

The Te Kaitiaki logo is a stylized white graphic of a tree with many branches, each ending in a small, flame-like or feather-like shape. It is positioned on the right side of the cover, partially overlapping the dark brown and light brown vertical bands.

Audited Financial Statements and Statement of Service Performance

1 July 2014 –
30 June 2015

*Te Pokapū Kōunga Mātauranga
mō ngā Whare Wānanga o Aotearoa*

October 2015

AQA

Academic
QualityAgency
For New Zealand Universities

Note about AQA financial statements and operations

The following audited financial statements and statement of service performance were prepared to meet AQA's financial and service reporting requirements for the year ended 30 June 2015. For financial reporting purposes, AQA is a subsidiary of the New Zealand Vice-Chancellors' Committee and the consolidated accounts of NZVCC (incorporating AQA) can be found on the NZVCC website: www.universitiesnz.ac.nz.

The operations of AQA, including academic audits, are independent of the New Zealand Vice-Chancellors' Committee and of the individual universities. The consolidation of AQA and NZVCC's financial accounts in no way compromises the operational independence of AQA in carrying out its activities.

Reflections from the Chair

The 2014-2015 financial year was another busy one for AQA with the completion of three New Zealand academic audits (the University of Auckland, Victoria University of Wellington and the University of Canterbury). In addition, AQA completed an academic audit at the request of the National University of Samoa and the audit of the University of Waikato was also underway by the end of the financial year.

AQA itself was subject to external review with the site visit of the review panel held in late June 2015. This five-yearly review always brings with it a welcome chance for self-evaluation and reflection and the 2015 review was no exception. The Board of AQA is grateful to the work of this eminent panel composed of one recently retired New Zealand Vice-Chancellor and two internationally recognised experts in the field of academic quality assurance. I wish particularly to thank Honorary Professor Roy Crawford who chaired the external review panel. The review report will be released publicly later in 2015.

Halfway through Cycle 5, I believe that the new framework is providing a robust and transparent model for audit consistent with national expectations and with international good practice. Auditor and university feedback suggest that the framework is generally working well. There is always room for improvement and with discussions about Cycle 6 about to commence over the next 12 months, we will be looking to engage with the wider community of interest. In particular, we will be focusing on how we can continue to ensure process and outcomes that provide high levels of assurance to stakeholders, while also being of genuine assistance to the differing aspirations of New Zealand's eight universities. As AQA audit reports show, these are institutions with increasingly mature quality assurance systems and processes. External audit continues to play an important role in those systems, but it is the quality enhancement-led nature of AQA's activities that, I believe, makes its operations so important for the sector.

Shortly before the end of the financial year I received notice from Dr Cameron of her intention to retire in early 2016 after nearly 6 years in the role of Director of AQA. There will be other opportunities for me to thank Jan for her immense contribution during this time, but as I think this annual report and the aforementioned external review report will show, she leaves AQA in very good heart with a new framework, a significantly heightened profile and a growing international reputation. It is this reputation for robust and enhancement-led quality assurance that contributes strongly to the high regard in which New Zealand's university system is held. Jan and the Board of AQA retain a close watch on national and international developments in quality assurance and it is pleasing to be able to assure the Vice-Chancellors and broader stakeholders that AQA's work is internationally comparable and respected. I expect an incoming Executive Director to pick up and continue the good work of Dr Cameron in this regard.

We saw several changes in the membership on the AQA Board during this year, most notably with the departure of Emeritus Professor David Mackay after two terms as Chair of the Board. David's tenure with AQA coincided with a period of significant change and he ably oversaw the continued and positive development of AQA during this time. I'm grateful to him and other Board members for the smooth transition I have received into the role of Chair. I'm delighted to have since welcomed

Professor Jack Heinemann and Mr Paul Smith to the Board and, latterly, Professor Neil Quigley. I look forward to working closely with them alongside established Board members Mr John Sinclair, Ms Pania Gray and Ms Michèle Stanton.

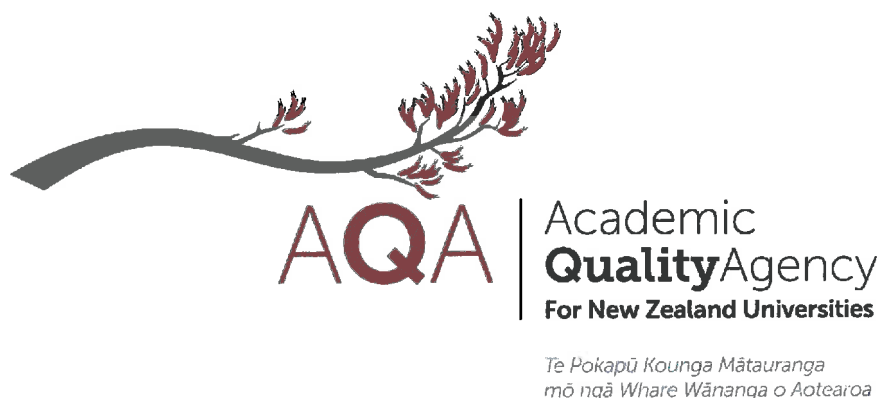
On behalf of the Board I thank Dr Jan Cameron, her staff and AQA auditors for their continued commitment to the work of AQA and to the quality of New Zealand university teaching, learning and student support.

A handwritten signature in dark ink, appearing to read 'Pat Walsh', with a stylized, cursive script.

Emeritus Professor Pat Walsh

Chair

Academic Quality Agency for New Zealand Universities



ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES FOR THE YEAR ENDED 30 JUNE 2015

BACKGROUND

Establishment of AQA

The Academic Quality Agency for New Zealand Universities (AQA) was established in 1993 (as the New Zealand Universities Academic Audit Unit) by the New Zealand universities acting jointly through the New Zealand Vice Chancellors' Committee (NZVCC), and began operations in 1994.

AQA is a subsidiary of NZVCC for financial reporting purposes. This in no way compromises the operational independence of the AQA in carrying out its activities. It is funded by the universities and its Board is appointed by the NZVCC. However its operations, including academic audits, are independent of the NZVCC and of the individual universities.

Sources of Funds

An annual operating grant of \$380,000 from the universities was the main source of funding received by AQA. Additional revenue of \$112,660 was provided on a cost-recovery basis by New Zealand universities undergoing academic audit in the current financial year.

Audits of non-New Zealand institutions, consultancy, conference fees and interest earned supplement this revenue.

Further Information about Academic Quality Agency for New Zealand Universities (AQA)

The AQA website, www.aqa.ac.nz provides a wide range of information and publications.

The AQA offices are located at Level 9, 142 Lambton Quay, Wellington.

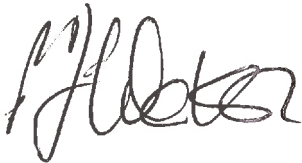
**ACADEMIC QUALITY AGENCY FOR
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STATEMENT OF RESPONSIBILITY

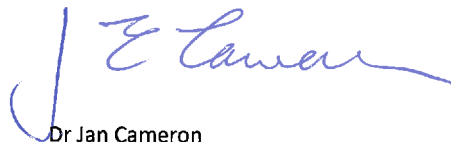
We acknowledge that:

- (a) The preparation of financial statements of the Academic Quality Agency for New Zealand Universities and judgements used herein are our responsibility.
- (b) The establishment and maintenance of an internal control system designed to give reasonable assurance as to the integrity and reliability of the financial and non-financial reports for the year ended 30 June 2015 are our responsibility; and

In our opinion the financial statements for the year under review fairly reflect the financial position and operations of the Academic Quality Agency for New Zealand Universities.



Emeritus Professor Pat Walsh
Chair of the Board
Academic Quality Agency for New Zealand Universities



Dr Jan Cameron
Director
Academic Quality Agency for New Zealand Universities

Date:

17/9/15

Date:

17/9/15

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES'S
FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015**

The Auditor-General is the auditor of the Academic Quality Agency for New Zealand Universities. The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington, to carry out the audit of the financial statements and non-financial performance information of the Academic Quality Agency for New Zealand Universities on her behalf.

We have audited:

- the financial statements of the Academic Quality Agency for New Zealand Universities on pages 10 to 21, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Academic Quality Agency for New Zealand Universities in the statement of service performance on pages 7 to 9.

Opinion

In our opinion:

- the financial statements of the Academic Quality Agency for New Zealand Universities on pages 10 to 21:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Academic Quality Agency for New Zealand Universities':
 - financial position as at 30 June 2015; and
 - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the Academic Quality Agency for New Zealand Universities on pages 7 to 9 fairly reflects the Academic Quality Agency for New Zealand Universities' service performance achievements measured against the performance targets adopted in the investment plan for the year ended 30 June 2015.

Our audit was completed on 17 September 2015. This 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 Board and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider

internal control relevant to the Academic Quality Agency for New Zealand Universities' preparation of the financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Academic Quality Agency for New Zealand Universities' internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

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

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Academic Quality Agency for New Zealand Universities' financial position, financial performance and cash flows.

The Board is also responsible for preparing non-financial performance information that fairly reflects the Academic Quality Agency for New Zealand Universities' service performance achievements measured against the performance targets adopted in the investment plan.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Board's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.


Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our 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 Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Academic Quality Agency for New Zealand Universities.



Henry McClintock
BDO Wellington
On behalf of the Auditor-General
Wellington, New Zealand

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

STATEMENT OF OBJECTIVES

Mission

The mission of the Academic Quality Agency for New Zealand Universities is to contribute to high quality New Zealand university education by:

- engaging as a leader and advocate in the development of universities based on high quality, internationally acceptable, academic practices;
- providing quality assurance and quality enhancement services which assist universities in facilitating excellent student experience and learning outcomes.

Terms of Reference

- to consider and review the universities' mechanisms for monitoring and enhancing the ongoing academic quality of academic programmes, their delivery and their learning outcomes, and the extent to which the universities are achieving their stated aims and objectives in these areas,
- to comment on the extent to which procedures in place in individual universities are applied effectively,
- to comment on the extent to which procedures in place in individual universities reflect good practice in maintaining quality,
- to identify and commend to universities national and international good practice in regard to academic quality assurance and quality enhancement,
- to assist the university sector to improve its educational quality,
- to advise the New Zealand Vice-Chancellors' Committee on quality assurance matters;
- to carry out such contract work as is compatible with its audit role.

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

STATEMENT OF PERFORMANCE

Objective 1: Quality Assurance

To ensure academic audits are timely and produce audit reports which are of assistance to universities, are authoritative, fair and perceptive.¹

Description: AQA undertakes regular academic audits of all New Zealand universities using a framework developed by AQA in consultation with the sector and other stakeholders. Academic audits are conducted to a schedule approved by the Board and with the agreement of the universities. From time to time, AQA may be contracted to undertake other forms of audit or review including academic audits of international universities. The quality and timeliness of the work of AQA are overseen by a Board, comprised of a Vice-Chancellor, an academic, a student and lay members who are appointed by the NZVCC but operate independently of them and of the universities.

Measure	2014/15 Quantity Delivered	2014/15 Estimate	2013/14 Quantity Delivered	2012/13 Quantity Delivered
1.1 Academic audit reports published as per indicative timeline	4	4	2	1
1.2 Academic audit follow-up reports received as per indicative timeline	1	1	1	2
1.3 Feedback on audit process sought from recently audited universities as per indicative timeline	3	3	1	1
1.4 Periodic assessment of impact of AQA audit activities on university quality	1	1	1	N/A
1.5 Percentage of New Zealand-based auditors attending training/ update sessions	31% *	75%	94%	N/A

* Given the high level of attendance at training in 2013/14, no all-auditor training was offered in 2014/15. Instead auditors who had already received training were encouraged to attend the AQA Support for Quality Conference and just-in-time training was provided to auditors on audit panels in 2014/15 as appropriate to their experience.

Objective 2: Quality Enhancement - Universities

To contribute to the development, dissemination and implementation of new policies and good practices in quality assurance and quality enhancement in education, both nationally and internationally.

Description: AQA's mission includes assisting universities to facilitate excellent student experience and learning outcomes. AQA undertakes this quality enhancement role in a variety of ways, including by identifying and commending national and international good practice in regard to academic quality assurance and quality enhancement, and by facilitating dialogue between university staff on quality matters.

¹ Objectives as per AQA Constitution.

Measure	2014/15 Quantity Delivered	2014/15 Estimate	2013/14 Quantity Delivered	2012/13 Quantity Delivered
2.1 Publication of AQA newsletter	4	4	4	4
2.2 Workshops and/or meetings held with New Zealand universities on matters pertaining to university quality	5	4	4	2
2.3 Ad hoc reports on matters pertaining to university quality	0	0	1	1
2.4 Biennial 'Support for Quality' Conference	1	1	N/A (2014/15)	1
2.5 Biennial QE/communications survey of stakeholders	N/A (2015/16)	1	1	N/A (2013/14)

Objective 3: Quality Enhancement - AQA

To improve the quality of AQA activities, including audit practice, by interaction with other education and academic quality assurance agencies, both nationally and internationally.

Description: AQA's work is benchmarked internationally: the agency is independently audited every five years (last audited in June 2015) and has been assessed as meeting the Guidelines of Good Practice in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education (confirmed 2013, valid until 2017). Interaction and engagement with national and international peer agencies is an important component of AQA's continued commitment to its own development and to the professional development of its staff and activities.

Measure	2014/15 Quantity Delivered	2014/15 Estimate	2013/14 Quantity Delivered	2012/13 Quantity Delivered
3.1 Membership of related national boards, committees and working groups	3	3	3	3
3.2 Membership of related international boards and working groups	1	1	1	1
3.3 Independent review of AQA operations including assessment against Guidelines of Good Practice (GGP) in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education	Review undertaken in June 2015; report to be received 2015/16	Review to be undertaken in 2014/15	0 (full review to be undertaken 2014/15)	1 (partial review to confirm adherence with GGP. Last full review 2009/10)
3.4 External consultancy or other contracts undertaken	4	2	3	2

Objective 4: Quality Support

To ensure effective processes and adequate resourcing to achieve the above objectives at a high level of satisfaction for universities and other stakeholders.

Description: AQA's annual operating grant is funded by the universities collectively. The Board of AQA prepares and recommends a budget to the committee of New Zealand Vice-Chancellors prior to the commencement of each financial year. In doing so, the Board seeks to ensure that the annual grant provides for an adequate level of resources to enable the organisation to achieve its stated objectives for that year, and that the organisation's net asset levels and cash flow are sufficient to sustain its continued operation.

Measure	2014/15 Quantity Delivered	2014/15 Estimate	2013/14 Quantity Delivered	2012/13 Quantity Delivered
4.1 Review of annual service lease agreement with Universities New Zealand	Review completed and lease re-signed	Review completed and lease re-signed	Review completed and lease re-signed	Review completed and lease re-signed
4.2 Review of budget and staffing requirements alongside ongoing monitoring of AQA Strategic Plan	Review undertaken	Review undertaken	Review undertaken	Review undertaken
4.3 Approval of requested annual grant by Vice-Chancellors	Annual grant approved as sought	Annual grant approved as sought	Annual grant approved as sought	Annual grant approved as sought

Total cost of service:

	2014/15 Actual \$	2014/15 Estimate \$	2013/14 Actual \$
Total revenue	565,063	517,700	532,626
Total expense	550,124	517,300	498,999
Surplus/(deficit)	14,939	400	33,627



Emeritus Professor Pat Walsh
Chair of the Board
Academic Quality Agency for New Zealand Universities

Date:

17/9/15



Dr Jan Cameron
Director
Academic Quality Agency for New Zealand Universities

Date:

17/9/15

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

		AQA Actual 2015 \$	AQA Budget 2015 \$	AQA Actual 2014 \$
Note				
Revenue				
	Annual Grant from Universities	380,000	380,000	379,155
	Audit Fees	169,283	120,500	140,754
	Interest Revenue	6,515	3,500	4,526
	Consultancy & Sundry Revenue	9,265	13,700	8,191
	Total Revenue	565,063	517,700	532,626
	Less Expenditure	550,124	517,300	498,999
	Surplus for the year	\$14,939	\$400	\$33,627
Other Comprehensive Revenue and Expense				
		0	0	0
	Total Comprehensive Revenue and Expense for the year	\$14,939	\$400	\$33,627

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

STATEMENT OF CHANGES IN EQUITY

	AQA Actual 2015 \$	AQA Budget 2015 \$	AQA Actual 2014 \$
Equity at start of the year	164,935	164,935	131,308
Total Comprehensive Revenue and Expense for the year	14,939	400	33,627
Equity at end of the year	\$179,874	\$165,335	\$164,935

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
AS AT 30 JUNE 2015**

STATEMENT OF FINANCIAL POSITION

	Note	AQA Actual 2015 \$	AQA Budget 2015 \$	AQA Actual 2014 \$
Assets				
Current Assets				
Cash and cash equivalents	8	209,831	171,996	172,254
GST Refund		3,305	2,000	2,257
Receivables (from exchange transactions)	9	23,672	44,148	36,011
		236,808	218,144	210,522
Non-Current Assets				
Property, Plant & Equipment	10	412	413	1,363
		412	413	1,363
Total Assets		\$237,220	\$218,557	\$211,885
Liabilities				
Current Liabilities				
Payables (from exchange transactions)	11	42,889	40,000	38,728
Employee benefit liability	12	14,457	13,222	8,222
		57,346	53,222	46,950
Total Liabilities		\$57,346	\$53,222	\$46,950
Accumulated revenue and expense		179,874	165,335	164,935
Net assets/equity attributable to the owners of the controlling entity		179,874	165,335	164,935
Total Net Assets/Equity		\$179,874	\$165,335	\$164,935
Total Net Assets/Equity and Liabilities		\$179,874	\$165,335	\$164,935

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

STATEMENT OF CASHFLOWS

		AQA ACTUAL 2015 \$	AQA BUDGET 2015 \$	AQA ACTUAL 2014 \$
	Note			
Cash Flows From Operating Activities				
Proceeds from:				
Interest Received		6,427	3,380	5,262
Annual Grants from Universities		380,000	380,000	379,155
Audit Fees		173,133	108,550	140,513
Other Receipts		10,048	17,633	7,024
Goods and Services Tax		(1,045)	(275)	(1,749)
Payments to Suppliers		(288,848)	(278,136)	(252,155)
Payments to Employees		(242,138)	(231,410)	(231,181)
Net Cash Flows from Operating Activities	19			
		37,577	(258)	46,869
Cash Flows From Investing Activities				
Increase/(Decrease) in Term Deposits & Portfolio		(2,082)	0	32,278
Proceeds from Sale of Property, Plant & Equipment		0	0	(1,281)
Net Inflow/(outflow) from Investing Activities		(2,082)	0	30,997
Net Increase (Decrease) In cash and cash equivalents		35,495	(258)	77,866
Opening Cash at Beginning of Year		120,735	120,735	42,869
Closing Cash at 30 June		\$156,230	\$120,477	\$120,735
Represented by:				
Petty Cash		270		236
BNZ Bank Accounts		155,960		120,499
	8	\$156,230		\$120,735

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

The reporting entity AQA is a financial subsidiary of the New Zealand Vice-Chancellor's Committee (NZVCC) which is a public benefit entity and was established under the Education Act 1989. As a subsidiary of NZVCC, AQA is required to prepare financial statements in accordance with Section 153-156 of the Crown Entities Act 2004.

The consolidated financial statements for the year ended 30 June 2015 are published (separately) by NZVCC and comprise of NZVCC and AQA together referred to as the 'Group'.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements of AQA have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAPP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate for Tier 2 Public Sector Public Benefit Entity (PBE) Standards, for which all reduced disclosure regime exemptions have been adopted.

AQA has elected to report in accordance with Tier 2 Public Sector PBE Standards as for the two most recent reporting periods the Group has had between \$2m and \$30m operating expenditure.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 5.

These financial statements were authorised for issue by Emeritus Professor Pat Walsh, Chair of the Board of AQA and Dr Jan Cameron, Director of AQA, on 18 September 2015.

(b) Measurement Basis

The consolidated financial statements have been prepared on the historical cost basis except as indicated below:

- Financial instruments
- Property, Plant & Equipment
- Long-term employee benefits.

(c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

There has been no change in the functional currency of AQA or any significant foreign operations of AQA during the year.

3 Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the AQA financial statements include the following:

- Revenue recognition – non-exchange revenue (conditions vs. restrictions)

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2015 include the following:

- Key assumptions underlying determining the recoverable amounts for impairment testing
- Useful life, recoverable amount, depreciation method and rate

(c) Changes in accounting estimates

There have been no changes in accounting estimates during the period

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the AQA.

(a) Foreign Currency

Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

(b) Revenue

Revenue from Exchange Transactions

Revenue from exchange transactions are those where AQA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity.

Revenue from exchange transactions is recognised when the amount of revenue is earned and is reported in the financial period to which it relates.

Grant Revenue

Grant revenue is received from the eight universities on a six-monthly basis and is applied on a straight-line basis over the financial year in which it relates.

Rendering of Services

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date.

Revenue from Non-exchange Transactions

Non-exchange transactions are those where AQA receives an inflow of resources but provides no (or nominal) direct consideration in return.

(c) Employee Benefits

Short-term Employee benefits

Short-term employee benefit liabilities, wages and salaries, including non-monetary benefits and annual leave are recognised when AQA has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

(d) Finance income

Interest revenue is recognised using the effective interest method as it accrues.

(e) Financial Instruments

All assets and liabilities of AQA, with the exception of Property, Plant & Equipment and intangible assets are financial instruments and are recognised in the Statement of Financial Position. No other financial instruments exist other than those recognised in the Statement of Financial Position. Revenues and expenses in relation to these financial instruments are recognised in the Statement of Comprehensive Revenue and Expenditure.

Financial instruments are measured in accordance with the accounting policies disclosed in relation to each type of asset and liability. Unless stated, the carrying amounts reflected in the financial statements equate to the estimated fair value of AQAs assets and liabilities at 30 June 2015 for each financial instrument.

Creditors and Other Payables

Creditors and other payables are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method

Trade and Other Receivables

Trade and Other Receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method less any impairment losses.

Cash and Cash Equivalents

Cash includes cash on hand and funds on deposit with banks and is measured at its face value.

(f) Impairment of Non-derivative Financial Assets

AQA assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics. All impairment losses are recognised in surplus or deficit and reflected in an allowance account against receivables. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

(g) Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment are initially recognised at cost. Property, plant and equipment are recorded at cost less accumulated depreciation. Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in surplus or deficit as an expense when incurred.

Depreciation

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Computers and Printers	48%SL
Office equipment, furniture and fittings	16.2%SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Budget

The budget figures for AQA are those approved by the AQA Board at their March 2014 meeting, including the Annual Grant figure approved by the Vice-Chancellors at their June 2014 meeting.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by AQA for the preparation of the financial statements.

(i) Goods and Services Tax

The financial statements are exclusive of GST except for Trade Payables and Trade Receivables which are GST inclusive.

(j) Taxation

AQA is a subsidiary of NZVCC which is a statutory body and registered with the Charities Commission under the Charities Act 2005; AQA is consequently exempt from income tax.

(k) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach method.

Cash includes cash on hand and deposits held at call with banks.

Operating activities includes cash received from all revenue sources of AQA including annual university grants, cost-recovery of New Zealand university academic audit costs, audits of non-New Zealand institutions, consultancy, conference fees and interest earned.

5 Adjustments arising on transition to the new PBE accounting standards

There have been no reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

6 Revenue

All AQA revenue for the year ended 30 June 2015 was earned from exchange transactions.

7 Expenses

	AQA Actual 2015 \$	AQA Budget 2015 \$	AQA Actual 2014 \$
ACC Levy	547	800	579
Advertising and marketing	0	1,000	0
Audit Fee (Financial audit)	9,125	8,800	8,375
Accountancy	2,600	3,500	2,600
AQA Chairman & Board Honoraria	22,449	20,050	21,070
Bank Fees	456	350	382
Computer Maintenance and Training	11,859	11,110	12,619
Conference Fees	4,070	1,400	804
Consultancy and Honoraria	87,728	66,300	59,150
Depreciation - Computer Equipment	615	615	563
Depreciation - Office Equipment, Furniture & Fittings	336	335	336
Insurance	5,757	8,000	5,598
Legal expenses	0	1,000	0
Loss on sale of Asset	0	0	284
Meeting Costs	2,305	6,675	2,317
Office Expenses and Administration	17,269	15,790	14,555
Occupancy Rent	30,122	30,100	30,122
Recruitment Costs	1,465	0	0
Salaries	236,445	227,575	222,131
Subscriptions	1,432	2,700	1,455
Superannuation Contributions (including KiwiSaver)	9,379	9,025	8,777
Staff Development (exc. travel)	332	800	0
Telephone and Tolls	1,648	2,500	3,140
Travel and Accommodation:			
- New Zealand Travel	10,624	4,500	17,411
- International Travel	18,827	13,800	17,876
- Board Travel	1,977	7,950	4,696
- Audit Travel	38,090	28,525	30,476
- Accommodation and meals	25,487	34,600	24,506
NZVCC Staff Services	9,179	9,500	9,177
	\$550,124	\$517,300	\$498,999

8 Cash and Cash Equivalents

	AQA 2015 \$	AQA 2014 \$
Bank of New Zealand		
Current Account (0.25%)	31,799	25,275
Call Account (2.75%)	124,161	95,224
BNZ Short-term Deposits (4.1%)	53,601	51,519
Petty Cash	270	236
	\$209,831	\$172,254

9 Receivables – Exchange Transactions

	AQA 2015	AQA 2014
	\$	\$
Sundry Debtors	4,505	3,933
Prepaid Expenses	14,499	23,648
Accrued Audit Fees Income	4,200	8,050
Accrued Interest	468	380
	\$23,672	\$36,011

10 Property, Plant and Equipment

	Computer Equipment	Office Equipment and Furniture	Total
	\$	\$	\$
Cost or valuation			
Balance at 1 July 2013	852	2,670	3,522
Additions	1,280	0	1,280
Disposals	0	-599	-599
Balance at 30 June 2014	2,132	2,071	4,203
Balance at 1 July 2014	2,132	2,071	4,203
Additions	0	0	0
Disposals	0	0	0
Balance at 30 June 2015	2,132	2,071	4,203
Accumulated depreciation and impairment losses			
Balance 1 July 2013	852	1,404	2,256
Depreciation expense	563	336	899
Elimination on disposal	0	-314	-314
Balance at 30 June 2014	1,415	1,426	2,841
Accumulated depreciation and impairment losses			
Balance 1 July 2014	1,415	1,426	2,841
Depreciation expense	615	335	950
Elimination on disposal	0	0	0
Balance at 30 June 2015	2,030	1,761	3,791
Carrying amounts			
At 1 July 2013	0	1,266	1,266
At 30 June/1 July 2014	717	646	1,363
At 30 June 2015	102	310	412

The related depreciation expense for each category has been disclosed separately in Note 4g.

11 Payables – Exchange Transactions

	AQA 2015	AQA 2014
	\$	\$
Accounts Payable	21,511	14,325
Accruals	16,821	24,125
BNZ Credit Card	3,201	278
Income in advance	1,356	0
	\$42,889	\$38,728

12 Employee Benefit Liability

	AQA 2015	AQA 2014
	\$	\$
Short term Employee Entitlements		
Salary Accrual	6,131	5,136
Employer Superannuation Contribution on Salary Accrual	245	206
Annual Leave	7,770	2,769
Employer Superannuation Contribution on Annual Leave	311	111
Total short term Employee Entitlements	14,457	8,222
Total long term Employee Entitlements	0	0
Total Employee Entitlements	\$14,457	\$8,222

13 Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	AQA 2015	AQA 2014
	\$	\$
Loans and Receivables		
Cash and cash equivalents	209,831	172,254
Trade and Other receivables	23,672	36,011
Financial liabilities measured at amortised cost		
Trade and Other payables	41,533	38,728

Credit Risk

Financial instruments which potentially subject AQA up to credit risk principally consist of Cash and Cash Equivalents and Trade and Other Receivables.

The maximum exposures to credit risk at balance date were:

	AQA 2015	AQA 2014
	\$	\$
Cash on Hand	270	236
Bank Balances	155,960	120,499
Accounts Receivable	23,672	36,011
Bank Deposits	53,601	51,519
BNZ Credit Cards (credit limit as at 30 June)	16,000	16,000

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

Concentrations of Credit Risk

AQA is not exposed to any concentration of credit risk.

Interest Rate Risk

AQA is primarily a short term investor in on-call funds and term deposits not exceeding 180 days. The interest rate risk exposure on deposits pertains to fluctuations in market rates of interest.

Foreign Exchange Risk

Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

14 Related Party Transactions

NZVCC is a related party by virtue of the fact that the NZVCC has the capacity to appoint all members of the governing body of AQA.

During the year NZVCC applied for and received \$380,000 (2014, \$379,155) of University Annual Grants on behalf of the AQA. These funds were then paid to the AQA upon receipt of an invoice.

NZVCC provided serviced offices and provided other administrative services to AQA during the year and was paid \$51,068 (2014, \$49,395) for those services.

AQA's Board includes and pays an honorarium to a member of the Vice-Chancellors' Committee (see note 15) or their employing university. Honoraria of \$960 were paid to the University of Otago and Lincoln University in 2014/15.

A UNZ employee attended the AQA 2014 Conference and paid a conference fee of \$174.

While in the position of Chair of the AQA Board, Emeritus Professor David Mackay, was appointed to the panel for the 2014/15 AQA academic audit of National University of Samoa. He was paid an honorarium of \$4,550 (less applicable taxes) for this audit, based on the same daily rate approved by the AQA Board for all auditors in the current cycle of audits. Continuing his work as the chair of the 2013 AQA academic audit of the University of the South Pacific, Emeritus Professor David Mackay also undertook a follow-up visit and prepared a follow-up report for the University of the South Pacific in March 2015. He was paid an honorarium of \$2,100 (less applicable taxes) for this audit, based on the same daily rate approved by the AQA Board for all auditors in the current cycle of audits.

15 Employee and Board Remuneration

The Director's remuneration and benefits is in the \$150,000-\$160,000 band (2014, \$140,000 - \$150,000). There were no other employees who received remuneration greater than \$100,000.

The following members of the Board were paid honoraria during the year ended 30 June 2015:

Name	Term	AQA 2015	AQA 2014
		\$	\$
Emeritus Professor Pat Walsh	Chair 30/1/2015 – 30/6/2015	4,667	-
Emeritus Professor David Mackay	Chair 1/7/2014 – 29/1/2015	6,533	10,493
John Sinclair	Deputy Chair 1/7/2014 – 30/6/2015	2,609	2,609
Pania Gray	Member 1/7/2014 – 30/6/2015	1,920	1,594
Daniel Haines (paid to NZUSA)	Member 1/7/2014 – 30/12/2014	960	-
Professor Harlene Hayne (paid to the University of Otago)	Member 1/7/2014 – 30/12/2014	960	1,594
Professor Jack Heinemann	Member 1/1/2015 – 30/6/2015	960	-
Paul Smith (paid to NZUSA)	Member 1/1/2015 – 30/6/2015	960	-
Michèle Stanton	Member 1/7/2014 – 30/6/2015	1,920	1,594
John Kingi (paid to NZUSA)		-	960
Kent Lloyd (paid to NZUSA)		-	634
Associate Professor Maureen Montgomery		-	1,594
		\$22,449	\$21,070

16 Commitments and contingencies

There were no contingent liabilities at 30 June 2015. (2014 nil)

There were no operating, finance or capital commitments as at 30 June 2015. (2014 nil)

17 Events after reporting date

No material events occurred after 30 June 2015.

18 Auditors' Remuneration

The auditor of AQA is BDO Wellington on behalf of the Auditor-General.

	AQA 2015	AQA 2014
	\$	\$
Audit of the Financial Statements	8,250	8,000
Maximum Disbursements	125	125
Office Audit General overhead charge	500	500
Total	\$8,875	\$8,625

19 Reconciliation of Net Surplus with Operating Cash Flow

	AQA 2015	AQA 2014
	\$	\$
Reported Operating Surplus	14,939	33,627
<i>Add non-cash items</i>		
Depreciation Expense	951	899
Loss on Sale of Asset	-	284
<i>Add/(Deduct) Movement in Other Working Capital Items</i>		
(Increase)/Decrease in Debtors and Other Receivables	12,339	327
(Increase)/Decrease in GST Receivable	(1,048)	(1,703)
Increase/(Decrease) in Creditors and Other Payables	10,395	13,436
Net Cash Inflow from Operating Activities	37,577	46,869



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