



# Audited Financial Statements and Statement of Service Performance

1 July 2018 –  
30 June 2019

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

September 2019

**AQA**

Academic  
**Quality**Agency  
For New Zealand Universities

## **2018 – 2019 AQA Annual Report**

The 2018-19 year was another busy and productive year for AQA with the development and publication of resource materials for the sixth cycle of academic audit for the New Zealand universities, further work in support of the student voice, continued support for the enhancement theme, receiving mid-cycle reports, strengthening of international relationships and changes in Board membership and AQA staffing.

Cycle 6 academic audit is a composite cycle, with an enhancement theme phase running from 2017-March 2020. The enhancement theme “Access, outcomes and opportunities for Māori students and for Pasifika students” is led and undertaken by universities and reports to the Vice-Chancellors. AQA supports the enhancement theme. The audit phase of Cycle 6 will run from 2020-2023. A ‘mid-cycle’ report was introduced as part of Cycle 6. In mid-cycle reports, universities report on progress in responding to recommendations in Cycle 5 academic audit reports and on their Cycle 5 enhancement initiatives.

In 2018-19, AQA’s support for the enhancement theme included support for four meetings of the enhancement theme steering group and facilitating a successful Symposium and arranging an interim review of the theme. The Symposium, held in Wellington on 31 October 2018, brought over 60 people including members of university senior leadership teams, academics, professional staff who support Māori students and development, professional staff who support Pasifika students and development, quality managers and students together to share and critique initiatives on access and transition, student success and organisational change. Participants found the day valuable and discussed a wide range of issues: access and transitions to university and the role and positioning of pathway programmes; what success means for Māori students and Pasifika students and how others contribute to success as well as the importance of the student voice; and organisational change, including curriculum, student support systems and leadership and capacity in supporting success for Māori students and for Pasifika students.

Each university will utilise the experience and report from the Symposium as appropriate to their individual approaches and priorities in their own enhancement theme plans. The interim review of the enhancement theme recognised the contribution of AQA in supporting the theme and helped provide focus for the remaining period of the theme.

In parallel with its support for the enhancement theme, AQA has also been preparing for the audit phase of Cycle 6 which will run from 2020 to 2023 and receiving mid-cycle reports from universities. The audit framework for Cycle 6 was endorsed by the Vice-Chancellors in August 2018 and the first edition of the Guide to Cycle 6 was published in May 2019. The development of the audit framework and the Guide benefited from the contributions made by members of universities and this is gratefully acknowledged. A short introduction to the Cycle 6 audit framework, a supplement for auditors and a working paper on evidence were also published on the AQA website.

The AQA Board received mid-cycle reports from The University of Auckland, Victoria University of Wellington, the University of Canterbury and the University of Waikato. It also received a one-year follow-up report on its 2017 review of the Committee on University Academic Programmes.

A major focus for AQA in recent years has been building a student contribution to its activities. AQA continued its work with the New Zealand Union of Students’ Associations to develop the capacity and capability of future student, or recent graduate, members of audit panels. Students, or recent graduates, will be members of Cycle 6 audits panels. Te Mana Ākonga joined AQA and NZUSA to host the 3rd annual Student Voice in Universities Summit held in Wellington on the 4<sup>th</sup> of October.

AQA strengthened its international engagement with the endorsement of an international framework, visits and discussion of developments and renewal of agreements with overseas agencies and confirmation that AQA is recognised by the International Network of Quality Assurance Agencies in Higher Education (INQAAHE) as being aligned with INQAAHE's Guidelines of Good Practice. Members of the Higher Education Evaluation and Accreditation Council of Taiwan and the CEO of Tertiary Education Quality and Standards Agency of Australia visited AQA during the year.

I would like to thank members of the AQA Board for their contribution in guiding AQA through another year. The terms of three members of the Board ended in December 2018. Pania Gray (Deputy Chair) and Michèle Stanton had each served two terms of three years and were not eligible for re-appointment. They both made valuable contributions to the Board and Pania's contribution as Deputy Chair strengthened AQA's planning and reporting frameworks. Jonathan Gee's term as the NZUSA nominee to the AQA Board also ended in December. Jonathan had served for three years on the Board and the continuity of his membership has assisted AQA to strengthen its relationship with students and the student voice. AQA also welcomed three new members to the AQA Board – Daniel Haines, Deborah Willis (appointed as Deputy Chair in April 2019) and James Heath. I look forward to their contribution.

On the staffing side, Rebecca Meinders-Sykes resigned from her Academic Quality Administration and Support role and I wish her well in her future endeavours. I again thank AQA's Executive Director, Emeritus Professor Sheelagh Matear for her contribution. AQA continues to be well served by Sheelagh's commitment and her deep understanding of academic quality assurance.



**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 2019**

**ACADEMIC QUALITY AGENCY FOR  
NEW ZEALAND UNIVERSITIES  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**ACADEMIC QUALITY AGENCY FOR  
NEW ZEALAND UNIVERSITIES  
FOR THE YEAR ENDED 30 JUNE 2019**

**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 \$400,000 from the universities was the main source of funding received by AQA.

Reviews of other entities, 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](http://www.aqa.ac.nz) provides a wide range of information and publications.

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

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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 2019 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.

For and on behalf of the board



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



Emeritus Professor Sheelagh Matear  
Executive Director  
Academic Quality Agency for New Zealand Universities

Date: 9/9/2019

Date: 9-9-19

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

The Auditor-General is the auditor of Academic Quality Agency for New Zealand Universities (AQA). The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington Audit Limited, to carry out the audit of the financial statements and statement of service performance of AQA on his behalf.

#### Opinion

We have audited:

- the financial statements of AQA on pages 14 to 26, that comprise the statement of financial position as at 30 June 2019, 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 statement of service performance of AQA is on pages 9 to 13.

In our opinion:

- the financial statements of AQA on pages 14 to 26:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime; and
- the statement of service performance of AQA on pages 9 to 13 presents fairly, in all material respects, AQA's service performance achievements measured against the proposed outcomes for the year ended 30 June 2019.

Our audit was completed on 9 September 2019. This is the date at which our opinion is expressed.

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

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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



**Responsibilities of the Board for the financial statements and the statement of service performance**

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

The Board is also responsible on behalf of AQA for preparing a statement of service performance that is fairly presented.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to AQA's statement of performance expectations.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AQA's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AQA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AQA to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

#### Other information

The Board is responsible for the other information. The other information comprises the information included on pages 3, 4 and 8, but does not include the financial statements or the statement of service performance, and our auditor's report thereon.

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

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

#### Independence

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

Other than the audit, we have no relationship with or interests in AQA.



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

**ACADEMIC QUALITY AGENCY FOR  
NEW ZEALAND UNIVERSITIES  
FINANCIAL STATEMENTS  
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**STATEMENT OF OBJECTIVES**

**Purpose**

The purpose of the Academic Quality Agency for New Zealand Universities is to contribute to the advancement of New Zealand university education by:

- engaging as a leader and advocate in the development of academic quality,
- applying quality assurance and quality enhancement processes that assist universities in improving student engagement, academic experience and learning outcomes, and
- supporting confidence in the academic quality of New Zealand universities.

**Terms of Reference**

AQA will:

- acknowledge the principles of Te Tiriti o Waitangi.
- maintain consistency with international expectations, standards and developments in external quality assurance;
- advise the New Zealand Vice-Chancellors' Committee and Universities New Zealand on quality assurance matters;
- reflect areas of importance to universities with respect to their teaching, learning, student experience and student outcomes activities;
- undertake quality assurance reviews (currently in the form of an academic audit) that are robust, fair and perceptive and that assist universities and their students;
- acknowledge and respect the individual contexts of universities in undertaking quality assurance reviews;
- make provision for appeals regarding the content of a quality assurance review;
- publish quality assurance reviews of universities;
- identify and promote good practice in quality assurance and enhancement;
- support the contribution of an effective student voice in quality assurance and enhancement;
- recognise other accountabilities and responsibilities of universities;
- maintain a constructive relationship with the Committee on University Academic Programmes (CUAP) that recognises the responsibilities of CUAP and AQA;
- contribute to the development of quality assurance in New Zealand and internationally;
- undertake contract work as is compatible with its purpose and terms of reference.

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**STATEMENT OF PERFORMANCE**

**Objective 1: *Quality Assurance***

**Quality assurance activities are timely and produce reports which are authoritative, fair and perceptive, are of assistance to universities, and support confidence in the academic quality of New Zealand universities.**

*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 and academic, student and lay members who are appointed by the NZVCC but operate independently of them and of the universities.

The emphasis in 2018/19 for this objective is on receiving mid-cycle reports from universities and developing resources and guides for the audit component of Cycle 6.

<b>Measure</b>	<b>2018/19 Delivered</b>	<b>2018/19 Planned</b>	<b>2017/18 Delivered</b>	<b>2017/18 Planned</b>
1.1 Receive mid-cycle reports as per indicative timeline	4 (Auckland, Victoria, Canterbury, Waikato)	4 (Auckland, Victoria, Canterbury, Waikato)	1	1 (Massey)
1.2 Receive one-year follow-up report for the review of the Committee on Academic Programmes	1 (July)	1 (July)	New measures in 2018/19	
1.3 Publish C6 'reference guide'	1 1 <sup>st</sup> edition published May 2019	1		
1.4 Working paper on evidence released	1 Released on AQA website March 2019	1		
1.5 Deliver Workshop series on self-review and evidence	0 Defer to 2019/20	1		

<i>Measure</i>	<i>2018/19 Delivered</i>	<i>2018/19 Planned</i>	<i>2017/18 Delivered</i>	<i>2017/18 Planned</i>
1.6 Auditor supplementary guide developed	1 1 <sup>st</sup> edition published June 2019	1		
1.7 Student Voice Summit held	1 (4 Oct. 2018)	1		

## 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 of New Zealand universities.**

*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 disseminating national and international good practice in regard to academic quality assurance and quality enhancement, and by facilitating dialogue on quality enhancement initiatives.

In 2017/18 New Zealand universities commenced an 'enhancement theme' as part of Cycle 6 academic audit. This will continue in 2018/19 and will guide much of AQA's activity over this period. The enhancement theme related measures in this section are drawn from the Cycle 6 Operationalisation Plan.

<i>Measure</i>	<i>2018/19 Delivered</i>	<i>2018/19 Planned</i>	<i>2017/18 Delivered</i>	<i>2017/18 Planned</i>
2.1 Meetings of enhancement steering group held	4 (19 July 2018, 19 Sep. 2018; 15 Nov. 2018; 14 Mar. 2019).	3	3 (14 Sept., 16 Nov; 14 Mar.)	4
2.2 Enhancement theme evaluation undertaken	1	1	0 Defer to 2018-19	1
2.3 Enhancement theme symposium held (subject to support from ETSG)	1 (31 Oct. 2018)	1	1 (Was Support for Quality 28 Sept. 2017)	1
2.4 Dissemination of enhancement theme activities and progress (conference presentations, media reports) (ET – Framework)	4  (STARS conference panel 10 July 2018; UNZ News 29 Nov. 2018; UNZ Parity comment 29 Jan. 2019; Symposium Report Feb. 2019)	3		

<i>Measure</i>	<i>2018/19 Delivered</i>	<i>2018/19 Planned</i>	<i>2017/18 Delivered</i>	<i>2017/18 Planned</i>
2.5 Publication of AQA newsletter	4 (Sept. 2018, Dec. 2018, Mar. 2019, June 2019 published)	4	4	4
2.6 Workshops and/or meetings held with New Zealand universities on matters pertaining to university quality	3 (Quality Forum held 3 Oct. 2018; QM workshop 28 Feb. 2019; self-review pilot 27 June 2019)	1 (QM meeting,)	4 (Workshop with Quality Managers on 21 August, 6 Dec, 15 Feb; Student Voice and Quality in Universities Summit 27 September)	2

### 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, and by seeking feedback and reflecting on its own practices.

*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.

<i>Measure</i>	<i>2018/19 Delivered</i>	<i>2018/19 Planned</i>	<i>2017/18 Delivered</i>	<i>2017/18 Planned</i>
3.1 Membership of related national boards, committees and working groups	2 (JCG; NZQA Qualifications Framework review)	2	3 (JCG; NZQA assessment practice conference; NZQA Qualifications Framework review)	2

<b>Measure</b>	<b>2018/19 Delivered</b>	<b>2018/19 Planned</b>	<b>2017/18 Delivered</b>	<b>2017/18 Planned</b>
3.2 Membership of related international boards and working groups	0	1	1 (Pacific benchmarking initiative reference group)	1
3.3 Biennial QE/communications survey of stakeholders	1 (Reported in June 2019 newsletter)	1	Biennial	Biennial
3.4 Reconfirm assessment of meeting Good Practice Guidelines	Assessment confirmed	Assessment confirmed	New measure in 2018/19	

#### **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 NZVCC 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.

<b>Measure</b>	<b>2018/19 Delivered</b>	<b>2018/19 Planned</b>	<b>2017/18 Delivered</b>	<b>2017/18 Planned</b>
4.1 Review of annual service lease agreement with Universities New Zealand	Review completed and lease re-signed (26 June 2019)	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



Academic  
**Quality**Agency  
For New Zealand Universities

**Total cost of service:**

	2018/19 Actual \$	2018/19 Estimate \$	2017/18 Actual \$
<b>Total revenue</b>	<b>414,983</b>	<b>407,000</b>	<b>419,101</b>
<b>Total expense</b>	<b>383,156</b>	<b>416,393</b>	<b>377,050</b>
<b>Surplus/(deficit)</b>	<b>31,827</b>	<b>(9,393)</b>	<b>42,051</b>

For and on behalf of the board

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

Emeritus Professor Sheelagh Matear  
Executive Director  
Academic Quality Agency for New Zealand Universities

Date: 9/9/2019

Date: 9-9-19



**ACADEMIC QUALITY AGENCY FOR  
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**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**

	AQA Actual 2019 \$	AQA Budget 2019 \$	AQA Actual 2018 \$
Note			
<b>Revenue</b>			
Annual Grant from Universities	400,000	400,000	400,000
Audit Fees	2,164	-	1,540
Interest Revenue	5,535	2,000	5,044
Consultancy & Sundry Revenue	7,284	5,000	12,517
<b>Total Revenue</b>	<b>414,983</b>	<b>407,000</b>	<b>419,101</b>
Less Expenditure	7 383,156	416,393	377,050
<b>Surplus/(Deficit) for the year</b>	<b>\$31,827</b>	<b>\$(9,393)</b>	<b>\$42,051</b>
<b>Other Comprehensive Revenue and Expense</b>	-	-	-
<b>Total Comprehensive Revenue and Expense for the year</b>	<b>\$31,827</b>	<b>\$(9,393)</b>	<b>\$42,051</b>
<b>Surplus/(deficit) attributable to:</b>			
Owners of the controlling entity	\$31,827	\$(9,393)	\$42,051
Minority interest	-	-	-
	<b>\$31,827</b>	<b>\$(9,393)</b>	<b>\$42,051</b>
<b>Total comprehensive revenue and expense attributable to:</b>			
Owners of the controlling entity	\$31,827	\$(9,393)	\$42,051
Minority interest	-	-	-
	<b>\$31,827</b>	<b>\$(9,393)</b>	<b>\$42,051</b>

**ACADEMIC QUALITY AGENCY FOR  
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**STATEMENT OF CHANGES IN EQUITY**

	<b>AQA Actual 2019 \$</b>	<b>AQA Budget 2019 \$</b>	<b>AQA Actual 2018 \$</b>
<b>Equity at start of the year</b>	<b>270,762</b>	<b>270,762</b>	<b>228,711</b>
Total Comprehensive Revenue and Expense for the year	31,827	(9,393)	42,051
<b>Equity at end of the year</b>	<b>\$302,589</b>	<b>\$261,369</b>	<b>\$270,762</b>

**ACADEMIC QUALITY AGENCY FOR  
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**STATEMENT OF FINANCIAL POSITION  
AS AT 30 June 2019**

	<b>Note</b>	<b>AQA Actual 2019 \$</b>	<b>AQA Budget 2019 \$</b>	<b>AQA Actual 2018 \$</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	8	321,590	288,315	282,987
GST Refund		5,530	-	3,203
Receivables (from exchange transactions)	9	3,093	8,500	8,386
Recoverable (from non-exchange transactions)		-	-	-
		330,213	296,815	294,576
<b>Non-Current Assets</b>				
Intangible Assets	10	2,900	2,896	5,800
<b>Total Assets</b>		<b>\$333,113</b>	<b>\$299,711</b>	<b>\$300,376</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables (from exchange transactions)	11	24,970	30,000	26,573
GST		-	3,342	-
Non-exchange liabilities		-	-	-
Employee benefit liability	12	5,554	5,000	3,041
Revenue received in advance		-	-	-
		30,524	38,342	29,614
<b>Non-Current Liabilities</b>				
Employee benefit liability		-	-	-
Non-exchange liabilities		-	-	-
		-	-	-
<b>Total Liabilities</b>		<b>\$30,524</b>	<b>\$38,342</b>	<b>\$29,614</b>
<b>Net Assets</b>		<b>\$302,589</b>	<b>\$261,369</b>	<b>\$270,762</b>

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**STATEMENT OF FINANCIAL POSITION (cont.)**  
**AS AT 30 June 2019**

	<b>Note</b>	<b>AQA Actual 2019 \$</b>	<b>AQA Budget 2019 \$</b>	<b>AQA Actual 2018 \$</b>
<b>Net Assets/Equity</b>				
Accumulated revenue and expense		302,589	261,369	270,762
Net assets/equity attributable to the owners of the controlling entity		302,589	261,369	270,762
Minority interests		-	-	-
<b>Total Net Assets/Equity</b>		<b>\$302,589</b>	<b>\$261,369</b>	<b>\$270,762</b>
<b>Total Net Assets/Equity and Liabilities</b>		<b>\$302,589</b>	<b>\$261,369</b>	<b>\$270,762</b>

**ACADEMIC QUALITY AGENCY FOR  
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FOR THE YEAR ENDED 30 JUNE 2019**

**STATEMENT OF CASHFLOWS**

Note	AQA ACTUAL 2019 \$	AQA BUDGET 2019 \$	AQA ACTUAL 2018 \$
<b>Cash Flows from Operating Activities</b>			
<b>Proceeds from:</b>			
Interest Received	5,055	1,974	5,000
Annual Grants from Universities	400,000	400,000	400,000
Audit Fees	2,164	-	2,604
Other Receipts	8,450	1,167	11,350
Goods and Services Tax	(1,977)	5,731	(2,460)
Payments to Suppliers	(154,359)	(172,016)	(147,092)
Payments to Employees	(220,731)	(231,528)	(219,767)
<b>Net Cash Flows from Operating Activities</b>	38,603	5,328	49,635
<b>Cash Flows from Investing Activities</b>			
(Increase)/ Decrease in Term Deposits & Portfolio	(70,093)	-	(4,854)
(Purchase)/Proceeds from Intangible Assets	-	-	-
<b>Net Inflow/(outflow) from Investing Activities</b>	(70,093)	-	(4,854)
<b>Net Increase (Decrease) In cash and cash equivalents</b>	(31,490)	5,328	44,781
Opening Cash at Beginning of Year	120,957	120,957	76,176
<b>Closing Cash at 30 June</b>	\$89,467	\$126,285	\$120,957
Represented by:			
Petty Cash	201	-	201
BNZ Bank Accounts (Excluding term Deposits)	89,266	126,285	120,756
	\$89,467	\$126,285	\$120,957

**ACADEMIC QUALITY AGENCY FOR  
NEW ZEALAND UNIVERSITIES  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**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 2019 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 were authorised for issue by Emeritus Professor Pat Walsh, Chair of the Board of AQA and Emeritus Professor Sheelagh Matear, Executive Director of AQA, on 9 September 2019.

**(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 2019 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 2019 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 recognised 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 (with maturities or able to be matured within 90 days) 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) Intangible Asset**

**Recognition and Measurement**

Intangible Assets are initially recognised at cost. The Intangible Asset-Website Upgrade is recorded at cost less accumulated amortisation. Subsequent costs are added to the carrying amount of the website upgrade, 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.

**Amortisation**

Amortisation is provided on website upgrade as the practice of reducing the value of assets to reflect their reduced economic worth over time. It is provided at the following rates:

Website Upgrade	50% DV
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**(i) Budget**

The budget figures for AQA are those approved by the AQA Board at their 31 July 2018 meeting, including the Annual Grant figure approved by the Vice-Chancellors at their 12-13 April 2018 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.

**(j) Goods and Services Tax**

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

**(k) Taxation**

AQA is a subsidiary of NZVCC which is a statutory body and registered with the Charities Services under the Charities Act 2005. AQA has been established with the same purposes as NZVCC. AQA's purpose is to manage its finances and conduct its activities for the benefit of NZVCC, which has charitable status, and AQA are therefore exempt from income tax.

**(l) 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 and reviews 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 2019 was earned from Grants, Rendering of Services, Interest and exchange transactions.

## 7 Expenses

	AQA Actual 2019 \$	AQA Budget 2019 \$	AQA Actual 2018 \$
ACC Levy	0	650	65
Accountancy	6,825	12,480	8,275
Advertising and marketing	0	1,000	0
Amortisation of Intangibles	2,900	2,904	5,800
Audit Fee (Financial audit)	9,890	9,755	9,505
AQA Chairman & Board Honoraria	23,305	34,482	23,409
Bank Fees	115	350	219
Computer Maintenance and Training	15,456	16,836	16,762
Conference Fees	4,213	4,500	1,081
Consultancy/Other Honoraria	16,535	8,400	3,823
Insurance	4,945	6,300	6,184
Interest expenses	1	0	0
IRD Penalties	64	0	0
Koha/Gifts	959	1,000	0
Legal expenses	0	0	1,323
Meeting Costs	7,612	4,300	714
Office Expenses, Administration and General	7,862	21,092	11,885
Occupancy Rent	18,488	18,240	22,478
Recruitment Costs	4,468	2,000	0
Salaries	216,136	218,892	214,138
Subscriptions	3,837	2,500	1,666
Superannuation Contributions (including KiwiSaver)	7,744	8,760	8,171
Staff Development (exc. travel)	630	1,000	0
Telephone and Tolls	391	504	391
Travel and Accommodation:			
- New Zealand Travel	5,873	6,780	5,712
- International Travel	7,149	13,400	16,775
- Board Travel	6,606	6,300	4,149
- Audit Travel	970	0	1,049
- Accommodation and meals	2,577	6,360	3,963
NZVCC Staff Services	7,605	7,608	9,513
	<b>383,156</b>	<b>416,393</b>	<b>377,050</b>

## 8 Cash and Cash Equivalents

	AQA 2019	AQA 2018
	\$	\$
Bank of New Zealand		
Current Account (0.10%)	16,704	21,239
Call Account (0.10%)	72,562	99,517
	<b>89,266</b>	<b>120,756</b>
Petty Cash	201	201
8a	<b>89,467</b>	<b>120,957</b>
BNZ Short-term Deposits (2.65 to 3.25%)	232,123	162,030
	<b>321,590</b>	<b>282,987</b>

## 9 Receivables – Exchange Transactions

	AQA 2019	AQA 2018
	\$	\$
Sundry Debtors	2	4,233
Prepaid Expenses	2,137	3,679
Accrued Audit Fees Income	0	0
Accrued Interest	954	474
	<b>3,093</b>	<b>8,386</b>

## 10 Intangible Assets

	Total
	\$
<b>Cost or valuation</b>	
Balance at 1 July 2017	13,920
Additions	0
Disposals	0
Balance at 30 June 2018	<b>13,920</b>
Balance at 1 July 2018	13,920
Additions	0
Disposals	0
Balance at 30 June 2019	<b>13,920</b>
<b>Accumulated Amortisation and Impairment Losses</b>	
Balance at 1 July 2017	2,230
Amortisation expense	5,800
Elimination on disposal	0
Balance at 30 June 2018	<b>8,120</b>
Balance at 1 June 2018	8,120
Amortisation Expense	2,900
Elimination on disposal	0
Balance at 30 June, 2019	<b>11,020</b>
<b>Carrying amounts</b>	
At 1 July 2017	11,600
At 30 June / 1 July 2018	5,800
At 30 June 2019	2,900

The related amortisation expense has been disclosed separately in Note 4h.

## 11 Payables – Exchange Transactions

	AQA 2019	AQA 2018
	\$	\$
Accounts Payable	11,481	9,254
Accruals	12,120	14,005
BNZ Credit Card	1,369	3,314
Income in Advance	-	-
	<b>\$24,970</b>	<b>\$26,573</b>

## 12 Employee Benefit Liability

	AQA 2019	AQA 2018
	\$	\$
Short term Employee Entitlements	-	-
Salary Accrual	8,357	7,310
Employer Superannuation Contribution on Salary Accrual	298	292
Annual Leave	(2,982)	(4,386)
Employer Superannuation Contribution on Annual Leave	(119)	(175)
Total short-term Employee Entitlements	5,554	3,041
Total long-term Employee Entitlements	-	-
Total Employee Entitlements	<b>\$5,554</b>	<b>\$3,041</b>

## 13 Financial Instruments

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

	AQA 2019	AQA 2018
	\$	\$
Loans and Receivables		
Cash and cash equivalents	321,590	282,987
Trade and Other receivables	3,093	8,386
Financial liabilities measured at amortised cost		
Trade and Other payables	24,970	26,573

### 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 2019	AQA 2018
	\$	\$
Cash on Hand	201	201
Bank Balances	89,266	120,756
Accounts Receivable	3,093	8,386
Bank Term Deposits	232,123	162,030
BNZ Credit Cards (credit limit as at 30 June)	8,000	8,000

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 \$400,000 (2018: \$400,000) 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 \$66,608 (2018: \$51,752) for those services.

AQA's Board includes and pays an honorarium to a member of the Vice-Chancellors' Committee (see note 16) or their employing university.

## 15 Employee and Board Remuneration

The Executive Director's remuneration and benefits is in the \$190,000-\$200,000 band (2018: \$190,000-\$200,000). 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 2019.

Name	Term	2019 \$	2018 \$
Emeritus Professor Pat Walsh	Chair 1/7/2018 – 30/6/2019	11,200	11,200
Pania Gray	Deputy Chair 1/7/2018 – 31/12/2018	1,305	2,609
Deborah Willis	Deputy Chair 1/1/2019 – 30/06/2019	1,200	-
Jonathan Gee (paid to NZUSA)	Member 1/7/2018 – 31/12/2018	960	1,920
James Heath (paid to NZUSA)	Member 1/1/2019 – 30/6/2019	960	-
Professor Jack Heinemann	Member 1/7/2018 – 30/6/2019	1,920	1,920
Kaye McAulay	Member 1/7/2018 – 30/6/2019	1,920	1,920
Professor Neil Quigley	Member 1/7/2018 – 30/6/2019	1,920	1,920
Michèle Stanton	Member 1/7/2018 – 31/12/2018	960	1,920
D Haines (paid to Ngātokimatawhaorua)	Member 1/1/2019 – 30/6/2019	960	-
		<b>\$23,305</b>	<b>\$23,409</b>

## 16 Commitments and contingencies

There were no contingent liabilities at 30 June 2019. (2018: Nil)

There were no operating, finance or capital commitments as at 30 June 2019. (2018: Nil)

## 17 Events after reporting date

No material events occurred after 30 June 2019.

## 18 Auditors' Remuneration

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

	AQA 2019	AQA 2018
	\$	\$
Audit of the Financial Statements	9,640	8,880
Maximum Disbursements	125	125
Office Audit General overhead charge	500	500
<b>Total</b>	<b>\$10,265</b>	<b>\$9,505</b>



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