken Collections		<b>(1,644)</b>		(822)			
Share of Associates Surpluses		<b>(75)</b>	(183)	454			
Depreciation and Property, Plant and Equipment Written Off		<b>47,592</b>	46,211	59,676	<b>47,487</b>	45,895	59,317
Loss on Disposal of Property, Plant and Equipment		<b>(124)</b>	(15)	909	<b>(124)</b>	(15)	909
Other Non-Cash Items		<b>(235)</b>		(318)			
<b>Total Non-Cash Items</b>		<b>69,186</b>	46,209	63,712	<b>55,427</b>	46,774	57,521
<b>Plus (less) movements in other working capital items:</b>							
Decrease (Increase) in Trade and Other Receivables		<b>(581)</b>	(2,641)	(6,076)	<b>(729)</b>	(2,701)	(5,457)
Decrease (Increase) in Prepayments		<b>(1,969)</b>	(890)	2,764	<b>(1,993)</b>	(890)	2,793
Decrease (Increase) in Inventory		<b>(89)</b>	(160)	(29)	<b>(89)</b>	(160)	(29)
Increase (Decrease) in Trade & Other Payables		<b>498</b>	1,476	2,358	<b>278</b>	1,714	2,350
Increase (Decrease) in Employee Entitlements		<b>1,718</b>	1,010	2,295	<b>1,740</b>	1,010	2,298
Increase (Decrease) in Funds Received in Advance		<b>3,169</b>	5,274	6,482	<b>2,429</b>	5,404	6,425
<b>Total Movements in Other Working Capital Items</b>		<b>2,746</b>	4,069	7,794	<b>1,636</b>	4,377	8,380
<b>Net Cash Flows from Operating Activities</b>		<b>90,450</b>	72,240	103,625	<b>81,742</b>	66,630	92,252

THE STATEMENT OF ACCOUNTING POLICIES AND THE NOTES TO THE FINANCIAL STATEMENTS FORM PART OF AND ARE TO BE READ IN CONJUNCTION WITH THIS STATEMENT.

## Statement of Commitments and Contingencies as at 31 December 2008

	University and Consolidated	
	This Year \$000	Last Year \$000
<b>COMMITMENTS</b>		
As at 31 December 2008, \$29.574 million of capital works, equipment and software projects were committed for 2009:		
Capital Works	28,084	11,855
Equipment and Other	1,490	796
	<b>29,574</b>	<b>12,651</b>
Non cancellable property operating leases		
Not later than 1 year	3,054	1,989
Later than one year and not later than two years	2,344	1,300
Later than two years and not later than five years	5,117	2,410
Later than five years	6,028	2,710
Total Commitment	16,543	8,409
<b>Total Commitments</b>	<b>46,117</b>	<b>21,060</b>

Subject to the Forsyth Barr Stadium at University Plaza project proceeding, the University of Otago intends to locate at the stadium site. The University plans to construct buildings of up to 13,400 m<sup>2</sup> and bring together teaching and learning, sport and recreation, student health, childcare, and research on health and development. There is no contractual commitment at 31 December 2008.

### 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.

University and Consolidated	
This Year \$000	Last Year \$000
50	50

There were several personal grievance claims by employees against the University.

15	
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The University has a contingent liability with respect to the suspensory loan it has received from the Crown. This suspensory loan has been recognised as a crown contribution within equity on receipt. In the event of the University not achieving the required objectives, the loans are repayable to the Crown.

The balance that is still subject to achieving required objectives for the Leading Thinkers loan is

25,000	25,000
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The balance that is still subject to achieving required objectives for the College of Education Merger Loan is

1,200	1,200
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There are no Contingent Assets.

## Notes to and Forming Part of the Financial Statements for the year ended 31 December 2008

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Note 1 GOVERNMENT GRANTS</b>						
Vote Education	183,696	177,285	172,274	182,801	176,392	171,395
Vote Education – PBRF	47,670	46,519	45,380	47,670	46,519	45,380
Vote Health	2,429	2,096	1,747	2,429	2,096	1,747
<b>Total Government Grants</b>	<b>233,795</b>	<b>225,900</b>	<b>219,401</b>	<b>232,900</b>	<b>225,007</b>	<b>218,522</b>

Vote Education includes funding received from government by way of the operational bulk grant, which is based on equivalent full-time student (EFTS) numbers and the funding category values of these EFTS and specific purpose supplementary grants. Vote Education – PBRF is funding received from government by way of the Performance-Based Research Fund. 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.

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Note 2 INVESTMENT INCOME</b>						
Bank Term Deposits	9,920	8,435	8,185	8,779	4,838	7,225
<i>Loans and Receivables</i>						
Interest from Government and Public Stock	1,356	879	889			
Interest from Corporate Bonds and Notes	4,744	3,515	4,209			
Income from Associate Companies	55	(97)	129			
Dividends from New Zealand Company Equities	1,493	1,443	3,634	533		
Dividends from Australian Company Equities	724	569	633			
Realised Gains on Sale of Equities	1,244		1,218			
Realised Foreign Exchange Gains/(Losses)	1,957					
Unrealised Gains/(Losses) on Revaluations of Investments	(14,146)	1,885	(3,029)	(120)		(290)
Unrealised Foreign Exchange Gains/(Losses)	1,050		(2,312)	2,043		(250)
<b>Total Investment Income</b>	<b>8,397</b>	<b>16,629</b>	<b>13,556</b>	<b>11,235</b>	<b>4,838</b>	<b>6,685</b>

Note 3

## REQUIRED DISCLOSURES

### Statement of Financial Performance

Total Expenditure includes:

*Fees to Principal Auditor*

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
- Audit Fees for Financial Statement Audit	268	137	181	192	124	125
- Audit Fees for NZ IFRS Transition	13	8	36	8	8	16
- Fees for Other Services *1	18	8	46	18	8	46
Fees Paid to Lay Council Members (see below)	101	102	94	101	102	94
Interest Expense	292		135	292	-	135
Bad Debts Written Off	126	56	204	126	56	101
Directors' Remuneration	71	21	71			

Depreciation

Depreciation – Property Plant & Equipment	45,971	44,251	44,777	45,867	43,935	44,418
Amortisation – Intangible Assets (see Note 11)	1,620	1,960	1,509	1,620	1,960	1,509
Write-down of Property, Plant & Equipment (see Note 10)			13,390			13,390

<b>Total Depreciation/Amortisation and Write-Down</b>	<b>47,591</b>	<b>46,211</b>	<b>59,676</b>	<b>47,487</b>	<b>45,895</b>	<b>59,317</b>
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Loss on Disposal of Fixed Assets	(124)	(15)	909	(124)	(15)	909
Lease Payments	5,667	4,975	4,819	5,240	4,570	4,344

\*1 Relates to the audit of the Vice-Chancellor's declaration on the Performance-Based Research Fund external research income and the audit of the University's compliance with the requirements of the United States Department of Education in respect of the Federal Family Education Loan Programme.

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

<b>Council Member</b>	<b>This Year</b>	<b>Last Year</b>
	<b>\$</b>	<b>\$</b>
E O K Blaikie	2,240	2,110
L J Brown	25,350	23,887
P W H Chin	4,800	3,070
E W Ellison	2,560	4,540
K E Grant	11,200	8,060
R L C Heal		4,605
L P Isaacs	10,240	10,105
H M Z Lanham		4,285
S J McLauchlan	8,960	8,570
J D Palmer	1,920	2,750
M J M Sidey	4,160	3,710
K A Smith	320	3,325
K M Smith	5,120	4,030
R H Tobin	2,880	
M D Tucker	5,440	
J F Ward	10,400	10,850
S S Wilson	5,440	

<b>Total Earned</b>	<b>101,030</b>	<b>93,897</b>
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Note: Council members who are also employees do not receive attendance fees.

The following Directors' fees were earned by members of the Council who are directors of companies in the group:

<b>Council Member</b>	<b>This Year</b>	<b>Last Year</b>
	<b>\$</b>	<b>\$</b>
L Brown	20,000	24,000
S McLauchlan	6,000	6,000

<b>Total Earned</b>	<b>26,000</b>	<b>30,000</b>
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Note 4 **MERGER WITH THE COLLEGE OF EDUCATION**

The net assets arising from the merger with the Dunedin College of Education are regarded as a contribution on behalf of one of the University's existing equity participants. It is the University's view that the Crown is not the legal owner of the University.

On 31 December 2006 the Dunedin College of Education was disestablished by Order in Council pursuant to s164 of the Education Act 1989 and vested in the University of Otago. No consideration was paid by the University of Otago.

The merger had the following impact on the assets and liabilities of the University.

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Cash & Cash Equivalents			56			56
Other Financial Assets			7,960			7,960
Advances			1,850			1,850
Receivables			1,083			1,083
Inventories			27			27
<b>Total Current Assets</b>			<b>10,976</b>			<b>10,976</b>
Accounts Payable			3,191			3,191
<b>Total Current Liabilities</b>			<b>3,191</b>			<b>3,191</b>
<b>Working Capital</b>			<b>7,785</b>			<b>7,785</b>
Land & Buildings			46,993			46,993
Vehicles			168			168
Furniture & Equipment			542			542
Library & Art Collections			1,318			1,318
<b>Total Non-Current Assets</b>			<b>49,021</b>			<b>49,021</b>
<b>Net Assets</b>			<b>56,806</b>			<b>56,806</b>

Note 5 **DUNEDIN CITY TERTIARY ACCOMMODATION TRUST**  
**AT 1 JANUARY 2008 \*1**

	As at 1.1.08 \$000
<b>Current Assets</b>	
Cash and Cash Equivalents	648
Other Financial Assets	43
<b>Total Current Assets</b>	<b>691</b>
<b>Non-Current Assets</b>	
Property Plant and Equipment	16,621
<b>Total Assets</b>	<b>17,312</b>
<b>Current Liabilities</b>	
Trade and Other Payables and Accruals	180
Advances	950
<b>Non-Current Liabilities</b>	
Advances	6,700
<b>Total Liabilities</b>	<b>7,830</b>
<b>Net Assets</b>	<b>9,482</b>
University of Otago Interest (66%)	6,258

\*1 These figures have been adjusted to align the accounting policies of the University of Otago and the Dunedin City Tertiary Accommodation Trust. The main difference between the Dunedin City Tertiary Accommodation Trust accounts and the University of Otago's accounts is that the University has revalued property, plant and equipment. Independent valuer, Macpherson Valuation Limited, completed a valuation as at 1 December 2007. This resulted in a \$7,402k increase in value.

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>CASH AND CASH EQUIVALENTS</b>						
Cash at Bank and in hand	<b>2,485</b>	825	1,464	<b>832</b>	200	
Bank On-call Deposits	<b>15,245</b>	5,027	4,219	<b>9,687</b>	3,047	3,684
Short-term Deposits maturing three months or less from date of acquisition	<b>10,491</b>	7,000	22,000	<b>3,000</b>		14,000
<b>Total Cash and Cash Equivalents</b>	<b>28,221</b>	12,852	27,683	<b>13,519</b>	3,247	17,684

Note 6 **CASH AND CASH EQUIVALENTS**

Note 7

**OTHER FINANCIAL ASSETS**

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Current Portion</b>						
<i>Loans and Receivables</i>						
Shareholder Advances				370	325	1,490
Other Loans	699	324	4,193	327	324	3,723
Loan from University to Foundation Trust				25,000	25,000	25,250
Pledged Donations	2,025	2,095	2,445			
<i>Fair Value through Profit and Loss</i>						
Short-term Deposits with maturities of greater than 3 months from date of acquisition	41,417	47,574	42,000	31,000	7,579	32,000
Govt, LB & SOE Stock & Corporate Bonds	15,880	16,041	8,042			
<b>Total Current Portion</b>	<b>60,021</b>	<b>66,034</b>	<b>56,680</b>	<b>56,697</b>	<b>33,228</b>	<b>62,463</b>
<b>Non-Current Portion</b>						
<i>Loans and Receivables</i>						
Shareholder Advances				2,835	4,888	2,813
Other Loans	4,381	4,112	2,259	4,383	4,582	2,828
Pledged Donations	4,690	4,690	6,715			
<i>Fair Value through Profit and Loss</i>						
Bank Term Deposits	4,000	4,000				
Govt, LB & SOE Stock & Corporate Bonds	50,267	30,311	56,438			
Shares in Listed Equities	29,696	49,058	44,263	580	870	580
<i>Shares in Subsidiary</i>						
Shares in Subsidiary				6,826	7,253	5,755
<b>Total Non-Current portion</b>	<b>93,034</b>	<b>92,171</b>	<b>109,675</b>	<b>14,624</b>	<b>17,593</b>	<b>11,976</b>
<b>Total other Financial Assets</b>	<b>153,055</b>	<b>158,205</b>	<b>166,355</b>	<b>71,321</b>	<b>50,821</b>	<b>74,439</b>

The maturity profile for other investments is as follows:

	Consolidated			University		
	This Year \$000	Weighted avg effective interest rate	Last Year \$000	This Year \$000	Weighted avg effective interest rate	Last Year \$000
<b>Less than 1 Year</b>						
<i>Loans and Receivables</i>						
Shareholder Advances				370	0.00%	1,490
Other Loans	699	0.00%	4,193	327	0.00%	3,723
Loan from University to Foundation Trust				25,000	0.00%	25,250
Pledged Donations	2,025	0.00%	2,445			
<i>Fair Value through Profit and Loss</i>						
Short-term Deposits with maturities of greater than 3 months from date of acquisition (average maturity 232 days)	41,417	8.75%	42,000	31,000	8.83%	32,000
Govt, LB & SOE Stock & Corporate Bonds	15,880	7.04%	8,042			
<b>Total Current Portion</b>	<b>60,021</b>		56,680	<b>56,697</b>		62,463
<b>1 to 5 years</b>						
<i>Loans and Receivables</i>						
Other Loans	1,277	0.00%	83	1,279	0.00%	83
Pledged Donations	3,750	0.00%	5,225			
<i>Fair Value through Profit and Loss</i>						
Short-term Deposits with maturities of greater than 3 months from date of acquisition	4,000	7.6%				
Corporate Bonds Govt, LB & SOE stock	41,690	7.66%	47,554			
<b>More than 5 years</b>						
<i>Loans and Receivables</i>						
Shareholder Advances				2,835	0.00%	2,813
Other Loans	3,104	0.00%	2,176	3,104	0.00%	2,745
Shares in Subsidiary				6,826	0.00%	5,755
Pledged Donations	940	0.00%	1,490			
<i>Fair Value through Profit and Loss</i>						
Corporate Bonds Govt, LB & SOE stock	8,577	8.23%	8,884			
Shares in Listed Companies – carried at fair value through Statement of Financial Performance	29,696	0.00%	44,263	580	0.00%	580
<b>Total Term Portion</b>	<b>93,034</b>		109,675	<b>14,624</b>		11,976
<b>Total Loans and Receivables</b>	<b>153,055</b>		166,355	<b>71,321</b>		74,439

## Investments

Investments held by the Trusts include New Zealand Government Securities, State-Owned Enterprises' stock, local authority stock, bank bonds, commercial bonds and listed equities. The fair values of these investments are based on quoted market prices at balance date.

The Group owns 7,481,433 shares in BLIS Technologies Limited (BLIS). At 31 December 2008 the carrying amount was adjusted from the 31 December 2007 market price of \$0.08 per share to the market price at 31 December 2008 of \$0.06 per share, resulting in a write-down in fair value of \$149,629.

The Group owns 10,798,637 shares in Pacific Edge Biotechnology Limited. At 31 December 2008, these shares were valued at \$0.10 per share (2007 \$0.10).

The Group owns 4,641,200 shares in listed company Syft Technologies Limited. At 31 December 2008 the market price was \$0.10 per share (2007 \$0.10).

The Group owns shares in associated companies. As at 31 December 2008, the carrying amount was adjusted from the 31 December 2007 carrying amount of \$1.400 million to a carrying amount of \$50k, resulting in a write-down in fair value of \$1.350 million due to perceived impairment.

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Note 8</b>	<b>TRADE AND OTHER RECEIVABLES AND PREPAYMENTS</b>					
Trade Debtors	16,576	11,006	20,574	16,565	11,002	17,183
Other Debtors	10,940	11,537	7,791	9,672	9,651	9,288
Related Parties	1,072	(24)		1,072	(24)	248
Prepayments	4,638	6,633	5,388	4,638	6,633	5,353
<b>Total Trade and Other Receivables and Prepayments</b>	<b>33,226</b>	<b>29,152</b>	<b>33,753</b>	<b>31,947</b>	<b>27,262</b>	<b>32,072</b>
<b>TRADE AND OTHER RECEIVABLES</b>						
Current	16,659		18,694	17,386		17,122
2 to 3 Months	7,517		6,442	6,656		6,368
> 3 Months	4,412		3,229	3,267		3,229
<b>Carrying Amount</b>	<b>28,588</b>		<b>28,365</b>	<b>27,309</b>		<b>26,719</b>

Note 9

## INVESTMENTS IN ASSOCIATES

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Unipol Recreation Limited</b>						
Unlisted Ordinary Shares	905	900	767			
Share of Increase (Decrease) in the Net Assets	179	70	138			
<b>Total Investment</b>	<b>1,084</b>	<b>970</b>	<b>905</b>			
<b>Unihealth Limited</b>						
Unlisted Ordinary Shares	3	3	3			
Share of Increase (Decrease) in the Net Assets						
<b>Total Investment</b>	<b>3</b>	<b>3</b>	<b>3</b>			
<b>University Union Limited</b>						
Unlisted Ordinary Shares	1,942	1,915	1,737			
Share of Increase (Decrease) in the Net Assets	166	145	255			
<b>Total Investment</b>	<b>2,108</b>	<b>2,060</b>	<b>1,992</b>			
<b>New Zealand Centre for Reproductive Medicine Limited</b>						
Unlisted Ordinary Shares	310		262			
Share of Increase (Decrease) in the Net Assets	(174)		48			
<b>Total Investment</b>	<b>136</b>		<b>310</b>			
<b>LCoNZ Limited</b>						
Unlisted Ordinary Shares	792	824	647			
Share of Increase (Decrease) in the Net Assets	9	66	145			
<b>Total Investment</b>	<b>801</b>	<b>890</b>	<b>792</b>			
<b>BPAC NZ Limited</b>						
Unlisted Ordinary Shares		68				
Share of Increase (Decrease) in the Net Assets						
<b>Total Investment</b>		<b>68</b>				
<b>Total Investments in Associates</b>	<b>4,132</b>	<b>3,991</b>	<b>4,002</b>			

**PROPERTY PLANT AND EQUIPMENT  
PARENT**

	Land	Buildings	Computers	Furniture	Artworks	Library Books	Hocken Collections	Rare Books & Special Collections	Equipment	Total
<b>Cost</b>										
<i>Balance at 1 January 2007</i>										
Items at Cost	18,864	18,864	58,952	13,649	9,280	73,992	2,061	9,101	131,229	317,128
Items at Valuation	147,753	684,867								832,620
	147,753	703,731	58,952	13,649	9,280	73,992	2,061	9,101	131,229	1,149,748
Revaluations										
Revaluations – write back accum. Depn										
Additions	9,282	76,370	6,845	2,102	326	7,437	204	209	12,351	115,126
Disposals		(62)	(1,417)						(1,874)	(3,353)
Transfers between Categories			(15)						4	(11)
Impairment										
<b>Balance at 31 December 2007</b>	<b>157,035</b>	<b>780,039</b>	<b>64,365</b>	<b>15,751</b>	<b>9,606</b>	<b>81,429</b>	<b>2,265</b>	<b>9,310</b>	<b>141,710</b>	<b>1,261,510</b>
<i>Balance at 1 January 2008</i>										
Items at Cost	9,282	95,172	64,365	15,751	9,606	81,429	2,265	9,310	141,710	428,890
Items at Valuation	147,753	684,867								832,620
	157,035	780,039	64,365	15,751	9,606	81,429	2,265	9,310	141,710	1,261,510
Revaluations										
Revaluations – write back accum. Depn										
Additions	16,023	41,592	6,382	1,271	122	7,340		35	18,603	91,368
Disposals			(3,207)	(7)					(1,613)	(4,827)
Transfers between Categories	4,205	(4,205)							4	4
Other Adjustments	72	(23)	70						1,527	1,646
Impairment										
<b>Balance at 31 December 2008</b>	<b>177,335</b>	<b>817,403</b>	<b>67,610</b>	<b>17,015</b>	<b>9,728</b>	<b>88,769</b>	<b>2,265</b>	<b>9,345</b>	<b>160,231</b>	<b>1,349,701</b>

PROPERTY PLANT AND EQUIPMENT (Continued)  
PARENT

	Land	Buildings	Computers	Furniture	Artworks	Library Books	Hocken Collections	Rare Books & Special Collections	Equipment	Total
<b>Accumulated depreciation and impairment losses</b>										
<i>Balance at 1 January 2007</i>			47,700	7,831		42,512			86,996	185,039
Revaluations		20,777	6,128	1,157		6,868			9,488	44,418
Depreciation										
Revaluations – write back accum. Depn									(1,122)	(2,495)
Disposals		27	(1,400)							
Transfers between Categories										
Impairment		1				13,389				13,390
<b>Balance at 31 December 2007</b>		<b>20,805</b>	<b>52,428</b>	<b>8,988</b>		<b>62,769</b>			<b>95,362</b>	<b>240,352</b>
<i>Balance at 1 January 2008</i>		20,805	52,428	8,988		62,769			95,362	240,352
Depreciation		21,364	6,151	1,177		6,940			9,943	45,575
Revaluations – write back accum. Depn										
Disposals			(3,082)	(4)					(1,287)	(4,373)
Transfers between Categories										
Other Adjustments		(90)							1,413	1,323
Loss on Sale										
Impairment										
<b>Balance at 31 December 2008</b>		<b>42,079</b>	<b>55,497</b>	<b>10,161</b>		<b>69,709</b>			<b>105,431</b>	<b>282,877</b>
<b>Carrying Amounts</b>										
At 1 January 2007	147,753	703,731	11,252	5,818	9,280	31,480	2,061	9,101	44,233	964,709
At 31 December 2007 and 1 January 2008	157,035	759,234	11,937	6,763	9,606	18,660	2,265	9,310	46,348	1,021,158
At 31 December 2008	177,335	775,324	12,113	6,854	9,728	19,060	2,265	9,345	54,800	1,066,824

CONSOLIDATED

	Land	Buildings	Computers	Furniture	Artworks	Library Books	Hocken Collections	Rare Books & Special Collections	Equipment	Total
<b>Cost</b>										
<i>Balance at 1 January 2007</i>										
Items at Cost		18,933	60,851	14,154	9,280	74,175	106,123	9,101	131,502	424,119
Items at Valuation	147,753	684,867								832,620
Revaluations	147,753	703,800	60,851	14,154	9,280	74,175	106,123	9,101	131,502	1,256,739
Revaluations – write back accum. Depn										
Additions	9,282	76,370	6,938	2,111	326	7,437	1,029	209	12,351	116,053
Disposals		(62)	(2,575)	(137)					(1,874)	(4,648)
Transfers between Categories			(15)						4	(11)
Impairment										
<b>Balance at 31 December 2007</b>	<b>157,035</b>	<b>780,108</b>	<b>65,199</b>	<b>16,128</b>	<b>9,606</b>	<b>81,612</b>	<b>107,152</b>	<b>9,310</b>	<b>141,983</b>	<b>1,368,133</b>
<i>Balance at 1 January 2008</i>										
Items at Cost	9,282	95,241	65,199	16,128	9,606	81,612	107,152	9,310	141,983	535,513
Items at Valuation	147,753	684,867								832,620
Revaluations	157,035	780,108	65,199	16,128	9,606	81,612	107,152	9,310	141,983	1,368,133
Revaluations – write back accum. Depn										
Additions	18,078	46,025	6,528	1,362	122	7,340	1,644	35	18,769	99,903
Disposals			(3,211)	(30)					(1,613)	(4,854)
Transfers between Categories	4,205	(4,205)								
Other Adjustments	72	(23)	70						1,527	1,646
Impairment										
<b>Balance at 31 December 2008</b>	<b>179,390</b>	<b>821,905</b>	<b>68,586</b>	<b>17,460</b>	<b>9,728</b>	<b>88,952</b>	<b>108,796</b>	<b>9,345</b>	<b>160,666</b>	<b>1,464,828</b>

CONSOLIDATED (Continued)	Land	Buildings	Computers	Furniture	Artworks	Library Books	Hocken Collections	Rare Books & Special Collections	Equipment	Total
<b>Accumulated Depreciation and Impairment Losses</b>										
<i>Balance at 1 January 2007</i>		53	48,686	8,166		42,688			87,232	186,825
Revaluations		20,783	6,338	1,186		6,873			9,522	44,702
Revaluations – write back accum. Depn		27	(1,903)	(16)					(1,122)	(3,014)
Disposals										
Transfers between Categories										
Impairment		1		(37)						13,353
<b>Balance at 31 December 2007</b>		<b>20,864</b>	<b>53,121</b>	<b>9,299</b>		<b>62,950</b>			<b>95,632</b>	<b>241,866</b>
<i>Balance at 1 January 2008</i>		20,864	53,121	9,299		62,950			95,632	241,866
Depreciation		21,368	6,230	1,190		6,942			9,943	45,673
Revaluations - write back accum. Depn									(1,292)	(4,378)
Disposals			(3,082)	(4)						
Transfers between Categories										
Other Adjustments		(90)							1,413	1,323
Impairment										
<b>Balance at 31 December 2008</b>		<b>42,142</b>	<b>56,269</b>	<b>10,485</b>		<b>69,892</b>			<b>105,696</b>	<b>284,484</b>
<b>Carrying Amounts</b>										
At 1 January 2007	147,753	703,747	12,165	5,988	9,280	31,487	106,123	9,101	44,270	1,069,914
At 31 December 2007 and 1 January 2008	157,035	759,244	12,078	6,829	9,606	18,662	107,152	9,310	46,351	1,126,267
At 31 December 2008	179,390	779,763	12,317	6,975	9,728	19,060	108,796	9,345	54,970	1,180,344

Buildings at cost includes work in progress \$38,999 million (2007: \$16,393 million).

Note 11 **INTANGIBLE ASSETS – PARENT**

	Cost/ Valuation \$000	Accumulated Amortisation \$000	This Year Book Value \$000	Last Year Book Value \$000
<b>COST</b>				
Software – Internally Generated	3,515	981	<b>2,534</b>	2,816
Software – Externally Generated	15,147	6,909	<b>9,283</b>	9,575
<b>Intangible Assets at Cost</b>	<b>18,662</b>	<b>7,890</b>	<b>11,817</b>	<b>12,391</b>

	Opening Book Value \$000	Additions \$000	Amortisation \$000	Net Disposals \$000	Closing Book Value \$000
<b>INTANGIBLE ASSET MOVEMENTS</b>					
Software - Internally Generated	2,816		282		<b>2,534</b>
Software - Externally Generated	9,575	1,046	1,338		<b>9,283</b>
<b>Total</b>	<b>12,391</b>	<b>1,046</b>	<b>1,620</b>		<b>11,817</b>

**INTANGIBLE ASSETS – CONSOLIDATED**

	Cost/ Valuation \$000	Accumulated Amortisation \$000	This Year Book Value \$000	Last Year Book Value \$000
<b>COST</b>				
Software – Internally Generated	3,515	981	<b>2,534</b>	2,816
Software – Externally Generated	15,158	6,909	<b>9,294</b>	9,581
<b>Intangible Assets at Cost</b>	<b>18,673</b>	<b>7,890</b>	<b>11,828</b>	<b>12,397</b>

	Opening Book Value \$000	Additions \$000	Amortisation \$000	Net Disposals \$000	Closing Book Value \$000
<b>INTANGIBLE ASSET MOVEMENTS</b>					
Software – Internally Generated	2,816		282		<b>2,534</b>
Software – Externally Generated	9,581	1,051	1,338		<b>9,294</b>
<b>Total</b>	<b>12,397</b>	<b>1,051</b>	<b>1,620</b>		<b>11,828</b>

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

## Note 12 ACCOUNTS PAYABLE AND ACCRUALS

Trade Creditors	<b>11,110</b>	6,303	8,127	<b>10,241</b>	5,589	7,467
Other Creditors	<b>12,282</b>	11,144	14,171	<b>13,388</b>	11,361	13,231
Related Parties	<b>3,302</b>	3,620		<b>3,302</b>	3,620	3,603
Accruals	<b>9,207</b>	8,130	9,543	<b>9,125</b>	8,010	9,421
<b>Total Accounts Payable and Accruals</b>	<b>35,901</b>	<b>29,197</b>	<b>31,841</b>	<b>36,056</b>	<b>28,580</b>	<b>33,722</b>

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>ACCOUNTS PAYABLE</b>				
Current	<b>26,236</b>	26,453	<b>27,034</b>	28,485
2 to 3 months	<b>(83)</b>	(4,018)	<b>(83)</b>	(4,018)
> 3 months	<b>541</b>	(137)	<b>(20)</b>	(166)
<b>Carrying Amount</b>	<b>26,694</b>	<b>22,298</b>	<b>26,931</b>	<b>24,301</b>

	Consolidated			University		
	This Year	Budget	Last Year	This Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000
Note 13 <b>FUNDS RECEIVED IN ADVANCE</b>						
Research Funding	<b>25,590</b>	24,412	24,421	<b>25,590</b>	24,412	24,421
Student Fees	<b>6,567</b>	4,150	4,836	<b>4,771</b>	3,207	3,846
Other	<b>2,115</b>	516	1,841	<b>2,115</b>	516	1,781
<b>Total Funds Received in Advance</b>	<b>34,272</b>	29,078	31,098	<b>32,476</b>	28,135	30,048

	Consolidated			University		
	This Year	Budget	Last Year	This Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000
Note 14 <b>EMPLOYEE ENTITLEMENTS</b>						
Current Portion of Employee Entitlements:						
Annual Leave	<b>23,053</b>	25,810	21,445	<b>22,919</b>	25,630	21,258
Long-Service Leave	<b>719</b>	955	924	<b>719</b>	955	924
Retirement Gratuities	<b>7,236</b>	7,421	6,952	<b>7,236</b>	7,421	6,952
Staff Intellectual Property Entitlements	<b>400</b>	755	1,066	<b>400</b>	755	1,066
Other Entitlements			37			
<b>Total Current Portion</b>	<b>31,408</b>	34,941	30,424	<b>31,274</b>	34,761	30,200
Non-Current Portion of the Employee Entitlements:						
Long-Service Leave	<b>927</b>	747	747	<b>927</b>	747	747
Retirement Gratuities	<b>27,519</b>	22,294	19,551	<b>27,519</b>	22,294	19,551
Sick Leave	<b>1,188</b>	1,392	1,392	<b>1,188</b>	1,392	1,392
<b>Total Non-Current Portion</b>	<b>29,634</b>	24,433	21,690	<b>29,634</b>	24,433	21,690

### Calculation of Sick Leave, Long-Service Leave and Retirement Gratuities

An actuarial assessment of the accrued sick leave, long-service leave and retirement gratuities of the University of Otago in respect of current employees was carried out as at 31 December 2008. A range of discount rates from 4.64% to 5.42% and a salary growth rate of 2.75% have been applied in the calculation of the non-current sick leave, 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.

Sick leave for University of Otago Holdings Limited Group has not been accrued as it is immaterial.

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Employer Contributions to Multi-Employer Defined Benefit Plans	2,027		2,202	2,027		2,202

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

### Note 15 LOANS AND LEASES

Non-Current Loans & Leases	608	250				250
<b>Total Loans and Leases</b>	<b>608</b>	<b>250</b>				<b>250</b>

Non-current loans represent funds held on behalf of two external trusts where the University of Otago is not the sole beneficiary. The funds from these trusts have been invested in the University of Otago Foundation Trust and investment income is allocated to these funds monthly.

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Non-Current</b>						
Maturity analysis						
1 to 5 years	608		250			250
<b>Total Loans</b>	<b>608</b>		<b>250</b>			<b>250</b>

The weighted average effective interest rate of all loans is 0%.

The carrying amount (fair value) of the above loans has been estimated to be the face value of the loans.

Note 16

**EQUITY**

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>General Reserve</b>						
<i>As at 1 January</i>	<b>698,279</b>		599,663	<b>484,957</b>		392,109
Surplus for Year	<b>18,518</b>		32,119	<b>24,679</b>		26,351
Net Assets Arising From the Merger With the Dunedin College of Education			56,806			56,806
Capital Contribution from Government to University of Otago Foundation Trust						
Leading Thinkers Initiative			9,691			9,691
Foreign Exchange Contracts Revaluation	<b>(436)</b>			<b>(436)</b>		
Dunedin City Tertiary Accommodation Trust						
Opening Position at 1 January 2008	<b>6,258</b>					
Transfer of External Trusts to Loan Balance	<b>(424)</b>					
<b>As at 31 December</b>	<b>722,195</b>		698,279	<b>509,200</b>		484,957
<b>Property Revaluation Reserve</b>						
<i>As at 1 January</i>	<b>557,592</b>		557,592	<b>557,592</b>		557,592
<b>As at 31 December</b>	<b>557,592</b>		557,592	<b>557,592</b>		557,592
<b>Total Equity</b>	<b>1,279,787</b>		1,255,871	<b>1,066,792</b>		1,042,549

Note 17 **FINANCIAL INSTRUMENTS**

The Group is party to financial instrument arrangements as part of its everyday operations. The main risks arising from the University and Group's financial instruments are foreign exchange risk and credit risk.

To manage and limit the effects of those risks, the University Council has approved policy guidelines and authorised the use of various financial instruments. Compliance is monitored monthly and deviations from the target are reported to the foreign exchange committee. The financial instruments being utilised at balance date are outlined below.

The principal or contract amounts of derivative financial instruments outstanding at balance date are as follows:

	Consolidated			University		
	This Year	Budget	Last Year	This Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000
	Fair Value		Fair Value	Fair Value		Fair Value
Forward Foreign Exchange Contracts	<b>13,256</b>		8,789	<b>13,256</b>		8,789

**Foreign Exchange Risk**

The Group has transactional currency exposures arising from sales and purchases in currencies other than NZ dollars. The University regularly monitors its exposure to overseas currency fluctuations. Wherever possible the University transacts in NZ dollars including the setting of fees for international students. The University purchases library items and scientific equipment from overseas, giving rise to and exposure to currency fluctuations, but in the case of ordering major items of equipment (over \$50,000) policy requires the University to hedge the purchase when the committed payment date is known. Hedge accounting is not applied. The Group has a foreign exchange risk management committee which oversees this risk by applying the foreign exchange policy which is approved by Council.

At 31 December 2008, the University held the following amounts of foreign currency within its current and call deposit accounts.

	Consolidated			University		
	This Year	Budget	Last Year	This Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Currency</b>						
US Dollars	<b>241</b>		607	<b>241</b>		607
Australian Dollars	<b>2,959</b>		65	<b>9</b>		65
EURO	<b>34</b>		358	<b>34</b>		358
Great British Pounds	<b>136</b>		1	<b>136</b>		1

In January, the majority of the above funds were used to pay overseas creditors.

*Sensitivity Analysis*

At 31 December 2008, if the NZ dollar had weakened / strengthened by 5% against the US dollar; Australian dollar; Euro or GB pound, with all other variables held constant, the surplus / deficit for the year would have been \$280,274 (2007: \$110,694) higher/ lower. This movement is attributable to the foreign exchange gains on translation of foreign denominated bank accounts held.

At 31 December 2008, if the NZ dollar had weakened / strengthened by 5% against the Australian dollar; with all other variables held constant, the surplus / deficit for the year would have been \$536,516 (2007: \$820,396) higher / lower. This movement is attributable to the foreign exchange gains on translation of foreign equities held in the Group.

#### **Credit Risk**

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

In the normal course of business, credit risk arises from debtors, deposits with banks and derivative financial instruments assets.

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.

Short-term deposits are only placed with the major New Zealand trading banks approved under the investment policy. Not more than one third of all cash deposits can be held with any one approved bank.

#### *Sensitivity Analysis*

At 31 December 2008, if interest rates on investments had fluctuated by plus or minus 0.5%, the surplus for the year would have been \$996,035 (2007: \$900,130) higher / lower. This movement is attributable to interest-earning deposits held.

#### **Interest Rate Risk**

The Group has minimal exposure to interest rate risk from loans.

#### **Price Risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The University and Group is exposed to equity security prices on its equity investment. This price arose due to market movements in listed securities. The University holds listed equity instruments which are publicly traded and included in the NZX50 and ASX100 equity index. If the NZX50 and the ASX100 index at 31 December 2008 had fluctuated by plus or minus 5% and equity instruments moved proportionately, the effect would have been to increase/decrease the fair value by \$1,357,644.

#### Note 18 **RARE BOOKS AND SPECIAL LIBRARY COLLECTIONS**

The University holds a number of gifted collections of books, manuscripts, and artworks 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 \$9.351 million (2007: \$9.310 million). Additions at cost in 2008 were \$0.035 million (2007: \$0.209 million). (See Note 10.)

Note 19 **HOCKEN COLLECTIONS**

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Opening Balance	107,152		106,126	2,265		2,061
Donated Hocken Additions	1,644		1,026			204
Transfers from University General Collection						
	<b>108,796</b>		107,152	<b>2,265</b>		2,265
being:						
Assets held in Trust	106,531		104,887			
Assets owned by the University	2,265		2,265	2,265		2,265
	<b>108,796</b>		107,152	<b>2,265</b>		2,265

The University holds in trust a national archival collection of books and artworks known as the Hocken Collections. Items included in the collections are acquired by gift, bequest and purchase. Items are also accepted on deposit where ownership is retained by the depositor.

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 collections includes deposited items valued at \$23.707 million (2007: \$23.399 million).

Note 20 **COSTING OF OUTPUTS**

The University's outputs as defined by University Council are:

- ~ Teaching, Learning and Assessment
- ~ Research (includes 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 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 (see Note 21) and then allocated to the outputs within each of these divisions. This is completed using the net cost of services.

Note 21 **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 20) using the following cost drivers:

Equivalent Full-Time Students:	Used for Student Services (including Careers Office, Student Health and Counselling, Recreation Services, Disabilities Office, Union Student Services), Teaching Facilities, ITS Helpdesk, Student Administration, Student Finance Services, Vice-Chancellor's Office and the Planning, Support and Funding Office.
Staff Appointments and Terminations:	Used for Human Resources Client Services.
Full-Time Equivalent Staff:	Used for Human Resources Directorate, Professional Development and Equity and Health and Safety.
Academic Full-Time Equivalent Staff:	Used for Deputy Vice-Chancellor – Research Office.
Staff Numbers (headcount):	Used for Academic Division including Higher Education Development Centre, Academic Committees, Quality Advancement and Human Resources Management Information System.
Space in Square Metres:	Used for Property Services including Contracting, Project Development and Design, Operations, Technical Services and the Property Management Unit.
Cost of Services Expenditure:	Used for Financial Services including Financial Accounting, Treasury Services, Financial Systems and Data Management, the Procurement Office and Projects and Asset Management.
90% Equivalent Full-Time Students and 10% equally to Teaching and Research Divisions:	Used for Marketing and Communications (including Marketing Services, Alumni, Schools Liaison, Communications, Wellington Centre and Auckland Campus), Internal Audit, Corporate and Secretary to Council.
65% Equivalent Full-Time Students and 35% equally to Teaching and Research Divisions:	Used for Information Technology Services (including Computing Services, User Services, IT Policy, Administrative Technology Services, Helpdesk, Technical Services, and e-Learning Support), Risk Management Committee, Library, Operations Divisional Office and University Press.
Māori Students (headcount) :	Used for Māori Centre.
Pacific Islands Students (headcount):	Used for Pacific Islands Centre.
2/3 International Students and 1/3 equally to Teaching and Research Divisions:	Used for International Office.
14% Commercial Activity Income and 86% Externally-Funded Research Grants:	Used for Research and Enterprise Office.

### **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 enter 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**

The University has executed transactions with University of Otago Holdings Limited (UOHL). These consist of loans and advances which are interest-free, except for a short-term advance for which interest is payable at the University's borrowing rate plus 1% (interest received in 2008 \$137,000 (2007: \$103,000)), and payments received for accounting and secretarial services (\$25,000 in 2008 (2007: \$25,000)). UOHL also has a current account with the University (\$1.095 million credit in 2008 (2007: \$1.931 million credit)), which is interest-free. The University wrote down a term loan to UOHL by \$195,000 (2007: \$166,000), as it was agreed the loan is to match the value of Otago Innovation Limited's (OIL) shareholdings in BLIS and PEBL. The University invested \$1.072 million of equity into UOHL.

During the year the University entered into transactions with University of Otago Foundation Studies Limited (FSL), a fully-owned subsidiary of University of Otago Holdings Limited. The transactions were made on commercial terms and conditions. The University incurred commissions expenditure to FSL of \$1,074,418 (2007: \$98,368) and was paid \$400,000 for rent (2007: \$387,000) and \$39,000 (2007: \$38,000) for administration services by FSL. FSL also owed the University \$312,854 for creditors paid on its behalf (2007: \$92,597).

During the year the University entered into transactions with University Union Limited (UUL), an associate company of University of Otago Holdings Limited. The transactions were made on commercial terms and conditions. The University paid UUL \$305,256 for rent (2007: \$324,000). University Union Limited paid the University of Otago ground rent of \$99,321 (2007: \$99,320).

The University entered into transactions with OIL, the total value of goods and services being \$296,727 (2007: \$196,000). All transactions were on commercial terms and conditions. OIL owed the University \$2,968 (2007: \$2,000) at balance date. The University forgave loans to OIL during the year of \$nil (2007: \$348,000).

During the year, the University entered into transactions with Immune Solutions Limited, a wholly-owned subsidiary of OIL. Immune Solutions Limited purchased goods and services from the University to the value of \$34,617 (2007: \$33,000). All transactions were on commercial terms and conditions. At balance date, the amount owing to the University was \$1,714 (2007: \$3,000).

During the year, the University entered into transactions with IsotrAce Limited, a wholly-owned subsidiary of OIL. IsotrAce Limited purchased goods and services from the University to the value of \$20,537 (2007: \$86,000). All transactions were on commercial terms and conditions. At balance date, the amount owing to the University was \$nil (2007: \$nil). The University of Otago purchased goods and services from IsotrAce New Zealand Limited to the value of \$16,107 (2007: \$875,000). At balance date the amount owing to IsotrAce New Zealand Limited was \$nil (2007: \$929,000).

The University entered into transactions with its Trusts. These were made on commercial terms and conditions. The Trusts paid the University investment management fees of \$467,286 (2007: \$416,718) and distributed \$4,285,493 to the University (2007: \$4,579,171). The Trust has a \$533,146 current account with the University as at 31 December 2008 (2007: \$nil).

**Key Management Personnel**

During the year key management personnel which includes the Chancellor, Councillors, Vice-Chancellor and other senior management personnel, as part of a normal customer relationship, may have been involved in minor transactions with the University of Otago on an arm's-length basis.

Close family members of Councillors and key management personnel are employed by the University. The terms and conditions of those arrangements are no more favourable than the University would have adopted if there were no relationship to Councillors or key management personnel.

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<i>Key Management Remuneration:</i>						
Salary and Short Term Benefits	3,006		2,928	2,132		2,057
Superannuation	101		92	101		92
	<b>3,107</b>		<b>3,020</b>	<b>2,233</b>		<b>2,149</b>

**RELATED PARTIES TRANSACTIONS****Councillors****Year: 2008****Year: 2007**

Purchased by University during year	Purchased from University during year	Owed by University at Balance Date	Owed to University at Balance Date	Purchased by University during year	Purchased from University during year	Owed by University at Balance Date	Owed to University at Balance Date
Value of Transactions (GST Inclusive)				Value of Transactions (GST Inclusive)			

**Associate Professor J A Bennett**

Graduate Studies Committee (Social Work) (C)  
Graduate Studies M Plan (Geog) (C)  
University of Otago (Council Member)

**Judge E O K Blaikie**

Kempthorne Trusts (Settlor)  
Tolcarne Trust (Trustee)  
University of Otago (Council Member)

**Mr L J Brown**

University of Otago Holdings Ltd (C)*							
Technology Holdings Ltd (C)				20,080			
Mornington PHO Trust (C)	538		3,033	2,690			
University of Otago Foundation Trust (C)	2,751,308	250,481		2,414,711	162,756		
Contract Cultivation Ltd (D)							
Dunedin International Airport Ltd (D)	5,420			4,670			
Awakino Station Ltd (D)							
Panmure Orchards Ltd (D)							
Otago Innovation Limited (C)		290,078	2,870	196,259		4,191	
Otago Medical Research Foundation (Councillor)	100	243,967	88,237	159,036		33,626	

	Year: 2008				Year: 2007			
	Purchased by University during year	Purchased from University during year	Owed by University at Balance Date	Owed to University at Balance Date	Purchased by University during year	Purchased from University during year	Owed by University at Balance Date	Owed to University at Balance Date
	Value of Transactions (GST Inclusive)				Value of Transactions (GST Inclusive)			
Mercy Hospital Dunedin Ltd (D)	41,959	19,903	332	400	79,360	10,454		
Deloitte (Consultant – Ceased 31/5/06)		2,469		255		5,412		
E M Irvine Family Trust (Trustee)								
Ashburn Hall Charitable Trust (Trustee)								
Isotracer NZ Ltd (D)	945,584				58,480	27,874		1,292
University of Otago (Council Member)								
Zelko New Zealand Ltd (C)								
<b>Mr P W H Chin</b>								
Gambling Commission (C)						12,364		6,182
Dunedin City Council (Mayor of Dunedin)	16,336,968	68,769	25,904	5,738	2,374,990	82,158	43,517	14,821
Alexander McMillan Trust (Trustee)								
University of Otago (Council Member)								
<b>Dr M J Duxson</b>								
Māori Point Vineyard Ltd (D)						210		
University of Otago (Council Member)								
<b>Mr E W Ellison</b>								
Kai Tahu Ki Otago Ltd (C)								
Kai Tahu Ki Otago Charitable Trust (C)								
Weller Ltd (D) (S)								
Erihana Farm Ltd (D) (S)								
Tatawai Ancillary Trust (Trustee)								
Moana House (D)								
Methodist Putea Komiti (C)								
Kaitakawaenga to Otago Regional Council		563				4,167		88
Advisor to CEO – Department of Corrections		2,250		1,238		1,999		
Repatriation Advisory Panel to Te Papa Tongarewa (C)		334				64,988		61,614
Pae-Arahi (Cultural Adviser) to ACC (Contract)								
QE II Trust (D)								
Ngāi Tahu Te Papa Steering Group (Advisory role)								
Ngāi Tahu Hazardous & New Organism Committee (C)								
Te Runanga o Otakou (Executive Member)								
University of Otago (Council Member)								
<b>Mrs K E Grant</b>								
Dunedin International Airport Ltd (D)	5,420							
Alpine Deer Group Limited (D)								
Hazlett & Sons Ltd (D)								
Warbirds over Wanaka Community Trusts (Trustee)								
Dunedin Diocesan Trust Board (Trustee)								
Numerous private trusts administered by Galloway								
Cook Allan (Trustee)								
Galloway Cook Allan (Associate)	194,584	934	893		156,890	563	364	
Sports Otago (Trustee)		3,038				100		
University of Otago (Council Member)								
<b>Ms R L C Heal</b>								
Planet Media Dunedin Ltd (D)					146,560	25,607		515
University Union Ltd (D)					341,960	85,765		27,934
Unipol Recreation Ltd (D)						40,784		
Electronic Voting Systems Ltd (D)								30
Student Job Search – Otago (C)						82		

	Year: 2008				Year: 2007			
	Purchased by University during year	Purchased from University during year	Owed by University at Balance Date	Owed to University at Balance Date	Purchased by University during year	Purchased from University during year	Owed by University at Balance Date	Owed to University at Balance Date
	Value of Transactions (GST Inclusive)				Value of Transactions (GST Inclusive)			
<b>Miss L P Issacs</b>								
Hills Radio Trust (Trustee)	1,169				1,000			
Aoraki Polytech – Dunedin campus (Advisory Committee for Television & Radio)		624				556		
University of Otago (Council Member)								
<b>Ms H M Z Lanham</b>								
University Union Ltd (D)					351,520	85,765		27,934
<b>Mr S J McLauchlan</b>								
AD Instruments PTY Limited (D)	310,798	332			267,470			
Aurora Energy Ltd (D)								
Quality Hotel Cargill 2002 Ltd (C)	17,957		2,880		13,890			
Citibus Ltd (D)	34,668	478	1,658		26,130			
City Forests Ltd (D)								
Delta Ltd (D)	151,377		1,067		113,430			
Dunedin Casinos Ltd (D)		5,963						
Dunedin Casino Management Ltd (D) (S)								
Dunedin City Holdings (D)								
Dunedin International Airport Ltd (D)	5,420				4,670			
GSM Ltd (D)								
GSM Trustees Limited (D) (S)								
Highlanders Franchise Ltd (C)					330			
Lund South Ltd (D)	109,010		129,188					
Reliance Trading Co Ltd (D)								
Rosebery Holdings Ltd (D) (S)								
Southern Cross Scenic Circle Hotels Ltd (D)	2,843		4,206		1,380			
Scott Technology Ltd (C)								
SJM Forest Ltd (D) (S)								
Stafford Equities Limited (D) (S)								
University of Otago Foundation Studies Ltd (D)	1,026,284	868,785		299,562	98,368	1,124,544		92,597
Wagstaff Holdings Limited (D)								
Wavell Resources Ltd (D)								
NZ Sports Hall of Fame (C)					10	108		
University of Otago (Council Member)								
G S M McLauchlan & Co (Partner)								
Institute of Directors Otago & Southland (C)								
Otago Employers' Assn (Trustee)	4,634				4,260			
University of Otago Rugby Club (Committee)		55,288			150	64,093		2,991
Otago Community Hospice Trust (C)	5,338				920			
<b>Ms M A Morgan</b>								
University of Otago (Council Member)								
<b>Dr J D Palmer</b>								
Russell McVeagh (Partner)	2,321	225		152	11,610	174		
University of Otago (Council Member)								
<b>Mr M J M Sidey</b>								
Forsyth Barr Ltd (Vice-Chairman) (S)	3,240	400			2,640	298	1,080	
Salvation Army Advisory Board (D)								
NZ Academy of Sport - South Island (D)	5,760	156,249			4,080	366,265		2,790
Halberg Trust (Trustee)								
St Andrew's College Foundation (Trustee)								
University of Otago Holdings (D)								
University of Otago (Council Member)								

	Year: 2008				Year: 2007			
	Purchased by University during year	Purchased from University during year	Owed by University at Balance Date	Owed to University at Balance Date	Purchased by University during year	Purchased from University during year	Owed by University at Balance Date	Owed to University at Balance Date
	Value of Transactions (GST Inclusive)				Value of Transactions (GST Inclusive)			
<b>Professor D C G Skegg</b>								
Directors Cancer Research Trust (C)								
University of Otago Holdings Ltd (D)*								
University of Otago Foundation Studies Ltd (D)	1,026,284	868,785		299,562	98,368	1,124,544		92,597
Alexander Mc Millan Trust (Trustee)								
A A W Jones Charitable Trust (Trustee)								
New Zealand Food Safety Academy (Member)		20,813		6,728		2,430		
BSE Expert Science Panel (C)								
University of Otago (Council Member)								
<b>Ms K A Smith</b>								
Association of Staff in Tertiary Education (Employee)								
	27,989				14,670			
<b>Ms K M Smith</b>								
NZ Academy of Sport – South Island (CEO)								
Centre of Excellence Inc (D)	5,760	156,249			4,080	366,265		2,790
International Federation of Netball Associations (D)					100	225		
Centre of Excellence Trust (Trustee)								
Skeggs Foundation (Trustee)								
University of Otago (Council Member)								
<b>Mr R H Tobin</b>								
Logan Park High School (Deputy Principal)								
University of Otago (Council Member)		3,766		110				
<b>Mr M D Tucker</b>								
Otago University Students Association (Executive)								
- University Union Ltd	320,222	104,722		27,934				
- University Bookshop								
University of Otago (Council Member)								
<b>Mr J F Ward</b>								
H & J Smith Holdings Limited (C)								
	353							
Simner Investments Limited (C) (S)								
Amtex Corporation Limited (C) (S)								
Southland Building Society (Deputy Chairman)								
Venture Southland (D)								
Carisbrook Trust (Trustee)								
University of Otago (Council Member)								
<b>Professor A M Wheatley</b>								
University of Otago (Council Member)								
<b>Mr S S Wilson</b>								
Student Job Search (D)								
		1,497		26				
University Union Limited (D)	320,222	104,722		27,934				
Planet Media Dunedin Ltd (D)	141,863	21,131	21,966	1,832				
Critical Publications Ltd (D)								
Otago University Students' Association (President)								
Unipol Recreation Ltd (D)		13,110						
University of Otago (Council Member)								

C = Chairman; D = Director; S = Shareholder

\*The University invested a further \$1.072 million (2007: \$1.320 million) equity into UOHL. The University also wrote down a term loan to UOHL by \$195k (2007: \$166k), as it was agreed the loan is to match the value of OIL's shareholdings in BLIS and PEBL. The purpose of the term loan is to fund OUHL's ownership of various investments. Loan balances for the Group were \$3.206 million (2007: \$5.306 million) and for the Parent \$2.929 million (2007: \$4.304 million).

Note 23 **PLEGGED DONATIONS**

Donations are recognised upon the pledge being made and the contract documents signed. The fair value will be the face value. All of the pledges have been made and the University expects that these pledges will be honoured.

Total pledged donations outstanding long-term are \$4.690 million (2007: \$6.715 million). The net present value of these pledges at an interest rate of 5% (2007: 6.95%) is \$4.003 million (2007: \$5.363 million).

	Consolidated			University		
	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<i>Analysis of Pledged Donations:</i>						
Less than 1 year	<b>2,025</b>		2,445			
More than 1 year but less than 5 years	<b>3,750</b>		5,775			
Greater than 5 years	<b>940</b>		940			
	<b>6,715</b>		9,160			

Note 24 **CAPITAL MANAGEMENT**

The University's capital is its equity, which comprises general funds and revaluation reserves. Equity is represented by net assets.

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

The objective of managing the University's equity is to ensure the University effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

Note 25 **STANDARDS OR INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The University of Otago has elected to not yet apply the following new standards or interpretations that have been issued, but are not yet effective.

NZIAS 1 Presentation of Financial Statements (revised September 2007). This standard is mandatory for reporting periods beginning on or after 1 January 2009. Amendments require certain additional disclosures, including a statement of "comprehensive income". This will result in revised disclosures.

NZIFRS 8 Operating Segments (approved December 2006). This standard is mandatory for reporting periods beginning on or after 1 January 2009; however, it will not be applicable to the University of Otago given that the University of Otago is a Public Benefit Entity.

NZIAS 23 Borrowing Costs (revised July 2007). This standard is mandatory for reporting periods beginning on or after 1 January 2009. This will not be applicable to the University of Otago given that the University of Otago has no borrowing costs.

There are no other standards or interpretations issued, but not yet effective that University of Otago has not yet applied.

Note 26 **EVENTS AFTER THE BALANCE SHEET DATE**

There were no significant events after balance date.



## Audit Report

### TO THE READERS OF UNIVERSITY OF OTAGO AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2008

The Auditor-General is the auditor of University of Otago (the University) and group. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the University and group, on his behalf, for the year ended 31 December 2008.

#### UNQUALIFIED OPINION

In our opinion:

- the financial statements of the University and group on pages 68 to 111:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the University and group's financial position as at 31 December 2008; and
    - the results of their operations and cash flows for the year ended on that date.
- the performance information of the University and group on pages 43 to 58 fairly reflects their service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 30 April 2009, and is the date at which our opinion is expressed.

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

#### BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements whether caused by fraud or error:

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;

and

- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

#### **RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the University and group as at 31 December 2008. They must also fairly reflect the results of their operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2008. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

#### **INDEPENDENCE**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit, we reviewed the University's research overhead recovery rate and reported on the Vice-Chancellor's annual declaration on the Performance-Based Research Fund External Research Income. These engagements is compatible with those independence requirements.

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

**Julian Tan**

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



#### **MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION**

This audit report relates to the financial statements and performance information of University of Otago and group for the year ended 31 December 2008 included on the University's website. The University's Council is responsible for the maintenance and integrity of the website. We have not been engaged to report on the integrity of the website. We accept no responsibility for any changes that may have occurred to the financial statements and performance information since they were initially presented on the website.

The audit report refers only to the financial statements and performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and performance information. 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 performance information as well as the related audit report dated 30 April 2009 to confirm the information included in the audited financial statements and performance information presented on this website.

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

## Summary Facts and Figures

The 2007 summary facts and figures data include the impact of the merger with the Dunedin College of Education. Caution is therefore advised when analysing changes between 2007 and previous years.

### STUDENT ENROLMENTS

	2008	2007	2006	2005	2004
<b>Equivalent Full-time Students (EFTS)</b>					
Commerce	3,471	3,406	3,568	3,636	3,712
Health Sciences	5,150	5,122	4,690	4,618	4,246
Humanities	5,449	5,481	4,918	5,076	5,111
Sciences	4,094	4,085	4,241	4,371	4,344
Other University*	31	64	32	38	36
<b>Subtotal</b>	<b>18,195</b>	<b>18,158</b>	<b>17,449</b>	<b>17,739</b>	<b>17,448</b>
<b>Other Group EFTS**</b>	<b>134</b>	<b>129</b>	<b>131</b>	<b>91</b>	<b>94</b>
<b>Total</b>	<b>18,330</b>	<b>18,287</b>	<b>17,580</b>	<b>17,830</b>	<b>17,543</b>

\* Other University EFTS comprise continuing education EFTS not allocated to departments within the four academic divisions.

\*\* Other Group EFTS comprise domestic EFTS enrolled in the Foundation Studies programme of the University subsidiary Foundation Studies Limited.

### EFTS, Domestic and International (University Only)

	2008	2007	2006	2005	2004
Domestic	16,306	16,108	15,247	15,408	15,250
International	1,889	2,050	2,202	2,331	2,198
<b>Total</b>	<b>18,195</b>	<b>18,158</b>	<b>17,449</b>	<b>17,739</b>	<b>17,448</b>

### Enrolment By Qualification Type

Doctoral	1,158	1,074	935	829	755
Masters	1,056	1,048	1,052	1,108	1,060
Bachelors Honours	723	750	736	769	771
Bachelors Ordinary	13,347	13,136	12,868	12,939	12,711
Postgraduate Diplomas and Certificates	1,566	1,435	1,507	1,378	1,353
Graduate Diplomas and Certificates	317	494	204	392	314
Undergraduate Diplomas and Certificates	133	265	216	239	318
Intermediates	981	1,084	965	991	1,003
Miscellaneous	1,334	1,246	1,235	1,326	1,291
Sub-degree	137	133	135	86	98
<b>Total</b>	<b>20,752</b>	<b>20,665</b>	<b>19,853</b>	<b>20,057</b>	<b>19,674</b>

	2008	2007	2006	2005	2004
<b>Full-time &amp; Part-time Students</b>					
Full-time	14,574	14,481	13,936	14,055	13,937
Part-time	6,178	6,184	5,917	6,002	5,770
<b>Total</b>	<b>20,752</b>	<b>20,665</b>	<b>19,853</b>	<b>20,057</b>	<b>19,707</b>
<b>Female &amp; Male Students</b>					
Female	11,810	11,886	11,154	11,314	11,019
Male	8,942	8,779	8,699	8,743	8,688
<b>Total</b>	<b>20,752</b>	<b>20,665</b>	<b>19,853</b>	<b>20,057</b>	<b>19,707</b>
<b>First Year &amp; Returning Students</b>					
First Year	4,167	4,371	3,812	3,966	4,112
Returning	16,585	16,294	16,041	16,091	15,595
<b>Total</b>	<b>20,752</b>	<b>20,665</b>	<b>19,853</b>	<b>20,057</b>	<b>19,707</b>
<b>Ethnicity of Students</b>					
European/Pākeha	76.8%	73.6%	73.4%	73.8%	75.6%
Māori	7.3%	7.4%	6.9%	6.6%	6.7%
Asian	16.0%	16.8%	17.7%	17.2%	16.3%
Pacific Islanders	2.8%	2.8%	2.8%	2.7%	2.6%
Other / Unknown	4.4%	7.0%	6.7%	6.5%	7.2%
Students who reported more than one ethnic group are counted once in each group reported. This means that the total number of responses for all ethnic groups can be greater than the total number of students who stated their ethnicities. Therefore, totals may be greater than 100%.					
<b>Home Area of Students</b>					
Dunedin	5,214	5,218	4,915	5,022	4,028
Otago/Southland	2,123	2,195	1,910	1,987	2,219
Remainder of South Island	3,322	3,295	3,101	3,130	3,109
North Island	7,480	7,293	7,146	7,029	7,224
Overseas (including NZ Citizens Overseas)	2,446	2,658	2,768	2,851	2,908
Unknown	167	6	13	38	219
<b>Total</b>	<b>20,752</b>	<b>20,665</b>	<b>19,853</b>	<b>20,057</b>	<b>19,707</b>

Note: The majority of NZ Citizens Overseas (93 in 2008) listed their home area as Australia. Conversely, 233 of the 367 Australian Citizens who enrolled in 2008 were normally resident in New Zealand prior to commencing University study, and so listed a New Zealand home area.

	2008	2007	2006	2005	2004
<b>International Students</b>					
Undergraduate	1,764	2,019	2,272	2,395	2,277
Postgraduate	588	527	387	325	327
<b>Total</b>	<b>2,352</b>	<b>2,546</b>	<b>2,660</b>	<b>2,720</b>	<b>2,604</b>
<b>International Students by Home Country</b>					
USA	487	549	561	626	688
Malaysia	303	279	239	228	175
China	301	436	625	700	616
Germany	161	161	174	167	158
South Korea	96	89	82	74	50
Canada	94	79	73	83	79
Japan	84	97	85	59	50
United Kingdom	70	56	54	44	42
Saudi Arabia	62	60	59	42	37
Brunei	59	46	43	41	32
India	53	42	29	24	38
Hong Kong	50	65	72	85	82
France	47	46	49	36	26
Singapore	39	54	53	48	39
Thailand	35	39	43	45	44
Fiji	28	28	27	41	43
Taiwan	26	30	34	30	28
Vietnam	21	23	19	18	17
Italy	21	10	12	6	9
Oman	19	17	11	8	1
Samoa	18	23	20	16	22
Other	278	317	296	299	328
<b>Total</b>	<b>2,352</b>	<b>2,546</b>	<b>2,660</b>	<b>2,720</b>	<b>2,604</b>

Note: Australian, Niuean, Tokelauan and Cook Islands' students – whether resident in their home country or New Zealand prior to commencing study – are not counted as international students, and so are not included in the above figures.

	2008	2007	2006	2005	2004
<b>Students' Accommodation Status</b>					
Own Home (including renting)	3,185	3,231	2,950	3,035	2,935
At Parents' Home	1,422	1,409	1,282	1,284	1,259
Residential College	3,201	3,012	3,022	2,874	2,892
Private Board	283	330	287	310	283
Sharing (Flatting)	11,430	11,456	11,067	11,332	10,986
Other	553	558	499	543	441
Unknown	678	669	743	679	780
<b>Total</b>	<b>20,752</b>	<b>20,665</b>	<b>19,853</b>	<b>20,057</b>	<b>19,576</b>

<b>Home Area of First Year Students</b>					
Dunedin	873	920	767	788	699
Otago/Southland	556	695	435	454	484
Remainder of South Island	768	803	644	712	710
North Island	1,726	1,672	1,647	1,583	1,647
Overseas (including NZ Citizens Overseas)	227	281	319	429	572
Unknown	17	0	0	0	0
<b>Total</b>	<b>4,167</b>	<b>4,371</b>	<b>3,812</b>	<b>3,966</b>	<b>4,112</b>

Note: The majority of first year NZ Citizens Overseas (12 in 2008) listed their home area as Australia. Conversely, 40 of the 69 first year Australian Citizens who enrolled in 2008 were normally resident in New Zealand prior to commencing University study, and so listed a New Zealand home area.

<b>Highest Entrance Qualification of First Year Students</b>					
NCEA Level 3 or Equivalent*	2,863	2,750	2,417	2,252	0
University Bursary/University Scholarship	66	100	124	351	2,555
Higher School Certificate	0	0	0	0	190
University Entrance	24	142	66	69	80
Ad Eundem Entrance Level	389	373	401	461	564
Ad Eundem with Credit	55	305	46	70	47
Ad Eundem Graduate	74	85	51	53	38
Ad Eundem	4	8	8	22	30
Special Admission	454	443	436	490	459
Provisional/Discretionary Entrance	159	143	139	145	70
Unknown	79	22	124	53	79
<b>Total</b>	<b>4,167</b>	<b>4,371</b>	<b>3,812</b>	<b>3,966</b>	<b>4,112</b>

\* Includes students who would have previously entered with an A or B Bursary.

## ACADEMIC ATTAINMENT

	2008	2007	2006	2005	2004
<b>NUMBER OF GRADUATES</b>					
<b>Commerce</b>					
~ undergraduate diplomas & certificates	2	0	2	2	5
~ undergraduate degrees	690	752	821	715	669
~ postgraduate diplomas & certificates	51	37	42	66	39
~ postgraduate degrees	71	65	63	82	54
<b>Total Commerce Graduates</b>	<b>814</b>	<b>854</b>	<b>928</b>	<b>865</b>	<b>767</b>
<b>Health Sciences</b>					
~ undergraduate diplomas & certificates	12	32	33	25	41
~ undergraduate degrees	654	604	609	550	526
~ postgraduate diplomas & certificates	525	517	469	460	440
~ postgraduate degrees	134	130	111	105	98
<b>Total Health Sciences Graduates</b>	<b>1,325</b>	<b>1,283</b>	<b>1,222</b>	<b>1,140</b>	<b>1,104</b>
<b>Humanities</b>					
~ undergraduate diplomas & certificates	152	151	23	20	19
~ undergraduate degrees	1,107	1,196	1,037	973	901
~ postgraduate diplomas & certificates	89	69	86	115	110
~ postgraduate degrees	109	96	108	81	80
<b>Total Humanities Graduates</b>	<b>1,457</b>	<b>1,512</b>	<b>1,254</b>	<b>1,189</b>	<b>1,110</b>
<b>Sciences</b>					
~ undergraduate diplomas & certificates	14	10	18	21	20
~ undergraduate degrees	932	1,041	1,014	864	827
~ postgraduate diplomas & certificates	136	162	140	123	130
~ postgraduate degrees	122	134	135	148	130
<b>Total Sciences Graduates</b>	<b>1,204</b>	<b>1,347</b>	<b>1,307</b>	<b>1,156</b>	<b>1,107</b>
<b>Interdivisional (Diploma for Graduates)</b>					
~ undergraduate diplomas & certificates	148	132	173	184	199
~ postgraduate diplomas & certificates	5	2			
<b>Total Interdivisional Graduates</b>	<b>153</b>	<b>134</b>	<b>173</b>	<b>184</b>	<b>199</b>

	2008	2007	2006	2005	2004
<b>Total University</b>					
~ undergraduate diplomas & certificates	328	325	249	252	471
~ undergraduate degrees	3,383	3,593	3,481	3,102	2,923
~ postgraduate diplomas & certificates	806	787	737	764	532
~ postgraduate degrees	436	425	417	416	362
<b>Grand Total University Graduates</b>	<b>4,953</b>	<b>5,130</b>	<b>4,884</b>	<b>4,534</b>	<b>4,288</b>

<b>Degrees, Diploma and Certificates Completed per 100 EFTS Enrolled</b>					
Commerce	23.5	25.1	26.0	23.8	20.7
Health Sciences	25.7	25.0	26.1	24.7	26.0
Humanities	26.7	27.6	25.5	23.4	21.7
Sciences	29.4	33.0	30.8	26.5	25.5
<b>Total</b>	<b>27.2</b>	<b>27.6</b>	<b>27.8</b>	<b>25.4</b>	<b>24.4</b>

#### **Examination Pass, Progression and Attrition Rates**

##### **Commerce**

Entered	21,929	21,297	22,593	23,321	23,407
Sat	21,742	21,064	22,168	23,004	22,791
Passed	18,566	18,093	18,986	19,713	19,472
Pass Rate	85.4%	85.9%	85.7%	85.7%	85.4%
Progression Rate	84.7%	85.0%	84.0%	84.5%	83.2%
Attrition Rate	0.9%	1.1%	1.9%	1.4%	2.6%

##### **Health Sciences**

Entered	22,886	23,697	23,175	19,794	20,544
Sat	22,690	23,520	22,915	19,591	20,352
Passed	20,713	21,298	20,851	18,025	18,642
Pass Rate	91.3%	90.6%	91.0%	92.0%	91.6%
Progression Rate	90.5%	89.9%	90.0%	91.1%	90.7%
Attrition Rate	0.9%	0.7%	1.1%	1.0%	0.9%

##### **Humanities**

Entered	34,609	35,972	28,687	29,680	29,144
Sat	34,515	35,898	28,583	29,578	28,962
Passed	30,700	31,950	25,253	25,846	25,351
Pass Rate	88.9%	89.0%	88.4%	87.4%	87.5%
Progression Rate	88.7%	88.8%	88.0%	87.1%	87.0%
Attrition Rate	0.3%	0.2%	0.4%	0.3%	0.6%

	2008	2007	2006	2005	2004
<b>Sciences</b>					
Entered	22,112	22,077	23,404	25,743	25,447
Sat	21,651	21,807	22,691	25,203	24,613
Passed	18,688	18,845	19,710	21,674	21,236
Pass Rate	86.3%	86.4%	86.9%	86.0%	83.9%
Progression Rate	84.5%	85.4%	84.2%	84.2%	80.9%
Attrition Rate	2.1%	1.2%	3.1%	2.1%	3.6%
<b>Other (Foundation Studies)</b>					
Entered	520	706	555	555	553
Sat	321	510	454	454	365
Passed	226	354	350	350	297
Pass Rate	70.4%	69.4%	77.1%	77.1%	81.4%
Progression Rate	43.5%	50.1%	63.1%	63.1%	53.7%
Attrition Rate	38.3%	27.8%	18.2%	18.2%	34.0%
<b>Total</b>					
Entered	102,056	103,749	97,000	99,093	99,095
Sat	100,919	102,799	95,268	97,830	97,083
Passed	88,893	90,540	83,798	85,608	84,998
Pass Rate	88.1%	88.1%	88.0%	87.5%	87.6%
Progression Rate	87.1%	87.3%	86.4%	86.4%	85.8%
Attrition Rate	1.1%	0.9%	1.8%	1.3%	2.0%
<b>Destination of Graduates</b>					
Employment Full-time	n/a	67.7%	68.0%	65.1%	61.9%
Employment Part-time	n/a	16.2%	15.7%	15.4%	17.6%
Study Full-time	n/a	21.2%	21.8%	22.3%	26.8%
Study Part-time	n/a	9.8%	9.7%	9.6%	9.5%
Seeking Employment	n/a	14.0%	14.5%	15.6%	23.6%

Note: Graduate destination data are 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 are available for 2008 as the NZVCC, after reviewing the annual Graduate Destinations survey, cancelled the survey for 2008.

## STUDENT SUPPORT SERVICES

	2008	2007	2006	2005	2004
<b>Postgraduate Scholarships and Awards</b>					
Scholarships and Awards Offered	280	248	223	165	179
Scholarships and Awards Accepted	229	206	183	130	151
Acceptance Rate	82%	83%	82%	79%	84%

## STAFF PROFILE

### Full-time Equivalent (FTE) Academic & Research-Only Staff

#### Female

Vice-Chancellor/Senior Academic Managers	2	1	0	1	1
Professors	19	21	20	18	15
Readers/Associate Professors	24	17	13	15	14
Senior Lecturers	168	157	133	113	108
Lecturers	130	114	107	109	110
Other Teaching & Teaching/Research Staff	142	148	118	126	115
Research-Only Staff	228	206	195	197	209

<b>Total Females</b>	<b>713</b>	<b>664</b>	<b>586</b>	<b>579</b>	<b>573</b>
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#### Male

Vice-Chancellor/Senior Academic Managers	6	7	7	6	6
Professors	137	131	124	122	109
Readers/Associate Professors	99	95	91	86	85
Senior Lecturers	221	222	241	235	242
Lecturers	121	122	122	122	119
Other Teaching & Teaching/Research Staff	112	110	74	102	107
Research-Only Staff	179	164	162	165	177

<b>Total Males</b>	<b>874</b>	<b>851</b>	<b>821</b>	<b>838</b>	<b>843</b>
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<b>Total Academic &amp; Research-Only Staff</b>	<b>1,588</b>	<b>1,515</b>	<b>1,407</b>	<b>1,417</b>	<b>1,416</b>
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### Full-time Equivalent (FTE) General Staff

#### Female

Senior Managers	12	3	1	1	0
General Services, Student and Community Staff	986	922	764	810	843
Librarians & Library Assistants	95	105	89	92	106
Research Support Staff and Technicians	322	301	335	344	283

<b>Total Females</b>	<b>1,414</b>	<b>1,331</b>	<b>1,189</b>	<b>1,247</b>	<b>1,232</b>
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	2008	2007	2006	2005	2004
<b>Male</b>					
Senior Managers	19	13	12	10	12
General Services, Student and Community Staff	500	473	451	434	401
Librarians & Library Assistants	21	24	24	24	25
Research Support Staff and Technicians	195	187	167	174	173
<b>Total Males</b>	<b>736</b>	<b>697</b>	<b>654</b>	<b>642</b>	<b>611</b>
<b>Total General Staff</b>	<b>2,150</b>	<b>2,028</b>	<b>1,843</b>	<b>1,889</b>	<b>1,843</b>
<b>Total Staff</b>	<b>3,737</b>	<b>3,543</b>	<b>3,250</b>	<b>3,306</b>	<b>3,259</b>

Note: Changes to the way in which various types of general staff are categorised for reporting purposes account for some of the apparent variations in FTE staff numbers within the different categories.

#### Student-Academic Staff Ratios

Commerce	26.1	24.7	24.5	24.2	25.6
Health Sciences	11.7	10.1	10.5	11.1	10.2
Humanities	16.6	16.5	21.5	20.5	20.8
Sciences	15.4	15.3	16.2	16.5	14.9
Overall	15.5	14.6	16.1	16.4	15.9

#### RESEARCH ACTIVITIES (revised for previous years)

##### Research Outputs Produced

Commerce	475	453	478	397	356
Health Sciences	2,505	2,265	2,536	2,405	2,074
Humanities	654	827	806	802	614
Sciences	1,086	1,171	1,118	1,026	928
Other	9	23	34	19	29

<b>Less Adjustment for Multi-authored Outputs</b>	<b>502</b>	<b>638</b>	<b>693</b>	<b>900</b>	<b>1,165</b>
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<b>Net Publications</b>	<b>4,227</b>	<b>4,078</b>	<b>4,279</b>	<b>3,749</b>	<b>2,836</b>
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Note: Publications are shown in the year they are reported in the University's Research Outputs Report. Actual date of publication or dissemination may differ.

Figures for the current year are provisional, subject to final vetting. The adjustment for multi-authored outputs for 2008 is also estimated subject to final vetting.

The sum of divisional research outputs is greater than the net outputs as many are jointly authored.

## LAND & BUILDINGS

	2008	2007	2006	2005	2004
<b>Land (hectares)</b>					
Land Owned by the University	28.60	26.09	22.91	22.91	22.91
Land in Crown Title for the University	8.46	8.46	8.46	8.46	8.46
Endowment Leasehold	25,585.34	25,585.34	25,585.34	25,585.34	25,585.34

<b>Total Land Controlled by the University</b>	<b>25,622.40</b>	<b>25,619.89</b>	<b>25,616.71</b>	<b>25,616.71</b>	<b>25,616.71</b>
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Note: Endowment land is tied up in long-term pastoral leases.

## University of Otago Net Assignable Space (floor space in square metres)

Commerce	9,021	9,019	9,056	9,085	9,286
Health Sciences	65,902	64,485	61,243	61,203	60,948
Humanities	21,167	21,903	14,094	12,999	12,818
Science	38,046	37,627	37,626	37,633	37,640
Administration & Other	50,494	49,387	42,936	42,671	18,072
Corporate	4,439	4,492	4,446	4,445	4,458
Information Services	16,479	16,320	12,065	12,088	36,819

<b>Total</b>	<b>205,548</b>	<b>203,233</b>	<b>181,466</b>	<b>180,124</b>	<b>180,041</b>
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Note: University-owned flats and residential colleges total a further 54,000 sq m, Unipol and Clubs & Societies 4270 sq m (approx).

## LIBRARY

### Library Collection

Books (volumes)	1,091,174	975,752	958,607	920,264	894,303
Serials (volumes)	517,738	502,252	494,732	510,234	501,382
Microfilms	229,582	230,947	227,476	224,987	222,093
Non-book Materials	1,215,442	1,196,244	1,190,299	1,183,331	1,171,637

<b>Total</b>	<b>3,053,936</b>	<b>2,905,195</b>	<b>2,871,114</b>	<b>2,838,816</b>	<b>2,789,415</b>
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Print Serials Received	7,143	6,964	7,234	7,786	8,020
Electronic Serials Received	73,359	72,224	70,536	61,093	61,970

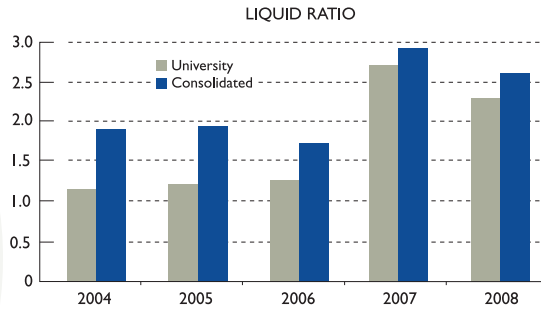
<b>Total</b>	<b>80,502</b>	<b>79,188</b>	<b>77,770</b>	<b>68,879</b>	<b>69,990</b>
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	2008	2007	2006	2005	2004
<b>User Services</b>					
<b>Loans</b>					
~ Books	<b>352,287</b>	386,308	302,719	304,741	309,257
~ Periodicals	<b>4,002</b>	5,453	5,804	6,389	7,694
~ Reserve Collection	<b>190,574</b>	203,352	245,822	274,706	308,905
~ Equipment	<b>19,250</b>	27,118	35,332	40,977	54,641
<b>Total</b>	<b>566,113</b>	<b>622,231</b>	<b>589,677</b>	<b>626,813</b>	<b>680,497</b>
<b>Interloans</b>					
~ Items received	<b>8,194</b>	10,188	10,866	11,694	15,523
~ Items supplied	<b>7,900</b>	11,078	12,181	13,099	16,217
<b>Space</b>					
Seating places available	<b>3,681</b>	3,553	3,403	3,379	3,389
Note: From 2008 Library collection figures include the Bill Robertson Library.					
<b>INFORMATION TECHNOLOGY SERVICES</b>					
<b>Volume of Computer and Telecommunications Traffic</b>					
Off-campus Network Traffic (Megabytes)	<b>154,474,845</b>	109,357,140	42,432,129	31,397,634	23,143,498
<b>ITS Training and Support Services</b>					
Enquiries Received by ITS Helpdesk	<b>51,500</b>	47,889	39,870	37,454	36,579
Seating Places in Student Computer Laboratories	<b>615</b>	713	443	443	443

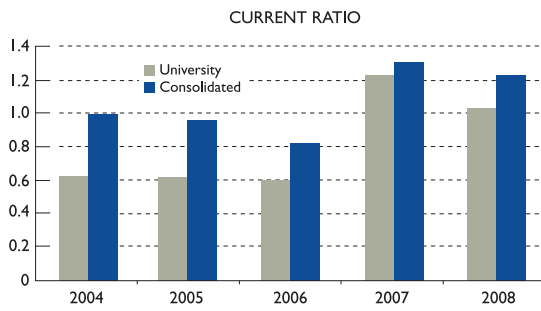
KEY FINANCIAL INDICATORS

	2008	2007	2006	2005	2004
<b>Value of Output per EFTS</b>					
Teaching, Learning & Assessment	\$9,049	\$8,084	\$11,067	\$6,883	\$7,337
Research & Postgraduate Teaching	\$12,772	\$12,144	\$8,103	\$10,041	\$8,875
Community Service	\$969	\$1,286	\$1,354	\$1,438	\$1,054

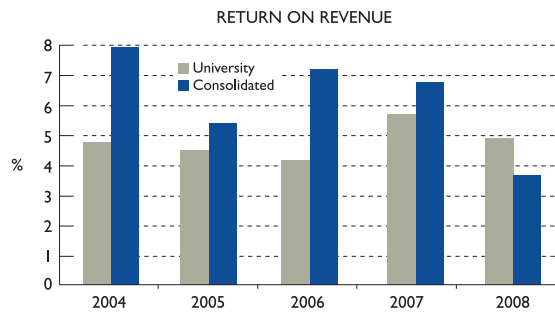
	2008	2007	2006	2005	2004
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
<b>Financial Indicators</b>					
Current Ratio <i>(Current Assets: Current Liabilities)</i>	1.2	1.3	0.8	0.9	1.0
Liquid Ratio <i>(Current Assets which will result in cashflow: Current Liabilities which will result in cashflow)</i>	2.6	2.9	1.7	1.9	1.8
Level of Debt <i>(Debt to Equity)</i>	2.3%	1.7%	3.5%	3.0%	1.7%
Increase in Net Assets	2.0%	12.0%	22.3%	2.3%	33.7%
Return on Total Assets	1.3%	2.3%	2.5%	2.1%	3.0%
Return on Revenue	3.6%	6.5%	7.1%	5.3%	7.8%



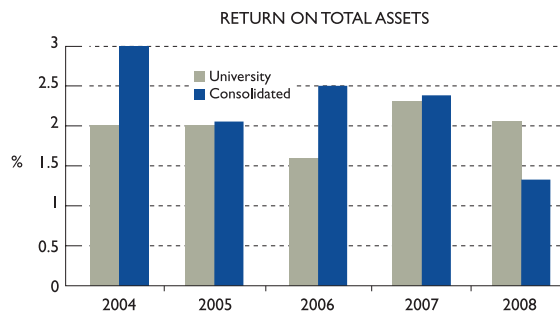
Current assets which will result in cashflow: current liabilities which will result in cashflow



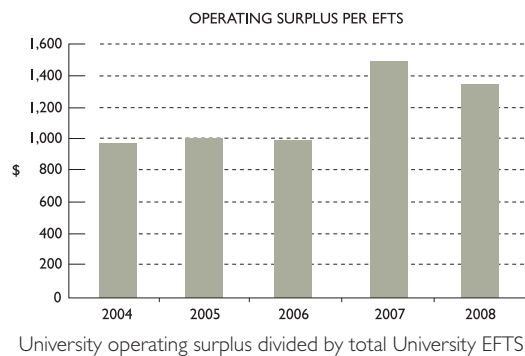
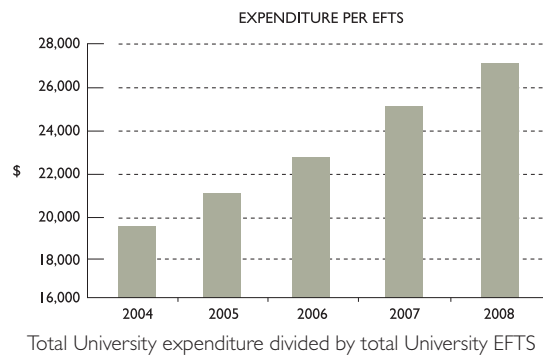
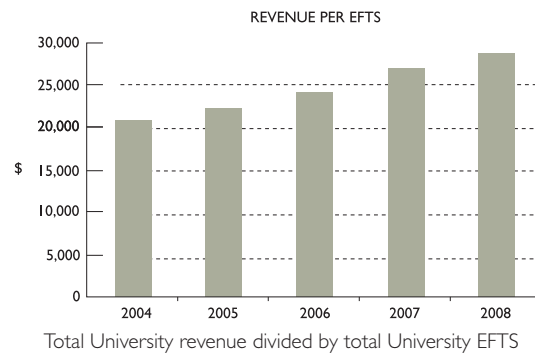
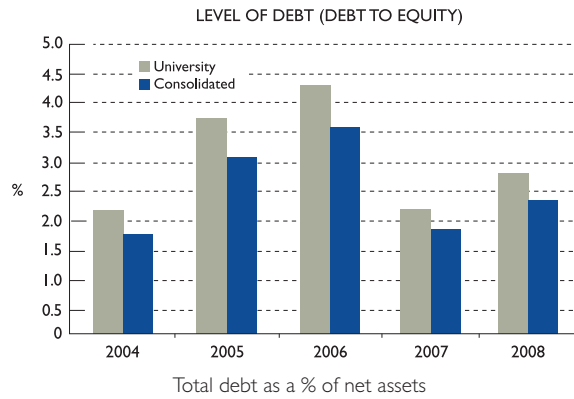
Current assets: current liabilities

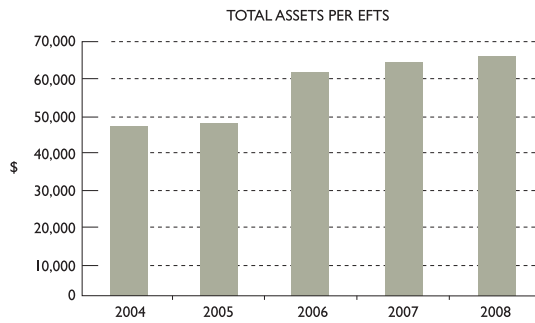


Operating surplus as a % of total income

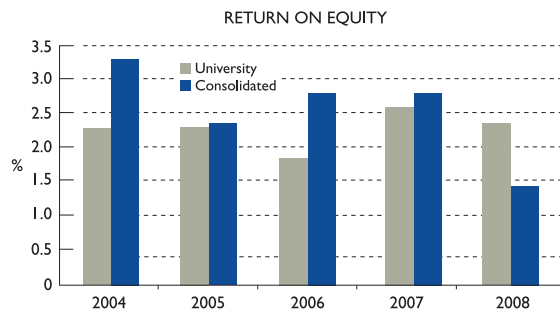


Operating surplus as a % of total assets

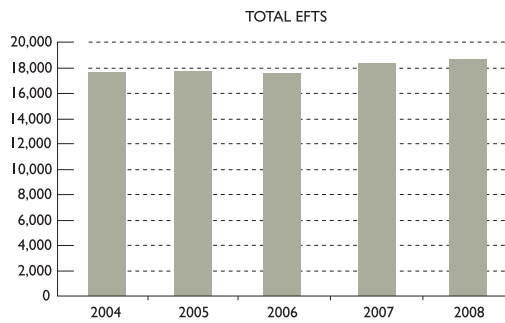




Total University assets divided by total University EFTS



Operating surplus as a % of total equity



Total domestic and international EFTS