Creating BETTER Together

Tai Poutini Polytechnic
NEW ZEALAND

ANNUAL REPORT

2017

Contents

He Mihi

He mihi tēnei ki ka tini mate o te motu, mai i te Muriwhenua ki te Murihiku, rātou katoa, kua karangahia e Tahu Kumea e Tahu Whakairo ki te pō nui, tukuna, rātou kia okioki rā i te moeka roa. E pōua mā, e tāua mā, haere atu rā, moe mai rā. Kāti rā, rātou, ki a rātou, tātou te huka ora ki a tātou, tēnā anō tātou katoa.
“He aha te mea nui o te ao?
He tangata! He tangata! He tangata!”
“What is the most important thing in the world?
It is People! It is People! It is People!”

Purpose of Report

This Annual Report has been produced to fulfil two main functions:

To meet the requirements of the Public Finance Act 1989, Education Act 1989, and Crown Entities Act 2004 by providing annual financial statements and non-financial information for significant activities; and

To provide information to Tai Poutini Polytechnic's (TPP) stakeholders about its performance against financial and service performance indicators; and in compliance with Tertiary Outcomes Framework reporting and associated performance reporting commitments.

This Annual Report has both accountability and information functions. It is related to a number of other documents including the 2015-2017 Investment Plan.

Tai Poutini Polytechnic Overview

Tai Poutini Polytechnic provides quality tertiary education that meets the needs of students and industry on the West Coast and at campuses around New Zealand.

Popular West Coast programmes include tourism and hospitality training, outdoor education training, dairying and agriculture, extractive/mining, and specialist jade and hard stone carving programmes. TPP also offers specialist training in niche areas from campuses around the country; our students come to us to prepare for jobs in construction, including scaffolding, ropes, rigging and cranes, and across the civil construction sector, emergency services and ski patrol industry.

Established in 1989, the Polytechnic now trains around 6,400 students every year in full or part-time study options. Our aim is to get our students into real jobs in the community, so we work closely with our industry partners and employers to make sure we're delivering training that is relevant and in-demand.

Right now, the Polytechnic is preparing for a sustainable future on the West Coast and across other campuses. We're working closely with the Government and community partners to establish a new way of working that secures the ongoing availability of quality, sustainable tertiary education and vocational training in the region.

Tai Poutini Polytechnic Future

Tai Poutini Polytechnic is working with the West Coast community, our industry partners and the Government to secure the future of tertiary education and vocational training in the region. It's well-known that TPP faces some real financial and strategic challenges. Our focus is on meeting the training needs of Coast students and Coast businesses while we come up with a new way of working that ensures the ongoing delivery of quality, sustainable tertiary education on the Coast.

The Government has shown its commitment to providing tertiary training on the West Coast, with the appointment of a Crown Manager in late 2016 to assist TPP and ongoing financial support to ensure operations continue while plans for the future are progressed. We expect to continue this partnership into the future as we work through the challenges ahead.

The appointment of the Crown Manager in 2016, and expectations that this would result in changes to the Polytechnic's operations, meant the usual audit process was not completed and an Annual Report was not published in 2016.

2017 Highlights

2017 was a busy year for Tai Poutini Polytechnic, as the focus remained on providing quality training that led students into jobs or new career pathways. At the same time, our work to address underlying financial issues and future planning processes was also going full steam ahead.

Of particular note was the release of the New Zealand Qualifications Authority (NZQA) External Evaluation Review (EER) in November 2017, which resulted in TPP receiving a Category 4 designation – the lowest designation NZQA can assign. While the result was disappointing, it highlighted issues that the TPP Council, management and staff had been aware of for some time and had already been taking steps to address. Quality remains the number one priority at TPP and significant work is underway to address the issues raised in the EER and improve the designation ahead of the next review.

Key activities for the year include:

- *Satisfaction surveys*
  In 2017, more than 85 per cent of students said they were satisfied or very satisfied with their training.

- *Destination surveys*
  Just over three-quarters of students across the institute went straight into jobs or further study after finishing their 2017 training. This rose to over 80 percent when considering West Coast students only – with around 40% getting jobs and a similar percentage going into further study.

- *Financial milestones*
  Part of TPP's focus on the future has involved a range of cost-cutting exercises across the institute. All up, this has so

far resulted in a $4 million saving on operational expenditure. Measures included a review of everything we own and sale of high value items that are not getting a lot of use, as well as the introduction of new monitoring systems to limit duplication and keep better track of the money we spend.

In addition, TPP received confirmation from the Tertiary Education Commission in late 2017 that, as a result of under-delivery of training hours across a range of programmes between 2010 and 2015, a debt in excess of $20 million had been incurred. It was subsequently decided that TEC would write-off the debt, due to the fact that TPP's financial challenges would essentially make it impossible to repay, as well as the recognition that work was already underway to address the issues raised in the investigation.

- *Campus changes*
  The Hokitika campus, which was not getting a lot of use, was closed in 2017 so services could be concentrated in Greymouth. A bus service ensures Westland students can still attend training programmes. Also, steps were put in place to see the Music and Audio Institute of New Zealand (MAINZ) transfer to the Southern Institute of Technology in 2018, freeing-up resources to focus on programmes that are of greater relevance to key West Coast industries.

- *Community connections*
  Ensuring we offer high quality training that is relevant to the West Coast economy and leads to real jobs for our students is a top priority. Significant time in 2017 was spent on strengthening our relationships with the community and local employers to ensure we are delivering the graduates they need to fill gaps in the local employment market. This includes regular information sessions for our community partners and ongoing regional updates.

- *Structural changes*
  Changes were made to our Academic Board in 2017 to strengthen our quality procedures. A new Curriculum Advisory Group was set up to make sure programmes are fit-for-purpose, while a new Ethical Framework has also been established to emphasise social responsibility – it's now mandatory that we consider the benefit to the West Coast as a whole when making decisions.

Ways we are doing better...

Focusing on what matters most

Focus:
- Provision aligned with needs of the West Coast
- Quality
- Sustainability
- Outcomes

Putting people first

- Improved Community Connections

Getting into shape

- Improved Academic Board

Over 85 per cent of 2017 students satisfied or very satisfied with their training

Over 7,400 Students Trained

Over ¾ of 2017 students went straight into jobs or further

Focusing on what matters most

- New Ethical Framework Established

Making every cent count **$4m Savings**

Lifting our game

- New quality partnerships formed

Murray Strong
Crown Manager

Alex Cabrera
Chief Executive

TPP Governance

Legal Status

TPP is a Polytechnic established under the Education Act 1989. It is governed by a Council. The Council has a significant leadership role particularly in setting institutional directions and strategy. Under the Education Act 1989 this role manifests itself in Council responsibility for the following functions:

- Appointing a Chief Executive;
- Long term planning for overall viability;
- Investment Plan development for negotiation with the Tertiary Education Commission (TEC); and
- Ensuring that TPP is managed in accordance with its Investment Plan.

Murray Strong was appointed as Crown Manager of Tai Poutini Polytechnic with effect from 12 December 2016. This is in accordance with section 222C of the Education Act 1989.

This appointment states that

- The Crown Manager will work cooperatively with the council and will, where appropriate, engage with third party stakeholders;
- The council will retain its primary duty of care as a person conducting a business or undertaking, under the Health and Safety at Work Act 2015, above and beyond all functions, duties and powers of the Crown Manager.

The Crown Manager is responsible for the following functions:

- All matters relating to the employment of the Chief Executive (though TPP remain the employer for contractual and legislative purposes);
- Preparation of TPP proposed investment plan (though tertiary provision activities on the West Coast which will be prepared by the council in consultation with the Crown Manager);
- Ensure that TPP is managed in accordance with the overall 2015-2016 investment plan;
- Determine, subject to the State Sector Act 1988, TPP's policies in relation to its financial management, financial reporting, financial strategy, including reviewing existing budgets and preparing future budgets and undertake planning relating to TPP's long-term strategic direction.

Duties of the Council

The primary duty of the Council during the period of Crown Management, as detailed above, is responsibility as a person conducting a business or undertaking, under the Health and Safety at Work Act 2015.

The Council members are drawn from people highly experienced in the education sector and its governance, together with members who represent the West Coast region. The Council members are:

Appointed by the Minister of Tertiary Education

Mr Graeme McNally (Chair)	1 May 2010 to 13 February 2017
Mr Kevin Stratful	26 May 2016 to 30 April 2020
Ms Raelyn Lourie	1 July 2016 to 30 April 2020
Mr Andrew Robb (Chair)	15 December 2016 to 30 April 2020
Mr Andy England	1 May 2017 to 30 April 2019

Appointed by the TPP Council

Mr Christopher Rea	1 September 2014 to 12 April 2017
Dr Gabrielle Wall	1 May 2015 to 18 April 2017
Dr Peter Coolbear	1 May 2015 to 18 April 2017

Table 1: Attendance of Council Members at TPP Council Meetings

Name	Meetings eligible to attend	Actual number attended
McNally, Graeme	1	1
England, Andy	1	1
Robb, Andrew	3	3
Lourie, Raelyn	3	3
Rea, Christopher	1	1
Stratful, Kevin	3	3
Wall, Gabrielle	1	1
Coolbear, Peter	1	1

Committees of the Council

Academic Board

The Council is required to establish and maintain an Academic Board in accordance with Section 182 of the Education Act 1989 to:

a. Advise the Council on matters relating to courses of study or training, awards, and any other academic matters; and
b. Exercise powers delegated to it by the Council.

It is chaired by the Chief Executive.

Directory

Table 2: Management Team

Name	Position
Alex Cabrera	Chief Executive
Sue Allard	Director - Strategic Development
Peter Bayliss	Director - Academic and Quality
Samuel Blight	Director - Strategy
Alyson Bone	Chief Financial Officer
Mequa Hourston	Sales and Marketing Manager
Blair Keily	Chief Information Officer
Karen Kennedy	Executive Assistant
David Mason	Te Kaiwhakahaere o Mātauranga Māori
Vanessa Rankin	Academic Registrar
Preeti Singh	General Manager - Training for Industry Faculty
Teresa Schwellnus	General Manager - West Coast Faculty
Bankers	ASB Bank
Auditors	Audit New Zealand (on behalf of the Office of the Controller & Auditor - General)
Solicitors	Hannan and Seddon Lawyers, PO Box 8 Greymouth

Statement of Responsibility

Under section 155 of the Crown Entities Act 2004, we hereby certify that:

1. We have been responsible for the preparation of these financial statements, the Statement of Service Performance and the judgement used therein;
2. We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. We are of the opinion that these financial statements and the Statement of Service Performance fairly reflect the financial position and operations of this institution for the year ended 31 December 2017.

Murray Strong
Crown Manager

Alex Cabrera
Chief Executive

Alyson Bone ACMA, CGMA
Chief Financial Officer

Audit Report

To Follow from Audit NZ

Statement of Service performance

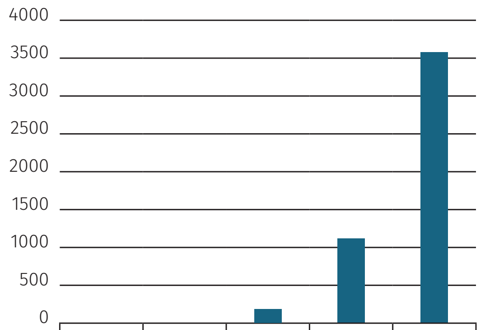
Student Satisfaction

Tutor Evaluation

A total of 4948 students, both full and part-time, are represented in the rating below. The Academic Board target was to maintain a Tutor Evaluation average of 4.5. The 2017 Mean Average was 4.4.

2017 Mean Average: 4.4
Method: How would you rate the overall quality of teaching of this tutor? Rated from 1-5 (1=dissatisfied; 5=very satisfied).

Graph 1: 2017 Tutor Evaluation Satisfaction Survey Ratings



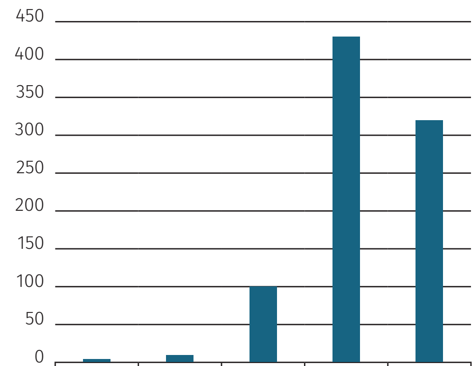
	1	2	3	4	5
No of Responses	1	21	200	1120	3606

Programme Satisfaction

A total of 874 students from mainstream programmes are represented in the ratings below. It should be noted that the percentage of full-time students represented is affected by student withdrawal, absent students, distance students or those who have left for work experience/employment prior to part 3 of the survey being rolled out. The Academic Board target was to maintain a student satisfaction average rating of 4.5. The 2017 Mean Average is 4.23.

2017 Mean Average: 4.23
Method: Overall how satisfied were you with your student experience at Tai Poutini Polytechnic? Rated from 1-5 (1 = very dissatisfied 5 = very satisfied).

Graph 2: 2017 Programme Satisfaction Survey Ratings



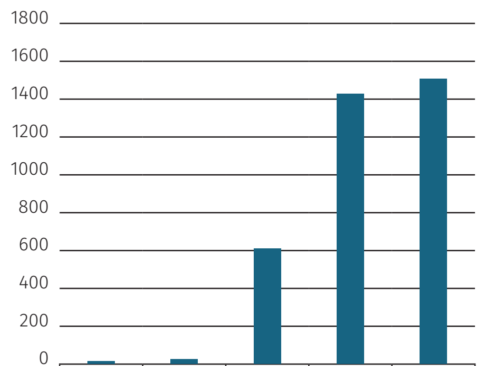
	1	2	3	4	5
No of Responses	10	18	101	425	320

Short Course Programme Satisfaction

A total of 3633 short course students are represented in the rating. The Academic Board target was to maintain a student satisfaction average rating for short courses of 4.6. In 2017 the mean average was 4.2.

2017 Mean Average: 4.2
Method: To what degree do you feel you have achieved the learning outcomes of this course? Rated from 1-5 (1=dissatisfied; 5=very satisfied)

Graph 3: Short Course Programme and Learning Satisfaction Survey Ratings



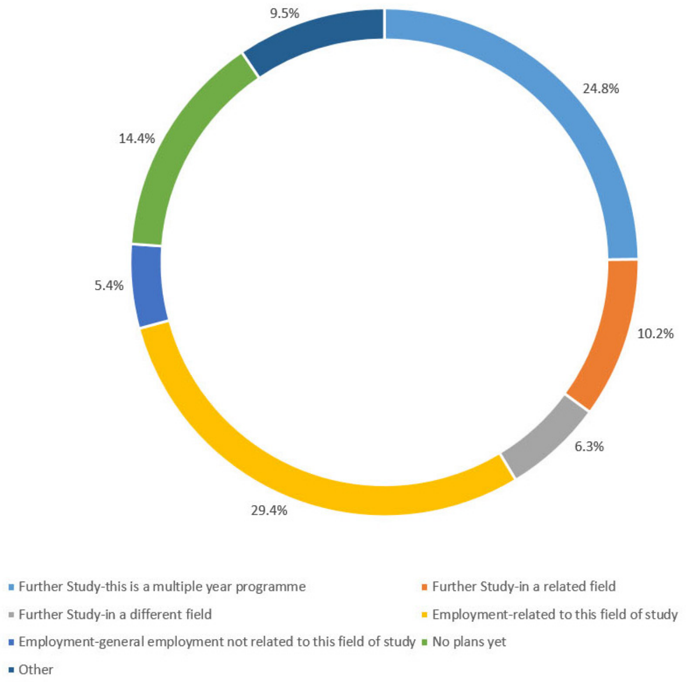
	1	2	3	4	5
No of Responses	13	24	618	1446	1532

Student Destination

A total of 411 students from mainstream programmes are represented in the percentages below.

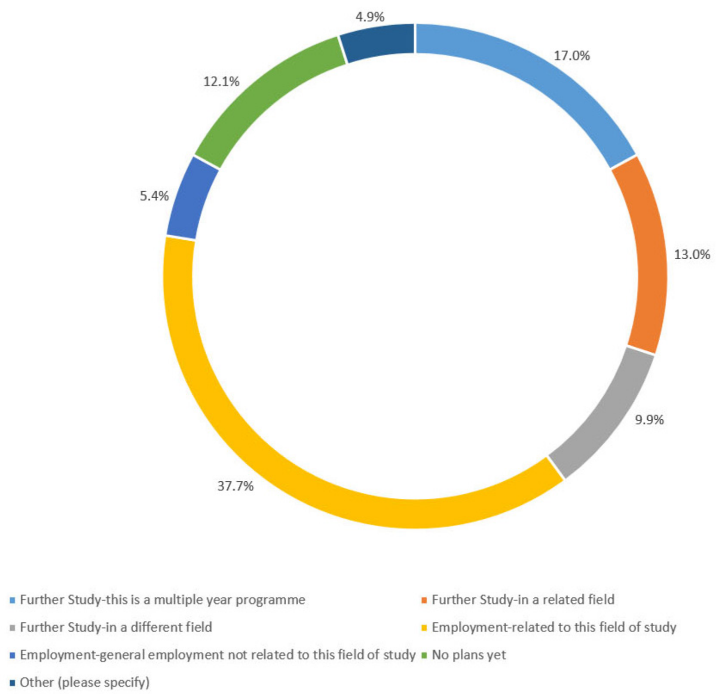
The Academic Board target was to achieve a destination percentage of 80% for students moving into employment or further study. It should be noted that the percentage of full-time students represented is adversely affected by students who complete surveys but may not respond to this question, withdrawal, absent students, distance students or those who left for work experience/employment prior to part 3 of the survey being rolled out (these students would still be counted in the total number of students).

Graph 4: Student Destination – Tai Poutini Polytechnic

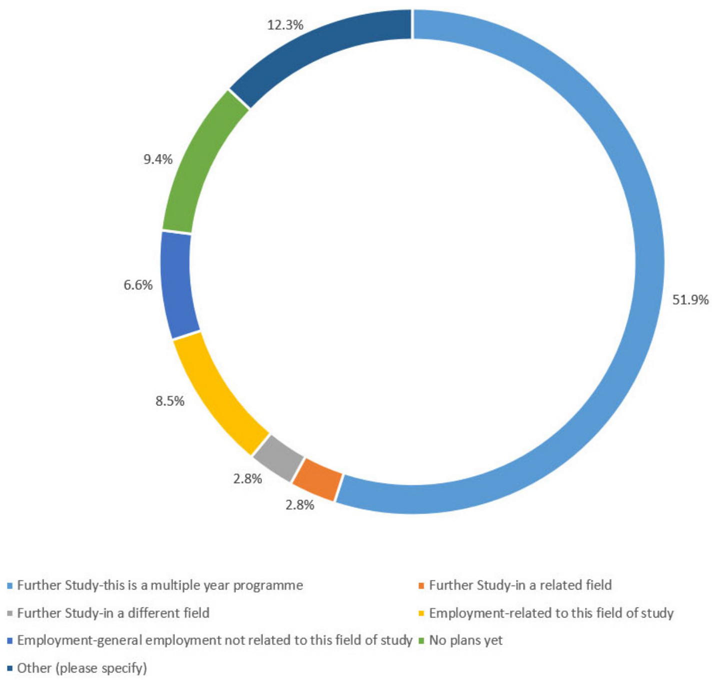


Breakdown of Destination Analysis by Faculty

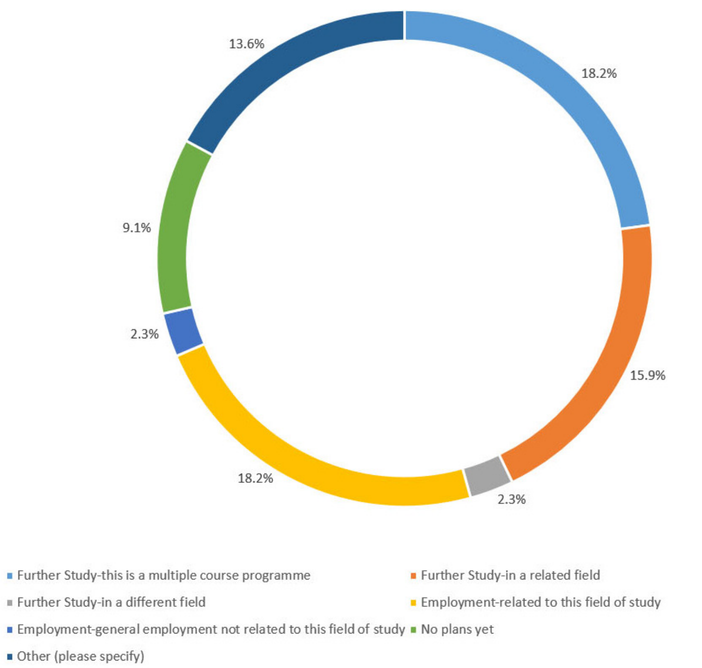
Graph 5: Student Destination – West Coast



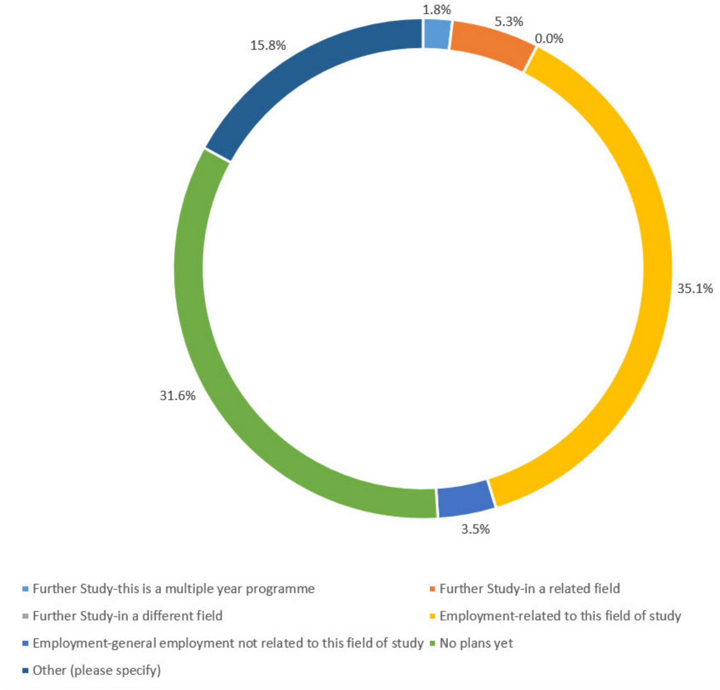
Graph 6: Student Destination – MAINZ



Graph 7: Student Destination – NZ Diploma in Business



Graph 8: Student Destination – Training for Industry



Equal Employment Report

Equal Employment at Tai Poutini Polytechnic (as at 1 December 2016)

	2017	2016	2015
All Staff	**168**	**177**	**174**
Maori	10	14	11
Female	79	84	82
Pasifika	1	2	1
Maori	6.0%	6.3%	6.3%
Female	47.0%	47.1%	47.1%
Pasifika	0.6%	0.6%	0.6%

Performance Commitments

SAC Levels 1 and 2

Performance Commitments SAC Levels 1 and 2	Group	2016 Provisional	2016 Actual	2017 Target	2017 Provisional Data as at March 18	Comments
Course Completion *The successful course completion rate (SAC Eligible EFTS) for:*	All Students	60%	73%		62%	**Refer notes 1-3**
Qualification Completion *The successful qualification completion rate (SAC Eligible EFTS) for:*	All Students	28%	39%		76%	**Refer notes 1-3**
Student Retention *The student retention rate (SAC Eligible student count) for:*	All Students	Not reported. This data was supplied by TEC after collation of the 2016 Annual Report.	39%		Data not yet available	**Refer notes 1-3**
Student Progression *The student progression rate (SAC Eligible student count) at level 1 to 3, to a higher level*	All Students	Not reported. This data was supplied by TEC after collation of the 2014 Annual Report.	44%		Data not yet available	**Refer notes 1-3**

Performance Commitments: SAC Level 3 and Above

Performance Commitments SAC Levels 3 and above	Group	Level	2016 Provisional	2016 Actual	2017 Target	2017 Provisional	Comments
PARTICIPATION							
The proportion of SAC Eligible EFTS who are:	Under 25	All levels	43%	43%		46%	**Refer notes 1-3**
	Māori	All levels	37%	37%		39%	
	Pasifika	All levels	14%	14%		14%	
Course Completion *The successful course completion rate (SAC Eligible EFTS) for:*	All Students	Level 3 & above	70%	74%		77%	**Refer notes 1-3**
		Level 4 & above	75%	75%		74%	
	Under 25	Level 3 & above	71%	73%		75%	
		Level 4 & above	71%	71%		74%	
	Māori	Level 3 &above	59%	65%		71%	
		Level 4 & above	71%	71%		67%	
	Pasifika	Level 3 & above	62%	66%		69%	
		Level 4 & above	63%	63%		63%	
Qualification Completion *The successful qualification completion rate (SAC Eligible EFTS) for:*	All Students	Level 3 & above	60%	74%		74%	**Refer notes 1-3**
		Level 4 & above	60%	85%		66%	
	Under 25	Level 3 & above	49%	71%		60%	
		Level 4 & above	37%	70%		53%	
	Māori	Level 3 & above	51%	58%		71%	
		Level 4 & above	72%	95%		55%	
	Pasifika	Level 3 & above	58%	72%		61%	
		Level 4 & above	51%	79%		47%	
Student Retention *The student retention rate (SAC Eligible student count) for:*	All Students	Level 3 & above	Not reported. This data was supplied by TEC after the 2016 Annual Report was collated	61%		Data not yet available	**Refer notes 1-3**
	Māori	Level 3 & above		63%		Data not yet available	
	Pasifika	Level 3 & above		76%		Data not yet available	
Student Progression	All Students	Level 3 & above	Not reported. This data was supplied by TEC after the 2015 Annual Report was collated	11%		Data not yet available	**Refer notes 1-3**
	Māori	Level 3 & above		14%		Data not yet available	
	Pasifika	Level 3 & above		13%		Data not yet available	

1. As no Investment Plan was approved for 2017 there are no Investment Plan Targets for 2017.
2. Increases from the 2016 Provisional to the 2016 Actual were due to course and qualification completions being recorded between the provisional data and the final April SDR.
3. Some priority groups (Maori L4+ Course and Qualification and Pasifika L4+ Qualification) have dropped from 2016 Provisional data to 2017 Provisional data. This has been considered at the programme level and some programmes will not run in 2018. There was also a considerable increase in enrolments in Advanced Scaffolding which has a high proportion of Maori students. This programme runs over multiple years and so artificially the single year Qualification Completion metric is lowered. If we exclude these two groupings, the Maori Qualification Completion for 2017 rises to within 3% of the 2016 data.

Financial

Statement of Comprehensive Income

Statement of Comprehensive Revenue and Expense for the Year Ended 31 December 2017

	Note	Tai Poutini			Group		
		2017 Actual	2017 Budget	2016 Actual	2017 Actual	2017 Budget	2016 Actual
Revenue							
Government Grants	2	16,059,709	16,132,582	16,153,524	16,059,709	16,132,582	16,153,524
Tuition Fees	2	5,107,145	5,510,740	4,998,789	5,107,145	5,510,740	4,998,789
Interest Revenue	2	75,500	-	83,778	75,707	-	84,265
Other Revenue	2	1,600,923	1,643,640	1,420,754	1,600,923	1,643,640	1,420,754
Total Revenue		**22,843,277**	**23,286,962**	**22,656,845**	**22,843,484**	**23,286,962**	**22,657,333**
Expenses							
Personnel Costs	3	14,783,812	16,412,882	15,829,926	14,783,812	16,412,882	15,829,926
Depreciation and Amortisation Expense	8,9	1,652,151	1,786,944	1,737,959	1,658,208	1,786,944	1,744,016
Finance Costs		-	-	(204)	-	-	(204)
Other Expense	4	10,463,947	9,848,574	8,588,363	10,468,623	9,848,574	8,596,389
Total Expenses		**26,899,910**	**28,048,400**	**26,156,043**	**26,910,643**	**28,048,400**	**26,170,127**
Surplus / (Deficit)		**(4,056,633)**	**(4,761,438)**	**(3,499,198)**	**(4,067,159)**	**(4,761,438)**	**(3,512,794)**
Total Comprehensive Revenue and Expense		**(4,056,633)**	**(4,761,438)**	**(3,499,198)**	**(4,067,159)**	**(4,761,438)**	**(3,512,794)**
Total Comprehensive Revenue and Expense Attributable to:							
Tai Poutini Polytechnic		(4,056,633)	(4,761,438)	(3,499,198)	(4,067,159)	(4,761,438)	(3,512,794)
		(4,056,633)	**(4,761,438)**	**(3,499,198)**	**(4,067,159)**	**(4,761,438)**	**(3,512,794)**

Explanations of major variations against budget are provided in note 17

During 2017 various activities were undertaken to review practices and formulate a plan for a viable future for TPP. These activities included consultancy, partial divestment and restructuring which are classified as Transformation costs, amounting to $3,731,439, these are not considered part of recurring operating costs. The deficit excluding these costs would be $325,194.

Statement of Financial Position

Statement of Financial Position as at 31 December 2017

	Note	Institute			Group		
		2017 Actual	2017 Budget	2016 Actual	2017 Actual	2017 Budget	2016 Actual
Current Assests							
Cash and Cash Equivalents	5	2,633,933	1,275,702	1,438,092	2,635,084	1,275,702	1,443,962
Debtors and Other Receivables	6	5,167,818	4,157,681	4,157,681	5,167,818	4,157,681	4,157,681
Term Deposits		203,221	196,390	196,390	209,375	196,390	206,836
Prepayments		255,245	185,758	185,759	255,245	185,758	185,759
Trust Investments		278,964	276,637	276,637	278,964	276,637	276,637
Total Current Assets		**8,539,181**	**6,092,168**	**6,254,559**	**8,546,486**	**6,092,168**	**6,270,875**
Non Current Assets							
Property, Plant and Equipment	8	13,451,992	14,692,853	15,808,751	13,459,035	14,692,853	15,821,851
Assets held for sale	8	-	-		-	-	-
Intangible Assets	9	485,481	451,657	622,702	485,481	451,657	622,702
Total Non Current Assets		**13,937,473**	**15,144,510**	**16,431,453**	**13,944,516**	**15,144,510**	**16,444,553**
Total Assets		**22,476,654**	**21,236,678**	**22,686,012**	**22,491,002**	**21,236,678**	**22,715,428**
Current Liabilities							
Creditors and Other Payables	10	1,021,233	851,001	1,138,897	1,024,716	851,001	1,146,922
Revenue Received in Advance	11	243,919	3,345,691	3,345,691	243,919	3,345,691	3,345,691
Employee Entitlements	12	786,713	606,520	606,520	786,713	606,520	606,520
Trusts and Funds		278,964	276,637	276,637	278,964	276,637	276,637
Total Current Liabilities		**2,330,829**	**5,079,849**	**5,367,744**	**2,334,312**	**5,079,849**	**5,375,769**
Non Current Liabilities							
Employee Entitlements	12	119,085	53,920	53,920	119,085	53,920	53,920
Total Non Current Liabilities		**119,085**	**53,920**	**53,920**	**119,085**	**53,920**	**53,920**
Total Liabilities		**2,449,914**	**5,133,769**	**5,421,664**	**2,453,397**	**5,133,769**	**5,429,689**
NET ASSETS		**20,026,740**	**16,102,909**	**17,264,348**	**20,037,605**	**16,102,909**	**17,285,739**
Equity							
General Funds	14	20,001,379	16,076,148	17,237,587	20,012,244	16,076,148	17,258,978
Restricted Reserves	14	25,361	26,761	26,761	25,361	26,761	26,761
Total Equity		**20,026,740**	**16,102,909**	**17,264,348**	**20,037,605**	**16,102,909**	**17,285,739**
STATEMENT OF CHANGES IN EQUITY							
Balance at 1 January		17,264,348	17,264,348	20,765,346	17,285,738	17,264,348	20,800,333
Total Comprehensive Revenue and Expense		(4,056,633)	(4,761,439)	(3,499,198)	(4,067,158)	(4,761,439)	(3,512,794)
Capital Injection		6,820,425	3,600,000		6,820,425	3,600,000	
Movement in Restricted Reserves	14	(1,400)		(1,800)	(1,400)	-	(1,800)
Balance at 31 December		**20,026,740**	**16,102,909**	**17,264,348**	**20,037,605**	**16,102,909**	**17,285,739**

Explanations of major variations against budget are provided in Note 17.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

Statement of Cash Flows for the year ended 31 December 2017

	Institute			Group		
	2017 Actual	**2017 Budget**	**2016 Actual**	**2017 Actual**	**2017 Budget**	**2016 Actual**
Cash Flows from Operating Activities						
Opening Debtors	4,343,439	4,343,439	3,642,688	4,343,439	4,343,439	3,642,688
Receipts from Government Grants	12,999,953	15,930,582	17,395,166	12,999,953	15,930,582	17,395,166
Receipts from Tuition Fees	4,480,049	5,100,995	4,643,780	4,480,049	5,100,995	4,643,780
Interest Income Received	75,500	-	83,778	75,707	-	84,266
Dividend Income Received	47,794	-	50,00	47,794	-	50,000
Receipts from Other Income	2,048,693	2,254,785	2,112,708	2,048,693	2,254,785	2,112,708
Closing Debtors	(5,423,063)	(4,343,439)	(4,512,670)	(5,423,063)	(4,343,439)	(4,512,670)
Total Cash Receipts	**18,572,365**	**23,286,362**	**23,415,449**	**18,572,572**	**23,286,362**	**23,415,937**
Opening Creditors	(1,600,653)	(1,600,653)	(1,428,719)	(1,600,653)	(1,600,653)	(1,428,719)
Payments to Employees	(14,455,917)	(16,205,882)	(16,137,148)	(14,455,917)	(16,205,882)	(16,137,148)
Payments to Suppliers	(9,298,005)	(10,054,974)	(8,535,436)	(9,307,224)	(10,054,974)	(8,537,523)
Closing Creditors	1,736,188	1,600,653	1,600,653	1,736,188	1,600,653	1,600,653
Interest Paid	-	-	204	-	-	204
Goods and Services Tax Net	(187,953)	(287,896)	109,263	(187,953)	(287,896)	109,263
Total Payments	**(23,806,340)**	**(26,548,752)**	**(24,391,183)**	**(23,815,559)**	**(26,548,752)**	**(24,393,270)**
Net Cash Flow from Operating Activities	**(5,233,975)**	**(3,262,390)**	**(975,734)**	**(5,242,987)**	**(3,262,390)**	**(977,333)**
Cash Flows from Investing Activities						
Receipts (Costs) from Property, Plant and Equipment Disposals	31,743		2,068	31,743	-	2,068
Receipts from Sale of Investments	-		-	4,293	-	-
Property, Plant and Equipment Purchases	(311,175)	(433,000)	(2,116,705)	(311,175)	(433,000)	(2,116,705)
Purchase of Intangible Assets	(102,946)	(67,000)	(150,818)	(102,946)	(67,000)	(150,818)
Trust Interest Received	(1,400)	-	(1,800)	(1,400)	-	(1,800)
Movement on Term Investments	(6,832)	-	(8,457)	(6,832)	-	(1,643)
Net Cash Flow from Investing Activities	**(390,610)**	**(500,000)**	**(2,275,711)**	**(386,317)**	**(500,000)**	**(2,268,897)**
Cash Flows from Financing Activities						
Capital Contributions from the Crown	6,820,426	3,600,000	-	6,820,426	3,600,000	-
Net (decrease)/increase in cash and cash equivalents	**1,195,841**	**(162,390)**	**(3,251,445)**	**1,191,122**	**(162,390)**	**(3,246,230)**
Opening cash and cash equivalents	(1,438,092)		(4,689,537)	(1,432,222)	-	(4,690,193)
Closing cash and cash equivalents	(2,633,933)		(1,438,092)	(2,632,782)	-	(1,443,963)
Period Movements	(1,195,841)		(3,251,445)	(1,200,560)	-	(3,246,230)
Reconciliation of surplus(deficit) to the net cash flow from operating activities						
Surplus (deficit) from Statement of Comprehensive Revenue and Expense	**(4,056,633)**	**(4,761,438)**	**(3,499,198)**	**(4,067,159)**	**(4,761,438)**	**(3,512,794)**
Add (less) non cash items						
Share of associate surplus (deficit)	-	-	-	-		-
Depreciation and amortisation	1,652,150		1,737,959	1,658,207		1,744,016
Interest Revenue				-		
Impairment Losses			-	-		-
Increase (decrease) in non current employee entitlements	65,165		18,076	65,165		18,076
Loss on disposal of Assets	1,224,208		-	1,224,208		-
Net foreign exchange (gains) losses				-		
Total non cash items	**2,941,523**	**-**	**1,756,035**	**2,947,580**	**-**	**1,762,092**
Add (less) items classified as investing or financing activities						
Gains (losses) on disposal of PPE		-	(2,068)	-	-	(2,068)
Total items classified as investing or financing activities	**-**	**-**	**(2,068)**	**-**	**-**	**(2,068)**
Add (less) movements in working capital items						
(Increase) decrease in debtors and other receivables	(1,010,137)		(737,330)	(1,010,137)		(737,330)
(Increase) decrease in prepayments	(69,487)		36,578	(69,487)		36,578
Increase (decrease) in creditors and other payables	(117,663)		173,299	(122,206)		179,238
Increase (decrease) in revenue received in advance	(3,101,722)		1,628,185	(3,101,722)		1,628,185
Increase (decrease) in provisions			-	-		-
Increase (decrease) in current employee entitlements	180,194		(331,234)	180,194		(331,234)
(Increase)Decrease in MOE Income earned						
Net Movement in Working Capital Items	**(4,118,865)**	**-**	**769,498**	**(4,123,408)**	**-**	**775,437**
Net Cash Flow from Operating Activities	**(5,233,975)**	**(4,761,438)**	**(975,733)**	**(5,242,987)**	**(4,761,438)**	**(977,333)**

The GST (net) component of operating activities reflects the net GST paid to and received from 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 and to be consistent with the presentation basis of the other primary financial statements.

Explanations of major variations against budget are provided in Note 17.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies

REPORTING ENTITY
Tai Poutini Polytechnic (the Institute) is a TEI domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989.

The consolidated financial statements of the Group consist of Tai Poutini Polytechnic ("the parent"), and the West Coast Climbing Wall Trust (a 67% controlled subsidiary). Tai Poutini International Limited (a wholly owned subsidiary) and The Qatar Technical Institute LLC (a 49% subsidiary held by Tai Poutini International Ltd) are dormant non-trading entities; consequently they have no financial impact on the statements.

Tai Poutini International Limited is incorporated and domiciled in New Zealand. The Qatar Technical Institute LLC is incorporated and domiciled in Qatar.

The primary objective of the Institute and group is to provide tertiary education services for the benefit of the community rather than making a financial return. Accordingly, the institute has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.
The financial statements of the Institute and group are for the year ended 31 December 2017. The financial statements were authorised for issue by the Crown Manager on xxxxxx

BASIS OF PREPARATION
The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the accounting period.

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

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE accounting standards.

Presentation currency and rounding
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Standards issued and not yet effective and not early adopted
There are no standards issued and not yet effective that are relevant to the Institute and group.

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

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

Foreign currency transactions
Foreign currency transactions are translated into NZ$ (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Goods and services tax
All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax
The Institute and group are exempt from income tax. Accordingly, no provision has been made for income tax.

Budget figures
The budget figures are those approved by the Crown Manager at the start of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical accounting estimates and assumptions
In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. No estimates or assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

- Distinction between revenue and capital contributions – refer to note 2
- Crown-owned land and buildings – refer to note 8

2. Revenue

Accounting Policy

Revenue is measured at the fair value of consideration received or receivable.
The specific accounting policies for significant revenue items are explained below:

SAC funding

SAC funding is recognised as a non-exchange transaction. There is a condition attached that requires performance or return of funding, that condition is extinguished when the withdrawal date for a course (10% of the course duration) has passed, at which point revenue is recognised. The amount to be recovered is offset by TEC against fund receipts for the following year so is retained as funding in advance.

Student tuition fee

Student tuition fee is recognised as a non-exchange transaction. There is a condition attached that requires performance or return of fee, that condition is extinguished when the withdrawal date for a course (10% of the course duration) has passed, at which point revenue is recognised.

International tuition fee

Tuition fee received from an International student is recognised as an exchange transaction. Revenue is recognised as delivery is performed. Fee received for courses occurring in the following year are retained as fees in advance.

Government grants

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

Accommodation revenue

Revenue from the provision of accommodation is recognised as invoiced. Rental is invoiced monthly in advance.

Interest and dividends

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established.

Critical judgements in applying accounting policies

Distinction between revenue and capital contributions

Most Crown funding received is operational in nature and is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, the Institute and group accounts for the funding as a capital contribution directly in equity.

	Polytechnic		Group	
	2017 Actual	2016 Acutal	2017 Actual	2016 Actual
SAC Funding	14,961,456	15,208,988	14,961,456	15,208,988
MOE Revenue recognised, not yet delivered	1,081,502	659,905	1,081,502	659,905
Grants	16,751	284,631	16,751	284,631
Total Revenue from Government Grants	**16,059,709**	**16,153,524**	**16,059,709**	**16,153,524**
Tuition Fees from Domestic Students	4,785,799	4,654,157	4,785,799	4,654,157
Total Revenue from Non Exchange Contracts	**20,845,508**	**20,807,681**	**20,845,508**	**20,807,681**
Tuition Fees from International Students	321,346	268,590	321,346	268,590
Interest Revenue	75,500	83,778	75,707	84,265
Accommodation Revenue	270,442	224,844	270,442	224,844
Gain (loss) on Sale of Assets	31,743	2,068	31,743	2,068
Dividends	47,794	50,000	47,794	50,000
Student Services Levy	-	76,042	-	76,042
Other Revenue	1,250,944	1,143,843	1,250,944	1,143,843
Total Revenue from Exchange contracts	**1,997,769**	**1,849,165**	**1,997,976**	**1,849,652**
Total Revenue	**22,843,277**	**22,656,846**	**22,843,484**	**22,657,333**

3. Personnel Costs

Accounting Policy

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

The Institute and group belongs to the Defined Benefit Plan Contribution Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Note 3 - Personnel Costs

	Polytechnic		Group	
	2017 Actual	**2016 Actual**	**2017 Actual**	**2016 Actual**
Academic Salaries	6,801,148	7,127,234	6,801,148	7,127,234
General Salaries	6,646,860	7,154,554	6,646,860	7,154,554
Defined Contribution	344,075	346,809	344,075	346,809
Non Payroll Personnel	991,729	1,201,329	991,729	1,201,329
Total Personnel Costs	**14,783,812**	**15,829,926**	**14,783,812**	**15,829,926**

Personnel costs include $416k relating to employment matters that are not considered recurring items.

Council Remuneration

	Polytechnic 2017 $	**Polytechnic 2017 $**	**Polytechnic 2016 $**	**Polytechnic 2016 $**
	Fees	Expenses	Fees	Expenses
J. Clayton - until 30 June 2016	-	-	8,446	222
P. Coolbear - from 1 May 2015 (Payment remitted to Massey	-	-	14,068	
N. Cooper - from 1 May 2015 to 31 October 2016	-	-	13,310	714
A. England	8,119			
B. Jones - until 16 February 2016	-	-	2,963	
R. Lourie - from 1 July 2016	16,000	2,525	7,535	486
G. McNally	4,494	85	29,960	2,309
J. Mote - until 30 September 2016	-	-	12,327	94
C. Rea	4,741	-	15,408	
A. Robb	28,337			
K. Stratful - from 26 May 2016 (Payment remitted to KRS Consulting)	15,407	412	8,988	
G. Wall - from 1 May 2015	6,667	408	18,553	975
	83,765	**3,430**	**131,558**	**4,800**

4. Other Expenses

Accounting Policy

Scholarships

Scholarships awarded by the Institute that reduce the amount of the tuition fees payable by the student are accounted for as an expense and not offset against student tuition fee income.

	Polytechnic		Group	
	2017 Actual	**2016 Actual**	**2017 Actual**	**2016 Actual**
Audit Fees - Fees to Audit NZ for the Audit of current year financial	110,544	108,039	113,987	111,407
Audit Fees - relating to prior year			-	-
Audit Fees - Other		8,253	-	8,253
Repairs & Maintenance	479,452	562,543	479,452	562,543
Operating Leases	1,882,115	1,817,444	1,882,115	1,817,444
Other Occupancy Costs	882,315	816,222	882,315	816,222
Information Technology	333,766	325,501	333,766	325,501
Advertising	306,617	440,874	306,617	440,874
Insurance	136,735	141,235	136,735	141,235
Office Costs	101,009	103,857	101,009	103,857
Travel	997,225	1,196,777	997,225	1,196,777
Course Related Costs	900,478	1,168,756	900,478	1,168,756
Impairment of Receivables	57,773	109,136	57,773	109,136
Foreign exchange net losses	112	(150)	112	(150)
Other Operating Expenses	4,275,806	1,789,876	4,277,039	1,794,534
Total Other Expenses	**10,463,947**	**8,588,363**	**10,468,623**	**8,596,389**

Other expenses includes $3,005,272 relating to transformation costs, this is not considered a recurring item of operating expense.

Leases

Operating leases

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

Operating leases as lessee

Non-cancellable operating leases as lessee
Tai Poutini Polytechnic leases property, plant and equipment in the normal course of business. The majority of these leases are non-cancellable. The future aggregate minimum lease payments are as follows:

	Polytechnic		Group	
Lease payments are as follows:	**2017**	**2016**	**2017**	**2016**
Not later than 1 year	810,087	1,519,283	810,087	1,519,283
Later than one year and not later than 5 years	2,240,005	5,547,238	2,240,005	5,547,238
Later than 5 years	3,996,877	8,784,637	3,996,877	8,784,637
	7,046,969	**15,851,158**	**7,046,969**	**15,851,158**

In the case of Mawhera land leases, in Greymouth, the Polytechnic has right of lease renewal for a further 21 year term. There are no restrictions placed on the Institute and group by any of the leasing agreements.

5. Cash and Equivalents

Accounting Policy

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

	Polytechnic		Group	
	2017 Actual	2016 Actual	2017 Actual	2016 Actual
Cash at Bank	549,578	506,635	550,729	512,505
Call Deposits	1,076,687	931,457	1,076,687	931,457
Term Deposits	1,007,668	-	1,013,822	-
Total Cash and Equivalents	**2,633,934**	**1,438,092**	**2,641,239**	**1,443,962**

The carrying value of cash at bank, call deposits and term deposits with maturities less than three months approximates their fair value.

6. Receivables

Accounting Policy

Debtors 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

Loans and receivables (including cash and cash equivalents and debtors and other receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

	Polytechnic		Group	
	2017 Actual	2016 Actual	2017 Actual	2016 Actual
Receivables				
Student Fee Receivables	1,197,191	1,305,751	1,197,191	1,305,751
Less: Provision for Impairment	(215,000)	(158,145)	(215,000)	(158,145)
Net Student Fee Receivables	**982,191**	**1,147,606**	**982,191**	**1,147,606**
Other Receivables				
GST				
Other Debtors and Receivables	553,684	545,951	553,684	545,951
MOE Earned Revenue not yet received	3,631,942	2,464,124	3,631,942	2,464,124
Total Debtors and Other Receivables	**5,167,817**	**4,157,681**	**5,167,817**	**4,157,681**

Student fees are due before a course commences or due upon enrolment if the course has already begun. Domestic students can arrange to pay by instalments in certain circumstances.

Student fees are non-interest bearing, thus their carrying value approximates their fair value.

Other receivables are non-interest bearing and are generally settled on 30 day terms. Therefore, the carrying value of other receivables approximates their fair value.

Impairment

The ageing profile of receivables at year end is detailed below.

	2017			2016		
		Impairment	Net	Gross	Impairment	Net
Polytechnic and Group						
Not Past Due	31,784		31,784	193,592		193,592
Past Due 31-60 days	377,876		377,876	260,148		260,148
Past Due 61-90 days	120,114		120,114	122,136		122,136
Past Due Over 90 days	667,417	(215,000)	452,417	729,875	158,145	571,730
Credit Balances	-		-			
Total	**1,197,191**	**(215,000)**	**982,191**	**1,305,751**	**158,145**	**1,147,606**

All receivables greater than 30 days in age are considered to be past due.
Debt in excess of 1 year was individually reviewed for impairment. Due to the large number of student fee receivables, the impairment assessment for the remainder is performed on a collective basis on an analysis of past collection history and debt write-offs.

7. Other Financial Assets

Accounting Policy

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institute and group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- loans and receivables; and
- fair value through other comprehensive income.

Classification of the financial asset depends on the purpose for which the instruments were acquired.

Loans and receivables (including cash and cash equivalents and debtors and other receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Financial Assets at fair value through surplus or deficit

The Institute and Group does not have any assets designated as being at fair value through surplus or deficit.

Impairment of financial assets

At each balance date, the Institute and group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in surplus or deficit.

Loans and receivables (including cash and cash equivalents and debtors and other receivables)

Impairment of a loan or a receivable is established when there is objective evidence that the Institute and group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written - off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). For other financial assets, impairment losses are recognised directly against the instrument's carrying amount.

	Polytechnic		Group	
	2017 Actual	**2016 Actual**	**2017 Actual**	**2016 Actual**
Financial Assets - Current				
Term Deposits Non Cash	**203,221**	**196,390**	**209,375**	**206,836**
Total Other Financial Assets	**203,221**	**196,390**	**209,375**	**206,86**

8. Property, Plant and Equipment

Accounting Policy

The measurement bases used for determining the gross carrying amount for each class of assets is as follows:

Land is measured at cost.

All other asset classes are stated at cost less accumulated depreciation and any accumulated impairment in value.

All assets are primarily held for the purpose of providing education and related activities. Costs incurred subsequent to initial acquisition are capitalised only when it probable that future economic benefits or service potential associated with the item will flow to the Institute and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Class of assets	Rate
Buildings	2%-20% per annum
Plant and equipment	2%-33% per annum
Motor vehicles	20% per annum
Heavy Vehicles	10% per annum
Library	20% per annum
Computers	33% per annum
Computer Servers	10%-20% per annum
Audio Equipment	20% per annum
Furniture and Fittings	10%-20% per annum

Impairment

The carrying values of property, plant and equipment, other than those whose future economic benefits are not directly related to their ability to generate net cash, are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Note 8. Property, Plant and Equipment Institute

Movements for each class of property, plant, and equipment for the Institute are as follows:

Institute 2016	Cost/ valuation 1/1/16	Accumulated depreciation and impairment charges 1/1/16	Carrying amount 1/1/16	Current year additions	Current year disposals	Current year impairment charges	Reclassification Transfer	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/16	Accumulated depreciation and impairment charges 31/12/16	Carrying amount 31/12/16
Land	1,358,027	-	1,358,027	-	-	-	-	-	-	-	1,358,027	-	1,358,027
Buildings - TPP	13,283,567	(4,591,550)	8,692,017	2,406,308	-	-	-	(426,640)	-	-	15,689,875	(5,018,190)	10,671,685
Buildings - Crown	1,468,000	(677,329)	790,671	-	-	-	-	(67,715)	-	-	1,468,000	(745,044)	722,956
Furniture and Fittings	821,476	(636,641)	184,835	121,001	(4,361)	-	-	(82,108)	4,361	-	938,116	(714,388)	223,728
Plant & Equipment	3,583,970	(2,607,104)	976,866	290,911	(29,485)	-	-	(268,065)	21,420	-	3,845,396	(2,853,749)	991,647
Computers	4,019,016	(3,274,864)	744,152	409,510	(5,869)	-	-	(403,906)	4,114	-	4,422,657	(3,674,656)	748,001
Audio Equipment	2,220,933	(2,064,137)	156,796	126,564	(287,613)	-	-	(78,230)	287,195	-	2,059,884	(1,855,172)	204,712
Outdoor Rec Equipment	199,836	(170,434)	29,402	46,514	(14,604)	-	-	(30,589)	14,604	-	231,746	(186,419)	45,327
Library	374,967	(350,079)	69,888	12,990	-	-	-	(23,574)	-	-	387,957	(328,653)	59,304
Vehicles	2,078,940	(1,758,522)	320,418	173,510	(17,242)	-	-	(107,877)	17,242	-	2,235,208	(1,849,157)	386,051
Assets held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets in Course of Construction - Buildings TPP	1,857,680	-	1,857,680	313,596	-1,783,132	-	-	-	-	-	388,144	-	388,144
Assets in Course of Construction - Computers	-	-	-	9,169	-		-	-	-	-	9,169	-	9,169
Total Institute	**31,266,412**	**(16,085,660)**	**15,180,752**	**3,910,073**	**(2,142,306)**	**-**	**-**	**(1,488,704)**	**348,936**	**-**	**33,034,179**	**(17,225,428)**	**15,808,751**

Institute 2017	Cost/ valuation 1/1/17	Accumulated depreciation and impairment charges 1/1/17	Carrying amount 1/1/17	Current year additions	Current year disposals	Current year impairment charges	Reclassification Transfer	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/17	Accumulated depreciation and impairment charges 31/12/17	Carrying amount 31/12/17
Land	1,358,027	-	1,358,027	-	-	-	-	-	-	-	1,358,027	-	1,358,027
Buildings - TPP	15,689,875	(5,018,190)	10,671,685	455,316	(2,609,779)	-	-	(455,184)	1,927,769	-	13,535,412	(3,545,605)	9,989,807
Buildings - Crown	1,468,000	(745,044)	722,956	-	-	-	-	(67,714)	-	-	1,468,000	(812,758)	655,242
Furniture and Fittings	938,116	(714,388)	223,728	21,525	(294,219)	-	-	(77,303)	221,339	-	665,422	(570,352)	95,070
Plant & Equipment	3,845,396	(2,853,749)	991,647	93,383	(250,139)	-	-	(250,094)	180,470	-	3,688,640	(2,923,373)	765,267
Computers	4,422,657	(3,674,656)	748,001	15,226	(2,252,198)	-	-	(319,687)	2,034,439	-	2,185,685	(1,959,904)	225,781
Audio Equipment	2,059,884	(1,855,172)	204,712	5,610	(1,845,782)	-	-	(69,525)	1,707,956	-	219,712	(216,741)	2,971
Outdoor Rec Equipment	231,746	(186,419)	45,327	39,619	(17,207)	-	-	(34,649)	16,491	-	254,158	(204,577)	49,581
Library	387,957	(328,653)	59,304	8,744	(74,114)	-	-	(22,186)	42,671	-	322,587	(308,168)	14,419
Vehicles	2,235,208	(1,849,157)	386,051	5,000	(100,253)	-	-	(115,266)	100,252	-	3,139,955	(1,864,171)	275,784
Assets held for Sale	-	-	-	20,043	-	-	-	-	-	-	20,043	-	20,043
Assets in Course of Construction - Buildings TPP	388,144	-	388,144		(388,144)	-	-	-	-	-	-	-	-
Assets in Course of Construction - Computers	9,169	-	9,169		(9,169)	-	-	-	-	-	-	-	-
Total Institute	**33,034,179**	**(17,225,428)**	**15,808,751**	**664,466**	**(7,841,004)**	**-**	**-**	**(1,411,608)**	**6,231,387**	**-**	**25,857,641**	**(12,405,649)**	**13,451,992**

Legal ownership of land and buildings is detailed as follows:

	Land		Buildings	
	2017	2016	2017	2016
Institute owned	1,358,027	1,358,027	9,989,807	10,671,685
Crown owned	-	-	655,242	722,956
Total	**1,358,027**	**1,358,027**	**10,645,049**	**11,394,641**

Restriction on property title

Greymouth leasehold properties leased from The Mawhera Corporation, provides the Lessor with first right of refusal to both parties, on sale or assignment of such leasehold properties.

Institute and Group

Movements for each class of property, plant and equipment for the Institute and Group are as follows:

Institute & Group 2016	Cost/ valuation 1/1/16	Accumulated depreciation and impairment charges 1/1/16	Carrying amount 1/1/16	Current year additions	Current year disposals	Current year impairment charges	Reclassification Transfer	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/16	Accumulated depreciation and impairment charges 31/12/16	Carrying amount 31/12/16
Land	1,358,027	-	1,358,027	-	-	-	-	-	-	-	1,358,027	-	1,358,027
Buildings - TPP	13,283,567	(4,591,550)	8,692,017	2,406,308	-	-	-	(426,640)	-	-	15,689,875	(5,018,190)	10,671,685
Buildings - Crown	1,468,000	(677,329)	790,671		-	-	-	(67,715)	-	-	1,468,000	(745,044)	722,956
Furniture and Fittings	821,476	(636,641)	184,835	121,001	(4,361)	-	-	(82,108)	4,361	-	938,116	(714,388)	223,728
Plant & Equipment	3,583,970	(2,607,104)	976,866	290,911	(29,485)	-	-	(268,065)	21,420	-	3,845,396	(2,853,749)	991,647
Computers	4,019,016	(3,274,864)	744,152	409,510	(5,869)	-	-	(403,906)	4,114	-	4,422,657	(3,674,656)	748,001
Audio Equipment	2,220,933	(2,064,137)	156,796	126,564	(287,613)	-	-	(78,320)	287,195	-	2,059,884	(1,855,172)	204,712
Outdoor Rec Equipment	199,836	(170,434)	29,402	46,514	(14,604)	-	-	(30,589)	14,604	-	231,746	(186,419)	45,327
Library	374,967	(305,079)	69,888	12,990	-	-	-	(23,574)	-	-	387,957	(328,653)	59,304
Vehicles	2,078,940	(1,758,522)	320,418	173,510	(17,242)	-	-	(107,877)	17,242	-	2,235,208	(1,849,157)	386,051
Climbing Wall	87,092	(67,935)	19,157	-	-	-	-	(6,057)	-	-	87,092	(73,992)	13,100
Assets held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets in Course of Construction - Buildings TPP	1,857,680	-	1,857,680	313,596	(1,783,132)	-	-	-	-	-	388,144	-	388,144
Assets in Course of Construction - Computers	-	-	-	9,169	-		-	-	-	-	9,169	-	9,169
Total Institute & Group	**31,353,504**	**(16,153,595)**	**15,199,909**	**3,910,073**	**(2,142,306)**	**(645,113)**	**-**	**(1,494,761)**	**348,936**	**-**	**33,121,271**	**(17,299,420)**	**15,821,851**

Institute & Group 2017	Cost/ valuation 1/1/17	Accumulated depreciation and impairment charges 1/1/17	Carrying amount 1/1/17	Current year additions	Current year disposals	Current year impairment charges	Reclassification Transfer	Current year depreciation	Accum Dep'n on Disposals	Revaluation Surplus	Cost/ revaluation 31/12/17	Accumulated depreciation and impairment charges 31/12/17	Carrying amount 31/12/17
Land	1,358,027	-	1,358,027	-	-	-	-		-	-	1,358,027	-	1,358,027
Buildings - TPP	15,689,875	(5,018,190)	10,671,685	445,316	(2,069,779)	-	-	(455,184)	1,927,769	-	13,535,412	(3,545,605)	9,989,807
Buildings - Crown	1,468,000	(745,044)	722,956	-	-	-	-	(67,714)	-	-	1,468,000	(812,758)	655,242
Furniture and Fittings	938,116	(714,388)	223,728	21,525	(294,219)	-	-	(77,303)	221,339	-	665,422	(570,352)	95,070
Plant & Equipment	3,845,396	(2,853,749)	991,647	93,383	(250,139)	-	-	(250,094)	180,470	-	3,688,640	(2,923,373)	765,267
Computers	4,422,657	(3,674,656)	748,001	15,226	(2,252,198)	-	-	(319,687)	2,034,439	-	2,185,685	(1,959,904)	225,781
Audio Equipment	2,059,884	(1,855,172)	204,712	5,610	(1,845,782)	-	-	(69,525)	1,707,956	-	219,712	(216,741)	2,971
Outdoor Rec Equipment	231,746	(186,419)	45,327	39,619	(17,207)	-	-	(34,649)	16,491	-	254,158	(204,577)	49,581
Library	387,957	(328,653)	59,304	8,744	(74,114)	-	-	(22,186)	42,671	-	322,587	(308,168)	14,419
Vehicles	2,235,208	(1,849,157)	386,051	5,000	(100,253)	-	-	(115,266)	100,252	-	2,139,955	(1,864,171)	275,784
Climbing Wall	87,092	(73,992)	13,100	-	-	-	-	(6,057)	-	-	87,092	(80,049)	7,043
Assets held for Sale	-	-	-	20,043	-	-	-	-	-	-	20,043	-	20,043
Assets in Course of Construction - Buildings TPP	388,144	-	388,144	-	(388,144)	-	-	-	-	-	-	-	-
Assets in Course of Construction - Computers	9,169	-	9,169	-	(9,169)	-	-	-	-	-	-	-	-
Total Institute	**33,121,271**	**(17,299,420)**	**15,821,851**	**664,466**	**(7,841,004)**	**-**	**-**	**(1,417,665)**	**6,231,387**	**-**	**25,944,733**	**(12,485,698)**	**13,459,035**

Legal ownership of land and buildings is detailed as follows:

	Land		Buildings	
	2017	2016	2017	2016
Institute owned	1,358,027	1,358,027	9,989,807	10,671,685
Crown owned	-	-	655,242	722,956
Total	**1,358,027**	**1,358,027**	**10,645,049**	**11,394,641**

9. Intangible Assets

Accounting Policy

Computer Software

Computer software is separately acquired and capitalised at its cost as at the date of acquisition. After initial recognition, separately acquired intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Course Development

Costs that are directly associated with the development of new educational courses are recognised as an intangible asset to the extent that such costs are expected to be recovered. The development costs consist primarily of Consultant and Employee costs.

A summary of the policies applied to the Institute and group's intangible assets is as follows:

	Computer Software	Course Development
Useful lives	Finite: 3-5 years	Finite: 3-5 years
Method used	Straight line method	Straight line method

The amortisation period and amortisation method for each class of intangible asset having a finite life is reviewed at each financial year-end. If the expected useful life or expected pattern of consumption is different for the previous assessment, changes are made accordingly.

The carrying value of each class of intangible asset is reviewed for indicators of impairment annually. Intangible assets are tested for impairment where an indicator of impairment exists and the asset's recoverable amount is estimated. An impairment loss is recognised in the surplus or deficit, for the amount by which the asset's carrying value exceeds its recoverable amount.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the surplus or deficit when the asset is de-recognised.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable business assets purchased by the Institute.
Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the acquisition that gave rise to goodwill.

Note 9. Intangible Assets Parent and Group

Movements for each class of intangible asset are as follows:

	Software	Goodwill	Course Dvt	Total
Balance at 1 January 2017				
Cost	706,852	224,000	757,759	1,688,611
Accumulated amortisation and impairment	(531,047)		(534,862)	(1,065,909)
Opening carrying amount	175,805	224,000	222,897	622,702
Year ended 31 December 2017				
Additions	35,297		126,869	162,166
Disposal	(71,906)		(152,572)	(224,478)
Amortisation	(104,142)		(136,026)	(240,168)
Amortisation on Disposals	56,237		109,022	165,259
Closing carrying amount	91,291	224,000	170,190	485,481
Balance at 31 December 2017				
Cost	670,243	224,000	732,056	1,626,299
Accumulated amortisation and impairment	(578,952)		(561,866)	(1,140,818)
Closing carrying amount	91,291	224,000	170,190	485,481
Assets in Course of Construction at 31 December 2017 - Course Development				
Total closing carrying amount	91,291	224,000	170,190	485,481
Balance at 1 January 2016				
Cost	680,837	214,000	573,772	1,468,609
Accumulated amortisation and impairment	(418,539)		(398,117)	(816,656)
Opening carrying amount	262,298	214,000	175,655	651,953
Year ended 31 December 2016				
Additions	26,015	10,000	183,987	220,002
Disposal				
Amortisation	(112,508)		(136,745)	(249,253)
Closing carrying amount	175,805	224,000	222,897	622,702
Balance at 31 December 2016				
Cost	706,852	224,000	757,759	1,688,611
Accumulated amortisation and impairment	(531,047)	-	(534,862)	(1,065,909)
Closing carrying amount	175,805	224,000	222,897	622,702
Assets in Course of Construction at 31 December 2015 - Course Development			-	-
				-
Total closing carrying amount	**175,805**	**224,000**	**222,897**	**622,702**

Goodwill purchased in 2008
The Polytechnic acquired the business assets and intellectual property of Emergency Management Academy of New Zealand Limited, in November 2008 for a consideration of $109,000 comprising of tangible assets $15,000 and intangible assets $94,000 recognised as goodwill.
Goodwill was impairment tested against 2 years future discounted cash flows at 15% (2016: 15%) arising from the acquired cash generating unit and no impairment was required at balance date.

Key Assumptions
The Polytechnic achieves the 2018 EFTS budget.

Determination of values assigned to key assumptions
There is no significant change to 2018 budgeted TEC funding/or target EFTS.

Discount period
Two years future maintainable free cash flow based on 2018 cash generating budget

Future cash flow growth rates
Zero

Goodwill purchased in 2009
The Polytechnic acquired the business activities of CETC a cash generating unit of the Buller High School, in December 2009 for a consideration of $130,000 comprising tangible assets $10,000 and intangible assets $120,000 recognised as goodwill.

Goodwill was impairment tested against five years future discounted cash flows at 15% (2016:15%) arising from the acquired cash generating unit and no impairment was required at balance date.

Key Assumptions
The Polytechnic achieves the 2018 revenue budget.

Determination of values assigned to key assumptions
There is no significant change to 2018 budgeted funding.

Discount period
Five years future maintainable free cash flow based on 2018 cash generating budget

Future cash flow growth rates
Zero

10. Creditors and Other Payables

Accounting Policy

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

	Polytechnic		Group	
	2017 Actual	2016 Actual	2017 Actual	2016 Actual
GST	71,758	259,712	71,758	259,712
Creditors	357,578	437,714	361,421	445,740
Accrued Expenses	580,103	432,827	580,103	432,827
Student Deposits	11,794	8,644	11,794	8,644
Amounts due to related parties				-
Total Creditors and Other	**1,021,233**	**1,138,897**	**1,025,076**	**1,146,923**

11. Revenue in Advance

	Polytechnic		Group	
	2017 Actual	2016 Actual	2017 Actual	2016 Actual
Tuition Fees in Advance	147,135	230,242	147,135	230,242
MOE Funding in Advance	96,784	3,115,449	96,784	3,115,449
Total Revenue in Advance	**243,919**	**3,345,691**	**243,919**	**3,345,691**

12. Employee Entitlements

Accounting Policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay.
These include salaries and wages accrued up to the balance date, annual leave earned to but not yet taken at balance date and sick leave.

Long-term employee entitlements

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

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

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

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

Superannuation schemes
Defined contribution schemes

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

Defined benefit schemes

The Institute and group belongs to the Defined Benefit Plan Contribution Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

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

	Polytechnic		**Group**	
	2017 Actual	**2016 Actual**	**2017 Actual**	**2016 Actual**
Current portion				
Holiday Pay	786,713	702,852	786,713	702,852
Long Service Leave		18,616	-	18,616
Retirement Benefits			-	-
Accrued pay to be settled January 2017		(114,948)	-	(114,948)
Total current portion	**786,713**	**606,520**	**786,713**	**606,520**
Non Current Portion				
Long Service		19,144	-	19,144
Retirement Benefits	119,085	34,776	119,085	34,776
Total non current portion	**119,085**	**53,920**	**119,085**	**53,920**
Total Employee Entitlement	**905,798**	**660,440**	**905,798**	**660,440**
Movement in employee entitlements				
Employee entitlements at 1 January	**660,440**	**973,598**	**660,440**	**973,598**
Movement in accrued pay	114,948	(439,132)	114,948	**(439,132)**
Additions during the year	130,410	125,974	130,410	125,974
Utilised during the year				
Restructure severance charged against Support Change Funding				
Employee entitlements at 31 December	**905,798**	**660,440**	**905,798**	**660,440**

Employee Entitlements

A provision is recognised for post-employment benefits payable to employees. Employees are entitled to annual leave pay, long service and retirement gratuities.

Annual leave is expected to be settled within 12 months of the Statement of Financial Position date and is measured at the current rates of pay.

Entitlements relating to long service leave and retirement gratuities have been calculated at present value of future cash flows determined on an actuarial basis.

The provision is affected by a number of assumptions including expected length of service, attrition rate and salary increase.

13. Contingencies

	Polytechnic 2017	Polytechnic 2016	Group 2017	Group 2016
Contingent liabilities	3,000	3,000	3,000	3,000

The contingent liability relates to a performance bond required as a condition of resource consent from West Coast Regional Council for Alluvial Goldmining.

The employer is a participating employer in the DBP Contributors Scheme (‘the Scheme’) which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, the employer could be responsible for any deficit of the Scheme. Similarly, if a number of employers cease to have employees participating in the Scheme; the employer could be responsible for an increased share of any deficit.

The DBP Contributors Scheme (‘the Scheme’) is a multi-employer defined benefit Scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2017, the Scheme had a past service surplus of $8.0 million (6.2% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS25.

The Actuary to the Scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

14. Equity

Accounting Policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components of equity are general funds, and restricted reserves.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Institute. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

	Polytechnic		Group	
	2017 Actual	**2016 Actual**	**2017 Actual**	**2016 Actual**
EQUITY				
General Funds				
Balance at 1 January	17,237,587	20,736,785	17,209,661	20,722,455
Total Comprehensive Revenue and Expense attributable to TPP	(4,056,633)	(3,499,198)	(4,067,159)	(3,512,794)
Capital Injections	6,820,425		6,820,425	
Balance at 31 December	20,001,379	17,237,587	19,962,927	17,209,661
Restricted Reserves				
Balance at 1 January	26,761	28,561	76,078	77,878
Application of scholarships and trust	(1,400)	(1,800)	(1,400)	(1,800)
Balance at 31 December	25,361	26,761	74,678	76,078
Total Equity	**20,026,740**	**17,264,348**	**20,037,605**	**17,285,739**

15. Related Party Transactions

Accounting Policy

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

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

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

TPP previously disclosed ALL related party transactions, this has been discontinued in line with the above stated policy.

Key Management personnel compensation

	FTE	2017	FTE	2017
Short Term				
KMP Salaries and other short-term employee benefits	10	1,553,551	7	1,287,892
Councillors remuneration	4	87,768	8	131,558
		1,641,319		1,419,450
Termination Benefits		23,034		65,000
		1,664,353		**1,484,450**

Key management personnel include councillors and the senior management team. Close family members of key management personnel are employed by Tai Poutini Polytechnic. The terms and conditions of those arrangements are no more favourable than Tai Poutini Polytechnic would have adopted if there were no relationship to key management personnel.

16. Financial Instruments Risks

The Institute's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Institute and group has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow transactions that are speculative in nature to be entered into.

Financial instruments categories	Institute 2017	Institute 2016	Group 2017	Group 2016
Loans and receivables				
Cash and cash equivalents	2,633,933	1,438,092	2,635,084	1,443,962
Accounts receivable	5,167,818	4,157,681	5,167,818	4,157,681
Term deposits	203,221	196,390	209,375	206,836
Loans to related parties				
Trust investments	278,964	276,637	278,964	276,637
	8,283,936	6,068,800	8,291,241	6,085,116
Investments carried at cost				
Equity investment		-		-
Other financial liabilities at amoritsed cost				
Accounts payable and accruals	1,021,233	1,138,897	1,024,716	1,146,923
Bank overdraft				
Trust and funds	278,964	276,637	278,964	276,637
	1,300,197	1,415,534	1,303,680	1,423,560

Tai Poutini Polytechnic (TPP) has a series of policies to manage the risks associated with financial instruments. TPP is risk averse and seeks to minimise exposure from its treasury activities.

TPP has established Council approved investment policies which do not allow treasury transactions that are speculative in nature. The approved investment outlets for placement of cash have Standards & Poors grading of AA- and above.
The main risks arising from the Institute's financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Tai Poutini Polytechnic's exposure to market risk for changes in interest rates relates primarily to the Institute's short-term deposits and its loans and advances to its subsidiary. TPP monitors the market price risk arising from all financial instruments.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest revenue based on financial instrument exposure at balance date would have increased/(decreased) equity and surplus or deficit by the amounts shown below.

This analysis assumes all other variables remain constant

Parent	Other Equity 100 bp increase	Other Equity 100 bp (decrease)	Surplus or deficit 100 bp increase	Surplus or deficit 100 bp (decrease)
2017				
Variable rate financial assets	-	-	22,876	(22,876)
2016				
Variable rate financial assets	-	-	11,278	(11,278)

Group	Other Equity 100 bp increase	Other Equity 100 bp (decrease)	Surplus or deficit 100 bp increase	Surplus or deficit 100 bp (decrease)
2017				
Variable rate financial asset	-	-	22,876	(22,876)
2016				
Variable rate financial assets	-	-	11,278	(11,278)

Liquidity risk

Liquidity risk is the risk that the Institute and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and to meet its liquidity requirements the Institute maintains a target level of short-term deposits that must mature within the next 12 months.

Contractual maturity analysis of financial liabilities		6 months or less	Contractual cash flow	Carrying Amount
Institute				
31 December 2017	Accounts payable	1,021,233	1,021,233	2,021,233
	Trust and funds	278,964	278,964	278,964
		1,300,197	1,300,197	2,300,197
31 December 2016	Accounts payable	1,138,897	1,138,897	1,138,897
	Trust and funds	276,637	276,637	276,637
		1,415,534	1,415,534	1,415,534
Group				
31 December 2017	Accounts payable	1,024,716	1,024,716	1,024,716
	Trust and funds	278,964	278,964	278,964
		1,303,680	1,303,680	1,303,680
31 December 2016	Accounts payable	1,146,923	1,146,923	1,146,923
	Trust and funds	276,637	276,637	276,637
		1,423,560	1,423,560	1,423,560

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Polytechnic Group causing it to incur a loss. With the exception of student fees the Polytechnic Group trades only with creditworthy third parties.

Contractual maturity analysis of financial assets		Current	1 month	2 month	3 month +	Contractual Cash flows	Carrying Amount
Institute							
31 December 2017	Debtors and other receivables	4,217,410	377,876	120,114	667,417	5,382,817	5,167,818
	Loan and receivables*						
	Cash and term deposits	2,633,933		203,221		2,837,154	2,837,154
		6,851,343	377,876	323,335	667,417	8,219,971	8,004,972
31 December 2016	Debtors and other receivables	3,203,667	260,148	122,136	729,875	4,315,826	4,157,681
	Loan and receivables*						
	Cash and term deposits	1,438,092		196,390		1,634,482	1,634,482
		4,641,759	260,148	318,526	729,875	5,950,308	5,792,163

*Contractual cash flows arising from loan and receivables are gross amounts before impairment.

		Current	1 month	2 month	3 month +	Contractual Cash flows	Carrying Amount
Group							
31 December 2017	Debtors and other receivables	4,217,410	377,876	120,114	667,417	5,382,817	5,167,818
	Cash and term deposits	2,633,933		203,221		2,837,154	2,837,154
		6,851,343	377,876	323,335	667,417	8,219,971	8,004,972
31 December 2016	Debtors and other receivables	3,203,667	260,148	122,136	729,875	4,315,826	4,157,681
	Cash and term deposits	1,438,092		196,390		1,634,482	1,634,482
		4,641,759	260,148	318,526	729,875	5,950,308	5,792,163

Maximum exposure to credit risk	Institute 2017	Institute 2016	Group 2017	Group 2016
Cash at bank and term deposits	2,837,154	1,634,482	2,837,154	1,634,482
Debtors and other receivables	5,382,817	4,315,826	5,382,817	4,315,826
	8,219,971	**5,950,308**	**8,219,971**	**5,950,308**

Counterparties with Credit Ratings	Institute 2017	Institute 2016	Group 2017	Group 2016
Cash at bank and term deposits				
AA-	2,837,154	1,634,482	2,837,154	1,634,482
	2,837,154	**1,634,482**	**2,837,154**	**1,634,482**

Counterparties without Credit Ratings	Institute 2017	Institute 2016	Group 2017	Group 2016
Cash at bank	-	-	-	-
	-	**-**	**-**	**-**

Debtors and other Receivables* before provision for bad and doubtful debts	Institute 2017	Institute 2016	Group 2017	Group 2016
Existing Counterparty with no defaults in past	5,382,817	4,315,826	5,382,817	4,315,826
	5,382,817	**4,315,826**	**5,382,817**	**4,315,826**

17. Major Budget Variations

Explanations for major variations from the budget figure are as follows:

Revenue

Revenue was close to budget with only a $400k reduction in Tuition Fees due to the mix of courses delivered.

Expenditure

The decrease in actual expenses compared to budget is due mainly to a decrease in personnel costs ($1.6m) as a result of changes in structure. Changes in processes and strict cost control resulted in savings of $3.2m, however these were offset by unbudgeted Transformation costs of $3.7m. The net effect of this was an overall reduction in expenses of $1.1m. Transformation costs included the transfer of $1.2m of MAINZ Assets to Southern Institute of Technology on 31 December 2017.

Surplus/Deficit

Deficit including transformation costs was $0.7m less than budgeted due to the changes mentioned above. Deficit excluding transformation costs was $4m less than budgeted due to the structural and procedural changes made.

Cashflow

TPP received a Cash Injection from the MOE of $3.6m during 2017. Cash flow was $1.3m better than budget. This is partly due to MOE not recovering payments for under delivery in 2016. This amount has since been forgiven (See Post Balance Date Events).

18. Post Balance Date Events

In 2015 TPP was advised that an investigation into compliance with TEC funding regulations over the preceding 5 years would be undertaken during 2016. This investigation took place in the second half of 2016. At balance date the results were not finalised. The outcome of this investigation was advised in early 2018 and the decision that the resulting debt would not be pursued communicated to TPP. TPP were also advised that an amount of $3.2m relating to under deliver in 2016 would not be recovered by TEC, this amount was converted to a Capital Injection.

Appendix 1 Compulsory Student Services Levy

The compulsory student services levy was set as follows for 2017:
$230 (GST inclusive) per full-time student at MAINZ campuses
$100 (GST inclusive) per full-time student at the Greymouth campus (reduced fee as not all services available)
$40 (GST inclusive) per full-time student at Wanaka and Westport campuses (reduced fee as not all services available)

The areas of service that are provided are identified through an annual student survey.

The levy funds key services for students to assist in their success, retention and overall well-being while studying at TPP, and covers:

Careers Advice and Guidance

TPP provides advice and support to students so they can make informed decisions about their career path and study programme, and to improve their employability.

Counselling and Pastoral Care

TPP has a range of pastoral and counselling services to facilitate students' integration into tertiary life and provide on-going support while they are studying with us.

Financial Support and Advice

TPP assists students with Studylink, budgeting and emergency financial assistance for students experiencing extreme financial hardship.

Medical Subsidies

TPP has agreements with select medical centres to offer subsidised fees to registered eligible students.

Compulsory Student Service Fees

For the year ended 31 December 2017	Careers Advice and Guidance	Counselling and Pastoral Care	Financial Support and Advice	Medical Subsides
Revenue	28,688	40,244	6,016	3,579
Expenses	93,940	114,556.91	6,581.20	982,05

For the year ended 31 December 2016	Careers Advice and Guidance	Counselling and Pastoral Care	Financial Support and Advice	Medical Subsides
Revenue	27,086	41,508	4,408	3,045
Expenses	32,350	49,235.60	12,179.40	3,133.72

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Tai Poutini Polytechnic West Coast New Zealand

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