



NGA KORERO WHAKAMARAMA MO NGA TAUĀKI PŪTEA NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 STATEMENT OF ACCOUNTING POLICIES

THE REPORTING ENTITY

Victoria University of Wellington (the University) is a Tertiary Education Institution domiciled in New Zealand, and is governed by the Crown Entities Act 2004 and the Education and Training Act 2020.

The primary purpose of the Consolidated Group (the Group) is to provide tertiary education services. This includes advancing knowledge by teaching and research, and offering courses leading to a range of degrees, diplomas, and certificates. It also makes research available to the wider community for mutual benefit, and provides research and scholarships for the purpose of informing the teaching of courses. These aspects are covered fully in the statement of service performance.

The University and the Group are designated as Public Benefit Entities (PBEs) for the purpose of complying with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements of the University and the Group for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Victoria University of Wellington Council (the University Council) on 27 March 2023.

BASIS OF PREPARATION

The accounting policies have been applied consistently to all periods presented. Significant accounting policies can be found in the specific notes to which they relate.

These financial statements are presented in accordance with Section 220 of the Education and Training Act 2020, the Crown Entities Act 2004, and NZ GAAP. They comply with PBE Accounting Standards.

The financial statements are presented in New Zealand dollars, which is the presentation currency and the functional currency of all entities within the Group. All values are rounded to the nearest thousand dollars (\$'000). The measurement base applied is historical cost except where specifically identified in their relevant notes.

All components in the financial statements are stated exclusive of GST, with the exception of receivables and payables, which include any GST invoiced. The University is exempt from income tax. However, there are some controlled entities within the Group that are not exempt from income tax.

The Group financial statements are prepared on a consolidation basis, which involves adding together like-items of assets, liabilities, equity, revenue, expenses, and cash flows on a line-by-line basis. All significant intra-group balances, transactions, revenue, and expenses are eliminated on consolidation. The Group financial statements comprise the financial statements of the University, its controlled entities (including controlled trusts and subsidiary companies), and investments in joint ventures as at 31 December each year. Investments in joint ventures have been recognised at fair value through surplus or deficit. Entities that aren't tax exempt did not make a taxable profit for the year ended 31 December 2022.

The budget for 2022 was approved by the University Council on 6 December 2021.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

There are no standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the University and Group.

Changes in accounting policy

Other than the adoption of new PBE Standards and amendments to PBE Standards as disclosed below, there have been no changes in the accounting policies of the Group and the University for the year ended 31 December 2022. Other than the changes disclosed below, all accounting policies and disclosures are consistent with those applied by the Group and the University in the previous financial year.

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments which were effective for the year ending 31 December 2022.

PBE IPSAS 1 Going Concern Disclosures

Changes to PBE IPSAS 1 with specific relation to Going Concern disclosures came into effect on 1 January 2022. The Group has assessed these changes and there are no impacts on the financial statements as the Group remains a Going Concern.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces parts of IPSAS 29 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied PBE IPSAS 41 prospectively, with an initial application date of 1 January 2022. As it is not required by the standard, the Group has not restated comparative information, which continues to be reported under PBE IPSAS 29. There are no differences arising from the adoption of PBE IPSAS 41 that would have been recognised directly in accumulated comprehensive revenue and expense and other components of net assets/equity.

As a result of adopting PBE IPSAS 41 as at 1 January 2022 there were no changes to the value of assets or liabilities, rather a change in the measurement category of the assets.

The nature of adjustments are described below:

(i) Classification and Measurement of financial assets and liabilities

Under PBE IPSAS 41, financial assets are subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost or fair value through other comprehensive revenue and expense (FVOCRE). Financial liabilities are subsequently measured at fair value through surplus or deficit (FVTSD) or amortised cost. Financial instruments

measured at amortised cost replaces the previous measurement category: loans and receivables, the change in category is outlined in the below table. The classification is based on two criteria: (1) the Group's business model for managing the assets; and (2) whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as at date of initial application namely 1 January 2022. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Receivables from exchange and non-exchange transactions, term deposits and loans to related parties were classified as Loans and Receivables as at 31 December 2021 and are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning on 1 January 2022.

Upon the adoption of PBE IPSAS 41, the Group had the following required or elected reclassifications as at 1 January 2022.

	MEASUREMENT CATEGORY		MEASUREMENT CATEGORY	
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29 \$'000	PBE IPSAS 41 \$'000
Financial Assets				
Cash and cash equivalents	Loans and Receivables	Amortised Cost	49,675	49,675
Receivables from exchange transactions	Loans and Receivables	Amortised Cost	5,084	5,084
Receivables from non-exchange transactions	Loans and Receivables	Amortised Cost	193	193
Term deposits	Loans and Receivables	Amortised Cost	36,319	36,319
Investment in joint ventures	FVTSD	FVTSD	2,272	2,272
Investments in related parties	FVTSD	FVTSD	1,197	1,197
Other Investments	FVTSD	FVTSD	63,170	63,170
Foreign exchange forward contracts	FVTSD	FVTSD	(293)	(293)
Interest rate swaps	Hedging Instrument	Hedging Instrument	305	305
Other current assets	Loans and Receivables	Amortised Cost	6,517	6,517
Financial Liabilities				
Interest bearing bank borrowings	Amortised Cost	Amortised Cost	61,000	61,000
Accounts Payable	Amortised Cost	Amortised Cost	22,193	22,193

FVTSD = Fair value through surplus and deficit

FVOCRE = Fair value through other comprehensive revenue and expense

Upon the adoption of PBE IPSAS 41, the University had the following required or elected reclassifications as at 1 January 2022.

	MEASUREMENT CATEGORY		MEASUREMENT CATEGORY	
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29 \$'000	PBE IPSAS 41 \$'000
Financial Assets				
Cash and cash equivalents	Loans and Receivables	Amortised Cost	12,893	12,893
Receivables from exchange transactions	Loans and Receivables	Amortised Cost	8,745	8,745
Receivables from non-exchange transactions	Loans and Receivables	Amortised Cost	141	141
Term deposits	Loans and Receivables	Amortised Cost	24,100	24,100
Loans to related parties	Amortised Cost	Amortised Cost	6,010	6,010
Interest rate swaps	Hedging Instrument	Hedging Instrument	305	305
Other current assets	Loans and Receivables	Amortised Cost	97	97
Financial Liabilities				
Interest bearing bank borrowings	Amortised Cost	Amortised Cost	61,000	61,000
Accounts Payable	Amortised Cost	Amortised Cost	18,506	18,506
Related party borrowings	Amortised Cost	Amortised Cost	63,000	63,000

FVTSD = Fair value through surplus and deficit

FVOCRE = Fair value through other comprehensive revenue and expense

(ii) Impairment

The adoption of PBE IPSAS 41 has changed the Group's accounting for impairment losses of financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PBE IPSAS 41 requires the Group to recognise an allowance for ECL's for all debt instruments not held at fair value through surplus and deficit.

Upon the adoption of IPSAS 41 on 1 January 2022, the Group did not recognise any additional impairment.

(iii) Hedge accounting

At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships.

Significant accounting judgements and estimates

In applying the Group's accounting policies, management continually evaluates judgements, estimates, and assumptions based on experience and other factors, including expectations of future events that may impact the Group. All judgements, estimates, and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Significant judgements, estimates, and assumptions made by management in the preparation of these financial statements are outlined below.

- ▶ Management relies on the services of an independent valuer to assess the recoverable value of land and building assets and the remaining useful lives on a regular basis (refer note 12).
- ▶ Asset impairment judgements will be made where there is reason to suggest that the carrying value of the assets

have changed materially since the previous balance date (refer notes 12 and 13).

- ▶ Management relies on the services of an independent actuary to assess the carrying value of retirement and long service entitlements (refer note 17).
- ▶ Valuation of Level 3 investments (refer note 9).
- ▶ Stage of completion of research projects is regularly assessed to determine the carrying value of deferred revenue recognised.

The Statement of Service Performance requires judgement from management. Refer to page 10 for further disclosure.

Effect of COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) Pandemic, and its effects continued into 2022. NZ Borders remained closed for non-residents until 31 July 2022, restricting the number of international students, particularly from China, able to attend the University.

While international students studying remotely increased, the overall number of international students reduced in 2021 and 2022.

The University has continued to offer its dual mode of Teaching and Learning activities (face-to-face and online) for 2022 and dual mode will again be offered in 2023.

Revenue related to full-fee tuition and, to a lesser extent, student accommodation has remained lower as government restrictions continued, and we have seen lengthy process times for immigration since the borders reopened.

Management has assessed the possible effect on accounts receivable and formed the view that no impairment needs to be recognised. Management has no evidence that the fair value of property, plant, and equipment has been affected by COVID-19 (refer note 12).

The Ministry of Education (MOE) provided permission to operate outside a number of financial covenants continued for 2022. The University has complied with all bank covenants for 2022.

Further COVID-19-related disclosures can be found in the Statement of service.

We anticipate the financial impact of COVID-19 will be ongoing for a number of years.

Going concern

These financial statements are prepared on a going concern basis with the Group having adequate resources to continue normal business operations for the foreseeable future. The University has traditionally been in a negative working capital position due to the impact of intercompany loans provided by the Group to support the liquidity needs of the University. When the Group makes a loss, as in 2022, certain financial covenants contained in the Consent to Borrow granted to the University by the Secretary for Education are breached, being interest cover ratio, net surplus ratio, and cash from operations ratio, and the Ministry of Education have acknowledged these breaches for 2020–2022.

This support has provided the Group with increased operational flexibility to manage the effects of COVID-19.

The 2023 Budget is for a breakeven surplus for the University along with a modest surplus in the Foundation. Key assumptions in the budget include expected student numbers, the largely regulated increases in student fees and government funding, and the anticipated inflationary pressure on costs.

2 REVENUE

Revenue is measured at fair value. The Group's significant revenue items are explained below.

Government funding: The University considers this funding to be non-exchange in nature. This funding is recognised as revenue as the courses to which the funding relates are taught, unless there is an obligation to return the funds if the conditions of the funding are not met. If there is such an obligation, the funding is initially recorded as a deferred revenue liability and then recognised as revenue when the conditions of the funding are satisfied.

Performance-Based Research Fund (PBRF) funding: This is non-exchange in nature, and is measured based on the estimated funding entitlement at the commencement of the year plus or minus adjustments from the previous year.

Domestic Tuition: Domestic student tuition fees are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when the student is no longer entitled to a refund. Domestic tuition revenue also includes fees-free funding received from the Tertiary Education Commission, which is also considered non-exchange in nature and recognised on the same basis as domestic student fees.

Full-fee Tuition: International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis.

Pre-paid tuition: Pre-paid tuition for future years is recognised as deferred income until the year of study.

Research revenue: For an exchange research contract, revenue is recognised on a percentage of completion basis. The percentage of completion is measured with 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 is a condition attached to the funding with performance and return obligations, the funds are recognised initially as a liability to the extent that the conditions remain unfulfilled. Revenue is then recognised when the conditions are satisfied.

Fees for accommodation and services provided to students: This revenue is recognised as a component of Other Revenue and is accounted for as exchange transactions. Accommodation and other services are provided to students on a straight-line basis over the academic year and revenue is recognised on this basis.

Payments on insurance claims: Proceeds from payment on insurance claims are recognised as non-exchange and in the year in which the payment was received.

Other Revenue

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Fees for accommodation and services provided to students	55,290	53,918	52,908	47,737
Payments on insurance claims	–	15,352	–	15,352
Proceeds from disposal of fixed assets	3	8	3	–
Interest received	1,802	608	1,529	512
Gains on investments	2,539	1,076	–	–
Donations received	1,938	865	1,938	858
Sundry Revenue	10,312	9,044	10,381	3,981
Total other revenue	71,884	80,871	66,759	68,440
Other revenue from exchange transactions	57,999	55,914	56,856	47,298
Other revenue from non-exchange transactions	13,885	24,957	9,903	21,142
Total other revenue	71,884	80,871	66,759	68,440

The interest amount is predominantly from on call or on short-term deposits. In 2022, interest rates ranged from 0.75% to 5.55% (2021: 0.15% to 2.05%).

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Revenue from exchange transactions	102,505	104,780	92,727	88,510
Revenue from non-exchange transactions	391,620	413,494	344,477	371,980
Total revenue	494,125	518,274	437,204	460,490

3 PEOPLE EXPENSES

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Salaries	264,196	250,027	242,833	231,155
Contractors	12,403	8,060	10,198	6,306
Entitlements	7,317	10,243	7,504	9,716
Total	283,916	268,330	260,535	247,177

Entitlements include contributions to KiwiSaver, UniSaver, and other defined contribution superannuation schemes, which are recognised as an expense when incurred.

4 OPERATING AND OCCUPANCY

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
The following items are included within operating & occupancy expenses:				
Audit fees to Ernst & Young	437	379	287	239
Property leases	17,824	17,044	17,562	16,871
Losses on disposal of property, plant, & equipment	595	6,600	595	6,600
Information technology	15,476	16,220	14,799	15,702
Grants & scholarships	24,786	31,705	7,815	11,768
Insurance	10,027	8,130	9,770	7,694
Travel & accommodation	6,309	2,593	2,409	1,320

Operating lease payments (net of any operating lease incentive received) are recognised as an expense on a straight-line basis over the lease term. Operating lease incentives are recognised as a reduction in the lease expense over the term of the lease. Note 20 provides a summary of lease commitments.

5 FINANCE COSTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Interest on borrowings	2,428	1,900	4,066	2,324
Capitalised borrowing costs	(237)	(105)	(237)	(105)
Total	2,191	1,795	3,829	2,219

Borrowing costs are expensed when incurred. The portion of borrowing costs directly attributable to qualifying assets are capitalised up to the point the qualifying asset is commissioned for use.

6 VICTORIA UNIVERSITY OF WELLINGTON FOUNDATION

The Victoria University of Wellington Foundation is a controlled subsidiary and included in the Consolidated Group financial statements. The movement of net assets for the Foundation includes investment losses of (\$7.6m) (2021: returns of \$6.9m), donation revenue of \$5.1m (2021: \$4.6m), and grants awarded of \$6.2m (2021: \$5.0m).

7 FINANCIAL INSTRUMENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Financial Assets				
Derivatives designated as hedging instruments				
Interest rate swaps	3,051	305	3,051	305
Financial instruments at fair value through surplus or deficit				
Held for trading				
Investments in related parties	1,383	1,197	–	–
Investment in joint ventures	3,362	2,272	–	–
Other Investments	61,350	63,170	–	–
Foreign exchange forward contracts	717	(293)	–	–
Total financial assets at fair value	69,863	66,651	3,051	305
Debt instruments at amortised cost (excluding cash—refer to Note 8)				
Receivables from exchange transactions	14,355	5,084	25,856	8,745
Receivables from non-exchange transactions	355	193	286	141
Loans to related parties at amortised cost	–	–	6,760	6,010
Term deposits at amortised cost	21,667	36,319	11,630	24,100
Other current assets at amortised cost	9,539	6,517	441	97
Total financial assets at amortised cost	45,916	48,113	44,973	39,093
Represented by:				
Total current	111,034	111,295	48,024	39,398
Total non-current	4,745	3,469	–	–
Total financial assets (excluding cash)	115,779	114,764	48,024	39,398

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCRE, or FVTSD.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of short-term receivables and payables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCRE, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with

cash flows that are not SPPI are classified and measured at fair value through surplus or deficit, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCRE are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The Group's financial assets include: cash and term deposits, receivables from exchange and non-exchange transactions, loans, investments in joint ventures and related parties, loans to related parties, unquoted financial instruments and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- ▶ financial assets at amortised cost (debt instruments)
- ▶ financial assets at FVOCRE with recycling of cumulative gains or losses (debt instruments)
- ▶ financial assets at fair value through surplus or deficit.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains or losses are recognised in surplus or deficit when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables from exchange transactions, receivables from non-exchange transactions, investments in related parties, term deposits and a loan to an associate included under other non-current financial assets.

Financial assets at FVOCRE (debt instruments)

For debt instruments at FVOCRE, interest income and impairment losses or reversals are recognised in the statement of financial performance and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCRE. Upon derecognition, the cumulative fair value change recognised in OCRE is recycled to surplus or deficit.

The Group's debt instruments at FVOCRE are derivative financial instruments.

Financial assets at fair value through surplus or deficit

A financial asset is measured at fair value through surplus or deficit unless it is measured at amortised cost or at fair value through other comprehensive revenue and expense. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of financial performance.

This category includes derivative instruments, investments in related parties, investment in joint ventures, and other investments which are held for trading and which the Group had not irrevocably elected to classify at FVOCRE. Dividends on listed equity investments are recognised as revenue from exchange transactions in the statement of financial performance when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- ▶ The rights to receive cash flows from the asset have expired or
- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially

all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

PBE IPSAS 41 requires the Group to record expected credit losses on all of its debt instruments classified at amortised cost or FVOCRE. The Group recognises loss allowances for expected credit losses (ECLs) on financial assets at amortised cost, the allowances for receivables of exchange and non-exchange transactions are measured, using the simplified approach, at an amount equal to lifetime ECLs, while all other debt instruments classified at amortised cost are measured using the general approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on historical experience, informed credit assessments, and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- ▶ The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group; or
- ▶ The financial asset is more than 90 days old.

The Group considers writing off a financial asset primarily when the debt is older than a year and there has been no response after six months of being sent to debt collectors, however this is treated on a case by case basis.

The Group considers fixed interest and term deposit financial instruments to have low credit risk when its credit rating is equivalent to a credit rating of A+ or higher.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to the credit risk.

Financial assets at fair value through surplus or deficit include investments in managed funds. Fair values of these units are determined by reference to published price quotations in an active market. Also included is investments in equity shares of unquoted companies, namely Liquium, Ferronova, and Medical Kiwi. The group holds non-controlling interests in these companies.

Debt instruments at amortised cost are held to maturity and may generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Financial Liabilities				
Financial Liabilities at amortised cost				
Accounts payable	36,154	22,193	29,899	18,506
Bank borrowings	83,000	61,000	83,000	61,000
Related party borrowings	–	–	75,000	63,000
Total financial liabilities	119,154	83,193	187,899	142,506
Represented by:				
Total current	36,154	22,193	104,899	81,506
Total non-current	83,000	61,000	83,000	61,000
Total financial liabilities	119,154	83,193	187,899	142,506

Initial recognition and measurement

Financial liabilities at amortised cost are classified, at initial recognition and include loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include payables under exchange transactions and loans and borrowings.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings or payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward foreign exchange contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. Our interest rate hedges are classified as cash flow hedges.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- ▶ There is 'an economic relationship' between the hedged item and the hedging instrument
- ▶ The effect of credit risk does not 'dominate the value changes' that result from that economic relationship
- ▶ The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCRE in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of financial performance. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCRE must remain in accumulated OCRE if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to surplus or deficit as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCRE must be accounted for depending on the nature of the underlying transaction as described above.

Derivatives not designated as hedging instruments reflect the positive or negative change in fair value of those foreign exchange forward contracts which are not designated in hedge relationships, but are nevertheless intended to reduce the level of foreign currency risk for expected sales and purchases.

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposures of the underlying transactions, generally from one to 24 months.

Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

Market Risk

Currency Risk

Currency risk exposure arises on foreign exchange sales and purchases (typically library items and scientific equipment) denominated in a foreign currency. Wherever possible, the University transacts in the functional currency, including the setting of fees for international students. The Group's policies require that foreign

currency forward purchase contracts are used to limit the Group's exposure to movements in exchange rates on foreign currency denominated liabilities and purchase commitments above \$100,000, where the committed payment date is known and is within 12 months. The University entered into multiple foreign exchange contracts during 2022 to mitigate any such risk, including USD\$1.5m (2021: USD\$1.6m) of forward exchange contracts held at 31 December 2022 with a fair value of (\$113k) (2021: \$85k) across all currencies. These contracts are held to offset exchange rate risk on expected purchases.

The Foundation holds \$43.1m of investments at fair value through surplus or deficit (2021: \$44.9m), which are invested in a range of foreign denominations and are exposed to foreign exchange risk. The fair value of The Foundation's forward foreign exchange contracts totals \$0.7m (2021: \$(0.3m)). A 10% movement in the New Zealand dollar against all currencies would give rise to a \$1.4m gain or loss that would equally impact equity (2021: \$1.5m).

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Price Risk

Price risk arises as the fair value of units in managed funds will fluctuate as a result of changes in market prices. Market prices for a particular share may fluctuate due to factors specific to the individual share or its issuer, or factors affecting all shares traded in the market. This price risk is managed by diversification of the portfolio. A 10% movement in the market price of investments at fair value through surplus or deficit would give rise to a \$4.1m gain or loss that would equally impact equity (2021: \$4.2m).

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to fair value interest rate risk due to the exposure created by interest rate swaps.

The hedge ineffectiveness can arise from:

- ▶ differences in the timing of the cash flows of the hedged items and the hedging instruments
- ▶ changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The impact of hedging instruments on the statement of financial position of the Group and University was as follows:

	NOTIONAL AMOUNT \$'000	CARRYING AMOUNT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION	CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD \$'000
As at 31 December 2022*				
Interest rate swaps	75,000	3,051	Investments and other financial assets	2,747

* Note comparatives have not been presented.

The impact of hedged items on the statements of financial position of the Group and University was as follows:

	NOTIONAL AMOUNT \$'000	CARRYING AMOUNT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION	CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD \$'000
As at 31 December 2022*				
Bank borrowings	83,000	83,000	Bank borrowings	–

* Note comparatives have not been presented.

The effect of the cash flow hedge in the statement of financial position and the statement of comprehensive revenue and expense of the Group and University was as follows:

	TOTAL HEDGING GAIN/(LOSS) RECOGNISED IN OCRE \$'000	INEFFECTIVE- NESS RECOGNISED IN SURPLUS OR DEFICIT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL PERFORMANCE \$'000	COST OF HEDGING RECOGNISED IN OCRE \$'000	AMOUNT RECLASSIFIED FROM OCRE TO SURPLUS OR DEFICIT \$'000	LINE ITEM IN THE STATEMENT OF FINANCIAL PERFORMANCE \$'000
As at 31 December 2022*						
Interest rate risk	2,747	–	Net movement in cash flow hedges	–	–	–

* Note comparatives have not been presented.

Impact of hedging on net assets/equity

The information set out below is the reconciliation of each component of net assets/equity and the analysis of other comprehensive revenue and expense.

	2022 CASH FLOW HEDGE RESERVE \$'000
As at 31 December 2021	304
Effective portion of changes in fair value arising from:	
Interest rate swaps	2,747
As at 31 December 2022*	3,051

* Note comparatives have not been presented.

The Group and University are holding the following interest rate swaps (aggregated undiscounted cashflows):

	LESS THAN 6 MONTHS	6 TO 12 MONTHS	1 TO 2 YEARS	2 TO 3 YEARS	MORE THAN 3 YEARS	TOTAL
As at 31 December 2022*	549	663	1,054	513	581	3,360

* Note comparatives have not been presented.

(a) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk.

Receivables from exchange transactions

The Group transacts with its students. These transactions do not create a significant credit risk, as students have no concentration of credit because of the relatively low value of individual student transactions. The Group also transacts with the Crown. These transactions do not create significant credit risk.

The provision rates are based on days past due. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The carrying amount of the asset is reduced through the use of the expected credit loss, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the expected credit loss account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

In the normal course of business, the Group is exposed to credit risk from cash and term deposits with banks, debtors, other receivables, loans to subsidiaries, and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by their carrying amount.

The Group limits the amount of credit exposure to any one financial institution for term deposits to no more than the greater of \$40.0m or 40% of total investment held. The Group invests funds only with registered banks with high credit ratings and for a period not exceeding 370 days.

Investments held at fair value through surplus or deficit are predominantly managed by an external fund manager in a range of securities to diversify the risk.

The Group holds no collateral or other enhancements for financial instruments that give rise to credit risk. The maximum exposure to credit risk as at the reporting date is the carrying value of each class of financial assets.

Receivables from exchange transactions

	DAYS PAST DUE					TOTAL \$'000
	CURRENT \$'000	< 30 DAYS \$'000	31-60 DAYS \$'000	61-90 DAYS \$'000	> 91 DAYS \$'000	
As at 31 December 2022*						
Expected credit loss rate	0.4%	1.3%	4.7%	5.0%	5.7%	
Estimated total gross carrying amount at default	10,682	1,906	1,666	283	2,147	16,684
Expected credit loss	(42)	(24)	(78)	(14)	(122)	(280)
Estimated total gross carrying amount at default, net of allowance for expected credit loss	10,640	1,882	1,588	269	2,025	16,404

* Note comparatives have not been presented.

Receivables from non-exchange transactions

The majority of the Group's receivables from non-exchange transactions arise from interest generated on term deposits. The gross carrying amount of interest receivable and the exposure to credit risk are set out in the following table.

	DAYS PAST DUE					TOTAL \$'000
	CURRENT \$'000	< 30 DAYS \$'000	31-60 DAYS \$'000	61-90 DAYS \$'000	> 91 DAYS \$'000	
As at 31 December 2022*						
Expected credit loss rate	1.4%	1.3%	4.7%	5.0%	5.7%	
Estimated total gross carrying amount at default	355	–	–	–	–	355
Expected credit loss	(5)	–	–	–	–	(5)
Estimated total gross carrying amount at default, net of allowance for expected credit loss	350	–	–	–	–	350

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's policy. Investments of surplus funds are made only with approval in accordance with the treasury policy.

The Group invests only in quoted debt securities with very low credit risk.

The Group's maximum exposure to credit risk for the components of the statement of financial position as at 31 December 2022* is the carrying amount of \$163m except for the derivative financial instruments. The Group's maximum exposure for financial derivative instruments is noted in the liquidity table.

* Note comparatives have not been presented.

	CONSOLIDATED ACTUAL 2022 \$'000	UNIVERSITY ACTUAL 2022 \$'000
Cash & cash equivalents	48,449	14,482
Investments	87,762	22,891
Accounts receivable	16,754	26,794
Other current assets	9,539	441
	162,504	64,608

Financial risk management objectives

Interest Rate Risk

Cash flow interest rate risk exposure arises due to the exposure on bank borrowings issued at variable interest rates. Generally, the Group raises long term borrowings at floating rates and enters interest rate swaps to manage the cash flow interest rate risk. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed term contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts, and applies hedge accounting to ensure fair value fluctuations on the interest rate portfolio are taken to other comprehensive revenue or expense. The fair value of interest rate swaps totals \$3.1m (2021: \$0.3m). The fixed interest rates of interest rate swaps vary from 0.5% to 4.6% (2021: 0.5% to 3.0%).

Interest rate sensitivity

The following table demonstrates the potential effect of movements in interest rates on the University and Group's surplus or deficit and equity, if interest rates had been 0.5% higher or lower with all other variables held constant. The calculation effectively changes the actual average of the contracted borrowing rates for the year by 0.5%.

	CONSOLIDATED AND UNIVERSITY 2022	
	-50BPS \$'000	50BPS \$'000
Potential effect of movement in interest rates	(609)	596

(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting financial liabilities as they fall due. The Group monitors and manages this risk in accordance with its Treasury Statute.

The Group's objective is to ensure there is access to cash, treasury investments, and committed bank funding at a future time when funds are required. The maturity profile of the total committed funding in respect of all external debt should be spread where practicable to reduce the concentration risk of having all or most of the University's committed funding maturing at the same time and at least 50% of committed funding facilities must expire more than 2 years beyond the reporting date. Note 18 provides a summary of bank loan facilities that are available to the University. The amount and expiry date of all bank loans, committed bank facilities, and term debt will not exceed the maximum amount and term of the Ministerial Consent to Borrow.

The Group's assessment of risk with respect to refinancing its debt is low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The maturity profile of the Group's financial liabilities based on contractual undiscounted payments is such that other than borrowings, all accounts payable are expected to be repaid within six months. Borrowings of \$0m will mature within 12 months and will need to be refinanced or repaid (2021: \$0m).

Financial liabilities—contract maturities

	CONSOLIDATED 2022 \$'000					TOTAL
	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	GREATER THAN 5 YEARS	
Accounts payable	–	36,154	–	–	–	36,154
Bank borrowings	–	–	–	83,000	–	83,000
Closing balance	–	36,154	–	83,000	–	119,154

	CONSOLIDATED 2021 \$'000					TOTAL
	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	GREATER THAN 5 YEARS	
Accounts payable	–	22,193	–	–	–	22,193
Bank borrowings	–	–	–	61,000	–	61,000
Closing balance	–	22,193	–	61,000	–	83,193

	UNIVERSITY 2022 \$'000					TOTAL
	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	GREATER THAN 5 YEARS	
Accounts payable	–	29,899	–	–	–	29,899
Bank borrowings	–	–	–	83,000	–	83,000
Related party borrowings	–	75,000	–	–	–	75,000
Closing balance	–	104,899	–	83,000	–	187,899

	UNIVERSITY 2021 \$'000					TOTAL
	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	GREATER THAN 5 YEARS	
Accounts payable	–	18,506	–	–	–	18,506
Bank borrowings	–	–	–	61,000	–	61,000
Related party borrowings	–	63,000	–	–	–	63,000
Closing balance	–	81,506	–	61,000	–	142,506

8 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Cash at bank	2,346	4,275	1,281	1,516
Bank on-call deposits	46,026	45,213	13,201	11,377
Short-term deposits	77	187	–	–
Closing balance	48,449	49,675	14,482	12,893

Including:

Funds held by controlled trusts	33,259	32,841	–	–
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Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Funds held by controlled trusts may have donor restrictions and will be used for specified purposes. When donor restrictions exist, the funds are held in trust until the University fulfils the donor's request.

9 INVESTMENTS AND OTHER FINANCIAL ASSETS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Current portion				
Investments at fair value through profit or loss	65,119	63,182	3,051	305
Term deposits	21,667	36,319	11,630	24,100
Closing balance	86,786	99,501	14,681	24,405

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Non-current portion				
Investments in related parties	1,383	1,197	–	–
Investments in joint ventures	3,362	2,272	–	–
Closing balance	4,745	3,469	–	–

Quantitative disclosure of fair-value measurement hierarchy for investments as at 31 December 2022:

	CONSOLIDATED			CONSOLIDATED		
	2022 \$'000 LEVEL 1	2022 \$'000 LEVEL 2	2022 \$'000 LEVEL 3	2021 \$'000 LEVEL 1	2021 \$'000 LEVEL 2	2021 \$'000 LEVEL 3
Investments	–	61,350	4,745	–	63,170	3,469
Derivatives—Forward foreign exchange	–	717	–	–	(293)	–
Derivatives—Interest rate swaps	–	3,051	–	–	305	–
Closing balance	–	65,118	4,745	–	63,182	3,469

	UNIVERSITY			UNIVERSITY		
	2022 \$'000 LEVEL 1	2022 \$'000 LEVEL 2	2022 \$'000 LEVEL 3	2021 \$'000 LEVEL 1	2021 \$'000 LEVEL 2	2021 \$'000 LEVEL 3
Derivatives—Interest rate swaps	–	3,051	–	–	305	–
Closing balance	–	3,051	–	–	305	–

Due to the diverse nature of the Group's operations, the Group has a number of investments. Primarily, the Foundation holds investments in accordance with their Statement of Investment Policy (SIPO). Insurance proceeds received are held on deposit until reinvested in building and infrastructure. Investments to commercialise research are typically in unlisted entities, whose trading activity may be limited.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair-value hierarchy, described as follows, based on the lowest level input that is significant to the fair-value measurement as a whole.

Level 1: Fair value of investments in listed shares and fixed interest instruments obtained using quoted bid price at balance date.

Level 2: Fair value of investments in managed funds, obtained using closing unit prices as at balance date, published by the respective fund managers. The fair value of the forward foreign exchange contracts was determined by a present value model with reference to current forward exchange rates for contracts with similar maturity profiles at balance date. The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value.

Level 3: Fair value of investments in unlisted shares is derived by taking into account significant milestones, progress towards milestones, any recent share valuations or share transactions, as well as unobservable price data and other relevant models used by market participants.

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value investments.

	CONSOLIDATED	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Opening balance	3,469	3,140
Sale of Investments	(1,264)	(844)
Purchases	3,000	962
Gain or losses recognised in other revenue	(460)	211
Closing balance	4,745	3,469

The table below provides a sensitivity analysis for level 3 fair value measurements.

	2022		2021	
	\$'000 +10%	\$'000 -10%	\$'000 +10%	\$'000 -10%
Investments in related parties—aggregate share price at year end	138	(138)	120	(120)
Joint Venture—aggregate share price at year end	366	(366)	227	(227)
Change in fair value	504	(504)	347	(347)

Derivative financial instruments and hedge accounting

The Group does not hold or issue derivative financial instruments for trading purposes. The Group uses financial instruments to manage exposure to interest rate fluctuations and foreign exchange risks, and are stated at fair value. For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability for a forecast transaction. Interest rate swaps that meet the conditions for hedge accounting as cash flow hedges can have the effective portion of the gain or loss on the hedging instrument recognised directly in other comprehensive revenue and expense and the ineffective portion recognised in the net surplus/(deficit). Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in the hedging reserve is kept in the reserve until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive revenue and expense is transferred to the net surplus/(deficit) for the year. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken direct to the net surplus/(deficit) for the year.

10 ACCOUNTS RECEIVABLE AND ACCRUALS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Receivables & accruals	16,684	7,240	26,687	9,172
Less: allowance for expected credit losses	(285)	(413)	(179)	(259)
Other	355	193	286	141
Closing balance	16,754	7,020	26,794	9,054
Total Receivables comprise:				
Receivables from exchange transactions	16,399	6,827	26,508	8,912
Receivables from non-exchange transactions	355	193	286	141
Closing balance	16,754	7,020	26,794	9,053
Ageing of receivables and accruals				
Not past due	10,682	3,086	24,228	7,011
Past due 1–30 days	1,906	1,042	705	716
Past due 31–60 days	1,666	1,083	667	472
Past due 61–90 days	283	681	287	388
Past due over 91 days not impaired	1,862	936	620	326
Past due over 91 days impaired	285	412	179	259
Total gross trade receivables	16,684	7,240	26,686	9,172

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost using the effective-interest-rate method, less any provision for impairment.

11 PREPAID EXPENSES

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Pre-paid insurance	10,333	8,613	10,333	8,470
Pre-paid expenses	10,467	10,876	7,344	7,783
	20,800	19,489	17,677	16,253

12 PROPERTY, PLANT, AND EQUIPMENT

CONSOLIDATED	LAND \$'000	BUILDINGS & INFRASTRUCTURE \$'000	COMPUTERS & NETWORKS \$'000	PLANT & EQUIPMENT \$'000	ART COLLECTION, HERITAGE, & LIBRARY \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
Cost and valuation							
Balance as at 1 January 2021	238,359	642,416	19,849	97,624	78,175	28,607	1,105,030
Additions	1,675	11,856	4,031	9,854	7,594	56,785	91,795
Disposals & reclassifications	–	(7,148)	(2,310)	(10,303)	(6,200)	(36,871)	(62,832)
Impairment	–	–	–	–	–	–	–
Valuation movement	88,079	–	–	–	–	–	88,079
Balance as at 31 December 2021	328,113	647,124	21,570	97,175	79,569	48,521	1,222,072
Additions	–	45,616	3,466	11,269	7,025	76,639	144,015
Disposals & reclassifications	–	20	(280)	(2,012)	–	(69,609)	(71,881)
Valuation movement	(18,107)	114,366	–	–	–	–	96,259
Balance as at 31 December 2022	310,006	807,126	24,756	106,432	86,594	55,551	1,390,465
Accumulated depreciation							
Balance as at 1 January 2021	–	27,497	12,447	57,479	48,588	–	146,011
Depreciation charge	–	24,543	3,043	9,057	7,279	–	43,922
Disposals	–	(1,666)	(2,310)	(9,936)	(6,560)	–	(20,472)
Balance as at 31 December 2021	–	50,374	13,180	56,600	49,307	–	169,461
Depreciation charge	–	26,279	3,299	9,228	7,237	–	46,043
Disposals & reclassifications	–	239	(265)	(2,313)	–	–	(2,339)
Valuation Movement	–	(71,745)	–	–	–	–	(71,745)
Balance as at 31 December 2022	–	5,147	16,214	63,515	56,544	–	141,420
Net book value							
As at 1 January 2021	238,359	614,919	7,402	40,145	29,587	28,607	959,019
As at 31 December 2021	328,113	596,750	8,390	40,575	30,262	48,521	1,052,611
As at 31 December 2022	310,006	801,979	8,542	42,917	30,050	55,551	1,249,045

UNIVERSITY	LAND \$'000	BUILDINGS & INFRASTRUCTURE \$'000	COMPUTERS & NETWORKS \$'000	PLANT & EQUIPMENT \$'000	ART COLLECTION, HERITAGE, & LIBRARY \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
Cost and valuation							
Balance as at 1 January 2021	224,590	634,852	19,714	95,559	78,165	27,686	1,080,566
Additions	1,675	11,856	3,972	9,073	7,594	55,682	89,852
Disposals & reclassifications	–	(7,148)	(2,310)	(10,303)	(6,200)	(36,034)	(61,995)
Valuation movement	99,608	–	–	–	–	–	99,608
Balance as at 31 December 2021	325,873	639,560	21,376	94,329	79,559	47,334	1,208,031
Additions	–	45,616	3,391	10,864	7,025	76,849	143,745
Disposals & reclassifications	–	(784)	(280)	(3,251)	–	(68,909)	(73,224)
Valuation movement	(17,646)	118,319	–	–	–	–	100,673
Balance as at 31 December 2022	308,227	802,711	24,487	101,942	86,584	55,274	1,379,225
Accumulated depreciation							
Balance as at 1 January 2021	–	27,497	12,369	55,654	48,588	–	144,108
Depreciation charge	–	24,404	2,995	8,588	7,279	–	43,266
Disposals & reclassifications	–	(1,665)	(2,310)	(9,937)	(6,560)	–	(20,472)
Balance as at 31 December 2021	–	50,236	13,054	54,305	49,307	–	166,902
Depreciation charge	–	26,151	3,176	8,841	7,237	–	45,405
Disposals & reclassifications	–	(117)	(265)	(3,251)	–	–	(3,633)
Valuation Movement	–	(71,248)	–	–	–	–	(71,248)
Balance as at 31 December 2022	–	5,022	15,965	59,895	56,544	–	137,426
Net book value							
As at 1 January 2021	224,590	662,349	32,083	151,213	126,753	27,686	1,224,674
As at 31 December 2021	325,875	589,324	8,322	40,024	30,252	47,332	1,041,129
As at 31 December 2022	308,227	797,689	8,522	42,047	30,040	55,274	1,241,799

Capital work in progress: This is valued on a basis of expenditure incurred and certified gross progress claim certificates up to balance date. Work in progress is not depreciated, and includes borrowing costs on qualifying assets. The total costs of the project are transferred to the relevant asset class on completion and then depreciated accordingly.

Additions: The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Measurement subsequent to initial recognition for non-revalued assets: Computers and network assets, plant and equipment assets and library assets are measured after initial recognition at cost less accumulated depreciation and impairment. Art collections and heritage assets are measured after initial recognition at cost less accumulated impairment.

Disposals: Gains and losses on disposals are determined by comparing the disposal 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 property revaluation reserves in respect of those assets are transferred to general funds within equity.

Depreciation: This is provided on a straight-line basis on all property, plant and equipment other than land and the art 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. Art and heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered negligible.

Impairment: Property, plant, and equipment are reviewed for indicators of 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.

CLASS OF ASSET DEPRECIATED	ESTIMATED USEFUL LIFE	DEPRECIATION RATES
Buildings & infrastructure	9–85 years	Straight line
Computers & networks	3–10 years	Straight line
Plant & equipment	3–30 years	Straight line
Library	5–10 years	Straight line

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Asset revaluation reserve

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Land	285,259	303,366	293,731	311,377
Buildings & infrastructure	417,318	231,207	420,567	231,000
Total revaluation reserve	702,577	534,573	714,298	542,377

Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. Independent registered valuers undertake such revaluations every three years, unless there is reason to suggest that the values have changed materially in the intervening years, in which case a revaluation may be undertaken outside the three-year cycle. Property, plant, and equipment revaluation movements are accounted for on a class-of-asset basis.

An independent valuation of land, buildings, and infrastructure assets was undertaken as at 1 December 2022 by Mr P. Todd, registered valuer with RS Valuation Limited and member of the New Zealand Institute of Valuers.

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 within 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.

The valuation of land occupied by non-residential buildings (i.e. the campuses) takes into account various factors, including zoning, title implications, alternative uses, subdivision, and development potential. Land is measured at fair value, which is determined by reference to its highest and best use if vacant, in line with market-based evidence.

Non-residential buildings are, for the purposes of the valuation, deemed to be 'specialised assets'. Specialised assets are valued using the optimised depreciated replacement cost methodology that is based on the current gross replacement cost of the building less allowances for physical deterioration (including planned future seismic and asbestos remediation), earthquake damage and optimisation for obsolescence and space efficiencies.

Residential buildings and properties located in the Wellington CBD are valued based on the market value that is the estimated price for properties should an exchange occur between a willing buyer and willing seller in an arm's

length transaction. As part of the revaluation process, the independent valuer provided the Group with estimates of remaining useful lives for buildings.

Under the Education and Training Act 2020, the University is required to obtain prior consent of the Ministry of Education to dispose of, or sell, assets where the value of those assets exceeds an amount determined by the Minister of Education.

The rate for capitalisation of borrowing costs was 5.1%.

Kaikoura Earthquake: The University's property, plant and equipment suffered damage as a result of a November 2016 earthquake. An ongoing structured work programme is supporting both the claim process with our insurers, and any required remediation works. The programme is supported by both external Consultant Engineers and Quantity Surveyors and is sequentially structured.

The initial focus has been on damage identification to the overall property portfolio, which has now progressed to remediation scopes and associated costing for a sample of buildings. Required activity within the programme may take a number of years to complete.

Damage has been identified to both buildings and infrastructure, and plant and equipment fixed asset categories. We have addressed major structural damage to the Rankine Brown building.

As a result of the Kaikoura earthquake, the University has incorporated a fair value adjustment within the movement in revaluation reserve of other comprehensive revenue and expense. The adjustment has been determined with reference to the damage identified to date, and associated reinstatement scopes, supported by insurance progress payments received.

13 INTANGIBLES

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Cost and valuation				
Opening balance	17,928	22,383	17,928	22,383
Additions	2,231	2,353	2,101	2,353
Disposals & reclassifications	(2,568)	(6,808)	(2,568)	(6,808)
Closing Balance	17,591	17,928	17,461	17,928
Accumulated amortisation				
Opening balance	13,545	16,173	13,545	16,173
Amortisation charge	2,320	2,925	2,299	2,925
Disposals & reclassifications	(2,568)	(5,553)	(2,568)	(5,553)
Closing Balance	13,297	13,545	13,276	13,545
Net Book Value	4,294	4,383	4,185	4,383

Intangible assets represent the Group's major digital systems and supporting processes that have been purchased, developed, and implemented. These are capitalised at cost, but only if they meet the definition and recognition criteria specified in PBE IPSAS 31 Intangible Assets.

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment. Amortisation for intangible assets is calculated using a straight-line basis and the amortisation periods are three to five years, with the expense recognised in the surplus or deficit.

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Useful lives have been assessed as three to five years. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each period is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses.

The amortisation period and amortisation method for each intangible asset are reviewed at each annual reporting date. If the expected useful life of the asset differs from previous estimates, then the amortisation period is amended accordingly. Also, the amortisation method will be amended if there are changes in the expected pattern of consumption of future economic benefits or service potential of the asset. Changes in the amortisation period or methodology are accounted for as changes in accounting estimates, in accordance with public benefit accounting standards.

In April 2021, the IFRS Interpretations Committee published additional guidance regarding the accounting treatment of configuration and customisation costs incurred in

implementing software as a service ('SaaS') arrangements. The Committee concluded that configuration and customisation costs should only be capitalised if the specific criteria for recognising a separate asset are met. As a result in 2021, the University changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements.

These costs are expensed as operational expenditure, unless they result in the development of an intangible asset that meets the definition and recognition criteria outlined in PBE IPSAS 31 Intangible Assets. If these criteria are met, then the costs will be capitalised. The impact of this change in accounting policy was that \$4.2m of costs that would previously have been capitalised as intangible assets were expensed during 2021. Cash outflows of \$4.0m were included in payments to suppliers and employees in the statement of cash flows that

would previously have been included as payments to purchase intangible assets. In addition, a review of SaaS-related costs which had been capitalised in prior years identified \$1.2m of capitalised as intangible assets but under the updated accounting policy would not meet the capitalisation criteria. These intangible assets were written off in the 2021 year and the cost expensed within losses on disposal of assets.

Management exercised judgement in determining:

- ▶ whether cloud computing arrangements provide a software licence intangible asset; and
- ▶ whether costs to configure or customise SaaS arrangements create an intangible asset that meets the definition and recognition criteria under the applicable accounting standards. If costs do not meet these criteria, they are expensed as operational expenditure.

14 INVESTMENTS IN RELATED PARTIES

NAME	PERCENTAGE CONTROLLED / OWNED	PRINCIPAL ACTIVITY
Controlled entities		
Controlled trusts		
Victoria University of Wellington Foundation	100%	Manages funds raised for the University
Research Trust of Victoria University of Wellington	100%	Conducts academic research
Victoria University of Wellington Art Collection Funding Trust	100%	Supports the University's art collection
Victoria University of Wellington School of Government Trust	100%	Manages funds raised for the University
Presbyterian Methodist Halls of Residence Trust	100%	Provides student accommodation
Subsidiary companies		
Te Puni Village Limited	100%	Non-trading
Wellington Uni-Professional Limited	100%	Provides non-degree teaching
Victoria Link Limited (trading as Wellington UniVentures)	100%	Commercialises research
Wetox Limited	100%	Develops waste-water-treatment technology
Boutiq Science Limited	84%	Non-trading
New Zealand School of Music Limited	100%	Non-trading
General Cable Superconductors Limited	100%	Non-trading
Joint venture		
NZ Innovation Booster Limited Partnership	50%	Commercialises research

*All controlled entities have a 31 December balance date.

The Group recognises its share of the jointly controlled equity at fair value utilising the exemption for "Venture Capital Organisations" under paragraph 25 of PBE IPSAS 36 Investments in Associates and Joint Ventures. The Group's share in 2022 is \$3.4m (2021: \$2.3m).

15 ACCOUNTS PAYABLE AND ACCRUALS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Accounts payable	17,357	13,010	11,103	9,323
Contract retentions	1,354	1,284	1,354	1,284
Deposits held on behalf of students	16,327	7,899	16,327	7,899
Other accruals	30,316	35,909	27,252	30,819
Statutory payables	5,116	5,528	4,177	4,604
Closing balance	70,470	63,630	60,213	53,929
Total payables comprise:				
Payables from exchange transactions	48,038	49,142	38,841	43,537
Payables from non-exchange transactions	22,432	14,488	21,372	10,392
Closing balance	70,470	63,630	60,213	53,929

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective-interest-rate method.

16 REVENUE IN ADVANCE

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Pre-paid tuition fees	20,686	14,952	19,925	14,517
Deferred revenue on research contracts	56,833	45,560	–	–
Other revenue in advance	10,791	2,691	9,870	1,642
Closing balance	88,310	63,203	29,795	16,159
Total revenue in advance comprises:				
Revenue in advance from exchange transactions	68,050	47,603	10,456	1,608
Revenue in advance from non-exchange transactions	20,260	15,600	19,339	14,551
Total revenue in advance	88,310	63,203	29,795	16,159

17 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Current liabilities				
Annual leave	16,149	15,569	15,809	15,120
Retirement & long-service leave	2,978	2,360	2,962	2,360
Closing balance	19,127	17,929	18,771	17,480
Non-current liabilities				
Retirement & long-service leave	19,515	22,440	19,484	22,440
Closing balance	19,515	22,440	19,484	22,440

The retirement and long-service leave liabilities were independently assessed as at 31 December 2022 by Lee-Ann du Toit, an actuary with Deloitte and a Fellow of the New Zealand Society of Actuaries.

An actuarial valuation involves the projection, on a year-by-year basis, of the long-service leave and retirement leave benefit payment, based on accrued services in respect of current employees. These benefit payments are estimated in respect of their incidence according to assumed rates of death, disablement, resignation, and retirement, allowing for assumed rates of salary progression. Of these assumptions, the discount, salary progression, retirement age, and resignation rates are the most important. The projected cash flow is then discounted back to the valuation date at the valuation discounted rates. The present obligation appears on the statement of financial position and movements in those provisions are reflected in the statement of comprehensive revenue and expense.

The discount rate applied was a single rate of 4.55% (2021: 2.45%). The salary projections assume a 2.50% increase for 2025 onwards. Resignation rates vary with

age and the length of service and are reflective of the experience of company superannuation schemes of New Zealand. No explicit allowance has been made for redundancy.

Employee entitlements are recognised when the University has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Liabilities in respect of employee entitlements that are expected to be paid or settled within 12 months of balance date are accrued at nominal amounts calculated on the basis of current salary rates. Liabilities in respect of employee entitlements that are not expected to be paid or settled within that period are accrued at the present value of expected future payments, using discounted rates as advised by the actuary.

Annual leave for all staff is accrued based on employment contract/agreement entitlements using current rates of pay. Annual leave is classified as a current liability. Long service leave has been accrued for qualifying general staff.

18 BANK BORROWINGS

The University has the following loan facility agreements.

NAME OF BANK	FACILITY LIMIT	TERM
Bank of New Zealand	\$56.25m	January 2027
ASB Bank Limited	\$56.25m	Maturing January 2025 and January 2027
Industrial and Commercial Bank of China (New Zealand) Limited	\$37.50m	Maturity January 2025

These facilities were approved by the Secretary for Education for the purposes of funding the University's long-term capital development programme.

The facilities under the Loan Agreements are unsecured. The lending banks receive the benefit of financial and other covenants under a Negative Pledge Deed including debt/debt equity ratio, interest cover ratio and Guaranteeing Group/Total Group asset ratio.

As at 31 December 2022, \$83m (2021: \$61m) of the above facilities have been drawn down. Interest rates on borrowings are reset for a period not exceeding 180 days, are based on standard bank indices (BKBM/OCR) and at balance date range from 4.80% to 5.63% (2021: 1.47% to 1.90%) before hedging.

Borrowings are initially recognised at the amount borrowed. After initial recognition, all borrowings are measured at amortised cost using the effect-interest-rate method. Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Interest rate swaps with a total face value of \$35.0m are in place to hedge the \$83.0m of borrowings drawn at balance date (2021: \$40.0m face value of interest rate swaps to hedge \$61.0m of borrowings).

19 RELATED PARTIES

Related party disclosures have not been made for transactions with related parties that are within a normal client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Group would have adopted in dealing with the party at arm's length in the same circumstances.

a) Transactions with key management personnel

Key management personnel represent Council members and the Senior Leadership Team.

Council remuneration includes meeting fees and honoraria paid to Council members, but excludes salaries paid to Council members who are also staff members of the University (including the Vice-Chancellor and two other staff members on Council). There are 12 members of Council.

	CONSOLIDATED/UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Council members (3 FTE)*	236	233
Senior Leadership Team (12 FTE)	4,425	4,685
Total remuneration	4,661	4,918

* Due to the difficulty in determining the full-time equivalent for Council Members, the full-time equivalent figure is taken as the total number of Council Members who received compensation in their capacity as employees of the University.

	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Directors' fees		
Victoria Link Limited (trading as Wellington UniVentures)	102	90
Wellington Uni-Professional Limited	90	118
	192	208

Loans to related parties

The University has loans with certain 100% controlled subsidiaries as well as accounts payable and accounts receivable.

The University has loans to Victoria Link Limited, 31 December 2022 balance \$3.8m (2021: \$3.0m), to Presbyterian Methodist Halls of Residence Trust, 31 December 2022 balance \$2.0m (2021: \$2.0m), and Wellington Uni-Professional Limited, 31 December 2022 balance \$1.0m (2021: \$1.0m). The University has a loan from the Research Trust of Victoria University of Wellington, 31 December 2022 balance \$75.0m (2021: \$63.0m).

20 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

Construction

In common with many large construction projects, the University regularly reviews its construction projects. These discussions are often complex and technical and do not always result in a financial outcome. Accordingly, the University estimates a contingency in the event of damage created during the construction of the Living Pa for \$2.0m.

No other amounts payable have been estimated in relation to current variations or other risk sharing arrangements under review.

Commitments

Property, plant, and equipment

Projects for which firm commitments have been made are presented below. Commitments include planned maintenance costs and capital expenditure projects.

	CONSOLIDATED/UNIVERSITY	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Buildings	83,788	133,091

Non-cancellable leases and other commitments—the Group as lessee

The University has entered into commercial leases on certain land and buildings (remaining terms of between one to 65 years) and equipment (average term of three years) with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows.

	CONSOLIDATED	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Due not later than 1 year	18,002	17,075
Due between 1–5 years	66,281	64,175
Due later than 5 years	187,371	188,334
Total non-cancellable operating leases—the Group as lessee	271,654	269,584

Non-cancellable leases and other commitments—the Group as lessor

Property is leased under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	CONSOLIDATED	
	ACTUAL 2022 \$'000	ACTUAL 2021 \$'000
Due not later than 1 year	487	564
Due between 1–5 years	806	1,374
Due later than 5 years	612	737
Total non-cancellable operating leases	1,905	2,675

No contingent rents have been recognised during the year.

21 EQUITY AND CAPITAL MANAGEMENT

Equity is the community's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

- ▶ accumulated surplus
- ▶ the cash flow hedging reserve, which reflects the revaluation of derivatives designated as cash flow hedges. It consists of the cumulative effective portion of net changes in the fair value of these derivatives
- ▶ the asset revaluation reserve, which reflects the revaluation of those property, plant and equipment items that are measured at fair value after initial recognition
- ▶ the non-controlling interest is the portion of subsidiaries not 100% owned.

The Group's capital is its equity, which is represented by net assets. The Group is subject to the financial management and accountability provisions of the Education and Training Act 2020, which includes restrictions in relation to disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings and borrowing. The Group manages its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently, and in a manner that promotes the current and future interests of the community. The objective of managing the Group's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

22 EVENTS AFTER BALANCE DATE

The judgements and estimates made in preparing these financial statements were based on facts and circumstances as at 31 December 2022.

23 EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations against the 2022 budget are as follows.

Statement of comprehensive revenue and expense

- ▶ Government funding and Tuition revenue was \$13.5m unfavourable to budget driven by lower EFTS than was budgeted.
- ▶ Research revenue was \$6.2m favourable to budget mainly due to increased research activity.
- ▶ Commercial revenue was \$8.0m unfavourable to budget due to lower than anticipated growth in commercial activity. This was primarily in Wellington UniVentures and was partially offset by lower operating costs.
- ▶ People costs were \$3.4m unfavourable to budget primarily as a result of the expensing of contractor costs on SaaS-related projects.

Statement of financial position

- ▶ Cash and cash equivalents were \$30.2m lower than budget primarily as a result of funds being held in investments and longer-term deposits.
- ▶ Investments were \$29.3m higher than budget primarily as a result of funds being held in investments rather than cash and short-term deposits.
- ▶ Property, plant, and equipment was \$233.1m higher than budget primarily as a result of the 2022 land and buildings revaluation and the 2021 land revaluation (which occurred after the 2022 budget was finalised).
- ▶ Accounts payable and accruals were \$9.0m lower than budget as a result of timing of payments.
- ▶ Revenue in advance was 18.8m higher than budget as a result of the timing of receipts, particularly in relation to SAC funding, research, and full fee tuition fees from international students.
- ▶ Non-current Employee entitlement liabilities were \$8.7m lower than budget due to a lower actuarial valuation of non-current retirement and long service leave obligations, largely due to the increased discount rate used.
- ▶ Other reserves were \$259.3m higher than budget as a result of the 2021 revaluation of land (which occurred after the 2022 budget was finalised) and the 2022 revaluation of land and buildings.