



# 2020

ANNUAL REPORT



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# Statement of Responsibility

## Otago Polytechnic Annual Financial Report 1 January – 31 December 2020

We hereby certify that:

1. The Board and Management of Otago Polytechnic Limited accept responsibility for the preparation of the financial statements and the judgements used therein;
- and
2. The Board and Management of Otago Polytechnic Limited accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurances as to the integrity and reliability of financial reporting and
3. In the opinion of the Board and Management of the Otago Polytechnic Limited, the financial statements reflect the financial position of Otago Polytechnic Limited for the year ended 31 December 2020.

The financial statements were authorised for issue by the Board on 30 April 2021.



**A La Hood**  
BOARD CHAIR



**M Gibbons**  
CHIEF EXECUTIVE



**P Cullen**  
DEPUTY CHIEF EXECUTIVE  
CORPORATE SERVICES



**M Potiki**  
DEPUTY BOARD CHAIR

# Report from the Chief Executive and Board Chair

Kia ora, ngā mihi mahana kia koutou

In a year defined by unprecedented change and challenge Otago Polytechnic has continued to perform at a level that demonstrates it is a leader in the sector.

Our educational performance indicators (EPIs) continue to be high at 81% for course completions for the institution. There has been an increase in Māori course completion rates from 2019 due to work towards closing the gap. Participation rates for Māori and Pasifika continue to exceed targets which is pleasing to see.

Research outputs decreased in 2020 and this is a direct effect of cancellation of conferences and increased demand on staff time to support learners in lock down. Pleasingly areas of strategic importance Mātauranga Māori and sustainability had an increase in outputs.

International student numbers decreased in 2020 with the effects of the border closures for international students being felt. This trend will continue in 2021 until there is a reopening of the border and learners feel safe to travel.

We continue to strive for equal opportunities for learners and staff, we were re-accredited with the Rainbow tick in 2020. The gender makeup of staffing remained largely unchanged in 2020, as did the proportion of Māori staff. We continue to focus on attracting and retaining Māori and Pasifika staff, with an aim of achieving commensurate proportions to the percentage of learners.

Financially 2020 was positive for us with a surplus recorded of just under \$5.4 million. This is mainly due to enrolments in the second semester in programmes that were funded under the government post Covid-19 response of targeted training and apprenticeship fund (TTAF). Growth in the primary industries, construction industries and healthcare industries are creating an increase in the need for training and education to create work ready graduates.

Finally, Otago Polytechnic was successful in gaining a shovel ready project for a new trades training facility. Work has started on the building at the beginning of 2021 and will continue into 2022, ready for use in 2023. This

facility will provide state of art learning spaces and increase the capacity of learners that we train, this will support the new Dunedin Hospital build and other construction projects in the city.

In a year where we became a subsidiary company of Te Pūkenga, changed from a governance structure of a council to a board, had a change in Chief Executive after 16 years and managed to maintain business during the global pandemic that is Covid-19, these results are outstanding.

It is appropriate to thank the mahi of Phil Ker (former Chief Executive) and Kathy Grant (former Council Chair) for providing the vision and determination to allow Otago Polytechnic to expect the very best for our tauira, kaimahi and hapori. This mahi and the continuing mahi, is the underlying platform that we continue to meet the needs of our communities.

He waka eke noa

Nō reira tēnā koutou katoa



**Dr Megan Gibbons**

CHIEF EXECUTIVE



**Adam La Hood**

BOARD CHAIR



# Statement of Service Performance 2020

SAC funded students only (TEC Commitments)

## EXPECTED GRADUATES LEVEL 1–3 NUMBERS

	2020	2020 Target	2019
Non-Māori and non-Pasifika	613	420	434
Māori	140	110	109
Pasifika	39	40	39

## PARTICIPATION RATES AS A PERCENTAGE\* OF TOTAL LEVEL 8–10 EFTS

	2020	2020 Target	2019
Non-Māori and non-Pasifika	84.3%	86.0%	85.8%
Māori	13.5%	12.0%	12.9%
Pasifika	2.9%	2.0%	2.5%

## PARTICIPATION RATES AS A PERCENTAGE\* OF TOTAL LEVEL 1–3 EFTS

	2020	2020 Target	2019
Non-Māori and non-Pasifika	77.0%	79.0%	74.2%
Māori	20.2%	16.0%	21.1%
Pasifika	5.7%	5.0%	6.8%

## FIRST YEAR RETENTION RATES LEVEL 4–7 (NON-DEGREE) %

	2020	2020 Target	2019
Non-Māori and non-Pasifika	96.0%	80.0%	94.0%
Māori	100.0%	70.0%	85.2%
Pasifika	100.0%	80.0%	100.0%

## PARTICIPATION RATES AS A PERCENTAGE\* OF TOTAL LEVEL 4–7 NON DEGREE EFTS

	2020	2020 Target	2019
Non-Māori and non-Pasifika	82.3%	82.0%	83.3%
Māori	14.5%	14.0%	13.9%
Pasifika	4.7%	4.0%	4.1%

## FIRST YEAR RETENTION RATES LEVEL 7 (DEGREE) %

	2020	2020 Target	2019
Non-Māori and non-Pasifika	74.0%	70.0%	75.0%
Māori	58.0%	60.0%	61.7%
Pasifika	30.0%	60.0%	42.2%

## PARTICIPATION RATES AS A PERCENTAGE\* OF TOTAL LEVEL 4–7 DEGREE EFTS

	2020	2020 Target	2019
Non-Māori and non-Pasifika	79.0%	82.0%	78.9%
Māori	16.5%	14.0%	16.5%
Pasifika	6.6%	4.0%	6.4%

## COURSE COMPLETION RATES LEVEL 1–10%

	2020	2020 Target	2019
Non-Māori and non-Pasifika	83.3%	85.0%	83.0%
Māori	74.2%	80.0%	72.3%
Pasifika	66.8%	78.0%	69.4%



#### PROGRESSION RATE LEVEL 1-3%

	2020	2020 Target	2019
Non-Māori and non-Pasifika	50.2%	46.0%	48.2%
Māori	31.9%	40.0%	45.3%
Pasifika	46.7%	40.0%	60.0%

Otago Polytechnic maintained its very high level of educational achievement, despite the challenging conditions presented by the COVID-19 global pandemic.

Results for 2020 show we sustained our non-Māori and non-Pasifika course completion rate with a 0.3% increase. Rates for Māori learners were 1.9% higher than the previous year, partially closing the gap observed last reporting period.

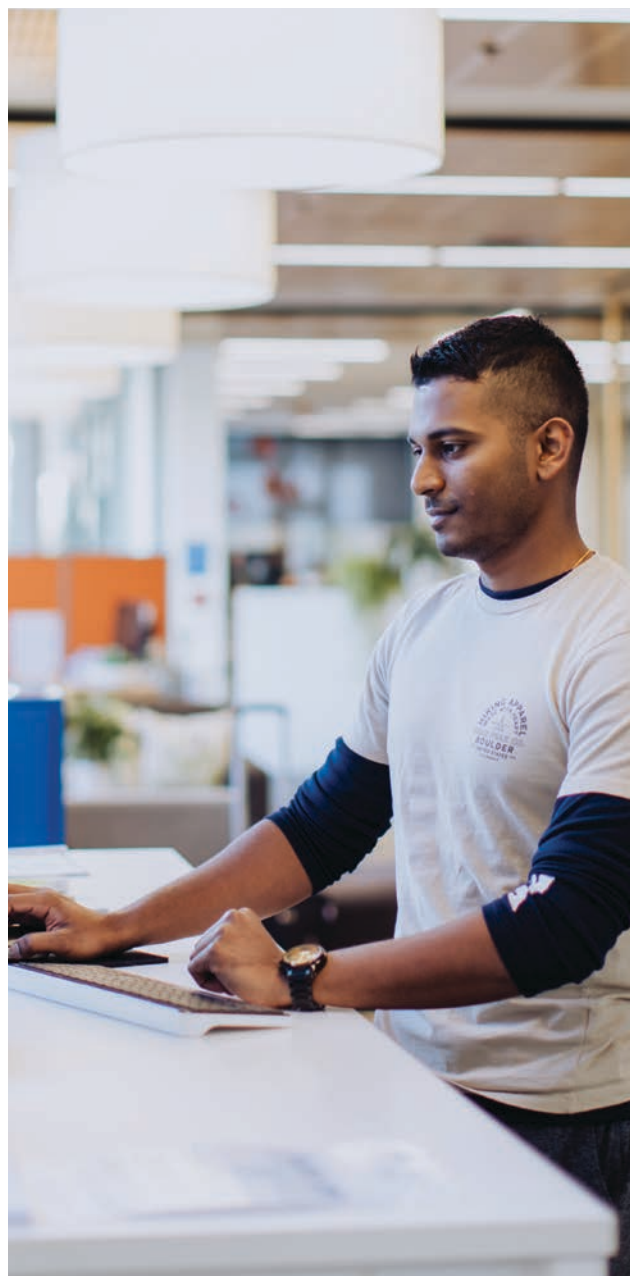
Performance measures relating to Pasifika learners were comparable to 2019, with the exception of a drop in first-year retention at Level 7 (this anomaly is due to the large proportion of Pasifika engaged in Capable NZ programmes where a multi-year programme is completed in 12 months so not expecting students to return for a second year) and a drop in Progression rates for Level 1-3 (where Pasifika learner numbers have increased in programmes that gateway into the workforce). Pleasingly, participation rates for both Māori and Pasifika met or exceeded their targets.

We continue to focus on continuous improvement in the pursuit of educational excellence for all learners.

#### THE NUMBER OF INTERNATIONAL STUDENTS EFTS

	2020	2020 Target	2019
International Students	774	600	1158

\*Some learners are counted twice as they identify with more than one ethnicity



# Student Surveys

## SATISFACTION WITH OTAGO POLYTECHNIC

<i>Achieving academic excellence</i>	<b>2020 Outcome</b>	<b>2020 Target</b>	<b>2019</b>
<b>Student Satisfaction</b> Achieve student satisfaction rates – all learners:			
<b>Overall</b>	91%	90%	91%
<b>With services</b>	87%	90%	92%
<b>With teaching</b>	90%	90%	90%
<b>With programmes</b>	89%	90%	89%
<b>With learning environment</b>	91%	90%	90%

Overall, we met or exceeded our target of 90% student satisfaction in three of the five reported categories in 2020.

We employed varied methods and platforms to gather valid and reliable feedback from our student body and encourage learner engagement, including pop ups and apps. The response rates for the 2020 Student Opinion Survey was 15% – a decrease of 30% on the previous year and is just slightly short of the minimum requirement (17%) to be representative of the total student population. Given the similarity of the results to previous years when a higher response rate was achieved we are confident the results can be indicative of the views of the students who responded to the survey. We believe that the lower response number is due to multiple surveys being asked of our learners post Covid-19.

## GRADUATE OUTCOMES

<i>Achieving academic excellence</i>	<b>2020 Outcome</b>	<b>2020 Target</b>	<b>2019</b>
<b>Graduate satisfaction with programme (reported)</b>	94%	90%	94%

The Graduate Outcome Survey achieved a 40% response rate which means the results are representative of the views of all graduates.

## GRADUATE DESTINATIONS

<i>Graduate destinations</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Graduates are working and/or self-employed</b>	74%	77%	79%
<b>Graduates are either working and/or studying</b>	96%	96%	97%
<b>Māori graduates are working and/or studying</b>	98%	99%	100%
<b>Pasifika graduates are working and/or studying</b>	95%	97%	100%

## Research

<b>ACHIEVING ACADEMIC EXCELLENCE</b>	<b>2020 Outcome</b>	<b>2020 Target</b>	<b>2019</b>
The number of Research Degrees completed	92	105	101
The amount of external research income earned (\$) meets target	\$107,582	nil	\$131,456

While our research productivity in 2020 was not as strong as in 2019, we did exceed our 2018 outputs. We believe this is a significant achievement given the impact of COVID-19.

We exceeded previous performance in outputs identified by researchers as contributing to Vision Mātauranga and Sustainability.

## Financial Sustainability

<b>BEING FINANCIALLY SUSTAINABLE</b>	<b>2020 Outcome</b>	<b>2020 Target</b>	<b>2019</b>
Monthly reporting of all financial metrics which contribute to the TEC risk analysis	Achieved		
Budgeted annual surplus is achieved	\$5.4M	\$0.9M	\$1.6M

The financial surplus for the 2020 full year is \$5.4M, which is very pleasing and well above the budget of \$0.9M. The favourable financial performance is due largely to EFTS being well above budget, especially in the second semester. The introduction by the government of the Targeted Training and Apprenticeship Fund (TTAF), meant that many trades and primary sector programmes were able to be studied fees free and this had a very strong uptake especially in Apiculture and Horticulture programmes. Combined with the increased EFTS, there was additional revenue of \$2.6M due to the revenue recognition rules for Public Benefit Entities requiring that all revenue for programmes that cross over year-end be pulled back into the year of enrolment. In addition to increased revenue, there were cost savings in various areas due to the COVID-19 pandemic, with savings in travel, research funding, occupancy costs and professional development all contributing to the increase in surplus.



# Equal Employment Opportunities

Otago Polytechnic strives to ensure equal opportunities for staff and learners.

We demonstrate this through our practices, employment policies, staff development opportunities, our Rainbow Tick certification, and the monitoring of our workforce profile and graduate outcomes. We are committed to good practice and the requirements of the Education Act.

## Ethnicity

The proportion of Māori staff in 2020 remained consistent with previous years at 5.3%. Attracting and retaining Pasifika staff remained a challenge throughout the year. Improving both Māori and Pasifika staff recruitment and retention will remain a focus in 2021.

### STAFF ETHNICITY

	2020	2019
Asian	2.9%	2.5%
Māori	5.3%	5.5%
Middle East/Latin/America/Africa	0.7%	0.7%
NZ European	67.5%	68.1%
Other European	15.5%	14.9%
Other	7.3%	7.7%
Pasifika	0.8%	0.7%

## Roles by gender

The gender makeup of our workforce remained largely unchanged in 2020.

### ROLE TYPE

	Female (n)	Male (n)
Academic	171	137
Leadership Team	5	2
Professional Staff	168	60
Formal Leaders	7	10
Grand Total	351	209

# Health and Safety

The key focus for the Health and Safety team throughout 2020 was ensuring our frameworks, systems and processes are fit for purpose and reflect best practice.

COVID-19 presented an unplanned opportunity to test and strengthen our emergency management plans and our Critical Incident Management team.

The recruitment of a new Health and Safety team is providing more support to staff and learners and enhancing our health and safety culture.

## Reported Incidents in 2020

Of the 205 total reported incidents in 2020, there were zero notifiable or serious harm incidents. 142 of the 205 total incidents required minor medical or first aid treatment.

A Court Ordered Enforceable Undertaking (COEU ) was issued by the Dunedin District Court in June 2020. The COEU will see Otago Polytechnic undertake a machinery safety awareness raising campaign, develop and offer free online training relating to health and safety in construction, and provide scholarships for construction courses.

## Wellbeing Initiatives

Otago Polytechnic continued to offer free and confidential counselling for its staff via external Employee Assistance Programme provider – Benestar. A marked increase in access was noted following the Level 4 COVID-19 lockdown.

A range of other wellbeing support initiatives were provided throughout the year for staff. These included subsidised chair massages, meditation and yoga courses, flexible work opportunities, and the Good Yarn mental health training programme.



# Student Success

## STUDENT CONTACTS (APPOINTMENTS)

Careers	1208
Disability	648
Wellbeing and Sensory	1846
General Support	924
Academic Support	2204
Refugee Background	142
Counselling	1206
International	680
Pasifika Support	1138

## Student Success Summary

Student Success welcomed new and returning learners at open days and orientation week. Introducing the Student Success team when visiting classes and using online resources helped trouble-shoot issues around retention in the first 10% of the academic year. Approximately 2780 students received support through workshops and group sessions. Te Ama Tauira has proven to be a well-utilised resource across services with analytics tracked to identify high usage areas and areas of improvement.

## General Students & International

Continued working relationships with community agencies and services allows Student Success to link learners to the right support and refer as needed. Maintaining collegial relationships with academic staff and the wider Otago Polytechnic community is a priority.

COVID-19 bought exceptional circumstances to study and presented challenges for both learners and staff. Student Success needed to be agile and flexible, planned while also responsive/reactive to learner needs.

Daily health checks were provided to international and domestic learners arriving in February, who managed to enter the country before Lockdown. All international arrivals were required to self-isolate for 14 days and undergo daily health checks. During lockdown all International learners, Pasifika learners, and learners who identify as having a wellbeing or disability challenge were contacted. Support needs were also identified and supported accordingly. Wider contact was made with all learners through their Colleges. Learners who indicated they needed regular check-ins to cope with loneliness were identified and contacted regularly.



TEAMS enabled another method of contacting learners and was invaluable throughout lockdown and to the learning environment under COVID-19: this form of support included chats, group chats, calls, video calls, sharing of documents.

Distance learners were supported over TEAMS, and online resources were effective in this space. The development of an online booking system, prompted by lockdown, allowed learners another means of access to Student Support Services.

Development of the COVID-19 Toolbox was a priority. Learner feedback reflected this was a resource they valued highly throughout this time.

## Māori Learners

There was a 10% increase in Māori learners accessing specialist services, comprising a 45% increase to appointments with 917 appointments for 314 individual learners (30% of total Māori population).

This is due to better alignment with Māori Centre Te Punaka Ōwheo, as well as increased needs due to the impact from COVID-19.





## Pasifika learners

Lockdown presented additional challenges to Pasifika learners – both academically and personally. Students faced a lack of access to digital resources (laptop, Internet) and subsequent adjustment to working online, loss of jobs and balancing home life. This led to an increase in contact with lecturers/schools to re-engage learners; 60% increase in one-on-one appointments with Pasifika Student Advisors to facilitate support; an increase in referrals to OPSA (Hardship Fund, food parcels), Salvation Army, Pacific Trust Otago; and an increased referral to specialist services within Student Success (50% of learners).

There was a 50% increase in Pasifika learners accessing specialist services, comprising a 40% increase in appointments with 305 appointments with 103 learners (50% of Pasifika total population).

The increased engagement with both learner groups was due to a combination of better alignment with Te Punaka Ōwheo and Pasifika support as well as the impacts of COVID-19.

## Disability

Due to COVID-19, the number of learners requiring disability and wellbeing support services rose from 1,780 contacts in 2019, to 2,494 in 2020.

COVID-19 and lockdown exacerbated challenges for learners with a disability challenge as support mechanisms which would usually occur face-to-face was not feasible via online. This affected their ability to complete their course or to catch up once returning to campus.

Development of the student management system, to digitally capture support plans to share with academic staff, was completed (to be implemented in 2021).

A workshop around neurodiversity was offered to all staff in 2020 by an external organisation. This aimed to increase awareness and provided practical tools for supporting neurodiverse learners.





## Academic support

Our Learning Advisors provided 2204 contacts with individual students requiring learning support in 2020. These occurred face-to-face, via email, phone and Teams. In addition, 880 students received support through workshops and group sessions. Learning Advisors offered generic workshops as well as workshops embedded in existing programmes and drop-in sessions at Poho for Māori learners. Areas of focus were mainly on the development of study, academic writing, research and presentation skills.

Otago Polytechnic continued to provide 24/7 on-line feedback for academic writing, contracted via Studiosity. Studiosity was made available to first-year and distance learners and enabled Learning Advisors to direct their services to those with complex needs.

Over lockdown, Learning Advisors continued to support students, predominantly via Teams and written feedback. The development of an online booking system, prompted by lockdown, allowed students another means of access to learning advisor services. A digital waitlist was also implemented, to manage peak demand times and ensure students did not miss out on appointments.

## Wellbeing and Counselling

The Wellbeing and Counselling teams formally merged in late-2020 to ensure better alignment of services. COVID-19 had a significant impact on learners' wellbeing during lockdown as they were suffering from the effects of isolation, loss of routine, lack of connectedness and financial hardship. Post-lockdown saw an unexpected increase of complex cases requiring crisis intervention. This meant services had to be reactive throughout the year instead of proactive. Main presentations in 2020 included: anxiety, depression, stress, sleep difficulties, procrastination, low motivation and time management, depression, suicide ideation, self-harm, gender identity difficulties, substance abuse and COVID-related issues.

## Careers

Career Services shifted focus to targeting graduating learners as well as learners in: New Zealand Certificate in Cookery L3/4, New Zealand Certificate in Café & Bar L3, New Zealand Certificate in Tourism L4, New Zealand Diploma in Tourism L5. Offering one-on-one consultations around uncertainty, creating a "plan b", and further study due to the impact of COVID-19.

In response to student concerns around job availability, Career Services prepared and presented a workshop about Graduating into a COVID-19 Environment.

Across all priority groups, an increase of compassionate withdrawals due to COVID-19 was supported by the team, with return to study plans completed for Semester 2 or 2021.

## COVID-19

COVID-19 served as a catalyst for Student Success to look at innovative ways to mitigate negative effects on learners' learning processes.

These included:

- Harnessing the wider Learner Services teams to cope with the volume of work needed to adapt to supporting learners differently than normal.
- Refining processes and process mapping roles.
- Developing and implementing an online booking system for better accessibility and learner process, reducing admin workload.
- Development of an online referral tool on EBS to learn current processes that included automation, dispersing of workload equally amongst the team and to assist in case-managing learners.



# Economic Impact Report

Otago Polytechnic's latest impact report, released in 2020, shows total expenditure arising from all three campuses in 2019 is estimated at \$464.3M, with Dunedin campus accounting for 75.5% or \$350.4M of the Otago Polytechnic's total expenditure. In 2019, the Dunedin campus total student EFTS increased by 2.5% overall (domestic and international), with an increase in domestic student EFTS of 2.9% from 3945EFTS to 4057EFTS. A number of factors combined to produce the overall increase in EFTS, the most significant of which was the increase of enrolments in trades related programmes due to a buoyant construction industry and the growth of Capable NZ.

The Otago Polytechnic's 2019 GDP contribution of \$193.9M was an increase of \$14.5M on the previous year's GDP contribution of \$179.4M (2018), which in 2018 was 3.6% of Dunedin City's GDP contribution of \$5.0 billion. Dunedin City's GDP contribution increased to \$6.29 billion in 2019. The decline in the Otago Polytechnic's 2019 GDP contribution relative to the Otago Dunedin City 2019 GDP contribution, is attributed to the City's increase of 3.4% on the previous year.

## OTAGO POLYTECHNIC ECONOMIC IMPACT – GDP (FOR PREVIOUS YEAR) IS REPORTED ANNUALLY

	2019	2018
Otago Region \$ total expenditure	\$464.3M	\$444.5M
Dunedin GDP contribution (total value added)	\$193.9M	\$179.4M
Dunedin GDP contribution %	3.1%	3.6%



### ► Disclaimer: pages 4 – 13

Otago Polytechnic Crown Entity became Otago Polytechnic Limited, a subsidiary company of Te Pūkenga NZ Institute of Skills and Technology on 1 April 2020.

The 2020 results are made up of the period 1 January 2020 until 31 March 2020 from Otago Polytechnic Crown Entity and 1 April 2020 until 31 December 2020 from Otago Polytechnic Limited.

The results from prior years (2018 and 2019) are from Otago Polytechnic Crown Entity.

# Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

To the readers of Otago Polytechnic Limited and group's financial statements and statement of service performance for the period ended 31 December 2020

The Auditor-General is the auditor of Otago Polytechnic Limited (the company) and group. The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company and group on his behalf.

## Opinion

We have audited:

- > the financial statements of the company and group on pages 18 to 58 and 61, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- > the statement of service performance of the company and group on pages 4 to 7.

In our opinion:

- > the financial statements of the company and group on pages 18 to 58 and 61:
  - present fairly, in all material respects:
    - the financial position as at 31 December 2020; and
    - the financial performance and cash flows for the period then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- > the statement of service performance on pages 4 to 7:
  - presents fairly, in all material respects, the company and group's service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2020; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 April 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to other matters. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

## Emphasis of matters

Without modifying our opinion, we draw your attention to the following disclosures.

*The company to exist until 31 December 2022*

Note 1 on page 24 outlines in the basis of preparation that the

company will continue in existence until 31 December 2022.

There have been no changes to the financial statements as the rights, assets, and liabilities of the company will be transferred to Te Pūkenga – New Zealand Institute of Skills and Technology.

*Effect of Covid-19 including significant uncertainty over the company's investment in Otago Polytechnic Auckland International Campus Limited Partnership (OPAIC)*

Note 26 on pages 57 and 58 outlines the impact of Covid-19 on the company and group's financial statements.

Note 10 on page 40 outlines the company's investment in OPAIC, which is highly dependent on international student enrolments to be profitable. Because of the significant uncertainty around when the borders will reopen, there is an increased risk that the company's investment in OPAIC may be impaired.

Also note 21 on page 52 outlines that the company is a joint and several guarantor for OPAIC's Auckland Campus property lease. Because of OPAIC's dependence on international student enrolments, as mentioned above, there is a significant uncertainty over OPAIC's ability to continue to meet its lease payments.

This results in a risk that the company may have to honour these payments. The company's exposure to this risk cannot be quantified due to the uncertainty in the central Auckland rental property market due to Covid-19.

## Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing

(New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the company and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is also responsible on behalf of the company and group for preparing a statement of service performance that is fairly presented and that complies with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements

and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the company and group for assessing the company and group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company and group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Education and Training Act 2020 and the Crown Entities Act 2004.

### **Responsibilities of the auditor for the audit of the financial statements and the statement of service performance**

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the company and group's approved budget and investment plan.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- > We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control.
- > We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- > We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company and group to cease to continue as a going concern.

- > We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- > We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 3, 8 to 13, 17 and 59 to 60 but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the company and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company or any of its subsidiaries.



**Rudie Tomlinson**

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



# Financial Statements

For the period ended 31 December 2020





# Financial Performance Summary

	Actual 2020	Budget 2020	Actual 2019
Net Surplus / (Deficit) (000s)	\$5,366	\$944	\$1,604
Proportion of Government Grants to Total Income (%)	48.7%	44.9%	43.6%
Total Cost per EFTS (excluding redundancies)	\$17,346	\$18,032	\$17,965
Total Cost per EFTS (including redundancies)	\$17,545	\$18,070	\$18,021
Average Government Grant per EFTS	\$8,982	\$8,185	\$7,937
Debt (as a percentage of Total Assets)	11.4%	8.6%	10.3%
Debt per EFTS	\$3,402	\$2,503	\$2,988
Working Capital Ratio	0.3	0.1	0.2
Student Staff Ratio	16.2	18.1	18.7
Total Assets (000s)	\$160,917	\$152,232	\$155,685
EFTS	5,385	5,254	5,371
Academic FTE	332.2	290.8	286.9
Total FTE	616.2	586.7	568.0

## Statement of the Cost of Outputs

The Education and Training Act 2020 (S 306 (6) ) requires that Otago Polytechnic performance reporting complies with generally accepted accounting practice in New Zealand (GAAP). GAAP requires Otago Polytechnic describe and disclose its output types

The Otago Polytechnics activities contribute to one broad class of outputs: Teaching and Learning

	GROUP		
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
<b>Outputs</b>			
Teaching and Learning	94,484	94,942	96,793
	94,484	94,942	96,793

The above financial figures are for the full 12 months ended 31 December 2020. Financial statements for the 12 months ended 31 December 2019 and 3 months ended 31 March 2020 of the predecessor ITP can be found on the Otago Polytechnic Limited's website; [www.op.ac.nz](http://www.op.ac.nz)



# Financial Statements

## Statement of Comprehensive Revenue and Expense for the nine months ended 31 December 2020

		OTAGO POLYTECHNIC LIMITED		GROUP	
All in \$000s	Note	Actual 2020	Budget 2020	Actual 2020	Budget 2020
REVENUE					
Government grants	2	6,785	117	6,785	117
Tuition fees	2	22,118	31,044	22,118	31,044
Other revenue	2	7,883	8,255	8,275	8,533
Total revenue		36,786	39,416	37,178	39,694
EXPENDITURE					
Employee expenses	3	42,201	38,152	42,386	38,339
Depreciation expense	8	4,323	4,319	4,323	4,319
Amortisation expense	9	797	1,757	797	1,757
Interest expense		155	146	155	146
Administration and other expenses	3	24,445	27,179	24,605	27,205
Total expenditure		71,921	71,553	72,266	71,766
Share of associate / joint venture					
		772	277	772	277
Surplus/(deficit)		(34,363)	(31,860)	(34,316)	(31,795)
Other comprehensive revenue and expense					
Items that will not be reclassified to surplus/(deficit)					
Revaluation of land and buildings	17	4,924	0	4,924	0
Total items that will not be reclassified to surplus/(deficit)		4,924	0	4,924	0
Total other comprehensive revenue and expense					
		4,924	0	4,924	0
Total comprehensive revenue and expense		(29,439)	(31,860)	(29,392)	(31,795)
Total comprehensive revenue and expense for the period attributable to:					
Non-controlling interests		0	0	0	0
Owners of the controlling entity		(29,439)	(31,860)	(29,392)	(31,795)
Total		(29,439)	(31,860)	(29,392)	(31,795)

Explanations of major variances against budget are provided in Note 18.

► The accompanying notes form part of these financial statements.

# Financial Statements

## Statement of Financial Position as at 31 December 2020

		OTAGO POLYTECHNIC LIMITED			GROUP		
All in \$000s	Note	Actual 2020	Budget 2020	Actual 1 April 2020	Actual 2020	Budget 2020	Actual 1 April 2020
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	4	92	175	1,988	99	179	2,044
Student fees and other receivables	5	7,945	3,885	37,695	8,018	3,988	37,763
Prepayments		1,202	586	1,132	1,202	586	1,127
Inventory	6	300	150	489	300	150	489
<b>Total current assets</b>		<b>9,539</b>	<b>4,796</b>	<b>41,304</b>	<b>9,619</b>	<b>4,903</b>	<b>41,423</b>
<b>Non-current assets</b>							
Property, plant and equipment	8	137,654	137,810	122,008	137,654	137,810	122,008
Intangible assets	9	3,731	6,732	4,158	3,731	6,732	4,159
Assets under construction – property, plant and equipment	8	6,848	0	17,299	6,848	0	17,299
Assets under construction – intangibles	9	1	0	149	1	0	149
Investment in subsidiary / associate	10	2,857	2,809	3,184	2,957	2,787	3,196
Other financial assets – non-current	15	107	0	101	107	0	101
<b>Total non-current assets</b>		<b>151,198</b>	<b>147,351</b>	<b>146,899</b>	<b>151,298</b>	<b>147,329</b>	<b>146,912</b>
<b>Total assets</b>		<b>160,737</b>	<b>152,147</b>	<b>188,203</b>	<b>160,917</b>	<b>152,232</b>	<b>188,335</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Trade and other payables	11	6,771	6,641	6,299	6,780	6,646	6,299
Employee entitlements	12	3,508	3,859	2,063	3,508	3,859	2,063
Revenue received in advance	13	6,504	10,542	19,406	6,504	10,542	19,413
Borrowings	14	18,320	13,150	5,500	18,320	13,150	5,500
<b>Total current liabilities</b>		<b>35,103</b>	<b>34,192</b>	<b>33,268</b>	<b>35,112</b>	<b>34,197</b>	<b>33,275</b>
<b>Non-current liabilities</b>							
Employee entitlements	12	266	230	262	266	230	262
Provisions – non-current	7	134	0	0	134	0	0
<b>Total non-current liabilities</b>		<b>400</b>	<b>230</b>	<b>262</b>	<b>400</b>	<b>230</b>	<b>262</b>
<b>Total liabilities</b>		<b>35,503</b>	<b>34,422</b>	<b>33,530</b>	<b>35,512</b>	<b>34,427</b>	<b>33,537</b>
<b>Net assets</b>		<b>125,234</b>	<b>117,725</b>	<b>154,673</b>	<b>125,405</b>	<b>117,805</b>	<b>154,798</b>
<b>EQUITY</b>							
General funds	17	85,034	82,390	119,435	85,205	82,470	119,560
Property revaluation reserve	17	39,984	35,335	35,060	39,984	35,335	35,060
Trust, endowments and bequests	17	216	0	178	216	0	178
<b>Total equity attributable to Otago Polytechnic Limited</b>		<b>125,234</b>	<b>117,725</b>	<b>154,673</b>	<b>125,405</b>	<b>117,805</b>	<b>154,798</b>
<b>Non-controlling interest</b>							
<b>Total equity</b>		<b>125,234</b>	<b>117,725</b>	<b>154,673</b>	<b>125,405</b>	<b>117,805</b>	<b>154,798</b>

Explanations of major variances against budget are provided in Note 18.

▶ The accompanying notes form part of these financial statements.

# Financial Statements

## Statement of Changes in Equity

for the nine months ended 31 December 2020

		OTAGO POLYTECHNIC LIMITED		GROUP	
All in \$000s	Note	Actual 2020	Budget 2020	Actual 2020	Budget 2020
Balance at 1 April	17	154,673	149,584	154,797	149,600
<b>Other comprehensive revenue and expense</b>					
Surplus/(deficit)	17	(34,363)	(31,860)	(34,316)	(31,795)
Other comprehensive revenue	17	4,924	0	4,924	0
<b>Total comprehensive revenue and expense</b>		<b>(29,439)</b>	<b>(31,860)</b>	<b>(29,392)</b>	<b>(31,795)</b>
<b>Balance at 31 December</b>		<b>125,234</b>	<b>117,724</b>	<b>125,405</b>	<b>117,805</b>

Explanations of major variances against budget are provided in Note 18.

► The accompanying notes form part of these financial statements.

# Financial Statements

## Statement of Cash Flows

for the nine months ended 31 December 2020

		OTAGO POLYTECHNIC LIMITED		GROUP	
All in \$000s	Note	Actual 2020	Budget 2020	Actual 2020	Budget 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Government grants		37,084	32,097	37,084	32,097
Receipts from student fees		9,982	18,407	9,982	18,407
Receipt of interest		0	4	0	5
Receipt of other revenue		6,586	9,187	6,751	9,453
Goods and services tax (net)		545	649	548	649
Payments to employees		(41,773)	(38,996)	(41,966)	(38,996)
Payments to suppliers		(23,062)	(28,080)	(23,086)	(28,080)
Interest paid		(159)	(146)	(159)	(146)
Net cash flow from operating activities		<b>(10,797)</b>	<b>(6,878)</b>	<b>(10,846)</b>	<b>(6,611)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment		111	0	111	0
Proceeds from sale or maturity of investments		1,011	0	1,011	0
Purchase of property, plant and equipment		(4,725)	(7,211)	(4,725)	(7,211)
Purchase of intangible assets		(316)	(485)	(316)	(485)
Net cash flow used in investing activities		<b>(3,919)</b>	<b>(7,696)</b>	<b>(3,919)</b>	<b>(7,696)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		61,922	13,150	61,922	13,150
Repayment of borrowings		(49,102)	275	(49,102)	0
Net cash flows from financing activities		<b>12,820</b>	<b>13,425</b>	<b>12,820</b>	<b>13,150</b>
Net (decrease)/increase in cash and cash equivalents		<b>(1,896)</b>	<b>(1,149)</b>	<b>(1,945)</b>	<b>(1,157)</b>
Cash and cash equivalents at beginning of the period		1,988	1,324	2,044	1,336
Cash and cash equivalents at end of the year	4	<b>92</b>	<b>175</b>	<b>99</b>	<b>179</b>

Explanations of major variances against budget are provided in Note 18.

► The accompanying notes form part of these financial statements.

# Financial Statements

## Reconciliation from net surplus / (deficit) to net cash flow from operating activities

	OTAGO POLYTECHNIC LIMITED	GROUP
All in \$000s	Actual 2020	Actual 2020
Surplus/(deficit)	(34,363)	(34,316)
<b>Add/(less) non cash items:</b>		
Depreciation and amortisation expense	5,120	5,120
Bad debt provision movement	(67)	(55)
Other losses/(gains)	768	680
<b>Add/(less) items classified as investing or financing activities:</b>		
Net loss/(gain) on disposal of property, plant and equipment	15	15
<b>Add/(less) movements in working capital:</b>		
(Increase)/decrease in accounts receivable and other receivables	29,750	29,745
(Increase)/decrease in inventories	188	188
(Increase)/decrease in other financial assets	(74)	(75)
Increase/(decrease) in employee entitlements	1,449	1,449
Increase/(decrease) in trade and other payables	(1,330)	(1,333)
Increase/(decrease) in provisions	134	134
Increase/(decrease) in fees in advance	(12,387)	(12,398)
Net cash from operating activities	<b>(10,797)</b>	<b>(10,846)</b>

► The accompanying notes form part of these financial statements.





# Notes to the Financial Statements

For the nine months ended 31 December 2020

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# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 1 STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

The Otago Polytechnic Limited is a Crown entity subsidiary that is domiciled and operates in New Zealand. The Otago Polytechnic Limited was established on 1 April 2020 and its immediate controlling entity is Te Pūkenga – New Zealand Institute of Skills and Technology, and the ultimate controlling entity is the New Zealand Crown. The relevant legislation governing the Otago Polytechnic Limited's operations includes the Education and Training Act 2020, the Crown Entities Act 2004, and the Companies Act 1993.

The financial statements are presented on a consolidated group basis. The group consists of the Otago Polytechnic Limited and its wholly-owned subsidiaries (Open Education Resource Foundation Limited (OERF) (100% owned) and OP Education Foundation Trust (OPEFT) (100% interest)).

The 50% share of its associate OPAIC Limited Partnership is equity accounted. The 16.67% share of its associate TANZ eCampus Limited is equity accounted.

Otago Polytechnic Limited and the group provides educational and research services for the benefit of the community. It does not operate to make a financial return.

Otago Polytechnic Limited has designated itself and the group as public benefit entities (PBE's) for the purposes of complying with generally accepted accounting practice.

The financial statements of Otago Polytechnic Limited and the group are for the nine months ended 31 December 2020, and were authorised for issue by the Board on 30 April 2021.

### BASIS OF PREPARATION

The Education and Training Act 2020 (schedule 1, clause 21) states that all Te Pūkenga subsidiaries will continue in existence until 31 December 2022. Thereafter the rights, assets, and liabilities of Otago Polytechnic Limited will be transferred to Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga). There are mechanisms in the legislation to vary this date.

Despite these provisions, the financial statements have been prepared on a going concern basis, as the disestablishment is more than 12 months after the date the financial statements are issued, and because the operational delivery of the functions of Otago Polytechnic Limited will continue through Te Pūkenga after 31 December 2021. Consequently, there have been no changes to the recognition and measurement, or presentation of information in these financial statements.

### Vesting

As part of the reform of the delivery of vocational education in New Zealand, the Education (Vocational Education and Training Reform) Amendment Act 2020 converted the Otago Polytechnic into the Otago Polytechnic Limited on 1 April 2020. On this date, the rights, assets, and liabilities of Otago Polytechnic vested in Otago Polytechnic Limited for no consideration.

The Otago Polytechnic Limited has applied PBE IPSAS 40 PBE Combinations to account for the vesting of the assets and liabilities. The carrying amount of assets, liabilities, and equity reserves included in Otago Polytechnic's final disestablishment report as at

31 March 2020 were carried forward to become the opening balances for the Otago Polytechnic Limited's statement of financial position at 1 April 2020. The predecessor ITP's accounting policy for course development was to capitalise all course development work. Otago Polytechnic Limited has changed this policy to align with Te Pūkenga's policy, to expense all course development work unless the course development is identifiable and unique courses and programmes controlled by the group in which case they are recognised as intangible assets. An adjustment was made to the opening balance of intangible assets (course development) to write off the majority of the course development opening balance. Existing externally purchased course development was not written off and will continue to be amortised over its remaining useful life. The opening 1 April 2020 balances are presented in the statement of financial position.

### Reporting period

The Otago Polytechnic Limited came into existence on 1 April 2020. Therefore, the reporting period for the financial statements is for the nine months from 1 April 2020 to 31 December 2020. The budget is for the 9 month period 1 April 2020 to 31 December 2020.

### Statement of compliance

The financial statements of Otago Polytechnic Limited and the group have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education and Training Act 2020, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Otago Polytechnic Limited is a Tier 1 entity and the financial statements have been prepared in accordance with PBE Standards. These financial statements comply with PBE Standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values, other than the Board member remuneration disclosures and the related party transaction disclosures in Note 22, are rounded to the nearest thousand dollars (\$000). Board member remuneration and related party transaction disclosures are rounded to the nearest dollar.

### Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective that have not been early adopted and which are relevant to Otago Polytechnic Limited are:

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted. The main changes compared to PBE IPSAS 29 that are relevant to Otago Polytechnic Limited are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment

losses. Otago Polytechnic Limited intends to adopt PBE IPSAS 41 for the 31 December 2022 financial year. Otago Polytechnic Limited has not yet assessed in data the impact of the new standard.

**Amendment to PBE IPSAS 2 Statement of Cash Flows:** An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Otago Polytechnic Limited does not intend to early adopt the amendment.

**PBE FRS 48 Service Performance Reporting:** PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022. Otago Polytechnic Limited has not yet determined how application of PBE FRS 48 will affect its statement of service performance. Otago Polytechnic Limited does not plan to adopt the standard early.

**PBE IPSAS13 Accounting for Leases** is effective for reporting periods beginning on or after 1 January 2021 with early adoption permitted in the financial year starting 1 January 2020. Otago Polytechnic Limited has chosen not to early adopt this standard and intends to adopt the standard for the 31 December 2021 financial year. Otago Polytechnic Limited has not yet assessed in data the impact of the new standard.

**PBE IPSAS 40 PBE Combinations** was issued in July 2019 and is effective for annual financial statements covering periods beginning on or after 1 January 2021. The Otago Polytechnic Limited has early adopted PBE IPSAS 40 and applied the standard for the vesting of the predecessor ITP's assets and liabilities to Otago Polytechnic Limited on 1 April 2020. Further information about the vesting is disclosed above.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

### Budget figures

The budget figures for the Otago Polytechnic Limited and group have been derived from the budget approved by the Otago Polytechnic Council at the start of the 2020 financial year. Those budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. The approved budget was for the full 2020 year but, to be consistent with the nine-month reporting period, the month-by-month budget from April to December 2020 has been used for the nine-month period for the statement of comprehensive revenue and expense and the statement of cash flows. The student achievement component (SAC) and fees-free funding was recognised by the predecessor ITP. Therefore, minimal budget amount has been included in the statement of comprehensive revenue and expense.

### Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions might differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or

future events that are believed to be reasonable under the circumstances. The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Land and buildings valuation
- Plant & Equipment impairment
- Depreciation rates/asset lives
- Bad and doubtful debts
- Employee entitlements – holiday pay and long service leave
- Superannuation schemes

### Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Bad and Doubtful Debts – refer note 5
- Employee entitlements – Holiday pay and Long Service Leave

To calculate the liability, salaries, annual leave and other entitlements that are expected to be settled within twelve months of reporting date are measured at current rates on actual entitlement basis at current rate of pay.

Entitlements, which are payable beyond twelve months, such as long-service leave are calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement (being the probability rate) and contractual entitlements information; and
- the present value of the estimated future cash flows. A discount rate of 1.01%; it has been deemed 1.01% is a reasonable discount rate as that is the current discount rate per Treasury NZ. An inflation factor of 1.01% has been used being the current inflation rate per the Reserve Bank of New Zealand. The inflation factor is based on the expected long-term increase in remuneration for employees.

### Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rates 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.

### Goods and services tax

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

### Income tax

Otago Polytechnic Limited and the group are exempt from Income Tax. Accordingly, no provision has been made for Income Tax.



# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 2 REVENUE

### Accounting policy

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

#### Student Achievement Component funding

Student Achievement Component (SAC) funding is the main source of operational funding from the Tertiary Education Commission (TEC). Otago Polytechnic Limited considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course. However, for the 2020 year, the predecessor ITP has recognised all the funding for 2020. This was because, in response to the Covid-19 pandemic, the TEC confirmed at the end of March 2020 that it will not seek repayment of 2020 investment plan funding, which includes SAC funding, if there is under-delivery in the 2020 year. As a consequence, Otago Polytechnic Limited has not recognised any of the original SAC funding during the nine-month period.

#### 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.

#### Fees-free revenue

Otago Polytechnic Limited considers fees-free revenue is non-exchange revenue and recognises revenue when the course withdrawal date for an eligible student has passed.

#### Performance-based research fund

Otago Polytechnic Limited considers funding received from Performance-Based Research Fund (PBRF) to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 425 of the Education and Training Act 2020. Otago Polytechnic Limited recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the financial year. PBRF revenue is measured based on the 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.

#### Research revenue

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.

#### 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 and then recognised as revenue when the conditions of the grant are satisfied.

#### Donations, trust funds, endowments, bequests, and pledges

Donations, trust funds, endowments, and bequests for the benefit of Otago Polytechnic Limited are recognised as an asset and revenue when the right to receive the funding or asset has been established, unless there is an obligation in substance to return the funds if conditions are not met. If there is such an obligation, they are initially recorded as revenue in advance and then recognised as revenue when the conditions are satisfied. Pledges are not recognised as assets or revenue until the pledged item is received.

#### Sales of goods

Revenue from the sale of goods is recognised when the product is sold to the customer.

#### Accommodation services

Revenue from the provision of accommodation services is recognised on a percentage completion basis. This is determined by reference to the number of accommodation days used up till balance date as a proportion of the total accommodation days contracted for with the individual.

#### Interest and dividends

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment. Dividends are recognised when the right to receive payment has been established.



	OTAGO POLYTECHNIC LIMITED	GROUP
<b>Government funding classified as non-exchange transactions</b>		
All in \$000s	Actual 2020	Actual 2020
Youth guarantee funding	(19)	(19)
Other Government grants	162	162
Student Achievement Component (SAC) funding	5,682	5,682
Performance based research funding (PBRF)	13	13
Other Government funding	947	947
Total Government funding classified as non-exchange transactions	<b>6,785</b>	<b>6,785</b>
<b>Tuition fees and departmental revenue classified as exchange transactions</b>		
All in \$000s	Actual 2020	Actual 2020
Tuition fees – international students	10,270	10,270
Departmental revenue (non base revenue and recoveries)	138	138
Total tuition fees and departmental revenue classified as exchange transactions	<b>10,408</b>	<b>10,408</b>
<b>Tuition fees and departmental revenue classified as non-exchange transactions</b>		
All in \$000s	Actual 2020	Actual 2020
Tuition fees – domestic students	8,871	8,871
Fees free funding	2,144	2,144
Targeted training and apprenticeship funding (TTAF)	1,912	1,912
Other tuition fees classed as non-exchange transactions	(1,217)	(1,217)
Total tuition fees and departmental revenue classified as non-exchange transactions	<b>11,710</b>	<b>11,710</b>
Total tuition fees and departmental revenue	<b>22,118</b>	<b>22,118</b>
<b>Other revenue classified as exchange transactions</b>		
All in \$000s	Actual 2020	Actual 2020
Other revenue	7,357	7,749
Gain on disposal of property, plant and equipment	12	12
Interest revenue	2	2
Research revenue	86	86
Student service fees	426	426
Total other revenue classified as exchange transactions	<b>7,883</b>	<b>8,275</b>
Total revenue	<b>36,786</b>	<b>37,178</b>
<b>Revenue classification</b>		
Exchange revenue	18,291	18,683
Non-exchange revenue	18,495	18,495
Total revenue	<b>36,786</b>	<b>37,178</b>



### 3 EXPENDITURE

#### Scholarships

Scholarships awarded by Otago Polytechnic Limited that reduce the amount of tuition fees payable by the student are accounted for as an expense and not offset against student tuition fees revenue.

#### Employer contributions

Employer contributions to defined contribution schemes include contributions to KiwiSaver, the Government Superannuation Fund and National Provident Fund DBP Contributors Scheme.

		OTAGO POLYTECHNIC LIMITED		GROUP
		Actual 2020	Actual 2020	Actual 2020
All in \$000s	Note			
<b>Employee expenses</b>				
Wages and salaries		36,854		37,025
Restructuring expenses		1,073		1,073
Defined contribution plan employer contributions		1,062		1,068
Board fees	22	130		130
Increase/(decrease) in employee benefit liabilities	12	676		677
Other employee expenses		2,406		2,413
Total employee benefits expense		<b>42,201</b>		<b>42,386</b>
<b>Depreciation and amortisation expenses</b>				
Depreciation	8	4,323		4,323
Amortisation	9	797		797
Total depreciation and amortisation		<b>5,120</b>		<b>5,120</b>
<b>Interest expense</b>				
Interest expense		155		155
Total interest		<b>155</b>		<b>155</b>
<b>Administration and other expenditure</b>				
<b>Auditors' remuneration</b>				
Fees to principal auditor for financial statement audit		121		125
Total auditors' remuneration		<b>121</b>		<b>125</b>
<b>General costs</b>				
Operating lease payments	20	761		761
Bad and doubtful debts – written off	5	390		402
Net increase/(decrease) bad and doubtful debts provision		(67)		(55)
Course delivery expenses		12,072		12,072
Donations & koha		26		126
Research & development expense		206		206
Loss on disposal of property, plant and equipment	8	28		28
Administrative, materials and consumables expenses		2,972		2,983
Scholarships		604		604
Impairment of assets	9	264		264
Other expenditure		7,068		7,089
Total general costs		<b>24,324</b>		<b>24,480</b>
Total other expenditure		<b>24,445</b>		<b>24,605</b>
Total expenditure		<b>71,921</b>		<b>72,266</b>

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 4 CASH AND CASH EQUIVALENTS

### Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

All in \$000s	Note	OTAGO POLYTECHNIC LIMITED	GROUP
		Actual 2020	Actual 2020
Cash at bank and on hand		92	99
Total cash and cash equivalents		<b>92</b>	<b>99</b>
Weighted average effective interest rate		0.045%	0.045%

### Cash reserves and ring fencing

The Government set a policy whereby existing reserves from previous Institutes of Technology and Polytechnics (above a set limit) would be consolidated through the central balance sheet of Te Pūkenga, but would only be able to be drawn upon for projects and capital expenditure in the relevant region that have been approved by the Te Pūkenga Council. The objective is that existing reserves are in the

future spent on the regions in which they had been accumulated by the relevant legacy ITPs. The use of ring-fenced amounts is restricted to particular uses, which may include major capital expenditure projects, routine/minor capital expenditure, operating investments (e.g. funding the establishment of a new capability) or operating losses of the regional operation. Otago Polytechnic Limited has no ring fenced cash reserves.

## 5 STUDENT FEES AND OTHER RECEIVABLES

### Accounting policy

Short-term receivables are recognised initially at fair value (the amount due) and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

## 5 STUDENT FEES AND OTHER RECEIVABLES (continued)

All in \$000s	Note	OTAGO POLYTECHNIC LIMITED		GROUP	
			Actual 2020		Actual 2020
Receivables classified as exchange transactions					
International Student fees			701		701
Other receivables			650		650
Total student and other receivables classified as exchange transactions			1,351		1,351
Government Funding and Targeted Trades and Apprenticeship Training			2,211		2,211
Total receivables classified as exchange transactions			3,562		3,562
Receivables classified as non-exchange transactions					
Domestic Student fees			1,972		1,972
Other non-exchange receivables			0		91
Total student and other receivables classified as non-exchange transactions			1,972		2,063
PBE revenue adjustment			2,646		2,646
Total receivables classified as non exchange transactions			4,618		4,709
Total student fees and other receivables (excluding impairment)			8,180		8,271
Less provision of impairment for receivables			(235)		(253)
Total student fees and other receivables			7,945		8,018

Student Fee receivables:	OTAGO POLYTECHNIC LIMITED			GROUP		
	2020			2020		
All in \$000s	Gross	Impairment	Net	Gross	Impairment	Net
<b>Impairment</b>						
<i>Ageing profile for receivables at year end</i>						
Not past due	1,216	0	1,215	1,216	0	1,215
Past due 1 – 30 days	192	(1)	191	192	(1)	191
Past due 30 – 60 days	362	(13)	349	362	(13)	349
Past due 61 – 90 days	903	(221)	682	903	(221)	682
Total impairment	<b>2,673</b>	<b>(235)</b>	<b>2,437</b>	<b>2,673</b>	<b>(235)</b>	<b>2,437</b>

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 5 STUDENT FEES AND OTHER RECEIVABLES (continued)

Commercial receivables:	OTAGO POLYTECHNIC LIMITED			GROUP		
	2020		Net	2020		Net
All in \$000s	Gross	Impairment		Gross	Impairment	
<b>Impairment</b>						
<i>Ageing profile for receivables at year end</i>						
Not past due	616	0	616	678	0	678
Past due 1 – 30 days	9	0	9	9	0	9
Past due 30 – 60 days	12	0	12	12	0	12
Past due 61 – 90 days	13	0	13	42	(18)	24
Total impairment	<b>650</b>	<b>0</b>	<b>650</b>	<b>741</b>	<b>(18)</b>	<b>723</b>

There are no provisions for uncollectability on Fees Free, Targeted Trades and Apprenticeship Training or the PBE revenue adjustment and no amounts are overdue.

All in \$000s	Note	OTAGO POLYTECHNIC LIMITED	GROUP
		Actual 2020	Actual 2020
<b>Movements in the provision for impairment of receivables</b>			
At 1 April 2020		(302)	(308)
Additional provisions made during the year		(323)	(347)
Receivables written-off during the year		390	402
At 31 December 2020		<b>(235)</b>	<b>(253)</b>

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 6 INVENTORY

### Accounting policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

		OTAGO POLYTECHNIC LIMITED	GROUP
All in \$000s	Note	Actual 2020	Actual 2020
Houses built for resale		76	76
Aircraft		126	126
Marketing		21	21
Beer and Wine		52	52
Other inventory		25	25
Total inventory carrying value		300	300

No inventories are pledged as security for liabilities.

## 7 PROVISIONS

### Accounting policy

A provision is recognised 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;
- it is probable that an outflow of future economic benefits or service potential will be required to settle the obligation;

- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using market yields on Government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Otago Polytechnic Limited

	1 April 2020				31 Dec 2020
All in \$000s	Opening Balance	Increase to provision	Charged against provision	Unused amounts reversed	Closing Balance
<b>Provision</b>					
Enforceable Undertaking	0	134	0	0	134
<b>Total Provisions</b>	<b>0</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>134</b>

Group

	1 April 2020				31 Dec 2020
All in \$000s	Opening Balance	Increase to provision	Charged against provision	Unused amounts reversed	Closing Balance
<b>Provision</b>					
Enforceable Undertaking	0	134	0	0	134
<b>Total Provisions</b>	<b>0</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>134</b>

		OTAGO POLYTECHNIC LIMITED		GROUP	
All in \$000s	Note	Actual 2020		Actual 2020	
<b>Current portion</b>					
Total current portion		0		0	
<b>Non current portion</b>					
Enforceable Undertaking		134		134	
Total non-current portion		<b>134</b>		<b>134</b>	
Total provisions		<b>134</b>		<b>134</b>	

On 18 June 2020 Otago Polytechnic Limited was handed down an Enforceable Undertaking of \$275k from the Dunedin District Court, to be completed across a period of 2 years from 18 June 2020.

This was the result of a worksafe notifiable event involving a learner. Otago Polytechnic Limited has fulfilled \$141k of the undertaking to 31 December 2020.



# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 8 PROPERTY, PLANT AND EQUIPMENT

### Accounting policy

Property, plant, and equipment consists of seven asset classes: land, buildings, computer hardware, furniture and equipment, motor vehicles, library collection, and heritage collections. Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

### Revaluation

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. Revaluation movements are accounted for on a class-of-asset basis.

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

### Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Otago Polytechnic Limited and the group and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Otago Polytechnic Limited and the group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred. Additions over \$2,000 in value are capitalised. Amounts under this are expensed.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds within equity.

### Depreciation

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

considered to be negligible. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Buildings (including components) 2 to 25 years 4% to 50%
- Computer hardware 4 to 10 years 10 to 25%
- Furniture and equipment 2 to 13 years 7.7% to 50%
- Motor vehicles 4 to 5 years 20% to 25%
- Library collection 10 years 10%

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

### Impairment of property, plant and equipment

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

### Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash – generating assets and cash-generating units is the present value of expected future cash flows.

Otago Polytechnic Limited & Group

	1 April 2020			2020					31 Dec 2020		
	Cost or fair value	Accumulated depreciation	Net carrying value	Additions	Reclassifications	Revaluation	Net book value of disposals	Depreciation	Cost or fair value	Accumulated depreciation	Net carrying value
All in \$000s											
Land	26,218	0	26,218	(2)	0	4,890	0	0	31,106	0	31,106
Buildings	89,643	(6,736)	82,907	1,733	11,246	34	(10)	(2,149)	94,644	(883)	93,761
Furniture and equipment	18,083	(11,201)	6,882	785	455	0	(76)	(944)	19,029	(11,927)	7,102
Computer hardware	9,503	(5,654)	3,849	537	97	0	0	(970)	10,118	(6,605)	3,513
Motor vehicles	1,453	(1,092)	361	87	22	0	0	(106)	1,562	(1,198)	364
Heritage collection	737	0	737	14	0	0	0	0	751	0	751
Library collection	7,334	(6,280)	1,054	157	0	0	0	(154)	7,491	(6,434)	1,057
<b>Total property, plant and equipment</b>	<b>152,971</b>	<b>(30,963)</b>	<b>122,008</b>	<b>3,311</b>	<b>11,820</b>	<b>4,924</b>	<b>(86)</b>	<b>(4,323)</b>	<b>164,701</b>	<b>(27,047)</b>	<b>137,654</b>
<b>Property transferred to assets held for sale</b>											
<b>Total property, plant and equipment after transfer</b>			<b>122,008</b>								<b>137,654</b>

Assets under construction

	1 April 2020	2020		31 Dec 2020
	Opening Value	Additions	Capitalisations	Closing Value
Buildings	16,224	1,369	(11,246)	6,347
Furniture and equipment	1,075	0	(574)	501
<b>Total</b>	<b>17,299</b>	<b>1,369</b>	<b>(11,820)</b>	<b>6,848</b>
<b>Total property, plant and equipment</b>				<b>144,502</b>

Depreciation

All in \$000s	Depreciation on disposals	Impairment losses recognised	Impairment losses reversed	Depreciation	Total depreciation
Buildings	(13)	0	0	(2,136)	(2,149)
Furniture and equipment	(218)	0	0	(726)	(944)
Computer hardware	(19)	0	0	(951)	(970)
Motor vehicles	0	0	0	(106)	(106)
Library collection	0	0	0	(154)	(154)
<b>Total depreciation</b>	<b>(250)</b>	<b>0</b>	<b>0</b>	<b>(4,073)</b>	<b>(4,323)</b>

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 8 PROPERTY, PLANT AND EQUIPMENT (continued)

### Land and Buildings

The most recent valuations of land and buildings was performed by independent registered valuer, Praveen Menon MPINZ of Crighton Anderson Property & Infrastructure Ltd. The valuation is effective as at 31 December 2020.

#### Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Restrictions on the Otago Polytechnic Limited and group's ability to sell land would normally not impair the value of the land because the Otago Polytechnic Limited and group has operational use of the land and the full benefits of outright ownership.

#### Buildings

Specialised buildings (eg campuses) are valued at fair value using depreciated replacement cost because no reliable market data is available for buildings designed for education delivery purposes.

Depreciated replacement cost is determined using a number of significant assumptions, these include:

The replacement asset is based on modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.

The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.

The remaining useful life of assets is estimated.

Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

### Restrictions on title

Under the Education and Training Act 2020, the Otago Polytechnic Limited and group is required to obtain consent from the Ministry of Education to dispose or sell property where the value of the property exceeds an amount determined by the Minister.

### Art

The most recent valuation of Art was performed by Ben Plumbly Director art, of Art and Object, with a valuation date of 25 November 2019.

Art is valued at fair market value using reference to observable prices in both the primary retail market and secondary auction market. If there is no active market, fair market value is determined by other market-based evidence adjudged by Art and Object as active and knowledgeable participants in the market.

## 9 INTANGIBLE ASSETS

### Accounting policy

#### Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and relevant professional fees. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

#### Course-related software and websites

Course-related software and website development costs are classified as software and accounted for in accordance with the accounting policy for software. Capitalised costs are tested for impairment and, once available for use, amortised in accordance with that policy.

#### Course development

Course development costs are expensed unless the course development is identifiable and unique courses and programmes controlled by the group in which case they are recognised as intangible assets.

### Amortisation

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 financial year is recognised in the surplus or deficit.

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

- Computer software 3 to 7 years 14.3% to 33.3%
- Course development 3 to 5 years 20% to 33.3%

### Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.



All in \$000s	Cost or fair value	Accumulated amortisation	Net carrying value	Additions / reclassification	Revaluation	Disposals cost	Disposal amortisation	Amortisation	Cost or fair value	Accumulated amortisation	Net carrying value
Computer software	8,565	(4,857)	3,708	634	0	0	0	(732)	9,199	(5,589)	3,610
Course development	732	(282)	450	0	0	(327)	63	(65)	405	(284)	121
Total intangible assets	<b>9,297</b>	<b>(5,139)</b>	<b>4,158</b>	<b>634</b>	<b>0</b>	<b>(327)</b>	<b>63</b>	<b>(797)</b>	<b>9,604</b>	<b>(5,873)</b>	<b>3,731</b>

#### Intangible assets under construction

	1 April 2020	2020	31 Dec 2020	
	Cost	Additions	Capitalisations	Net Carrying Value
Computer software	149	486	(634)	1
Total	149	486	(634)	1
Total intangibles				3,732

#### Amortisation

All in \$000s	Amortisation on disposals	Impairment losses recognised	Impairment losses reversed	Amortisation	Total amortisation
Computer software	0	0	0	(732)	(732)
Course development	0	0	0	(65)	(65)
Total amortisation	<b>0</b>	<b>0</b>	<b>0</b>	<b>(797)</b>	<b>(797)</b>

#### Impairment

All in \$000s	Amortisation on disposals	Impairment losses recognised	Impairment losses reversed	Amortisation	Total impairment
Course development	0	(264)	0	0	(264)
Total impairment	<b>0</b>	<b>(264)</b>	<b>0</b>	<b>0</b>	<b>(264)</b>

There are no title restrictions or security pledges for intangible assets.

Details of material individual intangible assets are:	Carrying Value \$'000	Remaining amortisation period %
Learner Journey software	952	14.29
Student Hub software	246	10

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 10 INVESTMENT IN ASSOCIATES AND SUBSIDIARIES

### Associate

An associate is an entity over which the Otago Polytechnic Limited has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the group financial statements using the equity method of accounting.

Details of holdings in subsidiaries and associates are shown in the table below:

Subsidiary/Associate	Ownership %	Balance date	Business Activity	OTAGO POLYTECHNIC LIMITED	GROUP
				Balance	Balance
Open Education Resource Foundation Limited	100	December	To provide more affordable higher education opportunities for learners who cannot afford to study at conventional universities	56	0
TANZ eCampus Limited	17	December	Develop and run programmes that are 100% run online	1,189	1,189
OPAIC Limited Partnership	50	December	OPAIC delivers tertiary education from an Auckland Campus to international students	1,768	1,768
Otago Polytechnic Education Foundation Trust	100	December	The advancement of Knowledge and sound learning	(156)	0



### Investment in TANZ eCampus Limited

TANZ eCampus Limited is jointly owned by six New Zealand Polytechnics one of which is Otago Polytechnic Limited. TANZ eCampus was set up to develop and run an on-line e-learning platform.

TANZ offers a variety of programmes that are delivered 100% on-line. Otago Polytechnic Limited has equity accounted for TANZ eCampus Limited and the investment is shown at the cost price of the shares plus a 1/6 share of the surplus to date.

	OTAGO POLYTECHNIC LIMITED	GROUP
	Actual 2020	Actual 2020
Movements in the carrying amount of the investment in associate:		
Balance at 1 April	1,102	1,102
Investment	0	0
Share of total comprehensive revenue and expense	87	87
Balance at 31 December	1,189	1,189
Summarised financial information of associate presented on a gross basis:		
<i>Assets</i>		
Current Assets	3,353	3,353
<b>Total Current Assets</b>	<b>3,353</b>	<b>3,353</b>
Non Current Assets	4,613	4,613
<b>Total Non Current Assets</b>	<b>4,613</b>	<b>4,613</b>
<b>Total Assets</b>	<b>7,966</b>	<b>7,966</b>
<i>Liabilities</i>		
Current Liabilities	953	953
<b>Total Liabilities</b>	<b>953</b>	<b>953</b>
<i>Revenues</i>	7,465	7,465
Expenses	7,074	7,074
<b>Surplus/(Deficit)</b>	<b>391</b>	<b>391</b>
<b>Total Comprehensive Revenue and Expenses</b>	<b>391</b>	<b>391</b>
Otago Polytechnic Limited's interest	16.7%	16.7%

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 10 INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (continued)

### Investment in OPAIC Limited Partnership

OPAIC Limited Partnership is a collaborative venture between Otago Polytechnic Limited and Future Skills Academy Limited. OPAIC delivers tertiary education from an Auckland Campus to international students. Otago Polytechnic Limited has equity accounted for OPAIC Limited Partnership and the investment is shown as the share of

surplus to date (the initial cost being nil). OPAIC is highly dependent on international student enrolments to be profitable. Due to the significant uncertainty around when the borders will open, as a result of the Covid-19 pandemic, it is uncertain when OPAIC will be able to achieve a viable level of enrolments. This increases the risk that Otago Polytechnic Limited's investment in OPAIC may be impaired.

	OTAGO POLYTECHNIC LIMITED	GROUP
	Actual 2020	Actual 2020
<b>Movements in the carrying amount of the investment in associate:</b>		
Balance at 1 April	2,094	2,094
Distribution received by the Otago Polytechnic Limited	(1,011)	(1,011)
Share of total comprehensive revenue and expense	685	685
Balance at 31 December	1,768	1,768
Summarised financial information of associate presented on a gross basis:		
<i>Assets</i>		
Current Assets	2,949	2,949
<b>Total Current Assets</b>	<b>2,949</b>	<b>2,949</b>
Non Current Assets	7,832	7,832
<b>Total Non Current Assets</b>	<b>7,832</b>	<b>7,832</b>
<b>Total Assets</b>	<b>10,781</b>	<b>10,781</b>
<i>Liabilities</i>		
Current Liabilities	1,826	1,826
<b>Total Current Liabilities</b>	<b>1,826</b>	<b>1,826</b>
Non Current Liabilities	5,717	5,717
<b>Total Non Current Liabilities</b>	<b>5,717</b>	<b>5,717</b>
<b>Total Liabilities</b>	<b>7,543</b>	<b>7,543</b>
<i>Revenues</i>	8,860	8,860
Expenses	7,601	7,601
<b>Surplus/(Deficit)</b>	<b>1,259</b>	<b>1,259</b>
<b>Total Comprehensive Revenue and Expenses</b>	<b>1,259</b>	<b>1,259</b>
Otago Polytechnic Limited's interest	50%	50%

OPAIC Limited Partnership have adopted accounting policy NZ IFRS 16 Leases from 1 January 2019. The summarised surplus of \$1,259m above is the surplus once this standard has been implemented. The share of surplus recognised by Otago Polytechnic Limited of \$685k has been adjusted to show accounting for leases under Otago Polytechnic Limited's accounting policies.

There are no impairment provisions for other financial assets.

## 11 TRADE AND OTHER PAYABLES

### Accounting policy

Short-term payables are recorded at the amount payable. Payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.

	OTAGO POLYTECHNIC LIMITED	GROUP
All in \$000s	Actual 2020	Actual 2020
<b>Payables under exchange transactions</b>		
Trade payables	1,320	1,320
Other payables	3,655	3,664
Total payables under exchange transactions	<b>4,975</b>	<b>4,984</b>
<b>Payables under non-exchange transactions</b>		
Net GST payable/(receivable)	1,796	1,796
Total payables under non-exchange transactions	<b>1,796</b>	<b>1,796</b>
Total trade and other payables	<b>6,771</b>	<b>6,780</b>

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value. Income in advance relates to international student fees for programmes that continue into the following financial year, and domestic student fees received for which the withdrawal date had not passed at balance date.

## 12 EMPLOYEE BENEFIT LIABILITIES

### Accounting policy

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to – but not yet taken – at balance date, and sick leave. A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

#### Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

### Presentation of employee entitlements

Sick leave, annual leave, vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

#### Superannuation schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

The Otago Polytechnic Limited and group belong to two Defined Benefit Plan Contributors Schemes (the schemes). The schemes are multi-employer defined benefit schemes. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the schemes the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation.

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 12 EMPLOYEE BENEFIT LIABILITIES (continued)

	OTAGO POLYTECHNIC LIMITED	GROUP
All in \$000s	Actual 2020	Actual 2020
<b>Employee entitlements</b>		
Accrued pay	378	378
Annual leave and discretionary leave	2,157	2,157
Sick leave	139	139
Long service leave	275	275
Retirement leave	68	68
Restructuring provision	251	251
Other employee entitlements	506	506
Total Employee benefit liabilities	<b>3,774</b>	<b>3,774</b>
Current portion	3,508	3,508
Non-current portion	266	266
Total employee benefit liabilities	<b>3,774</b>	<b>3,774</b>

## 13 REVENUE RECEIVED IN ADVANCE

	OTAGO POLYTECHNIC LIMITED	GROUP
All in \$000s	Actual 2020	Actual 2020
<b>Revenue received in advance</b>		
Students' fees	6,504	6,504
Total revenue received in advance	<b>6,504</b>	<b>6,504</b>
Current portion	6,504	6,504
Non-current portion	0	0
Total revenue received in advance	<b>6,504</b>	<b>6,504</b>

## 14 BORROWINGS

### Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings

balance. Borrowings are classified as current liabilities unless Otago Polytechnic Limited or the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

All in \$000s	Note	OTAGO POLYTECHNIC LIMITED	GROUP
		Actual 2020	Actual 2020
<b>Borrowings</b>			
Current portion		18,320	18,320
Total		<b>18,320</b>	<b>18,320</b>
Weighted average effective interest rate		1.83%	1.83%

The Westpac Bank loan facility is secured with a negative pledge and operates as a multi-option credit line facility. The balance drawn down on the multi option credit facility was \$16,320k as at 31 December 2020). The interest rate was 1.83% per annum. Otago Polytechnic Limited has breached two of the Tertiary

Education Commission (TEC) loan covenant ratios, Operating Cash Inflows divided by Operating Cash Outflows and Liquidity Ratio. TEC and Westpac have been advised of these breaches.

## 15 OTHER FINANCIAL ASSETS AND LIABILITIES

### Accounting policy

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

All in \$000s	OTAGO POLYTECHNIC LIMITED	GROUP
	Actual 2020	Actual 2020
<b>Financial instrument categories</b>		
The accounting policies for financial instruments have been applied to the line items below:		
<b>Financial assets – loans and receivables at amortised cost</b>		
Cash and cash equivalents	92	99
Investments in debt instruments	107	107
Student fees and other receivables	7,945	8,018
Total loans and receivables	<b>8,144</b>	<b>8,224</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Creditors and other payables	6,770	6,778
Borrowing	18,320	18,320
Total financial liabilities measured at amortised cost	<b>25,090</b>	<b>25,098</b>



# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 15 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

### Financial instruments risks

Otago Polytechnic Limited and the group's activities expose it to a variety of financial risks, including market risk, credit risk, and liquidity risk.

Otago Polytechnic Limited and the group has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

### Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows:

Otago Polytechnic Limited	Carrying amount	Contractual cashflow	Less than 6 months	6–12 months	1–2 years	2–3 years	More than 3 years
<b>2020</b>							
Trade and other payables	6,770	6,770	6,770	0	0	0	0
Borrowings	18,320	18,320	18,320	0	0	0	0
Total financial liabilities at amortised cost	<b>25,090</b>	<b>25,090</b>	<b>25,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Group</b>							
<b>2020</b>							
Trade and other payables	6,778	6,778	6,778	0	0	0	0
Borrowings	18,320	18,320	18,320	0	0	0	0
Total financial liabilities at amortised cost	<b>25,098</b>	<b>25,098</b>	<b>25,098</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## MARKET RISK

### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Otago Polytechnic Limited is exposed to price risk. The investment philosophy and approach is conservative, it recognises that all investments held should be low risk.

### Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Otago Polytechnic Limited and the group is exposed to currency risk. Otago Polytechnic Limited has transactional currency exposures arising from overseas purchases

that include capital equipment, software licences, library books and other expenditures in currencies other than Otago Polytechnic Limited's functional currency. The Otago Polytechnic Limited's exposure to foreign currency risk is minimal.

### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest create exposure to fair value interest rate risk. Otago Polytechnic Limited and the group does not actively manage its exposure to fair value interest rate risk. The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Otago Polytechnic Limited & Group	<1 year	>1 year – <2 years	>2 years	Total
Cash and cash equivalents	99	0	0	99
Investments	0	0	107	107
Weighted average effective interest rate	5%	0%	2%	3%

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates create exposure to cash flow interest rate risk. The Otago Polytechnic Limited's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations, refer to note 14 for interest rates and loan balances of any Otago Polytechnic Limited borrowings.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to Otago Polytechnic Limited and the group, causing it to incur a loss.

The Otago Polytechnic Limited has no significant concentrations of credit risk other than the Tertiary Education Commission, as it has a large number of credit customers, mainly students. The Otago Polytechnic Limited invests funds only with registered banks and its investment policy limits the amount of exposure to any one institution. There is no collateral held as security against these financial instruments.

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 15 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

All in \$000s	Note	OTAGO POLYTECHNIC LIMITED	GROUP
		Actual 2020	Actual 2020
The maximum credit exposure for each class of financial instrument is as follows:			
Cash and cash equivalents		92	99
Investments		107	107
Student fees and other receivables		7,945	8,018
Total credit risk on loans and receivables		<b>8,144</b>	<b>8,224</b>
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:			
<b>Counterparties with credit ratings</b>			
<b>Cash and cash equivalents:</b>			
AA-		99	99
Total cash and cash equivalents		<b>99</b>	<b>99</b>
<b>Debtors and other receivables</b>			
Existing counterparty with no defaults in the past		7,945	8,018
Total debtors and other receivables		<b>7,945</b>	<b>8,018</b>

### Trade and other receivables

Trade and receivables mainly arise from the operation functions, therefore there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings. Otago Polytechnic Limited is not exposed to any material concentrations of credit risk. Trade and other receivables balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

### Liquidity risk

Liquidity risk is the risk that Otago Polytechnic Limited and the group 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. Otago Polytechnic Limited aims to maintain flexibility in funding by keeping committed credit lines available. Otago Polytechnic Limited and the group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate of the instrument at balance date. The amounts disclosed are the undiscounted contractual cash flows.

**Otago Polytechnic Limited**

	Carrying amount	Contractual cashflows	Less than 6 months	6–12 months	1–2 years	2–3 years	More than 3 years
Payables	4180	4180	4180				
Accrued Expenses	2590	2590	2590				
Unsecured loans	18320	18320	18320				
<b>Total</b>	<b>25090</b>	<b>25090</b>	<b>25090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Group**

	Carrying amount	Contractual cashflows	Less than 6 months	6–12 months	1–2 years	2–3 years	More than 3 years
Payables	4181	4181	4181	0	0	0	0
Accrued Expenses	2597	2597	2597	0	0	0	0
Unsecured loans	18320	18320	18320	0	0	0	0
<b>Total</b>	<b>25098</b>	<b>25098</b>	<b>25098</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Sensitivity analysis**

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding retained surplus) for reasonably possible market movements in price and interest rates, with all other variables held constant, based on financial instrument exposures at balance date.

**Otago Polytechnic Limited**

	+100BPS		-100BPS	
	Surplus	Equity	Surplus	Equity
<b>Interest rate risk 31 December 2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	0		0	
<b>Financial liabilities</b>				
Borrowings	(162)		162	
<b>Total sensitivity to interest rate risk</b>	<b>(162)</b>	<b>0</b>	<b>162</b>	<b>0</b>

**Group**

	+100BPS		-100BPS	
	Surplus	Equity	Surplus	Equity
<b>Interest rate risk 31 December 2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	0	0	0	0
<b>Financial liabilities</b>				
Borrowings	(162)	0	162	0
<b>Total sensitivity to interest rate risk</b>	<b>(162)</b>	<b>0</b>	<b>162</b>	<b>0</b>

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%.



# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 16 CAPITAL MANAGEMENT

Otago Polytechnic Limited and the group's capital is its equity, which comprises accumulated funds and reserves. Equity is represented by net assets. Otago Polytechnic Limited is subject to the financial management and accountability provisions of the Crown Entities Act 2004 and the Education and Training Act 2020, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives and is

compliant with these requirements. Otago Polytechnic Limited manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that Otago Polytechnic Limited effectively achieves its objectives and purpose, while remaining a going concern.

## 17 EQUITY

### Accounting policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- general funds;
- property revaluation reserves.
- fair value through other comprehensive revenue and expense reserve; and
- trusts and bequests reserve.

### Property revaluation reserves

These reserves relate to the revaluation of land and buildings to fair value.

### Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change of financial assets classified as fair value through other comprehensive revenue and expense.

### Trusts and bequests reserve

The trusts and bequests reserve are a component of equity which has been created by Otago Polytechnic Limited.

Transfers from the reserve may be made only for certain specified purposes or when certain specified conditions are met.

The restrictions on use may be established by Otago Polytechnic Limited or legally through the terms and conditions of specific trusts and bequests.



## 17 EQUITY (continued)

	OTAGO POLYTECHNIC LIMITED	GROUP
All in \$000s	Actual 2020	Actual 2020
<b>General funds</b>		
At 1 April	122,362	122,486
Opening balance adjustment	(2,927)	(2,927)
Surplus/(deficit) for the year before other comprehensive revenue and expenditure	(34,363)	(34,316)
Net Change in Trust Funds	(38)	(38)
Balance as at 31 December	<b>85,034</b>	<b>85,205</b>
<b>Property revaluation reserves</b>		
Balance as at 1 April	35,060	35,060
Land net revaluations gain	4,890	4,890
Buildings net revaluations gain	34	34
Balance as at 31 December	<b>39,984</b>	<b>39,984</b>
<b>Property revaluation reserves</b>		
Property revaluation reserves consist of:		
Land	23,657	23,657
Buildings	16,327	16,327
Total property revaluation reserves	<b>39,984</b>	<b>39,984</b>
<b>Trusts and bequests</b>		
Opening balance	178	178
Interest received	4	4
Receipts to funds	85	85
Payments from funds	(51)	(51)
Total trust funds	<b>216</b>	<b>216</b>
Represented by:		
Internal Dept Trust Funds	216	216
Total trust funds	<b>216</b>	<b>216</b>
Total equity	<b>125,234</b>	<b>125,405</b>

### Opening Balance Adjustment

Otago Polytechnic Limited has changed its course development accounting policy from the predecessor ITP's policy to align with Te Pūkenga's group accounting policy. PBE IPSAS 31 Intangible Assets, requires an entity to have control of the asset to recognise the costs as an intangible asset. Course material that is subject to a Creative Commons Licence, or developed by lecturers, staff and/or contractors where there is no copyright and the terms of the contract with the individuals do not clearly prohibit the individuals from using the course material themselves or course material that is distributed to students without legal or contractual restrictions is considered to

have insufficient control so must be expensed. The accounting policy change resulted in an adjustment to opening equity to write off existing internally developed courses where control was considered insufficient under the new policy.

### Share capital

On 1 April 2020, Otago Polytechnic Limited issued 100 shares to Te Pūkenga in accordance with clause 20(1)(c) of Schedule 1 to the Education and Training Act 2020. Each share carries one vote and an equal share in dividends and distribution of the Institute's surplus assets.

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 18 MAJOR BUDGET VARIATIONS

Explanations for major comprehensive revenue and expense budget variations from the 2020 Otago Polytechnic Limited budget are detailed below in this table:

All in \$000s	GROUP		
	Actual 2020	Budget 2020	Variance
<b>Surplus/deficit before other comprehensive revenue and expenditure</b>			
Surplus/deficit	(34,316)	(31,795)	2,521
<b>Revenue variances</b>			
Government funding	6,785	117	6,668
Student fees & departmental revenue	22,118	31,044	(8,926)
Other revenue	8,275	8,533	(258)
Share of associate	772	277	495
<b>Expenditure variances</b>			
Employee benefit expenses	42,386	38,339	4,047
Depreciation and amortisation	5,120	6,076	(956)
Interest expense	155	146	9
Administration and other expenses	24,605	27,205	(2,600)
<b>Other comprehensive revenue and expense</b>			
Other comprehensive revenue and expense	4,924	0	4,924
<b>Total comprehensive revenue and expense</b>	<b>(29,392)</b>	<b>(31,795)</b>	<b>2,403</b>

Explanations for major statement of financial position budget variations from the 2020 Otago Polytechnic Limited budget are detailed below in this table:

All in \$000s	Actual 2020	Budget 2020	Variance
<b>Statement of financial position</b>			
Current assets	9,619	4,903	4,716
Non-current assets	151,298	147,329	3,969
Current liabilities	35,112	34,197	915
Non-current liabilities	400	230	170
Equity	125,405	117,805	7,600
<b>Total statement of financial position</b>	<b>0</b>	<b>0</b>	<b>0</b>

Explanations for major statement of cash flows budget variations from the 2020 Otago Polytechnic Limited budget are detailed below in this table:

All in \$000s	Actual 2020	Budget 2020	Variance
<b>Statement of cash flows</b>			
Cash flow from operating activities	(10,846)	(6,611)	(4,235)
Cash flow used in investing activities	(3,919)	(7,696)	3,777
Cash flows from financing activities	12,820	13,150	(330)
Net (decrease)/increase in cash and cash equivalents	(1,945)	(1,157)	(788)
Cash and cash equivalents at beginning of the year	2,044	1,336	708
<b>Total cash and cash equivalents at end of the year</b>	<b>99</b>	<b>179</b>	<b>(80)</b>

### Explanation of major budget variations:

Surplus/Deficit is unfavourable to budget as the budget was prepared on a 12 month basis. Due to revenue recognition under Public Benefit Entity (PBE) accounting domestic fee revenue was recognised in March 2020 which has resulted in a deficit for the 9 months ending 31 December 2020. The summary that is provided on page 61 shows the full 12 month financial performance, which is a surplus of \$5.4M comparing favourably with the original full year budgeted result of \$944K, with the favourable variance being due to increased EFTS enrolled.

Government Funding is favourable due to additional funding received for SAC 3+ second semester domestic enrolments.

Student Tuition fees are lower due to domestic fee revenue recognition in March 2020 under Public Benefit Entity (PBE) accounting. International students income has reduced as a result of Covid-19 and the border being closed.

Other income includes payment from the Ministry of Health for early exit of our Cumberland Street premises in anticipation of the new Dunedin hospital build.

Employee benefit expenses is higher than budget mainly due to an increase in student enrolments for second semester. This has resulted in an increase in costs of staffing and contractors. There is also a change in accounting treatment of course development, this was previously capitalised and is now expensed.

Depreciation and amortisation expense shows a favourable variance due to a change in accounting treatment where new course development is no longer capitalised, unless the course development is identifiable and unique courses and programmes controlled by the group in which case they are recognised as intangible assets.

Administration and other expenses have large savings due to restrictions imposed around travel, hospitality, contracted education and clinical placements.

Current assets has increased mainly due to Targeted Training and Apprenticeships Fund (TTAF) enrolments and the funding still owed by Tertiary Education Commission. There is also a large balance owing as a result of the PBE accounting treatment of government funding as this becomes a debt outstanding by TEC.

Non-current assets relates to a change in accounting policy as we no longer capitalise course development, unless the course development is identifiable and unique courses and programmes controlled by the group in which case they are recognised as intangible assets. This is offset by an increase in Land and buildings due to the latest revaluation.

Cashflow from Operating activities is a combination of increased government funding, offset by payment for some student tuition fees being delayed until 2021 (cash timing impact only) and additional employment costs due to increased student numbers.

Cashflow from Investing activities is much lower due to reduced capital expenditure – this was pulled back due to Covid-19.

## 19 CAPITAL EXPENDITURE PROJECT PERFORMANCE TO BUDGET

	GROUP		
	Actual 2020	Budget 2020	Variance
All in \$000s			
<b>Annual allocations (renewals)</b>			
Facilities annual replacements			
Furniture annual allocation			
Information technology allocation	1,024	1,310	(286)
Vehicle replacement	87	117	(30)
Library annual allocation	156	163	(7)
Academic departments	288	488	(200)
Other allocation	952	3,381	(2,429)
<b>Total annual allocation</b>	<b>2,507</b>	<b>5,459</b>	<b>(2,952)</b>
<b>Major projects</b>			
O Block (81206)	1,311	2,033	(722)
G Block Upgrade (81507)	79	1,434	(1,355)
Trades Training Centre (81689) (Forth Street)	1,268	0	1,268
<b>Total major projects</b>	<b>2,658</b>	<b>3,467</b>	<b>(809)</b>
<b>Total capital expenditure</b>	<b>5,165</b>	<b>8,926</b>	<b>(3,761)</b>

### Explanation of major capital budget variations:

Other allocation – Course development was budgeted for prior to the Te Pukenga policy change.

O & G Block Covid-19 related delays to building projects.

Trades Training Centre Shovel Ready Project not budgeted 2020, funding is a post Covid-19 government initiative.

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 20 OPERATING LEASES

### Accounting policy

#### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the

lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

	Note	OTAGO POLYTECHNIC LIMITED	GROUP
		Actual 2020	Actual 2020
All in \$000s			
<b>Leases as lessee</b>			
Non-cancellable operating lease rentals are payable as follows:			
Not later than one year		1,154	1,154
Later than one year and not later than five years		3,745	3,745
Later than five years		6,745	6,745
Total leases as lessee		11,644	11,644

## 21 COMMITMENTS AND CONTINGENCIES

At 31 December 2020 the Otago Polytechnic Limited had no capital commitments.

Otago Polytechnic Limited has no significant contingent assets as at balance date.

The Otago Polytechnic Limited and group is a participating employer in two Defined Benefit Plan Contributors Schemes (the schemes), which are multi-employer defined benefit schemes. If the other participating employers ceased to participate in the scheme the Otago Polytechnic Limited and group could be responsible for any deficit of the schemes. Similarly, if a number of employers ceased to participate in the schemes the Otago Polytechnic Limited and group could be responsible for an increased share of the deficit.

Otago Polytechnic Limited is joint and several guarantor for property leases relating to the OPAIC's Auckland Campus. There is a significant uncertainty as to whether OPAIC will continue to be

able to meet the lease payments, because of its high dependence on international enrolments, thereby resulting in Otago Polytechnic Limited having to honour the lease contract payments. The remaining lease payments, at 31 December 2020, were \$6.5 million noting that Future Skills has provided a bond of \$850,000 in favour of the Otago Polytechnic Limited. The monthly lease commitment is \$96,809 and the expiry date is 1 September 2026. The Otago Polytechnic Limited has the right to sub-lease. Otago Polytechnic Limited's exposure to this cannot be quantified due to the uncertainty from the impact of the Covid-19 pandemic, on the rental property market in central Auckland. Otago Polytechnic Limited assess that it is less than probable that any contribution will need to be paid as the Otago Polytechnic Limited has the right to sub-lease the building.

## 22 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

### Accounting policy

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect that Otago Polytechnic Limited would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.

### Intra-group Transactions

Otago Polytechnic Limited provides accounting, secretarial and trustee services to the Otago Polytechnic Education Foundation Trust at no cost. Monies owed by Otago Polytechnic Limited to the Otago Polytechnic Education Foundation Trust are held in a current account balance at 31 December 2020 \$155,632.

Otago Polytechnic Limited provides accounting, secretarial and director services to the Open Education Resource Foundation Limited for no charge in lieu of payment of membership fees of

\$5,562 (US\$4,000) annually. Monies owed between the parties are held in a current account, being -\$55,669.

OPAIC Limited Partnership paid \$467,521 to Otago Polytechnic Limited as reimbursement for expenses paid by Otago Polytechnic Limited on behalf of the Partnership, including \$117,750 for an operating lease on assets owned by Otago Polytechnic Limited but used by OPAIC Limited Partnership. These expenses were oncharged at original cost without any margin. Otago Polytechnic Limited paid \$7,336,282 including \$6,500,955 to OPAIC Limited Partnership for Contracted Education Services delivered to students who are enrolled in Otago Polytechnic Limited programmes delivered by the Limited Partnership. The fees are paid on a service delivered basis. Until payment is transferred to the Limited Partnership, Otago Polytechnic Limited pays interest on the balance of fees paid in advance of services delivered.

Otago Polytechnic Limited paid \$566,625 to TANZ eCampus Limited including \$441,721 for Contracted Education Services delivered to students who are enrolled in Otago Polytechnic Limited programmes delivered by TANZ eCampus Limited. The fees are paid on a service delivered basis.

### Actual 2020

#### Key management personnel compensation

##### Board members

Number of members	8
Remuneration (\$000s)	130

##### Directors and Chief Executive

Full-time equivalent members	5.3
Remuneration	1,032

Total key management personnel remuneration	<b>1,162</b>
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Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members

### Actual 2020

#### Board member remuneration

Paul Allison	14,010
Mike Collins	14,158
Maryann Geddes	14,158
Adam La Hood	14,158
Tony Allison	28,319
Karen Coutts	14,114
Justin Lester	14,010
Megan Potiki	17,194
Total Board members remuneration	<b>130,121</b>



# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 22 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL (continued)

### Otago Polytechnic Limited and Group

#### Board Members Interests

##### Paul Allison

	Role
Halberg Disability Sport Foundation	Life Trustee
NZME	Sports Commentator
University Bookshop (Otago) Limited	Chair
Waitaki District Health Services Limited	Director
Waitaki District Health Services Trust	Chair
ORFU Board Appointment Panel	Chair
Infinite Energy NZ Limited (design and installation of solar power)	Independent Chair
The Lion Foundation	South Island Regional Grants Committee
Impact Consulting	Independent Consultant
Central Otago Health Services Limited	Director
NZ Institute of Directors	Member

##### Tony Allison

Dunedin International Airport Limited	Chair
Delta Utility Services Limited	Director
Smith City (Group) Limited	Director
Visionalli Limited	Managing Director
AA Cleaners (Otago) Limited	Director
One House Away	Director

##### Michael Collins

Dunedin Centre of Digital Excellence (CODE) Steering Group	Member
IT Governance Group (SDHB)	Chair
Health and Safety Executive Governance Committee (SDHB)	Chair
St Hilda's Board of Proprietors	Board Member
Member Finance, Audit & Risk Exec Member (SDHB)	Board Member
New Dunedin Hospital Southern Partnership Group (SPG)	Advisor
South Island Chief Digital and CIO Leads	Deputy Chair
National DHB CIO Leads	Member
Otago Polytechnic Capable NZ Assessor	Contractor
Environmental Sustainability Committee (SDHB)	Chair
Southern District Health Board	Staff member
CapableNZ Permanent External Advisory Committee	Chair

##### Karen Coutts

KDC & Associates Limited	Director
Te Runanga o Moeraki, Te Runanga o Ngai Tahu	Member
Transparency International NZ	Board Member
Te Runanga o Moeraki	Treasurer
Institute of Directors Wellington Branch	Committee Member
New Zealand Parole Board	Member
Ngai Tahu ki Te Whanganui-a-Tara taurahere roopu	Kaiwhakahaere
KBDRC Limited	Director

## 22 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL (continued)

### Maryann Geddes

Southern Institute of Technology Limited	Director
Ara Institute of Canterbury Limited	Director
Service IQ	Director
Te Pukenga	Council Member

### Adam La Hood

Dunedin Venues Management Limited	Director
Cook Brothers Construction Limited	Chief Financial Officer

### Justin Lester

Wellington Institute of Technology (Weltec)	Chair
Whitireia Community Polytechnic	Chair
Storbie Limited	Director
Whitireia New Zealand Limited	Director
Weltec Enterprises Limited	Director
Weltec Student Accommodation Limited	Director
LCB Management Limited	Director
Kapai New Zealand Limited	Director
Welcome Home Limited	Director
Good Bitches Baking	Chair
Dot Loves Data	Contractor
Fix & Fogg	Contractor
Simplicity Kiwisaver	Ambassador

### Megan Potiki

University of Otago	Employee
Te Runanga Otakou (Inc)	Member
Aukaha Limited	Contractor
A3 Kaitiaki Limited	Governor

### Employee Remuneration

Actual 2020

The number of employees or former employees who received remuneration and other benefits of \$100,000 or more within specified \$10,000 bands were as follows:

	Otago Polytechnic Limited and Group
Total remuneration paid or payable:	No. of Employees
\$100,000 – 109,999	14
\$110,000 – 119,999	5
\$120,000 – 129,999	3
\$130,000 – 139,999	3
\$140,000 – 149,999	3
\$160,000 – 169,999	1
\$180,000 – 189,999	2
\$200,000 – 209,999	2
Total employees	33

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 23 CHILDCARE

### OTAGO POLYTECHNIC LIMITED AND GROUP

#### CHILDCARE CENTRE

	Actual 2020	Budget 2020
<b>Revenue</b>		
Ministry grants	162	77
Guardians and Student income	215	278
Total Revenue	377	355
<b>Expenditure</b>		
Employment costs	610	593
Other Operating costs	75	86
Total Expenditure	685	679
Surplus/(Deficit)	(308)	(324)

The Childcare Centre is part of the provision of student and staff services. No capital charge has been applied by the Otago Polytechnic Limited to the Centre. The Statement of Financial Performance for the Childcare Centre has been extracted from the Statement of Financial Performance for Otago Polytechnic Limited.

### GROUP

#### Hours

#### Statistics

Under two year olds	12795
Two years old and over	19314
Fees free fully funded 3 years and over	20537

## 24 CONSOLIDATION

The group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation. The group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date Otago Polytechnic Limited obtains control of the entity and ceases when Otago Polytechnic Limited loses control of the entity.

### Subsidiaries

Otago Polytechnic Limited consolidates in the group financial statements those entities it controls. Control exists where

Otago Polytechnic Limited is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by Otago Polytechnic Limited. Investments in subsidiaries are measured at cost in the parent financial statements.

## 25 EVENTS AFTER BALANCE DATE

Board Chair, Tony Allison has resigned from the Otago Polytechnic board from 29 January 2021, Adam La Hood has accepted the role of chair.

Otago Polytechnic Limited entered into a contract (\$569k) with Naylor Love Dunedin Limited on 4 February 2021 for the enabling works of the new Trades Training Facility at the Forth Street Campus. Otago Polytechnic Limited then entered into a further contract for \$22.5m with Naylor Love Dunedin Limited on 1 April 2021. The 1 April 2021 contract replaces the 4 February 2021 contract and the total of \$22.5m is inclusive of the \$569k from the 4 February 2021

contract. The Trades Training Facility is one of the Government's shovel ready initiatives in response to the Covid-19 pandemic. Otago Polytechnic Limited will be receiving a grant of \$10m in funding for this project from Crown Infrastructure Partners

Te Pūkenga is now moving towards implementation of a group treasury strategy and will enter into group-wide debt financing and transactional banking arrangements, as part of its establishment of a central treasury function. These arrangements are expected to take effect on 1 July 2021. The successful banking partner is Westpac New Zealand Limited.

## 26 THE EFFECTS OF COVID-19 ON THE OTAGO POLYTECHNIC LIMITED

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic, and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and then remained in lockdown at Alert Level 3 until 13 May.

During this period, the Otago Polytechnic Limited closed all delivery sites and brought forward the mid-semester break to align with the new timing of the school holidays in New Zealand. Most staff moved to a "work from home" model, and teaching was changed to online delivery after the mid-semester break.

After 13 May, when New Zealand moved to lower Alert Levels, students were able to attend classes on-site or continue to access classes remotely.

The effect on our operations is reflected in these financial statements based on the information available to the date these financial statements were approved.

The main impacts on the Otago Polytechnic Limited's financial statements due to Covid-19 are explained below. This includes information about key assumptions concerning the future and other sources of estimation uncertainty due to Covid-19.

### Government funding

The TEC confirmed during March 2020 that 2020 funding for Investment Plans and Fees Free will continue, and that it will not recover 2020 funding because of either non-achievement of Education Performance Indicators or under-delivery during the 2020 year.

This provided the Otago Polytechnic Limited with certainty that it could continue to deliver to students despite the disruption caused by Covid-19. As a consequence of this, Otago Polytechnic Limited recognised all the original 2020 funding as revenue in its financial statements for the three-month period ended 31 March 2020.

Otago Polytechnic Limited received additional Government Funding in the 9 months ended 31 December 2020 and has used all of the funding received against enrolled EFTS.

### Student numbers and fees revenue

Although there was a decrease in some areas of revenue this was mainly offset by the increase in domestic students.

Due to the closure of international borders international student numbers were reduced, however we had a better than expected uptake from international students who are in country, which largely mitigated the impact on enrolments, as such international enrolled EFTS are only 16% behind budgeted EFTS.

# Notes to the Financial Statements

for the nine months ended 31 December 2020

## 26 THE EFFECTS OF COVID-19 ON THE OTAGO POLYTECHNIC LIMITED (continued)

The implementation of the Targeted Training and Apprenticeship Fund meant that domestic numbers were 106% of budget, and largely offset the reduction in international EFTS.

International fee revenue was \$1.9m lower than budgeted however this was offset by higher than budgeted domestic fee revenue of \$2.6m (after PBE adjustment to budgeted figures)

### Student Accommodation Revenue

Te Pa Tauria remained open during the level 4 alert period, however the majority of the students chose to return home to their families during this time. Otago Polytechnic Limited issued 50% refunds for the time that these students were not staying at Te Pa Tauria, revenue was 15% unfavourable to budget.

## OPERATING EXPENSES

### Employees

As a consequence of lockdown face to face teaching was put on hold, however academic staff developed online resources and moved to on-line delivery. The majority of general staff were able to continue work from home during lockdown with limited consequence to productivity. Reduction of staffing at our international campus and redeployment of staff working on international recruitment into other roles was implemented where possible.

### Suppliers

All key suppliers are based in NZ and as such Covid-19 has had little effect on their ability to continue to supply to Otago Polytechnic Limited. Most suppliers are in a competitive market where alternative suppliers could be found if existing suppliers had financial difficulties due to Covid-19.

### Covid-19 Related Savings

As a result of the continued lockdown significant savings have been made against budgeted travel (78%), and staff professional development (75%), because many conferences were either cancelled or postponed. Clinical Training costs were 55% below budget due to student placements that could not be run during 2020, these were replaced with alternative courses and the students will complete the placements in 2021.

### Liquidity

Due to the increase in other revenue sources, the financial performance has continued to be positive and as such there has been no affect on the ability to operate as a going concern or the availability of funding or credit facilities.

### Valuation of land and buildings

The valuation of land and buildings effective as at 31 December 2020 was performed by independent registered valuer, Praveen Menon MPINZ of Crighton Anderson Property & Infrastructure Ltd.

The valuation report includes a significant valuation uncertainty note that the market that the property/asset is transacted in is being impacted by the uncertainty that the Covid-19 outbreak has caused. The valuers consider that there is a market uncertainty resulting in significant valuation uncertainty and that the value provided in the valuation may change significantly and unexpectedly over a relatively short period of time. This significant valuation uncertainty relates to the Otago Polytechnic Limited land only. Refer to note 8 for key valuation assumptions used in estimating the fair value of land and buildings at 31 December 2020.

### Impairment of tangible and intangible assets

An impairment assessment has been completed for tangible and intangible assets. The result of this assessment was that there is no evidence that suggests Covid-19 has impaired any Otago Polytechnic Limited assets, however \$264k of course development has been impaired in the regular annual impairment review process.



# Compulsory Student Services Fees

for the year ended 31 December 2020

	2020					2019				
	Compulsory Student Services Fees	Other	Total Revenue	Total Expenses	Surplus/ (Deficit)	Compulsory Student Services Fees	Other	Total Revenue	Total Expenses	Surplus/ (Deficit)
Advocacy & Legal Advice	173	0	173	267	(94)	124	0	124	222	(98)
Careers Information Advice and Guidance	48	0	48	73	(25)	40	0	40	69	(29)
Counseling and Pastoral Care	782	256	1038	997	41	661	263	924	939	(15)
Employment Information	36	0	36	57	(21)	28	0	28	54	(26)
Financial Support and Advice	47	0	47	46	1	35	0	35	35	0
Health Services	382	111	493	648	(155)	383	136	519	649	(130)
Media	90	0	90	82	8	80	0	80	78	2
Childcare Services	0	870	870	864	6	0	900	900	834	66
Clubs and Societies	11	0	11	10	1	13	0	13	13	0
Sports, Recreational and Cultural Activities	464	0	464	479	(15)	419	0	419	485	(66)
<b>Total</b>	<b>2,033</b>	<b>1,237</b>	<b>3,270</b>	<b>3,523</b>	<b>(253)</b>	<b>1,783</b>	<b>1,299</b>	<b>3,082</b>	<b>3,378</b>	<b>(296)</b>



# Compulsory Student Services Levy

for the year ended 31 December 2020

Otago Polytechnic Limited has consulted with the students on the student services levy. In 2020 this consultation included advising the Otago Polytechnic Student Council (Student Council) and the Otago Polytechnic Student Association (OPSA) the current level of the Compulsory Student Services Levy (CSSF) and requesting their feedback on whether that level should remain unchanged. Otago Polytechnic Limited provided information on the past two years CSSF revenue and expenses with a breakdown of the different types and amounts, and presented to and directly engaged with students on the type of services to be delivered, seeking student feedback on these services and how the student services levy would be spent.

The fee (GST Inclusive) charged by Otago Polytechnic Limited per Equivalent Full Time Student in 2020 was:

- \$656 for Dunedin Students,
- \$576 for Central Otago Students,
- \$266 for distance students

These fees have remained unchanged since 2012.

Otago Polytechnic Limited accounts separately for all revenue and expenditure related to the provision of each of the student services listed here.

## **Advocacy and legal advice**

Advocacy support is provided to students needing help to resolve problems. Advocacy is undertaken by an impartial person on behalf of students, this may include advocacy relating to legal matters or accommodation and tenancy issues. All issues are resolved or escalated to a higher level to be heard and resolved.

## **Career information, advice and guidance**

Support is provided to students to assist their transition into employment. Support includes employability workshops, CV development, interview practice, employability expos, one-on-one career advice and liaison with Career Guides (second and third year Bachelor of Social Service students with a Career focus for their degree).

## **Counselling services**

Three counsellors and two wellbeing advisors (3.3 FTE) are available for one-on-one appointments to provide students with counselling and pastoral care. Workshops are also held to support students to cope with anxiety and prepare for exams. A Chaplain (1FTE) is also available to provide pastoral care and counselling.

## **Employment information**

This service is developing within the Otago Polytechnic Limited. Strong links to industry and the workplace have been well fostered with an ongoing focus of development. Industry representatives are brought onto the campus to provide a workplace perspective as part of an interview panel for practice interviews and to provide industry focus through information evenings and fairs.

## **Financial support and advice**

Budgeting advice is confidential and freely available for students. Hardship situations are assessed and help may be provided with financial assistance and food parcels.

## **Health services**

Otago Polytechnic Limited has a Student Health Centre, with doctors and nurses available for students to access as needed. They provide a variety of services to support students to stay well, receive timely advice and gain medical assistance.

## **Media**

Otago Polytechnic Limited sponsors the online student e-news and supports online communities for students across the Otago Polytechnic Limited.

Communications channels are also enabled through the Student Council and the Otago Polytechnic Students Association Advisory Board.

Information is provided to the representatives of both these committees to enable student discussion and input and they are also able to bring issues to these forums.

## **Childcare services**

Childcare facilities are available to parents while studying through Polykids. This facility provides childcare from birth through to five years old.

## **Clubs and societies**

Otago Polytechnic Limited students can also access Otago University Students' Association Clubs and Societies. The OUSA Recreation Centre provides amenities including meeting rooms, exercise space and equipment for hire. It organises tournaments, and is the base of student sports, religious and cultural clubs.

## **Sports and recreation facilities**

Unipol provides a wide range of services at the nearby University Plaza. These services are available to all students, on presentation of their Student ID.

# Comparison of Revenue and Expenses

for the twelve months ended 31 December 2020

## GROUP

### Comparison of revenue and expenses

	Actual 3 months 1 January 2020 – 31 March 2020	Actual 9 months 1 April 2020 – 31 December 2020	Total 12 months 2020	Last Year 2019
All in \$000s				
<b>REVENUE</b>				
Government grants	41,587	6,785	48,372	42,631
Tuition fees	15,393	22,118	37,511	41,164
Other revenue	5,156	8,275	13,431	13,947
Total revenue	<b>62,136</b>	<b>37,178</b>	<b>99,314</b>	<b>97,742</b>
<b>EXPENDITURE</b>				
Personnel & employee benefit costs	11,985	42,386	54,371	49,482
Depreciation and amortisation expenses	2,007	5,120	7,127	7,742
Administration and other expenses	8,227	24,760	32,987	39,569
Total expenditure	<b>22,219</b>	<b>72,266</b>	<b>94,485</b>	<b>96,793</b>
Share of associate / joint venture	(235)	772	537	655
Surplus/(deficit)	<b>39,682</b>	<b>(34,316)</b>	<b>5,366</b>	<b>1,604</b>

### Comparison of Cash Flows

	Actual 1 January 2020 – 31 March 2020	Actual 1 April 2020 – 31 December 2020	Total 12 Months 2020	Last Year 2019
All in \$000s				
Net cash inflow from operating activities	<b>17,264</b>	<b>(10,846)</b>	<b>6,418</b>	<b>1,850</b>
Net cash outflow used in investing activities	<b>(5,952)</b>	<b>(3,919)</b>	<b>(9,871)</b>	<b>(11,650)</b>
Net cash flows from financing activities	<b>(10,550)</b>	<b>12,820</b>	<b>2,270</b>	<b>10,602</b>
Net (decrease)/increase in cash and cash equivalents	<b>762</b>	<b>(1,945)</b>	<b>(1,183)</b>	<b>802</b>
Cash and cash equivalents at beginning of the period	1,282	2,044	1,282	480
Cash and cash equivalents at end of period	<b>2,044</b>	<b>99</b>	<b>99</b>	<b>1,282</b>

\* Financial statements for the 12 months ended 31 December 2019 and 3 months ended 31 March 2020 of the predecessor ITP can be found on the Otago Polytechnic Limited's website; [www.op.ac.nz](http://www.op.ac.nz)



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