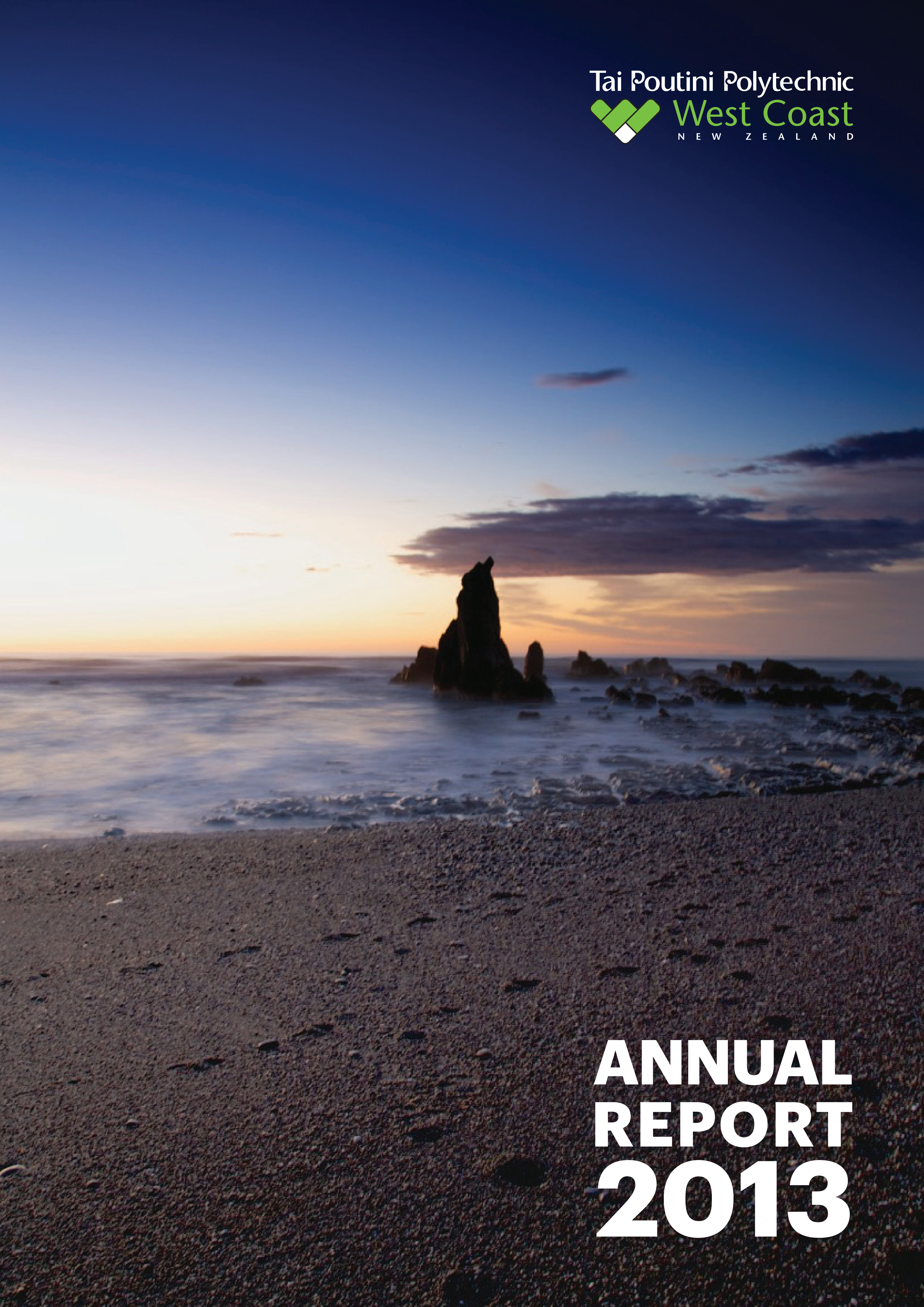


Tai Poutini Polytechnic
West Coast
NEW ZEALAND

ANNUAL REPORT 2013

CONTENTS

HE MIHI

He mihi tenei ki ka tini mate o te motu, mai i te Muriwhenua ki te Murihiku, ratau katoa,
kua karahahia e Tahu Kumea raua ko Tahu Whakairo ki te po nui, tukuna, ratou kia okioki
ra i te moeka roa. E poua ma, e taua ma, haere atu ra, moe mai ra. Kati ra, ratou, ki a ratou,
tatou te huka, ora ki a tatau, tena ano tatau katoa.

"He aha te mea nui o te ao?

He tangata! He tangata! He tangata!"

What is the most important thing in the world?

It is People! It is People! It is People!

PURPOSE OF REPORT

The Annual Report is produced to fulfil two main functions:

1. To meet the requirements of the Public Finance Act 1989, Education Act 1989, and Crown Entities Act 2004 in providing annual financial statements and non-financial information for significant activities, and:
2. To provide information to Tai Poutini Polytechnic's (TPP) stakeholders about its performance against financial and service performance indicators; and in compliance with Tertiary Outcomes Framework reporting and associated performance reporting commitments.

The Annual Report has both accountability and information functions. It is related to a number of other documents including the Investment Plan and Strategic Plan.

CHAIR'S REVIEW

2013 was a successful year for Tai Poutini as the polytechnic continues to strengthen its position as an innovative and responsive regional polytechnic delivering quality relevant tertiary education and training that contributes positively to the expectations of the Tertiary Education Strategy.

Tai Poutini Polytechnic has continued to expand the tertiary education and training opportunities for the West Coast community. It has committed to constructing an engineering workshop in Westport, identified a campus facility for course delivery in Hokitika and it is implementing the results of its analysis of training needs and opportunities in South Westland. These initiatives will contribute positively to the West Coast economy by providing training relevant to its community and businesses as well as recognising that students who study on the Coast are more likely to take up employment on the coast.

The national provision of specialised courses and programmes is an integral part of Tai Poutini activities which is recognised by the Tertiary Education Commission as positively contributing to achievement of the Tertiary Education Strategy. From 2014 TPP will deliver its first degree level programme (the CPIT bachelor degree in Music Arts) and is exploring other related degree offerings. It continues to strengthen its responsiveness to both the initial and continuing training needs of a range of "allied trades", including the increasing provision of "full cost recovery" courses.

From a very low base TPP is implementing a strategy to increase its international activity –both onshore and offshore. This strategy has enabled TPP to significantly improve its profile in its target markets. As a smaller regional polytechnic, TPP is focusing its international activities on a small number of niches and a small number of target countries.

2014 is expected to bring new challenges and opportunities for TPP. It has made substantial progress in ensuring that its performance is consistent with the ITP Tribal benchmarks and has achieved very positive comments as a result of its EER review. However, the diversity in the courses it provides and where it delivers its courses creates unique educational and financial challenges for the TPP management and Council. It requires the polytechnic to be flexible in its course offerings, in the provision of staffing resources and in its control of other operating expenses.

On behalf of the Council, I extend our thanks for the continuing support of our external stakeholders. The Council is also very appreciative of the enthusiasm and commitment of our Chief Executive - Allan Sargison and the staff at Tai Poutini in ensuring the polytechnic's success in providing high quality education and training to more than 9200 students.

Graeme McNally
Chair of Council

TPP GOVERNANCE

LEGAL STATUS

TPP is a polytechnic established under the Education Act 1989. It is governed by a Council.

The Council has a significant leadership role particularly in setting institutional directions and strategy. Under the Education Act this role manifests itself in Council responsibility for the following functions:

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

THE DUTIES OF THE COUNCIL

It is the duty of the Council in the performance of its functions and the exercise of its powers:

(a) to strive to ensure that the institution attains the highest standards of excellence in education, training, and research;

(b) to acknowledge the principles of the Treaty of Waitangi;

(c) to encourage the greatest possible participation by the communities served by the institution so as to maximise the educational potential of all members of those communities particularly the groups in those communities that are under-represented among the students of the institution;

(d) to ensure that the institution does not discriminate unfairly against any person;

(e) to ensure that the institution operates in a financially responsible manner that ensures the efficient use of resources and maintains the institution's long-term viability;

(f) to ensure that proper standards of integrity, conduct, and concern are maintained for:

(i) the public interest; and
(ii) the well-being of students attending the institution.

The Council members are drawn from people highly experienced in the education sector and its governance together with members who represent the particular "flavour" of the West Coast region, e.g., tourism, business, or mining.

The current Council members are:

Appointed by the Minister of Tertiary Education

Graeme McNally (Chair)	1 May 2010 to 30 April 2017
John Clayton (Deputy Chair)	1 May 2010 to 30 April 2014
Barry Jones	27 May 2012 to 27 May 2014
John Mote	1 May 2010 to 30 April 2017

Appointed by the TPP Council

Matt Lysaght	1 May 2011 to 30 April 2015
Lyn Brash	1 May 2011 to 30 April 2015
Coraleen White	1 May 2011 to 30 April 2014
Gareth Thomas	1 May 2011 to 30 April 2014

The table below summarises the participation of Council members in Council meetings:

Name	Meetings eligible to attend	Actual number attended
McNally, Graeme	11	10
Clayton, John	11	11
Lysaght, Matt	11	10
Brash, Lyn	11	11
White, Coraleen	11	10
Thomas, Gareth	11	10
Mote, John	11	9
Jones, Barry	11	10

COMMITTEES OF THE COUNCIL

ACADEMIC BOARD (AB)

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

(a) Advise the Council on matters relating to courses of study or training, awards, and any other academic matters;

(b) Exercise powers delegated to it by the Council.

It is chaired by the Chief Executive.

AUDIT COMMITTEE

The Audit Committee is responsible for:

- arrangements with the external auditor and for reviewing the findings of the external auditor;
- reviewing and approving accounting and financial policies;
- overview of statutory compliance; and
- establishing and reviewing internal audit projects.

It is chaired by Barry Jones.

CHIEF EXECUTIVE PERFORMANCE COMMITTEE

The Chief Executive's Performance Committee is responsible for:

- establishing the Chief Executive's annual performance agreement; monitoring progress of its achievement;
- recommending remuneration and performance payments;
- discussions with the Chief Executive about performance and professional development.

It is chaired by John Clayton.

It is the view of the Council that, with the exception of these committees, good practice governance requires a "whole of Council" approach to carrying out its roles and responsibilities. Further, it accepts its responsibilities to, as far as practicable, conduct its governance activities in an open and transparent manner.

DIRECTORY

MANAGEMENT TEAM

Mr Allan Sargison	Chief Executive
Mr Harry Lyon	Dean - Music and Audio Institute
Mr Samuel Blight	Director - Strategy
Mr Colin McDonnell	Director - Business Development
Mrs Alyson Bone	Chief Financial Officer
Mrs Annabel Schuler	Director - Academic and Quality
Mr Blair Keily	Chief Information Officer
Ms Sue Allard	Director - Strategic Development
Mr Vadim Spice	Operations Manager – North
Mr Shane Andrews/Tess Martin from July 2013	Operations Manager – South
Mr Ian Hooker	Representative - Faculty Operations Group – West Coast
Ms Vickie Hope	HR Manager
Ms Karen Kennedy	Executive Assistant

BANKERS	ASB Bank
AUDITORS	Audit New Zealand (on behalf of the Office of the Controller and Auditor-General)
SOLICITORS	Hannan and Seddon, Barristers and Solicitors, PO Box 8, Greymouth

CHIEF EXECUTIVE'S REPORT

Tai Poutini Polytechnic had a successful and as always challenging year in 2013. As part of aligning itself with TEC priorities it focused on increasing West Coast provision and on priority trades.

Key accomplishments include:

- 9,100 individual programme enrolments.
- 2,578 EFTS, a 5% increase from 2012, following on from a 9% increase in 2012.
- 101% achievement of total SAC EFTS.
- Delivering 40 Youth Guarantee (YG) EFTS while funded for 31.5 to help meet on TPP's regional delivery mission.
- 510 EFTS Priority Trades.
- Successful delivery of Mine Manager A/B programmes to 49 EFTS, despite the mining downturn:
    - NC1537, Extractive Industries (Mining Administration Surface Extraction A Grade) 11.44 EFTS
    - NC1536, Extractive Industries (Mining Administration Surface Extraction B Grade) 25.36 EFTS
    - WC2887, Certificate in Extractive Industries 11.53 EFTS
- Confident/Confident EER ratings.
- A 12% increase in level 3 delivery.
- NZQA Approval for its first degree offering in 2014.
- Increased regional focus and delivery on the West Coast including an increase in Trades Academy delivery from 89 to 168 students.
- 4% increase in qualification completions
- A former student winning a Grammy Award

These indicators show that TPP is an ITP working hard to achieve the overall directions of the Tertiary Education Commission and the government's Tertiary Education Strategy. The achievement was substantial as it was not an easy trading year. The Industry Training Faculty achieved only 76% of its forecast SAC EFTS and 60% of its targeted surplus. Fortunately a projected increase in Priority and Pasifika Trades were both achieved. An important factor in the poor performance of Industry Training was the major civil construction intakes planned with Stronger Canterbury Rebuild Team (SCIRT) to support the Christchurch Infrastructure Rebuild were disappointing, reaching only 40% of the numbers projected by SCIRT due to lower than anticipated industry demand.

Such variations are, however, part of a dynamic business environment and TPP has to be flexible. On the positive side TPP did reallocate the EFTS and delivered on targets. The Music and Audio Institute of New Zealand (MAINZ) and the West Coast Faculty both increased their delivery and the Business Development area delivered above its budget.

The changes in EFTS volumes and programmes became apparent at a time when staffing levels could not be easily changed so financially the result was a break-even. A key factor was the loss of $360K in income for professional engineering places. Late in 2013 we removed one senior management position in the Industry Training faculty, two FT positions in Business Development and have followed through into 2014 with other changes which will see a total reduction of up to 10 FTE.

TEIFM

The Tertiary Education Commission has established target financial management ratios for tertiary educational institutions (TEIFM).

	Actual	Budget	TEIM	
Core Earnings	8%	13%	9% +	Surplus excluding depreciation divided by income
Net Cash flow	108%	114%	110% +	Cash in less cash out, excluding Capex
Liquid Funds	23%	29%	8% +	Cash balance divided by Cash out
Quick Ratio	3.1	3.1	1.5 +	Current Assets excl Prepayments divided by Current Liabilities excl RIA
Return on Net Assets	1.8%	7%	1.5 +	Surplus divided by Net Assets
Return on Fixed Assets Employed	14%	22%	4.5 +	Surplus excluding depreciation divided by Fixed Assets
Operating Surplus	1.3%	5%	2% +	Surplus divided by income

TPP's performance is close to, or ahead of, each of the targets with particularly strong liquidity.

The ratios are all as defined by TEC's Tertiary Education Institution Financial Monitoring (TEIFM) expectations. This monitoring excludes abnormal or non-recurring items. TPP had expenses totalling $335K that are considered non-recurring items.

EDUCATIONAL PERFORMANCE

Course completions are expected to be at the 2012 level of 81% when fully processed.

A major achievement was the release of the NZQA External Evaluation and Review Report (EER) which gave TPP a confident rating for both educational delivery and self-assessment. The following comments indicate success in meeting some of our key goals and objectives:

"TPP staff are highly focused on ensuring that programme content and delivery match the current technical needs of industry, that teaching and learning strategies and resources result in students being well prepared for the workplace, and that the training needs of students are well catered for. This was consistently in evidence at all focus areas through staff, student and employer interviews, as well as through the programme advisory committees meeting minutes and interviews with committee members at this evaluation.

Students receive a high level of support from a range of staff. TPP has broadened its approach to student support services since the previous EER in 2011, resulting in improvements to students' experience, such as clearer information about where and whom to go to for support, improved 'handover' between tutors where this is required, and an improved complaints process.

Changes have also included support for staff to visit colleagues in highly performing polytechnics to share good practice, build networks and learn about what is working well at other institutions."

Focus Areas	Educational Performance	Capability in Self-assessment
2.1 Governance & management	Excellent	Good
2.2 International student support	Good	Good
2.3 SCIRT	Good	Good
2.4 Music	Excellent	Excellent
2.5 Outdoor Education	Excellent	Excellent
2.6 Allied Trades	Good	Good

FACULTY PERFORMANCE OVERVIEW

Tai Poutini Polytechnic has three major teaching faculties: Industry Training, which focuses on niche trades provision; the Music and Audio Institute of NZ (MAINZ); which delivers training in audio engineering, contemporary music and live sound; and the West Coast Faculty, which caters for the tertiary needs of the West Coast. In the Statement of Service Performance we have reported in terms of these three faculties but, to provide more information, we have split student statistics in the Chief Executive's Report into three faculties plus the Business Development Unit, created in 2011, which specialises in new initiatives and full cost recovery training.

BUSINESS DEVELOPMENT UNIT

The Business Development Unit had a successful year producing a 14% increase in total EFTS over forecast targets and a 27% increase in SAC EFTS. Full Cost Recovery (FCR) EFTS were achieved to 93% of forecast but FCR EFTS elsewhere in the institution increased to offset this. Additional SAC EFTS were delivered in the areas of Cranes and Health and Safety to offset the Industry Training shortfall.

The development of the School of Mines continued, but at a slower pace due to a significant downturn in the extractives industry. The Extractives Industry was also unwilling to commit to training until proposed legislative changes were confirmed. The slow start to training meant that the Priority Engineering EFTS target was not met and was reduced by agreement with TEC.

Delivery has concentrated on the National Certificates in Surface Extraction (that are required for A & B Grade Certificates of Competence) which have been delivered on the West Coast and in Canterbury. The West Coast cohorts attracted strong support from the still buoyant alluvial mining sector while the Canterbury programmes were supported strongly by the growing aggregates sector supplying base materials for the Christchurch Rebuild.

Demand for crane training continued to be strong, both in Christchurch, driven by the needs of the Christchurch rebuild and in the North Island where demand comes from the building materials manufacturers and their logistics chains which are expanding to service increased demands from Christchurch.

Nationally the demand for health and safety training, both Full Cost Recovery and qualification-based continues and there may be room for growth in this area as WorkSafe New Zealand's strategies and initiatives are implemented.

In 2012 the Business Development unit was not reported as a faculty. Due to the scope of delivery it is included for the first time in 2013.

EFTS AND FINANCIAL PERFORMANCE

EFTS	2013 Actual	2013 Budget	Achievement	Comment
SAC/Vote Ed	597	468	128%	A major achievement
Other Govt	1	-	-	n/a
FCR	278	301	93%	Offset elsewhere in institution
	876	769	114%	
SAC Level 1/2	34	49	69%	
SAC Level 3 +	539	418	129%	
Other Vote Ed	24	-	-	

	2013 Actual	2013 Budget	+/- %	Prior Year Actual	Comment
Income per EFTS	$6,505	$6,932	94%	$6,344	Although income per EFT was below budget costs were contained giving a good level of surplus in core earnings
Fees per EFTS	$792	$1,043	76%	$825	
Costs per EFTS	$3,106	$3,539	88%	$3,360	
Staffing per EFTS	$1,381	$1,806	76%	$1,357	
Surplus per EFTS	$3,400	$3,393	100%	$2,984	
Core Earnings	52.32%	48.96%	107%	47.05%	

Colin McDonnell
Director

INDUSTRY TRAINING FACULTY

This faculty's focus is on delivery of allied trades training with a strong applied element responsive to the needs of industry. The majority of the students are in employment when undertaking training.

KEY ACCOMPLISHMENTS & OUTCOMES

2013 was a year of challenge for the Industry Training Faculty achieving only 76% of its forecast SAC EFTS and 60% of the targeted surplus. Performance was on par with its 2012 results. The projected increases in Priority and Pasifika Trades were both achieved which were important outcomes.

Enrolments in key areas of rigging and civil construction were significantly below expectations. Rigging demand was low as the industry eagerly awaits new qualifications due in mid-2014 that will better meet their needs.

The Pre-Entry Civil Construction Programme enrolments struggled to meet capacity. The major civil construction intakes planned with SCIRT to support the Christchurch Infrastructure Rebuild were disappointing reaching only 40% of the numbers projected by SCIRT due to lower than anticipated industry demand.

Scaffolding numbers remained consistent nationally with an increase of 200% in Christchurch to support the Rebuild over the past two years. Unfortunately, the slower industry activity in the North Island has meant that there was no overall increase in scaffolding delivery.

The Industry Training Faculty continues to develop its industry connections. This is reflected in its relationships with the Industrial Rope Access Association of New Zealand (IRAANZ), Scaffolding Access Rigging New Zealand (SARNZ), Ministry of Business, Innovation and Employment (MBIE), SCIRT and the New Zealand Contractors Federation (NZCF). A range of academic networking relationships including Northtec and CPIT continued to be developed.

EFTS AND FINANCIAL PERFORMANCE

EFTS	2013 Actual	2013 Budget	Achievement	Comment
SAC/Vote Ed	565	728	78%	EFTS were shifted to Business Development and West Coast faculties.
Other Govt	3	0	-	
FCR	14	0	-	
	581	728	80%	
SAC Level 1/2	14	16	88%	
SAC Level 3 +	551	712	76%	

	2013 Actual	2013 Budget	+/- %	Prior Year Actual	Comment
Income per EFTS	$11,232	$12,011	(6%)	$11,287	Trading conditions made it difficult to achieve income and cost targets. Although behind budget the surplus and earning results showed good cost control.
Fees per EFTS	$1,578	$2,152	(27%)	$1,619	
Costs per EFTS	$5,831	$4,969	17%	$6,047	
Staffing per EFTS	$3,574	$2,746	30%	$3,552	
Surplus per EFTS	$5,401	$7,042	(23%)	$5,240	
Core Earnings	49.96%	59.97%	(17%)	47.84%	

Industry Training faculty for 2013 excludes the Emergency Management department which was moved to the West Coast faculty. Comparatives for prior year have been restated to exclude the Emergency Management department.

Colin McDonnell

Director

MAINZ

KEY ACCOMPLISHMENTS AND OUTCOMES

This year the Faculty over-achieved on its EFTS target with 432 EFTS. Three MAINZ programmes included in the 2013 EER received dual “Excellent” ratings. The faculty did not meet its per EFTS cost targets but did make substantial improvements in key areas.

Mid-year in-takes for the Certificate in Contemporary Music Performance and the Certificate in Audio Engineering and Music Production following on from a September intake for the Certificate in Foundation Sound and Music at a social services facility in Mangere in 2012 has given MAINZ the ability to better meet its EFTS targets. It is clear some students like to begin their studies in the middle of the year. The energy these students bring to the campus is refreshing and it has become an accepted part of delivery thanks to a high degree of staff flexibility. Aligning the semester calendar from mid-2014 so that the February and July intakes flow in seamlessly will allow for more co-teaching and other efficiencies.

While not delivered out of the MAINZ faculty, the Certificate in Foundation Sound and Music in Greymouth had a successful start in 2013.

At year end TPP received approval to offer the CPIT Bachelor of Musical Arts in Auckland from 2014. TPP’s existing diploma programme has equivalence to the the first year of the degree. In other programme developments a Certificate in DJ and Electronic Music Production (DJEMP) and will start in Christchurch from 2014.

During the year some effort went into securing strategic relationships with the Pop Academy in Mannheim, Germany and the Rock Academy in Tilburg, Netherlands. Both organisations will assist our planned internationalisation, providing opportunities for staff, student and knowledge exchange.

EFTS AND FINANCIAL PERFORMANCE

EFTS	2013 Actual	2013 Budget	Achievement	Comment
SAC/Vote Ed	422	408[1]	103%	
Other Govt	0	0	-	
FCR	10	0	-	
	432	408	106%	A good outcome.
SAC Level 1/2	49	60	82%	
SAC Level 3 +	349	326	107%	This reflected an adjustment of priorities given the increase in Level 3+.
Other Vote Ed	24	22		

	2013 Actual	2013 Budget	+/- %	Prior Year Actual	Comment
Income per EFTS	$13,102	$13,399	98%	$13,241	Income per EFT was slightly behind budget cost per EFT did not meet budget but showed significant improvement on 2012.
Fees per EFTS	$4,057	$4,340	93%	$4,221	
Costs per EFTS	$7,673	$7,075	108%	$8,802	
Staffing per EFTS	$6,048	$5,944	102%	$6,920	
Surplus per EFTS	$5,429	$6,324	86%	$4,439	
Core Earnings	43.64%	49.49%	88%	36%	

Note: This table shows core earnings **before** overheads including occupancy.

Harry Lyon
Dean

Joel Little, a MAINZ Music Department PAC member, and Diploma in Contemporary Music Performance graduate, won the APRA Silver Scroll in 2013 and a Grammy Award in January 2014 for his work with Lorde and the international hit song “Royals”. Joel agreed to have his photograph and a statement included in the 2014 MAINZ prospectus and was the guest speaker at the 2013 MAINZ Auckland graduation

WEST COAST FACULTY

KEY ACCOMPLISHMENTS AND OUTCOMES

The faculty recorded some 4,000 programme enrolments in 2013 translating into 702 EFTS. This was 30% ahead of target and an increase of around 800 enrolments. The overall faculty contribution was ahead of budget by some $100K.

The Emergency Management, Search and Rescue programmes were "brought home" to the West Coast to be delivered alongside the Outdoor Education programmes. With new staff, a new venue, a new funding model and relationships this was a challenging but successful year for the Outdoor Department.

As part of developing a Westland Strategy several initiatives were begun based around improving the flexibility and coherence of programme delivery.

- A summer hospitality programme was delivered in late November/early December 2013 to provide trained staff for immediate employment in the high tourist season. This has strengthened TPP's connection with industry and has created further opportunities for training in 2014.
- A venue for the Hokitika campus has been secured giving TPP an increased presence away from Greymouth and the capacity to deliver more directly courses such as;
  - NZ Dip Bus
  - Flexi computing
  - Driver Education
  - Te Reo
  - Barista and LCQ
- Early childhood education was delivered as part of the WC Trades Academy during 2013 and from 2014 this will be based at the Hokitika Campus.
- NZ Diploma in Business can now be delivered across the West Coast utilising video conferencing technology and the learning hubs in Westport, Greymouth and Hokitika with tutors regularly moving between venues to facilitate student engagement.

The Trades Academy initiative continues to be educationally and fiscally successful with a 100% growth in enrolment numbers in 2013. The programme helps to ensure student engagement from high school through to tertiary level study and pathways to higher level programmes continue to grow.

Collaboration with other institutions continues to grow. The Trades Academy is cementing links to West Coast High Schools. A level 4 science programme was delivered in Westport in collaboration between Buller High School, TPP and the minerals industry. Automotive and engineering and culinary arts are developing academic relationships with the Waiariki Institute of Technology. Outdoor Education has existing links with CPIT and is further cementing links with Instituto Vertical in Chile (sending our third scholarship student here in 2014) and with the Outdoor Education Group in Australia. Further international options are developing in Asia through a partnership with Outdoor Education Asia. Staff from the Wharton Business School visited the West Coast as part of developing an MBA leadership programme with them in 2014/15.

> "This experience was hugely significant for me in many ways. Being in the Atacama Desert and seeing alpacas, vicunas, puma tracks and flamingos.....It was amazing."
>
> Diploma in Outdoor Instruction and Guiding Student Tui Kraal on her 2013 Chilean exchange experience.

[1]This includes 17 EFTS delivered at Waiariki Institute of Technology which were initially outside the MAINZ budget.

EFTS AND FINANCIAL PERFORMANCE

EFTS	2013 Actual	2013 Budget	Achievement	Comment
SAC/Vote Ed	414	330	125%	
Other Govt	194	200	-	
FCR	94	0	-	Industry responsiveness in practice.
	702	530	132%	
SAC Level 1/2	48	34	144%	
SAC Level 3 +	366	296	124%	

This was a very significant level of achievement for this faculty, exceeding the budget by 32% and the 2012 total of 553. The search and rescue programmes passed to this Faculty and Outdoor Education and exceeded initial expectations of EFTS, achieving some 142 EFTS in a new funding environment. Full cost EFTS rose from 72 in 2012 to 94 in 2013.

Funding categories were different from those planned leading to reduced income per EFTS.

	2013 Actual	2013 Budget	+/- %	Prior Year Actual	Comment
Income per EFTS	$9,916	$11,692	85%	$10,754	
Fees per EFTS	$1,694	$1,958	87%	$1,988	
Costs per EFTS	$8,470	$9,975	85%	$9,018	Good reduction on 2012
Staffing per EFTS	$6,359	$7,718	82%	$6,792	
Surplus per EFTS	$1,446	$1,717	84%	$1,736	
Core Earnings	16.25%	16.43%	99%	17.10%	

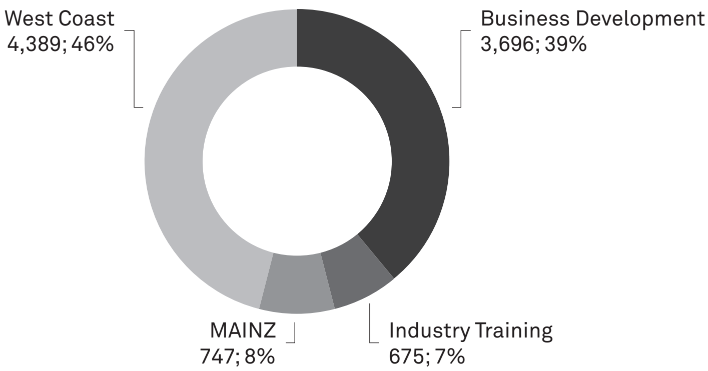
The West Coast faculty for 2013 includes the Emergency Management department which was formerly part of industry Training faculty. Comparatives for prior year are restated to include the Emergency Management department.

Rob Van Lent
General Manager, West Coast

ENROLMENTS

9,507 enrolments were received in 2013, a reduction of some 2% from 2012. The numbers per faculty are shown below.

ENROLMENTS 2013



TPP required 3.8 enrolments to produce 1 EFTS (equivalent full time student). This reflects the challenge of being focussed clearly on the updating and registration needs of industry with a range of short courses, primarily for people in employment. Another way of looking at this is to look at TEC's EFTS use data for SAC funding which shows:

EFTS Value	2013	2012	2011	2013	2012	2011
>= 0.8	1,310	1,283	1,324	14.5%	13.9%	16.1%
0.3-0.8	2,135	1,992	1,536	23.5%	21.5%	18.6%
<=0.3	5,619	5,970	5,390	62.0%	64.6%	65.3%
	9,064	9,245	8,250	100%	100%	100%

In 2013 TPP had 5,631 enrolments, 59% of the total, generating less than 0.3 EFT each. By comparison 14.4% of the load was in programmes generating more than 0.8 EFTS – primarily full time full year programmes. This gives TPP a very distinctive position amongst ITPs.

Although some people come to the West Coast for particular programmes, the statistics suggest a very high level of penetration into the local industry and community. At least 4,000 people were in some way directly impacted by TPP out of a total West Coast population of some 31,000 people.

EFTS

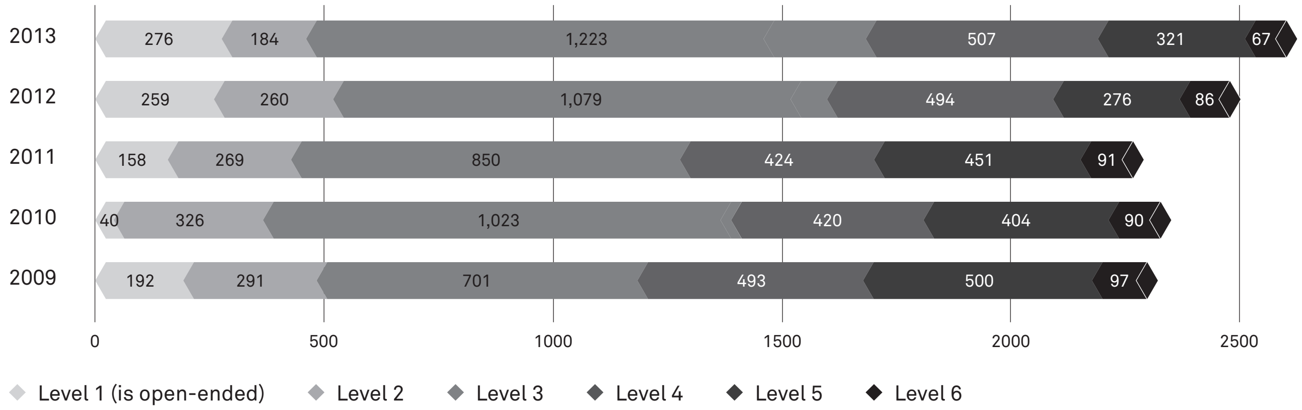
EFTS increased by 5% in 2013 from 2012, in spite of significant reduction in SAC level 2 funding.

EFTS BY YEAR

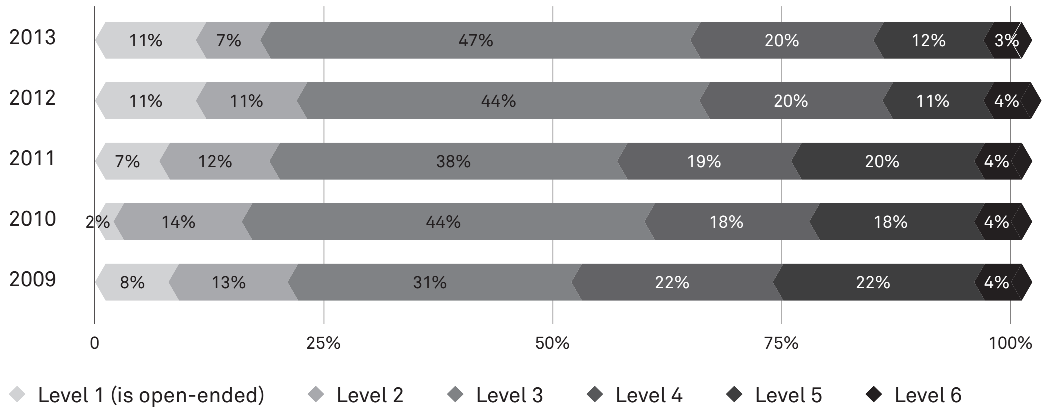
	2009	2010	2011	2012	2013
◆ Vote Ed	2,157	2,230	1,978	2,023	2,187
◆ International	42	24	30	68	62
◆ Other Govt.	14	23	42	66	18
◆ Full Cost Recovery	61	27	194	297	310

Over the past three years there has been a significant expansion in Level 3 delivery as shown. Almost all the 2013 Level 1 (open-ended) is full cost recovery.

TOTAL EFTS BY QUALIFICATION LEVEL



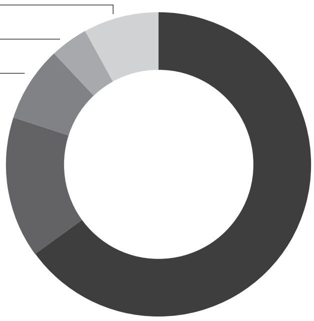
TOTAL EFTS % BY QUALIFICATION LEVEL



STUDENT ETHNICITY

ENROLMENTS

ETHNICITY 2013



EQUAL EDUCATIONAL OPPORTUNITY

Maori	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
TPP	15.3%	16.9%	13.4%	1,393	1,630	1,027
Bus Development	16.3%	18.6%	11.6%	581	739	161
Industry Training	37.0%	37.1%	14.6%	250	244	231
MAINZ	20.2%	17.2%	14.6%	142	114	86
West Coast	10.0%	12.3%	13.1%	420	533	549

Pacific	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
TPP	7.9%	7.3%	3.90%	722	704	295
Bus Development	13.4%	10.5%	6.30%	477	419	87
Industry Training	7.6%	8.5%	2.40%	51	56	47
MAINZ	12.7%	11.0%	8.20%	89	73	48
West Coast	2.5%	3.6%	3.20%	105	156	113

SAC EFTS

In terms of SAC funded EFTS places

- 27% went to people of Maori ancestry, thereby maintaining the 2012 final result
- 12.6% went to people of Pacific ancestry, slightly increasing the 2012 final result.

	SAC EFTS			% of TPP EFTS		
Maori	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
TPP	526.2	538.9	423.6	27.0%	26.6%	24.1%
Bus Development	143.1	171.2	19.7	7.4%	8.5%	1.1%
Industry Training	218.4	218.9	208.0	11.2%	10.8%	11.8%
MAINZ	101.5	74.3	69.7	5.2%	3.7%	4.0%
West Coast	63.2	74.5	126.3	3.2%	3.7%	7.2%

Pacific	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
TPP	245.9	202.3	109.3	12.6%	10.0%	6.2%
Bus Development	124.5	111.4	12.5	6.4%	5.5%	0.7%
Industry Training	52.3	44.4	46.0	2.7%	2.2%	2.6%
MAINZ	61.4	32.1	30.3	3.2%	1.6%	1.7%
West Coast	7.8	14.4	20.5	0.4%	0.7%	1.2%

GENDER

	% OF TOTAL			ENROLMENTS		
Female	2013	2012	2011	2013	2012	2011
TPP Overall	33.0%	32.0%	30.3%	3,194	3,168	2,394
Business Development	24.1%	22.9%	17.3%	890	910	240
Industry Training	5.0%	3.1%	4.8%	35	22	39
MAINZ	22.6%	23.8%	19.9%	186	192	146
West Coast	46.8%	46.1%	39.6%	2,083	2,044	1,969

Since 2011 female students have increased by 800, which is a significant development and a 33% increase. Although there was only a slight increase in the number of female enrolments in 2013, primarily in Business Development and the West Coast Faculty. This took place against an overall 1.5% reduction in enrolments.

EQUAL EMPLOYMENT REPORT

	2013	2012	2011	2013	2012	2011
All Staff	181	187	199	181	187	199
Maori	15	11	11	8.3%	5.9%	5.5%
Female	87	85	69	48.1%	45.5%	34.7%
Pacific	1	1	3	0.6%	0.5%	1.5%

Progress is steady if slow. TPP intends to increase Pacific capability in 2014.

Allan Sargison
Chief Executive

STRATEGIC PERFORMANCE FRAMEWORK

VISION

Tai Poutini Polytechnic will provide an empowering learning environment for our students to enable them to gain vocational education and applied skills through a portfolio of programmes that are delivered locally and nationally in an efficient and effective way.

STRATEGIC SETTING

TPP operates within an overall performance framework which produces outcomes required by the Government and achieved through a Tertiary Education Strategy (TES). Within this strategy individual TEIs must develop and report on their strategies and outputs.

SECTOR OUTCOMES

- Rewarding lives
- NZ economic and social development
- Sustainability

TERTIARY EDUCATION STRATEGY

- Vocational Education
- Progression to higher level
- Applied research Technology Transfer

TPP STRATEGIC GOALS

- Students excellence
- Excellent Programmes
- Sustainable
- Stakeholder expectations

OUTPUTS

- KPIs
- Commentary

The Government is aiming for a "world-leading education system that equips all New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century." The Tertiary Education Strategy 2010–2015 gives effect to this vision, aiming to move NZ into a sustainable recovery by building a "productive skills base to drive economic growth". It focuses on four strategic areas for the whole tertiary sector including skills acquisition within a global environment, the importance of high quality research, and the need to enable Maori to enjoy educational success as Maori.

Contributing to this goal, Institutes of Technology and Polytechnics (ITPs) are expected to:

- deliver vocational education that provides skills for employment
- undertake applied research that supports vocational learning and technology transfer
- assist progression to higher levels of learning or work through foundation education.

In fulfilling these roles, ITPs are expected to:

- enable a wide range of students to complete industry-relevant certificate, diploma and applied degree qualification;
- enable local access to appropriate tertiary education;

- support students with low literacy, language and numeracy skills to improve these skills and progress to higher levels of learning;
- work with industry to ensure that vocational learning meets industry needs.

TAI POUTINI POLYTECHNIC ROLE

TPP will achieve this by being a regional ITP delivering qualifications in its home region and be a range of specialist, non-duplicative, niche qualifications nationally.

The primary driver for West Coast delivery is to meet the needs of West Coast students and industries. This gives TPP a dual reason to focus on programmes which will give students the skills, experience and qualifications to move into local/regional/national based employment.

KEY TERTIARY EDUCATION STRATEGY PRIORITIES AND TPP RESPONSE

TPP is actively addressing the Government's key initiatives and priorities outlined in the Tertiary Education Strategy 2010–15 (TES) in ways most relevant to its region and stakeholders. The key priorities relating to ITPs are to increase the number of:

1. Young people (aged under 25) achieving qualifications at levels four and above, particularly degrees
2. Maori students enjoying success at higher levels
3. Pacific students achieving at higher levels
4. Young people moving successfully from school into tertiary education
5. Improving literacy, language, and numeracy and skills outcomes from levels one to three study

Although not formally part of the TES, the TPP Investment Plan added "Christchurch Redevelopment Response" to the list as a clear national priority.

TPP devised four strategic goals for meeting these priorities and the TES more generally. These are shown below.

These are the basis for the Statement of Service Performance.

STATEMENT OF RESPONSIBILITY

In terms of Section 155 of Crown Entities Act 2004, we hereby certify that:

1. We have been responsible for the preparation of these financial statements and the statement of service performance and the judgement used therein; and
2. We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. We are of the opinion that these financial statements and the Statement of Service Performance fairly reflect the financial position and operations of this institution for the year ended 31 December 2013.

Graeme McNally
Chair of Council

Allan Sargison
Chief Executive

Alyson Bone ACMA, CGMA
Chief Financial Officer

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDIT REPORT

To the readers of Tai Poutini Polytechnic's and group's financial statements and non-financial performance information for the year ended 31 December 2013.

The Auditor General is the auditor of Tai Poutini Polytechnic (the Polytechnic) and group. The Auditor General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non financial performance information of the Polytechnic and group on her behalf.

We have audited:

- the financial statements of the Polytechnic and group on pages 43 to 70, that comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, 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 Polytechnic and group in the statement of service performance on pages 31 to 42.

Opinion

In our opinion:

- the financial statements of the Polytechnic and group on pages 43 to 70:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Polytechnic's and group's:
    - financial position as at 31 December 2013; and
    - financial performance and cash flows for the year ended on that date;
- the non financial performance information of the Polytechnic and group on pages 31 to 42 fairly reflects the Polytechnic's and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2013.

Our audit was completed on 29 April 2014. 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 Council 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 Polytechnic and group's 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 Polytechnic and group's 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 Council;
- 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. Also we did not evaluate the security and controls over the electronic publication 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 Council

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Polytechnic's and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing non financial performance information that fairly reflects the Polytechnic's and group's service performance achievements measured against the performance targets adopted in the investment plan.

The Council 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 Council is also responsible for the publication of the financial statements and non financial performance information, whether in printed or electronic form.

The Council'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 Polytechnic or any of its subsidiaries.

John Mackey
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

STATEMENT OF SERVICE PERFORMANCE

STRATEGIC GOAL: STUDENTS EXCEL

KEY STRATEGIC PRIORITIES

<table>
<tr><th>Priorities[2]</th><th>TPP Response</th></tr>
<tr><td>Increasing the number of young people (aged under 25) achieving qualifications at levels four and above, particularly degrees.</td><td>TPP has increased the total number of students aged under 25 by 22% since 2011. The incidence has changed as shown below:
<table>
<tr><th></th><th>2013</th><th>2012</th><th>2011</th></tr>
<tr><td>TPP</td><td>2,721</td><td>2,763</td><td>2,237</td></tr>
<tr><td>Business Development</td><td>729</td><td>899</td><td>225</td></tr>
<tr><td>Industry Training</td><td>325</td><td>271</td><td>278</td></tr>
<tr><td>MAINZ</td><td>597</td><td>551</td><td>532</td></tr>
<tr><td>West Coast</td><td>1,070</td><td>1,042</td><td>1,202</td></tr>
</table>
The minor reduction in 2013 is proportionately less than the drop in total enrolments.

In 2013 TPP did not offer degrees, but did secure agreement to offer its first degree in music in 2014.</td></tr>
<tr><td>Increasing the number of young people moving successfully from school into tertiary education.</td><td>In 2013 the major response was participating in the West Coast Trades Academy for the second year in a two- year programme. Although it is too early to be definitive the flow on to TPP trades programmes seems significant.

The number of students in the Trades Academy increased from 89 to 160.</td></tr>
<tr><td>Improving literacy, language, and numeracy and skills outcomes from levels one to three study.</td><td>TPP has embedded numeracy and literacy learning into its L1-3 programmes and tutors are up-skilling through the nationally recognised qualification. Progress, by programme, is closely monitored to ensure students are achieving through the progressions. Due to normal fluctuations between levels of delivery literacy and numeracy targets and achievements are always expressed as a percentage of L1-3 delivery.</td></tr>
</table>

[2] Priorities are drawn from the Investment Plan, as are KPIs.

Key Performance Indicators	2012 Annual Report	2012 Final[3]	2013 Target	2013 Attainment	Comments
Successful course completion rate for all students (SAC)	81%	81%	80%	80%	Overall course completions are on par with last year and close to target. There are a significant number of courses, particularly at Level 4, with practicum to complete. New mining offerings which finished in late December and an earlier audit than last year both contribute to the attainment being below the 2012 Annual Report levels.
Level 1-3	81%	82%	85%	81%	
Level 4+	80%	80%	75%	76%	
Under 25	82%	83%	-	79%	
Level 1-3	81%	82%	85%	80%	
Level 4+	84%	83%	80%	77%	
Qualification completion rate for all students (SAC)	70%	67%	55%	74%	Overall qualification completions have risen 4%. Students under 25 years of age continue to graduate at a higher rate than the average. There are some fluctuations which are to be expected with the methodology for calculating the EPI.
Level 1-3	72%	68%	60%	76%	
Level 4+	68%	65%	50%	71%	
Under 25	81%	72%	-	79%	
Level 1-3	75%	68%	60%	80%	
Level 4+	88%	77%	60%	78%	
Student Retention Rate (SAC)	45%	45%	35%		This data is supplied by TEC and is not yet available.[4]
Student Progression (SAC Levels 1-3 moving to L4+)	20%	21%	25%		This data is supplied by TEC and is not yet available.
The proportion of level 1 - 3 courses offered that contain embedded literacy and numeracy	97%	97%	-	94%	
The proportion of EFTS assessed as requiring additional literacy and numeracy enrolled in level 1 - 3 provision who make literacy and numeracy progress as measured by the Literacy and Numeracy for Adults Assessment Tool.	56%	56%	85%	48%	90% of those retested had made gains (up from 78%). Only 52% of those referred for support were retested.

[3] The EPI measures are not finalised in time for the Annual Report. This is due to some results coming in after preparation of the Annual Report. The '2012 Annual Report' column states what was reported in the 2012 Annual Report, the '2012 Final' column reports the final result and the 2013 attainment column is provisional data. Final 2013 data will be provided in the 2014 Annual Report.

[4] Retention and progression data is provided by TEC. At the time of publishing this report TEC indicated that data would not be available until mid-April 2014.

STRATEGIC GOAL: MEETING STAKEHOLDER NEEDS

KEY PRIORITIES (INVESTMENT PLAN)

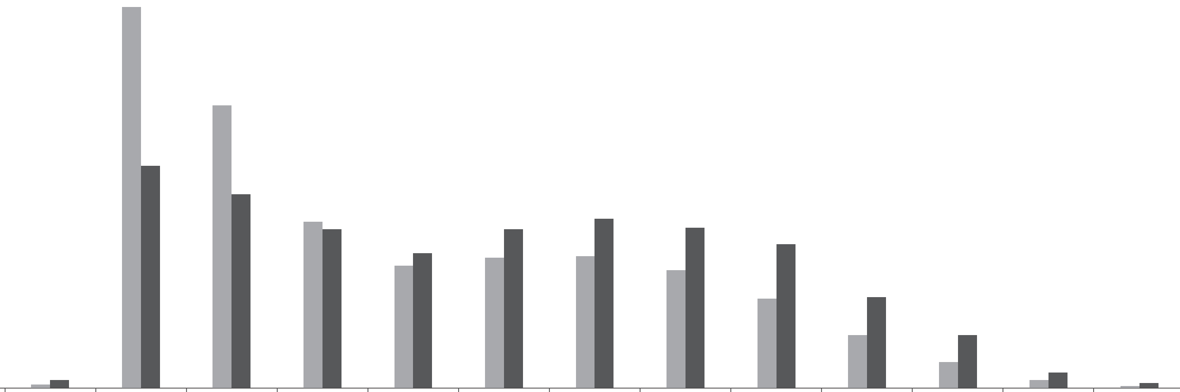
PRIORITY	TPP RESPONSE
Increasing the number of Maori students enjoying success at higher levels	In 2012 TPP's results for Maori course and programme completions were above the sector average. In 2013 the completion rate for level 4+ exceeded the rate for all students at TPP.
Increasing the number of Pacific students achieving at higher levels.	TPP's Pacific students study mainly on its Auckland campuses. In 2012 TPP's results for Pacific course and programme completions were above the sector average and equivalent to or better than the results for TPP as a whole. Qualification completion rates in 2013 improved to 74% for level 4+.
Christchurch Redevelopment Response	TPP delivered on its allocation of Priority Trades/Skills for Canterbury SAC Targets. While SCIRT numbers realised only 21 EFTS of the target of 80 projected, increases in other Priority Trades areas, particularly Scaffolding, made up for the short fall. Overall TPP delivered 200 EFTS in Canterbury in response to the Re-Build.
Regional Delivery on West Coast • Beginning in 2012, leverage off current remote campuses on the West Coast into a distributed network of learning centres;	The Buller Development Strategy developed and implemented from 2012 was the first step and EFTS increased in Buller by 24%. At year end premises were secured in Hokitika for a learning centre.
• Increase involvement in mining by increasing the occurrences of some programmes to meet demand;	In 2013 the mining industry had substantial closures on the West Coast in particular. TPP still proceeded with its planning development of a "virtual" mining school. Two highly experienced mine managers were secured to begin delivering A/B certificates. TPP delivered 49 EFTS of priority engineering for the mining industry.
• Provide leadership in the possible development of a virtual mining school meeting regional and national needs;	
• Increase regional penetration by lifting the number of Youth Guarantee places available on the Coast;	Youth Guarantee places did not increase to meet demand but TPP offered 8.5 unfunded places in addition to 31.5 funded places.
• Participate in the West Coast Trades Academy;	TPP taught students in a range of trades programmes in 2013 increasing the number from 89 to 160.
• Introduce new programmes in 2012/13 including: - An extended range of Foundation Programmes: such as Sound and Music on Coast, Preparation for Tertiary, Taste of Trades, Outdoor Education; te reo Maori (Level 2) - Other new programmes	The Foundation Sound and Music programme began on the West Coast in 2013. A Level 3 engineering programme began in Westport. The outdoor education tutors taught ACE courses in safety skills for recreational fishers etc. Level 2 Te Reo Maori expanded in 2013. National Certificate in Early Childhood Education & Care (ECE) Level 3 was delivered in Greymouth and Westport at the request of students who wanted a childcare programmes at a lower level and which focussed more on early childhood education than the current L5 nanny programme. NZ Diploma in Business began teaching via a combination of video conferencing and direct class contact operating between Greymouth and Westport.

FFTO/Training for work	Foundation Focussed Training Opportunities (FFTO) Training was delivered to 36 MSD clients referred during the period Jan to Sept 2013. Referrals ceased in Sept following the Minister's announcement that FFTO funding would cease on 31 Dec. As a result, only 247 training weeks were delivered of the contracted 440 weeks. This did not impact on income following TEC's decision to not recover funding for under-delivery as a result of this decision. Training for Work (TFW) Training was delivered to 21 MSD clients referred in Westport (2012: 21) and 6 clients in Greymouth (2012: 11), falling short of contracted targets and projected income. This largely reflected low registered unemployment figures in Buller. Interim figures show seven positive outcomes (full-time employment or higher education) achieved to date.

Key Performance Indicators	2012 Annual Report	2012 Final	2013 Target	2013 Attainment	Comments
Successful course completion rate for SAC Maori students	77%	78%	-	79%	Completion of Maori students increased in 2013. The gap in performance fluctuates between 0-2%.
Level 1-3	78%	78%	85%	80%	
Level 4+	77%	77%	75%	76%	
Qualification completion rate for SAC Maori students	71%	64%	-	72%	
Level 1-3	68%	62%	45%	70%	
Level 4+	76%	67%	45%	79%	
Successful course completion rate for SAC Pacific students	80%	80%	-	78%	Completion of Pacific Island students is very similar to the student average (fluctuates between 0-3%). The one exception in 2013 is Qualification Completions at Level 3. This anomaly is due to a significant increase in Pacific Island students in Civil Plant Operation where the majority of courses finishing in the year of enrolment but the qualification completion comes through in the following year.
Level 1-3	81%	82%	80%	78%	
Level 4+	79%	78%	-	77%	
Qualification completion rate for SAC Pacific students	72%	67%	-	62%	
Level 1-3	73%	63%	45%	59%	
Level 4+	70%	72%	45%	74%	
West Coast Students* Into Further Study and/or Work	This is a new measure and therefore comparative figures are not available.			83%	
Further Study Only				17%	
Employment Only				51%	
Further Study and Employment				15%	
Local Employment				48%	

* This is a sampling of five programs with the largest percentage (98%) of West Coast student enrolments

ENROLMENTS & EFTS RELATIONSHIP



	0-15	16-20	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	71-75
◆ EFTS	0.2%	25.2%	18.7%	11.0%	8.1%	8.6%	8.7%	7.8%	5.9%	3.5%	1.7%	0.5%	0.1%
◆ Enrolments	0.5%	14.7%	12.8%	10.5%	8.9%	10.5%	11.2%	10.6%	9.5%	6.0%	3.5%	1.0%	0.3%

The higher level of EFTS in the 16-25 age group reflect students doing longer programmes than in the remaining years where the position reverses.

Key Tertiary Education Strategy Priorities	2011	2012	2013	Comment
Equivalent Full-Time Maori Students (SAC)	424	546	564	The Ethnicity Statistics in this table are calculated using the "Student Main Ethnicity" determination as defined by the MoE.
Equivalent Full-Time Maori Students (SAC Levels 4+)	182	166	163	Although total numbers of enrolments reduced the EFTS value at higher levels held in 2013.
Equivalent Full-Time Pacific Island Students (SAC)	109	202	246	Indicates achievement in line with TES.
Equivalent Full-Time Pacific Island Students (SAC Levels 4+)	44	78	222	
Equivalent Full-Time Students Under 25 (SAC EFTS only)	982	1,074	1,145	
Equivalent Full-Time Students Under 25 on the West Coast (SAC)	250	267	254	
Youth Guarantee EFTS	11	24	40	This was an overachievement at TPP expense to meet regional needs.
International EFTS	30	68	63	Held and expecting to increase again in 2014.

Prior year published figures included non SAC delivery. These have been restated to SAC only.

STRATEGIC GOAL: EXCELLENT PROGRAMMES

KEY PRIORITIES

TPP will undertake comprehensive portfolio curricula review to:

- ensure that TPP's portfolio of qualifications/programmes of study meets the needs of the West Coast, and its other niche provision areas. This will be completed in line with the Targeted Review of Qualifications and will seek, where possible, to lift the level of delivery from L1-2 to L3-4+.
- Lead into a two-year programme to reduce the number of units/courses/modules offered.
- Enable a rationalisation of delivery of core competencies across programmes of study. This will lead to fiscal efficiencies and more consistent delivery.
- Ensure that the Assessment Tool for Literacy and Numeracy is being used in all relevant programmes.
- Incorporate the implications of External Evaluation and Review (EER) review for training provision and implement recommendations.

Key Performance Indicators (Investment Plan)	**2012 Actual**	**2013 Target**	**2013 Attainment**	**Comment**
Identify 30% programmes to be removed from portfolio	30%	30%	30%	These programmes have been self-identified by faculties and ring fenced. They will not be removed from the portfolio until new or improved ones are developed.
Redevelop programmes into 15 credit courses	1	0	0	[5]The MRoQ process continues to restrict our ability to undertake this work as it needs to focus on the post-MRoQ qualifications and in most cases these are not yet approved. In collaboration with Waiariki Institute of Technology development work has begun to restructure the Certificate and the Diploma in Contemporary Music into 15 credit courses.
Identify courses which can be taught across disciplines	1 Course	0	0	MRoQ has also impacted on this KPI and there has been no progress in 2013.
KEQ Self-Assessment process embedded	3	3	3	The three key self-assessment processes to which TPP was committed in 2013 were; •Student Satisfaction Surveys •Tutor Satisfaction Surveys •Programme Self- assessment
External Evaluation and Review	N/A	Confident	Confident	This review conducted by NZQA in March 2013 and reported in June. Programme focus areas were: • Music • Outdoor Education • Allied Trades • SCIRT
Development of Bachelor of Musical Arts Degree	N/A	NZQA Approved	NZQA Approved	In 2013 TPP moved into the delivery of higher level qualifications. In collaboration with CPIT a Bachelor of Musical Arts Degree (Level 7) was NZQA approved for introduction in 2014.

[5] NZQA initiated Mandatory Review of Qualifications which requires every qualification area to be reviewed and re-developed

STUDENT: TUTOR EVALUATION RATINGS[6]

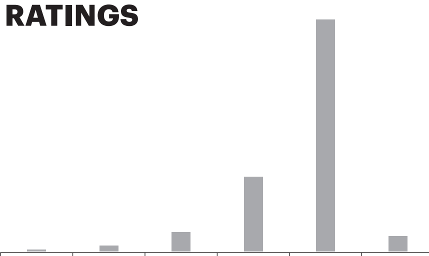
A total of 1,849 full-time students are represented in the ratings below. The ratings represent 62% of full-time students. 89 of 97 full time tutors were surveyed representing a 91% completion rate.

How would you rate the quality of teaching from this tutor?

From 1 – 5 (1= dissatisfied; 5 = very satisfied)

mean average: 4.2

2013 TUTOR EVALUATION RATINGS



	1	2	3	4	5	N*
◆ Total Responses	9	31	103	395	1229	82

*No Response

PROGRAMME SATISFACTION[7]

A total of 607 full-time students are represented in the ratings below. The ratings represent 26% of full-time students.

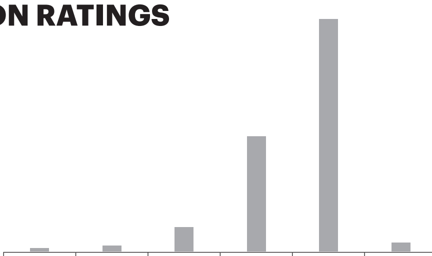
It should be noted the percentage of full time students represented is affected by student withdrawal, absent students, distance students or those who have left for work experience/employment prior to part 3 of the survey being rolled out.

Overall how satisfied were you with your student experience at Tai Poutini Polytechnic?

From 1 – 5 (1 = very dissatisfied 5 = very satisfied)

mean average: 4.3

2013 PROGRAMME SATISFACTION RATINGS



	1	2	3	4	5	N*
◆ Total Responses	5	9	38	179	362	14

*No Response

SHORT COURSE PROGRAMME SATISFACTION RATINGS

A total of 4,944 short course students are represented in the ratings below out of a total of 7,142. The ratings represent 69% of students enrolled in short course training.

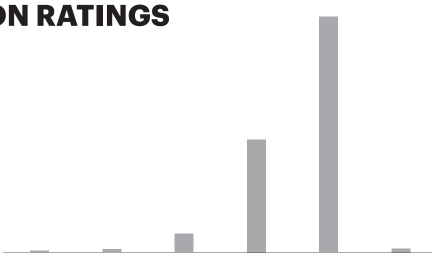
In 2013 TPP has tracked short course satisfaction ratings throughout the year so there are recorded ratings from all surveys received rather than by random selected sampling.

Overall how satisfied were you with your student experience at Tai Poutini Polytechnic?

From 1 – 5 (1 = very dissatisfied 5 = very satisfied)

mean average: 4.5

2013 SHORT COURSE SATISFACTION RATINGS



	1	2	3	4	5	N*
◆ Total Responses	16	38	241	1488	3113	48

*No Response

[6] for tutors of full time programmes

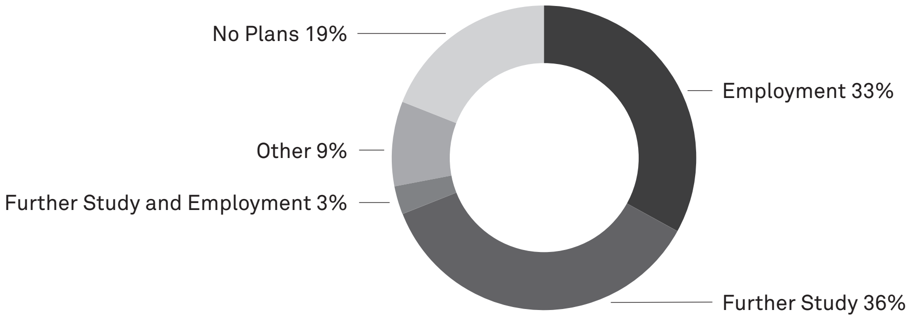
[7] for full time programmes surveyed on 3 part forms.

DESTINATION ANALYSIS

TPP

DESTINATION INFORMATION - TAI POUTINI POLYTECHNIC

percentage totals for the institution



Student Numbers:

Employment	Further Study	Further study and employment	Other	No Plans Yet
158	171	15	42	92

A total of 478 full-time students are represented in the percentages above out of a total of 2,346. The total percentage represent 20% of full-time students. In terms of surveying this is considered a good response rate.

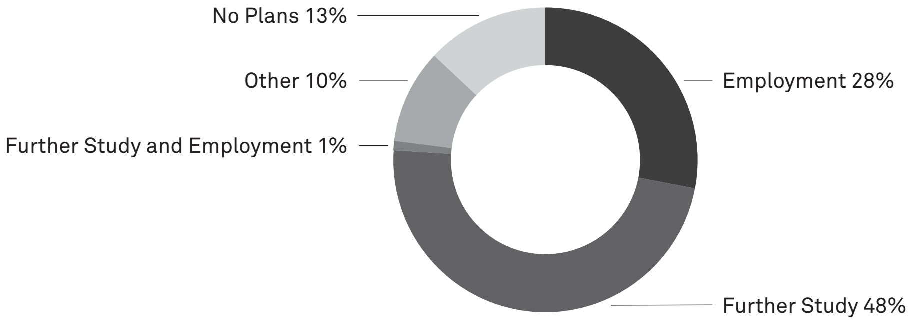
It should be noted the percentage of full time students represented is adversely affected by students who complete surveys but may not respond to this question, withdrawal, absent students, distance students or those who have left for work experience/employment prior to part 3 of the survey being rolled out. (These students would still be counted in the total number of students.)

Tai Poutini Polytechnic hope to see an increase in this percentage with online surveying and automated analysis and reporting which we are working towards implementing in 2014/2015. A breakdown of information by faculty follows.

MAINZ

DESTINATION INFORMATION - MAINZ

includes Programmes run at Auckland, Christchurch and Greymouth Campus



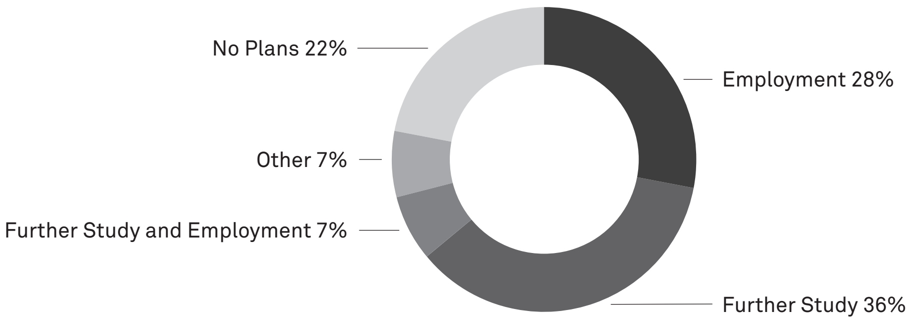
Student Numbers:

Employment	Further Study	Further study and employment	Other	No Plans Yet
56	96	1	19	26

WEST COAST

DESTINATION INFORMATION - WEST COAST

*includes all full-time programmes run within the West Coast Faculty**



*Note: with the exception of Civil Quarrying and Mining - Greymouth (included in Industry information) and Foundation Sound and Music – Greymouth (included in MAINZ programme information)

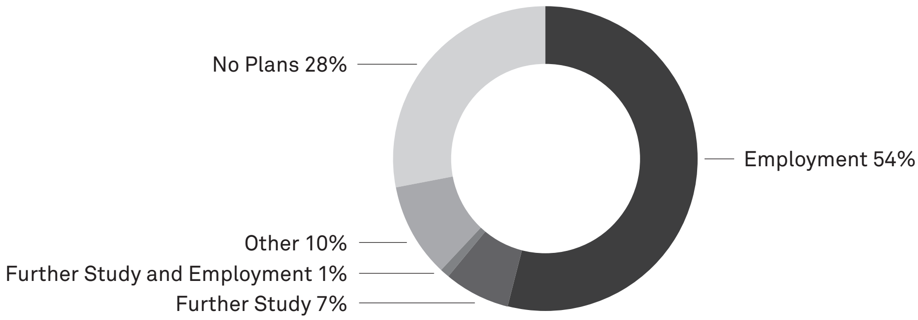
Student Numbers:

Employment	Further Study	Further study and employment	Other	No Plans Yet
55	69	13	14	42

INDUSTRY TRAINING

DESTINATION INFORMATION - INDUSTRY

Civil Pland and Civil Quarrying and Mining Programmes



Student Numbers:

Employment	Further Study	Further study and employment	Other	No Plans Yet
47	6	1	9	24

STRATEGIC GOAL: BUILDING SUSTAINABILITY

KEY PRIORITIES

<table>
<tr><th>Key Priorities (Investment Plan)</th><th>Progress</th></tr>
<tr><td>Closure of subsidiary TPIL and its overseas operation in Qatar</td><td>Operationally this was achieved in 2011 and will produce financial benefits for TPP by avoiding any further losses and by reducing the diversion of valuable staff time. We are still working through the technicalities of company closedown in Qatar.</td></tr>
<tr><td>To raise fees for new programmes to rates comparable to those in other ITPs</td><td>Fees were all raised by the maximum permissible under the fee regulations. In addition realistic fees were set for new programmes. Unfortunately, there were few of these because of the MROQ restrictions on new programmes.</td></tr>
<tr><td>To operate West Coast provision with an overall “subsidy” coming from other operations of $1.35 million pa.</td><td>The West Coast faculty operated successfully with a “subsidy” of $1.3 million (2012: $1.3m).</td></tr>
<tr><td>To fine tune the operation of MAINZ and Industry Training to make a total TPP surplus of some 2.5-3% of revenue pa.</td><td>MAINZ has made creditable progress in increasing its volume. EFTS have increased by 12.5% since 2011 and are set to increase further in 2014. Its contribution has increased in $ terms by 19%. On a per EFTS basis the increase has been only 0.7% suggesting that there is still room to get the benefits of increased volume.

Since 2011 Industry Training has reduced EFTS by 6% but increased its $ contribution by 35% and its per EFTS contribution by 33%. That suggests that the “fine tuning” has been successful.</td></tr>
<tr><td>To change the operating models of both the West Coast and Industry Training Faculties to provide for greater capability to scale operations/programme delivery at short notice – both for larger and smaller cohorts.</td><td>The West Coast Faculty model is being progressively developed. Video conference based delivery started in 2013 between Westport and Greymouth. This is being extended to Hokitika in 2014.

Industry Training coped well with downturns in 2013 because of the proportion of staffing based on adjuncts or short term staffing contracts which could be adjusted quickly in response to changes in demand.</td></tr>
<tr><td>Ensure financial sustainability</td><td>The TEIFM indicators below show a good performance against the targets and some improvement from 2011. The improvement in core earnings is significant.</td></tr>
<tr><td>Diversify funding base</td><td>This is being addressed progressively but is constrained by the limitations on fee increases. FCR earns 400 EFTS per annum. This is all from domestic training. Over the next 2 years it is expected that international fee income will increase significantly.

<table>
<tr><th></th><th>2010</th><th>2011</th><th>2012</th><th>2013</th></tr>
<tr><td>Govt Grants</td><td>79.20%</td><td>75.60%</td><td>73.70%</td><td>73.34%</td></tr>
<tr><td>Tuition Fees</td><td>16.70%</td><td>16.40%</td><td>19.20%</td><td>17.86%</td></tr>
<tr><td>Other Income</td><td>4.10%</td><td>8.00%</td><td>7.10%</td><td>8.80%</td></tr>
<tr><td></td><td>100.00%</td><td>100.00%</td><td>100.00%</td><td>100.00%</td></tr>
</table>

Progress is slow but reasonably steady.</td></tr>
</table>

Key Performance Indicators	2012 Annual Report	2012 Final	2013 Target	2013 Attainment	Comments
Achieving EFTS targets	102%	100%	105%	n/a	
Financial Core Earnings	7%	10%	8%	9%+	Budget not achieved due to lower income.
Net Operating Cashflow	106%	108%	108%	110%	Budget not achieved due to lower income. Excluding abnormals the result was still above TEIFM target.
Excl abnormals		110%	108%	110%	
Liquid funds	19%	23%	23%	8%	Result was well above TEIFM target
Quick ratio	2.2	2.6	3.1	1.5+	As above.
Return on Net Assets	-0.5%	4.6%	1.8%	1.5%+	As above.
Return on Fixed Assets	11%	17%	14%	4.5%	As above.
Operating Surplus	2%	4%	1.3%	2%+	
Full Cost Recovery EFTS[8]	225	365	373	n/a	

The ratios are all as defined by TECs Tertiary Education institution Financial Monitoring expectations.

TOTAL EFTS

	2009	2010	2011	2012	2013	5 Yr Change
Vote Ed	2,157	2,230	1,978	2,023	2,187	30
International	42	24	30	68	63	21
Other Govt	14	23	42	66	18	4
Full Cost Recovery	61	27	194	297	310	249
	2,274	2,304	2,244	2,454	2,578	**304**
Growth		1%	-3%	9%	5%	**13%**

[8] Includes International

STATEMENT OF COMPREHENSIVE INCOME

	Note	INSTITUTE 2013 Actual	INSTITUTE 2013 Budget	INSTITUTE 2012 Actual	GROUP 2013 Actual	GROUP 2013 Budget	GROUP 2012 Actual
Income							
Government Grants	2	18,660,975	19,018,760	17,945,355	18,660,975	19,018,760	17,945,355
Tuition Fees	2	4,950,328	5,418,684	4,688,881	4,950,328	5,418,684	4,688,881
Interest Income	2	240,267	200,000	214,820	241,080	200,000	215,697
Other Income	2	1,514,555	1,361,556	1,517,466	1,514,555	1,361,556	1,517,466
Total Income		**25,366,125**	**25,999,000**	**24,366,522**	**25,366,938**	**25,999,000**	**24,367,399**
Expenditure							
Personnel Costs	3	14,417,384	14,829,000	13,492,589	14,417,384	14,829,000	13,492,589
Depreciation and Amortisation Expense	9, 10	1,711,966	1,913,000	1,652,003	1,717,713	1,912,939	1,657,750
Other Expenses	4	9,196,902	7,919,000	8,677,779	9,198,834	7,919,061	8,680,794
Total Expenditure		**25,326,252**	**24,661,000**	**23,822,371**	**25,333,931**	**24,661,000**	**23,831,133**
Surplus / Deficit		**39,873**	**1,338,000**	**544,151**	**33,007**	**1,338,000**	**536,266**
Surplus/Deficit Attributable to:							
Tai Poutini Polytechnic		39,873	1,338,000	544,151	33,007	1,338,000	536,266
		39,873	**1,338,000**	**544,151**	**33,007**	**1,338,000**	**536,266**
Other Comprehensive Income							
Translation of Foreign Operations		-	-	-	-	-	-
Total Other Comprehensive Income		**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income		**39,873**	**1,338,000**	**544,151**	**33,007**	**1,338,000**	**536,266**
Total Comprehensive Income Attributable to:							
Tai Poutini Polytechnic		39,873	1,338,000	544,151	33,007	1,338,000	536,266
		39,873	**1,338,000**	**544,151**	**33,007**	**1,338,000**	**536,266**

Explanations of major variations against budget are provided in note 20

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

		INSTITUTE			GROUP		
	Note	2013 Actual	2013 Budget	2012 Actual	2013 Actual	2013 Budget	2012 Actual
ASSETS							
Current Assets							
Cash and Cash Equivalents	5	5,404,686	6,385,870	5,034,930	5,405,038	6,385,870	5,034,930
Debtors and Other Receivables	6	1,492,997	1,580,233	1,580,233	1,492,997	1,580,233	1,580,233
Other Financial Assets	7	178,134	173,108	173,047	199,188	173,108	195,480
Prepayments		209,125	211,236	211,236	209,125	211,236	211,236
Trust Investments		275,399	286,120	286,120	275,399	286,120	286,120
Total Current Assets		**7,560,341**	**8,636,567**	**7,285,566**	**7,581,747**	**8,636,567**	**7,307,999**
Non Current Assets							
Investments	8	3,000	3,000	3,000	3,000	3,000	3,000
Property, Plant and Equipment	9	13,792,942	14,219,367	14,044,094	13,822,784	14,219,367	14,079,683
Assets held for sale		-	-	146,577	-	-	146,577
Intangible Assets	10	593,882	530,675	572,371	593,882	530,675	572,371
Total Non Current Assets		**14,389,824**	**14,753,042**	**14,766,042**	**14,419,666**	**14,753,042**	**14,801,631**
Total Assets		**21,950,165**	**23,389,609**	**22,051,608**	**22,001,413**	**23,389,609**	**22,109,630**
LIABILITIES							
Current Liabilities							
Creditors and Other Payables	11	1,308,973	1,647,885	1,647,885	1,310,905	1,647,885	1,649,725
Revenue Received in Advance	12	392,901	183,145	183,144	392,901	183,145	183,144
Employee Entitlements	13	750,800	770,959	770,959	750,800	770,959	770,959
Trusts and Funds		275,399	286,120	286,120	275,399	286,120	286,120
Total Current Liabilities		**2,728,073**	**2,888,109**	**2,888,108**	**2,730,005**	**2,888,109**	**2,889,948**

	Note	INSTITUTE 2013 Actual	INSTITUTE 2013 Budget	INSTITUTE 2012 Actual	GROUP 2013 Actual	GROUP 2013 Budget	GROUP 2012 Actual
Non Current Liabilities							
Employee Entitlements	13	69,489	54,255	54,255	69,489	54,255	54,255
Total Non Current Liabilities		**69,489**	**54,255**	**54,255**	**69,489**	**54,255**	**54,255**
Total Liabilities		**2,797,562**	**2,942,364**	**2,942,363**	**2,799,494**	**2,942,364**	**2,944,203**
NET ASSETS		**19,152,603**	**20,447,245**	**19,109,245**	**19,201,919**	**20,447,245**	**19,165,427**
EQUITY							
General Funds	14	19,115,585	20,413,711	19,075,711	19,115,584	20,413,711	19,068,135
Restricted Reserves	14	37,018	33,534	33,534	86,335	33,534	97,292
Total Equity		**19,152,603**	**20,447,245**	**19,109,245**	**19,201,919**	**20,447,245**	**19,165,427**

STATEMENT OF CHANGES IN EQUITY

	Note	INSTITUTE 2013 Actual	INSTITUTE 2013 Budget	INSTITUTE 2012 Actual	GROUP 2013 Actual	GROUP 2013 Budget	GROUP 2012 Actual
Balance at 1 January		19,109,245	19,109,245	18,566,358	19,165,427	19,109,245	18,635,998
Total Comprehensive Income		39,873	1,338,000	544,151	33,007	1,338,000	536,266
Transfer to comprehensive income from restricted reserves		-	-	-	14,442	-	-
Movement in Restricted Reserves	14	3,485	-	(1,264)	(10,957)	-	(6,837)
Balance at 31 December		**19,152,603**	**20,447,245**	**19,109,245**	**19,201,919**	**20,447,245**	**19,165,427**
Total Equity Attributable to Tai Poutini Group		19,152,603	20,447,245	19,109,245	19,201,919	20,447,245	19,165,427
Minority Interest		-	-	-	-	-	-
		19,152,603	**20,447,245**	**19,109,245**	**19,201,919**	**20,447,245**	**19,165,427**

STATEMENT OF CASH FLOWS

	INSTITUTE			GROUP		
	2013 Actual	2013 Budget	2012 Actual	2013 Actual	2013 Budget	2012 Actual
Cash Flows from Operating Activities						
Receipts from Government Grants	18,763,236	18,983,000	17,930,131	18,763,236	19,018,760	17,930,131
Receipts from Tuition Fees	5,150,168	5,410,000	4,246,756	5,150,168	5,418,684	4,246,756
Interest Income Received	240,267	200,000	214,820	241,080	200,000	214,820
Receipts from Other Income	1,490,431	1,406,000	1,522,937	1,490,431	1,361,556	1,522,937
Total Cash Receipts	**25,644,102**	**25,999,000**	**23,914,644**	**25,644,915**	**25,999,000**	**23,914,644**
Payments to Employees	(14,287,747)	(14,829,000)	(13,379,023)	(14,287,747)	(14,481,725)	(13,379,023)
Payments to Suppliers	(9,454,621)	(7,919,000)	(8,751,837)	(9,456,461)	(8,266,336)	(8,751,837)
Goods and Services Tax Net	(72,090)	-	(19,693)	(72,090)	-	(19,693)
Total Payments	**(23,814,458)**	**(22,748,000)**	**(22,150,553)**	**(23,816,298)**	**(22,748,061)**	**(22,150,553)**
Net Cash Flow from Operating Activites	**1,829,644**	**3,251,000**	**1,764,091**	**1,828,617**	**3,250,939**	**1,764,091**
Cash Flows from Investing Activities						
Receipts (Costs) from Property, Plant and Equipment Disposals	-	-	32,938	-	-	32,938
Property, Plant and Equipment Purchases	(1,285,600)	(1,700,000)	(727,912)	(1,285,600)	(1,700,000)	(727,912)
Purchase of Intangible Assets	(172,685)	(200,000)	(192,290)	(172,685)	(200,000)	(192,290)
Trust Interest Received	3,484	-	(1,264)	3,484	-	(1,264)
Movement on Term Investments	(5,087)	-	(5,748)	(4,900)	-	(17,688)
Net Cash Flow from Investing Activities	**(1,459,888)**	**(1,900,000)**	**(894,276)**	**(1,459,701)**	**(1,900,000)**	**(906,216)**
Net (decrease)/increase in cash and cash equivalents	**369,756**	**1,351,000**	**869,815**	**368,916**	**1,350,939**	**857,875**
Opening cash and cash equivalents	(5,034,930)	(5,207,977)	(4,165,115)	(5,036,122)	(5,034,930)	(4,177,055)
Closing cash and cash equivalents	5,404,686	6,558,977	(5,034,930)	5,405,038	(6,385,869)	(5,034,930)
Period Movements	369,756	1,351,000	869,815	368,916	1,350,939	857,875

	INSTITUTE			GROUP		
	2013 Actual	2013 Budget	2012 Actual	2013 Actual	2013 Budget	2012 Actual
Surplus (deficit) from Statement of Comprehensive Income	**39,873**	**1,338,000**	**544,151**	**33,007**	**1,338,000**	**536,266**
Add (less) non cash items						
Deprecation and amortisation	1,711,966	1,913,000	1,652,003	1,717,713	1,912,939	1,657,750
Increase (decrease) in non current employee entitlements	15,234	-	(25,992)	15,234	-	(25,992)
Total non cash items	**1,727,200**	**1,913,000**	**1,626,011**	**1,732,947**	**1,912,939**	**1,631,758**
Add (less) items classified as investing or financing activities						
Gains (losses) on disposal of PPE	122,537	-	5,472	122,537	-	5,472
Total items classified as investing or financing activities	**122,537**	**-**	**5,472**	**122,537**		**5,472**
Add (less) movements in working capital items						
(Increase) decrease in debtors and other receivables	87,236	-	(319,077)	87,236	-	(319,077)
(Increase) decrease in prepayments	2,112	-	(99,722)	2,112	-	(99,722)
Increase (decrease) in creditors and other payables	(338,912)	-	165,718	(338,820)	-	167,856
Increase (decrease) in revenue received in advance	209,757	-	(45,263)	209,757	-	(45,263)
Increase (decrease) in current employee entitilements	(20,159)	-	(113,199)	(20,159)	-	(113,199)
Net Movement in Working Capital Items	**(59,966)**	**-**	**(411,543)**	**(59,874)**		**(409,405)**
Net Cash Flow from Operating Activities	**1,829,644**	**3,251,000**	**1,764,091**	**1,828,617**	**3,250,939**	**1,764,091**

The GST (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department.

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements.

Explanations of major variations against budget are provided in note 20

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

The primary objective of the Institute and group is to provide tertiary education services for the benefit of the community rather than making a financial return. Accordingly, the institute has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Institute and group are for the year ended 31 December 2013. The financial statements were authorised for issue by Council on 29 April 2014.

BASIS OF PREPARATION

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base
The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain financial instruments.

Tai Poutini International Limited
Tai Poutini International Limited ceased trading in 2011 and all assets and liabilities have been realised. Formal dissolution of the company had not occurred at balance date.

The Qatar Technical Institute LLC
The Qatar Technical Institute ceased trading in 2011 and all assets and liabilities were either realised or written off in 2011. Formal dissolution of the company had not occurred at balance date.

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

Changes in accounting policies
There have been no changes in accounting policies.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted
Standards, amendments and interpretations issued but not yet effective that have not been early adopted and are relevant to the Institute and group, are:

NZ IFRS 9 Financial instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method in NZ IAS 39. The new standard is required to be adopted for the year ended 31 December 2015. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Institute is currently classified as a Tier 2 reporting entity, but may elect to be classified as Tier 1. If it does so it will be required to apply full public sector Public

Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB and are mainly based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Institute expects to transition to the new standards in preparing its 31 December 2015 financial statements. As the PAS are still under development, the Institute is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

SIGNIFICANT ACCOUNTING POLICIES

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

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

Revenue
Revenue is measured at the fair value of consideration received or receivable.

Government grants
Government grants are recognised as revenue upon entitlement.

Student tuition fees
Student tuition fees are recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Interest and dividends
Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

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

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

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

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

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

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

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

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

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

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

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

Financial Assets at fair value through other comprehensive income
Financial Assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in the other category above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date. The Institute and group designates in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

The Institute and Group does not have any assets designated as being at fair value through other comprehensive income.

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

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

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

Financial Assets at fair value through other comprehensive income
For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Property, plant and equipment
The measurement bases used for determining the gross carrying amount for each class of assets is as follows:

Land is measured at cost.

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

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

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

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

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

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

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

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating units to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the surplus or deficit in the other expenses line item.

Assets held for educational and related matters and related activities are assessed for impairment by considering the assets for obsolescence, changes in useful lives, optimisation and other related matters.

Intangible assets

Computer Software

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

Course Development

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

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

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

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

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

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable business assets purchased by the Institute.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

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

Creditors and other payables

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

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Institute or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the balance date, annual leave earned to but not yet taken at balance date and sick leave.

Long-term employee entitlements

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

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

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

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

Provisions
A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

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

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

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

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

Critical judgements in applying accounting policies
Crown Owned Land and Buildings
Property in the legal name of the Crown that is occupied by the Institute and group is recognised as an asset in the statement of financial position. The Institute and group consider it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred and accordingly it would be misleading to exclude these assets from the financial statements.

The Institute and group has secured the use of the property by means of a lease from the Ministry of Education for a period of 99 years from 1 December 1995 at nil rent.

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

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis, if any.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of loans and receivables
Impairment of a loans and receivables is established when there is objective evidence that the Parent or Group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default on payments are considered indicators that the asset is impaired.

Useful lives of plant and equipment
The Institute's management determines the estimated useful lives of its plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

2 INCOME

	POLYTECHNIC		GROUP	
	2013 Actual	**2012 Actual**	**2013 Actual**	**2012 Actual**
SAC Funding	18,457,405	17,464,185	18,457,405	17,464,185
TEOC Funding				
Grants	203,570	481,170	203,570	481,170
Total Grant Income	**18,660,975**	**17,945,355**	**18,660,975**	**17,945,355**
Tuition Fees	**4,950,328**	**4,688,881**	**4,950,328**	**4,688,881**
Interest income	**240,267**	**214,820**	**241,080**	**215,697**
Accommodation Income	198,752	199,337	198,752	199,337
Gain (loss) on Sale of Assets	24,125	(5,472)	24,125	(5,472)
Other Income	1,291,678	1,181,076	1,291,678	1,181,076
Insurance Income	-	142,525	-	142,525
Total Other Income	**1,514,555**	**1,517,466**	**1,514,555**	**1,517,466**
Total Income	**25,366,125**	**24,366,522**	**25,366,938**	**24,367,399**

3 PERSONNEL COSTS

	POLYTECHNIC		GROUP	
	2013 Actual	**2012 Actual**	**2013 Actual**	**2012 Actual**
Academic Salaries	7,129,359	6,534,110	7,129,359	6,534,110
General Salaries	**5,911,567**	**5,638,890**	**5,911,567**	**5,638,890**
Defined Scheme Contribution	250,442	86,656	250,442	86,656
Non Payroll Personnel	**1,126,016**	1,232,933	1,126,016	1,232,933
Total Personnel Costs	**14,417,384**	**13,492,589**	**14,417,384**	**13,492,589**

Personnel costs include restructuring payments of $163,863 which are not considered a recurring expense. (2012: $331,160)

4 OTHER EXPENSES

	POLYTECHNIC		GROUP	
	2013 Actual	2012 Actual	2013 Actual	2012 Actual
Audit Fees - Fees to Audit NZ for the Audit of financial statements	100,272	97,218	102,604	97,218
Audit Fees - Fees to Audit NZ for the Audit of previous years financial statements	-	58,000	-	58,000
Repairs & Maintenance	**640,392**	**603,897**	**640,392**	**603,897**
Other Occupancy Costs	2,181,058	2,204,468	2,181,058	2,204,468
Information Technology	**348,290**	260,077	348,290	260,077
Advertising	**900,247**	870,691	900,247	870,691
Insurance	**218,398**	223,436	218,398	223,436
Office Costs	**171,646**	**115,298**	**171,646**	**115,298**
Travel	**1,159,897**	972,080	1,159,897	972,080
Course Related Costs	**1,436,712**	1,142,500	1,436,712	1,142,500
Impairment of Receivables	**(537)**	(1,561)	(537)	(1,561)
Foreign exchange net losses	**(1,106)**	986	(1,106)	986
Other Operating Expenses	**2,041,633**	2,130,689	2,041,233	2,133,704
Total Other Expenses	**9,196,902**	**8,677,779**	**9,198,834**	**8,680,794**

5 CASH AND CASH EQUIVALENTS

	POLYTECHNIC		GROUP	
	2013 Actual	2012 Actual	2013 Actual	2012 Actual
Cash at Bank and on hand	645,716	645,304	646,068	645,304
Call Deposits	2,411,659	1,992,307	2,411,659	1,992,307
Term Deposits with maturities less than 3 months	2,347,311	2,397,319	2,347,311	2,397,319
Total Cash and Equivalents	**5,404,686**	**5,034,930**	**5,405,038**	**5,034,930**

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

6 DEBTORS AND OTHER RECEIVABLES

	POLYTECHNIC		GROUP	
	2013 Actual	2012 Actual	2013 Actual	2012 Actual
Receivables				
Student Fee Receivables	**846,088**	**919,638**	**846,088**	**919,638**
Less: Provision for Impairment	(73,962)	(73,962)	(73,962)	(73,962)
Net Student Fee Receivables	**772,126**	**845,676**	**772,126**	**845,676**
Other Receivables				
Related Party receivables	**3,933**	78,787	3,933	78,787
Other Debtors and Receivables	**172,885**	111,717	172,885	111,717
Insurance Claim Receivables	**544,053**	544,053	544,053	544,053
Total Debtors and Other Receivables	**1,492,997**	**1,580,233**	**1,492,997**	**1,580,233**

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

Student fees are non interest bearing. Thus their carrying value approximates their fair value.

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

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

	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
Polytechnic and Group						
Not Past Due	**215,168**	-	215,168	560,618	-	560,618
Past Due 1-30 days	**65,878**	-	65,878	53,877	-	53,877
Past Due 31-60 days	**180,927**	-	180,927	65,152	-	65,152
Past Due 61-90 days	**36,116**	-	36,116	17,375	-	17,375
Past Due Over 90 days	**358,879**	**(73,962)**	284,917	314,400	(73,962)	240,438
Credit Balances (Deposit payments)	**(10,880)**	-	(10,880)	(91,784)	-	(91,784)
Total	**846,088**	**(73,962)**	**772,126**	**919,638**	**(73,962)**	**845,676**

All receivables greater than 30 days in age are considered to be past due.

Debt in excess of 1 year was individually reviewed for impairment. Due to the large number of student fee receivables, the impairment assessment for the remainder is performed on a collective basis based on an analysis of past collection history and debt write-offs.

Analysis of collections in 2013 do not indicate a need for any change in provision.

7 OTHER FINANCIAL ASSETS

	POLYTECHNIC		GROUP	
	2013 Actual	2012 Actual	2013 Actual	2012 Actual
Financial Assets - Current				
Term Deposits with maturities greater than 3 months and remaining duration less than 12 months	178,134	173,047	199,188	195,480
Total Other Financial Assets	**178,134**	**173,047**	**199,188**	**195,480**

8 INVESTMENTS

	POLYTECHNIC		GROUP	
	2013 Actual	2012 Actual	2013 Actual	2012 Actual
Unlisted Shares	**3,000**	3,000	3,000	3,000
Total Investments	**3,000**	**3,000**	**3,000**	**3,000**

9 PROPERTY, PLANT, AND EQUIPMENT

Institute

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

2012	Cost/ valuation 1/1/12	Accumulated depreciation & impairment charges 1/1/12	Carrying amount 1/1/12	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/12	Accumulated depreciation & impairment charges 31/12/12	Carrying amount 31/12/12
Institute												
Land	1,099,723	-	1,099,723	-	-	-	-	-	-	1,099,723	-	1,099,723
Buildings - TPP	12,095,420	(2,506,021)	9,589,399	128,891	(101,147)	-	(499,918)	11,322	-	12,123,165	(2,994,617)	9,128,548
Buildings - Crown	1,468,000	(406,471)	1,061,529	-	-	-	(67,714)	-	-	1,468,000	(474,185)	993,815
Furniture and Fittings	549,425	(359,307)	190,118	75,651	(3,460)	-	(80,860)	2,148	-	621,616	(438,019)	183,597
Plant & Equipment	2,938,901	(1,696,126)	1,242,775	32,796	(2,145)	-	(214,305)	945	-	2,969,552	(1,909,486)	1,060,066
Computers	4,406,694	(3,633,836)	772,858	262,170	(10,729)	-	(343,506)	9,654	-	4,658,135	(3,967,688)	690,447
Audio Equipment	2,022,651	(1,765,138)	257,513	104,682	(8,543)	-	(108,493)	8,542	-	2,118,790	(1,865,089)	253,701
Outdoor Rec Equipment	123,874	(113,808)	10,066	16,560	-	-	(9,698)	-	-	140,434	(123,506)	16,928
Library	281,619	(247,672)	33,947	-	-	-	(8,426)	-	-	281,619	(256,098)	25,521
Vehicles	2,087,223	(1,552,333)	534,890	63,098	(194,340)	-	(206,718)	175,183	-	1,955,981	(1,583,868)	372,113
Assets held for Sale	-	-	-	189,237	-	-	(42,660)	-	-	189,237	(42,660)	146,577
Assets in Course of Construction	286,517	-	286,517	-	(66,882)	-	-	-	-	219,635	-	219,635
Total Institute	27,360,047	(12,280,712)	15,079,335	873,085	(387,246)	-	(1,582,298)	207,794	-	27,845,887	(13,655,216)	14,190,671

2013	Cost/ valuation 1/1/13	Accumulated depreciation & impairment charges 1/1/13	Carrying amount 1/1/13	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/13	Accumulated depreciation & impairment charges 31/12/13	Carrying amount 31/12/13
Institute												
Land	1,099,723	-	1,099,723	-	-	-	-	-	-	1,099,723	-	1,099,723
Buildings - TPP	12,123,165	(2,994,617)	9,128,548	422,803	(1,664)	-	(586,817)	1,313	-	12,544,304	(3,580,121)	8,964,183
Buildings - Crown	1,468,000	(474,185)	993,815	-	-	-	(67,715)	-	-	1,468,000	(541,900)	926,100
Furniture and Fittings	621,616	(438,019)	183,597	60,022	-	-	(71,724)	-	-	681,638	(509,743)	171,895
Plant & Equipment	2,969,552	(1,909,486)	1,060,066	367,420	(33,882)	-	(198,463)	11,862	-	3,303,090	(2,096,087)	1,207,003
Computers	4,658,135	(3,967,688)	690,447	411,776	(948,487)	-	(355,677)	946,748	-	4,121,424	(3,376,617)	744,807
Audio Equipment	2,118,790	(1,865,089)	253,701	70,414	-	-	(107,844)	-	-	2,189,204	(1,972,933)	216,271
Outdoor Rec Equipment	140,434	(123,506)	16,928	18,269	-	-	(11,665)	-	-	158,702	(135,171)	23,531
Library	281,619	(256,098)	25,521	28,749	-	-	(10,652)	-	-	310,368	(266,750)	43,618
Vehicles	1,955,981	(1,583,868)	372,113	69,051	(85,762)	-	(150,236)	80,085	-	1,939,270	(1,654,019)	285,251
Assets held for Sale	189,237	(42,660)	146,577	-	(189,237)	-	-	42,660	-	-	-	-
Assets in Course of Construction	219,635	-	219,635	-	(109,075)	-	-	-	-	110,560	-	110,560
Total Institute	27,845,887	(13,655,216)	14,190,671	1,448,503	(1,368,107)	-	(1,560,793)	1,082,668	-	27,926,283	(14,133,341)	13,792,942

Legal ownership of land and buildings is detailed as follows:

	LAND		BUILDINGS	
	2013	2012	2013	2012
Institute owned	1,099,723	1,099,723	8,964,183	9,128,548
Crown owned	-	-	926,100	993,815
Total	1,099,723	1,099,723	9,890,283	10,122,363

Restriction on property title

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

Institute and Group

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

2012	Cost/ valuation 1/1/12	Accumulated depreciation & impairment charges 1/1/12	Carrying amount 1/1/12	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/12	Accumulated depreciation & impairment charges 31/12/12	Carrying amount 31/12/12
Institute and Group												
Land	1,099,723	-	1,099,723	-	-	-	-	-	-	1,099,723	-	1,099,723
Buildings - TPP	12,095,420	(2,506,021)	9,589,399	128,891	(101,147)	-	(499,918)	11,322	-	12,123,165	(2,994,617)	9,128,548
Buildings - Crown	1,468,000	(406,471)	1,061,529	-	-	-	(67,714)	-	-	1,468,000	(474,185)	993,815
Furniture and Fittings	549,425	(359,307)	190,118	75,651	(3,460)	-	(80,860)	2,148	-	621,616	(438,019)	183,597
Plant & Equipment	2,999,820	(1,757,045)	1,242,775	32,796	(2,145)	-	(214,305)	945	-	3,030,471	(1,970,405)	1,060,066
Computers	4,406,694	(3,633,836)	772,858	262,170	(10,729)	-	(343,506)	9,654	-	4,658,135	(3,967,688)	690,447
Audio Equipment	2,022,651	(1,765,138)	257,513	104,682	(8,543)	-	(108,493)	8,542	-	2,118,790	(1,865,089)	253,701
Outdoor Rec Equipment	123,874	(113,808)	10,066	16,560	-	-	(9,698)	-	-	140,434	(123,506)	16,928
Library	281,619	(247,672)	33,947	-	-	-	(8,426)	-	-	281,619	(256,098)	25,521
Vehicles	2,087,223	(1,552,333)	534,890	63,098	(194,340)	-	(206,718)	175,183	-	1,955,981	(1,583,868)	372,113
Climbing Wall	86,162	(44,826)	41,336	-	-	-	(5,747)	-	-	86,162	(50,573)	35,589
Assets held for Sale	-	-	-	189,237	-	-	(42,660)	-	-	189,237	(42,660)	146,577
Assets in Course of Construction	286,517	-	286,517	-	(66,882)	-	-	-	-	219,635	-	219,635
Total Consolidated	27,507,128	(12,386,457)	15,120,671	873,085	(387,246)	-	(1,588,045)	207,794	-	27,992,968	(13,766,708)	14,226,260

2013	Cost/ valuation 1/1/13	Accumulated depreciation & impairment charges 1/1/13	Carrying amount 1/1/13	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/13	Accumulated depreciation & impairment charges 31/12/13	Carrying amount 31/12/13
Institute and Group												
Land	1,099,723	-	1,099,723	-	-	-	-	-	-	1,099,723	-	1,099,723
Buildings - TPP	12,123,165	(2,994,617)	9,128,548	422,803	(1,664)	-	(586,817)	1,313	-	12,544,304	(3,580,121)	8,964,183
Buildings - Crown	1,468,000	(474,185)	993,815	-	-	-	(67,715)	-	-	1,468,000	(541,900)	926,100
Furniture and Fittings	621,616	(438,019)	183,597	60,022	-	-	(71,724)	-	-	681,638	(509,743)	171,895
Plant & Equipment	3,030,471	(1,970,405)	1,060,066	367,420	(33,882)	-	(198,463)	11,862	-	3,303,090	(2,096,087)	1,207,003
Computers	4,658,135	(3,967,688)	690,447	411,776	(948,487)	-	(355,677)	946,748	-	4,121,424	(3,376,617)	744,807
Audio Equipment	2,118,790	(1,865,089)	253,701	70,414	-	-	(107,844)	-	-	2,189,204	(1,972,933)	216,271
Outdoor Rec Equipment	140,434	(123,506)	16,928	18,269	-	-	(11,665)	-	-	158,702	(135,171)	23,531
Library	281,619	(256,098)	25,521	28,749	-	-	(10,652)	-	-	310,368	(266,750)	43,618
Vehicles	1,955,981	(1,583,868)	372,113	69,051	(85,762)	-	(150,236)	80,085	-	1,939,270	(1,654,019)	285,251
Climbing Wall	86,162	(50,573)	35,589	-	-	-	(5,747)	-	-	86,162	(56,320)	29,842
Assets held for Sale	189,237	(42,660)	146,577	-	(189,237)	-	-	42,660	-	-	-	-
Assets in Course of Construction	219,635	-	219,635	-	(109,075)	-	-	-	-	110,560	-	110,560
Total Consolidated	27,992,968	(13,766,708)	14,226,260	1,448,503	(1,368,107)	-	(1,566,540)	1,082,668	-	28,012,445	(14,189,661)	13,822,784

Legal ownership of land and buildings is detailed as follows:

	LAND		BUILDINGS	
	2013	2012	2013	2012
Institute owned	1,099,723	1,099,723	8,964,183	9,128,548
Crown owned	-	-	926,100	993,815
Total	1,099,723	1,099,723	9,890,283	10,122,363

10 INTANGIBLE ASSETS PARENT AND GROUP

Movements for each class of intangible asset are as follows:

	Software	Goodwill	Course Dvt	Total
Balance at 1 January 2013				
Cost	307,094	214,000	237,216	758,310
Accumulated amortisation and impairment	(166,674)		(19,265)	(185,939)
Opening carrying amount	140,420	214,000	217,951	572,371
Year ended 31 December 2013				
Additions	33,890	-	138,796	172,685
Disposal	-	-		
Amortisation	(66,766)	-	(84,408)	(151,174)
Closing carrying amount	107,544	214,000	272,339	593,882
Balance at 31 December 2013				
Cost	340,984	214,000	376,012	930,995
Accumulated amortisation and impairment	(233,440)	-	(103,673)	(337,113)
Closing carrying amount	107,544	214,000	272,339	593,882
Balance at 1 January 2012				
Cost	206,263	214,000	145,756	566,019
Accumulated amortisation and impairment	(116,234)	-	-	(116,234)
Opening carrying amount	90,029	214,000	145,756	449,785
Year ended 31 December 2012				
Additions	100,831	-	91,460	192,291
Disposal	-	-	-	-
Amortisation	(50,440)	-	(19,265)	(69,705)
Closing carrying amount	140,420	214,000	217,951	572,371
Balance at 31 December 2012				
Cost	307,094	214,000	237,216	758,310
Accumulated amortisation and impairment	(166,674)	-	(19,265)	(185,939)
Closing carrying amount	140,420	214,000	217,951	572,371

Goodwill purchased in 2008
The Polytechnic acquired the business assets and intellectual property of Emergency Management Academy of New Zealand Limited, in November 2008 for a consideration of $109,000 comprising of tangible assets $15,000 and intangible assets $94,000 recognised as goodwill.

Goodwill was impairment tested against 2 years future discounted cash flows at 15% (2012: 15%) arising from the acquired cash generating unit and no impairment was required at balance date.

Key assumptions
That the Polytechnic achieves 2014 Investment Plan target EFTS.

Determination of values assigned to key assumptions
There is no significant change to 2014 budgeted TEC funding and/or budget target EFTS.

Discount period
Two years future maintainable free cash flow based on 2014 cash generating budget.

Future cash flow growth rates
Zero.

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

Goodwill was impairment tested against five years future discounted cash flows at 15% (2012:15%) arising from the acquired cash generating unit and no impairment was required at balance date.

Key assumptions
That the Institute achieves 2014 budget revenues.

Determination of values assigned to key assumptions
There is no significant change to 2014 budgeted government funding.

Discount period
Five years future maintainable free cash flow based on 2014 cash generating budget.

Future cash flow growth rates
Zero.

11 CREDITORS AND OTHER PAYABLES

	INSTITUTE		GROUP	
	2013 Actual	**2012 Actual**	**2013 Actual**	**2012 Actual**
GST	124,304	196,394	124,304	196,394
Creditors	551,380	376,316	553,312	378,156
Accrued Expenses	544,706	1,072,143	544,706	1,072,143
Student Deposits	13,165	3,032	13,165	3,032
Amounts due to related parties	75,418	-	75,418	-
Total Creditors and Other Payables	**1,308,973**	**1,647,885**	**1,310,905**	**1,649,725**

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value approximates their fair value.

12 REVENUE RECEIVED IN ADVANCE

	INSTITUTE		GROUP	
	2013 Actual	**2012 Actual**	**2013 Actual**	**2012 Actual**
Tuition Fees in Advance	232,181	124,685	232,181	124,685
MOE Funding in Advance	160,720	58,459	160,720	58,459
Total Revenue received in Advance	392,901	183,144	392,901	183,144

13 EMPLOYEE ENTITLEMENTS

	INSTITUTE		GROUP	
	2013 Actual	**2012 Actual**	**2013 Actual**	**2012 Actual**
Current portion				
Holiday Pay	724,594	751,671	724,594	751,671
Long Service Leave	16,621	11,160	16,621	11,160
Retirement Benefits	9,585	8,128	9,585	8,128
Total current Portion	750,800	770,959	750,800	770,959
Non Current Portion				
Long Service	**33,969**	**23,868**	**33,969**	**23,868**
Retirement Benefits	**35,520**	**30,387**	**35,520**	**30,387**
Total non Current portion	**69,489**	**54,255**	**69,489**	**54,255**
Total Employee Entitlements	**820,289**	**825,214**	**820,289**	**825,214**
Movement in employee entitlements				
Employee entitlements at 1 January	**825,214**	**964,404**	**825,214**	**964,404**
Additions during the year	-	-	-	-
Utilised during the year (net)	**(4,925)**	**(139,190)**	**(4,925)**	**(139,190)**
Restructure severance charged against Support Change Funding	-	-	-	-
Employee entitlements at 31 December	**820,289**	**825,214**	**820,289**	**825,214**

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

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

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

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

14 EQUITY

	INSTITUTE		GROUP	
	2013 Actual	2012 Actual	2013 Actual	2012 Actual
EQUITY				
General Funds				
Balance at 1 January	19,075,712	18,531,561	19,068,135	18,531,869
Capital Contributions from the Crown	-	-	-	-
Total Comprehensive Income attributable to TPP	39,873	544,151	33,007	536,266
FCTR Unwound to Equity	-	-	-	-
Restricted Reserves transferred	-	-	14,442	-
Balance at 31 December	19,115,585	19,075,712	19,115,584	19,068,135
Restricted Reserves				
Balance at 1 January	33,533	34,797	97,292	104,129
Application of scholarships and trusts	3,485	(1,264)	3,485	(6,837)
Transfer to General Funds	-	-	(14,442)	-
Balance at 31 December	37,018	33,533	86,335	97,292
Total Equity	19,152,603	19,109,245	19,201,919	19,165,427

15 COMMITMENTS, CONTINGENCIES AND OPERATING LEASES

	INSTITUTE		GROUP	
	2013 Actual	2012 Actual	2013 Actual	2012 Actual
Capital commitments	-	-	-	-
Contingent liabilities	-	3,000	-	3,000

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

The Institute and group is a participating employer in the Deferred Benefit Plan (DBP) Contributors Scheme (the Scheme), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, the Institute and group could be responsible for any deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, the Institute and group could be responsible for an increased share of any deficit.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2013, the Scheme had a past service surplus of $17.4 million (7.7% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19 Employee Benefits. The Actuary to the Scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

The Institute and Group has no contingent assets.

Operating leases as lessee

Non-cancellable operating leases as lessee

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

	INSTITUTE		GROUP	
	2013 Actual	2012 Actual	2013 Actual	2012 Actual
Not later than 1 year	1,138,947	1,311,602	1,138,947	1,311,602
Later than one year and not later than 5 years	4,537,287	4,154,501	4,537,287	4,154,501
Later than 5 years	10,940,538	9,543,005	10,940,538	9,543,005
	16,616,772	15,009,108	16,616,772	15,009,108

In the case of Mawhera land leases, in Greymouth, the Polytechnic has right of lease renewal for a further 21 year term.

There are no restrictions placed on the Institute and group by any of the leasing agreements.

16 RELATED PARTY TRANSACTIONS

Tai Poutini Polytechnic (TPP) is the ultimate parent of the group and controls three entities, being Tai Poutini International Limited (TPIL), The Qatar Technical Institute LLC (Qtech) and the West Coast Climbing Wall Trust (WCCWT)

Significant transactions with governmnent-related entities
The Government influences the roles of the Institute as well as being a major source of revenue.

The Institute has received funding and grants from the Tertiary Education Commission totalling $18,660,975 (2012 $17,945,355) to provide education and research services for the year ended 31 December 2013.

The Institute also leases , at nil rental amount, land and buildings legally owned by the Crown. Further information on the accounting for Crown-owned land and buildings is disclosed in note 1 under the heading "critical judgements in applying accounting policies".

Collectively, but not individually, significant, transactions with government-related entities
In conducting its activities, the Institute is required to pay various taxes and levies (such as GST, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. The Institute is exempt from paying income tax and FBT.

The Institute purchases goods and services from entities related to the Crown and it also provides services to entities related to the Crown. The purchase and provision of goods and services to government related entities for the year ended 31 December 2013 are small when compared to the Institute's total expenditure and revenue and have all been conducted on an arm's-length basis. The purchase of goods and services included the putchase of electricity from Meridian, air travel from Air New Zealand, and postal services from New Zealand Post. The provision of services to government-related entities mainly related to the provision of educational resources.

The following transactions were carried out with related parties during the year:

Transactions with Key Management Personnel
During the year the Institute and group purchased services from Aoraki Polytechnic an Institute of which Chairman Graeme McNally is a council member. These purchases totalled nil (2012:$240) and were supplied on normal commercial terms. The balance of amount outstanding at 2013 balance date was nil, (2012: nil).

During the year the Institute and group supplied services to CPIT an Institute of which councillor John Mote is a council member. These services totalled $103,379 (2012: $91,467) and were supplied on normal commercial terms. The balance of amount outstanding at 2013 balance date was $3933, (2012: $78,787).

During the year the Institute and group purchased services from CPIT an Institute of which councillor John Mote is a council member. These purchases totalled $92,513 (2012: $92,050) and were supplied on normal commercial terms. The balance of amount outstanding at 2013 balance date was $75418, (2012: nil).

During the year the Institute and group purchased services from Images of NZ an organisation of which Alyson Bone is owner. These purchases totalled $850 (2012: nil) and were supplied on normal commercial terms. The balance of amount outstanding at 2013 balance date was nil, (2012: nil).

During the year the Institute and group purchased services from councillor Gareth Thomas. These purchases totalled nil (2012: $12,641) and were supplied on normal commercial terms. The balance of amount outstanding at 2013 balance date was nil, (2012: nil).

During the year the Institute and group purchased services from SMSS an organisation of which Blair Keily is a Board Member. These purchases totalled $97,744 (2012: $77,855) and were supplied on normal commercial terms. The balance of amount outstanding at 2013 balance date was nil, (2012: nil).

During the year the Institute and group purchased services from Public Performance NZ an organisation of which Dean Harry Lyon is a board member . These purchases totalled $3,877 (2012: $29,546) and were supplied on normal commercial terms. The balance of amount outstanding at 2013 balance date was nil, (2012: nil).

Key management personnel compensation	**2013**	**2012**
Short Term Salaries and other short-term employee benefits	1,313,302	1,428,768
Councillors remuneration	130,000	130,000
	1,443,302	1,558,768
Termination Benefits	30,000	47,234
	1,473,302	1,606,002

Compensation figures include payments due but not yet remitted at balance date.

Key management personnel include councillors and the senior management team.

Close family members of key management personnel are employed by Tai Poutini Polytechnic.

The terms and conditions of those arrangements are no more favourable than Tai Poutini Polytechnic would have adopted if there were no relationship to key management personnel.

17 COUNCILLORS REMUNERATION AND TRAVEL EXPENSES

	INSTITUTE			
	2013 Actual	**2013 Actual**	**2012 Actual**	**2012 Actual**
	Fees	*Expenses*	*Fees*	*Expenses*
L. Brash	14,000	1,783	14,000	1,756
J. Clayton	18,000	913	18,000	570
B. Jones	14,000	2,292	14,000	1,386
M. Lysaght	14,000	-	14,000	672
G McNally	28,000	1,616	28,000	310
J Mote	14,000	-	14,000	155
G. Thomas	14,000	-	14,000	198
C. White	14,000	1,677	14,000	1,042
	130,000	**8,282**	**130,000**	**6,089**

18 FINANCIAL INSTRUMENT RISKS

Financial instruments categories

	INSTITUTE		GROUP	
	2013	**2012**	**2013**	**2012**
Loans and receivables				
Cash and cash equivalents	5,404,686	5,034,930	5,404,686	5,034,930
Accounts receivable	1,492,997	1,580,233	1,492,997	1,580,233
Term deposits	178,134	173,047	199,540	195,480
Loans to related parties	-	-	-	-
Trust investments	275,399	286,120	275,399	286,120
	7,351,216	7,074,330	7,372,622	7,096,763
Investments carried at cost				
Equity investment	3,000	3,000	3,000	3,000
Other financial liabilities at amortised cost				
Accounts payable and accruals	1,308,973	1,647,884	1,310,905	1,649,725
Bank overdfraft	-	-	-	-
Trusts and funds	275,399	286,120	275,399	286,120
	1,584,372	1,934,004	1,586,304	1,935,845

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

TPP has established Council approved investment policies which do not allow treasury transactions that are speculative in nature. The approved investment outlets for placement of cash have Standards & Poors grading of AA- and above.

The main risks arising from the Institute's financial instruments are interest rate risk, liquidity risk and credit risk.

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

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

Sensitivity analysis for variable rate instruments
A change of 100 basis points in interest income based on financial instrument exposure at balance date would have increased/ (decreased) equity and surplus or deficit by tha amounts shown below.

This analysis assumes all other variables remain constant.

Parent

	Other Equity 100 bp increase	Other Equity 100 bp (decrease)	Surplus or deficit 100 bp increase	Surplus or deficit 100 bp (decrease)
2013				
Variable rate financial assets	-	-	49,371	(49,371)
2012				
Variable rate financial assets	-	-	45,627	(45,627)

Group

	Other Equity 100 bp increase	Other Equity 100 bp (decrease)	Surplus or deficit 100 bp increase	Surplus or deficit 100 bp (decrease)
2013				
Variable rate financial assets	-	-	49,371	(49,371)
2012				
Variable rate financial assets	-	-	45,627	(45,627)

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

Contractual maturity analysis of financial liabilities

	6 months or less	Contractual cash flows	Carrying Amount
Institute			
31 December 2013			
Accounts payable	1,308,973	1,308,973	1,308,973
Trusts and funds	275,399	275,399	275,399
	1,584,372	1,584,372	1,584,372

31 December 2012			
Accounts payable	1,647,885	1,647,885	1,647,885
Trusts and funds	286,120	286,120	286,120
	1,934,005	1,934,005	1,934,005
Group			
31 December 2013			
Accounts payable	1,310,905	1,310,905	1,310,905
Trusts and funds	275,399	275,399	275,399
	1,586,304	1,586,304	1,586,304
31 December 2012			
Accounts payable	1,647,885	1,647,885	1,647,885
Trusts and funds	286,120	286,120	286,120
	1,934,005	1,934,005	1,934,005

Credit risk
Credit risk is the risk that a third party will default on its obligation to the Polytechnic Group causing it to incur a loss.

With the exception of student fees the Polytechnic Group trades only with creditworthy third parties.

Contractual maturity analysis of financial assets

	Current	1 month	2 month	3 month +	Contractual Cash flows	Carrying Amount
Institute						
31 December 2013						
Debtors and other receivables	991,037	180,927	36,116	358,879	1,566,959	1,492,997
Loan and receivables*	-	-	-	-	-	-
Cash and term deposits	4,404,686	-	178,134	1,000,000	5,582,820	5,582,820
	5,395,723	180,927	214,250	1,358,879	7,149,779	7,075,817
31 December 2012						
Debtors and other receivables	1,183,306	65,152	17,375	314,400	1,654,195	1,580,233
Loan and receivables*	-	-	-	-	-	-
Cash and term deposits	3,931,714	-	1,276,263	-	5,207,977	5,207,977
	5,115,020	65,152	1,293,638	314,400	6,862,172	6,788,210
Group						
31 December 2013						
Debtors and other receivables	781,890	189,895	68,030	453,182	1,566,959	1,492,997
Cash and term deposits	4,404,686	-	178,134	1,000,000	5,582,820	5,582,820
	5,186,576	189,895	246,164	1,453,182	7,149,779	7,075,817
31 December 2012						
Debtors and other receivables	1,183,306	65,152	17,375	314,400	1,654,195	1,580,233
Cash and term deposits	3,931,714	-	1,276,263	-	5,207,977	5,207,977
	5,115,020	65,152	1,293,638	314,400	6,862,172	6,788,210

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

Maximum exposure to credit risk

	INSTITUTE		GROUP	
	2013	2012	2013	2012
Cash at bank and term deposits	5,582,820	5,207,977	5,582,820	5,207,977
Debtors and other receivables	1,566,959	1,654,195	1,566,959	1,654,195
	7,149,779	6,862,172	7,149,779	6,862,172

Counterparties with Credit Ratings

	INSTITUTE		GROUP	
	2013	2012	2013	2012
Cash at bank and term deposits				
AA-	5,582,820	5,207,977	5,582,820	5,207,977
	5,582,820	5,207,977	5,582,820	5,207,977

Counterparties without Credit Ratings

	INSTITUTE		GROUP	
	2013	2012	2013	2012
Cash at bank	-	-	-	-
	-	-	-	-
Debtors and other Receivables before provision for bad and doubtful debts				
Existing Counterparty with no defaults in past	1,566,959	1,654,195	1,566,959	1,654,195
	1,566,959	1,654,195	1,566,959	1,654,195

With respect to credit risk arising from term deposits, the Polytechnic invests funds with registered banks that have Standard and Poor's credit rating of AA- or better.

The Institute's investment policy limits the amount of counter-party credit exposure to any one institution or organisation.

Receivable balances are monitored on an ongoing basis with the result that exposure to bad debts is not significant. Tai Poutini Polytechnic has the capacity to control the financing and operating policies of companies that are related party borrowers and debtors.

19 CAPITAL MANAGEMENT

The Institute and group's capital is its equity, which comprises general funds and restricted reserves. Equity is represented by net assets

The Institute is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings and borrowing.

The Institute manages its revenues, expenses , assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The Institute's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing the Institute's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

20 MAJOR BUDGET VARIATIONS

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

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Institute
Revenue overall was $633k less than budgeted. This was due to the non delivery of proposed Engineering EFTS in the School of Mines $400k and discounts to tuition fees $550k. This was offset by increases in other income $270k and interest $40k.

Expenditure
Expenditure was $665k more than budgeted. This was due to the write-off and demolition of 2 accommodation buildings $180k, additional costs to deliver the EFTS shortfall from Industry Training $230k and increased marketing costs of $250k.

Surplus
Surplus was $1.3m less than budgeted. This was due to the reduction in revenue of $633k and increased expenditure $665k as detailed above.

Expenditure included staff restructuring costs of $155k and property write-off and demolition costs of $180k which are not considered recurring items. Surplus excluding these abnormal costs would have been $375k.

Due to demand the Institute delivered 10 more Youth Guarantee places, at an estimated cost of $90k, than were funded by the MOE. This was to meet the aim of supporting delivery in the West Coast region.

STATEMENT OF FINANCIAL POSITION

Institute
Net assets were $1.3m less than budget, this is the direct result of the reduced surplus of $1.3m

CASHFLOW

Institute
Cashflow was $981k less than budgeted. This was a result of the reduction in surplus of $1.3m offset by reduced capital expenditure of $0.2m.

21 POST BALANCE DATE EVENTS

There are no significant post balance date events to disclose.

ACHIEVEMENT AWARDS

Cave Creek Student Memorial Excellence Award
Ari Kingan, Diploma in Outdoor Instruction and Guiding

Tim Jamieson Memorial Medal
Jacob Willett, Diploma in Outdoor Instruction and Guiding

Mountain Jade Carving Excellence Award
Lee Richardson, Diploma in Jade and Hard Stone Carving

ENTRANCE AWARDS

South Westland Community Activities Trust Entrance Awards
Sarah Gibb, Certificate in Nanny Education
Annita Gibbs, Certificate in Jade and Hard Stone Carving

South Westland Community Activities Trust Travel Assistance Awards
Barry Gilbertson, Certificate in Civil, Quarry and Mining
Simon Adams, Certificate in Automotive Trades

Allan Beaumont Student Award
Maisie Major, Certificate in Civil, Quarry and Mining
Clarissa Turner, Diploma in Ecotourism

Cave Creek Student Memorial Scholarships
Conor Smith, Certificate in Outdoor Education
Caroline Cavanagh, Certificate in Ski Patrol
Richard Walmisley, Certificate in Outdoor Education
Phillipa Bowker-Napp, Certificate in Outdoor Education
Luke Wigram, Certificate in Ski Patrol

Tai Poutini Polytechnic Schools Awards
Tyron Kersten, John Paul II High School
Sydney Cadigan, John Paul II High School
Simon Adams, Westland High School
Sonja de Koster, South Westland Area School

Tai Poutini Polytechnic Student Village Scholarships
Olivia Batchelor, Certificate in Hair, Beauty and Grooming
Reece Kees, Certificate in Outdoor Education
Logan Froriep, Diploma in Outdoor Instruction and Guiding
Logan Tinomana, Certificate in Civil, Quarry and Mining
Stuart Whittaker, Certificate in Automotive Trades

Tai Poutini Polytechnic West Coast Trades Academy Awards
Stuart Whittaker, Certificate in Automotive Trades
Shannon Bowden, Certificate in Professional Culinary Arts

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West Coast
NEW ZEALAND