





# Our Vision

The University of Waikato will:

- Deliver a world-class education and research portfolio
- Provide a full and dynamic university experience which is distinctive in character
- Pursue strong international linkages to advance knowledge

The over-arching themes of our Vision are:

- Excellence
- Distinctiveness
- International Connectedness



# Contents

The University of Waikato - Annual Report 2007

<b>Our Vision</b>	<b>2</b>
<b>Management Structure</b>	<b>4</b>
<b>Chancellor's Overview</b>	<b>5</b>
<b>Vice-Chancellor's Overview</b>	<b>7</b>
<b>Governance Charter</b>	<b>9</b>
<b>Equal Opportunities</b>	<b>13</b>
<b>Head of Corporate Services Overview</b>	<b>15</b>
<b>Report of the Auditor General</b>	<b>16</b>
<b>Statement of Responsibility</b>	<b>18</b>
<b>Financial Statements</b>	<b>19</b>
<b>Statement of Service Performance</b>	<b>77</b>
<b>Statistical Information</b>	<b>86</b>
<b>Glossary</b>	<b>90</b>

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## Council Membership 2007

Name	Appointed/nominated to serve on Council by:
Rt. Hon. Jim Bolger (Chancellor)**	Co-opted member
Dr Brian Linehan (Pro-Chancellor)	Minister for Tertiary Education
Mr John Jackman*	Minister for Tertiary Education
Dr Rob Pringle	Minister for Tertiary Education
Mr Graeme Weld	Minister for Tertiary Education
Professor Roy Crawford	Vice-Chancellor
Professor Alexandra Barratt	University of Waikato Academic Staff
Mr Tony Dicks	University of Waikato General Staff
Mr John Gallagher	Business New Zealand
Ms Jeanette Clarkin-Phillips	NZ Council of Trade Unions
Ms Sehai Orgad	President, Waikato Students' Union 2007
Professor Barry Barton	University of Waikato Academic Board
Dr Apirana Mahuika	Te Rōpū Manukura
Ms Eleanor Barton	Te Arikunui Nominee
Ms Jan Jameson***	Co-opted member
Mr Todd Muller***	Co-opted member
Mr Tony Whittaker	Co-opted member

\* Resigned from Chancellor's position effective 7 March 2007, resigned from Council effective 8 August 2007

\*\* Co-opted to Council from 14 February 2007, took up post of Chancellor on 7 March 2007

\*\*\* Co-opted to Council from 8 August 2007

## Vice-Chancellor's Committee Membership 2007

Professor Roy Crawford	Vice-Chancellor
Professor Mark Apperley	Dean, School of Computing and Mathematical Sciences
Professor John Farrar	Dean, School of Law
Professor Alister Jones	Dean, School of Education
Mr Raymond McNickle	Head of Corporate Services
Professor Mike Pratt*	Dean, Waikato Management School
Professor Richard Price	Dean, School of Science and Engineering
Professor Tamati Reedy**	Pro Vice-Chancellor (Māori)
Professor Frank Scrimgeour***	Acting Dean, Waikato Management School
Professor Linda Smith****	Pro Vice-Chancellor (Māori)
Professor Doug Sutton	Deputy Vice-Chancellor
Professor Aroha Yates-Smith	Dean, School of Māori and Pacific Development
Professor Dan Zirker	Dean, Faculty of Arts and Social Sciences

\* On leave from 1 August 2007

\*\* Retired from position as Pro Vice-Chancellor (Māori) from 20 July 2007

\*\*\* Acting Dean, Waikato Management School from 1 August 2007 - 31 December 2007

\*\*\*\* Took up position as Pro Vice-Chancellor (Māori) from 23 July 2007

## Chancellor's Overview

Since being elected Chancellor of the University of Waikato in March 2007, I have watched with satisfaction the positive direction of the University under the leadership of Vice-Chancellor Roy Crawford.

During the year, the University has consolidated its strategic planning and made some robust decisions around forward planning and 'living the Vision'. The University, and particularly its senior management, is charged with the task of sustaining teaching and research excellence while at the same time operating a successful and viable business to ensure academic goals can be met. This is no easy task, and I compliment the team here on their successes.

All universities are required to define and develop their distinctive roles within the national network of provision. Developing our distinctiveness in terms of the 'Waikato experience' for our students and our staff is also a driver in our own three-pronged Vision of Excellence, Distinctiveness and International Connectedness. Professor Crawford and his senior management team continue to develop the definition of what this means for the University, with valuable input from staff in the Faculty/Schools. They are now committed to highlighting and developing the University's distinctiveness in Māori, Sustainability and Leadership, in a way that is integrated and meaningful across all its functions and activities.

In what has been a challenging year across the whole tertiary sector, financial results have been positive. Performance has exceeded budgets, and we have maintained our momentum with regard to major initiatives and capital projects designed to deliver important educational and research outcomes, while also enhancing the student experience.

One of the goals the Council has set itself is to become more engaged with University stakeholders. Council members participated in several occasions and events during 2007, involving many of our stakeholder communities. I anticipate that a Stakeholder Plan, which is currently being developed, will be a useful framework for expanding those connections even further as a means of ensuring that we are genuinely meeting our stakeholders' needs, not only in terms of education and research outcomes, but also in terms of New Zealand's economic transformation agenda.

During the coming year, I look forward to continued discussions with key stakeholders as we search for ways to advance important collaborative initiatives. We particularly look to partnership opportunities with civic and business organisations within the Waikato and Bay of Plenty regions. One of our key high-level goals is to serve the strengths and interests of our region, and to deliver international excellence for the benefit of our region.

Our relationship with Tainui remains a priority, and we share a mutual commitment to identifying and acting upon opportunities to collaborate in support of common objectives. Recruiting and retaining Māori students and delivering quality educational outcomes relevant to Māori development priorities is a primary goal in our Strategic Plan, and I am particularly pleased that our Māori student retention rate exceeded our target in 2007. This proves that we are delivering a university experience that is meeting, if not exceeding, the expectations of this sector.

It is clear that the University of Waikato operates on an international stage. We benchmark ourselves against the best in the world, a significant proportion of our students are international, and most of our graduates will travel, live or work overseas at some point in their lives. The currency of our qualifications and our reputation internationally are of paramount importance. Last year the Vice-Chancellor and I visited Washington, USA, where we joined with the New Zealand Ambassador in hosting an Alumni and 'Friends of the University' event. The outcomes were very promising, involving global networks and connections and significant potential funding opportunities. We will continue to pursue, and act upon, similar opportunities throughout 2008.

Funding for the University is an increasingly complex area. Traditional sources, including student fees, government funding and research grants, provide a base amount that falls far short of the levels of strategic investment that are necessary if we are to achieve our Vision for the future. Donations and commercial opportunities are of growing importance and will be a much greater focus for the coming years.

Before finishing, I would like to pay tribute to Sir Edmund Hillary, who passed away early in 2008. Sir Edmund was Patron of the Sir Edmund Hillary Scholarship programme, a flag-ship scholarship programme which recognises and supports students who excel academically and in a chosen sports code or area of the performing arts. He was awarded an Honorary Doctorate of the University of Waikato in 2006. In conferring this very prestigious award, we recognised not just his extraordinary feats in mountaineering and exploration, but also his many gifts and contributions to New Zealand and international communities as a philanthropist, an ecologist and an environmentalist. With the rest of the country, we honour his contribution and mourn his passing.



## Chancellor's Overview

My thanks to my fellow members of Council whose contributions to the governance of the University have been exemplary. John Jackman resigned in 2007, after seven years on Council which included a term as Chancellor. I thank him for the significant contribution that he made, and for ensuring a smooth transition when I succeeded him in the role. Jan Jameson and Todd Muller were co-opted in 2007 while Peter Schuyt was appointed in December 2007, attending his first meeting early this year. The value of their contribution is already apparent. New and existing Council members bring a variety of backgrounds and skills to the Council table and I know their input is appreciated by university management.

As well as welcoming our new Waikato Student Union President, Moira Neho, I would like to acknowledge outgoing Student President, Sehai Orgad. Her enthusiasm and professionalism during her two years on Council were a credit to her and to the students she has represented. Her example and leadership in the student consultation processes associated with fee increases in 2007 ensured that both Council and students were competently and fairly represented, with positive outcomes for everyone.

Finally, to Professor Crawford, his Deans, senior managers and all staff, both academic and general - congratulations on the achievements of the past year. The Council and I have utmost confidence that the University is in good hands and is well-positioned going forward to deliver on the Strategic Plan, build on its successes, and achieve its Vision.

**Rt Hon. Jim Bolger ONZ**  
**Chancellor, University of Waikato**

## Vice-Chancellor's Overview

I am pleased to report that the University of Waikato is moving from strength to strength. In 2007 we continued our steady, strategic approach to building a strong university that can compete with the best in the world.

The Performance-Based Research Fund (PBRF) results were released in April 2007, and I am delighted that our strong focus on research means we are now recognised and ranked as one of the top three universities in New Zealand. Our performance in this independent evaluation of research quality showed a 25% improvement in our aggregated quality score, compared with 2004. Of particular significance was the fact that we achieved top ranking in ten subject areas and increased our number of 'A' rated researchers by 32%. The University of Waikato was first in five of the eight Science subjects that were assessed. In overall terms we were judged to have the top Computing School, the top Management School and, when measured in comparable terms with other universities, the top Education School.

In the University Strategic Plan, which was adopted by Council in 2006, we made a commitment to develop an Academic Plan. This was a major focus for the University in 2007 and its successful completion means that we have a rational and transparent means by which we can assess our academic offerings against each other internally, as well as comparing our quality against other universities around the world. The consultation leading up to the finalisation and approval of the Academic Plan was thorough, and it now serves as a clear and agreed basis for well-informed strategic investment decisions which are aligned with the needs and demands of our stakeholders.

In the context of our Vision and its overarching themes of Excellence, Distinctiveness, and International Connectedness, we defined our distinctiveness this year in terms of Māori, Leadership and Sustainability. We intend to continue to develop these three themes, with a view to ensuring that they can be applied in a meaningful and integrated way across all the University's activities and functions.

When we look at our enrolments, it is clear that 2007 was a turning point. Numbers increased overall, but more importantly, we achieved a significant increase in new domestic students, with the prospect of positive pipeline effects flowing through into future years. It is evident that our promise to deliver excellence in teaching and research is starting to be recognised, and more top quality students are coming to this University.

Our financial results were sound, and we achieved a surplus above budget. While we recognise that improvements are still required, we are trending in the right direction, and I would like to commend all those staff whose efforts helped us to manage our costs so effectively.

Other achievements are worthy of note. Three research projects won a total of \$1.4 million in funding from the highly competitive Marsden Fund. Many of our staff won prestigious academic and research awards and we won three national Top Achiever Doctoral Scholarships in the latest Tertiary Education Commission round.

The launch of our major capital works programme promises some stunning results. Work has begun on the new Student Centre and includes development of the Library and significantly enhanced facilities for both students and staff. The redevelopment of the retail area in the centre of the campus is also underway, with both major projects due for completion within three years.

Other significant capital works include the redevelopment of the ground floor of B Block into a Research Hub, which has been designed with commercial customers and business partners in mind. WaikatoLink and other staff and services associated with scholarships, postgraduate studies and research will be housed together, in a way that allows for a much more effective and integrated operation.

Research funding is now being managed more efficiently and independently of the University's other business under a new Research Trust. Research remains a key focus for the University and WaikatoLink, the University's commercial arm, continues to work to identify new long-term commercial opportunities. Overall, research revenue grew by a very pleasing 12% in 2007. This growth is consistent with the trend that has seen research revenue grow by more than a 40% since 2002 and is a reflection of our commitment to provide research-led teaching.

During 2007 the University has continued to build its links with Tainui and the new King Tuheitia. We look forward to strengthening those bonds even further during the 150 year Kingitanga celebrations in 2008.

We have also continued to develop our partnership with the Bay of Plenty Polytechnic, in line with our commitment last year to the expansion of our activities in the Bay of Plenty region. We anticipate significant new student growth in that region, and are currently investigating shared facilities and an extension of the range of programmes delivered jointly with the Polytechnic. We held a number of alumni and 'Friends of the University' events in Tauranga last year, in acknowledgement of the fact that we have many community and business stakeholders throughout the Bay of Plenty region.



## Vice-Chancellor's Overview

Much further afield, the Chancellor and I attended an alumni event in Washington in 2007. This is likely to be the first of many such events as we continue to develop our international relationships and to tap into the increasingly important funding streams that exist overseas.

The Rt Hon Jim Bolger's appointment to Council and election as Chancellor were highlights for the University in 2007. Former Prime Minister and Ambassador to the US, Jim Bolger brings to the University his wisdom, and a profile and network of global contacts which have already proven to be invaluable to the University, especially at a time when we increasingly look to benchmark ourselves against the best in the world.

To conclude, I would like to thank all staff across the University for playing their collective part in meeting the challenges that we faced in 2007. Change is not always welcome, but it has become a constant in our lives and we must continually set new challenges for ourselves if we are to be successful in achieving our Vision for the future.

There can be no doubt that the University of Waikato continues to move from strength to strength.

**Roy Crawford**  
**Vice-Chancellor**



## Overview

The University of Waikato exists for the dual purpose of creating and disseminating knowledge for the benefit of all its stakeholders. The University is committed to the highest standards of Governance as expressed in these Charter Principles.

These Principles are our touchstone for making decisions in Council.

### Principle 1: *Ethical Standards*

**Council observes and fosters high ethical standards.**

The Education Act requires universities to maintain the highest ethical standards. Our values express what is important to the institution, and Council's decisions will be consistent with those values. The University's statutory role as "critic and conscience of society" demands that we uphold the highest standards of integrity. Failure to do so would undermine our credibility as critic and conscience of society.

Council expects our people to "do the right thing" for the University. Although Councillors represent the groups that nominated them, they are not delegates of such groups. Councillors apply their individual best judgment to decide contentious matters in the best interests of the University as a whole.

If there is a conflict of interest, or even a perception of conflicting interests, Councillors are expected to withdraw from the discussions on that matter without hesitation.

When Council acts as the appeal body it is guided by the principles of natural justice.

### Principle 2: *Council Membership*

**Councillors must be able to assess strategic initiatives and to monitor performance against the agreed strategy from an independent, objective perspective.**

Council's authority is collective, exercised by majority vote. No individual can commit the organisation unless specifically authorised by the Council as a whole. The Vice-Chancellor's delegated powers are formalised by statute. The Vice-Chancellor is, by virtue of the Education Act, the employer of all University staff. Council doesn't influence staffing matters - this is an important aspect of academic freedom.

The constitution (membership) of Council is externally regulated by the Education Act 1989.

The current constitution complies with the Act and takes account of the following factors.

- The University is a complex organisation at the cutting-edge of knowledge in many fields. It operates best in a collegial style because the knowledge base of a university is very broad.
- In tertiary education, success primarily depends on attracting excellent staff and students. High calibre people are attracted by our reputation for excellence and by the productive learning/working environment that we offer.
- Council plays a role in building relationships with external stakeholders. Management maintains ongoing relationships with partners - such as with local government and other tertiary providers. Council members make their contact networks available to the University.

With these considerations in mind, Council is constituted as follows:

- a. Four members appointed by the Minister for Tertiary Education
- b. The Vice-Chancellor of the University of Waikato
- c. One permanent member of the academic staff of the University of Waikato elected by the permanent members of that staff
- d. One academic staff member elected by and from the members of the Academic Board of the University of Waikato
- e. One permanent member of the general staff of the University of Waikato elected by the permanent members of that staff
- f. One student member appointed:
  - i. if membership of the Waikato Students' Union Inc. is compulsory, in the capacity as President of the Waikato Students' Union
  - ii. in any other case, following an election conducted in accordance with the University of Waikato Election of Members of the Council Statute
- g. One member appointed to the Council after consultation with Business New Zealand
- h. One member appointed by the Council after consultation with the New Zealand Council of Trade Unions
- i. One member appointed by the Council after consultation with Te Rōpū Manukura
- j. One member appointed by the Council on the nomination of Te Arikinui
- k. Up to five members who may be co-opted by Council

Subject to Section 173 of the Education Act 1989, the maximum number of occasions on which a person may be appointed or elected to Council is five four-year terms.

Council has a majority of independent members and is pro-active in the recruitment of new members with the aim of achieving a balance of skills and gender. New members receive thorough induction around this charter and operational features unique to tertiary education.

### **Principle 3: Performance Monitoring**

**Council identifies what matters for the University and measures progress in those areas.**

The University values its performance culture. Within the framework of the Strategic Plan, Schools, Divisions and Departments are empowered to take value-adding initiatives.

As a learning institution, the University recognises individual and group achievement and rewards success. The University also absorbs the lessons learned in every experience.

Performance is monitored against the initiatives embodied in the Profile (Strategic Plan) and against agreed benchmarks for teaching / research quality and long-term financial viability.

The Council itself establishes Governance Goals each year. These focus the Council on adding value to the University. Council assesses its performance annually against these goals.

### **Principle 4: Council Committees**

**Committees enhance governance effectiveness in key areas requiring expertise, while acknowledging overall Council responsibility.**

Under the Education Act, the Academic Board is tasked with advising Council on any matter impacting on teaching or research. To give of their best, the community of academics need to feel that they have a role in the determination of policy. At governance level, this is achieved in and through the Academic Board and by strong links between the Board and the Council. Academic Board is represented on Council by an elected member.

Council has established expert committees for Finance and Risk Management, which work with Management to develop strategy and manage the risks inherent in operating in a changing environment and with major projects. These committees include independent experts, enabling Council to take a strategic overview of these aspects of governance. The Chairs of the Finance and Risk Management Committees report directly to Council after every committee meeting.

Te Rōpū Manukura is unique to the University of Waikato. Sixteen Iwi are represented on Te Rōpū Manukura and are charged with guiding the University into an effective partnership with Māori as envisioned in the Treaty of Waitangi. This relationship is part of our heritage.

An Executive Committee advises the Chancellor and Vice-Chancellor on governance matters and an Honours Committee considers nominations for honorary awards.

## **Principle 5: Reporting and Disclosure**

**Council demands integrity, balance and timeliness in the reporting of University affairs.**

Meetings of Council and its Committees are open to the public under the provisions of the Local Government Official Information and Meetings Act 1987. The only exceptions to full disclosure are for specific agenda items that are judged to affect the privacy of natural persons or are commercially sensitive. Council endeavours to be as open as possible in all of its deliberations.

There are well-established processes for reporting to Council. The Chancellor reports on progress against Governance Goals and the Vice-Chancellor reports against Goals derived from the Strategic Plan. Committees work to their annual work plan and report to Council in a fully integrated manner.

## **Principle 6: Governance-Management Interface**

**A clear boundary is maintained between management issues and governance.**

Council promotes a climate of mutual respect, trust and candour in its relations with Management; and nurtures a governance culture of constructive scepticism.

The principal functions of the Council are to monitor and evaluate the performance of the Vice-Chancellor, to adopt a charter and profile for the University and to ensure that it is managed in accordance with its charter and profile.

Current operational decisions are delegated to Management. The Vice-Chancellor is responsible to Council for agreed operational outcomes - not for how they are achieved. Councillors don't seek to influence operational matters. To do so would undermine the Vice-Chancellor's authority. In operational areas requiring Council approval, such as setting fees or the budget, Council considers the recommendation of the Vice-Chancellor. Council will usually have a high-level early input to major decisions through a principles paper considered at a previous meeting.

Council expects to be consulted on significant strategies and changes with a strategic impact viz. matters which affect future (not current) offerings to students and staff. Where the consideration of strategic initiatives does not align with scheduled meetings, the Vice-Chancellor is expected to raise these matters with the Executive Committee or with the Chancellor/Pro-Chancellor. Council prefers to consider the many strategic options which the University is considering at its October meeting in the context of the Profile, Budget and Domestic Fees decisions. Relations between the Council and the Vice-Chancellor are best described as that of a critical friend .

## **Principle 7: Remuneration**

**Remuneration of the Councillors and Vice-Chancellor will be transparent, fair and reasonable.**

Council membership is regarded as a public service that is modestly rewarded. Notwithstanding this, Council seeks to offer fair rewards in the interests of attracting the best available talent. Compensation rates are based on meeting attendance and are set by Government. Council operates to an annual budget like every other part of the University, and the same policies apply as to all staff.

The University is a Crown Entity and hence the remuneration of the Vice-Chancellor is overseen by the State Services Commission. The SSC determines an appropriate salary band and requires that the total remuneration consists of a base salary and an at risk component. At the beginning of the year, the Vice-Chancellor negotiates personal goals that reflect performance expectations for the University and define the Vice-Chancellor's personal contribution to those goals. The Vice-Chancellor's achievement of those goals determines the share of the at risk component paid to him. The external members of the Executive Committee make this recommendation to Council.

## **Principle 8: *Recognise and Manage Risk***

**The University aims to be risk aware rather than risk averse.**

The Risk Management Committee verifies that the University has appropriate processes in place to identify and manage risks. This Committee has both Council and Management appointees. The annual audit programme is determined by the Committee and carried out by independent auditors.

Council and the Vice-Chancellor's Committee expect that reviews will be full and frank (but not destructive), in their assessments.

Annual Statements of Corporate Intent are written into the constitutions of subsidiary companies. These provide prior notice of significant policy shifts to those with a University-wide perspective.

TAMU which is part of the Tertiary Education Commission assesses the ownership risk to the Crown in each Tertiary Education Organisation. There is an open dialogue and full disclosure between Council, Management and TAMU on any matter that is relevant to the ongoing viability of the University.

## **Principle 9: *Auditors***

**The Risk Management Committee assures Council of the integrity and independence of the external financial audit process.**

The Auditor-General has determined that Audit New Zealand will audit the University. A formal engagement letter sets out the respective obligations of the external auditor and of the University. Council representatives sign a Letter of Representation detailing the assurances given.

Council, through the Risk Management Committee, seeks an assurance from the auditors that they have received the full co-operation of Management in fulfilling their role. Absolutely no pressure is applied to present anything other than full disclosure of the financial position.

## **Principle 10: *Stakeholder Relations***

**University exists to create value for its stakeholders by ensuring that their interests are understood and that they are informed about matters of concern to them.**

Council must discern the community interest. Genuine community consultation focuses on ascertaining how the University's services can be more valuable to stakeholders. It is about listening and asking questions and seeking advice on matters of importance to stakeholders.

The University solicits staff views in the formative stages of the Strategic Planning process. The University makes itself accessible to regional stakeholders through visiting them on their home turf and by fostering informed debate on emerging issues.

The Annual Report is a comprehensive and realistic statement of our situation that is endorsed by Council. When Council is required to make decisions that may be unpopular in some quarters, it will do so openly and after full discussion and debate with interested parties.

The Council may on occasion advocate for stakeholder strategic interests. Council may advocate strongly but Management must still assess and prioritise requests for additional resources.

**These Principles are adapted from the Corporate Governance Principles and Guidelines of the NZ Securities Commission.**

The University of Waikato has an ongoing commitment to equal opportunities in education and employment. This is reflected in the diversity of our students and our staff.

We provide a wide range of University-wide and School/ Faculty-specific services to facilitate equality of access for students and success. Support is available to all students, with additional support tailored to groups to meet their specific needs.

### Staff Profile

In 2007, more than half the total staff of 1,467 (full-time equivalent, excluding casuals and sessional assistants) at the University of Waikato were women (58%). Women comprised 44% of the academic staff and 68% of the general staff. The highest percentages of female staff were in the Financial Services Division (72%); Student and Academic Services (83%); Library (81%), Human Resources Management (73%) and School of Education (77%). The lowest percentages of female staff continued to be in the School of Computing and Mathematical Sciences (25%); Facilities Management Division (31%); and Information Technology Services (38%).

Almost three quarters of the total staff at the University of Waikato were European/Pakeha (74%) and 10% Māori. A total of 20% of Māori staff and 38% of women held senior positions within the University. Senior positions are identified as academic appointments at senior lecturer and above, and general staff appointments at level 6 and above.

5% of University staff had declared disabilities. These included: vision difficulties, mobility problems, diabetes, breathing problems, hearing difficulties, epilepsy, medical and other disabilities.

### Student Profile

The total student population at the University of Waikato in 2007 was 12,031, 42% (5,007) of whom were male and 58% (7,024) female.

The ethnic composition of the student population comprised: European/Pakeha 48% (5,737), Māori 19% (2,307), Chinese 14% (1,675), Pacific Islands 4% (453), Indian 2% (294), and "other" ethnic groups 13% (1,565). This compares with 2006 where 47% (5,962) were European/Pakeha, 18% (2,225) were Māori, 18% (2,242) were Chinese, 3% (433) were of Pacific Island ethnicity, 2% (290) were Indian, 11% (1,409) were of 'other' ethnic origin.

Students under 20 years of age comprised 20% of the total student population.

Students aged between 20 and 24 years - for whom parents are still responsible for living costs - comprised 42%, whilst students aged 25 years or over (those who may be entitled to a government-funded living allowance) comprised 38%

The University had 537 students with disabilities. Of these students, 201 accessed support services - largely for specific learning disabilities (22.1%), and mental health issues (19.5%).

**The University of Waikato prides itself on the diversity of its existing Equal Opportunity programmes and, in 2007, continued to support several programmes and initiatives for staff and students. These included:**

- Strategies such as family-friendly environments, flexible hours and work-from-home options, considered on a case-by-case basis by managers
- Support for staff to undertake further studies to enhance their career paths and contribution to the University
- Availability of an EEO liaison representative in each School/Faculty and Division to assist senior management in the planning and reporting of EEO initiatives
- Coordination of a University-wide powhiri and orientation at the beginning of the academic year to welcome and induct new Māori students of the University
- Te Puna Tautoko - a forum of student support specialists in collaboration with School/ Faculty-based Māori student mentors
- Continuation of the position of Pacific Student Liaison Coordinator to promote and improve the success of Pacific Islands' students at the tertiary level
- Training of Halls of Residence staff to work effectively and appropriately with students with disabilities.



## Equal Opportunities For Students and Staff

**The University of Waikato also provided the following support for students living in the Halls of Residences in 2007:**

- The University awarded 15 Bryant Hardship Scholarships to students who would not otherwise be able to attend University due to their or their families' financial circumstances. The scholarships covered 96% of the total cost of accommodation in the Halls of Residence.
- The Halls accommodated a significant number of students with a wide range of disabilities. A successful model was introduced for providing support and pastoral care by facilitating an across-services team of staff who worked with, supported and interacted, with affected students.
- The Halls of Residences also:
  - operated kaupapa floors to provide personal, social and academic assistance for students wanting to encompass traditional Māori values and support systems, as well as fostering fluency in Te Reo Māori
  - offered women and men-only floors, flats and cottages for Muslim and other students, who preferred to live in a single sex area.
  - appointed a Pacific Island student to one of the Senior Residential Assistant positions with specific responsibility for our students from the Pacific Islands

## Head of Corporate Services Overview

University operations recorded a consolidated surplus of \$0.05 million in the year to December, 2007, compared with \$10.2 million the previous year.

The fall in the consolidated surplus reflects the effects of the 27.3 percent decrease in international student enrolments from 2006, and the \$4.5 million decrease in contribution from the commercialisation of intellectual property within the University's subsidiary, WaikatoLink Limited. Given the challenging operating environment, this represented a satisfactory result for the year which can be attributed to the commitment of all staff to managing its costs, together with some positive unbudgeted growth in both domestic student tuition fees (4.0 percent increase) and research income (12.0 percent increase).

While WaikatoLink Limited did not record any significant sales of intellectual property during 2007, it continued to work hard in developing intellectual property for sale. During the year, the subsidiary increased the fair value of the intellectual property available for sale by \$4.3 million - a gain not reflected in the consolidated surplus, which is prepared on an historical cost basis.

For the University only, a deficit of \$11.7 million was recorded due to the University transferring accumulated research funds of \$14.5 million to its newly formed controlled Trust, the University of Waikato Research Trust. The Trust was created to provide funding for the advancement of education and academic research at the University. The funds transferred represent accumulated surpluses generated from externally funded research and have been previously committed to fund continuing research activities. The cost of the transfer was eliminated on consolidation.

The University recorded a surplus of \$2.8 million, which is a 9.2 percent improvement on budget, but was \$5.3 million less than the previous year. This represented 1.6 percent of total revenue and is less than the 3.5 percent target set in the University Strategic Plan. However the budget was set lower than the target to provide funds of \$3.0 million for the University's strategic initiatives.

Total consolidated revenue of \$183.7 million was consistent with 2006, but slightly less than budget. International tuition fees were lower than budgeted by \$5.4 million due to a 12.9 percent decrease in international student enrolments from those budgeted.

However, domestic student enrolments rose by 1.8 percent above budget due mainly to a 6 percent increase in new students. The increase in new domestic students, combined with an increase in the average tuition fees charged per student, resulted in an increase in domestic-student-related revenue of \$4.9 million.

Research revenue continued to grow with the University achieving an increase of 12.0 percent over last year and over budget. Over the last five years, research revenue has increased by 41.5 percent, reflecting the University's commitment to being a research led University and its commitment to research excellence.

Overall labour costs were \$0.4 million lower than budgeted as the University delayed filling vacant positions or did not fill them at all. Other operating costs were closely managed to achieve \$2.1 million savings on budget. This was mainly achieved through one-off expenditure savings and not utilising restructuring provisions.

The University again generated strong operating cash flows, recording net cash flows from operations of \$24.6 million - up \$3.2 million (or 15.2 percent) from 2006. These cash flows were reinvested back into the University's Campus and resources, with the University spending \$22.2 million on capital expenditure.

In 2007, the University launched its new capital works programme, beginning with construction of a new student centre and a redevelopment of the University's retail area, located at the centre of the campus. This major project is planned to be completed in stages between 2009 and 2011.

**Raymond McNickle**  
**Head of Corporate Services**



**TO THE READERS OF  
THE UNIVERSITY OF WAIKATO AND GROUP'S  
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2007**

The Auditor-General is the auditor of The University of Waikato (the University) and group. The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand to carry out the audit of the financial statements and statement of service performance of the University and group, on his behalf, for the year ended 31 December 2007.

## Unqualified Opinion

In our opinion:

- the financial statements of the University and group on pages 19 to 76:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the University and group's financial position as at 31 December 2007; and
    - the results of operations and cash flows for the year ended on that date.
- the performance information of the University and group on pages 77 to 85 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 26 March 2008, and is the date at which our opinion is expressed.

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

## Basis of Opinion

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

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

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

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

Audit procedures generally include:

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



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

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

## Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the University and group as at 31 December 2007. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2007. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

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

## Independence

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

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



B H Halford  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information**

This audit report relates to the financial statements and performance information of the University of Waikato and group for the year ended 31 December 2007 included on the University of Waikato and group's web-site. The University of Waikato and group's Council is responsible for the maintenance and integrity of the University of Waikato and group's web site. We have not been engaged to report on the integrity of the University of Waikato and group's web site. We accept no responsibility for any changes that may have occurred to the financial statements and performance information since they were initially presented on the web site.

The audit report refers only to the financial statements and performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and performance information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and performance information as well as the related audit report dated 26 March 2008 to confirm the information included in the audited financial statements and performance information presented on this web site.

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

# Statement of Responsibility

In the financial year ended 31 December 2007, the Council and management of The University of Waikato were responsible for:

1. The preparation of the annual financial statements and the judgements used in them.
2. Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. In the opinion of Council and management of The University of Waikato, the annual financial statements of the financial year ended 31 December 2007 fairly reflect the financial position and operations of The University of Waikato and group.



**Chancellor**

Rt Hon Mr James Bolger  
26 March 2008



**Vice-Chancellor**

Professor Roy Crawford  
26 March 2008

# Income Statement

## For the Year Ended 31 December 2007

	Notes	Consolidated		University		
		This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Revenue</b>						
Government Funding and Grants	2	80,781	73,322	80,781	78,167	73,322
Fees Income	3	57,116	61,522	57,116	60,746	61,522
Research Income		23,296	20,806	23,296	20,000	20,806
Interest Received		3,216	3,005	2,934	1,950	2,728
Other Income		18,544	23,647	19,566	24,593	20,500
Donations		766	633	707	194	602
<b>Total Revenue</b>		<b>183,719</b>	<b>182,935</b>	<b>184,400</b>	<b>185,650</b>	<b>179,480</b>
<b>Costs</b>						
Employee Benefit Expenses - Academic		66,960	63,899	66,960	65,426	63,899
Employee Benefit Expenses - General		42,164	38,905	41,443	43,410	38,911
Other Costs	4	58,338	54,828	56,989	59,134	53,441
Finance Costs		201	230	201	50	230
Depreciation and Amortisation		15,973	14,875	15,935	15,000	14,848
<b>Total Costs</b>		<b>183,636</b>	<b>172,737</b>	<b>181,528</b>	<b>183,020</b>	<b>171,329</b>
Surplus/(Deficit)		83	10,198	2,872	2,630	8,151
Transfer to University of Waikato Research Trust	32	-	-	( 14,539 )	-	-
Share of Surplus/(Deficit) from Associates	10	( 35 )	( 30 )	-	-	-
Share of Surplus/(Deficit) from Joint Ventures using Equity Method	14	-	( 8 )	-	-	-
<b>Operating Surplus/(Deficit)</b>		<b>48</b>	<b>10,160</b>	<b>( 11,667 )</b>	<b>2,630</b>	<b>8,151</b>
Attributable to:						
University of Waikato		48	10,160	( 11,667 )	2,630	8,151
Minority interest		-	-	-	-	-
		<b>48</b>	<b>10,160</b>	<b>( 11,667 )</b>	<b>2,630</b>	<b>8,151</b>

The accompanying notes form an integral part of this statement

# Statement of Changes in Equity

For the Year Ended 31 December 2007

	Notes	Consolidated		University		
		This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Opening Equity</b>		297,360	231,439	288,765	235,234	224,853
Revaluation gains/(losses) taken to equity	5	-	55,761	-	-	55,761
Minority Interest on Acquisition of Subsidiaries		755	-	-	-	-
Net income/(expense) recognised directly in equity		755	55,761	-	-	55,761
Net Surplus		48	10,160	(11,667)	2,630	8,151
Total Recognised income/(expense) for the year ended 31 December		803	65,921	(11,667)	2,630	63,912
<b>Closing Equity</b>		<b>298,163</b>	<b>297,360</b>	<b>277,098</b>	<b>237,864</b>	<b>288,765</b>
Attributable to:						
University of Waikato		297,408	297,360	277,098	237,864	288,765
Minority interest		755	-	-	-	-
		<b>298,163</b>	<b>297,360</b>	<b>277,098</b>	<b>237,864</b>	<b>288,765</b>

The accompanying notes form an integral part of this statement

# Balance Sheet

For the Year Ended 31 December 2007

	Notes	Consolidated		University		
		This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	6	20,130	20,487	17,724	501	15,688
Trade and Other Receivables	7	10,261	8,917	10,368	4,003	9,294
Prepayments		3,462	2,870	3,462	2,870	2,870
Short Term Investments	8	3,000	3,024	3,000	18,454	3,013
Inventories	9	1,116	1,072	1,113	647	1,035
<b>Total Current Assets</b>		<b>37,969</b>	<b>36,370</b>	<b>35,667</b>	<b>26,475</b>	<b>31,900</b>
<b>Non Current Assets</b>						
Investments in Associates	10	3,871	3,005	874	-	874
Non-Current Trade and Other Receivables		-	750	-	-	-
Investments	11	94	20	2,094	1,501	20
Other Financial Assets available for sale	12	194	131	-	-	-
Other Financial Assets at Fair Value through Income Statement	13	557	784	-	-	-
Investments in Joint Ventures Accounted for using the Equity Method	14	-	278	-	-	-
Intangibles	15	8,521	6,906	6,608	-	6,596
Property, Plant and Equipment	16	300,213	295,501	300,068	248,294	295,414
<b>Total Non Current Assets</b>		<b>313,450</b>	<b>307,375</b>	<b>309,644</b>	<b>249,795</b>	<b>302,904</b>
<b>Total Assets</b>		<b>351,419</b>	<b>343,745</b>	<b>345,311</b>	<b>276,270</b>	<b>334,804</b>

The accompanying notes form an integral part of this statement

# Balance Sheet

For the Year Ended 31 December 2007

	Notes	Consolidated		University		
		This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Income in Advance	17	18,850	14,943	18,850	8,896	14,430
Trade and Other Payables	18	12,847	10,204	13,442	10,692	10,446
Employee Entitlements	19	12,088	11,938	11,912	11,905	11,863
Borrowings	20	138	161	138	160	161
<b>Total Current Liabilities</b>		<b>43,923</b>	<b>37,246</b>	<b>44,342</b>	<b>31,653</b>	<b>36,900</b>
<b>Non Current Liabilities</b>						
Employee Entitlements	19	7,873	7,568	7,873	-	7,568
Borrowings	20	1,460	1,571	1,460	6,753	1,571
University of Waikato Research Trust Payable	32	-	-	14,539	-	-
<b>Total Non Current Liabilities</b>		<b>9,333</b>	<b>9,139</b>	<b>23,872</b>	<b>6,753</b>	<b>9,139</b>
<b>Equity</b>						
General Equity	21	174,489	172,517	154,179	108,519	163,922
Other Reserves	5	122,919	124,843	122,919	129,345	124,843
Equity - Parent		297,408	297,360	277,098	237,864	288,765
Minority Interest		755	-	-	-	-
<b>Total Equity</b>		<b>298,163</b>	<b>297,360</b>	<b>277,098</b>	<b>237,864</b>	<b>288,765</b>
<b>Total Liabilities and Equity</b>		<b>351,419</b>	<b>343,745</b>	<b>345,311</b>	<b>276,270</b>	<b>334,804</b>

The accompanying notes form an integral part of this statement

# Statement of Cash Flows

For the Year Ended 31 December 2007

	Notes	Consolidated		University		
		This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
<b>Cash Flows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Government Funding and Grants		81,199	73,090	81,199	78,167	73,090
Revenues from Fees		59,455	63,929	59,528	60,746	63,929
Other Revenue		52,268	45,007	47,969	45,263	43,132
Receipts for Capital Investment		20	100	20	-	100
Interest Received		3,523	3,024	3,258	1,950	2,747
Goods and Services Tax (net)		(662)	392	(618)	-	429
		<b>195,803</b>	<b>185,542</b>	<b>191,356</b>	<b>186,126</b>	<b>183,427</b>
<b>Cash was applied to:</b>						
Interest Paid		(189)	(84)	(189)	-	(84)
Suppliers		(58,926)	(53,437)	(58,952)	(66,109)	(52,738)
Employees		(112,562)	(109,284)	(107,662)	(107,061)	(109,284)
		<b>(171,677)</b>	<b>(162,805)</b>	<b>(166,803)</b>	<b>(173,170)</b>	<b>(162,106)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>22</b>	<b>24,126</b>	<b>22,737</b>	<b>24,553</b>	<b>12,956</b>	<b>21,321</b>
<b>Cash Flows from Investing Activities</b>						
<b>Cash was provided from:</b>						
Sale of Investments		25	27	-	-	-
Property, Plant and Equipment Sales		140	70	140	100	70
Short Term Investments - three months or less		13	-	13	-	-
Short Term Investments - more than three months		21,000	-	21,000	-	-
		<b>21,178</b>	<b>97</b>	<b>21,153</b>	<b>100</b>	<b>70</b>
<b>Cash was applied to:</b>						
Term Investments		(438)	(453)	(74)	-	(20)
Short Term Investments - more than three months		(21,000)	-	(21,000)	-	-
Property, Plant & Equipment and Intangibles		(23,818)	(18,245)	(22,191)	(17,690)	(18,195)
		<b>(45,256)</b>	<b>(18,698)</b>	<b>(43,265)</b>	<b>(17,690)</b>	<b>(18,215)</b>
<b>Net Cash Flows from Investing Activities</b>		<b>(24,078)</b>	<b>(18,601)</b>	<b>(22,112)</b>	<b>(17,590)</b>	<b>(18,145)</b>

The accompanying notes form an integral part of this statement

# Statement of Cash Flows

For the Year Ended 31 December 2007

## Cash Flows from Financing Activities

### Cash was applied to:

Repayment of Finance Lease Liabilities	-	(1)	-	-	(1)
Loans Repaid	(134)	(7,511)	(134)	-	(7,511)
	<b>(134)</b>	<b>(7,512)</b>	<b>(134)</b>	<b>-</b>	<b>(7,512)</b>
<b>Net Cash Flows from Financing Activities</b>	<b>(134)</b>	<b>(7,512)</b>	<b>(134)</b>	<b>-</b>	<b>(7,512)</b>
<b>Net Cash Flows From All Activities</b>	<b>(86)</b>	<b>(3,376)</b>	<b>2,307</b>	<b>(4,634)</b>	<b>(4,336)</b>
Opening Cash and Cash Equivalents	23,487	27,077	18,688	23,088	23,238
Less Non Cash Currency Loss	(271)	(214)	(271)	-	(214)
<b>Closing Cash Balance</b>	<b>23,130</b>	<b>23,487</b>	<b>20,724</b>	<b>18,454</b>	<b>18,688</b>
Cash and Cash Equivalents	20,130	20,487	17,724	-	15,688
Short Term Investments	<b>8</b>	3,000	3,000	18,454	3,000
	<b>23,130</b>	<b>23,487</b>	<b>20,724</b>	<b>18,454</b>	<b>18,688</b>

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

The accompanying notes form an integral part of this statement



## Note 1: Statement of accounting policies for the year ended 31 December 2007

### The Reporting Entity

The University of Waikato (the University) is a public benefit entity constituted as a university under the University of Waikato Act 1963 for the advancement of knowledge and the dissemination and maintenance thereof by teaching and research.

These accompanying financial statements are presented in accordance with Section 203 of the Education Act 1989 which refers to the provisions of the Crown Entities Act, and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as adopted by the Institute of Chartered Accountants of New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for public benefit entities.

The financial statements were authorised for issue by Council on 26 March 2008.

The financial statements cover all the activities of the University including those of:

- WaikatoLink Limited and Group, a wholly owned subsidiary company, and the results for the year ended 31 December 2007 have been fully consolidated into the University group results.
- The University of Waikato Foundation, incorporated as a Charitable Trust in 1992, and the results for the year ended 31 December 2007 have been fully consolidated into the University group results.
- The University of Waikato Alumni Association, incorporated in 1990, and the results for the year ended 31 December 2007 have been fully consolidated into the University group results.
- The Student Campus Building Fund Trust, incorporated as a Charitable Trust in 1971, and the results for the year ended 31 December 2007 have been fully consolidated into the University group results.
- The University of Waikato Research Trust, established as a Charitable Trust in 2007, and the results for the year ended 31 December 2007 have been fully incorporated into the University group results.
- U Leisure Limited is 50% owned by the University. The remaining 50% is owned by the Waikato Students' Union (Incorporated). U Leisure Limited commenced operations from 1 August 1996, replacing the Student Union Services Management Board. Equity Accounting methods have been used to report the results of U Leisure Limited which has a balance date of 31 December.
- LCo New Zealand Limited is 24% owned by the University. The remaining 76% is owned by three other New Zealand universities. LCo New Zealand Limited was incorporated December 2003. Equity Accounting methods have been used to report the results of LCo New Zealand Limited which has a balance date of 31 December.

All of the University's subsidiaries and associates are incorporated in New Zealand.

### Basis of Preparation

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for Public Benefit entities. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*, with 1 January 2006 as the date of transition. An explanation of how the transition from superseded policies to NZ IFRS has affected the University and its group's financial position, financial performance and its cash flows is discussed in note 31.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2007, the comparative information presented in these financial statements for the year ended 31 December 2006, and the preparation of the opening NZ IFRS balance sheet as at 1 January 2006 (as disclosed in note 31), the consolidated group's date of transition.

The general accounting principles recognised as appropriate for the measurement and reporting of financial performance and position on an historical cost basis, adjusted by the revaluation of certain property, plant and equipment, are followed by the University.

The financial statements are presented in NZ dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the University is NZ dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

## Subsidiaries

The University consolidates as subsidiaries in the group financial statements all entities where the University has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the University controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the University or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The University measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the University's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the University's interest in the net fair value of the identifiable assets liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the income statement.

## Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

The University's investment in its subsidiaries are carried at cost in the University's own "parent entity" financial statements.

## Associates

The University accounts for an investment in an associate in the group financial statements using the equity method. An associate is an entity over which the University has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the University's share of the surplus or deficit of the associate after the date of acquisition. The University's share of the surplus or deficit of the associate is recognised in the University's income statement. Distributions received from an associate reduce the carrying amount of the investment.

If the University's share of deficits of an associate equals or exceeds its interest in the associate, the University discontinues recognising its share of further deficits. After the University's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the University has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the University will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

The University's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the University and its associates is eliminated.

The university's investments in associates are carried at cost in the University's own "parent entity" financial statements.

## Budget Figures

Budget figures are those approved by the Finance Committee on 21 March 2007. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

## Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts according to the original term of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest method.

## Cash flow Statement

### **Cash and cash equivalents**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the University invests as part of its day-to-day cash management. Cash equivalents are not subject to a significant risk of change in value, and have a short maturity of three months or less.

### **Operating activities**

Operating activities include cash received from all income sources of the University and record the cash payments made for the supply of goods and services.

### **Investing activities**

Investing activities are those activities relating to the acquisition and disposal of non current assets.

### **Financing activities**

Financing activities comprise the change in equity and debt capital structure of the University.

## Derivative financial instruments

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 26 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The University designates certain derivatives as either hedges of the fair value or recognised assets or liabilities or firm commitments (fair value hedges), hedge of highly probable forecast transactions (cash flow hedges), or hedges of net investments in foreign operations.

### **Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedge item arising from the hedge risk is amortised to profit or loss from that date.

### **Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

## **Net investment hedge**

Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve; the gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the foreign currency translation reserve are recognised immediately in profit or loss when the foreign operation is disposed of.

## **Derivatives that do not qualify for hedge accounting**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

## **Embedded derivatives**

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

## **Employee benefits**

Provision is made for benefits accruing to staff in respect of the University's liability for wages and salaries, and annual and sick leave where it is probable that settlement will be made and they are capable of being measured reliably. These provisions are calculated using the current rates of pay.

The University recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the University anticipates it will be used by staff to cover those future absences. The sick leave provision is only calculated for those staff with a fixed sick leave provision in their employment contracts. The majority of University staff have an unlimited sick leave entitlement.

Additionally provision has been made, where applicable, using an actuarial valuation for retirement gratuities and long service leave. This valuation, as at 31 December 2007, was undertaken by Mercer Human Resource Consulting Limited (Actuaries). The actuarial valuation determines the extent of anticipated entitlements payable under employment contracts and brings to account a liability using the present value measurement basis, which discounts expected future cash outflows.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the income statement as incurred.

To the extent that it is anticipated that the liability will arise during the following year the entitlements are recorded as current liabilities. The remainder of the anticipated entitlements are recorded as non-current liabilities.

## **Equity**

Equity is the community's interest in the University and Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council and Group make of its accumulated surpluses. The components of equity are:

- General Equity
- Asset Revaluation Reserve
- University Created Reserves
- Restricted Reserves
- Hedging Reserves

## **Financial instruments**

Financial Instruments form part of the University's everyday operations. These financial instruments include Bank Accounts, Short Term Deposits, Trade and Accounts Receivable, Trade and Accounts Payable and Term Borrowings, all of which are recognised in the balance sheet. Revenue and expenses in relation to all financial instruments are recognised in the income statement.

## Foreign exchange

Foreign currency transactions throughout the year have been converted into New Zealand currency at the ruling rate of exchange at the dates of the transactions. Foreign currency balances, as at 31 December 2007, are valued at the exchange rates prevailing on that date.

Foreign Exchange gains/losses are recognised in the Income Statement in the period in which they arise except that exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer to note 4).

## Goods and services tax

Goods and Services Tax (GST) is excluded from these financial statements, with the exception of accounts receivable and accounts payable.

## Impairment of assets

At each reporting date, the University reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the University estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an assets (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

## Income tax

Income Tax has not been provided for in these accounts as the University has been recognised as a charitable organisation by the Inland Revenue Department and is therefore exempt from income tax.

## Intangible assets

### *Patents, trademarks and licences*

Patents, trademarks and licences are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 20 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

### *Computer Software*

Computer software is amortised on a straight line basis that will write off the cost within four years. Computer software for the student enrolment and library systems are amortised on a straight line basis that will write off the cost within ten years.

Internally generated intangible assets for finite life intangibles are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives.

## **Research and development costs**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria have been fulfilled:

- it is technically feasible to complete the intangible asset and use or sell it;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

## **Inventories**

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost (determined on a weighted average basis) and net realisable value. This valuation includes allowances for slow moving and obsolete inventories. No account is taken of other minor stocks in academic schools and administrative departments, which are expensed as issued.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to net realisable value is recognised in the Income Statement.

## **Financial Assets**

The University classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the income statement.

Purchases and sales of investments are recognised on trade-date, the day on which the university commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The University uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.



The four categories of financial assets are:

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as non-current assets unless the University intends to dispose of these investments within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the income statement.

- Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement. The University includes in loans and receivables accounts receivable, loans to U Leisure Ltd and LCoNZ, and prepayments.

- Held to Maturity Investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the University has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement.

The University holds some short term deposits with a maturity date greater than three months which fall into this category.

- Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- Investments that the University intends to hold long-term but which may be realised before maturity; and
- Shareholdings that the University holds for strategic purposes. The University's investments in its subsidiary and associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27 *Consolidated and Separate Financial Statements* and NZ IAS 28 *Investments in Associates*) whereas this category is to be measured at fair value.

After initial recognition the cumulative gain or loss previously recognised in equity is recognised in the Income Statement. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the income statement. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in income statement even though the asset has not been derecognised.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the income statement.

## Impairment of Financial Assets

At each balance sheet date the University assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the income statement.

## Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at balance date. Gains or losses arising from changes in the fair value of investment property are included in surplus or deficit in the period in which they arise.

## Leases

Finance leases, which effectively transfer to the University substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of fair value or present value of the minimum lease payments. The leased assets and corresponding liabilities are disclosed and the leased assets are depreciated over the period the University is expected to benefit from their use.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

## Property, Plant and Equipment:

### Land

In 1996 the land occupied by the University campus was transferred by the Crown to Waikato-Tainui, as part of the Crown's settlement of the Raupatu claim. The University leases back the land from Waikato-Tainui. Compensation was paid to the University in 1996 by the Crown to fund the University's financial obligations under the lease.

### Buildings

The majority of buildings recognised in the financial statements, including the previous Hamilton Teachers' College buildings, are still subject to the legal transfer of ownership from the Ministry of Education. The University is of the opinion that as at 31 December 2007 it is in substance the owner of these Buildings and assumes all the normal risks and rewards of ownership.

Land and buildings are revalued when there has been a significant movement in the fair value. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure the carrying value of land and buildings is not materially different from their fair value. Land and buildings were revalued as at 31 December 2006 by Attewell Gerbich Havill Limited in conjunction with DTZ New Zealand (registered valuers), on a fair value basis. The value of land and non specialised buildings was determined using market based evidence. All other buildings were valued at optimised depreciated replacement cost.

### Infrastructural assets

University owned infrastructural assets are revalued when there has been a significant movement in the fair value. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure the carrying value of Infrastructural assets are not materially different from their fair value. Infrastructural assets were revalued as at 31 December 2006 by Opus International Consultants Limited on a fair value basis using the optimised depreciated replacement cost method.

### Library

The Library collection is valued on the basis of historical cost less accumulated depreciation. Additions between valuations are recorded at cost less accumulated depreciation.

### Assets Under Construction/Work in Progress

Assets under construction/work in progress is valued on the basis of expenditure incurred and certified gross progress claim certificates up to 31 December. Work in Progress is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then it is depreciated.

### Other Property, Plant and Equipment

All other property, plant and equipment are valued at historical cost less accumulated depreciation.

### Depreciation

Land is not depreciated.

Buildings are depreciated on a straight line basis that will write off the cost or valuation of buildings over their estimated total useful life. The useful lives and residual values as a percentage of replacement cost for buildings are estimated as follows:

- Structure 35-100 years
- Services 25-35 years
- Fitout 20-25 years

Infrastructural assets are depreciated on a straight line basis that will write off the cost or valuation of the infrastructural assets over their estimated total useful life:

- Infrastructure 25-80 years



The Library Collection is depreciated on a straight line basis that will write off the cost over its useful life. The useful lives are estimated at 35 years for books and 15 years for periodicals.

Teaching and research equipment is depreciated at 15% per annum on a diminishing value basis.

Computer equipment excluding servers is depreciated on a straight line basis that will write off the cost within four years. Computer servers are depreciated on a straight line basis that will write off the cost within five years.

Other Property, Plant and Equipment are depreciated on a diminishing value basis dependent on their assessed useful life and at rates which vary from 5 to 20%.

## **Provisions**

Provisions are recognised when the University has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

## **Restructuring**

Provisions for restructuring are recognised when the University has developed a detailed formal plan for the restructuring and has raised a value expectation in those affected that it will carry out the restructuring by :

- starting to implement the plan - OR
- announcing its main features to those affected by it

## **Revaluations**

Revaluation of plant, property and equipment is carried out on a class of assets basis. Any revaluation increases arising on the revaluation of assets are transferred to the asset revaluation reserve for that class of assets. A decrease in value relating to a class of assets is recognised in the Income Statement in the period it arises where it exceeds the increase previously recognised in the asset revaluation reserve. In subsequent periods, any revaluation surplus that reverses previous revaluation deficits is recognised as a credit to expenditure in the Income Statement up to its original value.

## **Revenue**

Revenue is recognised at the fair value of consideration received. Donations and Bequests to the University are recognised as income when money is received, or entitlement to receive money is established; except where fulfilment of any restrictions attached to these monies is not probable.

Research revenue derived from research contracts is recognised in the Income Statement based on the stage of completion of the research project at balance sheet date. The unrecognised revenue is recorded as a liability in the Balance Sheet to recognise the future obligation to complete the research project.

Government Grants are recognised as revenue on entitlement.

Student tuition fees are recognised as revenue on a course percentage of completion basis.

## **Borrowing Costs**

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

## Research Grants

Surpluses generated from externally funded research projects and which are committed to fund continuing research are transferred to the University of Waikato Research Trust as a grant. The University of Waikato Research Trust account for these grants as revenue.

## Changes in Accounting Policies

During the year the University changed its accounting policy for the recognition of development expenditure. Under the new policy those costs attributable to development, that meet the specific criteria detailed in note 15, have been capitalised. Previously all costs were recognised in the Income Statement. There have been no other changes in accounting policies other than the IFRS changes as detailed in note 31.

## Critical accounting estimates and assumptions

In preparing these financial statements the University has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Actuarial valuations have been obtained in order to determine the value of Long Service Leave and Retirement Leave provisions.
- Estimates have been made as to the completed portion of external research projects in determining the value of income in advance.

## Critical judgements in applying the University's accounting policies

Management has exercised the following critical judgements in applying the University's accounting policies for the period ended 31 December 2007:

- In conjunction with the University valuers it has been determined that market based evidence does not support the revaluing of Land and Buildings and Infrastructural Assets of the University.

## Note 2: Government Funding and Grants

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Block Grants	70,808	64,751	70,808	64,751
Advisory Services Grants	8,615	7,643	8,615	7,643
Other Grants	1,358	928	1,358	928
<b>Total Government Funding and Grants</b>	<b>80,781</b>	<b>73,322</b>	<b>80,781</b>	<b>73,322</b>

There are no unfulfilled conditions or contingencies relating to the above Government grants.

**Note 3: Fees Income**

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Government Funded Students	32,005	27,150	32,005	27,150
Full Cost International Students	25,111	34,372	25,111	34,372
<b>Total Fees Income</b>	<b>57,116</b>	<b>61,522</b>	<b>57,116</b>	<b>61,522</b>

## Note 4: Other Costs

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<i>Fees to principal auditor</i>				
Audit fees for financial statement audit	138	87	80	65
Audit fees for NZ IFRS transition	25	12	12	12
Audit fees for assurance and related services	-	17	-	17
Loss on Disposal of Property Plant & Equipment	461	75	461	75
Foreign Exchange Gain/(Loss)	(271)	(214)	(271)	(214)
Increase/(Decrease) in Provision for Impairment of Receivables	1,356	244	(131)	244
Travel and Accommodation	5,633	5,497	5,633	5,497
Rent	3,445	2,520	3,445	2,520
Scholarships	8,174	7,121	8,174	7,121
Other operating expenses	39,378	39,469	39,587	38,104
<b>Total other costs</b>	<b>58,338</b>	<b>54,828</b>	<b>56,989</b>	<b>53,441</b>

## Note 5: Other Reserves

	Ref	Consolidated		University	
		This Year	Last Year	This Year	Last Year
		\$000	\$000	\$000	\$000
Asset Revaluation Reserve	i	120,086	120,086	120,086	120,086
University Created Reserves	ii	-	2,025	-	2,025
Restricted Reserves	iii	2,833	2,732	2,833	2,732
<b>Total Other Reserves</b>		<b>122,919</b>	<b>124,843</b>	<b>122,919</b>	<b>124,843</b>

### i) Asset Revaluation Reserve

	Consolidated		University	
	This Year	Last Year	This Year	Last Year
	\$000	\$000	\$000	\$000
Opening Balance	120,086	64,325	120,086	64,325
Revaluation	-	55,761	-	55,761
Transfer on disposal of assets	-	-	-	-
Increase in Asset Revaluation Reserve	-	55,761	-	55,761
<b>Closing Balance</b>	<b>120,086</b>	<b>120,086</b>	<b>120,086</b>	<b>120,086</b>

#### Represented by:

##### Land

Opening Balance	836	656	836	656
Revaluation	-	180	-	180
<b>Closing Balance</b>	<b>836</b>	<b>836</b>	<b>836</b>	<b>836</b>

##### Buildings

Opening Balance	111,882	56,123	111,882	56,123
Revaluation	-	55,759	-	55,759
Transfer on disposal of assets	-	-	-	-
<b>Closing Balance</b>	<b>111,882</b>	<b>111,882</b>	<b>111,882</b>	<b>111,882</b>

##### Infrastructural Assets

Opening Balance	7,368	7,546	7,368	7,546
Revaluation	-	(178)	-	(178)
<b>Closing Balance</b>	<b>7,368</b>	<b>7,368</b>	<b>7,368</b>	<b>7,368</b>

## ii) University Created Reserves

These are reserves established for an external research purpose and for which conditions have been imposed.

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>External Research</b>				
Opening Balance	2,025	1,909	2,025	1,909
add appropriation of Net Surplus	25,182	23,598	25,182	23,598
less transfer to Accumulated Surplus	(27,207)	(23,482)	(27,207)	(23,482)
<b>Closing Balance</b>	<b>-</b>	<b>2,025</b>	<b>-</b>	<b>2,025</b>

## iii) Restricted Reserves

The Prizes, Scholarships and Trust Funds Reserves represent funds held by the University on behalf of others and funds provided to the University by various people for specific purposes. Revenue received for these items and disbursements to authorised recipients are shown in the Statement of Financial Performance. Fund balances remaining are shown as restricted reserves.

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Prizes, Scholarships and Trust Funds</b>				
Opening Balance	2,732	2,798	2,732	2,798
add appropriation of Net Surplus	607	491	607	491
less application to Prizes, Scholarships and Trust Funds	(506)	(557)	(506)	(557)
<b>Closing Balance</b>	<b>2,833</b>	<b>2,732</b>	<b>2,833</b>	<b>2,732</b>

## Note 6: Cash and Cash Equivalents

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Cash at bank and in hand	9,750	7,057	7,344	2,258
ASB Bank - Foundation Account *	30	30	30	30
Short term deposits maturing three months or less from date of acquisition	10,350	13,400	10,350	13,400
	<b>20,130</b>	<b>20,487</b>	<b>17,724</b>	<b>15,688</b>

\* There are restrictions on the use of the funds in the above bank account as the funds received are for specified purposes. The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value. Refer to **note 26** for weighted average effective interest rate for cash and cash equivalents.



## Note 7: Trade and Other Receivables

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Trade Receivables	11,745	9,159	6,921	7,470
The University of Waikato Foundation Loan	-	-	88	88
Receivables from Subsidiaries	-	-	3,445	2,012
Receivables from Related Parties	157	24	70	9
GST Receivable	-	20	-	-
Impairment of Debtors	(1,642)	(286)	(155)	(286)
	<b>10,261</b>	<b>8,917</b>	<b>10,368</b>	<b>9,294</b>

No interest is charged on trade receivables. An allowance has been made for estimated irrecoverable amounts from debtors, determined by reference to individual debtors, past default experience and the age of the debt.

The movement for impairment was recognised in the Income Statement for the current year.

## Note 8: Short Term Investments

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Short Term Investments</b>				
Bank Term Deposits	3,000	3,000	3,000	3,000
Campus Services Limited Loan	-	13	-	13
WaikatoLink Limited Investments	-	11	-	-
<b>Total Short Term Investments</b>	<b>3,000</b>	<b>3,024</b>	<b>3,000</b>	<b>3,013</b>

The weighted average effective interest rates on bank term deposits are disclosed in **Note 26: Financial Instruments**. As the maturities for the bank term deposits are all for a period of less than six months they have not been repriced.

## Note 9: Inventories

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Held for Sale</b>				
At Cost	443	405	443	368
<b>Held for Distribution/Use</b>				
At cost	673	667	670	667
	<b>1,116</b>	<b>1,072</b>	<b>1,113</b>	<b>1,035</b>

## Note 10: Investments in Associates

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Investments in Associates</b>				
U Leisure Limited Investment	1,675	1,447	373	373
LCo New Zealand Limited Investment	654	601	501	501
WaikatoLink Limited Investments	1,542	957	-	-
<b>Total Investments in Associates</b>	<b>3,871</b>	<b>3,005</b>	<b>874</b>	<b>874</b>

### Associates

	Ownership	Balance Date
<b>U Leisure Limited (previously known as Campus Services Limited)</b>	50%	31 December
Principal Activity: Provision of sport & recreation facilities and food & entertainment outlets for the University students and staff.		

	Consolidated	
	This Year \$000	Last Year \$000
<b>The University's share of the results of U Leisure Limited is as follows:</b>		
Share of retained surplus	228	226

### Investment in Associate

Opening Balance	1,447	1,221
Share of retained surplus	228	226
<b>Closing Balance</b>	<b>1,675</b>	<b>1,447</b>

### Represented by:

Share of increase in net assets of associate (Carrying Value)	1,675	1,447
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	Ownership	Balance Date
<b>LCo New Zealand Limited (LCoNZ)</b>	24%	31 December

Principal Activity: A consortium of four New Zealand universities providing library solutions to those universities.

	Consolidated	
	This Year \$000	Last Year \$000
<b>The University's share of the results of LCoNZ is as follows:</b>		
Share of retained surplus	53	31
<b>Investment in Associate</b>		
Opening Balance	601	570
Share of retained surplus	53	31
<b>Closing Balance</b>	<b>654</b>	<b>601</b>
<b>Represented by:</b>		
Share of increase in net assets of associate (Carrying Value)	654	601

	Consolidated	
	This Year \$000	Last Year \$000
<b>WaikatoLink's share of the results of its Associates is as follows:</b>		
Share of retained surplus	(316)	(288)
<b>Investment in Associate</b>		
Opening Balance	957	1,197
Associate acquired during year	531	48
Gain on dilution of investment	370	-
Share of total recognised revenues and expenses	(316)	(288)
<b>Closing Balance</b>	<b>1,542</b>	<b>957</b>
<b>Summarised financial information of Associates</b>		
Current Assets	4,538	3,751
Non-Current Assets	180	2,057
	<b>4,718</b>	<b>5,808</b>
Current Liabilities	489	447
Non-Current Liabilities	-	3
	<b>489</b>	<b>450</b>
<b>Net Assets</b>	<b>4,229</b>	<b>5,358</b>
<b>Revenue</b>	<b>4,466</b>	<b>4,088</b>
<b>Net Profit</b>	<b>674</b>	<b>508</b>
<b>Share of Associates' profit/loss</b>	<b>(35)</b>	<b>(30)</b>

## Note 11: Investments

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Strategic Investments</b>				
NZ Tec Consortium Ltd	20	20	20	20
NZ Synchrotron Group Ltd	74	-	74	-
<b>Investments in Subsidiaries</b>				
WaikatoLink Ltd	-	-	2,000	-
	<b>94</b>	<b>20</b>	<b>2,094</b>	<b>20</b>

**Note 12: Other Financial Assets - Available for sale**

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Titanox Development Limited	194	131	-	-
	<b>194</b>	<b>131</b>	<b>-</b>	<b>-</b>

## Note 13: Other Financial Assets at Fair Value through Income Statement

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Listed Securities: Equity Securities in New Zealand	557	784	-	-
	<b>557</b>	<b>784</b>	-	-
All investments are designated at fair value from initial recognition. Fair Value Gain/(Loss) recognised through profit or loss.				
Listed Securities: Equity Securities in New Zealand	(227)	34	-	-
	<b>(227)</b>	<b>34</b>	-	-
Balance at the Beginning of the Year	784	-	-	-
Additions	-	750	-	-
Fair Value Gain/(Loss) Through Income Statement	(227)	34	-	-
<b>Balance at the End of the Year</b>	<b>557</b>	<b>784</b>	-	-
The carrying value is comprised of:				
Cost	750	750	-	-
Fair Value Gain/(Loss) Through Income Statement	(193)	34	-	-
	<b>557</b>	<b>784</b>	-	-



## Note 14: Investments in Joint Ventures using Equity method

WaikatoLink Group holds 50% of Rural Link Limited. This entity commenced trading in 2006.

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
The groups share of operating revenues, expenses and equity accounted were:				
Revenue	-	26	-	-
Expenses	-	(35)	-	-
<b>Net Surplus of Joint Ventures</b>	-	<b>(9)</b>	-	-
Current Asset	-	321	-	-
Current Liabilities	-	(43)	-	-
<b>Equity of Joint Ventures</b>	-	<b>278</b>	-	-

In terms of NZ IAS 28, para 30, WaikatoLink Ltd has not recognised any interest in this joint venture for 2007 as their interest has reduced below zero and WaikatoLink has incurred no legal or constructive obligations.

## Note 15: Intangibles

	University			Consolidated	
	Software - Purchased	Software - Internally Generated	University Total	Non Software Development Costs	Consolidated Total
<i>This Year</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
<b>Balance at 1 January 2007</b>					
Cost	10,379	925	11,304	310	11,614
Accumulated Amortisation and Impairment	( 4,450 )	( 258 )	( 4,708 )	-	( 4,708 )
<b>Opening Carrying Amount</b>	<b>5,929</b>	<b>667</b>	<b>6,596</b>	<b>310</b>	<b>6,906</b>
<b>Year Ended 31 December 2007</b>					
Additions	1,324	-	1,324	1,604	2,928
Disposals	( 477 )	-	( 477 )	-	( 477 )
Amortisation Charge *	( 759 )	( 76 )	( 835 )	-	( 835 )
<b>Closing Carrying Amount</b>	<b>6,017</b>	<b>591</b>	<b>6,608</b>	<b>1,914</b>	<b>8,522</b>
<b>Balance at 31 December 2007</b>					
Cost	11,226	925	12,151	1,914	14,065
Accumulated amortisation and impairment	( 5,209 )	( 334 )	( 5,543 )	-	( 5,543 )
<b>Closing Carrying Amount</b>	<b>6,017</b>	<b>591</b>	<b>6,608</b>	<b>1,914</b>	<b>8,522</b>
<i>Last Year</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
<b>Balance at 1 January 2006</b>					
Cost	9,607	925	10,532	-	10,532
Accumulated Amortisation and Impairment	( 3,163 )	( 182 )	( 3,345 )	-	( 3,345 )
<b>Opening Carrying Amount</b>	<b>6,444</b>	<b>743</b>	<b>7,187</b>	<b>-</b>	<b>7,187</b>
<b>Year Ended 31 December 2006</b>					
Additions	772	-	772	310	1,082
Disposals	-	-	-	-	-
Amortisation Charge	( 1,287 )	( 76 )	( 1,363 )	-	( 1,363 )
<b>Closing Carrying Amount</b>	<b>5,929</b>	<b>667</b>	<b>6,596</b>	<b>310</b>	<b>6,906</b>
<b>Balance at 31 December 2006</b>					
Cost	10,379	925	11,304	310	11,614
Accumulated amortisation and impairment	( 4,450 )	( 258 )	( 4,708 )	-	( 4,708 )
<b>Closing Carrying Amount</b>	<b>5,929</b>	<b>667</b>	<b>6,596</b>	<b>310</b>	<b>6,906</b>

\* The Amortisation Charge for 2007 reflects that the actual life of all Software is 10 years rather than the assessed life of some software at 4 years in 2006. The net adjustment in 2007 was \$688,000.

## **Non Software Development Costs**

Cost incurred on development of projects (relating to the design and testing of new or improved products) are recognised as assets when the following criteria have been fulfilled:

- it is technically feasible to complete the intangible asset and use or sell it;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefit;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and;
- the expenditure attributable to the intangible asset during its development can be reliably measured.

## Note 16: Property, Plant and Equipment

This Year Consolidated	Cost/ Revaluation 1 Jan 07	Accumulated Depreciation and Impairment Charges 1 Jan 07	Carrying Amount 1 Jan 07	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Revaluation Movement	Cost/ Revaluation 31 Dec 07	Accumulated Depreciation and Impairment Charges 31 Dec 07	Carrying Amount 31 Dec 07
Land	1,320	-	1,320	-	-	-	-	-	1,320	-	1,320
Infrastructural Assets	9,533	-	9,533	1,996	-	-	( 367 )	-	11,529	( 367 )	11,162
Buildings	239,029	-	239,029	4,202	-	-	( 7,528 )	-	243,231	( 7,528 )	235,703
Leasehold Building Improvements	3,194	( 2,417 )	777	5	( 280 )	-	( 74 )	-	2,920	( 2,247 )	672
Library Collection	44,613	( 22,640 )	21,974	3,306	-	-	( 2,067 )	-	47,920	( 24,706 )	23,214
Teaching & Research Equipment	73,881	( 56,975 )	16,907	5,634	( 3,373 )	-	( 4,687 )	-	76,142	( 58,612 )	17,530
Art Collection	287	( 6 )	281	11	-	-	-	-	297	( 6 )	292
Administration, Plant and Furniture	338	( 167 )	172	95	-	-	( 55 )	-	433	( 222 )	211
Motor Vehicles	3,237	( 1,676 )	1,561	415	( 373 )	-	( 360 )	-	3,280	( 1,759 )	1,521
Work in Progress	3,948	-	3,948	10,425	( 5,784 )	-	-	-	8,589	-	8,589
<b>Total</b>	<b>379,380</b>	<b>( 83,879 )</b>	<b>295,501</b>	<b>26,089</b>	<b>( 9,810 )</b>	<b>-</b>	<b>( 15,138 )</b>	<b>-</b>	<b>395,660</b>	<b>( 95,447 )</b>	<b>300,213</b>

# Notes to the Financial Statements

Last Year Consolidated	Cost/ Revaluation 1 Jan 06	Accumulated Depreciation and Impairment Charges 1 Jan 06	Carrying Amount 1 Jan 06	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Revaluation Movement	Cost/ Revaluation 31 Dec 06	Accumulated Depreciation and Impairment Charges 31 Dec 06	Carrying Amount 31 Dec 06
Land	1,140	-	1,140	-	-	-	-	180	1,320	-	1,320
Infrastructural Assets	9,648	( 359 )	9,289	808	-	-	( 364 )	( 923 )	9,533	-	9,533
Buildings	183,990	( 6,113 )	177,877	10,444	-	-	( 6,375 )	42,853	239,029	-	239,029
Leasehold Building Improvements	3,124	( 2,313 )	811	70	-	-	( 104 )	-	3,194	( 2,417 )	777
Library Collection	41,616	( 20,827 )	20,789	2,998	-	-	( 1,812 )	-	44,613	( 22,640 )	21,974
Teaching & Research Equipment	70,188	( 53,111 )	17,077	4,427	( 734 )	-	( 4,482 )	-	73,881	( 56,975 )	16,907
Art Collection	279	( 6 )	274	8	-	-	-	-	287	( 6 )	281
Administration, Plant and Furniture	278	( 122 )	156	69	-	-	( 45 )	-	338	( 167 )	172
Motor Vehicles	2,989	( 1,520 )	1,469	502	( 254 )	-	( 329 )	-	3,237	( 1,676 )	1,561
Work in Progress	6,617	-	6,617	3,311	( 5,980 )	-	-	-	3,948	-	3,948
<b>Total</b>	<b>319,869</b>	<b>( 84,371 )</b>	<b>235,498</b>	<b>22,636</b>	<b>( 6,968 )</b>	<b>-</b>	<b>( 13,511 )</b>	<b>42,109</b>	<b>379,380</b>	<b>( 83,879 )</b>	<b>295,501</b>

The \$145,000 (2006 - \$87,000) difference in the carrying amount of the Property, Plant and Equipment in the Balance Sheet between the University and Consolidated, is the Property, Plant and Equipment held by The University of Waikato Foundation of \$4,000 (2006 - \$4,000) and WaikatoLink Limited of \$141,000 (2006 - \$83,000).

Land and Buildings were revalued as at 1 January 2006 by Attewell Gerbich Havill Limited in conjunction with DTZ New Zealand (Registered Valuers), on a fair value basis. The value of land and non specialised buildings was determined using market based evidence. All other buildings are valued at Optimised Depreciated Replacement Cost method.

Infrastructural Assets were revalued as at 1 January 2006 by Opus International Consultants Limited on a fair value basis using the Optimised Depreciated Replacement Cost method.

The net carrying amount of Property, Plant and equipment held under finance leases is \$1,958,000 (2006 - \$2,002,000)



## Note 17: Income in Advance

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Income in Advance - Research Income	4,957	5,078	4,957	5,078
Income in Advance - Commercial	486	789	486	276
Income in Advance - Fees	13,407	9,076	13,407	9,076
<b>Total Income in Advance</b>	<b>18,850</b>	<b>14,943</b>	<b>18,850</b>	<b>14,430</b>

**Note 18: Trade and Other Payables**

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Trade Payables	8,849	7,788	8,223	7,083
Payables to Subsidiaries	-	-	1,275	947
Payables to Related Parties	105	32	105	32
GST Payable	1,060	1,131	1,007	1,131
Accruals	2,833	1,253	2,833	1,253
<b>Trade and Other Payables</b>	<b>12,847</b>	<b>10,204</b>	<b>13,442</b>	<b>10,446</b>

## Note 19: Employee Entitlements

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Staff Annual and Long Service Leave vested	8,146	8,460	7,971	8,393
Sick Leave	18	19	18	19
Other Employee Entitlements	2,752	2,542	2,752	2,534
Actuarial Valuation of Anticipated Retirement Gratuities and Long Service Leave	9,044	8,485	9,044	8,485
<b>Total Employee Entitlements</b>	<b>19,961</b>	<b>19,506</b>	<b>19,785</b>	<b>19,431</b>
Current Portion	12,088	11,938	11,912	11,863
Non Current Portion	7,873	7,568	7,873	7,568
<b>Total Employee Entitlements</b>	<b>19,961</b>	<b>19,506</b>	<b>19,785</b>	<b>19,431</b>



## Note 20: Borrowings

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Opening Balance	1,732	9,320	1,732	9,166
less Loans Repaid	(134)	(7,588)	(134)	(7,434)
<b>Closing Balance</b>	<b>1,598</b>	<b>1,732</b>	<b>1,598</b>	<b>1,732</b>
Current Portion - Loans	138	161	138	161
Non Current Portion - Loans	1,460	1,571	1,460	1,571
	<b>1,598</b>	<b>1,732</b>	<b>1,598</b>	<b>1,732</b>

The weighted average interest rate of the term liabilities is 11.5% (2006 - 10.13%).

## Note 21: General Equity

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Opening Balance</b>	<b>172,517</b>	<b>162,407</b>	<b>163,922</b>	<b>155,822</b>
Net Surplus/(Deficit)	48	10,160	(11,667)	8,151
<b>Less appropriations of net surplus to</b>				
Restricted Trusts				
Prizes, Scholarships and Trust Funds	(607)	(491)	(607)	(491)
University Created Reserves				
External Research	(25,182)	(23,598)	(25,182)	(23,598)
<b>Plus transfers from</b>				
Restricted Trusts				
Prizes, Scholarships and Trust Funds	506	557	506	557
University Created Reserves				
External Research	27,207	23,482	27,207	23,482
<b>Closing Balance</b>	<b>174,489</b>	<b>172,517</b>	<b>154,179</b>	<b>163,922</b>

## Note 22: Reconciliation of the Net Surplus with the Net Cash Flows from Operating Activities

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Net Surplus</b>	<b>48</b>	<b>10,160</b>	<b>(11,667)</b>	<b>8,151</b>
<b>Add/(Less) Non Cash Items:</b>				
Depreciation and Amortisation	15,973	14,875	15,935	14,848
Increase in Term Portion of Employee Entitlements	305	457	305	513
Net Loss on Foreign Currency	271	214	271	214
Share of Associates' Post Acquisition Profits	35	30	-	-
Conversion of receivable to share holding in subsidiary	-	-	(2,000)	-
Other	(144)	136	(10)	505
	<b>16,440</b>	<b>15,712</b>	<b>14,501</b>	<b>16,080</b>
<b>Add/(Less) Movements in Other Working Capital Items:</b>				
(Increase)/Decrease in Trade and Other Receivables	(594)	(5,049)	(1,074)	(4,791)
Increase/(Decrease) in Trade and Other Payables	2,643	(1,068)	17,535	(1,290)
(Increase)/Decrease in Inventories	(44)	(26)	(78)	(23)
Increase/(Decrease) in Income in Advance	3,907	2,263	4,420	1,750
Increase/(Decrease) in Employee Entitlements	150	512	49	443
(Increase)/Decrease in Prepayments	(592)	103	(592)	103
	<b>5,470</b>	<b>(3,265)</b>	<b>20,260</b>	<b>(3,808)</b>
<b>Add/(Less) Items Classified as Investing and Financing Activities:</b>				
Increase/(Decrease) in Property Plant & Equipment Prepayments	2,068	112	2,068	112
(Increase)/Decrease in Property Plant & Equipment Payables	(1,070)	698	(1,070)	698
Share Sales	(25)	(26)	-	-
Net (Gain)/Loss on Disposal of Assets	461	75	461	75
	<b>1,434</b>	<b>859</b>	<b>1,459</b>	<b>885</b>
<b>Other Adjustments:</b>				
Agency Adjustments	734	(729)	-	13
	<b>734</b>	<b>(729)</b>	<b>-</b>	<b>13</b>
<b>Net Cash Flow from Operating Activities</b>	<b>24,126</b>	<b>22,737</b>	<b>24,553</b>	<b>21,321</b>

## Note 23: Leases

### Lessee Disclosures

#### Finance leases

##### (a) Leasing arrangements

Finance leases relate to University buildings which become the property of the University at the conclusion of the lease term in 2046.

##### (b) Finance lease liabilities

	Minimum Future Lease Payments				Present Value of minimum future lease payments			
	Consolidated		University		Consolidated		University	
	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
No later than 1 year	164	164	164	164	154	154	154	154
Later than 1 year and not later than 5 years	655	655	655	655	459	459	459	459
Later than five years	5,516	5,680	5,516	5,680	731	733	731	733
Minimum Lease Payments	6,335	6,499	6,335	6,499	1,344	1,345	1,344	1,345
Less future finance charges	(4,991)	(5,154)	(4,991)	(5,154)	-	-	-	-
<b>Present value of minimum lease payments</b>	<b>1,344</b>	<b>1,345</b>	<b>1,344</b>	<b>1,345</b>	<b>1,344</b>	<b>1,345</b>	<b>1,344</b>	<b>1,345</b>

#### Operating Leases

##### (a) Leasing Arrangements

The University has leased various properties and items of equipment.

These commitments include the lease with Waikato-Tainui for the Campus land. The initial term of the lease is 50 years with 39 years remaining with future rights of perpetual renewal provided the University continues to use the Campus wholly or primarily for the purpose of tertiary education or research.

This lease agreement was reviewed in 2006, with the annual lease payments increasing to \$2.1M. The University is currently in negotiations to finalise the annual lease charge for the next five years.

The University also leases the Tauranga Campus at a total annual cost of \$422,407. There are four separate leases with lease renewable terms ranging from 8 to 15 years. The leases expire between 2012 and 2018.

The Ruakura satellite Campus is leased from various lessors with initial lease terms of 6 and 12 years renewable thereafter on a three yearly basis and expiring between 2007 and 2012. Total Ruakura lease costs for 2007 were \$370,970.

One of the Ruakura leases, with an annual lease charge of \$8,720, expired in 2007 and is currently under negotiations.

The University also leases the Gisborne Campus at a cost of \$51,990. One of the leases expired in 2007 and is currently under negotiations. The other lease was for 3 years renewable for another 3 years and is due to expire in 2014. In 2007 a new lease was entered into for premises in Auckland at a total cost of \$22,100. The lease is on a two month notice period.

The University leases property in Rotorua. The lease is due for renewal in 2008 with a further three year term, expiring in 2011. Total Rotorua lease costs for 2007 were \$32,460.

There are two separate lease contracts for photocopying equipment. One lease has a variable annual lease charge of \$186,000, based on monthly volume targets. The lease expires in 2011 and is renewable. The other lease is currently under negotiation. The current draft variable annual lease charge is \$373,000. The draft lease term is for 3 years, expecting to be finalised early 2008. The lease is renewable.

	Consolidated		University	
	This Year	Last Year	This Year	Last Year
	\$000	\$000	\$000	\$000
<b>(b) Non-cancellable operating lease payments</b>				
Not longer than 1 year	3,799	3,169	3,799	3,169
Longer than 1 year and not longer than 5 years	13,656	11,924	13,656	11,924
Longer than five years	77,075	78,591	77,075	78,591
	<b>94,530</b>	<b>93,684</b>	<b>94,530</b>	<b>93,684</b>

	Consolidated		University	
	This Year	Last Year	This Year	Last Year
	\$000	\$000	\$000	\$000
<b>(c) Sub-leases</b>				
Future minimum lease receipts	10,687	11,602	10,687	11,602

	Consolidated		University	
	This Year	Last Year	This Year	Last Year
	\$000	\$000	\$000	\$000
<b>(d) Lease payments recognised in accounts</b>				
Minimum lease payments	3,134	2,243	3,134	2,243
Contingent rents	-	-	-	-
Sub-lease payments	342	339	342	339
	<b>3,476</b>	<b>2,582</b>	<b>3,476</b>	<b>2,582</b>

## Lessor Disclosures

### Operating Leases

#### (a) Leasing Arrangements (Receivables)

Operating leases relate to shops on campus, and residential premises adjacent to the University. Lease terms are for terms of between 2 & 49 years with various options to renew. The lessees do not have the option to purchase at the expiry of the lease period.

	Consolidated		University	
	This Year	Last Year	This Year	Last Year
	\$000	\$000	\$000	\$000
<b>(b) Non-cancellable operating lease receivables</b>				
Not longer than 1 year	789	695	789	695
Longer than 1 year and not longer than 5 years	2,825	2,484	2,825	2,484
Longer than five years	8,830	10,123	8,830	10,123
	<b>12,444</b>	<b>13,302</b>	<b>12,444</b>	<b>13,302</b>

## Note 24: Commitments

### Capital Commitments

The University has the following estimated capital expenditure contracted:

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Facilities Management Capital Projects	1,459	96	1,459	96

## Note 25: Contingent Liabilities

### University Contingent Liabilities

A guarantee has been given to the Bank of New Zealand for an overdraft facility of \$48,000 (2006 - \$48,000) on a continuing basis to the Campus Creche Trust. The University routinely monitors the financial performance of Campus Creche Trust. The likelihood of the guarantee being called upon is estimated to be very low.

The University is involved in personal grievance claims taken against it by staff members. The liability the University may incur is estimated at \$10,000 (2006 - Nil).

There are no contingencies for building fitout subject to lease negotiations expected to be finalised in 2007 (2006 - \$50,000).

There are no other known contingent liabilities.

### Share of Associate's Contingent Liabilities

U Leisure would be liable to repay Coca Cola Amatil \$8,000 if their contract is cancelled. The University's share of this liability is \$4,000.

For the subsidiaries and associates included in the consolidated financial statements there are no other contingent liabilities.

## Note 26: Financial Instruments

### Fair Value

The estimated fair value of the University's financial instruments are equivalent to their carrying amounts in the financial statements.

### Credit Risk

Financial instruments which potentially subject the University to credit risk principally consist of bank balances and accounts receivable.

Credit risk in respect of Bank and Short Term Deposits is reduced by spreading deposits over major trading banks. Receivables are unsecured, but are subject to credit control.

No collateral is held.

### Currency Risk

The University holds cash in foreign currencies. Fluctuations in foreign currency exchange rates give rise to currency risk.

The University also purchases goods and capital equipment in foreign currencies. The University manages its exposure to this foreign exchange rate risk through forward foreign exchange contracts, interest rate swaps and cross currency swaps. At balance date the University did not have any of these arrangements in place.

### Interest Rate Risk

There was a finance lease recognised in 2006 with an effective interest rate of 12.07% in 2007 (2006 - 12.07%).

There were no term loans for 2007 (2006 - none).

The effective interest rates on Investments range from 7.25% to 8.8% (2006 - 7.25% to 7.67%).



## Note 27: Related Party Transactions

The following related party transactions occurred between the University and WaikatoLink Limited, U Leisure Limited (ULL), The University of Waikato Foundation (Foundation), The Student Campus Building Fund Trust (SCBFT), LCo New Zealand Limited (LCoNZ) and The University of Waikato Alumni Association Incorporated (Alumni) occurred during the year:

	WaikatoLink	ULL	Foundation	SCBFT	LCoNZ	Alumni
	\$	\$	\$	\$	\$	\$
Payments in 2007 to:	701,560	609,605	173,848	3,975	314,705	37,095
(2006)	1,027,437	558,509	153,256	2,637	273,688	222,819
Receipts in 2007 from:	532,156	448,081	57,985	334,509	-	6,551
(2006)	120,961	663,974	87,039	310,462	-	-
Accounts Receivable at 31 December 2007 owing from:	3,444,703	66,188	87,618	-	-	-
(2006)	1,975,257	8,836	88,507	-	-	37,095
Accounts Payable at 31 December 2007 owing to:	69,414	30,290	7,108	1,198,078	46,835	-
(2006)	73,547	23,311	5,668	867,544	8,807	-

WaikatoLink Limited has an associate company, Rural Link Limited, which commenced trading in 2007.

The following transactions are between the University and Rural Link Limited.

	This Year	Last Year
	\$	\$
Total payments to Rural Link Limited	750	-
Total receipts from Rural Link Limited	-	-
Accounts Receivable at 31 December from Rural Link Limited	-	-
Accounts Payable at 31 December to Rural Link Limited	23,850	-

## Key Management Personnel

The University has interpreted key management personnel as all direct reports to the Vice Chancellor, members of Council, Finance Committee, Vice Chancellor's Committee and Risk Management Committee. Key Management Personnel, and their close family members, have had the following transactions with the University:

1. The University has previously purchased services from NZ Biotechnologies, in which a councillor's spouse is a director. The value of the work in 2007 totalled \$0 (2006 \$375). The balance outstanding at year end was \$0 (2006 \$0) The University also provided analysis services to NZ Biotechnologies to the amount of \$2,762 (2006 \$944) The balance outstanding at year end was \$3,108 (2006 \$0)
2. During the year the University purchased recruitment and feasibility services from Deloitte, in which a member of Finance Committee is a partner. These services cost \$9,773 (2006 \$21,540). There is a balance of \$0 (2006 \$0) at year end for unpaid invoices. Deloitte also purchased goods from the University totalling \$444 (2006 \$0) and at year end owed \$0 (2006 \$0).
3. The University has previously purchased security cards from Gallagher Group Ltd, in which a member of Council is a director. In 2007 these products cost \$0 (2006 \$3,442). There is a balance of \$0 at year end for unpaid invoices. The University also received various donations, research revenue and consultancy fees from Gallagher Charitable Trust and Gallagher Group Ltd. These totalled \$50,343 (2006 \$30,676). The balance outstanding at year end was \$332 (2006 \$0).
4. The University has previously contracted with Robert Pringle, a member of Council, for the provision of consultancy services. In 2007 these totalled \$0 (2006 \$8,000). The balance outstanding at year end was \$0 (2006 \$0)
5. During the year the University purchased legal services from Norris Ward McKinnon, in which a member of Council is CEO. These services cost \$226,898 (2006 the CEO was not on council). There was a balance of \$27,966 at year end for unpaid invoices. The University also received sponsorship and sundry income from Norris Ward McKinnon totalling \$3,349. The balance outstanding at year end was \$0 (2006 \$0).
6. During the year the University purchased goods and services from New Zealand Post in which a member of Council is a director. The value of these goods and services totalled \$380,507 in 2007. The balance outstanding at year end was \$45,046. This person was appointed to council during 2007.

During 2007 the University of Waikato Research Trust was established. The Trust received \$14,539,000 in revenue from the University. As at 31 December 2007 the University owed the Research Trust \$14,359,000.

The University enters into transactions with government departments and Crown agencies.

These are not separately disclosed because they are conducted on an arms length basis in the normal course of business.



**Note 28: Events after Balance Sheet date**

There were no significant events after balance date.

## Note 29: Capital Management

The University's capital is its equity, which comprise retained earnings and reserves. Equity is represented by net assets.

The Education Act 1989 requires the University to manage its revenues, expenses, assets, liabilities, investments and general financial transactions prudently to ensure the responsible use of, and accountability for public resources.

The University's planning process includes the development of the University Strategy, Academic Plan, Investment Plan and budgets. These plans set out the University's activities for the next one to three years. The University's operational budget is set annually and ensures that the planned activities are appropriately funded and that expenditure requirements of the planned activities have been identified. The University's budget is set at a level to ensure that the University's operating activities are funded from operating cash flows and also that the University's operating activities generate sufficient cash flows to fund the capital expenditure requirements of the University.

The University has in place asset management plans for major classes of assets including maintenance and renewal programmes. A budget for capital expenditure is set annually and is funded from cash generated from the University's operating activities.

The University has created a reserve within equity, for Prizes, scholarships and Trust Funds. This reserve represents funds held by the University on behalf of others and funds provided to the University by various people and are restricted for specific purposes.

## Note 30: Key Management Personnel Compensation

The compensation of the members of Council, Vice Chancellors Committee, Finance Committee and Risk Management Committee, being the key management personnel of the entity, is set out below:

	Consolidated		University	
	This Year \$	Last Year \$	This Year \$	Last Year \$
Short-term employee benefits	2,880,979	2,387,587	2,880,979	2,387,587
Post-employment benefits	70,818	100,062	70,818	100,062
Other long-term employee benefits	93,306	13,511	93,306	13,511
<b>Total</b>	<b>3,045,103</b>	<b>2,501,160</b>	<b>3,045,103</b>	<b>2,501,160</b>

### Note 31: Impacts of the adoption of New Zealand Equivalents to International Financial Reporting Standards

The University of Waikato's financial statements for the year ended 31 December 2007 are the first financial statements that comply with NZ IFRS. The University has applied NZ IFRS 1 in preparing these financial statements.

The University's transition date is 1 January 2006. The University prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 31 December 2007.

In preparing these financial statements in accordance with NZ IFRS 1, The University of Waikato has applied the mandatory exemptions and certain optional exemptions from full retrospective application of NZ IFRS.

#### Exemptions from full retrospective application elected by The University of Waikato.

The University has elected to apply the following optional exemptions from full retrospective application:

a. Business Combinations Exemption

The University has applied the business combination exemption in NZ IFRS1. It has not restated business combinations that took place prior to the 1 January 2006 transition date.

The University of Waikato is required to make the following mandatory exception from retrospective application:

a. Estimates exception

Estimates under NZ IFRS at 1 January 2006 are consistent with estimates made for the same date under previous NZ GAAP.

#### Reconciliation of equity

The following table shows the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 January 2006 and 31 December 2006.

# Notes to the Financial Statements

Reconciliation of equity - University		Previous NZ GAAP	Effect of Transition to NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect of Transition to NZ IFRS	NZ IFRS
		1 Jan 2006 \$000	1 Jan 2006 \$000	1 Jan 2006 \$000	31 Dec 2006 \$000	31 Dec 2006 \$000	31 Dec 2006 \$000
	Notes						
<b>Assets</b>							
<b>Current Assets</b>							
Cash and Cash equivalents	a	188	23,050	23,238	2,288	13,401	15,689
Accounts Receivable	c,d,e	3,956	546	4,502	8,539	753	9,292
Prepayments		2,973	-	2,973	2,870	-	2,870
Short Term Investments	a,e,g	23,182	( 23,133 )	49	16,521	( 13,508 )	3,013
Inventories		1,012	-	1,012	1,035	-	1,035
Non-current assets classified as held for sale							
<b>Total Current Assets</b>		<b>31,311</b>	<b>463</b>	<b>31,774</b>	<b>31,253</b>	<b>646</b>	<b>31,899</b>
<b>Non Current Assets</b>							
Investments in Associates		887	-	887	875	( 1 )	874
Investments		-	-	-	-	20	20
Intangibles	h	-	6,891	6,891	-	6,596	6,596
Property, Plant and Equipment	h,i	242,625	( 5,267 )	237,358	302,010	( 6,596 )	295,414
<b>Total Non Current Assets</b>		<b>243,512</b>	<b>1,624</b>	<b>245,136</b>	<b>302,885</b>	<b>19</b>	<b>302,904</b>
<b>Total Assets</b>		<b>274,823</b>	<b>2,087</b>	<b>276,910</b>	<b>334,138</b>	<b>666</b>	<b>334,804</b>
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Income in Advance	c	7,551	5,129	12,680	9,820	4,610	14,430
Accounts Payable	f	11,736	-	11,736	10,451	( 5 )	10,446
Employee Entitlements	j	11,405	15	11,420	11,844	19	11,863
Borrowings	k	80	7,302	7,382	161	-	161
<b>Total Current Liabilities</b>		<b>30,772</b>	<b>12,446</b>	<b>43,218</b>	<b>32,276</b>	<b>4,624</b>	<b>36,900</b>
<b>Non Current Liabilities</b>							
Employee Entitlements		7,055	-	7,055	7,568	-	7,568
Borrowings	i,k	7,817	( 6,033 )	1,784	1,620	( 49 )	1,571
<b>Total Non Current Liabilities</b>		<b>14,872</b>	<b>( 6,033 )</b>	<b>8,839</b>	<b>9,188</b>	<b>( 49 )</b>	<b>9,139</b>
<b>Equity</b>							
General Equity	b,d,f,h,i	155,873	( 51 )	155,822	163,713	209	163,922
Asset Revaluation Reserve	i	63,934	389	64,323	119,973	113	120,086
University Created Reserves	c	6,574	( 4,664 )	1,910	6,256	( 4,231 )	2,025
Restricted Reserves		2,798	-	2,798	2,732	-	2,732
<b>Total Equity</b>		<b>229,179</b>	<b>( 4,326 )</b>	<b>224,853</b>	<b>292,674</b>	<b>( 3,909 )</b>	<b>288,765</b>
<b>Total Liabilities and Equity</b>		<b>274,823</b>	<b>2,087</b>	<b>276,910</b>	<b>334,138</b>	<b>666</b>	<b>334,804</b>

# Notes to the Financial Statements

## Reconciliation of equity - Consolidated

		Previous NZ GAAP	Changes after Consol	Effect of Transition to NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect of Transition to NZ IFRS	NZ IFRS
	Notes	1 Jan 2006 \$000	1 Jan 2006 \$000	1 Jan 2006 \$000	1 Jan 2006 \$000	31 Dec 2006 \$000	31 Dec 2006 \$000	31 Dec 2006 \$000
<b>Assets</b>								
<b>Current Assets</b>								
Cash and cash equivalents	a	403	-	26,672	27,075	5,004	15,483	20,487
Accounts Receivable	b,c,l,m	4,003	152	463	4,618	9,229	( 312 )	8,917
Prepayments		2,973	-	-	2,973	2,870	-	2,870
Short Term Investments	a,g	26,690	-	( 26,675 )	15	18,567	( 15,543 )	3,024
Inventories		1,045	-	1	1,046	1,072	-	1,072
Non-current assets classified as held for sale	n	-	-	55	55	-	-	-
<b>Total Current Assets</b>		<b>35,114</b>	<b>152</b>	<b>516</b>	<b>35,782</b>	<b>36,742</b>	<b>( 372 )</b>	<b>36,370</b>
<b>Non Current Assets</b>								
Investment in Associates	o	2,431	120	( 803 )	1,748	3,415	( 410 )	3,005
Investments	g	-	-	-	-	-	20	20
Non-Current Accounts Receivable	m	-	-	-	-	-	750	750
Intangibles	h	0	-	6,891	6,891	-	6,906	6,906
Other Financial Assets	p	-	-	55	55	-	131	131
Investments at Fair Value through Profit or Loss	p	-	-	1,197	1,197	-	784	784
Investments in JVs at Fair Value through Profit or Loss	q	-	-	-	-	-	278	278
Property, Plant and Equipment	h	242,687	-	( 5,267 )	237,420	302,097	( 6,596 )	295,501
<b>Total Non Current Assets</b>		<b>245,118</b>	<b>120</b>	<b>2,073</b>	<b>247,311</b>	<b>305,512</b>	<b>1,863</b>	<b>307,375</b>
<b>Total Assets</b>		<b>280,232</b>	<b>272</b>	<b>2,589</b>	<b>283,093</b>	<b>342,254</b>	<b>1,491</b>	<b>343,745</b>
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Income in Advance	b,c	7,551	-	5,129	12,680	9,820	5,123	14,943
Accounts Payable	b,q,r	11,334	( 2 )	( 60 )	11,272	10,687	( 483 )	10,204
Employee Entitlements	j,r	11,411	-	15	11,426	11,905	33	11,938
Borrowings	k	80	-	7,301	7,381	161	-	161
<b>Total Current Liabilities</b>		<b>30,376</b>	<b>( 2 )</b>	<b>12,385</b>	<b>42,759</b>	<b>32,573</b>	<b>4,673</b>	<b>37,246</b>
<b>Non Current Liabilities</b>								
Employee Entitlements	r	7,055	-	56	7,111	7,568	-	7,568
Borrowings	k	7,817	-	( 6,033 )	1,784	1,620	( 49 )	1,571
<b>Total Non Current Liabilities</b>		<b>14,872</b>	<b>-</b>	<b>( 5,977 )</b>	<b>8,895</b>	<b>9,188</b>	<b>( 49 )</b>	<b>9,139</b>
<b>Equity</b>								
General Equity	b,d,f,h,i	161,678	274	456	162,408	171,532	985	172,517
Asset Revaluation Reserve	i	63,934	-	390	64,324	119,973	113	120,086
University Created Reserves	c	6,574	-	( 4,665 )	1,909	6,256	( 4,231 )	2,025
Restricted Reserves		2,798	-	-	2,798	2,732	-	2,732
<b>Total Equity</b>		<b>234,984</b>	<b>274</b>	<b>( 3,819 )</b>	<b>231,439</b>	<b>300,493</b>	<b>( 3,133 )</b>	<b>297,360</b>
<b>Total Liabilities and Equity</b>		<b>280,232</b>	<b>272</b>	<b>2,589</b>	<b>283,093</b>	<b>342,254</b>	<b>1,490</b>	<b>343,745</b>



**a. Cash and cash equivalents**

Those term deposits with maturities less than three months have been reclassified as cash and cash equivalents. The amount of \$13,401,000 has been moved. (2005 \$23,050,000), Consolidated \$15,483,000 (2005 \$26,672,000)

**b. Post-consolidation changes to Waikato Link Ltd financial position.**

Adjustments were required for changes in the WaikatoLink Ltd accounts after the figures were consolidated into the University's accounts and before the WaikatoLink Ltd accounts were audited. Consolidated debtors increased by \$30,000 (2005 \$152,000). Consolidated Income in Advance increased by \$513,000 (2005 nil) and Accounts Payable decreased by \$156,000 (2005 \$2,000). Investment in Associates increased by \$120,000 in 2005.

**c. Research Income**

Under the superseded policies most research income was recognised as it was received. Research contracts which had benchmarks specified would use these benchmarks for income recognition. Under NZ IFRS 18 'Revenue' the University is required to recognise research income in relation to the stage of completion of the project. The University has chosen to calculate the stage of completion by using the proportion of costs incurred at balance date. The impact of this was to increase accounts receivable by \$379,000 (2005 \$463,000), increase Income in advance by \$4,610,000 (2005 \$5,129,000) and decrease University Created Reserves by \$4,231,000 (2005 \$4,664,000)

**d. WaikatoLink Receivable**

The recognition of IP transferred to an associate of WaikatoLink's has required that the University recognise the work done within the University to develop the IP by way of a receivable from WaikatoLink. This increased accounts receivable by \$286,000 (2005 \$nil). There was no impact in the consolidated accounts.

**e. Foundation receivable**

Reclassification of Foundation advance from short term investments to receivables which is more appropriate for the nature of the transaction. The amount of this advance was \$89,000 (2005 \$83,000). This has no impact on the consolidated accounts.

**f. Overseas Creditors**

The University is required to adjust any overseas creditors at balance date to the spot rate on that day. The impact of this was to decrease accounts payable by \$5,000 (2005 \$nil).

**g. Holdings of Minority Interest Share Investments.**

The University has reclassified the minority share holdings it has from short term investments to non-current investments. The impact of this was to increase Investments by \$20,000 (2005 \$nil) and decrease Short Term Investments by \$20,000 (2005 \$nil).

**h. Intangibles**

The University has a large amount of software which has been capitalised with fixed assets under the superseded policies. NZ IAS 38 'Intangible Assets' requires that the software is recorded as an intangible asset and amortised over its useful life. This has resulted in an increase in Intangibles of \$6,596,000 (2005 \$6,891,000) and corresponding decreases in Property Plant and Equipment. WaikatoLink recognition of intangibles has increased the consolidated intangibles figure in 2006 by \$310,000.

**i. Finance Lease Asset and Liability**

During the IFRS conversion process a full review of our leases revealed that a lease the University had previously been treating as an operating lease was in fact a finance lease. The buildings will become the property of the University at the expiry of the lease. The buildings have been recognised at market value at the inception of the lease and a corresponding liability was recognised as this was lower than the present value of the minimum future lease payments at inception. The building was revalued as at 1 January 2005 and is being depreciated over 100 years in accordance with similar buildings. This increased Property Plant & Equipment by nil (2005 \$1,624,000) and increased the asset Revaluation Reserve by \$113,000 (2005 \$389,000), as well as increasing current borrowings in 2005 by \$2,000 and increasing non current borrowings in 2005 by \$1,267,000.

**j. Sick Leave Accrual**

Most University staff have an unlimited sick leave entitlement which requires no accrual. School Support Services and some cleaning/caretaking staff have an annual entitlement and provision to carry forward unused sick leave. This accrual has been calculated based on average excess sick leave used over the past three years. This increased Employee Entitlements by \$19,000 (2005 \$15,000). Also WaikatoLink have moved their sick leave liability of \$14,000 here from Accounts payable.

**k. Term Liabilities**

A loan facility with ASB which was previously treated as a non-current liability has been reclassified as a current liability in terms of NZ IAS 1 'Presentation of Financial Statements'. In addition an EECA loan at nil interest has been restated at fair value. The reclassification of the ASB advance increased current borrowing by \$7,300,000 in 2005 and decreased term borrowing in 2005 by the same amount. The treatment of the EECA loan has decreased non current liabilities by \$49,000 (2005 \$77,000).

**l. Trade and other receivables.**

Joint venture trade and other receivables are no longer eliminated as these are no longer consolidated. The effect of this was to increase Debtors in 2006 by \$28,000.

**m. Reclassification**

WaikatoLink Ltd have reclassified some of their accounts receivable as non-current accounts receivable to better reflect the nature of the transaction. This has decreased consolidated receivables by \$750,000 in 2006 and increased non-current receivables by the same amount.

**n. Investments moved to Current assets.**

Assets held for resale have been reclassified as such. The impact of this was to increase in 2005 current assets held for resale by \$55,000 and to decrease investments by \$55,000.

**o. Investments Accounted for Using the Equity Method**

WaikatoLink Ltd's investment in Zygem Ltd has increased due to the recognition of biological assets under NZ IAS 41 'Agriculture'. This increased investment in associates by \$504,000 in both 2005 and 2006.

**p. Other Financial Assets**

WaikatoLink Ltd have reclassified Investments to Other Financial Assets. The effect of this was to reduce investment in associates by \$131,000 (2005 \$55,000) and increase other financial assets by the same amounts. Investment in associates also decreased by \$784,000 (2005 \$1,197,000) with investments at fair value increasing by these amounts.

**q. Investments at Fair Value through Profit or Loss**

WaikatoLink Ltd are now recognising a joint venture investment at fair value through profit or loss. This increased Investments in JVs by \$278,000 (2005 \$nil). Because of the joint venture now being equity accounted accounts payable have decreased by \$22,000 (2005 \$60,000).

**r. Employee Benefit Liabilities**

WaikatoLink Ltd have reclassified employee benefit liabilities from accounts payable. This has decreased accounts payable by \$14,000 (2005 \$56,000) and increased current employee entitlements by the same amount.

## Reconciliation of Surplus for the year ended 31 December 2006

	Note	Consolidated			University		
		Previous NZ GAAP	Effect on Transition to NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect on Transition to NZ IFRS	NZ IFRS
		31 Dec 2006 \$000	31 Dec 2006 \$000	31 Dec 2006 \$000	31 Dec 2006 \$000	31 Dec 2006 \$000	31 Dec 2006 \$000
<b>Income</b>							
Government Funding and Grants		73,322	-	73,322	73,322	-	73,322
Fees Income		61,522	-	61,522	61,522	-	61,522
Research Income	a	20,317	489	20,806	20,317	489	20,806
Interest Received		3,005	-	3,005	2,728	-	2,728
Other Income	a,b,c,d,i,j,k	24,737	( 1,090 )	23,647	20,268	232	20,500
Donations		633	-	633	602	-	602
<b>Total Income</b>		<b>183,536</b>	<b>( 602 )</b>	<b>182,935</b>	<b>178,759</b>	<b>721</b>	<b>179,480</b>
<b>Costs</b>							
Academic Salaries		63,899	-	63,899	63,899	-	63,899
General Salaries	e	38,901	4	38,905	38,907	4	38,911
Other Costs	d,f,g,h,i,j	56,391	( 1,563 )	54,828	53,649	( 208 )	53,441
Finance Costs	h	-	230	230	-	230	230
Depreciation		14,875	-	14,875	14,848	-	14,848
<b>Total Costs</b>		<b>174,066</b>	<b>( 1,329 )</b>	<b>172,737</b>	<b>171,303</b>	<b>26</b>	<b>171,329</b>
<b>Operating Surplus</b>		<b>9,470</b>	<b>728</b>	<b>10,198</b>	<b>7,456</b>	<b>695</b>	<b>8,151</b>
Share of Associate Surplus/(Deficit)	c	-	( 30 )	( 30 )	-	-	-
Share of JV Surplus/(Deficit)		-	( 8 )	( 8 )	-	-	-
<b>Net Surplus</b>		<b>9,470</b>	<b>690</b>	<b>10,160</b>	<b>7,456</b>	<b>695</b>	<b>8,151</b>

a. **Recognition of Research Income**

This represents the movement in the income in advance liability relating to the recognition of research income on the stage of completion basis. This change increased research income by \$489,000 and decreased other income by \$54,000.

b. **Recognition of Additional Income from WaikatoLink Ltd**

This represents the additional income from WaikatoLink to allow WaikatoLink to recognise the work done by the University on a project subsequently recognised as an asset in their accounts. This increased other income by \$286,000 (2005 \$nil). There was no impact on the consolidated income.

c. **Share of Associate Surplus**

As required by NZ IAS1 the share of associates surplus must be shown separately in the Income Statement. This has resulted in the movement of \$258,000 in the consolidated accounts from other income to share of associate surplus. This was offset by WaikatoLink bringing through a loss from associates of \$288,000. WaikatoLink also recognised a loss from JV of \$8,000.

d. **Joint venture transactions**

Joint venture revenues and expenses have been eliminated. WaikatoLink additional eliminations decreased other income by \$40,000, and decreased other expenses in the consolidated statement by \$52,000.

e. **Sick leave liability**

This represents the increase in the sick leave provision for some general staff on specified contracts. This provision was not recognised under previous NZ GAAP. Salaries increased by \$4,000.

f. **EECA Loan**

Under NZ IFRS the EECA loan has been subsequently measured at amortised cost using the effective interest method. The effective interest method allocates interest over the life of the loan to the statement of financial performance. Other costs increased by \$29,000.

g. **Overseas Creditors**

Under NZ IFRS overseas creditors need to be recorded at the spot rate at balance date. The foreign exchange adjustment goes through the income statement. The impact of this was to decrease other costs by \$5,000.

h. **Finance Costs**

NZ IAS 1 requires finance costs to be shown separately on the face of the Income Statement. Finance costs of \$230,000 were moved from other costs to finance costs.

i. **Foreign Exchange**

WaikatoLink have reclassified foreign exchange losses. This has resulted in a decrease in other income by \$16,000 and a decrease in other costs by \$16,000.

j. **Inter-entity transactions**

The dividend from WaikatoLink has been eliminated decreasing other income by \$1,000,000. Other expenses have also been decreased by \$1,000,000. The Khipu adjustment of \$286,350 has been eliminated from both other income and other expenses.

k. **Post-Audit Changes**

There were some changes to the WaikatoLink accounts after the University consolidated the 2006 accounts. These changes decreased other income by \$278,000.

## Statement of cash flows

On transition to NZ IFRS the statement of cash flows for the year ended 31 December 2006 now shows repayment of the finance lease of \$1,310, this amount has been moved from supplier payments under operating activities to financing activities. Recognition of the EECA loan at amortised cost has resulted in a movement of \$28,522 from the loans repaid figure under financing activities to the interest paid figure under operating activities.

The net GST movement for the year of \$429,000 has been included in the statement.

There have been no other material adjustments to the statement of cash flows for the year ended 31 December 2006, on transition to NZ IFRS.

## Note 32: University of Waikato Research Trust

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Transfer to Research Trust through Income Statement	-	-	14,539	-
	-	-	<b>14,539</b>	-

The University of Waikato Research Trust was created to provide for the advancement of education and academic research at the University.

The accumulated research funds held in University Equity at 31 December 2007 were transferred through the Income Statement to the Research Trust. The funds transferred are accumulated surpluses generated from externally funded research projects. These surpluses have been previously committed to fund continuing research.

## GOAL 1: TO PROVIDE A WORLD-CLASS, DISTINCTIVE, RELEVANT AND SUSTAINABLE PROGRAMME OF TEACHING AND LEARNING

Actions	2007 Deliverables	2007 Progress Report		Achievement
Enhance teaching and learning through the development of an organisational culture that builds staff capability and academic leadership	Implementation of a new organisational framework for enhancing teaching and learning	A number of core components required for an effective organisational framework for enhancing teaching and learning have been identified by the Teaching Quality Committee (TQC) and will be developed as projects for 2008. During 2007, work of the Committee has included: <ul style="list-style-type: none"> <li>• Development of a draft policy on Review and Evaluation of Teaching and Papers</li> <li>• Draft Workload Model</li> <li>• Draft Assessment handbook</li> </ul>		Ongoing
	Implementation of a robust course and teaching student appraisal system which demonstrates a high level of student confidence in teaching quality	A Policy on the Review and Evaluation of Teaching and Papers is being developed for consultation during the first half of 2008.		Ongoing
Action	Deliverables	2007 Target	2007 Result	Achievement
In partnership with Te Rōpū Manukura, enhance strategies associated with recruitment and retention of Māori students and for delivering quality educational outcomes relevant to Māori development priorities.	Increased Māori student enrolments ( <i>number of students who are Māori as a proportion of all domestic students</i> )	>23%	23%	Not Achieved
	Improved Māori student retention rate <sup>1</sup> [ <i>retention rate of non-Māori domestic students provided for comparison</i> ]	>56 %	58% (Māori) 62% (Non-Māori)	Achieved

# Statement of Service Performance

Actions	2007 Deliverables	2007 Progress Report	Achievement
<p>Enhance policies and processes for ensuring that learning outcomes are consistent with approved graduate profiles</p>	<p>Documented evidence that learning outcomes are consistent with approved graduate profiles.</p>	<p>A cycle of external programme reviews has been established and will inform review of graduate profiles. New qualifications have graduate profiles developed as required by CUAP.</p> <p>Policy on Review and Evaluation of Teaching and Papers (see above) will ensure that teaching and papers align with graduate profiles for qualifications.</p> <p>Alignment with the University's focus on Distinctiveness and International Connectedness will be a primary concern when individual graduate profiles are reviewed.</p>	<p><b>On-going</b></p>
<p>Develop and apply a teaching quality assurance framework which:</p> <ul style="list-style-type: none"> <li>• is based on rigorous peer review and moderation</li> <li>• ensures a transparent application of best practice linked to international benchmarks</li> <li>• provides a learning experience that is underpinned by research, and makes this explicit to students</li> <li>• ensures effective succession planning</li> <li>• rewards teaching excellence.</li> </ul>	<p>Implementation of a teaching quality assurance framework consistent with this action, as recommended in the Academic Audit</p>	<p>An annual first-year student satisfaction survey has been implemented. A range of recommendations from the first occurrence of the survey will be implemented in 2008.</p> <p>A draft workload model for the University has been developed and is scheduled for internal consultation in early 2008.</p> <p>The University Assessment Handbook is currently being revised for consultation and it is anticipated that a new version of the Assessment Handbook will be published in the first half of 2008.</p> <p>The University's Teaching and Learning Framework 2005-2006 is currently being revised, with internal consultation scheduled for May 2008.</p> <p>A cycle of programme reviews has been established with the first three reviews due to be completed in early 2008.</p>	<p><b>On-going</b></p>
	<p>Implementation of policies to ensure that the quality assurance framework also applies to fixed-term and contract teaching staff</p>	<p>The Teaching Quality Committee is currently reviewing the University's staff induction and training policies and practices with the view to ensuring a consistent internal understanding of the University's academic quality assurance framework, and ensuring that training includes all academic staff, including those on a fixed-term contract and undertaking contract teaching.</p> <p>Recommendations are due to be submitted to the new Head of HR in early 2008.</p>	<p><b>On-going</b></p>

## GOAL 2: TO BE RECOGNISED NATIONALLY AND INTERNATIONALLY FOR RESEARCH EXCELLENCE

Refer also to the institutional growth targets

Actions	2007 Deliverables	2007 Progress Report		Achievement
Foster across the whole university a creative, lively and invigorating intellectual culture, which recognises the central role of postgraduate students and becomes part of the national and international reputation of the institution.	Expanded public lecture programme.	A programme of individual public lectures was held throughout 2007. A major public lecture series developed in collaboration with AgResearch is scheduled to be held in March 2008, with planning currently underway for other public lecture series and individual public lectures to be held during 2008.		<b>Not Achieved</b>
	Campus-wide postgraduate student seminar series, with awards.	A Māori graduate and postgraduate student conference, Te Toi o Matariki was held during October 2007, and included presentations by postgraduate students on their research. A campus-wide postgraduate student seminar series and a postgraduate student award programme are currently under development for implementation in 2008.		<b>Partially Achieved</b>
	Review of policies for ensuring high standards of postgraduate supervision.	The structure of committees associated with Postgraduate Studies, Scholarships and Research is to be reviewed early in 2008. The University's commitment to ensuring high standards of postgraduate supervision is part of the rationale for this review.		<b>Not Achieved</b>
	Increased scholarship support for domestic and international postgraduate students.	<b>2006</b> 621 Graduate/ Postgraduate Scholarships awarded totaling \$7,894,575	<b>2007</b> 773 Graduate/ Postgraduate Scholarships awarded totaling \$8,502,545	<b>Achieved</b>
Ensure that the University's research expectations of staff are well understood and are linked to international benchmarks.	Development and University-wide adoption of internationally benchmarked guidelines and associated policy for research performance and outcomes.	International benchmarks have been used as the basis for a range of teaching and research targets in the Academic Plan 2008-2010. This framework of benchmarks will be reviewed in 2008.		<b>Achieved</b>
	Academic workload models in the Faculty/Schools which <ul style="list-style-type: none"> <li>reflect agreed international benchmarks</li> <li>provide, for staff individually and collectively, appropriate flexibility and optimum balance between teaching, research and other responsibilities consistent with long-term planning</li> </ul>	A draft workload model for the University has been developed and is scheduled for internal consultation in early 2008.		<b>On-going</b>



## GOAL 3: TO BE RECOGNISED NATIONALLY AND INTERNATIONALLY AS HAVING A ROLE IN NEW ZEALAND'S TERTIARY EDUCATION SECTOR THAT IS TRULY DISTINCTIVE

Actions	2007 Deliverables	2007 Progress Report	Achievement
<p>Develop a clear identity based on a unique "Waikato experience" linked to</p> <ul style="list-style-type: none"> <li>our location, heritage, partnerships with Māori and unique regional and cultural resources</li> <li>our commitment to enhancing the Pacific and multi-cultural dimensions of our special character</li> <li>the uniqueness, beauty and safety of our campus environment, our first-class facilities and the profile of our Hamilton campus as a shared community resource</li> <li>the effectiveness of the University's partnerships with local authorities in fostering a positive and vibrant student culture throughout the community.</li> </ul>	<p>Invest in a \$55M capital development programme, including:</p> <ul style="list-style-type: none"> <li>Student Hub in Hamilton to define the "heart" of the campus and provide enhanced learning, recreational and social spaces for students and staff</li> <li>A Law and Management facility to support the joint work of the two Schools, and</li> <li>A new generation University presence in Tauranga</li> </ul>	<p>Design for the Student Centre/Hub project is well advanced, with construction scheduled to commence in June 2008.</p> <p>The case for investment in a new Law/Management School facility is being revised in the context of capital development priorities more broadly. The strategic basis for a case to extend tertiary provision in the Bay of Plenty is being developed in collaboration with the Bay of Plenty Polytechnic, and in consultation with the Tertiary Education Commission.</p>	<p><b>On-going</b></p>
	<p>Through the office of the Pro Vice-Chancellor (Māori), and involving the iwi of Te Rōpū Manukura, development, resourcing and delivery of an annual programme of events campus-wide which build on the Māori dimensions of our special character</p>	<p>An extensive Māori cultural programme has been operating throughout 2007, with events including a 'Cultural Extravaganza' event held at the academy, regular cultural hour activities, and a Kapa Haka competition.</p>	<p><b>Achieved</b></p>
	<p>In collaboration with the International Office and Pacific staff, development, resourcing and delivery of an annual programme of events campus-wide which build on the Pacific and multi-cultural dimensions of our special character.</p>	<p>No significant Pacific events programme was held during 2007.</p>	<p><b>Not Achieved</b></p>
	<p>Development and delivery of a professional development plan for all staff to develop competence in te reo and tikanga Māori.</p>	<p>Throughout 2007, opportunities have been extended to staff to participate in Marae activities.</p> <p>Plans are underway for extension, during 2008, of the University's Kanohi ki te Kanohi programme which provides staff with an opportunity to encounter Māori protocols and culture directly and to develop a better understanding of important issues for a bicultural organisation committed to the Treaty of Waitangi.</p>	<p><b>On-going</b></p>
	<p>Development and adoption of goals for enhanced links with Hamilton City Council and other local government agencies in our region to foster the concept of Hamilton as a 'university city', and collaborate to each other's mutual benefit.</p>	<p>The University has had major input into discussions and plans about the future of the city of Hamilton with several meetings having been held with the Hamilton City Council and Wintec about a combined approach to the development of the concept of Hamilton as a 'university city'.</p>	<p><b>On-going</b></p>



# Statement of Service Performance

Actions	2007 Deliverables	2007 Progress Report	Achievement
<p>Foster wealth creation and a distinctive identity for the region through a model network of partnerships with other research organisations, enterprises and regional agencies</p>	<p>Development and implementation of clear goals for the enhancement of the role of WaikatoLink in establishing closer working relationships with university researchers and the business and R&amp;D sectors</p>	<p>Construction of a central University Research Hub in B Block, which is due for completion in early 2008, will provide a visible and high profile location for the WaikatoLink and the University's research activities. A submission for a "Tech Bridge" initiative has been put forward for TEC Encouraging and Supporting Innovation Funding. The purpose of the project is to provide infrastructure and focussed research capability to service unmet regional and national industry needs through technology platforms.</p>	<p><b>On-going</b></p>

## GOAL 4: WITH AN INTERNATIONAL PERSPECTIVE, TO CONTRIBUTE TO THE SOCIAL, CULTURAL, ENVIRONMENTAL AND ECONOMIC DEVELOPMENT, AND THE WELL-BEING, OF OUR REGION AND THE NATION

Actions	2007 Deliverables	2007 Progress Report	Achievement
Extend and enhance the University's contribution in its statutory role as critic and conscience of society	Expanded public lecture programme	A programme of individual public lectures was held throughout 2007. A major public lecture series developed in collaboration with AgResearch is scheduled to be held in March 2008, with planning currently underway for other public lecture series and individual public lectures to be held during 2008.	<b>Not Achieved</b>
	Enhanced community education programme with topical themes, delivered by staff of the University.	Development of the University's community education programmes will form part of the University's external communications plan which is to be developed in 2008.	<b>Not Achieved</b>
Support our region's social and cultural development and economic and environmental sustainability by creating opportunities for a joint approach to a comprehensive and seamless tertiary education system in the region, through collaboration with other tertiary providers and agencies	Adoption of stair-casing and liaison protocols in relation to the wānanga, Bay of Plenty Polytechnic and other polytechnics in our region	The development of pathway and staircasing relationships with Te Wānanga o Aotearoa, Bay of Plenty Polytechnic and Waiariki Polytechnic, along with other regional tertiary providers, is continuing. A Pathways Project Administrator post has been created as part of the University's Staircasing project. Development of a web-enabled version of the University's credit database is underway and funding for this development has been sought through the TEC's Encouraging and Supporting Innovation Fund.	<b>On-going</b>

# Statement of Service Performance

Actions	2007 Deliverables	2007 Progress Report	Achievement
<p>Deliver international excellence for the benefit of our region by</p> <ul style="list-style-type: none"> <li>• using objective analyses of where our economy and society are heading as key criteria in our academic and research planning</li> <li>• forming relationships and partnerships internationally, which create innovative and enabling technologies and build expertise in support of economic and development outcomes relevant to the region's needs</li> <li>• developing closer working relationships with other research providers in our region, to maximise the opportunities from our location at the heart of an "Innovation Zone"</li> <li>• assuming a key role in partnership with the iwi represented by Te Rōpū Manukura, so that our teaching and research meet their aspirations, our methods of delivery are consistent with their needs, and so that together we plan and deliver research outcomes that are aligned with their research priorities and contribute to Māori sustainable development and well-being</li> <li>• enhancing links with the Hamilton City Council and other local government agencies in our region to foster the concept of Hamilton as a 'university city'</li> <li>• working closely with SmartGrowth so that our teaching and research meet the Bay of Plenty region's growth and development needs</li> <li>• using the University's capacity for invention and innovation in order to commercialise intellectual property in support of regional wealth creation.</li> </ul>	<p>Undertake a regular programme of meetings with Katolyst (Waikato Innovation Park/ Tourism Waikato/ Business Development Centre).</p>	<p>A regular programme of meetings with Katolyst was held during 2006 and 2007.</p>	<p><b>Achieved</b></p>
	<p>Three Tier 1 strategic international alliances within framework of agreed International Strategy</p>	<p>Criteria, principles and outcomes for international strategic alliances have been agreed by University. This initiative is currently being taken forward by the Vice-Chancellor.</p>	<p><b>On-going</b></p>
	<p>Development of Agribusiness Strategy in collaboration with the AgMart Trust and AREN (Agribusiness Research and Extension Network).</p>	<p>The University is building on its existing strengths in Agritech and Agbio research and training by developing and expanding its undergraduate and postgraduate programmes in collaboration with key stakeholder groups to better serve stakeholder and regional needs and drive economic transformation. During 2007 the University signed a Strategic Partnership with the NZ Fieldays. This Strategic Partnership will be of relevance to developments in this area.</p>	<p><b>On-going</b></p>
	<p>Two major externally-funded research projects in collaboration with Te Rōpū Manukura.</p>	<p>A 2008 summer research internship programme has been developed in collaboration with Te Rōpū Manukura</p>	<p><b>Not Achieved</b></p>
	<p>Identification and provision of a portfolio of unique staff and student benefits.</p>	<p>The "UniMarket" University purchasing network has been extended to staff, enabling them to take advantage of arrangements negotiated with the University's preferred suppliers. Extension of the purchasing network to students will be considered in 2008.</p>	<p><b>Partially Achieved</b></p>
	<p>Development and adoption of goals for enhanced links with Hamilton City Council and other local government agencies in our region to foster the concept of Hamilton as a 'university city', and collaborate to each other's mutual benefit.</p>	<p>The University has had major input into discussions and plans about the future of the city of Hamilton, with several meetings having been held with the Hamilton City Council and Wintec about a combined approach to the development of the concept of Hamilton as a 'university city'.</p>	<p><b>On-going</b></p>
	<p>Through the Bay of Plenty Tertiary Education Board (also involving SmartGrowth), the development and adoption of goals to foster a dynamic tertiary student culture in Tauranga.</p>	<p>Regular meetings of the Bay of Plenty Tertiary Education Board have been held throughout 2007. The Board has had significant input into the University's joint proposal with the Bay of Plenty Polytechnic to expand tertiary education provision in the region. A range of meetings have been held with stakeholders in the Bay of Plenty with a view to establishing stakeholder need in the region. The needs identified through this process have been reflected in the joint proposal.</p>	<p><b>On-going</b></p>

## GOAL 5: TO ACHIEVE ADMINISTRATIVE EXCELLENCE IN SUPPORT OF CORE ACTIVITIES

Actions	2007 Deliverables	2007 Progress Report	Achievement
Develop and enhance administrative leadership in a way that empowers staff in their research and teaching	Development and implementation of leadership training programmes for academic and general staff	To be addressed during 2008 as part of the implementation of the leadership theme of the University's Distinctiveness.	<b>Not Achieved</b>
While still allowing for diversity and innovation where appropriate, ensure coherent, efficient and effective systems for <ul style="list-style-type: none"> <li>• student learning development &amp; pastoral care</li> <li>• financial and asset management</li> <li>• academic administration</li> <li>• capital development (including space utilisation)</li> <li>• risk management</li> <li>• research management</li> <li>• public relations, marketing and communications</li> <li>• information management</li> <li>• planning &amp; decision-making</li> <li>• policy compliance.</li> </ul>	Revised systems as listed	A Corporate/Operations Plan will be developed in 2008. It will address and make recommendations with respect to the range of systems detailed.	<b>On-going</b>
	Revised committee structures, which ensure that committees collectively are streamlined, pertinent, efficient, and work to clear terms of reference	Revised committee structures will be addressed as part of the Corporate/Operations Plan.	<b>On-going</b>
	Clearly-understood and transparent financial model of the University, which informs decision-making, assists with forward planning and underpins the budget process.	Revised budget principles have been agreed, and a budget model and financial strategy are to be developed taking account of these principles.	<b>On-going</b>
Develop and enhance HR policies and practices to ensure that <ul style="list-style-type: none"> <li>• they are consistent with leading practice</li> <li>• training and development practices exist, are consistent, and are linked to key skills for specific functions</li> <li>• performance is assessed against a competency framework incorporating identified skills relating to staff members' positions.</li> </ul>	Development and enhancement of HR policies and practices as listed	A major review of all HR policies and practices will be undertaken by the new Head of HR as a matter of priority during 2008.	<b>Not Achieved</b>

## GOAL 6: TO APPLY STRONG LEADERSHIP AND BEST PRACTICE IN ENSURING THAT GOVERNANCE AND MANAGEMENT ROLES ARE COORDINATED, COMPLEMENTARY AND EFFECTIVE IN ACHIEVING THE UNIVERSITY'S GOALS

See also Goal 5 above.

Actions	2007 Deliverables	2007 Progress Report	Achievement
Through impetus and example in all leadership roles, foster and project a culture of energy, optimism, unity of purpose, shared pride and shared accountability at all levels of the University.	Development and implementation of an annual employee satisfaction survey focussed on the University as a good employer.	The newly appointed Head of HR will lead the process of designing and implementing an annual employee satisfaction survey during 2008.	<b>Not Achieved</b>
	Revised Staff Code of Conduct which helps foster a culture of mutual respect, trust and candour	The new Head of HR will lead the process of reviewing the staff code of conduct during 2008.	<b>Not Achieved</b>

## HIGH LEVEL FINANCIAL KPIS

Fiscal Indicator	2007 Target	2007 Actual	Achievement
Return on Income	3.5% to 4.5%	-6.3%	<b>Not Achieved</b>
Return on Assets	0.9%	-3.4%	<b>Not Achieved</b>
Net operating cash flows	At least 105%	115.5%	<b>Achieved</b>
Liquid assets as a percentage of cash out	At least 9%	10.6%	<b>Achieved</b>
Liquidity (working capital %)	100%	80.4%	<b>Not Achieved</b>
Debt management (borrowing as a percentage of total assets)	6.5%	0.5%	<b>Achieved</b>
Interest expense as a percentage of operating surplus	Less than 33%	-1.7%	<b>Achieved</b>

## INSTITUTIONAL GROWTH TARGETS

	2006	2007 (Target)	2007 (Actual)	Achievement
Domestic EFTS (i.e. student component funded)	7,697	8,100	7,900	<b>Not Achieved</b>
International EFTS (i.e. full-cost international)	2,403	2,900	1,746	<b>Not Achieved</b>
Other full-cost EFTS (i.e. STAR)	34		62	<b>N/A</b>
Total EFTS	10,134	11,000	9,708	<b>Not Achieved</b>
Total Postgraduate EFTS as % of total EFTS	18.0%	16.0%	15.4%	<b>Not Achieved</b>
Research postgraduate EFTS as % of total EFTS	2.9%	6.5%	4.9%	<b>Not Achieved</b>
External research revenue	\$20m	\$30m	\$23m	<b>Not Achieved</b>
External research revenue (excluding PBRF) as a % of total revenue	11.6%	16%	2.9%	<b>Not Achieved</b>
Compound increase in commercialisation activity	35%	10%	-7%	<b>Not Achieved</b>
University surplus as a % of revenue	4.5%	3%	-6.3%	<b>Not Achieved</b>

### Footnotes

- For the purposes of this indicator, retention means enrolment by students in consecutive years.

## Number of Students in Formal Programmes

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Gender</b>	12,750	13,260	14,044	14,405	14,023	13,068	12,561	12,031
Female	7,560	7,702	8,115	8,258	8,040	7,462	7,274	7,024
Male	5,190	5,558	5,929	6,147	5,983	5,606	5,287	5,007
<b>Total</b>	<b>12,750</b>	<b>13,260</b>	<b>14,044</b>	<b>14,405</b>	<b>14,023</b>	<b>13,068</b>	<b>12,561</b>	<b>12,031</b>

<b>Ethnicity</b>	2000	2001	2002	2003	2004	2005	2006	2007
Pakeha/European	7,131	6,951	6,753	6,467	6,335	5,964	5,962	5,737
New Zealand Māori	2,662	2,548	2,507	2,460	2,480	2,259	2,225	2,307
Pacific Islander	413	410	406	405	411	396	433	453
Chinese	1,086	1,815	2,723	3,211	2,963	2,633	2,242	1,675
Indian	183	186	249	314	314	299	290	294
Other	1,275	1,350	1,406	1,548	1,520	1,517	1,409	1,565
<b>Total</b>	<b>12,750</b>	<b>13,260</b>	<b>14,044</b>	<b>14,405</b>	<b>14,023</b>	<b>13,068</b>	<b>12,561</b>	<b>12,031</b>

<b>Origin (Home address)</b>	2000	2001	2002	2003	2004	2005	2006	2007
Core Region	8,943	8,788	8,471	8,301	8,025	8,406	8,714	8,338
Inner Periphery	800	743	679	633	597	545	483	512
Outer Periphery	674	594	560	553	550	516	519	527
Auckland	759	685	719	819	885	1,059	953	899
Wellington	105	107	108	116	161	197	168	142
South Island	96	78	115	125	159	172	143	131
Overseas	1,373	2,265	3,392	3,858	3,646	2,173	1,581	1,482
<b>Total</b>	<b>12,750</b>	<b>13,260</b>	<b>14,044</b>	<b>14,405</b>	<b>14,023</b>	<b>13,068</b>	<b>12,561</b>	<b>12,031</b>

<b>Levels of study (Number of enrolments by qualification)</b>	2000	2001	2002	2003	2004	2005	2006	2007
Foundation	1,167	2,107	3,135	2,643	1,473	871	788	991
Undergraduate	9,295	9,344	9,277	9,861	10,190	9,817	9,440	8,949
Graduate/Postgraduate (exl.MPhil & Doctoral)	2,628	2,585	2,883	3,166	3,168	2,776	2,583	2,463
MPhil and Doctoral	481	459	472	446	436	440	480	488
<b>Total</b>	<b>13,571</b>	<b>14,495</b>	<b>15,767</b>	<b>16,116</b>	<b>15,267</b>	<b>13,904</b>	<b>13,291</b>	<b>12,893</b>

## Student Performance

<b>Number of qualifications completed</b>	2000	2001	2002	2003	2004	2005	2006	2007
Foundation	429	889	1,347	2,230	1,824	512	528	609
Undergraduate	2,178	2,011	2,100	1,792	1,717	1,696	2,030	1,814
Graduate/Postgraduate (exl.MPhil & Doctoral)	1,118	1,217	1,128	1,164	1,224	1,026	1,334	1,260
MPhil and Doctoral	52	56	70	70	59	38	50	72
<b>Total</b>	<b>3,777</b>	<b>4,173</b>	<b>4,645</b>	<b>5,256</b>	<b>4,824</b>	<b>3,272</b>	<b>3,942</b>	<b>3,755</b>

<b>Number of papers undertaken</b>	2000	2001	2002	2003	2004	2005	2006	2007
% completed	89%	89%	89%	88%	91%	91%	91%	89%
% passed	85%	83%	83%	81%	83%	84%	84%	80%

## Equivalent Full-Time Students (EFTS)

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Total EFTS</b>	10,552	10,884	11,543	11,595	11,418	10,657	10,134	9,708
<b>Source of funding</b>								
Government-funded	9,345	8,989	8,787	8,613	8,441	7,839	7,697	7,900
Full-cost international	1,060	1,823	2,715	2,919	2,920	2,750	2,403	1,746
Other full-cost	147	72	41	64	57	68	34	62
<b>Total</b>	<b>10,552</b>	<b>10,884</b>	<b>11,543</b>	<b>11,595</b>	<b>11,418</b>	<b>10,657</b>	<b>10,134</b>	<b>9,708</b>
<b>Ethnicity</b>								
Pakeha/European	5,887	5,639	5,454	5,400	5,038	4,683	4,634	4,596
New Zealand Māori	2,191	2,066	2,014	1,738	1,929	1,781	1,714	1,782
Pacific Islander	364	354	341	313	337	330	355	368
Chinese	828	1,478	2,292	2,575	2,650	2,418	2,016	1,413
Indian	162	162	207	254	257	243	234	251
Other	1,120	1,185	1,235	1,315	1,208	1,202	1,181	1,298
<b>Total</b>	<b>10,552</b>	<b>10,884</b>	<b>11,543</b>	<b>11,595</b>	<b>11,418</b>	<b>10,657</b>	<b>10,134</b>	<b>9,708</b>
<b>Level of Study</b>								
Foundation	909	1,457	2,005	1,622	1,060	758	763	840
Undergraduate	7,663	7,541	7,423	7,819	8,238	7,744	7,518	6,780
Graduate/Postgraduate (exl.MPhil & Doctoral)	1,704	1,629	1,848	1,837	1,827	1,876	1,556	1,760
MPhil and Doctoral	276	257	267	317	293	280	298	328
<b>Total</b>	<b>10,552</b>	<b>10,884</b>	<b>11,543</b>	<b>11,595</b>	<b>11,418</b>	<b>10,657</b>	<b>10,134</b>	<b>9,708</b>
<b>Schools of Studies</b>								
Arts & Social Sciences	2,920	3,319	3,862	3,462	3,005	2,166	2,091	1,979
Computing and Mathematical Sciences	883	939	905	946	978	921	851	790
Education	2,503	2,338	2,306	2,302	2,276	2,136	2,060	2,035
Law	588	523	526	538	542	532	562	573
Management	2,202	2,410	2,650	3,032	3,235	3,184	2,880	2,597
Māori & Pacific Development	411	383	376	408	400	372	346	362
Science & Engineering	1,018	948	893	876	953	914	926	920
Other	28	23	25	30	29	431	419	452
<b>Total</b>	<b>10,552</b>	<b>10,884</b>	<b>11,543</b>	<b>11,595</b>	<b>11,418</b>	<b>10,657</b>	<b>10,134</b>	<b>9,708</b>

The International Global Change Institute, previously reported under Other, is now reported under Science & Engineering. This change involves 8 FTE.



## Staff Profile (Full time equivalent staff numbers (FTE))

	2003	2004	2005	2006	2007
Total FTE	1,788	1,795	1,678	1,577	1,542
Academic	756	754	705	648	625
Other	1,032	1,042	973	929	917
<b>Total Staff</b>	<b>1,788</b>	<b>1,795</b>	<b>1,678</b>	<b>1,577</b>	<b>1,542</b>

### Seniority of Academic Staff

Professors	61	72	81	88	87
Associate Professors	62	65	65	68	75
Senior Lecturers	222	233	234	220	212
Lecturers	191	174	154	134	119
Other	220	210	171	139	132
<b>Total</b>	<b>756</b>	<b>754</b>	<b>705</b>	<b>648</b>	<b>625</b>

### Schools of Studies

Arts & Social Sciences	369	329	196	178	174
Computing & Mathematical Sciences	92	93	87	77	78
Education	291	297	305	302	300
Law	46	49	43	37	35
Management	197	231	232	222	212
Māori & Pacific Development	46	51	51	40	38
Science & Technology	177	184	174	176	185
Other	570	560	590	544	519
<b>Total</b>	<b>1,788</b>	<b>1,795</b>	<b>1,678</b>	<b>1,577</b>	<b>1,542</b>

## Staff Ratios

	2003	2004	2005	2006	2007
FTE (Academic Staff)	756	754	705	648	625
EFTS	11,595	11,418	10,657	10,134	9,708
EFTS to FTE (Academic staff) ratio	15.3:1	15.2:1	15.1:1	15.6:1	15.5:1
FTE (Other Staff)	1,032	1,042	973	929	917
Other Staff to Academic Staff ratio	1.4:1	1.4:1	1.4:1	1.4:1	1.5:1
EFTS to FTE (Other staff) ratio	11.2:1	11.0:1	11.0:1	10.9:1	10.6:1



## Research Profile

	2003	2004	2005	2006	2007
<b>Research Grants</b>					
Annual income from research contracts	\$17.934M	\$18.398M	\$20.137M	\$20.317M	\$23.296M
Total number of FTE (Research staff)	512	529	530	507	508
Average research grant per FTE (Research staff)	\$34,930	\$34,808	\$37,971	\$40,074	\$45,897

	Books	Chapters	Journals	Conference contributions	Creative works	Other	Total
<b>2007</b>							
Arts and Social Sciences	4	15	25	35	8	29	116
Computing and Mathematical Sciences	2	3	21	38	-	6	70
Education	4	10	39	25	4	13	95
Law	1	4	11	-	-	2	18
Māori and Pacific Development	-	-	1	-	-	2	3
Science and Technology	1	9	101	136	-	14	261
Management	14	39	128	168	1	95	445
Other (incl all staff not based in a school/faculty)	-	-	6	2	-	-	8
<b>Total</b>	<b>26</b>	<b>80</b>	<b>332</b>	<b>404</b>	<b>13</b>	<b>161</b>	<b>1,016</b>

Research publications have been counted once in a school/faculty based on their first recorded University of Waikato contributor. 54 publications have contributors from 2 or more school/faculties.

## Other resources

	2003	2004	2005	2006	2007
<b>Buildings</b>					
Total gross area of buildings (m <sup>2</sup> )	171,155	155,015	153,991	157,077	153,791
Total net area of buildings utilised for teaching research and administration (m <sup>2</sup> )	108,007	113,550	110,308	113,799	110,513
Total number of buildings owned and leased	195	199	199	199	194
<b>Total net useable area per EFTS (m<sup>2</sup>)</b>	<b>9.31</b>	<b>9.94</b>	<b>10.35</b>	<b>11.23</b>	<b>11.38</b>

The University has dispensed with a number of Language Institute Buildings and an offsite storage facility during 2007.

	2003	2004	2005	2006	2007
<b>Library</b>					
Total value of collections	\$20.513M	\$20.868M	\$20.789M	\$21.974M	\$23.214M
<i>Bibliographic resources:</i>					
Books and other non-serials (volumes)	813,654	835,111	850,580	860,520	857,540
Serials (print volumes)	197,535	199,962	203,201	206,252	201,566
Total volumes held	1,011,189	1,035,073	1,053,781	1,066,772	1,059,106
Electronic resources (titles)	29,448	68,923*	72,991*	76,202*	80,575*

\*includes e-books

Total volumes have declined for the following reasons: Material in off campus storage was assessed during 2007 with some being removed from the collection; The Library received a special grant to purchase electronic journal backsets, the print equivalents of which were then removed from the collection.

**Academic**

Staff whose terms of employment require teaching and/or research to be undertaken.

**Domestic**

Students who are citizens or permanent residents of New Zealand. (Most domestic students qualify for the Ministry of Education EFTS-based funding tuition subsidy).

**EFTS**

Equivalent Full Time Student - the measure applied to all tertiary education organisations for reporting student numbers. At the University of Waikato, 1 EFTS equates to a student workload of 120 points.

**Foundation**

Enrolments at the non-degree level that count toward a foundation or bridging qualification. At Waikato typically at level 0.

**FRST**

Foundation for Research, Science and Technology.

**FTE**

Full-Time Equivalent - the measure applied for reporting staff numbers.

**Full Cost International**

EFTS generated by international students paying full-fees.

**General**

Staff who are not academic staff (eg administrative staff).

**Government Funded**

EFTS generated by enrolments that qualify for Government EFTS-based tuition subsidy.

**Graduate/Postgraduate**

Enrolments that count toward an honours or masters degree or a graduate/postgraduate diploma or certificate. At Waikato typically at levels 5 and 7.

**International**

Students who are not citizens or permanent residents of New Zealand. (Most international students generate Full Cost International Fees EFTS).

**IP**

Intellectual Property.

**MPhil and Doctoral**

Enrolments that count toward a research degree ie EdD, PhD or MPhil. At Waikato typically at levels 6 and 9.

**Other Full-Cost**

EFTS generated by domestic students in Programmes that are funded by means other than the EFTS-based tuition subsidy (eg contracts with secondary schools).

**PBRF**

Performance Based Research Fund.

**TEC**

Tertiary Education Commission.

**Undergraduate**

Enrolments that count toward a bachelors degree. At Waikato typically at levels 1, 2, 3 and 4.