Financial Statements and Statement of Service Performance

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CPIT Statement of Responsibility

The Christchurch Polytechnic Institute of Technology hereby certifies that:

1 It has been responsible for the preparation of these financial statements and judgements used therein; and

2 It has 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 It is of the opinion that these financial statements and statement of service performance fairly reflect the financial position and operations of this institution for the year ended 31 December 2009.

The financial statements were authorised for issue by the CPIT Council on 21 April 2010.

Jenn Bestwick
Chair of Council

Darren J Mitchell
Acting Chief Executive
Chief Financial Officer and Director of Corporate Services

Statement of Accounting Policies

Reporting Entity

The financial statements of CPIT for the year ended 31 December 2009 were authorised for issue by the Chair of Council and the Chief Executive in accordance with the Education Act 1989 section 220.2AA on 21 April 2010.

CPIT is a Crown entity and is established under the Education Act 1989 as a public tertiary institution. It provides full time and part time tertiary education in New Zealand.

The CPIT Group includes CPIT, CPIT Holdings Ltd, Christchurch Polytechnic Foundation and the Ōtautahi Education Development Trust.

CPIT is a public benefit entity for the purpose of complying with generally accepted accounting practice in New Zealand.

Summary of Significant Accounting Policies

1 Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Public Finance Act 1989, Crown Entities Act 2004 and the Education Act 1989.

The financial statements have also been prepared on a historical cost basis, except for land and buildings and certain financial instruments that have been measured at fair value.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the financial statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2 Statement of Compliance

The financial statements comply with applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

3 Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

The CPIT and Group has adopted the following revisions to accounting standards during the financial year which have only had a presentational or disclosure effect:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a Statement of Comprehensive Income. The Statement of Comprehensive Income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The CPIT and group have decided to prepare a separate Statement of Financial Performance and a Statement of Comprehensive Income for the year ended 31 December 2009 under the revised standard. Financial statement information for the year ended 31 December 2008 has been restated accordingly. Those items of other comprehensive income presented in the Statement of Comprehensive Income were previously recognised directly in the Statement of Changes in Equity.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The CPIT and group have elected to disclose comparative information.

4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of CPIT and its subsidiaries as at 31 December each year ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are entities that are controlled, either directly or indirectly, by the parent. Associates are entities in which the parent, either directly or indirectly, has a significant but not controlling interest. Subsidiaries are consolidated by aggregating like items of assets, liabilities, revenues, expenses and cashflows on a line-by-line basis. All inter-entity balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. The results of associates are incorporated into the financial statements by recognising a share of the associates post acquisition earnings in the Statement of Financial Performance, and a share of the associates post acquisition changes in net assets in the Statement of Changes in Equity.

The results of CPIT, CPIT Holdings Ltd, Christchurch Polytechnic Foundation and the results of Ōtautahi Education Development Trust (OEDT) have been consolidated into CPIT's financial statements for the year ended December 2009.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which CPIT has control.

5 **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Government Grants

Government grants are recognised when eligibility to receive the grant has been established and it is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the balance sheet date.

Stage of completion is measured by reference to the months of course completed as a percentage of total months for each course.

Where funds have been received but not earned at balance date a Revenue in Advance liability is recognised.

Student Tuition Fees

Revenue from student tuition fees is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the balance sheet date.

Stage of completion is measured by reference to the months of course completed as a percentage of total months for each course.

Where tuition fees have been received but not earned at balance date a Revenue in Advance liability is recognised.

Sale of Materials

Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer and can be measured reliably.

Interest

Revenue is recognised as the interest accrues (using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

6 **Property, Plant and Equipment**

Land and buildings held under Crown title have been included in the financial statements. The CPIT Council is of the opinion that although formal legal transfer of title for land and buildings owned by the Crown has not occurred it has in substance assumed all the normal risks associated with ownership and accordingly it would be misleading to exclude these assets from the financial statements.

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

- Land and buildings are measured at fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses.
- All Institution land and buildings were revalued as at 31 December 2008 in accordance with NZIAS-16. The valuation was completed by independent valuers, M. Dow BCom, VPM, FPINZ, FNZIV, Registered Valuer, Richard Kolff BCom, VPM, MPINZ, Member NZIV, and Kees Ouwehand, SPINZ, Ing(Mar Eng) all of Quotable Value New Zealand Limited. The valuation of buildings is completed to a component level on a market value basis where practical. Where market based evidence is insufficient, buildings are valued on an optimised depreciated replacement cost basis.
- Land and buildings included as part of the Group accounts have been revalued as at 31 December 2008 by A C Roberts SPINZ, ANSIV, registered valuer based on current market value.
- Investment property land held under the Ōtautahi Education Development Trust was revalued as at 31 December 2009 in accordance with NZIAS-16. The valuation was completed by independent valuer, Mark Dunbar BCom (VPM); ANZIV; SPINZ; AREINZ; Registered Valuer of Telfer Young.
- Land and buildings held under the Christchurch Polytechnic Foundation were revalued as at 31 December 2009 in accordance with NZIAS-16. The valuation was completed by independent valuer, Michael Tohill BCom (VPM); ANZIV; SPINZ of Livingstones Valuation Ltd trading as Fright Aubrey.
- Leasehold improvements, plant and equipment, motor vehicles, computer software and computer hardware are stated at cost less accumulated depreciation and any accumulated impairment in value.
- The library resources have been valued by B. Roberts of DTZ New Zealand Limited, independent registered valuers, at depreciated replacement cost as at 31 December 2005. This is deemed to be cost. Additions since 31 December 2005 are recorded at cost less accumulated depreciation and any accumulated impairment in value.

7 **Depreciation**

Depreciation is calculated on the following basis over the estimated useful life of the asset as follows:

Buildings – 1.1%-3.3% straight line

Leasehold Improvements – straight line over the term of the lease

Electronic Equipment – 10%-33.3% straight line

Motor Vehicles – 20% straight line

Plant – 5-20% straight line

Furniture – 10% straight line

Library Books – 10% straight line

Capitalised Finance Lease Assets – straight line over the shorter of the estimated useful life of the asset and the lease term.

For the Group, depreciation is calculated on the following basis over the estimated useful life of the asset as follows:

Buildings – 1.1%-4.8% straight line

Leasehold Improvements – straight line over the term of the lease

Electronic Equipment – 10%-33.3% straight line

Motor Vehicles – 20% straight line

Plant – 5%-21.6% straight line

Furniture – 10% straight line

Library Books – 10% straight line

Capitalised Finance Lease Assets – straight line over the shorter of the estimated useful life of the asset and the lease term.

8 **Impairment**

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Financial Performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Income Statement, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Statement of Financial Performance.

9 **Revaluations**

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value of land and non-specialised buildings is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Where buildings have been designed specifically for educational purposes they are valued at depreciated replacement cost which is considered to reflect fair value for such assets. In determining depreciated replacement cost, the following assumptions have been applied. Replacement cost rates are derived from construction contracts of like assets, reference to publications, and New Zealand Property Institute cost information. Straight line depreciation has been applied to all DRC valued assets to establish the depreciated replacement value. Economic lives have been defined and used to determine the DRC.

Any net revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position unless it reverses a net revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

Any net revaluation decrease is recognised in the Statement of Financial Performance unless it directly offsets a previous net revaluation increase in the same asset revaluation reserve.

Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Financial Performance in the year the item is derecognised.

10 **Capital Work in Progress**

Capital work in progress is calculated on the basis of expenditure incurred and certified gross progress claim certificates up to balance date. Work in progress is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

11 **Investment Property**

An investment property is initially measured at its cost including transaction cost.

Where an investment property is acquired at no cost or nominal cost, its cost is deemed to be its fair value as at the date of acquisition.

Subsequent to initial recognition investment properties are stated at fair value as at each balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are recognised in the Statement of Financial Performance in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on derecognition of an investment property are recognised in the Statement of Financial Performance in the year of derecognition.

12 **Intangible Assets**

Computer Software

Computer software is capitalised at its cost as at the date of acquisition and amortised over its useful life on a straight line basis, currently 10%-33.3%

The amortisation period 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 from 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.

Gains and losses arising from derecognition 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 Statement of Financial Performance when the asset is derecognised.

Research and Course Development Costs

Research and Course Development costs are recognised as an expense in the Statement of Financial Performance in the year in which they are incurred.

13 **Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventory is based on a first-in, first-out basis and includes expenditure incurred in acquiring the inventories and in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale.

14 **GST and Other Taxes**

GST

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and trade payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables in the Statement of Financial Position.

The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Taxation

Tertiary institutes are exempt from the payment of income tax. Accordingly, no charge for income tax has been provided.

15 **Financial Instruments**

CPIT is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors, and loans.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position. Except for loans which are shown at cost and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

All investments are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments which are classified as available-for-sale are measured at fair value or at cost in cases where the fair value cannot be reliably measured. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Financial Performance.

Financial assets in this category include shares.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Investments in bank deposits are classified as loans and receivables.

Investments that are intended to be held-to-maturity or those classified as loans and receivables, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. Where the fair value cannot be reliably determined the investments are measured at cost.

16 **Cash Flows, Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Operating Activities:	Transactions and other movements that are not investing or financing activities.
Investing Activities:	Activities relating to acquisition, holding and disposal of fixed assets and of investments, not falling within the definition of cash.
Financing Activities:	Activities that change the equity and debt capital structure of CPIT.

17 **Student Fees and Other Receivables**

Student fees and other receivables are classified as loans and receivables and carried at amortised cost less any provision for impairment.

An estimate for doubtful debts is made when collection of the full amount is no longer probable, defined as being when the debt is placed into external debt collection procedures. Bad debts are written off when it is impractical or uneconomic to pursue the debts further.

18 **Trade Payables**

Trade payables are recognised and carried at amortised cost.

19 **Loans and Borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Suspensory loans are funds provided which do not have to be repaid if certain obligations are met. Where such obligations are likely to be met the funds are recognised immediately as an equity injection in the Statement of Movements in Equity.

Gains and losses are recognised in the Statement of Financial Performance when the liabilities are derecognised as well as through the amortisation process.

20 **Borrowing Cost**

Borrowing costs are recognised as an expense in the year in which they are incurred, except that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset till substantially all activities necessary to prepare the qualifying asset for its intended use are complete.

An asset that takes a substantial period of time to get ready for its intended use is considered as a qualifying asset.

21 **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are reviewed at each balance date and adjusted to reflect the current best estimate. Where it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

22 **Leases**

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in the Statement of Financial Performance as finance costs.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the Statement of Financial Performance on a straight-line basis over the lease term.

23 **Employee Entitlements**

Provision is made in respect of CPIT's liability for annual leave, sick leave, long service leave and retirement gratuities.

Annual leave has been calculated on an actual entitlement basis for current rates of pay.

Sick leave has been calculated based on the expected utilisation of unused entitlement.

Long service leave and retirement gratuities are calculated based on the present value of estimated future cash flows determined on an actuarial basis. The discount rate is the market yield on relevant New Zealand Government Stock at the balance sheet date.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Financial Performance as incurred.

24 **Allocation of Overheads**

Overheads have been allocated to output faculties utilising an Activities Based Costing model.

The cost drivers are:

- FTE staff
- EFTS
- GEG budgets
- Number of computers
- Number of programmes

25 **Comparatives**

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impractical to do so.

26 **Budget Figures**

The budget figures are those approved by the Council at the beginning of the financial year. They have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting polices adopted by the Council for the preparation of the financial statements.

27 **Foreign Currency Translation**

Both the functional and presentation currency of CPIT and its New Zealand subsidiaries is New Zealand dollars ($).

Any transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

28 **Non Current Assets held for Sale**

Non current assets are separately classified where their carrying amount will be recovered through a sale transaction rather than continuing use; that is, where such assets are available for immediate sale and where sale is highly probable. These assets are recorded at the lower of their carrying amount and fair value less costs to sell.

29 **Standards and Interpretations in Issue not yet effective**

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

- *NZ IFRS 3 Business Combinations (Revised 2007)* and the amended NZ IAS 27 Consolidated and Separate Financial Statements (Revised 2007) are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
  - Partial acquisitions: Non-controlling interests are measured either at their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
  - Step acquisitions: The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred, and the net assets acquired.
  - Acquisition-related costs: Acquisition-related costs are generally recognised as expenses (rather than included in the cost of acquisition).
  - Contingent consideration: Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRS, usually in the surplus or deficit (rather than by adjusting the cost of acquisition).

The CPIT and group will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 31 December 2010, which will apply to business combinations that occur on or after 1 January 2010.

- 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 three 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 to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 31 December 2013. The CPIT and group has not yet assessed the impact of the new standard and expects it will not be early adopted.

30 **Critical Accounting Estimates and Judgements**

In preparing these financial statements CPIT has made estimates and judgements concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

There are no estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Statement of Financial Performance

for the Year Ended 31 December 2009

		Parent			Group	
	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Actual 2008 $000
Revenue						
Government Grants	**1**	48,232	48,313	47,014	48,232	47,014
Student Tuition Fees		26,700	23,212	23,380	26,700	23,380
Other Income	**1**	9,169	6,722	11,298	9,082	11,033
Finance Income	**1**	1,289	1,200	2,130	1,673	1,563
Total Revenue		85,390	79,447	83,822	85,687	82,990
Operating Expenses						
Employee Benefit Expenses	**1**	47,394	46,832	45,731	47,434	45,773
Depreciation Expense	**7**	5,666	6,079	5,545	5,937	5,583
Amortisation Expense	**8**	261	271	312	261	312
Finance Costs	**1**	538	575	792	643	792
Other Expenses	**1**	22,960	23,681	22,697	22,174	22,604
Loss on Property Investment Revaluations		–	–	–	86	–
Total Operating Expenses		76,819	77,438	75,077	76,535	75,064
Net Surplus/(Deficit)		**8,571**	**2,009**	**8,745**	**9,152**	**7,926**

Statement of Comprehensive Income

for the Year Ended 31 December 2009

		Parent			Group	
	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Actual 2008 $000
Profit/(Loss)		**8,571**	**2,009**	**8,745**	**9,152**	**7,926**
Other Comprehensive Income						
Gains on Property Revaluations		–	–	8,568	285	8,519
Impairment of Buildings		(1,038)	–	–	(1,038)	–
Fair value through Other Comprehensive Income Financial Assets		–	–	–	–	–
Total Other Comprehensive Income		**(1,038)**	**–**	**8,568**	**(753)**	**8,519**
Total Comprehensive Income		**7,533**	**2,009**	**17,313**	**8,399**	**16,445**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2009

	Notes	Parent Actual 2009 $000	Parent Budget 2009 $000	Parent Actual 2008 $000	Group Actual 2009 $000	Group Actual 2008 $000
ASSETS						
Current Assets						
Cash and Cash Equivalents	**2**	17,754	4,190	7,700	18,685	8,002
Trade and Other Receivables	**3**	1,099	1,247	2,796	1,120	2,813
Inventories	**4**	532	562	522	532	522
Prepayments		196	141	66	196	66
Other Financial Assets	**5**	12,300	12,014	13,400	13,744	14,468
Total Current Assets		31,881	18,154	24,484	34,277	25,871
Non-Current Assets						
Land and Buildings	**7**	142,161	150,766	142,530	152,651	144,378
Plant and Equipment	**7**	10,550	10,846	10,785	10,656	10,786
Other Financial Assets	**5**	55	55	55	1,820	1,666
Investment Properties	**6**	–	–	–	2,154	–
Intangible Assets	**8**	737	950	987	737	987
Total Non-Current Assets		153,503	162,617	154,357	168,018	157,817
TOTAL ASSETS		**185,384**	**180,771**	**178,841**	**202,295**	**183,688**
LIABILITIES						
Current Liabilities						
Trade and Other Payables	**9**	5,556	5,781	5,508	5,703	5,583
Finance Leases	**10**	709	684	848	709	848
Loans and Borrowings	**10**	2,863	2,863	2,863	3,323	2,863
Employee Benefit Liabilities	**11**	3,001	2,766	2,464	3,001	2,464
Provisions	**11**	475	475	475	475	475
Revenue Received in Advance	**12**	6,652	4,386	4,487	6,652	4,487
Total Current Liabilities		19,256	16,955	16,645	19,863	16,720
Non-Current Liabilities						
Finance Leases	**10**	352	321	614	352	614
Loans and Borrowings	**10**	3,610	3,610	6,474	4,080	6,474
Employee Benefit Liabilities	**11**	591	530	591	591	591
Provisions	**11**	764	764	1,239	764	1,239
Total Non-Current Liabilities		5,317	5,225	8,918	5,787	8,918
TOTAL LIABILITIES		**24,573**	**22,180**	**25,563**	**25,650**	**25,638**
NET ASSETS		**160,811**	**158,591**	**153,278**	**176,645**	**158,050**
EQUITY						
Retained Earnings		100,496	89,796	91,915	108,380	95,620
Asset Revaluation Reserve		60,146	68,616	61,184	68,096	62,251
Restricted Reserves		169	179	179	169	179
TOTAL EQUITY		**160,811**	**158,591**	**153,278**	**176,645**	**158,050**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 31 December 2009

	Notes	Parent Actual 2009 $000	Parent Budget 2009 $000	Parent Actual 2008 $000	Group Actual 2009 $000	Group Actual 2008 $000
Cash Flows from Operating Activities						
Receipts of Government Grants		48,298	48,688	44,945	48,298	44,945
Receipts of Student Tuition Fees		28,354	23,212	23,536	28,354	23,536
Receipts of Other Income		9,881	6,247	8,163	9,791	7,881
Interest Received		1,388	1,200	2,129	1,557	2,303
Payments to Employees		(46,857)	(46,560)	(45,591)	(46,897)	(45,633)
Payments to Suppliers		(22,967)	(23,681)	(22,598)	(22,111)	(22,629)
Interest Paid		(624)	(575)	(832)	(729)	(832)
Net Cash Flows from Operating Activities	**2**	**17,473**	**8,531**	**9,752**	**18,263**	**9,571**
Cash Flows from Investing Activities						
Cash introduced from OEDT		–	–	–	616	–
Proceeds from Sale of Property, Plant and Equipment		6	–	10	6	10
Proceeds from Sale & Maturity of Investments		49,600	–	43,750	49,600	44,035
Proceeds from Loan Receivable		–	–	–	–	–
Purchase of Intangible Assets		(11)	–	(152)	(11)	(152)
Purchase of Property, Plant and Equipment		(4,541)	(8,100)	(4,562)	(4,541)	(4,563)
Purchase of Investments		(48,500)	–	(49,250)	(49,136)	(49,067)
Net Cash Flows from Investing Activities		**(3,446)**	**(8,100)**	**(10,204)**	**(3,466)**	**(9,737)**
Cash Flows from Financing Activities						
Proceeds from Loans and Borrowings		–	–	–	–	–
Capital Injection from Crown		–	–	1,199	–	1,199
Repayment of Loans and Borrowings		(2,863)	(2,863)	(2,863)	(3,323)	(2,863)
Repayment of Finance Lease Liabilities		(1,110)	(1,078)	(1,115)	(1,110)	(1,115)
Net Cash Flows from Financing Activities		**(3,973)**	**(3,941)**	**(2,779)**	**(4,433)**	**(2,779)**
Net (decrease)/increase in Cash and Cash Equivalents		**10,054**	**(3,510)**	**(3,231)**	**10,364**	**(2,945)**
Cash and Cash Equivalents at the beginning of the year		7,700	7,700	10,931	8,321	10,947
Cash and Cash Equivalents at the end of the year		**17,754**	**4,190**	**7,700**	**18,685**	**8,002**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2009

	Notes	Parent Actual 2009 $000	Parent Budget 2009 $000	Parent Actual 2008 $000	Group Actual 2009 $000	Group Actual 2008 $000
Balance at 1 January		153,278	156,582	134,766	158,050	140,406
Addition of Subsidiary – OEDT	**21**	–	–	–	10,196	–
Capital Injection from Crown		–	–	1,199	–	1,199
Total Comprehensive Income		7,533	2,009	17,313	8,399	16,445
Balance at 31 December		160,811	158,591	153,278	176,645	158,050
By Class						
Retained Earnings						
Balance at 1 January		91,915	87,787	81,974	95,620	86,498
Addition of Subsidiary – OEDT	**21**	–	–	–	3,598	–
Net Surplus/(Deficit) for the Year		8,571	2,009	8,745	9,152	7,926
Appropriation of Net Surplus to Restricted Reserves		10	–	(3)	10	(3)
Capital Injection from Crown		–	–	1,199	–	1,199
Balance at 31 December		**100,496**	**89,796**	**91,915**	**108,380**	**95,620**
Restricted Reserves						
Balance at 1 January		179	179	176	179	176
Appropriation of Net Surplus		6	–	15	6	15
Application of Trusts and Bequests		(16)	–	(12)	(16)	(12)
Balance at 31 December		**169**	**179**	**179**	**169**	**179**

Restricted reserves consist of scholarships, bequests and trust funds held by the Institute on behalf of others.

	Notes	Parent Actual 2009 $000	Parent Budget 2009 $000	Parent Actual 2008 $000	Group Actual 2009 $000	Group Actual 2008 $000
Asset Revaluation Reserve						
Balance at 1 January		61,184	68,616	52,616	62,251	53,732
Addition of Subsidiary – OEDT	**21**	–	–	–	6,598	–
Fair Value Revaluation of Land and Buildings		–	–	8,568	285	8,519
Impairment of Buildings		(1,038)	–	–	(1,038)	–
Balance at 31 December		**60,146**	**68,616**	**61,184**	**68,096**	**62,251**

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another.

	Parent Actual 2009 $000	Parent Budget 2009 $000	Parent Actual 2008 $000	Group Actual 2009 $000	Group Actual 2008 $000
Asset Revaluation Reserve is comprised of:					
Land	25,085	25,085	25,085	30,557	25,600
Buildings	35,061	43,531	36,099	37,539	36,651
	60,146	**68,616**	**61,184**	**68,096**	**62,251**

Statement of Cost of Services

for the year ended 31 December 2009

	Group 2009 $000	Group 2008 $000
Attributed to Faculty:		
Commerce	20,969	19,507
Health, Humanities & Science	23,844	26,219
Te Puna Wānaka	970	1,099
Trades Innovation Institute	16,495	17,651
Creative Industries	14,257	10,588
Total	**76,535**	**75,064**
Represented by:		
Personnel	47,434	45,773
Consumables/Faculty costs	9,279	9,236
Administration	7,890	7,061
Occupancy/Property costs	5,091	6,307
Interest	643	792
Depreciation & Amortisation	6,198	5,895
Total	**76,535**	**75,064**

Childcare Operating Income and Expenditure

for the year ended 31 December 2009

Actual 2008 $	Income	Actual 2009 $	Budget 2009 $
490,438	Operating Grants	523,471	460,769
196,722	Fees	206,588	272,887
687,160	**Total**	**730,059**	**733,656**
	Expenditure		
570,276	Salaries and Related Costs	611,924	608,402
14,959	Consumables	13,757	14,000
25,498	Administration	36,257	37,486
55,596	Occupancy Costs	52,148	58,354
2,012	Depreciation	1,903	2,103
668,341	**Total**	**715,989**	**720,345**
18,819	**Net Surplus/(Deficit)**	**14,070**	**13,311**
20,080	**Capital Expenditure**	**29,098**	**20,000**

2008	Total Child Funded Hours	2009
13,861	Children aged under two	13,089
20,131	Children aged two and over	20,565
20,407	Free Early Childhood Education	23,080
5,204	Free Subsidy	4,275
59,603		**61,009**

Childcare Teachers Registration Grant

for the year ended 31 December 2009

CPIT receives Support Grant funding for Provisionally Registered Teachers. The following statement reports on the funding received, and how this funding was allocated.

2008 $	Grants	2009 $
2,173	Brought forward	–
–	Grants	4,065
2,173	**Total**	**4,065**
	Expenditure	
154	Salaries and Related Costs	2,324
–	Materials	–
3,080	Registration fees, Conference and Course costs	1,660
–	Equipment	177
3,234	**Total**	**4,161**
(1,061)	**Net cost to CPIT**	**(96)**

Statement of Special Supplementary Grants

CPIT received certain funding as Special Supplementary Grants during 2009. These items are subject to Section 199(1)(b) of the Education Act 1989.

There is a requirement in Section 199(5) to apply such grants only for the purposes specified. The following statement reports on this obligation and discloses the actual cost to CPIT which resulted from the activities funded in this manner.

Grant Title	Amount $	Applied to	Salaries & Related Costs $	Materials & Services $	Cost $	Cost to CPIT $
Youth Skill Olympic	38,174	Youth Skill Olympic	1,000	37,174	38,174	–
Students with Severe Disabilities*	43,078	Students with Severe Disabilities	254,628	6,059	260,687	68,890*
Tertiary Students with Disabilities*	148,719	Tertiary Students with Disabilities				
Support for Māori and Pacific People	56,017	Support for Māori and Pacific People	37,287	19,099	56,386	369
Special Education	23,733	Classes Vocational and Living Skills	46,092	–	46,092	22,359
Total	**309,721**		**339,007**	**62,332**	**401,339**	**91,618**

* Disabilities grants are spent in common.

Notes to the Financial Statements

Note 1

Revenue and Expenses

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Government Grants				
Normal Operational Grants	45,837	43,152	45,837	43,152
Special Supplementary Grants	312	306	312	306
Other Grants	2,083	3,556	2,083	3,556
	48,232	**47,014**	**48,232**	**47,014**
Other Income				
Gain/(Loss) on Disposal of Property, Plant and Equipment	6	10	6	10
Revenue from Other Operating Activities	9,163	11,288	9,076	11,023
	9,169	**11,298**	**9,082**	**11,033**
Finance Income/Costs				
Interest Earned on Investments (incl Bank Deposits)	1,289	2,130	1,476	2,305
Interest Earned on Loans	–	–	–	–
Gains/(Losses) on disposal of Investments classified as Fair Value through Profit and Loss	–	–	(18)	(10)
Gains/(Losses) on changes in Investments classified as Fair Value through Profit and Loss	–	–	215	(732)
Total Finance Income	**1,289**	**2,130**	**1,673**	**1,563**
Interest on Bank Loans	538	792	643	792
Total Finance Costs	**538**	**792**	**643**	**792**
Employee Benefit Expenses				
Wages and Salaries	46,616	45,403	46,656	45,445
Post Employment Benefits	241	232	241	232
Increase/(Decrease) in Employee Benefit Liabilities	537	96	537	96
	47,394	**45,731**	**47,434**	**45,773**
Other Expenses				
Audit New Zealand fees for Financial Statement Audits	101	99	110	109
OEDT Auditor fees for Financial Statement Audits	–	–	8	–
Audit New Zealand fees for IFRS Implementation Review	–	7	–	7
Audit New Zealand fees for PBRF External Research Income Return	3	6	3	6
Impairment of Receivables (Note 3)	27	(9)	27	(9)
Impairment of Property, Plant and Equipment	–	–	–	–
Impairment of Intangibles	–	27	–	27
Research and Development Expenditure	659	399	659	399
Minimum Lease Payments under Operating Leases	197	797	197	797
Other Operating Expenses	21,973	21,371	21,170	21,268
	22,960	**22,697**	**22,174**	**22,604**

There are no unfulfilled conditions or other contingencies attached to government grants recognised.

Notes to the Financial Statements

Note 2
Cash and Cash Equivalents

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Cash at Bank and In Hand	994	1,093	1,925	1,100
Short-Term Deposits	16,760	6,607	16,760	6,902
	17,754	**7,700**	**18,685**	**8,002**

Cash at Bank and in Hand represents physical cash on hand and money at bank immediately available. Short-Term Deposits represent term deposits with a maturity of three months or less. The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value. Apart from the restricted reserves there is no cash and cash equivalents that can only be used for a specified purpose.

Reconciliation of net surplus/(deficit) after tax to net cash flows from operating activities

	Parent		Group	
	Actual 2009 $000	**Actual 2008 $000**	**Actual 2009 $000**	**Actual 2008 $000**
Surplus/(deficit)	8,571	8,745	9,152	7,926
Add/(less) Non-Cash Items:				
Depreciation and Amortisation	5,927	5,857	6,198	5,895
Impairment Charges	–	27	–	27
(Gains)/Losses on the Revaluation of Investments	–	–	(215)	732
Recognition of Movement in Term Employee Benefits in Employee Benefit Expenses	–	61	–	61
Add/(less) Items classified as Investing or Financing Activities:				
(Gains)/Losses on disposal of Property, Plant and Equipment	(6)	(10)	(6)	(10)
Revaluation of Investment Properties	–	–	86	–
Donated Assets	(850)	(1,847)	(850)	(1,847)
Add/(less) Movements in Working Capital Items:				
Accounts receivable	1,697	(1,548)	1,693	(1,564)
Inventories	(10)	40	(10)	40
Prepayments	(130)	75	(130)	75
Accounts Payable	47	(273)	118	(389)
Income in Advance	2,165	(1,099)	2,165	(1,099)
Current Provisions	–	230	–	230
Term Provisions	(475)	(475)	(475)	(475)
Employee Benefits	537	(31)	537	(31)
Net Cash Inflow/(Outflow) from Operating Activities	**17,473**	**9,752**	**18,263**	**9,571**

Notes to the Financial Statements

Note 3
Trade and Other Receivables

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Current				
Trade Receivables	1,055	2,530	1,076	2,547
Bank Interest Receivable	108	207	108	207
Related Party Receivables	2	98	2	98
Less Provision for Impairment of Receivables	(66)	(39)	(66)	(39)
	1,099	**2,796**	**1,120**	**2,813**
Term	–	–	–	–
	–	–	–	–

The carrying value of trade and other receivables approximates their fair value.

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Current Debt	1,030	2,299	1,051	2,316
Overdue but not impaired 61 to 120 days	54	324	54	324
Overdue but not impaired >120 days	15	173	15	173
	1,099	**2,796**	**1,120**	**2,813**

As of 31 December 2009 and 2008, all overdue receivables have been assessed for impairment and appropriate provisions applied. CPIT holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.
The impairment provision has been calculated based on expected losses for CPIT's pool of debtors.
Expected losses have been determined based on the age of debtors and review of specific debtors.

Movement in the provision for impairment of receivables is as follows:

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Opening Balance	39	48	39	48
Receivables written off during period	–	(1)	–	(1)
Additional Provisions made during the year	27	(8)	27	(8)
Closing Balance	**66**	**39**	**66**	**39**

Notes to the Financial Statements

Note 4
Inventories

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Held for Resale	6	4	6	4
Materials and Consumables	526	518	526	518
	532	**522**	**532**	**522**

The carrying amount of inventories held for distribution that are measured at current replacement cost as at 31 December 2009 amounted to $nil. (2008 $nil).

The write-down of inventories held for distribution amounted to $nil (2008 $nil), while reversals of write-down's amounted to $nil. (2008 $nil).

The write-down of inventories held for sale amounted to $nil (2008 $15,305).

Note 5
Other Financial Assets

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Current Portion				
Loans and Receivables				
Loans	–	–	–	–
Bank deposits maturing within 12 months	12,300	13,400	13,744	14,468
Total Current Portion	**12,300**	**13,400**	**13,744**	**14,468**
Non Current Portion				
Loans and Receivables				
Bank deposits maturing after 12 months	–	–	–	–
Available for Sale Investments				
Shares in subsidiaries	5	5	–	–
Unlisted Shares – PINZ Ltd	50	50	50	50
Fair Value through Profit and Loss				
Managed Funds	–	–	1,770	1,616
Total Non Current Portion	**55**	**55**	**1,820**	**1,666**
Effective Interest Rates				
Bank deposits with maturities of 4-12 months	3.69%	8.41%	3.69%	8.41%
Bank deposits with maturities >12 months	–	–	–	–

There were no impairment provisions for other financial assets.
Shares in subsidiaries and unlisted entities have no quoted price in an active market.
As no fair value can be reliably measured, these shares are recorded at cost.
CPIT does not intend to dispose of these shares.

Notes to the Financial Statements

The Managed Funds are stated at fair value. The assets within these portfolios are actively traded and fair value is determined by direct reference to published prices in active markets.

Credit Quality of Financial Asset
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Counterparties with Credit Ratings				
Term deposits:				
AA	9,600	9,900	10,539	10,822
AA-	2,700	3,500	2,815	3,500
BBB	–	–	8	8
BB+	–	–	220	–
BBB-	–	–	–	138
Total	**12,300**	**13,400**	**13,582**	**14,468**

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Counterparties without Credit Ratings				
Other Investments:				
Existing counterparty with no defaults in the past	55	55	1,820	1,666
Existing counterparty with defaults in the past	–	–	–	–
Total Other Investments	**55**	**55**	**1,820**	**1,666**

Note 6

Investment Properties

	Parent		Group	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Investment Properties	–	–	2,154	–

The Mobil Oil Land (situated at 193 Madras Street, Christchurch) is classified as Investment Property. The Mobil Oil Land was revalued by Telfer Young on 29 January 2010 prepared for this purpose and will continue to be revalued on an annual cyclical basis.

Notes to the Financial Statements

Note 7

Property, Plant and Equipment

2009 Parent	Cost/Revaluation 1 January 2009 $000	Accumulated Depreciation and Impairment 1 January 2009 $000	Carrying Amount 1 January 2009 $000	Current Year Additions $000	Current Year Disposals $000	Current Year Impairment Charges $000	Current Year Depreciation $000	Revaluation Changes $000	Cost/Revaluation 31 December 2009 $000	Accumulated Depreciation and Impairment 31 December 2009 $000	Carrying Amount 31 December 2009 $000
Institution Land & Buildings	65,611	–	65,611	3,515	–	–	(1,370)	–	69,126	(1,370)	67,756
Crown Land & Buildings	76,919	–	76,919	–	–	(1,038)	(1,476)	–	76,919	(2,514)	74,405
Computer Equipment	9,142	(7,654)	1,488	629	–	–	(686)	–	9,771	(8,340)	1,431
Computer Equipment under Finance Lease	1,462	–	1,462	708	–	–	(1,110)	–	1,060	–	1,060
Plant	10,741	(7,003)	3,738	678	–	–	(681)	–	11,419	(7,684)	3,735
Furniture	5,491	(4,512)	979	161	–	–	(208)	–	5,652	(4,720)	932
Vehicles	629	(599)	30	20	–	–	(14)	–	649	(613)	36
Library Collection	3,579	(1,246)	2,333	388	–	–	(121)	–	3,967	(1,367)	2,600
Art Collection	755	–	755	1	–	–	–	–	756	–	756
	174,329	**(21,014)**	**153,315**	**6,100**	**–**	**(1,038)**	**(5,666)**	**–**	**179,319**	**(26,608)**	**152,711**

2009 Group	Cost/Revaluation 1 January 2009 $000	Accumulated Depreciation and Impairment 1 January 2009 $000	Carrying Amount 1 January 2009 $000	Current Year Additions $000	Current Year Disposals $000	Current Year Impairment Charges $000	Current Year Depreciation $000	Revaluation Changes $000	Cost/Revaluation 31 December 2009 $000	Accumulated Depreciation and Impairment 31 December 2009 $000	Carrying Amount 31 December 2009 $000
Group Land & Buildings	67,459	–	67,459	12,415	–	–	(1,628)	285	79,836	(1,590)	78,246
Crown Land & Buildings	76,919	–	76,919	–	–	(1,038)	(1,476)	–	76,919	(2,514)	74,405
Computer Equipment	9,149	(7,660)	1,489	630	–	–	(686)	–	9,779	(8,346)	1,433
Computer Equipment under Finance Lease	1,462	–	1,462	708	–	–	(1,110)	–	1,060	–	1,060
Plant	10,741	(7,003)	3,738	795	–	–	(694)	–	11,536	(7,697)	3,839
Furniture	5,491	(4,512)	979	161	–	–	(208)	–	5,652	(4,720)	932
Vehicles	629	(599)	30	20	–	–	(14)	–	649	(613)	36
Library Collection	3,579	(1,246)	2,333	388	–	–	(121)	–	3,967	(1,367)	2,600
Art Collection	755	–	755	1	–	–	–	–	756	–	756
	176,184	**(21,020)**	**155,164**	**15,118**	**–**	**(1,038)**	**(5,937)**	**285**	**190,154**	**(26,847)**	**163,307**

Notes to the Financial Statements

2008 Parent	Cost/Revaluation 1 January 2008 $000	Accumulated Depreciation and Impairment 1 January 2008 $000	Carrying Amount 1 January 2008 $000	Current Year Additions $000	Current Year Disposals $000	Current Year Impairment Charges $000	Current Year Depreciation $000	Revaluation Changes $000	Cost/Revaluation 31 December 2008 $000	Accumulated Depreciation and Impairment 31 December 2008 $000	Carrying Amount 31 December 2008 $000
Institution Land & Buildings	63,628	(1,412)	62,216	4,192	–	–	(1,288)	491	65,611	–	65,611
Crown Land & Buildings	71,378	(1,268)	70,110	–	–	–	(1,268)	8,077	76,919	–	76,919
Computer Equipment	8,425	(6,927)	1,498	717	–	–	(727)	–	9,142	(7,654)	1,488
Computer Equipment under Finance Lease	1,405	–	1,405	1,172	–	–	(1,115)	–	1,462	–	1,462
Plant	9,755	(6,518)	3,237	989	(1)	–	(487)	–	10,741	(7,003)	3,738
Furniture	5,366	(4,305)	1,061	125	–	–	(207)	–	5,491	(4,512)	979
Vehicles	629	(581)	48	–	–	–	(18)	–	629	(599)	30
Library Collection	3,192	(811)	2,381	387	–	–	(435)	–	3,579	(1,246)	2,333
Art Collection	754	–	754	1	–	–	–	–	755	–	755
	164,532	**(21,822)**	**142,710**	**7,583**	**(1)**	**–**	**(5,545)**	**8,568**	**174,329**	**(21,014)**	**153,315**

2008 Group	Cost/Revaluation 1 January 2008 $000	Accumulated Depreciation and Impairment 1 January 2008 $000	Carrying Amount 1 January 2008 $000	Current Year Additions $000	Current Year Disposals $000	Current Year Impairment Charges $000	Current Year Depreciation $000	Revaluation Changes $000	Cost/Revaluation 31 December 2008 $000	Accumulated Depreciation and Impairment 31 December 2008 $000	Carrying Amount 31 December 2008 $000
Group Land & Buildings	65,563	(1,412)	64,151	4,192	–	–	(1,326)	442	67,459	–	67,459
Crown Land & Buildings	71,378	(1,268)	70,110	–	–	–	(1,268)	8,077	76,919	–	76,919
Computer Equipment	8,431	(6,933)	1,498	718	–	–	(727)	–	9,149	(7,660)	1,489
Computer Equipment under Finance Lease	1,405	–	1,405	1,172	–	–	(1,115)	–	1,462	–	1,462
Plant	9,755	(6,518)	3,237	989	(1)	–	(487)	–	10,741	(7,003)	3,738
Furniture	5,366	(4,305)	1,061	125	–	–	(207)	–	5,491	(4,512)	979
Vehicles	629	(581)	48	–	–	–	(18)	–	629	(599)	30
Library Collection	3,192	(811)	2,381	387	–	–	(435)	–	3,579	(1,246)	2,333
Art Collection	754	–	754	1	–	–	–	–	755	–	755
	166,473	**(21,828)**	**144,645**	**7,584**	**(1)**	**–**	**(5,583)**	**8,519**	**176,184**	**(21,020)**	**155,164**

Notes to the Financial Statements

In 2009, there was an impairment of Building assets. This is due to removal of buildings that will occur in 2010 as part of campus development work.

In 2008, there was no impairment of Property, Plant and Equipment assets.

Work in Progress
Expenditures recognised in the carrying amounts of Property, Plant and Equipment in the course of construction were:

	Parent		Group	
	2009 **$000**	**2008** **$000**	**2009** **$000**	**2008** **$000**
Institution Land & Buildings	3,136	915	3,136	915

Notes to the Financial Statements

Note 8
Intangible Assets

2009	Gross Carrying Amount 1 January 2009	Accumulated Amortisation 1 January 2009	Net Carrying Amount 1 January 2009	Current Year Additions	Current Year Impairment Charges	Current Year Amortisation	Gross Carrying Amount 31 December 2009	Accumulated Amortisation 31 December 2009	Net Carrying Amount 31 December 2009
Parent – Software	3,354	(2,367)	987	11	–	(261)	3,365	(2,628)	737
	3,354	(2,367)	987	11	–	(261)	3,365	(2,628)	737
Group – Software	3,354	(2,367)	987	11	–	(261)	3,365	(2,628)	737
	3,354	**(2,367)**	**987**	**11**	**–**	**(261)**	**3,365**	**(2,628)**	**737**

2008	Gross Carrying Amount 1 January 2008	Accumulated Amortisation 1 January 2008	Net Carrying Amount 1 January 2008	Current Year additions	Current year impairment charges	Current year Amortisation	Gross Carrying Amount 31 December 2008	Accumulated Amortisation 31 December 2008	Net Carrying Amount 31 December 2008
Parent – Software	3,229	(2,066)	1,163	152	(27)	(301)	3,354	(2,367)	987
Parent – Television Commercials	91	(80)	11	–	–	(11)	91	(91)	–
	3,320	**(2,146)**	**1,174**	**152**	**(27)**	**(312)**	**3,445**	**(2,458)**	**987**
Group – Software	3,229	(2,066)	1,163	152	(27)	(301)	3,354	(2,367)	987
Group – Television Commercials	91	(80)	11	–	–	(11)	91	(91)	–
	3,320	**(2,146)**	**1,174**	**152**	**(27)**	**(312)**	**3,445**	**(2,458)**	**987**

In 2009, there was no impairment of Intangible Assets.
In 2008, two software products with remaining values were replaced and regarded as having no further value.
Accordingly the value of software was impaired by $27,424.

Work in Progress
Expenditures recognised in the carrying amounts of Intangibles in the course of creation were:

	Parent 2009 $000	Parent 2008 $000	Group 2009 $000	Group 2008 $000
Software	11	152	11	152

Notes to the Financial Statements

Note 9

Trade and Other Payables

	Parent		Group	
	Actual 2009 $000	**Actual 2008 $000**	**Actual 2009 $000**	**Actual 2008 $000**
Trade Payables	3,407	3,193	3,554	3,268
Other Payables	2,031	2,104	2,031	2,104
Interest Payable	117	203	117	203
Related Party Payables	1	8	1	8
	5,556	**5,508**	**5,703**	**5,583**

Trade and other payables are non-interest bearing and are normally settled by the 20th of the month following invoice, therefore the carrying value of trade and other payables approximates their fair value.

Note 10

Loans and Finance Leases

Maturity Analysis

2009	Parent		Group	
	Secured Loans $000	**Lease Liabilities $000**	**Secured Loans $000**	**Lease Liabilities $000**
Less than One Year	2,863	709	3,323	709
Later than One Year but not more than Five Years	3,610	352	4,080	352
Later than Five Years	–	–	–	–
	6,473	**1,061**	**7,403**	**1,061**
Weighted Average Interest Rate	7.47%	4.62%	7.79%	4.62%

2008	**Secured Loans $000**	**Lease Liabilities $000**	**Secured Loans $000**	**Lease Liabilities $000**
Less than One Year	2,863	848	2,863	848
Later than One Year but not more than Five Years	6,474	614	6,474	614
Later than Five Years	–	–	–	–
	9,337	**1,462**	**9,337**	**1,462**
Weighted Average Interest Rate	7.86%	7.48%	7.86%	7.48%

The secured loans are secured by a first registered mortgage over the building known as the ALX Block and a Deed of Agreement over the operating grants relating to bulk funding provided by the Ministry of Education.

There were no defaults on loan agreement terms in 2009 or 2008.

Description of Material Leasing Arrangements

CPIT has entered into finance leases for various IT assets. The net carrying amount of the leased items is shown in Note 6.

The finance leases can be renewed at the option of CPIT.

CPIT does have the option to purchase the asset at the end of the lease term. There are no restrictions placed on CPIT by any of the finance leasing arrangements.

Notes to the Financial Statements

Note 11

Employee Benefit Liabilities & Other Provisions

	Parent		Group	
	Actual 2009 $000	**Actual 2008 $000**	**Actual 2009 $000**	**Actual 2008 $000**
Employee Entitlements				
Accrued Pay	185	90	185	90
Annual Leave	2,583	2,158	2,583	2,158
Long Service Leave	181	181	181	181
Retirement Gratuities	503	503	503	503
Sick Leave	140	123	140	123
At 31 December	**3,592**	**3,055**	**3,592**	**3,055**
Current Portion	3,001	2,464	3,001	2,464
Non Current Portion	591	591	591	591
	3,592	**3,055**	**3,592**	**3,055**
Provisions				
Obligation to TEC				
At 1 January	1,714	1,959	1,714	1,959
Additional Provisions made during the year	–	–	–	–
Charged against provision during the year	(475)	(245)	(475)	(245)
Unused amounts reversed during the year	–	–	–	–
At 31 December	**1,239**	**1,714**	**1,239**	**1,714**
Current Portion	475	475	475	475
Non Current Portion	764	1,239	764	1,239
	1,239	**1,714**	**1,239**	**1,714**

In 2003/4, an online computer course was run for which CPIT received bulk funding. An independent evaluation was completed which concluded that 25 per cent of those students who enrolled in the course did not engage or appear to have an intention to engage in the course.

CPIT has, in recognition of the conclusions reached in the independent evaluation, and its integrity as a publicly funded institution, offered to accept certain additional requirements with respect to the funding. This obligation is to be discharged through a mixture of cash payment, and the provision of a scholarship programme. This programme is expected to run for the next four years.

The amount of the provision met each year will depend on the uptake of scholarships, therefore the timing of meeting the obligation is uncertain. The current portion of the obligation reflects the current estimate of the obligation to be met in the following year.

Notes to the Financial Statements

Note 12
Revenue Received in Advance

	Parent		Group	
	Actual 2009 $000	**Actual 2008 $000**	**Actual 2009 $000**	**Actual 2008 $000**
Government Grants	394	23	394	23
Fees Income	5,406	3,752	5,406	3,752
Other Revenue in Advance	852	712	852	712
	6,652	**4,487**	**6,652**	**4,487**
Current Portion	6,652	4,487	6,652	4,487
Non Current Portion	–	–	–	–
	6,652	4,487	6,652	4,487

Notes to the Financial Statements

Note 13

Capital Commitments and Operating Leases

	Parent		Group	
	Actual 2009 $000	**Actual 2008 $000**	**Actual 2009 $000**	**Actual 2008 $000**
Capital Commitments Approved and Contracted	2,017	–	2,017	–
Non Cancellable Operating Lease Commitments				
Property Leases				
Not later than One Year	1,225	1,248	244	1,248
Later than One Year and not later than Five Years	3,825	4,119	303	4,119
Later than Five Years	6,175	7,006	–	7,006
	11,225	12,373	547	12,373
Equipment Leases				
Not later than One Year	335	334	335	334
Later than One Year and not later than Five Years	955	1,299	955	1,299
Later than Five Years	–	–	–	–
	1,290	1,633	1,290	1,633

Description of Material Leasing Arrangements

Property Leases

The property leases can be renewed at the option of CPIT. CPIT does not have the option to purchase the property asset at the end of the lease term. There are no restrictions placed on CPIT by any of the property leasing arrangements.

Equipment Leases

The equipment leases can be renewed at the option of CPIT. CPIT does have the option to purchase the equipment asset at the end of the lease term. There are no restrictions placed on CPIT by any of the equipment leasing arrangements.

Note 14

Contingent Assets and Liabilities

During 2007 and 2008 CPIT received funding from the Crown from the Partnerships for Excellence funding pool. The project has met certain deliverables by 31 December 2009 in order for CPIT to retain the funding.

As all deliverables have been met, this funding has been recognised as a Capital Contribution in Equity.

If all deliverables were not met CPIT would have had a liability to the Crown up to a maximum of $4,694,000.

CPIT are currently awaiting to receive the formal documentation from TEC to officially confirm all deliverables have been met.

If there was a liability owing, this would be required to be repaid on 31 December 2013.

As at 31 December 2009, other than the above, CPIT had no contingent liabilities.

As at 31 December 2008, CPIT had a contingent liability relating to an employment matter with maximum exposure of $4,000.

As at 31 December 2009, there was a contingent asset of up to $190,000 from Christchurch Polytechnic Students' Association subject to CPIT meeting certain conditions.

As specified in the contract, the donation is to be used for goods at the new Student Services Building, Sullivan Avenue.

As at 31 December 2008, there were no contingent assets.

Notes to the Financial Statements

Note 15

Related Party Transactions

Inter-Group Transactions

Christchurch Polytechnic Foundation
Christchurch Polytechnic Foundation is accounted for as a subsidiary of CPIT.

The Foundation runs an annual grants programme for staff, students and projects associated with CPIT, as well as other initiatives which promote education and enterprise in the region.

CPIT has no ownership interest or interest in the net assets of Christchurch Polytechnic Foundation.

CPIT appoints four of the nine trustees of the Christchurch Polytechnic Foundation.

During 2009, CPIT's income included the following transactions with the Foundation.

	2009	2008
Grants	$50,097	$327,083

During 2009, CPIT's expenditure included the following transactions with the Foundation.

	2009	2008
– a lease of B Block	$47,090	$46,096
– a lease of ML Block	$106,735	$106,735

At 31 December 2009, the Christchurch Polytechnic Foundation owed CPIT $25,321.

At 31 December 2008, the Christchurch Polytechnic Foundation owed CPIT $5,232.

CPIT Holdings Ltd, a wholly owned subsidiary of CPIT, was incorporated under the Companies Act 1993 on 26 September 2005.

In 2009 CPIT had no transactions with CPIT Holdings Ltd (2008; no transactions).

At 31 December 2009, neither CPIT or CPIT Holdings Ltd had monies owing to the other.

At 31 December 2008, neither CPIT or CPIT Holdings Ltd had monies owing to the other.

Ōtautahi Education Development Trust
Ōtautahi Education Development Trust is accounted for as a subsidiary of CPIT.

This is the first year that CPIT has consolidated the financials of OEDT.

CPIT appoints three of the six trustees of the Ōtautahi Education Development Trust.

CPIT accepts that for accounting purposes only, the OEDT is a controlled entity under NZ IAS 27.

During 2009, CPIT's income included the following transactions with the Trust.

	2009	2008
Income	$30,783	$675,174

During 2009, CPIT's expenditure included the following transactions with the Trust.

	2009	2008
– a lease of Student Accommodation Block	$481,000	$481,000
– a lease of B Block Car Park	$11,421	$22,996
– a lease of Paxus House	$320,420	$320,420
– a lease of ground for Jazz School Building	$25,755	$25,755

At 31 December 2009, CPIT owed the Trust $1,420 for a half share of parking income.

At 31 December 2008, neither CPIT nor the Trust had monies owing to the other.

Notes to the Financial Statements

Key Management Personnel
A member of the Key Management Personnel of CPIT is a director of Ake Associates Ltd, a member of Te Waka Huruhuru Manu Early Learning Centre, a member of Māori Language Commission, Te Ipukarea (AUT), Te Runanga o Nga Maata Waka and a member of Te Tapuae o Rehua.

During 2009 CPIT was invoiced for supplies provided by Ake Associates Ltd on normal commercial terms in the amount of $390 (2008:$228) Ake Associates Ltd was invoiced $4,522 for the hire of CPIT facilities. (2008:$4,001).

At 31 December 2009, neither CPIT or Ake Associates had monies owing to the other.

During 2009 Te Waka Huruhuru Manu Early Learning Centre invoiced CPIT $2,500 for childcare scholarships.

During 2009 CPIT invoiced Te Waka Huruhuru Manu Early Learning Centre $69,037.

At 31 December 2009, neither CPIT or Te Waka Huruhuru Manu Early Learning Centre had monies owing to the other.

During 2009 Te Tapuae o Rehua invoiced CPIT $55,687 for partner contributions.

At 31 December 2009, neither CPIT or Te Tapuae o Rehua had monies owing to the other.

A member of the Key Management Personnel of CPIT is a council member of the Waitaha Cultural Group.

Waitaha Cultural Group was invoiced $90 during 2009 which is still owing as at 31 December 2009.

A member of the Key Management Personnel of CPIT is a member of Kete 05.

During 2009 CPIT was invoiced $225 for catering.

At 31 December 2009, neither CPIT or Kete 05 had monies owing to the other.

A member of the Key Management Personnel of CPIT is a director of Polytechnics New Zealand Ltd (PINZ).

During 2009, CPIT invoiced PINZ on normal commercial terms the amount of $111,851. At 31 December 2009 PINZ owed CPIT $1,586.

A member of the Key Management Personnel of CPIT is a trustee of Education NZ.

During 2009, Education NZ invoiced CPIT on normal commercial terms the amount of $25,805.

During 2009, CPIT invoiced Education NZ on normal commercial terms the amount of $10,967.

At 31 December 2009 Education NZ was in credit with CPIT by $135.

There were no other parties related to CPIT through Key Management Personnel.

Other Related Parties
CPIT is a member of the Tertiary Accord of New Zealand (TANZ), a separate entity launched in early 2000 as an alliance between six of New Zealand's leading tertiary education institutes, to promote best practice in applied education.

During 2009 TANZ invoiced CPIT $87,750 for membership fees and $140.74 for photocopier rental. During 2009 CPIT invoiced TANZ $591,611 for various services on normal commercial terms.

At 31 December 2009, neither CPIT nor TANZ had monies owing to the other. At 31 December 2008 CPIT owed TANZ $8,410, TANZ owed CPIT $684.95.

There were no other related party transactions.

Key Management Personnel Compensation

	Parent		Group	
	Actual 2009 $000	**Actual 2008 $000**	**Actual 2009 $000**	**Actual 2008 $000**
Council Member Fees	70	88	70	88
Other Key Management Personnel				
Salaries and Other Short-term Employee Benefits	1,564	1,737	1,564	1,737
Post-Employment Benefits	40	24	40	24
Other Long-term Benefits	7	8	7	8
Termination Benefits	87	–	87	–
Total Key Management Personnel Compensation	**1,768**	**1,857**	**1,768**	**1,857**

Key Management Personnel includes all Council Members, the Chief Executive, and all members of the CPIT Management Team.

Notes to the Financial Statements

Note 16

Financial Instrument Risks

CPIT has a series of policies to manage the risks associated with financial instruments. CPIT is risk averse and seeks to minimise exposure from its treasury activities. CPIT has an established Council approved Financial Management policy.

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. As the Parent only engages in non-speculative investment it is not exposed to price risk.

The CPIT Group is exposed to equity securities price risk on its investments, which are classified as financial assets available for sale. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of the investment portfolio.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. CPIT is not exposed to currency risk, as it does not hold financial instruments denominated in foreign currencies.

Interest Rate Risk

The interest rates on CPIT's investments are disclosed in Note 5 and on CPIT's borrowings in Note 9.

CPIT has undertaken a sensitivity analysis of its exposure to interest rate risk on both investments and borrowings.

As interest on investments is recognised as earned the net surplus reported is not sensitive to variability in the prevailing interest rate as at balance date. However if weighted average interest rates on bank deposits throughout 2009 had fluctuated by plus or minus 2%, the effect would have been to increase/decrease the net surplus by $652,000 (2008: $505,000) as a result of higher/lower interest income on bank deposits.

As interest paid on loans is recognised as incurred the net surplus reported is not sensitive to variability in the prevailing interest rate as at balance date. However if weighted average interest rates on borrowings throughout 2009 had fluctuated by plus or minus 2%, the effect would have been to decrease/increase the net surplus by $144,000 (2008: $202,000) as a result of higher/lower interest expense on borrowings.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Borrowing issued at fixed rates exposes CPIT to fair value interest rate risk.

CPIT can only engage in borrowing activities with the approval of the Ministry of Education and has a Debt Management policy designed to ensure debt levels are sustainable and servicing costs are minimised.

Cash Flow 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.

Borrowings and investments issued at variable interest rates expose CPIT to cash flow interest rate risk.

CPIT has a Debt Management policy designed to ensure debt levels are sustainable and servicing costs are minimised.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to CPIT, causing CPIT to incur a loss.

Where appropriate, CPIT undertakes credit checks on potential debtors before granting credit terms. CPIT has no significant concentrations of credit risk in relation to debtors and other receivables.

The Parent invests funds only in deposits with registered banks and its Financial Management policy limits the amount of credit exposure to any one institution to 30% of total investment. The CPIT Group's exposure to credit risk on its investments is managed by diversification of the investment portfolio.

Liquidity Risk

Liquidity risk is the risk that CPIT will encounter difficulty raising liquid funds to meet commitments as they fall due.

CPIT's Financial Management policy allows short term borrowing to be used to manage liquidity/working capital. Such borrowing takes cognisance of cash flow forecasting and any contingencies which may arise and does not exceed the maximum approved by the Minister of Education.

Concentration of Risk

Apart from exposure to movements in interest rates which affect the Group's investments and borrowings, the Group is not exposed to any significant concentration of risk.

Notes to the Financial Statements

Note 17

Fair Value of Financial Instruments
CPIT considers that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- for investments in other companies where quoted market prices are not available and valuation techniques are not appropriate, CPIT has determined fair value using cost less impairment.

Note 18

Capital Management
CPIT's capital is its equity which comprise general funds and revaluation reserves.

Equity is represented by net assets.

CPIT manages its revenues, expenses, assets, liabilities, and general financial dealings prudently.

CPIT's equity is largely managed as a by-product of managing income, expenses, assets, liabilities.

The objective of managing CPIT's equity is to ensure CPIT effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

Note 19

Variances to Budget

Income Statement
Student Tuition Fees were higher than budget due to a higher level of enrolments than was originally anticipated, from both domestic and international students. Overall budget was exceeded by $3.5M.

Other Income exceeded budget in a number of areas to an overall improvement of $2.45M.

The significant areas of improvement were an additional $0.3M in English Language examinations, and income recognising the donation of assets to CPIT from the TradeFit Project. This income, totalling $1.14m, is non-cash and was not included in the budget.

As a result of the increase in enrolments, additional teaching staffing was required, leading to Employee Benefit Expenses exceeding budget by $0.6M.

Balance Sheet
The total of Cash and Cash Equivalents and Other Financial Assets was $13.85m higher than budget.

Total opening cash reserves were $4.9M higher than budget due to improvements in 2008 after the 2009 budget was set.

Capital spending was $3.6M less than budget. $2.2M of this spending has been deferred to 2010, mostly relating to a Student Services building.

Due to higher than usual levels of 2010 enrolments occurring before year end, cash reserves and revenue received in advance were $2.3M higher than budgeted.

The remainder of the improvement in cash reserves relates to the income improvements noted above.

Land and Buildings were $8.6m less than budget. The opening balance was $6m lower than budgeted.

This was primarily due to the 2008 revaluation of land and buildings being lower than expected.

In addition to this, capital spending was under budget and assets were impaired as noted above.

The difference in the 2008 revaluation and 2009 asset impairment resulted in the Asset Revaluation Reserve also being under budget.

Retained Earnings were $10.7M ahead of budget. The opening balance was $4.1M ahead of budget.

The remainder of the improvement in Retained Earnings relates to the income improvements noted above.

Notes to the Financial Statements

Cashflow
Operating cashflow exceeded budget due to the improvements in Tuition Fees and Other Income.

There is a variance in the cash flows from Investing Activities due to not recognising the purchase and sale of short term cash investments in the budget.

Statement of Changes in Equity
Retained Earnings and Asset Revaluation Reserve improved as noted above.

Note 20

Post Balance Date Events
There were no significant events after balance date.

Note 21

Group Financial Statements
For the 2009 year, CPIT has prepared group financial statements incorporating OEDT for the first time.

As this is the first year of application of NZ IAS 27 in respect of this entity, consolidated comparative figures for 2008 have not been prepared.

Assets & Liabilities of OEDT on 1 January 2009 were:

	$000
Cash and Cash Equivalents	616
Land and Buildings	10,849
Plant and Equipment	126
Trade and Other Payables	(5)
Loans and Borrowings	(1,390)
	10,196

Comprising:

Retained Earnings	3,598
Asset Revaluation Reserve	6,598
	10,196

Statement of Service Performance 2009

1 Retention

First year qualification level attrition for Level 4 certificates and Level 5-7 diplomas, degrees, and graduate diplomas.

Performance indicator:	Rate of attrition
Performance target:	<58%
Performance achievement:	59.39%

Note: 'Attrition' measures the number of students enrolled in 2008 in the first year of a programme at or above Level 4 of more than one year who did not continue in that programme in 2009.

Outcome:	Not achieved

2 Higher Qualifications

Proportion of EFTS for Level 4 certificates and Level 5-7 diplomas, degrees, and graduate diplomas.

Performance indicator:	Proportion of total EFTS
Performance target:	>70%
Performance achievement:	72.30%

Note: 'Total EFTS' includes 3,699 EFTS generated by domestic students enrolled in programmes at or above Level 4.

Outcome:	Achieved

3 Completions

Successful course completion rates for Level 4 certificates and Level 5-7 diplomas, degrees, and graduate diplomas.

Performance indicator:	Completion rate
Performance target:	>80%
Performance achievement:	82.9%

Note: 'Completion' reports successful completion (that is, finished and passed) in courses at or above Level 4.

Outcome:	Achieved

4 Foundation

Increase in the proportion of EFTS enrolled in courses focused on literacy, language, and numeracy skills.

Performance indicator:	Proportion of total EFTS
Performance target:	>12%
Performance achievement:	27.73%

Note: 'Foundation' means all programmes that award a qualification at Levels 1-3.

Outcome:	Achieved

5 Under 25 Completions

Successful course completion rates for trade, technical, and professional Level 4 certificates and Level 5-7 diplomas, degrees, and graduate diplomas for students aged under 25.

Performance indicator:	Completion rate
Performance target:	>80%
Performance achievement:	82.02%

Note: 'Students aged under 25' measures students under 25 on 1 July (the date used for other sector reports).

Outcome:	Achieved

Statement of Service Performance 2009

6 Organisational Sustainability

Achieve all QRP Stage 3 Business Transformation targets based on TEC contract.

Performance indicator:	Eleven targets
Performance target:	All targets achieved
Performance achievement:	Nine targets achieved

Note: Two targets were not achieved but did not influence the overall achievement of the intended outcomes of the Business Transformation Plan.

Outcome:	Achieved overall expected outcomes ahead of schedule.

7 Regional Facilitation Role

Regional Statement of Canterbury's Tertiary Education Needs Gaps and Priorities updated and improved covering groups omitted in the initial process.

Performance indicator:	Updated Statement submitted.
Performance target:	Statement submitted by September 2008.
Performance achievement:	Regional Statement Update submitted to the Tertiary Education Commission in July 2009.
Outcome:	Achieved

8 Evidenced-based Technology Development and Transfer

Implement specific initiatives which actively support links with industry that focus on applied technological development.

Performance indicator:	CPIT R&D and TT Centre established. Three R&D projects achieved.
Performance target:	Centre established by December 2008. Three R&D projects by 2009.
Performance achievement:	Encouraging and Supporting Innovation (ESI) funding was granted for the project *ITP Applied Research and Technology Development and Transfer New Zealand-wide Network – Innovating NZ.* The first Advisory Board member of Innovating New Zealand has been appointed. Development of the website is at the 'wireframes' stage with some content pages complete. The expert data collection form for use in populating the website has been designed. Data collection from two ITPs is complete and is in progress in another ITP. Discussion with Business New Zealand to develop a common portal to three business facing web sites; Manufacturing NZ, Knowledge HERE and INZ is progressing.

Note: The three R&D projects scheduled for 2009 have been postponed until completion of the website in March 2010 and will form a part of the beta testing of the system.

Outcome:	Partially achieved

Statement of Resources

as at 31 December 2009

	Gender	Non Teaching	Management	Teaching FT	Total
Executive	F	8.2	2.8		11.0
	M	1.8	2.0		3.8
		10.0	**4.8**		**14.7**
Academic Quality	F	39.3	1.0		40.3
	M	11.8			11.8
		51.1	**1.0**		**52.1**
Corporate Services	F	42.4			42.4
	M	59.1	1.0		60.1
		101.5	**1.0**		**102.5**
Human Resources	F	21.5	1.0		22.5
	M	2.8			2.8
		24.3	**1.0**		**25.3**
Marketing	F	12.7	1.0		13.7
	M	5.1			5.1
		17.8	**1.0**		**18.8**
Commerce	F	24.6	1.0	42.3	67.9
	M	6.6		44.9	51.5
		31.2	**1.0**	**87.2**	**119.4**
Creative Industries	F	15.6	1.0	31.9	48.5
	M	14.2		43.8	58.1
		29.8	**1.0**	**75.7**	**106.6**
Health, Humanities & Science	F	32.0		113.5	145.4
	M	5.0	1.0	42.0	48.0
		37.0	**1.0**	**155.5**	**193.4**
Te Puna Wānaka	F	2.6	0.2	1.8	4.6
	M	3.5		3.3	6.8
		6.1	**0.2**	**5.1**	**11.4**
Trades Innovation	F	12.6	1.0	2.5	16.1
	M	15.0		76.7	91.7
		27.6	**1.0**	**79.2**	**107.8**
Total	F	211.5	9.0	191.1	412.4
	M	124.8	4.0	210.7	339.5
	Total FTES	**336.3**	**13.0**	**401.8**	**751.9**

Note: Individual figures have been rounded to one decimal point.

Statement of Resources

as at 31 December 2009

	Allied Staff		Management	
	FTES	**%**	**FTES**	**%**
Female	211.5	62.9	9.0	69.1
Male	124.8	37.1	4.0	30.9
Total	**336.3**	**100.0**	**13.0**	**100.0**

	Academic Staff		Total Staff	
	FTES	**%**	**FTES**	**%**
Female	191.9	47.7	412.4	54.8
Male	210.7	52.3	339.5	45.2
Total	**402.6**	**100.0**	**751.9**	**100.0**

Note: Only those managers who report directly to the CEO are included in the 2009 Management FTES.

Land & Buildings

Land area owned by CPIT	17.58	Ha
Land area leased by CPIT	1.14	Ha
Buildings owned by CPIT	73,418	square metres gross floor area
Buildings leased by CPIT	5,576	square metres gross floor area

Media Assets

TV frequency, channel 52 (718-726 mHz)

Radio frequency, FM (96.1 mHz)

Artworks Collection

The CPIT Artworks Collection comprises 185 catalogued items including paintings, prints, photographs, 3-dimensional works and craftworks. Three works were accessioned to the Collection in 2009. The majority of the works in the Collection are on display throughout the Institute in areas where the works are safe and light levels are not excessive.

Library Collection

Printed books	57,919
Electronic books	440
Printed serial titles	689
Electronic serial titles	21,299

AUDIT NEW ZEALAND

Audit Report

To the readers of
Christchurch Polytechnic Institute of Technology and group's
financial statements and performance information
for the year ended 31 December 2009

The Auditor-General is the auditor of Christchurch Polytechnic Institute of Technology (the Polytechnic) and group. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Polytechnic and group for the year ended 31 December 2009.

Qualified opinion – Comparative information

The Otautahi Education Development Trust (the Trust) is a subsidiary of the Polytechnic in terms of New Zealand International Accounting Standard 27: Consolidated and Separate Financial Statements (NZ IAS 27). The audit opinion on the group financial statements for the year ended 31 December 2008 was qualified because the group did not include the financial position and results of operations and cash flows of the Trust. This is a departure from NZ IAS 27, which requires an entity that has one or more subsidiaries at its reporting date to prepare consolidated financial statements for the group, comprising the parent and all of its subsidiaries, in accordance with that standard. The Trust has been included in the group financial statements for the first time for the year ended 31 December 2009. As a consequence, the group comparative financial statements for 2008 do not comply with NZ IAS 27.

In our opinion, except for the non-compliance with NZ IAS 27 outlined above which only relates to the comparative information:

- the financial statements of the group on pages 31 to 63:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the group's financial position as at 31 December 2009; and
    - the results of operations and cash flows for the year ended on that date.

In our opinion:

- the financial statements of the Polytechnic (the parent) on pages 31 to 63:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the parent's financial position as at 31 December 2009; and

- the results of its operations and cash flows for the year ended on that date.

- the performance information of the Polytechnic and group on pages 64 to 65 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 21 April 2010, and is the date at which our opinion is expressed.

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

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. However, the scope of our work was limited because of the non-compliance with NZ IAS 27 in the comparative information.

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

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. We were unable to determine whether there are material misstatements in relation to the non-compliance with NZ IAS 27 in the comparative information because the scope of our work was limited, as we referred to in our opinion.

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

Audit procedures generally include:

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

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We did not obtain all the information and explanations we required because of the non-compliance with NZ IAS 27 in the comparative information, as explained above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Polytechnic and group as at 31 December 2009. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2009. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

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

Independence

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

In addition to the audit, we have carried out an assignment in performing an audit of the Chief Executive Officer's declaration on the performance-based research fund external research income for 2008, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Polytechnic or any of its subsidiaries.

I Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Equal Educational Opportunities

Section 181 of the Education Act 1989 requires TEI Councils to encourage the greatest possible participation in tertiary education by the communities they serve and to ensure that their institution does not discriminate unfairly against any person. Section 220 of the Act calls for an account of the extent to which unnecessary barriers have been eliminated or avoided and of the development of programmes to attract students from groups which are under represented or disadvantaged.

The requirement for TEIs to have a Charter was repealed in December 2007. In its place CPIT developed its Kaupapa – Guiding Philosophy. The Kaupapa commits to Manaakitanga, Mana Atua, Mana tangata, Mātauranga, Mana whenua – Respect, Excellence, Accountability, Learning, and Connection. Manaakitanga includes the commitment to respect all the people who make up the communities of Canterbury working with them confidently, openly, equitably, and sensitively.

Some actual results in areas of equal educational opportunity are:

	2006	2007	2008	2009
Māori students enrolled	6.8%	6.9%	7.1%	7.7%
Pacific Island students enrolled	1.8%	1.9%	2.1%	2.4%
Students with declared disability enrolled	4.3%	3.9%	3.9%	3.6%

Note: Statistics New Zealand Census 2006 showed the following:
7% of the Canterbury population listed themselves as Māori;
2% of the Canterbury population listed themselves as Pasifika.
17% of New Zealanders reported a disability.

Governance

The Constitution gazetted in April 2008 provides for members drawn from the communities served by CPIT including students, staff, employers, trade unions, Ngāi Tahu, other iwi, people with disabilities, the Pacific Islands communities, and the local Asian communities. In December 2009, the Education (Polytechnics) Amendment Act was passed and changes the constitution of councils in the ITP sector. Councils will be made up of eight members, four of whom will be appointed by the Minister for (tertiary) Education including the Chair and Deputy Chair and four of whom will be appointed by the council based on a statute or statutes created by the council. Reconstitution day will be the 1 May 2010.

Targeted Funding

CPIT received targeted funding and special grants totalling $1.25 million from the Tertiary Education Commission to assist with providing courses in Adult Literacy Educators, English for migrants and refugees, adult and community education, and special services or additional staffing to address the needs of Māori and Pacific peoples, tertiary students with disabilities, and students with severe disabilities.

Māori and Pasifika

Kia ora koutou katoa.

2009 was an exciting year of many challenges and changes for Māori and Pasifika at CPIT. We saw the establishment of our new Pasifika positions for Pasifika recruitment and community engagement and Pasifika pastoral support. Our Pasifika language courses were developed and delivered over the year and this was a positive start as we embark on new delivery and engagement of our Pasifika kaupapa.

We also celebrated the successful delivery of the first year of our new degree, the Bachelor of Language (Māori) which has been a long and rewarding process for Te Puna Wānaka. With growing student numbers and the new degree offering new opportunities, we are finding our reach in to whānau more effective than before and are seeing the effects starting to emerge from the strategy of Whānau Transformation through Education.

Te Puna Wānaka benefited by way of academic engagement and technological developments through our role in the Ipukarea initiative hosted by the Auckland University of Technology (AUT). One project that emerged from that relationship in 2009 was the pilot delivery of a Master of Arts programme through the video conferencing network between Victoria University of Wellington and AUT which was a great success.

New initiatives such as the 'iwi off', which supports Māori from outside of the Ngāi Tahu territory to come and learn about their own tribal songs and practices proved incredibly successful, with participants from all ages exceeding 300 people for some of the events. We embarked on a new community engagement initiative through the Community Max scheme which saw the employment of 16 Māori and Pasifika youth and two supervisors, to work on a range of projects to support the community.

Of significant importance for the Institution has been the development of the Māori Exemplar tool in 2009 which has been designed specifically for CPIT to help support academic and allied staff across all faculties and divisions. The tool is now ready to be piloted in 2010 and we are excited about this new initiative.

2009 also saw the approval of the Bilingual Signage Project for CPIT that will see a staged transition from monolingual to bilingual signage in Māori and English across CPIT.

Equal Educational Opportunities

Tertiary Students with Disabilities
Enrolled students self-declared the following impairments (some students declared more than one impairment):

Hearing	54
Vision	41
Mobility	36
Speech	12
Reading/writing/learning	107
Other	373

Disability Services were accessed by 235 students of whom 175 were eligible for disability-related support. This included four deaf students who received New Zealand Sign Language interpreter support to participate in courses. Tertiary students with disabilities successfully completed 65% of the assessed courses they enrolled in. Some students withdrew without completing while others are either continuing in courses or were enrolled in courses which did not lead to a formal qualification.

The Disability Services Coordinator continued to work with the other Christchurch coordinators particularly in providing peer support and sharing resources.

Learning Services
The Learning Services team continued to focus on supporting students to manage their own study, and to develop the academic skills they require to complete their course work successfully. This has been achieved through the provision of seminars, contextualised classes, the PASS and Peer Support Scheme, one to one appointments as well specialised maths support. Learning resources to support students have been made available in a range of formats. Learning advisors have provided support for students within a number of institutional initiatives, eg the Tertiary Taster Scheme, Youth Guarantees and embedded literacy and numeracy. Additionally, learning support services at the Sullivan Avenue campus have been extended and a Saturday service instigated at the City campus. By the end of 2010 all learning advisors will have completed the 'Words Add Up' professional development in literacy and numeracy.

Preparation for Tertiary Education
This area encompasses Starting Point, where Foundation students can be assessed and assisted to put together a pathway programme of study that will assist them to enter their chosen target programme; the Words Add Up embedding literacy and numeracy project; the Youth Guarantees Scheme for 16 and 17 year olds introduced by the Government in 2009 and starting in 2010, and Adult and Community Education. All of these services aim to enhance opportunities for entry to and success in tertiary study.

Starting Point supports students to plan their pathway programme using the Certificate of Proficiency (COP) six months and Certificate in Foundation Studies (CiFS) full year programmes. The Certificate of Proficiency (COP) and Certificate in Foundation Studies (CiFS) programmes include generic English and writing skills, academic study skills, and specific vocational content knowledge or experience for entry to the chosen programme. Most Faculties offered some preparatory, bridging or transitional courses designed to prepare students to study in more advanced programmes.

26.3% of all EFTS delivered were in foundation level or preparatory programmes ('foundation' for this indicator means all programmes that award a qualification at Levels 1-3).

The CPIT project Words Add Up is part of the national initiatives to raise the literacy and numeracy of the New Zealand workforce. During 2009 the main thrust of the Words Add Up project was a 15 day professional development programme for 80 staff who teach in Level 1-3 programmes. This is continuing in 2010 and by 2011 the embedding of literacy and numeracy will be a part of usual business at CPIT.

During 2009 CPIT was allocated 134 EFTS for Youth Guarantee students – all places must be full time. CPIT elected to offer pathways in Engineering, Construction, Hospitality, Business and Computing and Health and Social Services.

CPIT also offers a wide range of courses through adult and community education that provide learners with the opportunity to try the tertiary learning environment without the pressure of formalised assessment. These open entry courses include learning outcomes which students measure for themselves – for example, asking "How have I developed?" in New Outlook for Women or the satisfaction of a completed piece of furniture in Furniture Making. These successes assist the development of confidence in participants for learning in an adult setting. In 2009 the Government announced changes to adult and community education which will impact on CPIT in 2011.

Gender
In 2009, 50.4% of enrolled students were women.

Financial Assistance to Students
CPIT's Scholarships Office administered a large number of targeted scholarships and awards. Nearly $25,000 was disbursed as Polytechnic Assistance Grant Study Awards, a scheme which was developed out of the Hardship Funds of the early 1990s. Information about scholarships and awards is made available through a booklet and on the CPIT website.

Equal Educational Opportunities

LIFT is an initiative involving CPIT, all the Linwood schools, the Canterbury Development Corporation and others including the Tindall Foundation and the Community Trust. LIFT fees scholarships are provided to students who have been at Linwood College for more than two years. CPIT paid $438,000 in LIFT Scholarships in 2009.

Eliminating Harassment
Information about harassment was included in the Student Handbook making it explicit that discrimination, harassment, or intimidation were unacceptable types of behaviour and that the Harassment Complaint Procedure applies to all CPIT staff, students, and visitors.

Childcare
CPIT continued to provide on-campus childcare facilities to support the education opportunities of parents and caregivers with pre-school children.

Zero Tuition Fees
Zero tuition fees were offered for a number of computing courses, courses in Te Reo, and in some community courses. The reduction in student fees increased accessibility for people who might otherwise not have entered tertiary education or training.

Staff Development
Four orientation days for new staff were held and attended by 52 staff members. These days include basic information about Māori education and awareness of students with impairments. Two introductory level Treaty Awareness programmes were offered to staff and were attended by 38 staff members.

Certificate in Adult Teaching modules on Cultural Issues for Learning were offered. These courses are designed to enhance teaching practice with the aim of increasing the success of learners from a wide range of cultural backgrounds.

A workshop for staff on Islam Culture was attended by 23 people.

National Certificate in Work and Community Skills
This full time programme was offered to meet the particular needs of people who have an intellectual disability but who show motivation to acquire new work and improved social skills. In 2009 there were 25.22 EFTS in the programme. This equates to more than 25 students as some study part time. Among other disabilities, the students live with aspergers syndrome, autism, vision impairment, mobility issues, health problems, plus severe communication difficulties. CPIT was also approached to be part of the Steering Committee for the MOE funded Lead Schools Transition project for transitioning students with disabilities into further study and/or the workplace.

Equal Employment Opportunities

In 2009 we reviewed our EEO Policy and Plan. A decision was made by Management Team to discontinue reporting on KPI's in favour of a plan that focused efforts on our Workforce Diversity and particularly to increase staff awareness around some of the critical EEO issues of diversity, biculturalism and flexible working practices. Business Transformation activities have been a priority focus for CPIT over the past two years and a renewed focus on the development activities in the EEO Plan are a priority for 2010 and beyond.

In response to the revised plan and recent legislation, guidelines were developed around flexible working arrangements for breastfeeding in the workplace. Provision has been made for appropriate spaces on both CPIT sites for women to undertake breastfeeding if required.

The Workload Policy was redeveloped in 2009. Underlying principles are concerned with the workload being safe, equitable, reasonable and specific to an individual's circumstances. All staff and managers may access the Workload planning packages via the staff intranet if there are concerns with manageable workloads.

CPIT committed to reviewing job-share arrangements with a view to increasing their use and effectiveness as a vehicle for flexibility. Currently there are only two job share arrangements, one of which is a management position.

CPIT continues to offer a number of options for staff to increase awareness of biculturalism and internationalisation. Treaty Awareness Workshops are encouraged for all new staff, and many current staff attend the Advanced Treaty course. Internationalisation Workshops are offered to staff as lunchtime seminars and these will continue in 2010. This is a particular focus area for 2010 as our numbers of international students and staff increases.

CPIT supports the Mainstream Programme of supported employment for people with disabilities or rehabilitating following an illness or injury. This is part of the ongoing commitment to a diverse workforce and will be a focus for 2010 and beyond and is a particular challenge for the organisation in times of high unemployment.

CPIT remains committed to offering staff a number of wellness activities, yoga, staff fitness, City to Surf sponsorship and sponsored corporate challenges will continue to be offered and supported in 2010 and beyond.

Workplace Diversity

CPIT's commitment to a diverse workforce and EEO will continue with a multiculturalism and ethnic diversity focus. Regular monitoring of CPIT diversity data has highlighted that the ethnic diversity numbers of our staff remain relatively static and under the guidelines suggested by the EEO Trust. 2009-2010 will see a focus on reviewing how CPIT engages with our ethnic communities through our recruitment and selection activity.

Initial focus will be on our Māori and Pacific Island staff/community groups with plans to include an Other Non European/Pakeha ethnicities plan in 2010. The aim is to increase the diversity of CPIT's workforce through review of our current approach and frameworks. Where applicable we will investigate and adopt methods to further foster partnerships with our internal and external ethnic group stakeholders.

Through this process we seek to establish:

- whether CPIT is inclusive of diverse cultures
- whether Managers believe diversity is important
- whether and how CPIT promotes and advances diverse talent

It is anticipated that strategies and frameworks agreed as part of the Māori and Pacific Island focus may be adapted to allow for review of other areas of diversity including the gender profile of CPIT staff and employment of disabled people. A diverse workforce can help to improve recruitment, retention and productivity and also reflects the business of CPIT (our client base).

Quality Assurance

The Government, as part of the tertiary education reforms, has moved to put in place an evaluation-based Quality Assurance system that focuses on outcomes and, in particular, student learning and aspects that contribute to learning, such as quality of teaching. This system requires firstly, that ITPs demonstrate capability in self-assessment, and the use of the results of self-assessment in decision making for improvement. The second part of the system involves periodic (4 yearly) external evaluation and review, where judgements about the ITP's capability at self-assessment and educational performance will be made by external evaluators. Both parts involve answering six key evaluation questions:

1 How well do learners achieve?
2 What are the valued outcomes for the key stakeholders, including learners?
3 How well do programmes and activities match the needs of learners and stakeholders?
4 How effective is the teaching?
5 How well are learners guided and supported?
6 How effective is governance and management in supporting educational achievement?

CPIT was one of four ITPs who participated in an NZQA trial to test the effectiveness of the new evaluation system, which allowed us to inform system development and has placed us well for implementation over the next four years.

From the Mid Term Quality Review in September 2009, ITP Quality endorsed CPIT's Quality Assured status. CPIT received five commendations from this review, three of these included: The well conceived transition plan from audit to evaluation; the extent of 'buy in' to the evaluative system; and the development of an Annual Programme Evaluation and Review (APER) for all programmes.

Student Surveys

CPIT encourages students to give feedback on what is done well and what needs improvement. This is achieved in several ways, the most formal being an annual institute-wide survey.

The Student Experience Survey aims to find out about students' experience and how they rate their programme, quality of teaching, various services and CPIT as a whole. This is done towards the end of each year of each programme.

In 2009 there were two main changes to the Student Experience Survey:

1 **The questions were systematically revised to more closely align with NZQA's six key evaluative questions (KEQs).**

There have been significant changes in the way that the academic performance of any tertiary institution is assessed. The focus has changed from one of assessing against prescribed national standards to one of continuous self evaluation and improvement. In assessing the Institution's ability to self-manage responses are sought to six key questions.

In some cases the questions asked of students remained as they were in previous years but there were also some changes and additions both to the questions and to the sequence in which they were presented to students. The survey has been simplified and it will offer information that has a clear relationship to the KEQs.

2 **The survey was offered online for the first time.**

The survey was available online to all students at CPIT using the Unit Command Climate Assessment and Survey System (UCCASS). Students were able to login using their CPIT login, thus automatically selecting the correct programme or programmes in which they were enrolled.

The system worked well after some isolated issues in the early stages. Improvements to the survey format and results will continue as students are surveyed in 2010.

The following steps were taken to provide the most useful and valid picture of student perception:

- Rather than using the traditional sampling process, the goal is to survey students in all programmes leading to a qualification. Classes were booked into computer suites in class time to ensure as high a return rate as possible.
- As a consistency check, survey results are compared with other information collected about the same/similar programmes. In 2009 data relating to all aspects of programme delivery was collected across the institution for inclusion in Annual Programme Evaluation Reports (APER) which will be completed in 2010. Survey results were collected and collated therefore all aspects of programme delivery can now be compared to the results as a part of the annual review of programmes.

Analysis and reporting were handled as follows:

- Survey completions were calculated by comparing the number of enrolled students (taken from Jasper – the CPIT Student Management System) with the number of students completing the online survey. Student completions are reported by programme and summarised by faculty.

  The calculation of completion rates pre 2009 was made from information on paper copies of the survey cover sheet and has at times provided a misleading result because the number of enrolled or attending students was significantly under reported. This resulted in reported survey completion percentages that were higher than was actually the case.
- An overall report, including recommendations for improvement, is produced by the Academic Division and distributed to Management Team, Academic Board, Heads of School, other senior managers and the Students' Association.

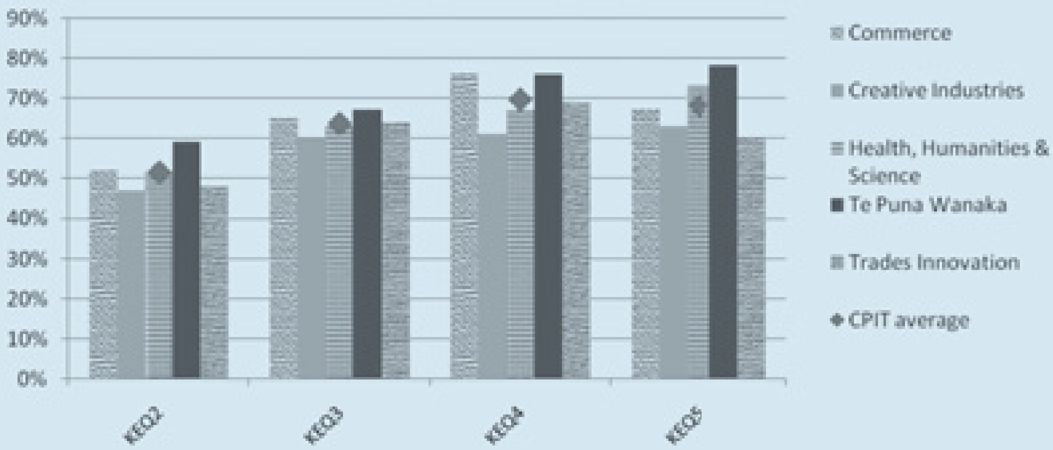
Survey Results

The main findings from the 2009 Student Experience Survey are:

- 10.2% of enrolled students, participated in the survey. (1,767 students out of 17,289 enrolled students).
- Survey completions are slightly lower than in 2008 (2008 completions: 14% of enrolled students, 2009 completions: 10.2% of enrolled students). The downward trend in survey completions may be a result of the change to the mode of delivery. If this is the case, a rise in rates is expected. Regardless of the reasons, CPIT student survey rates are too low and a strong focus will be given to improving this rate in 2010.
- The process of developing and delivering a new Student Experience Survey at CPIT is continually evolving and improvements are already being made to the survey delivery and reporting as a result of feedback from 2009.

Comparisons with survey results collected prior to 2009 cannot be made due to changes in the number and type of questions. Results are grouped with responses aggregated according to KEQs. The percentages represent those students that were 'satisfied' or 'very satisfied' with this aspect of their experience at CPIT.

Student Satisfaction Levels by Faculty



	KEQ2: Outcomes for the key stakeholders, including learners	**KEQ3:** Activities match the needs of learners and stakeholders	**KEQ4:** Effective Teaching	**KEQ5** Learners guided and supported
CPIT average	52%	64%	70%	68%
Commerce	52%	65%	76%	67%
Creative Industries	47%	60%	61%	63%
Health, Humanities & Science	52%	63%	67%	73%
Te Puna Wānaka	59%	67%	76%	78%
Trades Innovation	48%	64%	69%	60%