Financial Statements

Statement of Accounting Policies

For the six-month period ended 30 June 2016

REPORTING ENTITY

The University of Canterbury (the University) is domiciled in New Zealand and is a Tertiary Education Institution.

The relevant legislation governing the University's operations includes the Crown Entities Act 2004, the Education Act 1989, and the Financial Markets Conduct Act 2013.

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

These financial statements are unaudited and are for the six-month period ended 30 June 2016. The financial statements were authorised for issue by Council on 26 August 2016.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Comparative information presented for the 31 December 2015 full year has been drawn from the audited financial statements for that year.

BASIS OF PREPARATION

Statement of compliance

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

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

These financial statements comply with PBE accounting standards.

Presentation currency and rounding

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

Changes in accounting policies

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

Standards issued and not yet effective and not early adopted

There are no standards issued and not yet effective. The PBE accounting standards issued by the External Reporting Board for reporting periods beginning on or after 1 April 2015 have been applied in preparing these financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The following are the particular accounting policies that have a material effect on the measurement of financial performance and the financial position.

Revenue

Revenue recognition

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

Government grants

Student Achievement Component (SAC) funding
SAC funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange. The University has a guaranteed amount of SAC funding agreed with TEC. The University's SAC funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its SAC funding from the commencement of the specified funding period, which is the same as the University's financial year. The revenue is recognised on entitlement in return for the teaching of courses to which the funding relates.

Performance-Based Research Fund (PBRF)
The University considers PBRF funding to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

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

Tuition fees
Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course. International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Research revenue
The University exercises its judgement in determining whether funding received under a research contract is received in an exchange or non-exchange transaction.

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

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

Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder. Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year research contracts.

Insurance reimbursements
Up until 31 December 2013, insurance reimbursements were recognised as revenue when the claimable expenditure was incurred. This expenditure was verified by the Marsh Risk Consulting forensic accounting team prior to submission to the insurer. At the end of 2014, the University negotiated a final settlement with its insurers. As a result the full amount of the final settlement (less revenue recognised to 31 December 2013) was recognised as revenue in the 31 December 2014 surplus. In these financial statements, the main impact of this settlement is on the comparative Statement of Cash Flows, which records the receipt of the final payments from the insurers in January 2015.

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

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

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

Donations
Donations of money are recognised immediately as revenue unless a condition is attached. If a condition is attached it would be recognised as a liability until the condition is met, at which time it is recognised as revenue.

Donations of assets are recorded at fair value on receipt and recognised as revenue.

Financial Instruments

Derivative Financial Instruments

The University enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 16 and 17.
Derivatives are initially recognised at fair value at the date a derivative contract is entered into, and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the surplus or deficit immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the surplus or deficit depends on the nature of the hedge relationship. The University designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge Accounting

The University designates certain hedging instruments, which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency exchange risk and interest rate risk, as cash flow hedges. Hedges of foreign currency exchange risk on firm commitments, forecast transactions, and hedges of interest rate risk on future interest payments, are accounted for as cash flow hedges.

At the inception of the hedge relationship, the University documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the University documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 17 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the Statement of Changes in Net Assets / Equity and in Note 18.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the surplus or deficit, and is included in other revenue or general expenditure line items, as appropriate.

Amounts recognised in the hedging reserve are reclassified from equity to the surplus or deficit (as a reclassification adjustment) in the periods when the hedged item is recognised in the surplus or deficit, in the same line as the recognised hedged item.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset or liability (as a reclassification adjustment).

Hedge accounting is discontinued when the University revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in the hedging reserve at that time remains in equity and is recycled into the surplus or deficit over the remainder of the hedge maturity period. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in the hedging reserve is recognised immediately in the surplus or deficit.

Other Financial Assets and Liabilities

Classification and initial recognition

All financial assets and financial liabilities are initially recognised at fair value. The University determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date.

Financial assets
The University has the following non-derivative financial assets:

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

The University classifies its financial assets into the following four categories: financial assets at fair value through the surplus or deficit; loans and receivables; held to maturity investments; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired.

Loans and receivables include term deposits with maturities greater than three months, classified as current where the remaining duration is less than 12 months, or non-current where the remaining duration is more than 12 months. Held to maturity investments are non-derivative financial assets where the University has the positive intention and ability to hold them to maturity. Available-for-sale assets include investments. There are currently no other financial assets measured at fair value through surplus or deficit.

Financial liabilities
The University has the following non-derivative financial liabilities:

Accounts payable
Sonoda Gakuen Corporation of Japan loan
Philanthropic Bond

The University classifies its other financial liabilities into trade and other payables, and bonds.

Subsequent measurement

After initial recognition at fair value, other financial assets are measured as follows:

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

After initial recognition at fair value, other financial liabilities are measured at amortised cost.

Cash and Cash Equivalents

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

Trade and Other Receivables

Receivables are initially measured at face value and then adjusted for amounts not considered recoverable.
All receivables are reviewed for recoverability. Receivables that are 180 days past due date are considered unrecoverable unless there is a clear agreement for repayment. Receivables over $1,000 that are 90 -180 days overdue are also assessed for recoverability based on the type of debtor, relationship to the University, communications with the debtor and predicted chances of recovery and costs associated with recovery.

Property, Plant and Equipment

Initial recognition and subsequent measurement

All assets are initially recorded at cost. Assets with a cost value lower than $2,500 are expensed on acquisition, with the exception of computers and data projectors, which are capitalised regardless of cost.

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

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

Any gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds, if any, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are disposed of, the amounts included in the asset revaluation reserves in respect of those assets are transferred to General Equity.

Land

Independent registered valuers undertake revaluations of Land every three years in conjunction with that of buildings. As buildings are currently being revalued outside of the three year cycle, land is also being valued at the same time.

Land has been valued at fair value by CB Richard Ellis Limited as at 31 December 2015. The fair value of land is determined by reference to its highest and best use vacant, and then adjustments are made for possible legal impediments to achieving the fair market value. The fair value of land is normally determined from market based evidence and a discounted cash flow basis, with no optimisation process applied. Where there is no sales based market evidence, the valuation is based on a discounted hypothetical development less allowances for legal impediments.

Buildings

Independent registered valuers undertake revaluations of Buildings every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three year cycle, which is currently the case.

Buildings, with the exception of residential and commercial property, including the Ilam Homestead (see below), have been valued on a component basis by CB Richard Ellis Limited at depreciated replacement cost as at 31 December 2015, except where there exists a contestable market in which case a comparative sales or discounted cash flow approach is used. The valuation makes no adjustment for any contingent costs associated with strengthening for those buildings that have a seismic rating of less than 67% of the New Building Standard, or for any impairment.

The depreciated replacement cost methodology is based on the current gross replacement cost of buildings less allowances for physical deterioration, and optimisation for obsolescence and relative surplus capacity. The Buildings Valuation completed by CB Richard Ellis Limited has been modified by the University to allow for the impact of the Canterbury earthquakes. This is explained in Note 8.

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

Residential and commercial property, including the Ilam Homestead
Independent and registered valuers undertake revaluations of the University's residential and commercial property every three years, unless there is a reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three year cycle, which is currently the case.

Residential and commercial property is valued at market value, taking into account recent market activity, and was revalued by CB Richard Ellis Limited at 31 December 2015.

The University has valued its Ilam Homestead property on a market value basis, as the nature of its use is changing to incorporate more commercial activity. The Ilam Homestead property was valued by CB Richard Ellis Limited at 31 December 2015.

Infrastructure Assets

Independent registered valuers undertake revaluations of Infrastructure Assets every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three year cycle.

Infrastructure Assets were valued by AECOM as at 31 December 2014 at depreciated replacement cost.

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

Library

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

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

The Permanent Collection was valued on a fair value basis as at 31 December 2013 by Jones Lang Lasalle Limited. The valuation was carried out in accordance with the University's valuation guidelines. Non-specialised assets have been valued at market value and specialised assets have been valued on a depreciated replacement cost basis.

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

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

Artworks/Medals/Logie Collection

The collections are revalued by independent valuers on the following cycle:

- Artworks are revalued on a three yearly cycle.
- Medals are revalued on a five yearly cycle.
- The Logie Collection is revalued on a five yearly cycle.

Artwork fair value was determined by reference to market values for comparable works and the size and condition of the piece. They were revalued as at 31 May 2014 by James Parkinson of Art + Object Limited.
Medals were valued at fair value by R. J Watt & Associates as at 18 December 2013. Fair value was determined by reference to the New Zealand market and where appropriate, the global market adjusted for the condition of the medal, rarity and any premium associated with the recipient. The latter particularly applies to the Lord Rutherford medal collection.

The Logie Collection has been valued at the replacement cost by James Ede, Director of Charles Ede Limited in London, at the valuation date of 25 September 2012. James Ede has over 30 years of commercial experience in Classical and Pre-Classical antiquities.

Capital Work-in-Progress

Capital work-in-progress is valued on the basis of expenditure incurred and certified gross Progress Claim Certificates up to balance date, including any retention amounts. Work-in-progress is not depreciated. The total cost of a project is transferred to the relevant asset class on completion and then depreciated accordingly.

Intangible Assets

Software acquisition and development

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

Accounting for Revaluations of Property, Plant and Equipment

The University accounts for revaluations on a class of asset basis.

The results of any revaluation are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Impairment of Property, Plant and Equipment and Intangible Assets

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, any impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, any impairment loss is recognised in the surplus or deficit.

The reversal of any impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is recognised first in the surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

Depreciation of Property, Plant and Equipment

All items of property, plant and equipment other than Land, the Permanent Collection, and the Artworks, Medals and Logie Collections are depreciated using the straight-line method, at rates that will write off the cost of assets less their residual values, over their estimated remaining useful lives. Depreciation rates used are as follows:

Buildings Components:

Structure	1.25-3.3%
Building Services	2.50-3.3%
Fittings and Fit-out	4.00%
Furnishings (chattels)	5.00%
Infrastructure Assets	0.95%-33.3%
Other Plant and Equipment	6.7% to 33.3%
Leased Equipment	33.3%
Current Collection (Library)	10.00%

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

Amortisation of Software

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives of the University's software range from 3 -10 years.

Leases

Finance Leases

The University has no finance leases.

Operating Leases

Leases that do not transfer the risks and rewards incidental to ownership are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The University has entered into a thirty-five year lease of its student accommodation facilities with Campus Living Villages Limited. The majority of the lease rental was received in advance in 2005, and is being recognised as revenue, apportioned equally over the period of the lease.

The present value of the term receivable for the remaining interim and terminal lease payment from this transaction is reflected in non-current assets. The revenue received in advance is shown in current and non-current liabilities.

Provisions

Provisions are required for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event that makes it probable that expenditure will be required to settle the obligation. Provisions are only recognised when a reliable estimate can be made as to the amount of the obligation. Provisions are not made for future operating losses.

Employee Entitlements

Provision is made in respect of the University's liability for annual leave, long service leave, retirement leave, sick leave.

Annual leave which has vested in the employee (an entitlement has been established) has been measured at nominal value using remuneration rates current at reporting date. This provision is shown as a current liability.

Long Service leave for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service, as calculated at balance date by an independent actuary. The portion which has already vested in the employee (an entitlement has been established) is presented as a current liability using remuneration rates current at reporting date. The balance is shown as a non-current liability.

Retirement leave for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service, as calculated at balance date by an independent actuary. This provision is shown as a non-current liability, except for the estimated amount attributable to retirees for the following financial period, which is shown as a current liability.

Sick leave for all eligible staff is calculated at balance date by an independent actuary and is an actuarial function of the extent to which absences are expected to be greater than sick leave entitlements earned over the next twelve months and future years. The liability balance is split into a current and non-current portion.

The present value of long service, retirement and sick leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The key assumptions used in calculating this liability include the discount rate and the salary growth factor. Any changes in these assumptions will impact on the carrying amount of the liability. The valuation was carried out by an independent actuary, Eriksen & Associates Limited, as at 31 May 2016. They have based their valuation on the model recommended by Treasury for the reporting purposes of Crown Entities.

Superannuation

Defined Benefit Plan

The University is party to the Government Superannuation Fund (GSF) but has no underwriting responsibilities as any shortfall is met by the Government.

Insufficient information is available to use defined benefit accounting as it is not possible to determine from the terms of the scheme the extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Defined Contribution Plan

Any superannuation defined contributions are undertaken and reflected as normal operating expenses and are included within both the surplus or deficit and Statement of Financial Position as appropriate.

Foreign Currencies

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.
Borrowings are classified as current liabilities if the borrowings are expected to be settled within 12 months of the balance date. If the University has an unconditional right to defer settlement of liability for at least 12 months after balance date borrowings are classified as non current liabilities.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components.

The components of equity are:

- general equity;
- general equity - Te Pourewa settlement reserve;
- general equity - student service levy capital reserve;
- cash flow hedge reserve;
- property revaluation reserves; and
- available-for-sale reserve

General equity - Te Pourewa settlement reserve

This reserve has been created to acknowledge the University's undertakings to its insurers on receipt of the Te Pourewa insurance settlement of $17.5 million. Principally, the University undertakes to replace the work space provided to the College of Education, Health and Human Development by the demolished Te Pourewa building. The University has begun the refurbishment of the New Education Building on the Ilam Campus, which is planned to be available for occupation by the College of Education, Health and Human Development in 2017. The reserve will be released back into general equity once this building has been completed.

General Equity - student service levy capital reserve

This reserve records the annual allocation of funding of capital items from the student services levy, which is shown as a transfer from general equity. As capital items are purchased, the corresponding balance is deducted from this reserve and transferred back to general equity.

The University is in receipt of insurance proceeds for the repair of the UCSA building on campus, which is jointly owned by UCSA and the University. UCSA has the majority holding. The University will be managing any rebuild work, but has credited $6.255 million to this reserve, being the estimated amount of insurance receipts allocated to the UCSA majority ownership.

While the University continues to hold these insurance proceeds, it is crediting the reserve with interest revenue earned on those funds at the University's average long term interest rates, calculated monthly.

Cash flow hedge reserve

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

Property revaluation reserves

These reserves relate to the revaluation of building, land, infrastructure, library and collections to fair value. The Building Revaluation Reserve was reduced to nil in previous years due to significant impairment in 2011 as a result of Earthquake damage. Cumulative repairs and revaluations resulted in the reinstatement of the Building Revaluation Reserves at 31 December 2015.

Available-for-sale reserve

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

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated GST inclusive. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. GST due from Inland Revenue as at 30 June 2016 is included in Accounts Receivable.

Taxation

The University is exempt from the payment of income tax as it is treated by the Inland Revenue Department as a charitable organisation. Accordingly, there is no provision for income tax.

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 assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Land and Buildings Valuations

The valuation from CB Richard Ellis Limited assumes that there were no physical consequences of the Canterbury earthquakes that had a detrimental effect on the value of the land and buildings. It also assumes there are no rectification costs which are not covered by insurance and hence no extraordinary costs that will warrant deductions from the valuation. As in previous years, the University adjusted the valuation to allow for the decrease in value in the buildings asset for unremediated earthquake damage. Note 8 explains the rationale for this and the methodology used, and highlights risks that estimates of damage to buildings may be different from that reflected in these financial statements.

(a) Land
The land valuation includes an allowance to reflect the possible legal impediments to achieving the fair market value of the land's highest and best use, incorporating assumptions as to the realisation period for the disposal of property sections and the number of sub-divisible sections, which has a direct impact on overall returns and the valuation.

(b) Buildings at Depreciated Replacement Cost
In performing depreciated replacement cost valuations with respect to buildings, estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then the University could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. The cost element is determined with reference to building cost indices and / or market data if available.

The valuation excludes any capitalisation of borrowing costs that may have been incurred in the construction or acquisition of a component asset.

Adjustments have been made as appropriate to fairly reflect remaining lives by reference to physical condition and capital expenditure.

(c) Residential Properties at Market Values
The valuation of residential property owned by the University is based on market value. Market value is the estimated amount the property would sell for on the date of valuation,

between a willing buyer and willing seller in an arm's length transaction, acting knowledgeably, prudently and without compulsion.

The market value methodology for residential properties takes into account recent sales of comparable properties.

(d) Buildings at Market Value – Ilam Homestead
The valuation of the Ilam Homestead is based on market value and is predicated on a standard commercial lease arrangement for a property of this type.

(e) Campus Living Villages
The valuation of land and improvements that are leased to Campus Living ignores the lease impediment and treats the valuation in the same fashion as the balance of the University campus assets, that is, the leased assets are valued at depreciated replacement cost.

(f) Dovedale Campus
In 2014, the valuation merged the interests of the Crown and the University in respect of the Dovedale campus. In 2015, the Crown completed the transfer of ownership of this land to the University.

Reversionary Interest

A reversionary interest amount is recognised representing the progressive recognition of the value of the Campus Living accommodation which will vest in the University in 2040. The key assumption used in calculating this revenue is the discount rate at 4.97% (30 June 2015: 5.95%, 31 December 2015: 5.79%). Any changes in this rate will impact on the revenue recognised.

Long Service, Retirement Leave and Sick Leave

The estimates and uncertainties surrounding these valuations include an estimation of salary growth rate of 3.0%, resignation rates (as per Government Superannuation Fund), retirement rates (as per Government Superannuation Fund), and discounting rates based on the yields on Government Bonds (consistent with all entities that form part of the Crown's annual reporting).

Recognition of Buildings Impairments

The University has estimated the extent of damage to its buildings through the use of independent Quantity Surveyors, Inovo Projects Limited. These estimates are based on the following:

- each building has been separately considered;
- historical data and experience gathered over the last three years of remediation work;
- no allowance has been made for cost escalation;
- allowances are included for professional fees, contractor's costs and contingencies where appropriate, using industry rates; and
- certain buildings have detailed information and reports while others have very limited information and where the estimates have been developed using the best information available for each building.

Building impairments are discussed further in Note 8.

University of Canterbury

Statement of Comprehensive Revenue and Expense

For the period ended 30 June 2016

	Notes	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
OPERATING REVENUE				
Government Grant		72,995	73,641	130,812
Performance Based Research Funding (PBRF)		13,726	12,960	27,656
Student Tuition Fees Domestic Fee Paying		33,325	31,264	61,428
Student Tuition Fees Full Fee Paying		13,815	10,485	21,482
Student Services Levy		4,324	3,972	7,888
Other Student Related Fees		395	867	701
Research Revenue		13,589	12,679	27,433
Interest Revenue		9,707	10,455	19,799
Other Revenue	1	13,973	16,046	33,016
Insurance reimbursements and settlements		-	-	160
Increase in revaluation of Buildings	8	-	-	558
TOTAL OPERATING REVENUE	1	175,849	172,369	330,933
OPERATING EXPENDITURE				
Personnel Expenses	2	87,854	85,874	171,384
General / Operating Expenditure	3	54,063	51,688	107,837
Finance Charges	4	2,176	1,978	4,360
Depreciation and Amortisation	8	21,612	21,674	43,982
(Decrease) / Increase in impairment of Buildings	8	-	-	(118)
TOTAL OPERATING EXPENDITURE		165,705	161,214	327,445
SURPLUS / (DEFICIT)		**10,144**	**11,155**	**3,488**
Other Comprehensive Revenue and Expense				
Movements in revaluation reserves relating to Building Assets	8	(128)	-	70,266
Movements in revaluation reserves relating to Land	8	(880)	-	(4,910)
Net Movements in revaluation reserves	18	(1,008)	-	65,356
Effective portion of changes in fair value of cash flow hedges	18	232	891	619
Adjustment to New Zealand Synchrotron Group Limited Valuation	18	-	-	24
Adjustment to New Zealand South African Large Telescope (SALT) Limited Valuation	18	-	-	(57)
Total Other Comprehensive Revenue and Expense		(776)	891	65,942
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		9,368	12,046	69,430

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

Statement of Changes in Net Assets / Equity

For the period ended 30 June 2016

	Notes	*Unaudited* *June 2016* *University* *Actuals* *($000's)*	*Unaudited* *June 2015* *University* *Actuals* *($000's)*	*December 2015* *University* *Actuals* *($000's)*
Balance at 1 January		**1,310,889**	**1,164,459**	**1,164,459**
Comprehensive revenue and expense				
Surplus / (deficit)	**18**	10,144	11,155	3,488
Other comprehensive revenue and expense	**18**	(776)	892	65,942
Total comprehensive revenue and expense		9,368	12,047	69,430
Non Comprehensive revenue Items				
Capital Contributions from the Crown	**18**	-	-	77,000
Total Non Comprehensive revenue Items		-	-	77,000
Balance as at period end		**1,320,257**	**1,176,506**	**1,310,889**

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

Statement of Financial Position

As at 30 June 2016

	Notes	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
CURRENT ASSETS				
Cash and Cash Equivalents	5	234,103	143,420	41,178
Other Financial Assets / Short Term Deposits	16	68,000	81,875	202,000
Receivables	6	36,159	27,169	24,180
Prepayments		5,770	5,626	9,589
Derivative Financial Instrument Assets	16	-	471	-
Inventories		1,329	1,139	1,329
Non-Current Assets Held for Sale	7	-	282	-
Total Current Assets		345,361	259,982	278,276
LESS CURRENT LIABILITIES				
Revenue Received in Advance	11	69,141	60,408	27,233
Accounts Payable	12	32,307	19,458	27,370
Derivative Financial Instrument Liabilities	16	337	-	121
Loans	13	32	32	32
Philanthropic Bond	14	2,000	2,000	2,000
Employee Entitlements	15	9,671	10,140	8,956
Total Current Liabilities		113,488	92,038	65,712
WORKING CAPITAL		**231,873**	**167,944**	**212,564**
NON CURRENT ASSETS				
Property, Plant and Equipment	8	811,355	757,283	801,254
Intangible Assets	8	9,727	7,145	9,427
Capital Work-in-Progress	8	181,535	77,885	131,590
Investments	9	106,114	54,513	107,402
Derivative Financial Instrument Assets	16	2,903	1,421	1,604
Other Financial Assets / Long Term Deposits	16	61,500	197,500	129,500
Receivables	10	1,944	1,817	1,879
Other Non Current Assets	10	18,682	12,615	17,827
Total Non Current Assets		1,193,760	1,110,179	1,200,483
NON CURRENT LIABILITIES				
Loans	13	864	896	864
Derivative Financial Instrument Liabilities	16	6,228	5,415	5,320
Philanthropic Bond	14	47,571	47,452	47,512
Employee Entitlements	15	28,963	25,273	26,297
Revenue Received in Advance	11	21,750	22,581	22,165
Total Non Current Liabilities		105,376	101,617	102,158
NET ASSETS		**1,320,257**	**1,176,506**	**1,310,889**
REPRESENTED BY :				
General Equity	18	1,084,352	1,007,000	1,074,084
General Equity - Te Pourewa Settlement Reserve	18	17,500	17,500	17,500
General Equity - Student Services Levy Capital Reserve	18	10,860	8,423	10,671
Revaluation Reserves	18	210,948	146,913	212,269
Cashflow Hedge Reserve	18	(3,411)	(3,371)	(3,643)
Available-For-Sale Reserve	18	8	41	8
TOTAL EQUITY		**1,320,257**	**1,176,506**	**1,310,889**

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

Statement of Cash Flows

For the period ended 30 June 2016

	Notes	*Unaudited June 2016 University Actuals ($000's)*	*Unaudited June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
OPERATING ACTIVITIES				
Cash provided from:				
Government Grant		80,155	78,434	158,468
Tuition Fees		80,942	73,645	86,518
Other Revenue		39,254	29,037	52,781
Agency Funds		4,012	3,735	5,044
Interest Received		5,528	4,855	9,879
Net GST Movement		116	(4,107)	(5,612)
Earthquake Insurance Receipts - Business Interruption		-	22,689	22,689
		210,007	208,288	329,767
Cash applied to:				
Personnel Expenses		84,403	83,534	168,010
General / Operating Expenses		49,299	47,245	101,731
Agency Funds		4,012	3,735	5,044
Interest Paid		1,936	1,860	3,646
		139,650	136,374	278,431
Net cash provided by Operating Activities	**19**	**70,357**	**71,914**	**51,336**
INVESTING ACTIVITIES				
Cash provided from:				
Proceeds from disposal of Fixed Assets		28	411	16,764
Earthquake insurance receipts		-	246,493	246,493
Maturity of deposits with terms greater than 3 months but less than 12 months		270,000	88,846	66,846
		270,028	335,750	330,103
Cash applied to:				
Capital Expenditure		79,460	46,651	117,173
Deposits with terms greater than 3 months but less than 12 months		68,000	81,875	202,000
Deposits with terms greater than 12 Months		-	234,448	90,000
Purchase of Investments		-	-	106,786
		147,460	362,974	515,959
Net cash used in Investing Activities		**122,568**	**(27,224)**	**(185,856)**
FINANCING ACTIVITIES				
Cash provided from:				
Capital Contribution from the Crown		-	-	85,000
		-	-	85,000
Cash applied to:				
Repayment of Loans		-	-	32
Capital Contribution - Repayment under Funding Agreement		-	-	8,000
		-	-	8,032
Net cash provided by Financing Activities		**-**	**-**	**76,968**
Net increase (decrease) in cash held		192,925	44,690	(57,552)
Cash and Cash Equivalents on hand at beginning of period		41,178	98,730	98,730
Cash and Cash Equivalents on hand at end of period	**5**	234,103	143,420	41,178

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

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

	Unaudited June 2016 University Actuals ($000's)	*Unaudited June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
1 Revenue			
Other Revenue			
Donations / Koha	86	2	82
Donations from Trusts	1,419	1,621	4,561
Rentals	1,895	2,090	3,911
External Sales	1,857	2,384	3,597
Consultancy	2,284	2,098	3,606
Membership Fees	321	321	636
Reversionary Interest	855	2,754	7,965
Sundry Revenue	5,256	4,776	8,658
Total Other Revenue	13,973	16,046	33,016
Non exchange revenue included in total revenue	134,141	131,031	248,062
2 PERSONNEL EXPENSES			
Academic Salaries	37,688	36,942	76,059
General Salaries*	40,559	40,709	80,379
Superannuation Contributions	3,414	3,383	6,807
Councillors' Honoraria	114	32	170
Redundancy Costs	519	507	1,289
Movement in Actuarially Valued Employee Entitlements	2,713	1,728	2,829
Other Salary Related Expenditure	2,847	2,573	3,851
TOTAL PERSONNEL EXPENSES	87,854	85,874	171,384
* The General staff classification includes Education Plus staff.	1,782	2,002	3,912
3 GENERAL / OPERATING EXPENDITURE - DISCLOSURES			
General / Operating Expenditure includes the following:			
Audit New Zealand - External Financial Statements Audit	100	100	210
Audit New Zealand - External Financial Statements Audit Subsidiaries	-	-	7
Audit New Zealand - Other Assurance Work: Report to Bond Trustees, PBRF and Overhead Recovery Rate Certification	-	-	14
Bad Debts Written Off	30	2	58
Building Write Offs	1,069	-	5,042
Demolition Costs	139	97	1,464
Equipment Rentals	188	125	323
Exchange Losses	53	-	597
Fair Value Movement in Interest Rate Swaps	(382)	(419)	125
Increase / (Decrease) in Provision for Doubtful Debts	-	-	157
Loss on Disposal of Property, Plant & Equipment	467	4,416	2,962
Property Rentals	3,807	-	5,034
Asset Impairment	1,628	-	42
Student Association Service Provision	1,047	1,047	2,010
4 FINANCE CHARGES			
Finance Charges - Interest Paid	2,176	1,978	4,360
5 CASH AND CASH EQUIVALENTS			
Cash at Bank	2,448	77,976	2,206
Call Deposits	20,433	-	17,635
Term Deposits with maturities less than 3 month at acquisition	211,222	65,444	21,337
TOTAL CASH AND CASH EQUIVALENTS	234,103	143,420	41,178

The weighted average interest rate as at 30 June 2016 is 4.34% per annum (30 June 2015: 3.42% per annum; 31 December 2015: 3.14% per annum).
The carrying amount of cash at bank, call deposits and term deposits with maturities less than three months at acquisition approximates their fair value.

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
6 RECEIVABLES			
Receivables (gross)	36,407	27,261	24,428
Less Provision for Doubtful Debts	(248)	(92)	(248)
Total Receivables	36,159	27,169	24,180
Total Receivables comprise;			
Receivables from exchange transactions	34,064	17,462	21,970
Receivables from non exchange transactions	2,095	9,707	2,210
TOTAL RECEIVABLES	36,159	27,169	24,180

Fair Value

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

Impairment

Receivables that are 180 days past due date are considered unrecoverable unless there is a clear agreement for repayment. Receivables over $1,000 that are 90 -180 days overdue are also assessed for recoverability based on the type of debtor, relationship to the University, communications with the debtor and predicted chances of recovery and costs associated with recovery. The provision for doubtful debts represents receivables assessed as irrecoverable aged greater than 91 days past due (30 June 2015: greater than 91 days past due; 31 December 2015: greater than 91 days past due). The majority of receivables are current.

Credit Risk

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

7 NON-CURRENT ASSETS HELD FOR SALE

The University owned property located at 34 Scott Street in Lake Tekapo township has been presented as held for sale. A contract for the sale completed in July 2015.

8 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES

UNIVERSITY	COST / VALN DEC 14 ($000's)	ACCUM DEPN & AMORTISATION DEC 14 ($000's)	NET BOOK VALUE DEC 14 ($000's)	CURRENT YEAR ADDITIONS JUN 15 ($000's)	CURRENT YEAR DISPOSALS COST JUN 15 ($000's)	CURRENT YEAR DISPOSALS ACCUM DEPN JUN 15 ($000's)	CURRENT YEAR DEPN & AMORTISATION JUN 15 ($000's)	CURRENT YEAR REVALUATION/ MOVEMENTS JUN 15 ($000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN JUN 15 ($000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS JUN 15 ($000's)	Unaudited COST / VALN JUN 15 ($000's)	Unaudited ACCUM DEPN & AMORTISATION JUN 15 ($000's)	Unaudited NET BOOK VALUE JUN 15 ($000's)
Land at Valuation	105,740	-	105,740	-	(165)	-	-	-	-	-	105,575	-	105,575
Buildings at Valuation	492,806	-	492,806	40,405	(4,921)	272	(12,880)	-	-	-	528,289	(12,608)	515,681
Infrastructure Assets	34,664	(1)	34,663	1,154	-	-	(766)	-	-	-	35,818	(767)	35,051
Plant & Equipment at Cost	120,656	(82,248)	38,408	2,359	(1,007)	1,041	(4,754)	-	-	-	122,008	(85,961)	36,047
Leased Equipment at Cost	11,050	(11,050)	-	-	-	-	-	-	-	-	11,050	(11,050)	-
Library (Current Collection) at Cost	90,042	(70,197)	19,845	1,621	-	-	(2,047)	-	-	-	91,663	(72,244)	19,419
Library (Permanent Collection) / Other Collections at Valuation	45,503	-	45,503	7	-	-	-	-	-	-	45,510	-	45,510
Property, Plant and Equipment	**900,461**	**(163,496)**	**736,965**	**45,546**	**(6,094)**	**1,313**	**(20,447)**	**-**	**-**	**-**	**939,913**	**(182,630)**	**757,283**
Intangible Assets - Software	**25,359**	**(17,153)**	**8,206**	**166**	**(11)**	**11**	**(1,227)**	**-**	**-**	**-**	**25,514**	**(18,369)**	**7,145**

UNIVERSITY	COST / VALN DEC 14 ($000's)	ACCUM DEPN & AMORTISATION DEC 14 ($000's)	NET BOOK VALUE DEC 14 ($000's)	CURRENT YEAR ADDITIONS DEC 15 ($000's)	CURRENT YEAR DISPOSALS COST DEC 15 ($000's)	CURRENT YEAR DISPOSALS ACCUM DEPN DEC 15 ($000's)	CURRENT YEAR DEPN & AMORTISATION DEC 15 ($000's)	CURRENT YEAR REVALUATION/ MOVEMENTS DEC 15 ($000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN DEC 15 ($000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS DEC 15 ($000's)	COST / VALN DEC 15 ($000's)	ACCUM DEPN & AMORTISATION DEC 15 ($000's)	NET BOOK VALUE DEC 15 ($000's)
Land at Valuation	105,740	-	105,740	560	(325)	-	-	(4,910)	-	-	101,065	-	101,065
Buildings at Valuation	492,806	-	492,806	45,779	(25,065)	809	(26,236)	43,558	25,428	1,957	559,037	-	559,037
Infrastructure Assets	34,663	-	34,663	6,495	-	-	(1,710)	-	-	-	41,158	(1,710)	39,448
Plant & Equipment at Cost	120,655	(82,248)	38,407	8,517	(2,627)	2,607	(9,864)	-	-	-	126,545	(89,505)	37,040
Leased Equipment at Cost	11,050	(11,050)	-	-	-	-	-	-	-	-	11,050	(11,050)	-
Library (Current Collection) at Cost	90,042	(70,197)	19,845	3,297	-	-	(4,061)	-	-	-	93,339	(74,258)	19,081
Library (Permanent Collection) / Other Collections at Valuation	45,503	-	45,503	80	-	-	-	-	-	-	45,583	-	45,583
Property, plant & equipment	**900,459**	**(163,495)**	**736,964**	**64,728**	**(28,017)**	**3,416**	**(41,871)**	**38,648**	**25,428**	**1,957**	**977,777**	**(176,523)**	**801,254**
Intangible Assets - Software	**25,359**	**(17,153)**	**8,206**	**3,333**	**(4,519)**	**4,518**	**(2,111)**	**-**	**-**	**-**	**24,173**	**(14,746)**	**9,427**

UNIVERSITY	COST / VALN DEC 15 ($000's)	ACCUM DEPN & AMORTISATION DEC 15 ($000's)	NET BOOK VALUE DEC 15 ($000's)	CURRENT YEAR ADDITIONS JUN 16 ($000's)	CURRENT YEAR DISPOSALS COST JUN 16 ($000's)	CURRENT YEAR DISPOSALS ACCUM DEPN JUN 16 ($000's)	CURRENT YEAR DEPN & AMORTISATION JUN 16 ($000's)	CURRENT YEAR REVALUATION/ MOVEMENTS JUN 16 ($000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN JUN 16 ($000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS JUN 16 ($000's)	Unaudited COST / VALN JUN 16 ($000's)	Unaudited ACCUM DEPN & AMORTISATION JUN 16 ($000's)	Unaudited NET BOOK VALUE JUN 16 ($000's)
Land at Valuation	101,065	-	101,065	-	-	-	-	-	-	(880)	100,185	-	100,185
Buildings at Valuation	559,037	-	559,037	23,401	(169)	13	(12,683)	-	-	(1,042)	581,229	(12,670)	568,559
Infrastructure Assets	41,158	(1,710)	39,448	4,462	-	-	(1,055)	-	-	-	45,620	(2,765)	42,855
Plant & Equipment at Cost	126,545	(89,505)	37,040	3,705	(1,112)	621	(4,949)	-	-	-	129,138	(93,833)	35,305
Leased Equipment at Cost	11,050	(11,050)	-	-	-	-	-	-	-	-	11,050	(11,050)	-
Library (Current Collection) at Cost	93,339	(74,258)	19,081	1,571	-	-	(1,898)	-	-	-	94,910	(76,156)	18,754
Library (Permanent Collection) / Other Collections at Valuation	45,583	-	45,583	114	-	-	-	-	-	-	45,697	-	45,697
Property, plant & equipment	**977,777**	**(176,523)**	**801,254**	**33,253**	**(1,281)**	**634**	**(20,585)**	**-**	**-**	**(1,922)**	**1,007,829**	**(196,474)**	**811,355**
Intangible Assets - Software	**24,173**	**(14,746)**	**9,427**	**1,350**	**(1,266)**	**1,243**	**(1,027)**	**-**	**-**	**-**	**24,257**	**(14,530)**	**9,727**

Capital Work In Progress

The University continues to carry a significant amount of Capital Work In Progress. This balance has increased in recent years as the University has followed a programme of significant building repairs following the earthquakes and, latterly, new building projects that take some time to complete. The University expects this balance to continue to be significant for the next few years as the building projects for Regional Science and Innovation Centre (RSIC), Canterbury Engineering the Future (CETF), and the New Education Building (NEB) are pursued.

	Unaudited	Unaudited	
	Jun 2016	Jun 2015	Dec 2015
Capital Work in Progress	$000's	$000's	$000's
Building	180,337	74,008	128,129
Plant and Equipment	33	73	62
Intangible Assets - Software	1,165	3,804	3,399
	181,535	77,885	131,590

Revaluation Movement

There were no revaluation movements in the period ended 30 June 2016 or 30 June 2015. The building revaluation at 31 December 2015 was an increase of $70.942 million. The 31 December 2015 revaluation movement is split $0.676 million in operating reserves ($0.558 million revaluation and $0.118 million decrease in impairment and $70.266 million in the revaluation reserves). All impairment previously charged has now been overtaken by subsequent revaluations and remediation work.

Crown Land

The Crown transferred the land at Dovedale Campus, Solway Avenue, Christchurch to the University in August 2015.

Previously, the Crown had legal title to the land and a portion of the buildings. However, the University had 'in substance' ownership of the land and buildings and reported these assets as if owned by the University. The University had a 99 year lease of these land and buildings at a peppercorn rent, subject to the rights of renewal being exercised

Restrictions and Security

There are no restrictions over the title of the University's Property, Plant and Equipment or Intangibles, nor are any pledged as security for liabilities.

Revaluations

Land and Buildings, including residential and commercial property and the Ilam Homestead were revalued at 31 December 2015 by Chris Barraclough, Registered Valuer of CBRE, Christchurch.

Infrastructure Assets at Valuation have been established as a separate category within Property, Plant and Equipment, and revalued at 31 December 2014 by George JasonSmith, of AECOM New Zealand Limited.

Included in the Library (Permanent Collection) / Other Collections at Valuation line item are the University's Art Work Collections, Medal Collection and Logie Collection.

The Library Permanent Collection, included in the Library (Permanent Collections) / Other Collections at Valuation category, was revalued at 31 December 2013 by Basil J Roberts, registered Plant and Machinery Valuer of Jones Lang LaSalle Limited.

The Logie Collection was revalued at 25 September 2012 by James Ede of Charles Ede Limited.

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

The Art Collection was revalued at 31 May 2014 by James Parkinson, Director of Valuations, Art + Object Limited, Auckland.

Buildings Revaluation Reserve

The movements on the building revaluations reserve for the period ended 30 June 2016 relate to the University's Kaikoura Field Station and are explained below.

The University engaged CBRE to provide a full valuation of its buildings at 31 December 2015. Previous impairments have been replenished by remediation work and subsequent revaluations and the University was able to reflect revaluation increases in its revaluation reserves.

As the damage incurred from the earthquakes was not factored into this valuation, the University adjusted the carrying value of buildings as at 31 December 2015 to reflect the estimated cost of repairing the buildings back to the state that existed prior to the earthquakes. This impairment does not reflect the full cost of making buildings compliant with the new building code.

The University has accounted for impairments to all damaged buildings at a value equal to each building's estimated damage per Inovo Projects Limited (unless the estimated damage repair cost is more than Net Book Value (NBV), in which case the building is impaired to $nil), adjusting also for remediation work completed.

Impairment

There has been no increase in the earthquake impairment assessment as at 30 June 2016. The impairment of buildings at 30 June 2015 was a net impairment of $6,790 million; 31 December 2015 was a decrease of $1.967 million. However, the University has written down the value of the University's Kaikoura Field Station where the surrounding cliffs have been assessed as unsafe. The reduction in the value of the Kaikoura Filed Station has resulted in a write-off of $1.042 million of which $0.903 million is charged to the surplus / (deficit) (Note 3 to the financial statements) and revaluation reserves have been reduced by $0.128 million.

The main effect of the earthquake has been the extensive damage to the University's buildings. The consequential impairment recorded in the University's financial statements has proved to be complex given the level of estimation, particularly in the structural investigation of the affected buildings. As more information has become available and work has been carried out, these estimates have been refined and increased. The risk remains that the final cost to the University may be significantly in excess of estimates.

The University has employed Inovo Projects Limited to provide the estimate of total repairs, which is set at $511.2 million at 30 June 2016 (30 June 2015: $511 million; 31 December 2015: $511.2 million).

The University continues to work to improve the quality and accuracy of the information available, but there remain important inherent uncertainties in the estimates, and they include several key assumptions:

- the degree of cracking across the large surface area of concrete structures across campus;
- the availability of detailed engineering reports and the degree these are informed by invasive testing; and
- the changing quantification of damage estimates when the remediation and strip out work is commenced, which can expose a greater degree of damage than first thought.

The estimate of damage remains subject to considerable potential variability and consequently the cost of repair estimated in these financial statements could increase. Additionally, there is no allowance in these estimates for inflation, whereas forecast increases in construction costs in the Canterbury region are expected by Government and local business organisations to be significant.

The inherent uncertainty in the damage estimates is reflected in the assessed amounts, although estimates have stabilised for now. The University has written down many of its buildings to $nil, and as a consequence any increase in assessed remediation cost for those buildings has minimal effect - there can be no further reduction in NBV.

There has been no significant increase in the damage assessment as at 30 June 2016 (30 June 2015: $nil; 31 December 2015: $nil), and as a consequence the University has not recorded a change in impairment at 30 June 2016 (30 June 2015: $nil; 31 December 2015: decrease $1.957 million), confirming the growing maturity of the estimates and the existing allocation of the impairment to buildings already with $nil NBV, and the exclusion from the impairment calculation of those buildings now remediated. The University considers that, on this basis, any further increase in damage assessment will continue to demonstrate a similar pattern. While building impairment to date is estimated at $511.2 million (30 June 2015: $511 million; 31 December 2015: $511.2 million), only $275.0 million (30 June 2015: $277 million; 31 December 2015: $275 million) has been shown as an impairment cost, for the reasons outlined. As the remediation programme progresses and assessments become more accurate, the University also considers that the effect of any increase in the remediation assessment will attenuate.

	Unaudited *June 2016* *University* *Actuals* *($000's)*	*Unaudited* *June 2015* *University* *Actuals* *($000's)*	*Dec 2015* *University* *Actuals* *($000's)*
Fair Value of buildings as at 1 January	559,037	492,806	492,806
Building Additions	23,401	40,405	45,779
Depreciation	(12,683)	(12,880)	(26,236)
	569,755	520,331	512,349
Increase in valuation of buildings	-	-	68,986
Building write offs	-	(4,649)	(5,042)
Building disposals	(154)	-	(19,214)
Decrease / (Increase) in impairment of buildings	(1,042)	-	1,957
Fair Value of buildings as at balance date	568,559	515,681	559,037

Of the overall impairment estimate of $511.2 million, $218.0 million relates to buildings that are yet to be remediated. The University continues to develop its remediation and wider capital asset management plans, which it anticipates will be completed in 5 to 10 years.

Critical Accounting Assumptions

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

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
9 INVESTMENTS			
Investment Category			
Investments at Fair Value through other Comprehensive Revenue and Expense			
Investment in South African Large Telescope (SALT)	702	758	702
Investment in New Zealand Synchrotron Group Limited	51	28	51
Investments at Amortised Cost			
Government Bonds	105,361	53,727	106,649
TOTAL INVESTMENTS	106,114	54,513	107,402

Investment in South African Large Telescope (SALT)

The South African Large Telescope Foundation is a collaboration of various universities and research organisations, to design, construct and operate a ten metre telescope for the advancement of science and the promotion of astronomy and astrophysics. The University has a 3.1% shareholding in the South African Large Telescope Foundation.

Investment in New Zealand Synchrotron Group Limited

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

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

Government Bonds

The government bonds classified as held to maturity investments have been revalued at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance revenue.

The University also has equity investments of minimal or nil value as follows:

Name	Percentage Held
Canterprise Limited	100%
Entré Limited	100%
UC International College Limited	100%
Te Tapuae O Rehua Limited	17%
Stratified Concrete Technologies Limited	15%
Unisaver Limited	14%
Veritide Limited	8%
Kiwi Innovation Network Limited	8%
Tiro Medical Limited (formerly Tiro Life Sciences Limited)	7%
WQI Limited (In Liquidation)	2%

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
10 TERM RECEIVABLE AND OTHER NON CURRENT ASSETS			
Campus Living Village - Term Receivable	1,944	1,817	1,879
	-	-	-
Other non current assets			
Reversionary interest	18,682	12,615	17,827

Campus Living Village - Term Receivable

In December 2005 the University entered into a 35 year arrangement to lease the student accommodation facilities to Campus Living Village (CLV) for $35 million.
A portion of revenue was received in advance ($28 million) for the current facilities and is being spread over the term of the lease on a straight line basis (Note 11).
The term receivable represents the present value of the amount still owing by CLV. This amount will increase over the term of the lease and a final payments will be made by CLV on maturity.

Reversionary interest

In line with the CLV lease agreement additional buildings have been constructed at Campus Living's cost. Ownership of these buildings will vest with the University at the end of the lease.
The reversionary interest represents the value of the University's interest in these buildings which will generally increase over time, dependant on the discount rate used and the valuation of the buildings and is valued on a present value basis.

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
11 REVENUE RECEIVED IN ADVANCE			
Current Revenue Received in Advance			
Student Fees	44,072	38,354	9,236
Research Revenue	17,695	14,986	13,403
Future minimum operating lease revenue not later than one year	868	868	868
Other	6,506	6,200	3,726
	69,141	60,408	27,233
Term Revenue Received in Advance			
Future minimum operating lease revenue:			
Later than one year and not later than five years	3,471	3,471	3,471
Later than five years	18,279	19,110	18,694
	21,750	22,581	22,165
TOTAL REVENUE RECEIVED IN ADVANCE	90,891	82,989	49,398

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
12 ACCOUNTS PAYABLE			
Payables under exchange transactions			
Trade Payables	3,198	3,451	3,989
Other Payables	26,458	13,305	20,836
Total Payables under exchange transactions	29,656	16,756	24,825
Payables under non-exchange transactions			
Taxes payable (GST, PAYE, and rates)	2,651	2,702	2,545
Total Payables under non-exchange transactions	2,651	2,702	2,545
TOTAL ACCOUNTS PAYABLE	32,307	19,458	27,370

Trade Payables and Other Payables are non-interest bearing and are normally settled on 30-day terms, therefore their carrying value approximates to their fair value.

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actual ($000's)
13 LOANS			
Current Loans			
Sonoda Gakuen Corporation of Japan Loan	32	32	32
Non current Loans			
Sonoda Gakuen Corporation of Japan Loan	864	896	864
TOTAL LOANS	896	928	896
Analysis of Loan			
Analysis of Loan Liabilities			
Within one year	32	32	32
One - five years	128	128	128
Greater than five years	736	768	736
	896	928	896

Sonoda Gakuen Corporation of Japan advanced $1.6 million in March 1992 to assist with the funding of the construction of the Sonoda Christchurch Campus.
The loan is for a term of 50 years at an interest rate of 3% per annum.
The carrying amount for loans and leases approximates their fair value.

The University operates a purchasing card facility and had a credit limit of $11 million as at 30 June 2016 (30 June 2015: $11 million; 31 December 2014: $11 million).

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
14 PHILANTHROPIC BOND			
Philanthropic Bond - Current	2,000	2,000	2,000
Philanthropic Bond - Long Term	47,978	47,978	47,978
Capitalised bond issue costs	(407)	(526)	(466)
	47,571	47,452	47,512
TOTAL PHILANTHROPIC BOND	49,571	49,452	49,512

In 2009, the University launched a $50 million, 10 year, fixed rate, unsubordinated, unsecured Bond at an interest rate of 7.25% per annum fixed for 5 years to be reset for a further 5 years at a 1.75% margin over the then prevailing 5 year swap rate. The issue was fully subscribed at an issue price of $1 per Bond with a maturity date of 15 December 2019.
On 15 December 2014 the interest rate was reset at 5.77% for the next 5 years in line with the original offer terms.

The Bond is a philanthropic bond which gives the bond holder the ability to donate either the principal or interest or both throughout the 10 year period of the bond.

Principal donated will be irrevocable, but donations of interest are revocable by the bond holder interest period to interest period. All donations of principal are required to be given to the Philanthropic Bond Trust. Any donations received by the Philanthropic Bond Trust must be used for advancing and promoting the University's capital works programme.

On the 29th of November 2012 an amendment to the Bond Deed was made to limit the amount of donations, immediately payable to UC Foundation, within a rolling 12 month period at $2 million. This portion of the Bond is regarded as a Current Liability and disclosed separately on the face of the Statement of Financial Position.

Capitalised bond issue costs

Expenses incurred in the issue of the 10 year Fixed Rate Unsubordinated Unsecured Philanthropic Bond were capitalised and are being amortised over the period of the bond.

Bond Covenants

The Bond trust deed requires the University to ensure that the following financial covenant ratios are achieved during the year:

- Secured debt will not exceed 5% of the aggregate of debt plus equity
- Debt will not exceed 25% of the aggregate of debt plus equity

There was no breach of the covenants for the six months to 30 June 2016 (30 June 2015: no breach; 31 December 2015: no breach).

Ministry of Education (MOE) Borrowing Consent

The borrowing consent from the Secretary for Education requires appointment of an independent advisor as soon as practicable after the University Council forms the view that it will be required to have outstanding borrowings of more than $65 million; and for the provision of Financial Planning and Resourcing Committee and Council papers; limits on use of assets as security; and provision of capital asset management planning and capital expenditure reporting. There are no financial covenants.

The MOE consent requirements were fully complied with for the six months to 30 June 2016 (30 June 2015: full compliance, 31 December 2015: full compliance).

The fair value of the bonds as at 30 June 2016 was $53.0 million (30 June 2015: $52.2 million; 31 December 2015: $53.0 million). The fair values of the bonds are determined by reference to the quoted market price on the NZDX at balance date.

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
15 EMPLOYEE ENTITLEMENTS			
Sick Leave	768	744	722
Annual Leave	6,544	7,424	5,851
Long Service Leave	1,793	1,611	1,702
Retirement Leave	29,322	25,634	26,661
Total	38,427	35,413	34,936
Redundancy Provision [1]	207	-	317
Total Employee Entitlements	38,634	35,413	35,253
Made up of:			
Current	9,671	10,140	8,956
Non Current	28,963	25,273	26,297
Total	38,634	35,413	35,253
[1]Redundancy Provision - University & Group			
Redundancy Provision Opening Balance	317	167	167
Provision made	207	-	317
Amounts used	(317)	(167)	(167)
Redundancy Provision Closing Balance	207	-	317

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

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actual ($000's)
16 OTHER FINANCIAL ASSETS AND LIABILITIES			
Other Financial Assets / Term Deposits			
Short term deposits with maturities over 3 months but less than 12 months	68,000	81,875	202,000
Other Financial Assets / Long Term Deposits			
Long term deposits with maturities greater than 12 months	61,500	197,500	129,500

The carrying amount of both short and long-term deposits approximates their fair value.

Short term deposits maturing over three months but less than 12 months from date of acquisition are all at fixed rates. The weighted average rate secured as at 30 June 2016 is 3.95% (30 June 2015 is 3.42% per annum; 31 December 2015 is 4.70% per annum).

Long term deposits maturing over three months and remaining duration is more than 12 months from date of acquisition are all at fixed rates. The weighted average interest rate as at 30 June 2016 is 4.44% per annum (30 June 2015 is 4.78% per annum: 31 December 2015 is $4.18% per annum).

	June 2016	June 2015	December 2015
Other Financial Assets and Liabilities - Derivative Financial Instruments			
Derivative Financial Instrument Assets - Current			
Forward Currency Exchange Contracts - Current	-	471	-
Derivative Financial Instrument Assets - Non Current			
Forward Currency Exchange Contracts	-	122	-
Interest Rate Swap Derivative	2,903	1,299	1,604
Total Derivative Financial Instrument Assets	2,903	1,892	1,604
Derivative Financial Instrument Liabilities - Current			
Forward Currency Exchange Contracts - Current	337	-	121
Derivative Financial Instrument Liabilities - Non Current			
Forward Currency Exchange Contracts - Non Current	-	-	10
Interest Rate Swap Derivative	6,228	5,415	5,310
Total Derivative Financial Instrument Liabilities	6,565	5,415	5,441
Total Derivative Financial Instruments	(3,662)	(3,523)	(3,837)
Analysis of Derivative Financial Instruments			
Net Settled Derivatives (Interest Rate Swaps)	(3,325)	(4,116)	(3,706)
Gross Settled Derivatives (Forward Exchange Contracts)	(337)	593	(131)
	(3,662)	(3,523)	(3,837)

17 FINANCIAL INSTRUMENTS

The University has a series of policies to manage the risks associated with financial instruments in line with statutory and Council guidelines. The University is risk averse and seeks to minimise exposure from its treasury activities.

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price - financial instruments with quoted prices for identical instruments in active markets.
- Valuation techniques using observable inputs - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs - financial instruments valued using models where one or more significant inputs are not observable.

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

RISK MANAGEMENT

Price Risk

The equity investments that are held by the University are reflected within the financial statements either at cost, less impairment, or at fair value. It is deemed that there is limited price risk since at balance date no events had occurred to counter the view that their fair values were significantly different to their respective capitalisation figures.

Foreign Exchange Risk

The University's sensitivity to foreign currency has decreased during the current year as a result of foreign currency forward contracts taken to reduce exposure to currency fluctuations. The University's exposure remains immaterial for these financial statements.

Forward Foreign Currency Exchange Contracts

It is the policy of the University to enter into forward foreign currency exchange contracts to cover specific significant foreign currency payments.

As at 30 June 2016, the aggregate amount of unrealised gains/(losses) under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on these anticipated future transactions is $(337,252) (30 June 2015 $593,623; 31 December 2015: $(130,996)).

Cash flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Cash and Cash Equivalents and short term deposits issued at variable interest rates create exposure to cash flow interest rate risk.

Fair Value Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments which potentially subject the University to concentrations of interest rate risk consist principally of Cash and Cash Equivalents, Short and Long Term Deposits, Loans and Leases.

Although overall interest rate risk has been reduced due to the utilisation of fixed interest rates for both borrowing and investment in deposits, this does expose the University to a degree of "fair value interest rate risk" should market conditions move significantly in an adverse direction.

Note 13 and Note 14 provide an analysis in relation to these financial instruments.

Interest Rate Swap Contracts

The University uses interest rate swaps to reduce its exposure to cash flow interest rate risk resulting from resetting the fixed interest rates on bond borrowings.

Under an interest rate swap contract, the University agreed to exchange the difference between floating and fixed rate interest amounts calculated on an agreed notional principal amount. This was designated as a cash flow hedge. This contract enables the University to mitigate future cash flow exposures on the interest rate reset (which was set for 15 December 2014) of the issued fixed rate bond debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curve at reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at 31 December.

On 15 December 2014 the Philanthropic Bond Interest rate was reset at 5.77% and the hedging relationship between the original swap and the bond was de-designated. At the time the accumulated losses on this hedge relationship held in reserves was $4,390,000. In accordance with NZ PBE IPSAS 29 Financial Instruments: Recognition and Measurement, this balance is being recycled through the surplus and deficit from the hedge reserve on a straight-line basis over the remaining 5 years of the bond.

A second Interest rate swap contract was entered into at the same time as the Philanthropic Bond interest rate reset, effectively locking in the interest payable by the University over the remaining term of the Philanthropic Bond.

Both interest rate swaps will settle on a quarterly basis from December 2014. The floating rate on the interest rate swap is the floating rate in New Zealand. The University will settle the difference between the fixed and floating rate on a net basis.

The interest payments on the bond are made half yearly and the interest payments on the interest rate swaps are made quarterly. The Bond rate is 5.77% but with the swap arrangement, the University's effective interest rate is 7.77%

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at balance date.

Interest Rate Swaps

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

	Average contracted fixed interest rate			Notional Principal Amount		
University & Group	**30 June 2016** *%*	**30 June 2015** *%*	**31 December 2015** *%*	**30 June 2016** *(NZ$000's)*	**30 June 2015** *(NZ$000's)*	**31 December 2015** *(NZ$000's)*
Swap 1:						
2 to 5 years	5.95	5.95	5.95	50,010	50,010	50,010
Swap 2:						
2 to 5 years	Floating	-	-	50,010	50,010	50,010

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at 30 June.

For floating rate liabilities and assets, the analysis is prepared assuming the exposure outstanding at 30 June was outstanding for the period.

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

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

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

	Unaudited June 2016 University Actuals ($000's)	*Unaudited June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
Surplus/Equity			
Surplus/Equity - increase (i)	953	1,245	2,082
Surplus/Equity - (decrease) (i)	(953)	(1,245)	(2,082)

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

Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The University is subject to an element of credit risk principally within Receivables, Cash and Cash Equivalents and Term Deposits. To mitigate risk, the University's treasury management framework is adhered to. Cash, Cash Equivalents and Term deposits are diversified through placements with a number of different New Zealand financial institutions and the University also invests in Government bonds. Credit exposure is further reduced by monitoring individual weightings.

Due to the large number of individual trade debtors, the concentration of credit risk with respect to Trade Receivables is greatly reduced.

The University exposure to credit risk is reflected by the carrying amount in the Statement of Financial Position for cash and cash equivalents, receivables, term deposits, Government bonds and forward foreign exchange contract assets.

Liquidity Risk

Liquidity risk is the risk that the University will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The maturity profiles of the University's interest bearing financial instruments and investments are disclosed in Notes 13,14 and 16 respectively.

Liquidity ratio measurement analysis and forecasting is undertaken in order that liquidity risk is reduced.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the period remaining to the contractual maturity date as at balance date. Future interest payments on floating rate debt are based on the floating rate applicable to the instruments at 30 June.

The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount ($000's)	Contractual cash flows ($000's)	Less than 1 year ($000's)	Between Years 1 - 2 ($000's)	Between Years 2 - 3 ($000's)	From Year 3 ($000's)
University June 2016						
Accounts Payable	32,307	32,307	32,307	-	-	-
Sonoda Gakuen Corporation of Japan Loan	896	1,286	59	58	57	1,112
Philanthropic Bond	49,571	60,111	2,886	2,886	2,886	51,453
Total	82,774	93,704	35,252	2,944	2,943	52,565
University June 2015						
Accounts Payable	19,458	19,458	19,458	-	-	-
Sonoda Gakuen Corporation of Japan Loan	928	1,346	60	59	58	1,169
Philanthropic Bond	49,452	62,996	2,886	2,886	2,886	54,338
Total	69,838	83,800	22,404	2,945	2,944	55,507
University December 2015						
Accounts Payable	27,370	27,370	27,370	-	-	-
Sonoda Gakuen Corporation of Japan Loan	896	1,286	59	58	57	1,112
Philanthropic Bond	49,512	64,439	2,886	2,886	2,886	55,781
Total	77,778	93,095	30,315	2,944	2,943	56,893

Contractual maturity analysis of derivative financial liabilities

The table below analyses derivative financial liabilities into those that are settled net and those that will be settled on a gross basis into their relevant maturity groupings based on their remaining period from 30 June to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability Carrying Amount ($000's)	Contractual cash flows ($000's)	Less than 1 year ($000's)	Between Years 1 - 2 ($000's)	Between Years 2 - 3 ($000's)	From Year 3 ($000's)
University June 2016						
Net settled derivatives	3,325	3,408	975	971	974	488
University June 2015						
Net settled derivatives	(4,116)	4,448	986	989	989	1,484
University December 2015						
Net settled derivatives	3,706	3,956	989	989	989	989

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	Carrying Amount ($000's)	Contractual cash flows ($000's)	Less than 1 year ($000's)	Between Years 1 - 2 ($000's)	Between Years 2 - 3 ($000's)	From Year 3 ($000's)
University June 2016						
Cash and Cash Equivalents	234,103	234,103	234,103	-	-	-
Receivables	36,159	36,159	36,159	-	-	-
Other Financial Assets	129,500	129,500	68,000	44,000	17,500	-
Government Bonds	105,361	112,000	5,500	54,000	52,500	-
Term Receivable	1,944	7,000	-	-	-	7,000
Total	507,067	518,762	343,762	98,000	70,000	7,000
University June 2015						
Cash and Cash Equivalents	143,420	143,420	143,420	-	-	-
Receivables	27,169	44,750	44,750	-	-	-
Other Financial Assets	279,375	279,375	81,875	197,500	-	-
Government Bonds	53,727	117,500	5,500	5,500	54,000	52,500
Term Receivable	1,817	7,000	-	-	-	7,000
Total	505,508	592,045	275,545	203,000	54,000	59,500
University December 2015						
Cash and Cash Equivalents	41,178	41,178	41,178	-	-	-
Receivables	24,180	24,180	24,180	-	-	-
Other Financial Assets	331,500	357,710	216,165	90,089	51,456	-
Government Bonds	106,649	116,625	5,500	58,000	2,500	50,625
Term Receivable	1,879	7,000	-	-	-	7,000
Total	505,386	546,693	287,023	148,089	53,956	57,625

	Unaudited June 2016 University Actuals ($000's)	Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
18 EQUITY			
General Equity			
Balance as at 1 January	1,074,084	996,099	996,099
Net Surplus / (Deficit) for the year	10,144	11,155	3,488
Contributions from the Crown[1]	-	-	85,000
Contributions from the Crown - Repayment under Funding Agreement[1]	-	-	(8,000)
Transfer (from) / to General Equity - Te Pourewa Settlement Reserve	-	-	-
Transfer (from) / to General Equity - Student Services Levy Capital Reserve	(189)	(255)	(2,503)
Transfer from revaluation reserve on retirement of assets	313	-	
Balance as at period end	1,084,352	1,007,000	1,074,084

[1] Further details on the Crown Contributions are contained in note 24

General Equity - Te Pourewa Settlement Reserve			
Balance as at 1 January	17,500	17,500	17,500
Balance as at period end	17,500	17,500	17,500
General Equity - Student Services Levy Capital Reserve			
Balance as at 1 January	10,671	8,168	8,168
Current year allocation of Levy	-	-	1,962
Insurance Settlement - UCSA Building	189	255	254
Interest on Insurance Settlement	-	-	327
Current year usage	-	-	(40)
Balance as at period end	10,860	8,423	10,671
Cashflow Hedge Reserve			
Balance as at 1 January	(3,643)	(4,262)	(4,262)
Fair Value Movement in Derivatives - Forward Foreign Exchange Contracts	(207)	891	(259)
Fair Value Movement in Derivatives - Interest Rate Swaps	439	-	878
Balance as at period end	(3,411)	(3,371)	(3,643)
Available-For-Sale Reserve:			
Balance as at 1 January	8	41	41
Adjustment to South African Large Telescope (SALT)	-	-	(57)
Adjustment to New Zealand Synchrotron Group Limited valuation	-	-	24
Balance as at period end	8	41	8
Revaluation Reserves			
Balance as at 1 January	212,269	146,913	146,913
Transfers to General Equity on revalued land	(313)	-	-
Revaluations and Impairment	(1,008)	-	65,356
Balance as at period end	210,948	146,913	212,269
Revaluation Reserves consists of:			
Buildings	70,138	-	70,266
Infrastructure Assets	28,824	28,824	28,824
Land	75,083	81,185	76,275
Library / Collections	36,903	36,904	36,904
Balance as at period end	210,948	146,913	212,269

	Unaudited Unaudited June 2016 University Actuals ($000's)	Unaudited Unaudited June 2015 University Actuals ($000's)	December 2015 University Actuals ($000's)
19 RECONCILIATION OF NET SURPLUS WITH NET CASH FROM OPERATING ACTIVITIES			
OPERATING ACTIVITIES			
Net Surplus / (Deficit)	10,144	11,155	3,488
Add (less) non-cash items:			
Depreciation and Amortisation	21,612	21,674	43,982
Donated Assets	(85)	-	74
Movement in Reversionary Interest	(855)	(2,753)	(7,965)
Movement in Long Term Revenue Owing	(65)	(941)	(123)
Movement in Total Employee Entitlements	3,451	2,873	2,725
Amortise Premiums on Government Stock Investments	1,289	-	-
Unrealised Foreign Exchange Variations	(546)	465	493
Net Movement In Fair Value of Interest Rate Swaps	382	-	(125)
Asset Impairments	3,164	4,371	-
Increase in revaluation of Buildings	-	-	(676)
Add (less) movements in other working capital items:			
Accounts Payable	4,937	(6,684)	1,229
Revenue in Advance	41,908	36,786	3,011
Accounts Receivable and Prepayments	(8,160)	251,691	251,317
Inventories	-	-	(190)
Add (less) items classified as Investing / Financing Activities:			
Net Loss on Disposal included in Investing Activities	34	274	7,561
Movement in Lease Revenue in Advance	(415)	466	(830)
Movement in Library Serials Prepayment	(1,054)	(1,342)	(2,461)
Movement in Fixed Asset Related Payables / Accruals	(5,384)	372	(3,680)
Insurance Receipts related to PPE	-	(246,493)	(246,493)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**70,357**	**71,914**	**51,336**

20 RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

During the six months to 30 June 2016 the University had the following inter-group transactions with Canterprise and its Subsidiaries:

	Unaudited June 2016 University Actuals ($000's)	*Unaudited June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
Payable to Canterprise Limited	75	-	75

In addition to the above transactions that Canterprise Limited had with the University, Canterprise had a number of small transactions with its subsidiaries. All transactions were conducted on an arms' length basis.

Note all related party transaction figures are stated exclusive of GST.

Transactions with Key Management Personnel

Rod Carr was a director of Canterprise Limited and UC International College Limited during the period. Directors' Fees paid were $nil (June 2015: $nil; December 2014: $nil).

Senior Management

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

	Unaudited June 2016 University Actuals ($000's)	*Unaudited June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
Council Members - Council Honoraria	114	32	170
Senior Management Team, including the Vice-Chancellor - Remuneration	2,059	1,967	3,989
	Number	***Number***	***Number***
Council Members - Full-time equivalent members[1]	12	17	12
Senior Management Team, including the Vice-Chancellor - Full-time equivalent members	14	14	14

[1] Due to the difficulty in determining the full-time equivalent for Council Members, the full-time equivalent figure is taken as the number of Council Members.

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

21 EARLY CHILDHOOD EDUCATION

The purpose of this note is to meet the disclosure requirements of the Ministry of Education for operators of funded childcare facilities.

Early Childhood Learning Centre Statement of Comprehensive Revenue and Expenditure	*Unaudited June 2016 University Actuals ($000's)*	*Unaudited June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
OPERATING REVENUE			
Government Grant - Child Funded Hours	324	337	693
Other Revenue	206	216	432
TOTAL OPERATING REVENUE	**530**	**553**	**1,125**
OPERATING EXPENDITURE			
Personnel Expenses	501	493	967
Site & Property Costs	45	26	60
General / Operating Expenditure	3	7	25
Depreciation	1	1	1
TOTAL OPERATING EXPENDITURE	**550**	**527**	**1,053**
NET SURPLUS / (DEFICIT) FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE	**(20)**	**26**	**72**

22 COMMITMENTS

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date. Further details of the University's wider construction intentions are included in Note 24.

Non-cancellable Operating Lease Commitments

The University leases property in the normal course of business.
These leases are predominantly for premises which have remaining non-cancellable leasing periods ranging from six months to 25 years.
The leases have varying terms and renewal rights. There are no restrictions placed on the University by any of its leasing arrangements.

Capital Commitments	*Unaudited June 2016 University Actuals ($000's)*	*Unaudited June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
Not later than one year	103,872	74,267	177,266
Later than one year and not longer than five years	54,171	167,921	22,761
Total Capital Commitments[1]	158,043	242,188	200,027

[1] Capital Commitments relate to buildings.

Non-cancellable Operating Lease Commitments as Lessee	*June 2016 University Actuals ($000's)*	*June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
Not later than one year	8,102	2,231	7,401
Later than one year and not longer than five years	6,992	4,456	12,487
Later than five years	2,949	1,019	1,444
Total Non-cancellable Operating Lease Commitments	18,043	7,706	21,332

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

Non-cancellable Operating Lease Commitments as Lessor	*June 2016 University Actuals ($000's)*	*June 2015 University Actuals ($000's)*	*December 2015 University Actuals ($000's)*
Not later than one year	1,997	1,920	1,690
Later than one year and not longer than five years	6,171	5,833	4,878
Later than five years	16,575	18,801	13,929
Total Non-cancellable Operating Lease Commitments	24,743	26,554	20,497

The University entered into a 35 year lease arrangement with Campus Living Village for the University's student accommodation in 2005.

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

23 CONTINGENCIES

Earthquake and insurance related contingencies

The University entered into a funding agreement with the Crown in September 2014, which commits the Crown to funding the University up to $260 million for the construction of the Regional Science and Innovation Centre (RSIC) and the Canterbury Engineering the Future (CETF) project. The University has received $195 million so far under this agreement, and has repaid $8 million in line with the terms of the funding agreement. There are a number of conditions in the funding agreement that may either delay receipt or result in the University receiving less than the remaining amount in full, including the satisfactory completion of implementation plans for Stage Two of the RSIC, review of the University's capital expenditure programme, and the maintenance of EFTS numbers within the forecasts made by the University in its business cases to the Government.

As a result, the University has a contingent asset of up to $65 million, dependent on the successful completion of the required plans and other dependencies.

The University is exposed to potential sharing of its insurance settlement with other claimants. Negotiations continue, and involve allocation of receipts to damage in specified buildings, and to claim recovery costs. In certain cases there may result no requirement to share the insurance receipts at all. Accordingly, the University is unable to quantify any amount that might become payable.

The University is also exploring the potential for further claims on EQC for damage to its halls of residence. Negotiations are continuing and the University is unable to quantify any contingent asset relating to these potential claims.

Other contingencies

The University has provided a bond of $30,000 to the NZX to secure amounts payable under the NZX Listing Rules for Debt-only Issuers Listed on the NZX Main Board. This bond is held by the University's bankers, ANZ.

The University has provided a bond of $15,455 to the New Zealand Automobile Association for a vehicle trailer. This bond is held by the University's bankers, ANZ and will expire November 2019.

The University has also provided a Carnet Indemnity for $57,000 to the Wellington Regional Chamber of Commerce for the export of a Formula 1 car to Australia for testing. The Carnet for $57,000 will expire in June 2018.

The University has no other contingent liabilities or assets at 30 June 2016 (30 June 2015: $nil; 31 December 2015: $nil).

24 CAPITAL MANAGEMENT

The University's capital is its equity, which comprises general funds, and property revaluations and fair value adjustments through comprehensive revenue reserves. Equity is represented by net assets.

The University is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

The University manages its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

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

The objective of managing the University's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which the University was established, while remaining financially viable.

In 2009, the University issued a $50 million, 10 year, fixed rate, unsubordinated, unsecured Bond (refer Note 14) to assist with capital investment.

In 2014, the University entered into a funding agreement with the Crown provide a capital contribution of up to $260 million as part of the University's $357 million investment in new facilities for its Science and Engineering colleges.

The balance of funding will be drawn in part from insurance settlements, and in part from its own resources, coupled with careful management of its capital programme, deferring investments to future years where operationally possible without damaging the potential for recovery.

Having settled its insurance claim, the University has prioritised its capital and operational programmes for the short to medium term, with the goal of optimising the use of the insurance funds supplemented by the University's operating cash flow surpluses.

25 EVENTS AFTER BALANCE DATE

There have been no significant events after period end (30 June 2015: Sale and leaseback of the Kirkwood and Dovedale temporary villages entered into; 31 December 2015: Earthquake event , 14 February 2016 minor additional damage incurred).

26 CHANGES TO 30 JUNE 2015 COMPARATIVE STATEMENTS

The University published unaudited interim six monthly financial statements to 30 June 2015 on 26 August 2015. These interim statements were the first prepared in accordance with PBE IPSAS.

The University applied PBE FRS 46 "First time adoption of PBE Standards by entities previously applying NZ IFRS" in preparing those financial statements. In the audited financial statements to 31 December 2015, there were some changes to disclosed Research Grant Receivables and related Revenue in Advance to reflect developed practice with the application of PBE IPSAS in the Tertiary Sector. As a result, the accounting treatment at 30 June 2015 that had included the full amounts receivable for research grants and the corresponding deferral as revenue in advance, has been reversed in the comparative. There was no impact on the reported surplus for the six months ended 30 June 2015.