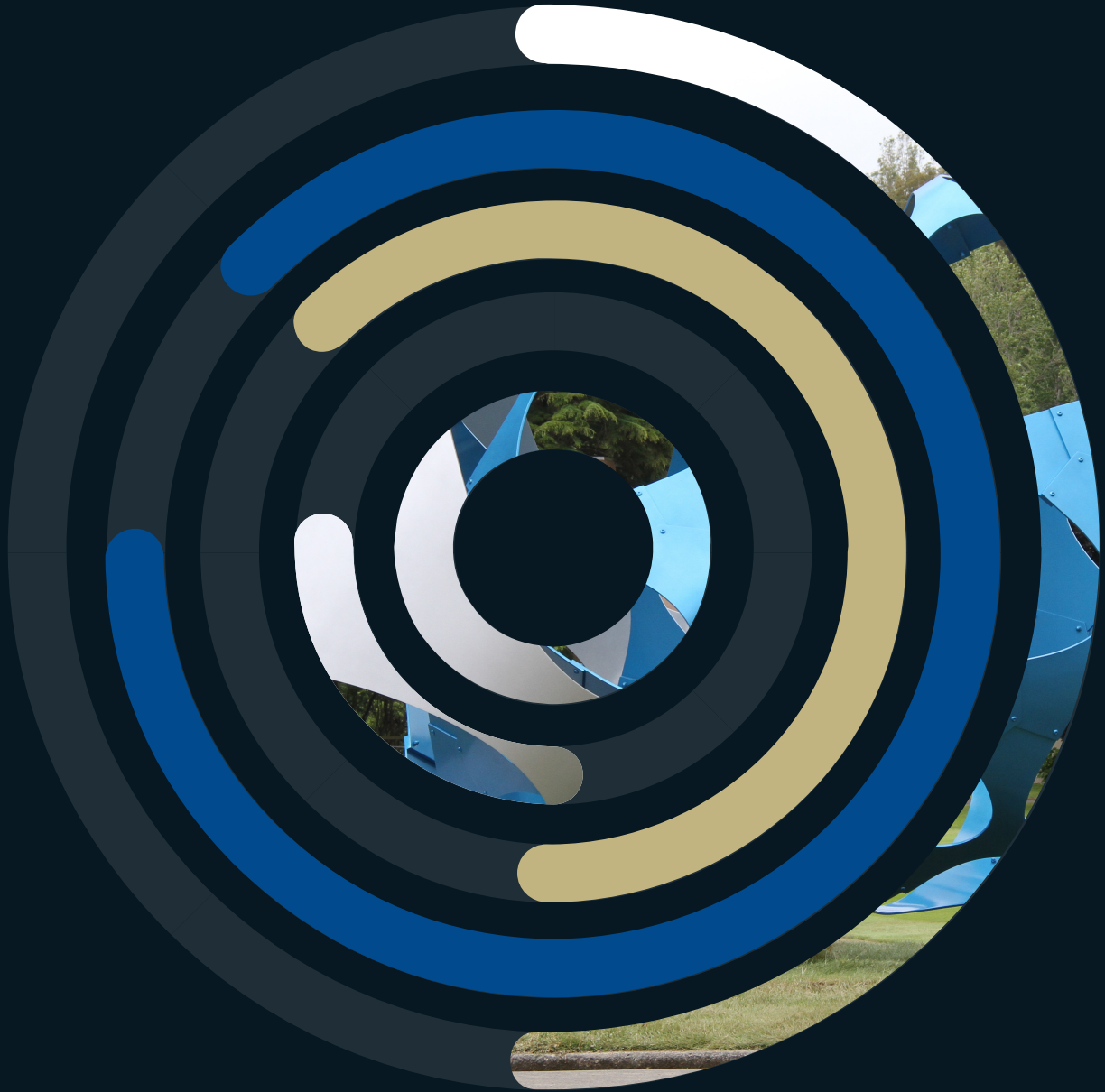

ANNUAL REPORT 2014

Te Ara Whakamua
New Zealand's Defining University





Binary by Chiara Corbelleto, at the Manawatū campus, one of four sculptures unveiled in heritage year

VISION TE PAE TAWHITI

To be New Zealand's defining university and a world leader in higher education and scholarship.

Kia hapai ake i te rau tāngata ki te toi o angitu.

MISSION TE PAE TATA

To define the future of our nation and to take the best of New Zealand to the rest of the world.

Kia arataki i te motu kia kawe i ona painga ki te ao whanui

VALUES NGA UARA

Create, Innovate, Connect.

Kia auaha, kia hihiri, kia hono.

CONTENTS

The seven big goals for Massey University	4
From the Chancellor	6
From the Vice-Chancellor	8
Governance and management	13
Directory	15
Financial review	16
Statement of responsibility	18
Independent Auditor's report	19
Statement of comprehensive income	22
Statement of changes in equity	23
Balance sheet	24
Statement of cash flows	25
Notes to and forming part of the financial statements	27
Compulsory student services fees	69
Statement of service performance	70
Appendices	83

THE SEVEN BIG GOALS FOR MASSEY UNIVERSITY

Nga tino whaingā o te kōwhiri ki pūrehuro



RESEARCH AND SCHOLARSHIP

TE RANGAHAU ME TE UMANGA

To promote the highest standards of research and scholarship, be a world leader in our areas of specialisation and support active engagement with, and participation in, knowledge exchange to ensure that the intellectual capital we generate is used to best advantage.

Kia kounga rawa atu te mahi rangahau me te pūwānanga, kia tū hei kaiarataki matua mō tā mātou e matatau ai me te tautoko i te whakawhiti mātauranga e hua mai ai ko ōna painga.

TEACHING AND LEARNING

TE WHAKAAAKO ME TE AKO

To ensure an exceptional and distinctive learning experience at Massey for all students.

Kia kounga, kia motuhake hoki te wheako o ngā ākongā katoa ki Te Kunenga ki Pūrehuroa.

CONNECTIONS

TE KOTUITUI

To strengthen our connections with tangata whenua and local, national and international partners and stakeholders, creating mutual benefits.

Kia kaha ake te tūhono ki ngā iwi, ki ngā hoa mahi, ā-rohe, ā-motu, o te ao whānui hoki, kia tipu tahi ai ngā painga.

INTERNATIONALISATION

TE AO WHANUI

To extend our reach so that we operate worldwide as New Zealand's defining international university.

Kia whātoro atu ngā ringaringa a Te Kunenga ki Pūrehuroa ki te ao whānui hei kanohi mō Aotearoa.

RESPONSIBILITY

TE ARONGA MANAAKITANGA

To enhance our reputation as New Zealand's defining university by contributing to an understanding of – and innovative responses to – social, economic, cultural and environmental issues, including those that affect tangata whenua.

Kia hāpaitia te mana o Te Kunenga ki Pūrehuroa hei kanohi mō Aotearoa mā te hihiri o te whakaaro ki ngā take pāpori, ohaoha, ahurea, taiao, tae atu hoki ki ērā ka pā atu ki ngā tangata whenua o te motu.

GENERATING INCOME

TE WHAKATIPU RAWA

To significantly increase our income and improve our financial position to allow for more investment to enable the University to achieve its goals.

Kia kaha te whakatipu rawa me te whakapai ake i te tahua e whakangao ai te whare wānanga kia whakatutuki wawata.

ENABLING EXCELLENCE

KIA TUAWHITI

To provide the best working and academic environment for our staff and students.

Kia noho te whare hei whare whakahira mō ā mātou kaimahi me ngā ākongā.

FROM THE CHANCELLOR

In 2014 Massey University celebrated 50 years as a fully-fledged stand-alone University, and 21 years since our Auckland campus was established at Albany.

This is my first report as Chancellor, but my connection with Massey extends for much of that history. I have been a Council member since 2005 and am a proud Massey veterinary science graduate.

Massey celebrated its jubilee on all campuses. It also had another successful year. We welcomed 6300 graduates into our alumni family, most of them crossing the stage at capping ceremonies in Auckland, Manawatū and Wellington in April, May and November. We now have more than 126,000 alumni around the world.

Massey also had a strong year financially. The University achieved above-budget revenue and net profit and maintained the momentum that we have been building throughout this decade as we address the challenges for education in the 21st century.

Notwithstanding the above, the operating environment of the University continues to be challenging. The significant majority of the University's revenue comes from domestic students (EFTS).

In this regard, there are Government constraints on student numbers and the funding we receive for those students both from the Government and from fees. This is in an environment of ongoing cost increases, not the least of which are salaries for staff, which need to remain internationally competitive.

This means that the only growth areas of any significance are in international students and revenue from commercial activities.

Going forward a number of initiatives are planned, including the ongoing growth of the Massey Worldwide project, which we launched in February to establish a single banner for our international education initiatives that will see us not only bring students to New Zealand but also take teaching and research overseas, either physically with our people travelling to impart knowledge or online using our world-leading distance education programme – or a blend of both. Examples to date include partnering with businesses to meet specific training requirements (Qatar Airlines, McDonalds).

Other highlights were the launch of our new strategy, *Shaping the Nation and Taking the Best to the World*. Subtitled *The Road to 2025*, the strategy sets out how Massey University intends to contribute to the future and to the big issues that face the global community.



A series of infrastructure projects was approved, including the refurbishment of the Veterinary Tower at Manawatū, which will ensure ongoing accreditation with North American veterinary universities. Refurbishment and strengthening work continued on the historic Sir Geoffrey Peren Building, which is due to reopen at the end of 2015. At Albany, the student accommodation block was largely completed during the year and was ready to house up to 292 students from semester one 2015. At Wellington all buildings have been seismic strengthened, the School of Public Health has been relocated to the campus and the Library has undergone a major expansion and refurbishment.

During the year we held two special graduation ceremonies, both in Wellington. The first was in April at the Mary Potter Hospice, where a PhD in health sciences was conferred on Dr Jan Kramer, 73, who had been diagnosed with terminal cancer while working on his thesis, which he completed. It was a poignant but proud occasion for those of us who attended along with Dr Kramer's family. He died just three months later, on July 4.

The second special ceremony was a far more celebratory occasion. In November, we conferred a Doctor of Literature (Honoris Causa) on Madame Peng Liyuan, the First Lady to the President of the People's Republic of China, Xi Jinping, during their visit to New Zealand.

Looking forward, there are both challenges and opportunities. Implementing new modes of remote learning, ensuring that domestic EFTS are achieved and funding the planned capital spend will be challenging. However, the rolling out of Massey Worldwide and realising the new strategy present significant opportunities.

My thanks to the members of the University Council, Vice-Chancellor Steve Maharey and all the University staff for their outstanding contributions to our success and Massey's recognition as the engine of the new New Zealand.

Chris Kelly
Chancellor

FROM THE VICE-CHANCELLOR

Massey University celebrated a Heritage Year in 2014. We marked 50 years as a university, 50 years of food technology, the Fergusson Hall's 50th year and 21 years since the establishment of our Auckland campus at Albany.

It was an opportunity to reflect on how much has been achieved, and how much we have changed and grown, and to reconnect with graduates, former staff and other stakeholders from around the world who are part of the Massey story.

It was also a year in which we renewed our focus on the future with the launch of our updated strategy, called *Shaping the Nation and Taking the Best to the World – The Road to 2025*. A key plank of delivering the strategy, Massey Worldwide, was also launched as a platform that will enable Massey to assist in the Government's goal of significantly increasing income from international education.

We completed the first stage of the integrated Massey curriculum, enhancing our academic profile through the launch of a new retail degree, the development of a new Creative Media Production degree and new majors in Māori agribusiness, zoology, chemistry, marine sciences and engineering and innovation management.

We also redesigned two of our signature degrees, the Bachelor of Arts and the Bachelor of Business Studies, both in close consultation with employers, graduates and current students

to ensure that those qualifications meet the needs of a rapidly changing world. Our health science degree was also redesigned, again with a future focus, and, significantly, our veterinary programme received global re-accreditation.

Four research centres were launched during the year – Pacific Research and Policy, the New Zealand Seedbank for Indigenous Flora, the AL Rae Centre for Quantitative Genetics, and the Massey Agricultural Experiment Station. We received a total of \$5.5 million in new Government investment to fund research done by our staff and \$5.1 million in Marsden Fund grants.

Infrastructural developments continued across all campuses, the most significant of them being: the student accommodation village at Albany, which will provide 292 beds in 2015; the complete refurbishment and seismic strengthening of the historic Sir Geoffrey Peren Building at Manawātū, due for completion before the end of 2015; and the completion of all required seismic strengthening at the Wellington campus, combined with major enhancements to the campus Library and the School of Public Health.

KEY EVENTS IN THE YEAR:

Finance 2014, held in partnership with the Auckland Chamber of Commerce in February, was the fifth successful gathering of key staff in the Massey Business School with business leaders from the Auckland region and business



and political news media to hear a scene-setting economic address from the Minister of Finance, Hon Bill English.

In March, we again held the Defining Excellence Awards at the Auckland War Memorial Museum, where we celebrated the achievements of our alumni and of our leading research, teaching and professional staff.

In April, for the second year running, Massey was ranked as the New Zealand education's sector's most attractive employer brand and 11th overall in the Randstad Awards, which base rankings on a survey of 7000 New Zealanders.

In the same month we also launched the second stage of our "Engine of the new New Zealand" brand campaign, which focuses on the qualities of the University's students – challenging, problem-solving, empowering, inspiring, exploring, game-changing and many variations. The feedback has been overwhelmingly positive and has assisted in effective student recruitment, growing enrolments and strong brand recognition.

In June School of Psychology student Mary Fisher, who won four medals at the London Paralympics in 2012 and five golds at the IPC Swimming World Championships, was named Wellington Sportswoman of the Year.

In July Bachelor of Applied Sciences in Agriculture graduate David Kidd won the ANZ Young Farmer Contest. Mr Kidd, from Helensville,

was Massey's Agriculture Student of the Year in 2005.

New Zealand's 238-member Commonwealth Games team to Glasgow included 70 current and past Massey students. Seventeen of them brought home a total of 20 medals, which was close to half the nation's total of 45 for the games.

In August the Government announced plans to lease from Massey part of the Museum Building at the Wellington campus to allow a World War I commemorative exhibition to be curated by filmmaker Sir Peter Jackson.

Massey students and staff were heavily involved in the general election, encouraging voter participation and commenting on the issues with weblogs, opinion columns and news media interviews. Master of Design student Meg Howie created a website called Ask Away to connect people with political parties' policies as part of the College of Creative Arts' Design and Democracy project. Another online tool was On the Fence, designed by student Kieran Stowers.

In September we brought together more than 300 people for a two-day hui at the Auckland campus called Te Pae Roa 2040, where pathways for Māori economic and social development in the coming 25 years were discussed. Te Pae Roa was a sequel, 20 years on, to the Hui Taumata, Māori Economic Summit convened by the former Minister of Māori Affairs Hon Koro Wetere in 1984.

In November at Wellington, China's First Lady Madame Peng Liyuan was conferred with a Doctor of Literature (Honoris Causa) at a ceremony in the College of Creative Arts building. This was in recognition of her outstanding international contribution to the performing arts and public service in international health and education programmes. The occasion received huge international media attention and helped to cement Massey's longstanding ties with China's industry, government and universities.

In December we celebrated the annual Māori book awards, Ngā Kupu Ora, at Te Papa in Wellington. The awards were established in 2009 to recognise great Māori literature and to mark Te Wiki o Te Reo, Māori Language Week.

UNIVERSITY HIGHLIGHTS AND ACHIEVEMENTS

The Auckland campus celebrated 21 years since establishment at Albany in 1993.

The construction of the first on-campus student accommodation commenced, with all apartments and studio apartments fully subscribed by the start of 2015, and was completed in time for semester one.

Community engagement in the Auckland region was enhanced with a Gandhi exhibition during Diwali festival week and the start of monthly Japanese film screenings.

As part of the Heritage Year celebrations at Manawatū campus the refurbished Tiritea House was opened as the Alumni and Heritage Centre.

We also launched The Wheat From the Chaff, a retrospective of the almost 80-year history of the Manawatū campus's well loved and sometimes notorious student newspaper CHAFF.

On all three campuses we unveiled heritage sculptures to mark the jubilee. These were selected by campus arts committees to reflect the unique identities of the campuses and provide a lasting legacy. Auckland's takes the form of a giant chicken wing called The Golden Promise, by Reuben Paterson, Manawatū has Binary, by Chiara Corbelleto, and Wellington has Poutaha, by Filipe Tohi. In addition, at Auckland a second sculpture was commissioned to mark the 21st anniversary – Vaporous Sculptural Act, by Dane Mitchell.

The Wildbase Recovery Community Trust fundraising project was launched in August, with Minister of Conservation Dr Nick Smith announcing a \$90,000 grant on behalf of the Department of Conservation. The Wildbase Recovery Centre will be built and owned by the Palmerston North City Council and co-managed by Massey's Institute of Veterinary, Animal and Biomedical Sciences with support from the Department of Conservation, Rotary and Rangitāne o Manawatū.

The Centenary History of New Zealand and the First World War project, a joint venture between Massey, the New Zealand Defence Force, the Ministry for Culture and Heritage and the Returned Services Association, led by Professor Glyn Harper, delivered a raft of key events to mark the anniversary of the start of World War I.

In Wellington we successfully moved several departments of the College of Health from the Adelaide Road building to refurbished rooms on the main campus, and we expanded and remodelled the Library and amalgamated the Centre for Teaching and Learning into the precinct.

Ten Massey University-led research projects received research funding worth more than \$5.1 million from the Government's Marsden Fund.

In October Massey University was selected to host the Government's new Food Safety Science and Research Centre, which will receive \$5 million in funding to deliver food safety research.

In November Distinguished Professor Peter Schwerdtfeger was announced as the recipient of New Zealand's most prestigious science award, the Royal Society's \$100,000 Rutherford Medal.

In December it was announced that a collaborative housing and health research team, which includes five Massey University staff as leaders or members, had won New Zealand's most valuable award for scientific achievement, the \$500,000 Prime Minister's Science Prize. Professor Chris Cunningham, from the Research Centre for Māori Health and Development at the Wellington campus, and Albany-based Professor Robyn Phipps, from the School of Engineering and Advanced Technology, are co-directors of the He Kainga Oranga/Housing and Health Research Programme, while Dr Mikael Boulic (School of

Engineering and Advanced Technology), Angela Coffey and Dr Hope Tupara (both Research Centre for Māori Health Development) are team members.

COLLEGE OF CREATIVE ARTS HIGHLIGHTS

The School of Design was ranked fourth in the Asia Pacific by global design organisation Red Dot, up from 11th placing two years previously and the highest ranking of any Australasian design school.

Fashion design graduate Sean Kelly won the American television fashion reality show *Project Runway*.

College business unit Open Lab worked with visual communication design graduates Kieran Stowers and Meg Howie to design online web tools that encouraged young people's voter interest in the 2014 general election.

Approval was received for the Bachelor of Creative Media Production programme to start in 2015 as part of the new School of Music and Creative Media Production.

COLLEGE OF HEALTH HIGHLIGHTS

The college celebrated its first year as a stand-alone faculty. It also celebrated 50 years of Food Technology and created the Institute of Food Science and Technology, headed by Distinguished Professor Harjinder Singh. Professor Singh is also Head of the School of Food and Nutrition, which works alongside the Riddet Institute, of which he is co-director.

Six new research centres were funded for development, and a new professional practice centre – the Nutrition and Dietetics Centre – was established at the Auckland campus.

Professor Richard Archer was awarded the New Zealand Institute of Food Science and Technology's most prestigious honour, the JC Andrews Award.

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES HIGHLIGHTS

The college appointed Associate Professor Richard Shaw as its Bachelor of Arts Director (External Connections) to champion the changes made under its review and revitalisation of the BA.

College Pro Vice-Chancellor Distinguished Professor Paul Spoonley, along with Dr Shaw, were key speakers at the New Zealand forums hosted by Massey at Auckland and Wellington to map out the nation's direction. They attracted a high level of engagement and interest from business, news media and government.

The launch of the Pacific Research and Policy Centre at Manawatū and Auckland positions Massey University as a leader in research for, by and about Pacific communities.

Creative writing marked a major breakthrough, with Massey taking on editorship under Dr Jack Ross and publication of *Poetry New Zealand*, the premier poetry journal. Other notable writing successes for staff included best-seller status for novels by Dr Thom Conroy (*The Naturalist*) and Dr Tina Makereti (*Where the Rekohu Bone Sings*).

Professor Stuart Carr, from the School of Psychology, was made a Research Fellow by the Royal Society of New Zealand in recognition of his 25-year contribution to understanding the impacts of workplace dynamics on global poverty and poverty reduction.

An agreement was signed with the prestigious Max Planck Institute for the Study of Religious and Ethnic Diversity in Germany for a study involving Auckland, Johannesburg and Singapore on the impacts of increasing diversification in global cities.

The college also received \$5.5 million in funding from the Ministry of Business, Innovation and Employment for a joint project with University of Waikato researchers on diversity in New Zealand.

COLLEGE OF SCIENCES HIGHLIGHTS

Professor Barry Scott received a Humboldt Research Award from Germany's Humboldt Foundation.

The annual Schwabe Symposium for global disease control was held in Chicago in honour of Professor Emeritus Roger Morris.

Professor Hugh Blair received China's Xinjiang Oasis Friendship Award

Professor Yusuf Chisti received an Engineering Alumni Achievement award.

Distinguished Professor Paul Rainey was appointed Chair of the Chinese Academy of Sciences' Einstein Professorship Programme.

Distinguished Professor Gaven Martin became the Royal Society of New Zealand Vice-President – physical sciences, mathematical sciences, technology and engineering.

Twinning projects were established with Indonesia's University of Mataram and Sri Lanka's University of Peradeniya to alleviate poverty by applying Massey's expertise in animal science, food technology and agriculture.

A \$5.13 million Primary Growth Partnership contract was signed with farm products' manufacturer Ravensdown and the Ministry for Primary Industries to develop precision fertiliser applications for hill country.

The Bachelor of Veterinary Science programme received global re-accreditation.

Several high-quality research centres were established or continued, including the Massey Agricultural Experiment Station (formerly the research farms), a new Equine Veterinary Clinic, a Collaborating Centre in Veterinary Epidemiology and Veterinary Public Health, a Centre for Animal Welfare Science and Bioethical Analysis, a Centre for Additive Manufacturing, and a Centre for IT.

MASSEY BUSINESS SCHOOL

The new Bachelor of Business and Retail Management was backed by The Warehouse Group through the funding of the Sir Stephen Tindall Chair in Retail Management, the school's first endowed chair. Associate Professor Jonathan Elms was recruited to lead the new retail programme.

The customised Master of Business Administration programme for Qatar Airways staff completed its first successful year, with the cohort enjoying the first of two study tours to New Zealand in November, laying the foundation for a long-lasting relationship with the airline.

Massey journalism students continued to dominate national awards. Chloe Winter took out the Bruce Jesson Emerging Journalism Award for 2014, making her the fourth Massey graduate to win the award since its inception in 2009.

The school was also proud to maintain its top 100 global QS ranking in accounting and finance and its continued strong growth in international enrolments.

The School of Communication, Journalism and Marketing opened a digital media village.

ACKNOWLEDGEMENTS

I acknowledge the support of the University staff and the University Council and in particular Chancellor Chris Kelly, who played a leading role in many of the extra activities for which we called upon him in our Heritage Year. The governance of the University is in excellent hands.

Steve Maharey
Vice-Chancellor

GOVERNANCE AND MANAGEMENT

UNIVERSITY COUNCIL MEMBERS

Chancellor

Chris Kelly, MVSc, MACVSc

Pro-Chancellor

Michael Ahie, BBS (Hons)

Vice-Chancellor

Steve Maharey, CNZM, BA, MA (Hons)

Members appointed by the Minister of Education

Michael Ahie, BBS (Hons)

Dr Helen Anderson, QSO, PhD Cantab, CRSNZ, F.Inst.D (appointed June 25, 2014)

Colin Harvey, ONZM, BAgSc, BCC Auckland

Alastair Scott, BBS (resigned April 28, 2014)

Ben Vanderkolk, LLB Canterbury

Elected member of academic staff

Associate Professor Grant Duncan, MA, PhD Auckland

Elected academic staff of the Academic Board

Professor Tony Signal, BSc, PhD Adelaide

(resigned November 16, 2014)

Professor Cynthia White, BA (Hons), PhD,

DipTESL Wellington

Elected member of general staff

Fiona Coote, GradDipBusStuds (BusLaw),

DipArts (Hist)

STUDENT MEMBERS

APPOINTED BY COUNCIL

Elected by Māori students

Nitika Erueti-Satish

Elected by distance students

Ralph Springett, MA, BA (Hons),

CertAdultEd (until April 25, 2014)

Elected by internal students

Liam Tait (appointed April 26, 2014)

Elected members from the Court of Convocation

Lesley Whyte, JP, MBA, M.InstD

Bruce Ullrich, OBE, BCom Canterbury, MBA, ACA,

FInstD

Council appointees on the nomination

of the Vice-Chancellor

Chris Kelly, MVSc, MACVSc

Dr Russ Ballard, CNZM, MAgSc,

PhD Florida, FNZIM

Kura Denness, MBA, CA

Ian Marshall BCom Natal, CA,

CASA (appointed October 9, 2014)

Massey University Council 2014, from left: Kura Denness, Professor Cynthia White, Colin Harvey, Nitika Erueti-Satish, Steve Maharey, Ben Vanderkolk, Dr Russ Ballard, Chris Kelly, Ian Marshall, Dr Helen Anderson, Fiona Coote, Bruce Ullrich and Michael Ahie
 Inserts: Associate Professor Grant Duncan, Alastair Scott, Professor Tony Signal, Liam Tait, Lesley Whyte



SENIOR LEADERSHIP TEAM MEMBERS

Vice-Chancellor

Steve Maharey, CNZM, BA, MA (Hons)

Deputy Vice-Chancellor

Professor Robert Anderson – Sciences, ONZM,
MAgrSc, PhD Cornell, DDA, FNZIAS

Pro Vice-Chancellors (Colleges)

Business – Professor Theodore (Ted) Zorn,
BA Charleston, MA Kentucky, PhD Kentucky

Creative Arts – Professor Claire Robinson,
BA (Hons) Wellington, BDes Wellington
Polytechnic/Wellington, PhD

Health – Professor Paul McDonald, BA (Hons)
Waterloo, MA Western Ontario, PhD Waterloo,
FRSPH, MRSNZ

Humanities and Social Sciences – Distinguished
Professor Paul Spoonley, MA Otago, MSc Bristol,
PhD, FRSNZ

Sciences – Professor Robert Anderson, ONZM,
MAgrSc, PhD Cornell, DDA, FNZIAS

Assistant Vice-Chancellors

External Relations – Cas Carter, BSocSc Waikato,
MA Wellington

Māori and Pasifika – Dr Selwyn Katene,
BA (Hons), MA, MPM Wellington, PhD

Operations, International and University
Registrar – Stuart Morriss, MPP Wellington,
BAgrSc, DipBusStuds

People and Organisational Development –
Alan Davis, LLB Canterbury, MBA Wellington

Research, Academic and Enterprise –
Professor Brigid Heywood, BSc (Hons)
Manchester, PhD Liverpool

Strategy, Finance, IT and Commercial Operations –
Rose Anne MacLeod, BCom Auckland, MBA, CA,
FCPA

OFFICERS OF THE UNIVERSITY

Chancellor

Chris Kelly, MVSc, MACVSc

Pro-Chancellor

Michael Ahie, BBS (Hons)

Vice-Chancellor

Steve Maharey, CNZM, BA, MA (Hons)

University Registrar

Stuart Morriss, MPP Wellington,
BAgrSc, DipBusStuds

Members of the 2014 Senior Leadership Team, from left: Professor Robert Anderson, Distinguished Professor Paul Spoonley, Rose Anne MacLeod, Stuart Morriss, Steve Maharey, Alan Davis, Professor Paul McDonald, Professor Claire Robinson, Dr Selwyn Katene, Professor Ted Zorn, Cas Carter and Professor Brigid Heywood.



DIRECTORY

BANKER

Bank of New Zealand

AUDITOR

Audit New Zealand
on behalf of the Auditor-General

VALUER

Quotable Value New Zealand Limited

LEGAL ADVISERS

Buddle Findlay, Wellington
Cooper Rapley, Palmerston North
Russell McVeagh, Wellington
Andrea Craven, Palmerston North
Kensington Swan, Wellington
Davenport Harbour Lawyers, Auckland
AJ Park, Wellington

INSURERS

Vero Insurance New Zealand Limited
Zurich Australian Insurance Limited
Allianz New Zealand Limited
Catlin Australia Pty Limited

INTERNAL AUDITOR

PricewaterhouseCoopers

FINANCIAL REVIEW 2014

Introduction

The consolidated surplus for Massey University and its controlled entities (the group) in 2014 was \$9.1 million, a return of 2.03% on revenue. This is a great result given the reduction in domestic student numbers during the year and the constrained domestic funding environment. Massey University continued to successfully grow international student fee revenue in a highly competitive market both domestically and internationally. A strong contribution from the Massey University Foundation Trust (the University's fundraising arm) has also improved the consolidated surplus. Close management oversight of operating expenditure resulted in a significant amount of the group's outperformance on consolidated revenue contributing directly to the group surplus.

Commentary

Consolidated revenue was ahead of 2014 budget and prior year actual, despite the softening of domestic student numbers. International student numbers have continued to rise, with fee income increasing by \$4.5 million from 2013. This is a reflection of the strength of Massey University's reputation globally and the successful execution of its internationalisation strategy. In addition, the group exceeded its non-student fee revenue budget as a result of performance improvements in areas such as treasury management, resulting in strong investment returns, higher student completion rates and significant increases in non-teaching related activities which were not matched by commensurate increases in cost.

Strong management oversight of operating spend, along with ongoing procurement initiatives, resulted in overall cost increases during 2014 of less than 1%.

Financial Health

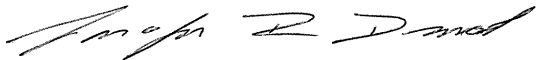
The group continues to have a very strong balance sheet with assets of \$1.2 billion, and liabilities of \$0.2 billion.

The table below sets out a number of the key TEC measures that are used to monitor the financial health of tertiary institutions. With the exception of the surplus measure, the University meets or exceeds these measures. The group continues to target the achievement of a 3% surplus as part of its strategy.

Measure	TEC Target	Group
Operating Surplus ¹	3 – 5%	2.03%
Net cash flow from operations ²	111 – 113%	118.9%
Liquid funds ratio (liquidity) ³	8 – 12%	25.27%
Ability to Service Debt ⁴	3 – 6:1 times	9.83 : 1 times
Debt to debt plus equity ⁵	0 – 7.5%	1.3%

- ¹ Surplus as a percentage of total revenue
- ² Cash inflow from operations to cash outflows from operations
- ³ Liquid resources to cash outflow from operations
- ⁴ Earnings before interest to interest paid
- ⁵ Total debt to total debt plus equity.

The achievement, and in some instances outperformance, of the non-surplus ratios demonstrates the group's continued financial strength and sustainability. The group's balance sheet places it in a strong position to continue to enable Massey University to take the best to the world.



Carolyn Dimond
Chief Financial Officer

STATEMENT OF RESPONSIBILITY

In the financial year ended 31 December 2014, the Council and management of Massey University were responsible for:

- the preparation of the group financial statements, statement of service performance, and the judgements used therein; and
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Massey University the financial statements and statement of service performance for the financial year fairly reflect the financial position and operations of Massey University and the group.



Chris Kelly
Chancellor



Steve Maharey
Vice-Chancellor

17 April 2015

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

TO THE READERS OF
MASSEY UNIVERSITY AND GROUP'S
FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

The Auditor-General is the auditor of Massey University (the University) and group. The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the University and group on her behalf.

We have audited:

- the financial statements of the University and group on pages 22 to 68, that comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the University and group in the statement of service performance on pages 70 to 82.

Opinion

In our opinion:

- the financial statements of the University and group on pages 22 to 68:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the University and group's:
 - financial position as at 31 December 2014; and
 - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the University and group on pages 70 to 82 fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2014.

Our audit was completed on 17 April 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University and group's preparation of the financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

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

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

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

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

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, we have carried out an assurance engagement providing a report on the University's Performance-Based Research Fund external research income and research overhead recovery rate certification. This engagement is compatible with those independence requirements.

Other than the audit and this engagement, we have no relationship with or interests in the University or any of its controlled entities.



Clare Helm

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated			University		
		Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Operating Revenue							
Government Grants	2, 3	181,632	187,342	185,462	180,298	184,667	182,760
Student Fees	3	149,394	156,703	145,061	148,813	155,338	143,856
Interest	3	4,538	2,452	4,195	4,456	2,389	4,110
Charges for Services	3	107,046	98,488	105,798	106,450	88,433	106,100
Trust Funds	3, 28	5,852	4,337	4,491	1,426	1,361	1,410
Other Gains	3, 4	1,250	-	119	3,059	-	119
Total Operating Revenue		449,712	449,322	445,126	444,502	432,188	438,355
Operating Expenses							
Staff-Related Costs	2, 5	263,441	255,896	254,861	261,155	248,678	251,390
Depreciation and Amortisation	2, 6	48,245	50,355	46,079	48,192	50,260	45,980
Other Direct Costs	2, 8	125,636	133,645	132,828	126,059	125,175	131,866
Finance Costs	7	1,034	842	1,038	1,034	842	1,038
Trust Funds	28	2,468	1,853	1,970	1,979	1,307	1,242
Total Cost of Operations		440,824	442,591	436,776	438,419	426,262	431,516
Share of Associate's Surplus		246	-	-	-	-	-
Surplus for the Year		9,134	6,731	8,350	6,083	5,926	6,839
Other Comprehensive Income							
Increases in Property Revaluation	26,27	105,077	-	-	105,077	-	-
Other movements in Revaluation Reserves	26,27	(474)	-	(1,046)	(474)	-	(1,046)
Net gain on available for sale assets	4	55	-	471	55	-	471
Total Other Comprehensive Income for the Year		104,658	-	(575)	104,658	-	(575)
Total Comprehensive Income for the Year		113,792	6,731	7,775	110,741	5,926	6,264

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated			University		
		Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Equity as at 1 January	27	949,464	948,439	941,689	945,105	944,872	938,841
Comprehensive Income							
Surplus		9,134	6,731	8,350	6,083	5,926	6,839
Other Comprehensive Income		104,658	-	(575)	104,658	-	(575)
Total Comprehensive Income for the Year		113,792	6,731	7,775	110,741	5,926	6,264
Equity as at 31 December	27	1,063,256	955,170	949,464	1,055,846	950,798	945,105

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	Consolidated			University		
		Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
ASSETS							
Current Assets							
Cash and Cash Equivalents	13	50,661	26,709	32,388	48,296	24,112	29,632
Trade and Other Receivables	14	26,006	31,587	26,685	25,916	31,896	26,854
Inventories	15	1,431	1,500	1,537	1,427	1,500	1,537
Biological Assets - Livestock	16	3,405	3,400	3,265	3,405	3,400	3,265
Other Financial Assets	18	46,197	20,500	58,909	44,766	20,500	58,162
Derivative Financial Assets	39	78	-	-	78	-	-
Non-Current Assets Held for Sale	19	-	80	65	-	80	65
Total Current Assets		127,778	83,776	122,849	123,888	81,488	119,515
Non-Current Assets							
Investment in Associates	40	721	-	-	-	-	-
Trade and Other Receivables	14	-	125	-	-	125	-
Other Assets	17	-	-	-	19,473	-	18,955
Other Financial Assets	18	25,565	23,048	22,248	2,373	21,346	2,364
Biological Assets - Forestry	16	718	670	804	718	670	804
Property, Plant and Equipment	20	1,064,279	993,988	945,250	1,064,255	993,076	944,397
Intangible Assets	21	14,117	-	10,164	14,117	-	10,164
Total Non-Current Assets		1,105,400	1,017,831	978,466	1,100,936	1,015,217	976,684
Total Assets		1,233,178	1,101,607	1,101,315	1,224,824	1,096,705	1,096,199
LIABILITIES AND EQUITY							
Current Liabilities							
Trade and Other Payables	22	39,863	26,197	27,402	39,471	25,770	26,847
Borrowings	23	708	709	664	708	709	664
Employee Entitlements	24	17,213	19,047	17,058	17,193	19,000	17,004
Receipts in Advance	25	62,203	52,030	58,373	61,671	52,000	58,251
Total Current Liabilities		119,987	97,983	103,497	119,043	97,479	102,766
Non-Current Liabilities							
Borrowings	23	13,135	13,135	13,843	13,135	13,135	13,843
Employee Entitlements	24	35,084	34,526	33,718	35,084	34,500	33,692
Receipts in Advance	25	1,716	793	793	1,716	793	793
Total Non-Current Liabilities		49,935	48,454	48,354	49,935	48,428	48,328
Total Liabilities		169,922	146,437	151,851	168,978	145,907	151,094
Equity	27	1,063,256	955,170	949,464	1,055,846	950,798	945,105
Total Liabilities and Equity		1,233,178	1,101,607	1,101,315	1,224,824	1,096,705	1,096,199

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated			University		
		Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash was provided from:</i>							
Government Grants		186,691	190,337	186,208	185,586	182,004	183,460
Student Income		152,395	149,434	146,678	151,174	147,788	145,149
Other Income		106,594	110,677	113,549	105,507	109,670	114,187
Interest on Operating Income		5,194	6,039	4,144	5,112	5,942	4,057
Trust Funds		4,923	2,401	2,699	1,724	880	882
		455,797	458,888	453,278	449,103	446,284	447,735
<i>Cash was applied to:</i>							
Payments to Employees and Suppliers		382,568	402,765	390,028	379,915	389,270	385,602
Net GST Movement		(268)	-	29	(385)	-	41
Interest Paid		1,030	988	1,038	1,030	988	1,038
		383,330	403,753	391,095	380,560	390,258	386,681
Net Cash Flow from Operating Activities	9	72,467	55,135	62,183	68,543	56,026	61,054
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash was provided from:</i>							
Withdrawal of Investments		149,572	131,382	98,758	149,130	131,032	97,360
Sale of Fixed Assets		1,951	4,300	1,009	1,951	4,300	1,009
		151,523	135,682	99,767	151,081	135,332	98,369
<i>Cash was applied to:</i>							
Purchase of Investments		136,707	105,677	111,196	133,321	105,500	107,378
Sale of Subsidiary		1,902	-	-	-	-	-
Purchase of Fixed Assets		66,568	85,731	53,891	66,539	85,673	53,756
		205,177	191,408	165,087	199,860	191,173	161,134
Net Cash Flow from Investing Activities		(53,654)	(55,726)	(65,320)	(48,779)	(55,841)	(62,765)

The accompanying notes form part of these financial statements.

	Consolidated			University		
	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash was provided from:</i>						
Loans Repaid by subsidiary	53	-	110	53	-	72
Loans Repaid	-	-	-	208	-	-
	53	-	110	261	-	72
<i>Cash was applied to:</i>						
Purchase of shares in subsidiaries	-	-	-	768	-	-
Advances to subsidiaries	-	-	-	-	396	393
Loans Repaid	664	664	620	664	664	620
	664	664	620	1,432	1,060	1,013
Net Cash Flow from Financing Activities	(611)	(664)	(510)	(1,171)	(1,060)	(941)
Net Increase/(Decrease) in Cash Held	18,202	(1,255)	(3,647)	18,593	(875)	(2,652)
Net Foreign Exchange Gain/(Losses)	71	-	(101)	71	-	(101)
Cash Brought Forward	32,388	27,964	36,136	29,632	24,987	32,385
Ending Cash Carried Forward	13	50,661	26,709	48,296	24,112	29,632

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

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1. Statement of Accounting Policies

THE REPORTING ENTITY

Massey University (the “University”) was established as a university under the Massey University Act 1963 (founding legislation).

These financial statements have been prepared in accordance with the Crown Entities Act 2004 and section 220 of the Education Act 1989. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The University comprises the following areas of significant activity for teaching, research and community service:

Colleges of:

- Business;
- Creative Arts;
- Health;
- Humanities and Social Sciences; and
- Sciences.

The group consists of the University and its controlled entities, the Massey University Foundation Trust (100% owned), Massey Global Limited (100% owned), Massey Ventures Limited (100% owned), and E Centre Limited and MUSAC Limited (both 100% owned by Massey Ventures Limited). Massey Ventures Limited also owns 60% of Synthodics Limited. The reporting entity includes the afore mentioned group, New Zealand School of Music (a joint venture 50% owned by the University was sold on 30 June 2014), Agri One Limited (a joint venture 50% owned by the University) and associates owned by Massey Ventures Limited - New Zealand Vet Pathology (35.58%) and Consumer Insights Limited (39.98%). MVL also has investments in Magritek Holdings Limited (11.04%), Polybatics Limited (14.76%), BioLumics Limited (4.51%) and Anzode Inc. (USA) (4.2%).

The University and its controlled entities were established as tertiary education providers and researchers. Accordingly, the University and its controlled entities have designated themselves as public benefit entities. All applicable public benefit entity exemptions have been adopted.

The financial statements of the University and group are for the year ended 31 December 2014. The financial statements were authorised for issue by Council on 17 April 2015.

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis except for the following assets carried at fair value: financial instruments designated at fair value through profit and loss, financial assets available for sale, financial instruments held for trading, non-current receipts in advance, biological assets, investment property and the revaluation of certain property, plant and equipment.

ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial performance and financial position have been applied:

A) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the University and all subsidiaries as of and for the period ended 31 December 2014.

The University consolidates as subsidiaries in the consolidated financial statements, using the purchase method, all entities where the University has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full. Corresponding assets, liabilities, revenues, expenses and cash flows are added together on a line-by-line basis.

Any joint venture the University has an interest in is accounted for using the proportionate method of consolidation.

The University accounts for an investment in an associate in the group financial statements using the equity method.

The University's investments in its subsidiary and associate companies are held at cost.

At the end of each financial year the University assesses whether there is any impairment of its investments in subsidiary and associate companies and any impairment is written off to expenses in surplus or deficit.

B) Budget Figures

The budget figures are those approved by the Council at the end of the year prior to the financial year.

The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements. The budget figures have not been audited.

C) Allocation of Overheads

Administrative and indirect teaching and research costs are allocated to significant activities on the basis of total equivalent full-time students (EFTS) in each college. Exceptions to this rule are allocated on the following basis:

- i. Facilities Management – by floor space;
- ii. Recreation Centre – by internal full-time students;
- iii. Student Services – by internal equivalent full-time students;
- iv. Annual leave – by general staff numbers for general staff and from academic department leave records for academic staff.

D) Revenue

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

Revenue from the sale of goods is recognised when the products are sold to the customers.

Government grants are recognised as income upon completion of services for which the grant was made. Where obligations are attached to a Government grant, a liability is recognised. Once the obligation is discharged, the Government grant is recognised as revenue.

Student fees are recognised as revenue throughout the period of course completion.

Interest income is recognised using the effective interest method.

Trust funds include interest and donations of a capital nature and are recognised as income when money is received, or entitlement to receive money is established.

Income for research that is externally funded is recognised in the Revenue Disclosure (see Note 3) as "Charges for Services" on a percentage of completion basis. Research funds relating to incomplete portions of externally funded research activities at year end are included in the balance sheet as "Receipts in Advance".

E) Foreign Currencies

Both the functional and presentation currency of the University and the group is New Zealand dollars (NZ\$), rounded to the nearest thousand dollars. Transactions in foreign currencies are translated into NZ\$ using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date.

F) Cash and Cash Equivalents

Cash and cash equivalents represent funds held to meet short-term commitments and include cash in hand, deposits held at call with the bank, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

G) Trade and Other Receivables

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

A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts according to the original terms of the receivables.

H) Inventories

Inventories are valued at the lower of cost (using the first-in first-out basis) or net realisable value. All consumables are charged directly to expenditure.

I) Biological Assets

Biological assets are valued at fair value less estimated costs to sell, and agricultural produce is valued at fair value less estimated costs to sell at point of harvest. All consumables are charged direct to expenditure. Fair value is the market value at balance date.

J) Property, Plant and Equipment

i. Valuation

Asset Category	Valuation	Last Valuation
Land and buildings	Quotable Value New Zealand Limited	31 December 2014
Leasehold improvements	Quotable Value New Zealand Limited	31 December 2014
Equipment and furniture	Valued at historical cost	

Asset Category	Valuation	Last Valuation
Computers and research equipment	Valued at historical cost	
Motor vehicles	Valued at historical cost	
Aircraft	Valued at historical cost	
Library collection	Valued at historical cost	

Land is valued at fair market value on the basis of highest and best use.

Buildings (which include land improvements and reticulated services) are valued at fair market value or depreciated replacement cost.

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

Where the fair value of an asset can be determined by reference to the price in an active market for the same asset or a similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be reliably determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.

The Optimised Depreciated Replacement Cost (ODRC) begins with assessing the replacement cost of the assets at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design. The balance of the replacement cost less all forms of obsolescence and over-design represents the fair value of the asset.

Highest and Best Use is defined as the most probable use of the asset that is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to the asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Additions between valuations are recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or services potential associated with the item will flow to the University and group and the cost can be reliably measured.

Capital work in progress is valued on the basis of expenditure incurred and certified gross progress claim certificates up to balance date. The level at which individual assets are capitalised as property, plant and equipment is \$2,000.

ii. Depreciation

The depreciation rates used in the preparation of these statements are as follows:

Asset Class	Depreciation Rate	Method
Buildings	1% - 7%	Straight line
Leasehold improvements	Lesser of 10% or life of lease	Straight line
Equipment and furniture	5% - 33%	Straight line
Computers and research equipment	25%	Straight line
Motor vehicles	20% - 25%	Straight line
Aircraft	6%	Straight line
Library collection (current use)	10%	Straight line

Land, permanently retained library collections, art collections and archives are not depreciated.

Leasehold improvements are depreciated based on their estimated useful lives and the term of the lease.

Work in progress is not depreciated. The total cost of a project is transferred to the relevant asset class upon completion and then depreciated.

The day-to-day costs of servicing property, plant and equipment are recognised in the surplus or deficit as they are incurred.

iii. Crown-Owned Assets

Crown-owned land and buildings used by the University are included as part of the University's fixed assets. These were first recognised on 31 December 1989. Although legal title has not been transferred, the University has assumed all the normal risks and rewards of ownership, but may have to negotiate with the Crown for any sale.

In order to record fairly and accurately the value of all land and buildings occupied by the University, it is necessary to incorporate the Crown-owned land and buildings on the University Asset Register.

iv. Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The University has three cash-generating units, being the three main campuses. Impairment of property, plant and equipment is recognised when:

- replacement cost is identified as less than net book value.
- the carrying amount exceeds its recoverable amount.
- items of property, plant and equipment become obsolete.
- damage occurs to property, plant and equipment.
- an asset becomes surplus to requirements and is no longer used.

v. Disposal/Derecognition of Assets

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 derecognition 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 Comprehensive Income in the year the item is derecognised. When revalued assets are sold, the amounts included in property revaluation reserves in respect of those assets are transferred to retained earnings.

K) Intangible Assets

An intangible asset is recognised when it is probable that it will generate future economic benefits to the University and group and the costs of the intangible asset can be measured reliably.

Internally generated software is classified into a research phase and a development phase.

An intangible asset arising from development (or the development phase of an internal project) is recognised only when the University can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the availability of resources to complete the development;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development; and

- how the asset will generate future economic benefits.

Costs that can be included in the capitalisation of internally developed software include:

- costs of staff seconded to such projects;
- costs to design, build, configure, test and document such systems;
- support fees payable before such systems are ready for use.

Software that is acquired separately or in a business combination is recorded at the cost determined at the date of acquisition.

Amortisation of software is calculated using a straight-line basis over four years and is reviewed annually for any impairment.

Research costs are expensed as incurred in the surplus or deficit.

L) **Employee Entitlements**

Annual leave for academic and general staff has been accrued. In addition, an accrual has been made for retirement gratuities and long-service leave for both academic and general staff. Both retirement gratuities and long-service leave have been accrued on the following basis:

- Leave and gratuities that have vested in the employee (an entitlement has been established) have been measured at nominal value using remuneration rates current at reporting date. This is included as a current liability;
- Leave and gratuities that have not yet vested in the employee (no entitlement has been established) have been measured using the present value measurement basis, which discounts expected future cash outflows. This is treated as a non-current liability.

Duty leave overseas for academic staff has not been accrued as this leave is a commitment subject to eligibility and is not an entitlement.

Sick leave has not been accrued as the University has a "Wellness Policy", hence no sick leave is available to carry forward.

Obligations for contributions to superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Income.

M) **Goods and Services Tax (GST)**

The financial statements are prepared on a GST-exclusive basis, with the exception of accounts receivable and accounts payable.

N) **Taxation**

Tertiary education institutions are exempt from the payment of income tax as they are treated by the IRD as charitable organisations. Accordingly, no charge for income tax has been provided for. The University's subsidiaries are also exempt from paying income tax.

O) **Leases**

Operating lease payments, where the lessor retains substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

P) **Financial Instruments**

Massey University classifies its financial assets into the following categories: financial assets at fair value through profit or loss (including those held for trading), loans and receivables, and available for

sale. Management determines the classification of its investments at initial recognition. Financial assets are initially measured at fair value plus transaction costs unless carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit except for impairment losses, which are recognised in the surplus or deficit.

The fair value of financial instruments traded in an active market is based on quoted market prices as at balance date. The quoted market price used is the current bid price.

Financial Assets Designated at Fair Value through Profit and Loss

Financial assets designated at fair value through profit and loss are classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if they are expected to be realised within 12 months of balance date. Purchases and sales of financial assets are recognised on trade-date, the date on which the University and group commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University and group has transferred substantially all risks and rewards of ownership.

Financial assets in this category include Massey University Foundation Trust's managed funds. Derivatives are also categorised as held for trading and are recognised at fair value.

Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans to third parties and receivables are classified as trade and other receivables in the balance sheet. Cash and cash equivalents and bank deposits with a maturity of more than three months are classified as loans and receivables.

Available for Sale Financial Assets

Financial assets available for sale are those financial assets that are not classified in either of the above categories. This category encompasses shares held for strategic purposes. After initial recognition these investments are measured at their fair value with any gains and losses recognised in other comprehensive income. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. The carrying amounts of borrowings repayable within one year approximate their fair value, as the effect of discounting is not significant.

Impairment of Financial Assets

Financial assets other than those recognised at fair value are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the financial assets; the estimated future cash flows of the investment have been adversely impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of receivables includes past experience of collecting amounts due, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observed changes in economic conditions that correlate with default on receivables.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

Changes in the carrying amount of the allowance account are recognised in the income statement.

Q) **Trade and Other Payables**

Trade and other payables are carried at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the University and/or group prior to the end of the financial year that are unpaid, and arise when the University becomes obliged to make future payments in respect of the purchases of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

R) **Borrowing Costs**

The University and group has elected to defer the adoption of the revised NZ IAS 23: Borrowing Costs (NZ IAS 23) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

S) **Investment Property**

Any property held that is not held to meet service delivery objectives is classified as investment property. Investment property is measured initially at its cost, including transaction costs.

After recognition, the University and group measure all investment property at fair value as determined annually. Gains or losses arising from a change in fair value of an investment property are recognised in the Statement of Comprehensive Income.

T) **Joint Ventures**

A joint venture is a contractual arrangement whereby two parties undertake an economic activity that is subject to joint control. For a jointly controlled entity the University recognises in its financial statements assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture using the proportionate consolidation method.

U) **Associates**

Associates are entities over which the University or Group has significant influence but not control, generally accompanying a shareholding between 20 and 50%. Investments in material associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

V) Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from the University's financial activities. In accordance with its Treasury Policy, the University does not hold derivative financial instruments for trading purposes. The University and group, has elected not to apply hedge accounting.

Derivative are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit.

The full fair value of a foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current.

W) Summary of Significant Accounting Policies

There have been no changes in accounting policies, and the policies have been applied on a basis consistent with prior years.

The University and group has not elected to early adopt any new standards or interpretations that are issued but not yet effective.

Accounting Standards and Interpretations Issued but Not Yet Effective

NZ IFRS standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the University and group for the annual reporting period ended 31 December 2014, are outlined in the following table:

Reference	Title	Summary	Application date of standard*	Application date for group*
	<p>PBE Standards for Tier 1 and Tier 2 Public Benefit Entities</p>	<p>The package of PBE Standards issued, applicable for Tier 1 and Tier 2 PBEs consists of the following standards:</p> <ul style="list-style-type: none"> • Standard XRB A1 <i>Accounting Standards Framework</i>, which is the overarching standard that sets out the accounting standards framework; • A suite of 39 PBE Standards; and • The Public Benefit Entities (conceptual) Framework. <p>The new PBE Standards are based on International Public Sector Accounting Standards, which are themselves based on IFRS. Therefore major changes to accounting policies are not expected. Nevertheless, there are some potentially significant differences and also a range of smaller differences between the PBE Standards and NZ IFRS. Examples of potential significant differences could include:</p> <ul style="list-style-type: none"> • PBE Standards with no equivalent NZ IFRS <ul style="list-style-type: none"> – PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i>, which prescribes requirements for accounting for revenue from non-exchange transactions; – PBE IPSAS 32 <i>Service Concession Arrangements: Grantor</i>, which prescribes the accounting for service concession arrangements by the grantor • Differences between equivalent standards <ul style="list-style-type: none"> – PBE IPSAS 20 <i>Related Party Disclosures</i>, exempts all transactions between related parties (except key management personnel remuneration) that occur on arm's length terms and conditions from disclosure, and provides a potentially wider definition of key management personnel compared to NZ IFRS 24 <i>Related Party Disclosures</i>. <p>Please note that this is not a complete list of differences between PBE Standards and NZ IFRS. Early adoption of PBE Standards by Tier 1 and Tier 2 public sector PBEs is not permitted.</p>	<p>Public Sector PBEs</p> <p>1 January 2015 (early adoption not permitted)</p>	<p>Public Sector PBEs</p> <p>1 January 2015</p>

Reference	Title	Summary	Application date of standard*	Application date for group*
NZ IFRS 9 (PBE) (2009)	Financial Instruments	<p>NZ IFRS 9 (PBE) (2009) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39 (PBE). The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:</p> <ul style="list-style-type: none"> • two categories for financial assets being amortised cost or fair value; • removal of the requirement to separate embedded derivatives in financial assets; • strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows; • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on de-recognition; • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income. 	The new standard is required to be adopted for the year ended 31 December 2015. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.	
NZ IFRS 9 (PBE) (2010)	Financial Instruments	<p>NZ IFRS 9 (PBE) (2010) supersedes NZ IFRS 9 (PBE) (2009). The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 (PBE) as issued in 2009. The existing NZ IAS 39 (PBE) Financial Instruments: Recognition and Measurement requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p>	The new standard is required to be adopted for the year ended 31 December 2015. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.	

*Designates the beginning of the applicable annual reporting period unless otherwise stated.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the University is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the University and group will transition to the new standards in preparing its 31 December 2015 financial statements. The University and group has completed its assessment of the changes, and expects there to be minimal impact, of the new Accounting Standards Framework, on the University and group.

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

Note 2. Government Grants and Cost of Operations

i. Government Grants

The Crown through the Tertiary Education Commission (TEC) provides income to the University by way of a grant, which is recognised as income upon entitlement.

ii. Cost of Operations

- Staff-related costs - includes direct staff-related costs allocated to colleges, support services and regions. Employee entitlements relating to actuarial calculation are shown separately.
- Depreciation - includes all depreciation on all assets held by the University.
- Other direct costs - include all direct costs of operating and maintaining the University. It also includes the cost of research, including salaries and wages.

Note 3. Revenue Disclosure

	Notes	Consolidated		University	
		2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Government Grants					
Students		143,906	149,636	142,891	147,477
Other		37,726	35,826	37,407	35,283
		181,632	185,462	180,298	182,760
Student Fees					
Domestic Students		97,269	97,431	96,759	96,405
International Students		52,125	47,630	52,054	47,451
		149,394	145,061	148,813	143,856
Charges for Services					
Research		61,553	58,044	61,510	57,976
Other		45,493	47,754	44,940	48,124
		107,046	105,798	106,450	106,100
Interest		4,538	4,195	4,456	4,110
Trust Funds	28	5,852	4,491	1,426	1,410
Other Gains/(Losses)	4	1,250	119	3,059	119
Total Revenue		449,712	445,126	444,502	438,355

Note 4. Other Gains and (Losses)

	Notes	Consolidated		University	
		2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Operating Gains/(Losses)					
Livestock Fair Value Gains/(Losses)	16	185	326	185	326
Forestry Fair Value Gains/(Losses)	16	1	168	1	168
Disposal of PP&E Gains/(Losses)		561	348	561	348
Gain on Disposal of Shares in Joint Venture		404	-	2,163	-
Changes in Fair Value of Assets Held for Sale (Losses)	19	-	(15)	-	(15)
Fair Value Other Financial Assets through Profit or Loss (Losses)		(50)	(607)	-	(607)
Fair Value Gains and (Losses) on Derivatives		78	-	78	-
Foreign Exchange Gains/(Losses)		71	(101)	71	(101)
Total Operating Gains/(Losses)		1,250	119	3,059	119
Other Comprehensive Income					
Net Gain on Available-for-Sale Financial Assets		55	471	55	471
Other Comprehensive Income Total Gains		55	471	55	471
Total Gains		1,305	590	3,114	590

Note 5. Staff-Related Costs

		Consolidated		University	
		2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Salaries and Wages		248,001	241,729	245,393	238,370
Superannuation		10,360	9,741	10,392	9,665
Movement in Long-Service Leave and Retirement Allowance		1,629	(354)	1,622	(354)
Other		3,451	3,745	3,748	3,709
Total Staff-Related Costs		263,441	254,861	261,155	251,390

Note 6. Depreciation and Amortisation Costs

	Notes	Consolidated		University	
		2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Depreciation	20	45,980	44,523	45,927	44,424
Amortisation	21	2,265	1,556	2,265	1,556
Total Depreciation and Amortisation Costs		48,245	46,079	48,192	45,980

Note 7. Finance Costs

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Interest Expense	1,034	1,038	1,034	1,038
Total Finance Costs	1,034	1,038	1,034	1,038

Note 8. Other Direct Costs

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
The Surplus is After Charging:				
Audit fees for annual report/ financial statements	245	227	183	177
Other services provided by principal auditor: PBRF Audit	12	12	12	12
Internal audit fees	213	208	213	208
Bad debts written off	338	361	338	361
Increase in provision for bad debts	611	1,307	621	1,318
Rental expense on operating leases	4,384	4,708	4,009	3,958
Scholarships	11,887	12,887	11,887	12,748
Energy	5,639	6,102	5,639	6,102
Repairs and maintenance	16,002	15,217	16,002	15,201
Travel and accommodation	10,768	12,031	10,768	12,014
Computing & telecommunications	7,493	7,197	7,493	7,108
Contracted services	25,978	27,724	25,927	27,664
Other operating expenses	42,066	44,847	42,967	44,995
Total Other Direct Costs	125,636	132,828	126,059	131,866

Note 9. Reconciliation of the Net Surplus from Operations with the Net Cash Flows from Operating Activities

	Notes	Consolidated		University	
		2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Surplus for the Year		9,134	8,350	6,083	6,839
Add Non-Cash Items:					
Depreciation and amortisation	6	48,245	46,079	48,192	45,980
Other (gains)/losses - forestry fair value	4	(1)	(168)	(1)	(168)
Other (gains)/losses - livestock fair value	4	(185)	(326)	(185)	(326)
Other (gains)/losses - impairment of investment in associate		50	-	-	-
Other (gains)/losses - write back of investment in associate		(317)	-	-	-
Other (gains)/losses - Share of profit from associate		(246)	-	-	-
Impairment/(gain) on investments - other		(1,256)	(44)	-	622
Bad debts written off	8	338	361	338	361
Movement in provision for doubtful debts	14	621	1,318	621	1,318
Foreign exchange (gains)/losses	4	(71)	101	(71)	101
(Decrease)/increase in non-current employee entitlements		1,391	(445)	1,392	(385)
		48,569	46,876	50,286	47,503
Items Classified as investing or financing activities:					
Derivatives (gains)/losses		(78)	-	(78)	-
Disposal of joint venture (gains)/losses		(259)	-	(2,018)	-
(Gains)/losses on disposal of property plant and equipment	4	(561)	(348)	(561)	(348)
		(898)	(348)	(2,657)	(348)
Movements In Working Capital:					
Decrease/(increase) in prepayments	14	(278)	(806)	(277)	(819)
Decrease/(increase) in trade and other receivables		353	4,096	594	3,989
Decrease/(increase) in stocks and biological assets	15,16	155	538	155	538
Increase/(decrease) in accounts payable		10,128	(1,372)	10,016	(1,620)
Increase/(decrease) in receipts in advance		5,304	4,849	4,343	4,972
Total Movement in Working Capital		15,662	7,305	14,831	7,060
Net Cash Flow from Operating Activities		72,467	62,183	68,543	61,054

Note 10. Summary of Financial Assets and Liabilities

CONSOLIDATED 2014 Classification of Financial Assets and Liabilities	Loans and Receivables (\$000)	Assets at Fair Value Through Profit or Loss (\$000)	Available-for-Sale Financial Assets (\$000)	Other Liabilities at Amortised Cost (\$000)	Total (\$000)
FINANCIAL ASSETS					
Cash and Cash Equivalents	50,661	-	-	-	50,661
Trade and Other Receivables	16,750	-	-	-	16,750
Prepayments	9,256	-	-	-	9,256
Loans	88	-	-	-	88
Short-Term Deposits with Maturities of 4-12 Months	45,847	-	-	-	45,847
Term Deposits Maturing Between 1 and 5 Years	350	-	-	-	350
Derivatives - forward foreign exchange contracts	-	78	-	-	78
Unlisted Shares	-	-	1,844	-	1,844
Shares	-	-	2,373	-	2,373
Managed Funds	-	21,260	-	-	21,260
Total Financial Assets	122,952	21,338	4,217	-	148,507
FINANCIAL LIABILITIES					
Trade and Other Payables	-	-	-	12,946	12,946
Borrowings: Term Loans	-	-	-	13,843	13,843
Total Financial Liabilities	-	-	-	26,789	26,789

CONSOLIDATED 2013 Classification of Financial Assets and Liabilities	Loans and Receivables (\$000)	Assets at Fair Value Through Profit or Loss (\$000)	Available-for-Sale Financial Assets (\$000)	Other Liabilities at Amortised Cost (\$000)	Total (\$000)
FINANCIAL ASSETS					
Cash and Cash Equivalents	32,388	-	-	-	32,388
Trade and Other Receivables	17,707	-	-	-	17,707
Prepayments	8,978	-	-	-	8,978
Loans	155	-	-	-	155
Short-Term Deposits with Maturities of 4-12 Months	18,459	-	-	-	18,459
Term Deposits Maturing Between 1 and 5 Years	40,450	-	-	-	40,450
Unlisted Shares	-	-	1,750	-	1,750
Shares	-	-	2,311	-	2,311
Managed Funds	-	18,032	-	-	18,032
Total Financial Assets	118,137	18,032	4,061	-	140,230
FINANCIAL LIABILITIES					
Trade and Other Payables	-	-	-	11,554	11,554
Borrowings: Term Loans	-	-	-	14,507	14,507
Total Financial Liabilities	-	-	-	26,061	26,061

UNIVERSITY 2014 Classification of Financial Assets and Liabilities	Loans and Receivables (\$000)	Assets at Fair Value Through Profit or Loss (\$000)	Available-for-Sale Financial Assets (\$000)	Other Liabilities at Amortised Cost (\$000)	Total (\$000)
FINANCIAL ASSETS					
Cash and Cash Equivalents	48,296	-	-	-	48,296
Trade and Other Receivables	16,671	-	-	-	16,671
Prepayments	9,245	-	-	-	9,245
Loans and Loans to Related Parties	-	-	-	-	-
Short-Term Deposits with Maturities of 4-12 Months	44,416	-	-	-	44,416
Term Deposits Maturing Between 1 and 5 Years	350	-	-	-	350
Derivatives - forward foreign exchange contracts	-	78	-	-	78
Unlisted Shares	-	-	-	-	-
Shares	-	-	2,373	-	2,373
Managed Funds	-	-	-	-	-
Total Financial Assets	118,978	78	2,373	-	121,429

FINANCIAL LIABILITIES					
Trade and Other Payables	-	-	-	12,554	12,554
Borrowings: Term Loans	-	-	-	13,843	13,843
Total Financial Liabilities	-	-	-	26,397	26,397

UNIVERSITY 2013 Classification of Financial Assets and Liabilities	Loans and Receivables (\$000)	Assets at Fair Value Through Profit or Loss (\$000)	Available-for-Sale Financial Assets (\$000)	Other Liabilities at Amortised Cost (\$000)	Total (\$000)
FINANCIAL ASSETS					
Cash and Cash Equivalents	29,632	-	-	-	29,632
Trade and Other Receivables	17,886	-	-	-	17,886
Prepayments	8,968	-	-	-	8,968
Loans and Loans to Related Parties	53	-	-	-	53
Short-Term Deposits with Maturities of 4-12 Months	17,712	-	-	-	17,712
Term Deposits Maturing Between 1 and 5 Years	40,450	-	-	-	40,450
Unlisted Shares	-	-	-	-	-
Shares	-	-	2,311	-	2,311
Managed Funds	-	-	-	-	-
Total Financial Assets	114,701	-	2,311	-	117,012

FINANCIAL LIABILITIES					
Trade and Other Payables	-	-	-	10,999	10,999
Borrowings: Term Loans	-	-	-	14,507	14,507
Total Financial Liabilities	-	-	-	25,506	25,506

Note 11. Fair Value Hierarchy Disclosures

For those instruments recognised at fair value on the balance sheet, fair values are determined according to the following hierarchy:

- Level 1 - Quoted Market Price - Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 - Valuation technique using observable inputs - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in an inactive market and financial instruments valued using models where significant inputs are observable.
- Level 3 - Valuation techniques with significant non-observable inputs - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation classes of financial instruments measured at fair value on the balance sheet:

CONSOLIDATED 2014 Classification of Financial Assets & Liabilities	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
FINANCIAL ASSETS				
Shares	-	2,373	1,844	4,217
Managed Funds	-	21,260	-	21,260
Derivatives - forward foreign exchange contracts	-	78	-	78
CONSOLIDATED 2013 Classification of Financial Assets & Liabilities	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
FINANCIAL ASSETS				
Shares	-	2,311	1,750	4,061
Managed Funds	-	18,032	-	18,032
UNIVERSITY 2014 Classification of Financial Assets & Liabilities	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
FINANCIAL ASSETS				
Shares	-	2,373	-	2,373
Derivatives - forward foreign exchange contracts	-	78	-	78
UNIVERSITY 2013 Classification of Financial Assets & Liabilities	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
FINANCIAL ASSETS				
Shares	-	2,311	-	2,311

Note 12. Significant Budget Variances

	Consolidated		
	Variance to/ from Budget		
	(\$000)		
Total Operating Revenue	390	Favourable	Higher income from charges for services has offset lower than expected income from EFTS related income.
Total Cost of Operations	1,767	Favourable	Higher than budgeted staff related costs were offset by depreciation and other direct costs and as a result of initiatives to compensate revenue shortfalls.
Share of Associate's Surplus	246	Favourable	Better than expected performance by NZVP.
Surplus for the Year	2,403	Favourable	
Other Comprehensive Income			
Other Movements in Revaluation Reserves	104,658	Favourable	The University re-valued land and buildings at 31 December 2014, resulting in a substantial increase being recorded.
Balance Sheet			
Total Assets	131,571	Favourable	Primarily due to a valuation of land and buildings.
Total Liabilities	23,485	Unfavourable	Current liabilities were higher than budgeted, which is due mainly to timing differences and capital accruals.

Note 13. Cash and Cash Equivalents

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Cash at Bank and in Hand	4,367	5,527	2,002	4,282
Short-Term Deposits with Maturities of 3 Months or Less	46,294	26,861	46,294	25,350
Total Cash and Cash Equivalents	50,661	32,388	48,296	29,632

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Refer to Note 18 for weighted average effective rates for cash and cash equivalents.

Included in Cash at Bank and In Hand were the following currencies:

	2014 (\$000)	2013 (\$000)
US\$	1,512	1,693
AUS	198	1

All currencies shown as valued in NZD as at 31 December.

Note 14. Trade and Other Receivables

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Current Portion				
Trade Debtors	13,924	9,665	13,619	9,368
Other Amounts Receivable	5,846	10,451	5,731	10,359
Related Parties Receivables	-	-	336	553
Prepayments	9,256	8,978	9,245	8,968
Loans	-	-	-	-
	29,026	29,094	28,931	29,248
Less Provision for Doubtful Debts	(3,020)	(2,409)	(3,015)	(2,394)
Total Trade and Other Receivables	26,006	26,685	25,916	26,854

The carrying value of trade and other trade receivables approximates their fair value and is the same as contractual value, and are generally receivable within 30 days. There are no external or internal ratings used to identify the credit quality of financial assets not past due or impaired.

Trade debtors overdue (excluding students), whose payment has not been negotiated and not impaired are as follows:

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Current	8,565	5,576	8,418	5,403
One Month	1,716	2,575	1,716	2,574
Two Months	551	423	551	423
Three Months and over	704	877	704	875
Carrying Amount	11,536	9,451	11,389	9,275

As at 31 December 2014 and 2013, all overdue receivables have been assessed for impairment and appropriate provisions applied. The University does not hold any collateral as security or other credit enhancements over receivables that are past due or impaired.

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

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
At 1 January	2,409	1,102	2,394	1,076
Additions Made During the Year	621	1,318	621	1,318
Receivables Written Off During the Year	(10)	(11)	-	-
At 31 December	3,020	2,409	3,015	2,394

Note 15. Inventories

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Material and Stores	1,431	1,537	1,427	1,537
Total	1,431	1,537	1,427	1,537

The carrying amount of inventories identified as held for distribution as at 31 December 2014 amounted to \$1,003,730 (2013: \$1,120,912). The carrying amount of inventories pledged as securities for liabilities is nil (2013: nil).

Note 16. Biological Assets

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Livestock				
Opening balance	3,265	3,540	3,265	3,540
Increase due to purchases	389	334	389	334
Gains arising from changes in fair value	185	326	185	326
Decreases due to sales	(434)	(935)	(434)	(935)
Closing Balance	3,405	3,265	3,405	3,265
Forestry				
Opening balance	804	636	804	636
Gains arising from changes in fair value	1	168	1	168
Decreases due to sales	(87)	-	(87)	-
Closing Balance	718	804	718	804
Current	3,405	3,265	3,405	3,265
Non-Current	718	804	718	804
Total	4,123	4,069	4,123	4,069

Massey University owns 101 hectares of pinus radiata forest which are at varying stages of maturity.

In 2014 7.79 hectares of forest were harvested (2013: nil).

Forestry is valued as at 31 December at fair value, using a model supplied by an independent Valuer.

Fair Value is the market value less estimated point of sale costs based on log prices free on board as at 31 December, current harvesting and transport costs.

Massey University is not materially exposed to financial risks from changing timber prices.

Livestock has been valued at market value.

Note 17. Other Assets

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Non-Current Portion				
Funds invested in Massey University Foundation Trust	-	-	17,043	17,043
Shares in subsidiaries	-	-	2,430	1,912
Total Non-Current Portion	-	-	19,473	18,955

Note 18. Other Financial Assets

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Current Portion				
Other Financial Assets				
Loans and receivables:				
Short-term deposits with maturities of 4-12 months	45,847	18,459	44,416	17,712
Term deposits originally maturing between 1 and 5 years	350	40,450	350	40,450
Total Current Portion	46,197	58,909	44,766	58,162
Non-Current Portion				
Other Financial Assets				
Loans and receivables	88	155	-	53
Available for sale - shares	2,373	2,311	2,373	2,311
Fair value through profit or loss - managed funds	21,260	18,032	-	-
Unlisted shares	1,844	1,750	-	-
Total Non-Current Portion	25,565	22,248	2,373	2,364

There were no impairment provisions for other financial assets.

Unlisted shares: no market exists for the unlisted shares and these are shown at cost because either the fair value of the investment cannot be determined using a standardised valuation technique or due to cost not being materially different to fair value.

Available for sale - shares: market values as at 31 December are used to ascertain the fair value of this category of investment. Gains and losses are recognised in comprehensive income.

Fair value through profit or loss - managed funds: after initial recognition financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in surplus or deficit.

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Maturity analysis and effective interest rate:				
Short-term deposits with maturities of 3 months or less	46,294	26,861	46,294	25,350
Weighted average interest rate	3.92%	3.11%	3.92%	3.05%
Short-term deposits with maturities of 4-12 months	45,847	18,459	44,416	17,712
Weighted average interest rate	4.66%	3.88%	4.66%	3.88%
Term deposits maturing between 1 and 2 Years	350	40,450	350	40,450
Weighted average interest rate	4.49%	4.29%	4.49%	4.29%
	92,491	85,770	91,060	83,512

The fair values of Term Deposits are as follows:

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Fair Value on Term Deposits (>3 Months):				
Fair Value as at 31 December	44,854	57,933	44,854	57,933

The fair value of Term Deposits is determined by applying the actual rates that existed as at 31 December to the investments held by the University, with the gain or loss being added to the fair value of the investment.

Note 19. Non-Current Assets Held for Sale

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Non-Current Assets Held for Sale are:				
Aircraft	-	65	-	65
Total Non-Current Assets Held for Sale	-	65	-	65

Note 20. Property Plant and Equipment

Consolidated 2014	Cost/ Valuation 01 Jan 2014 (\$000)	Accumulated Depreciation & Impairment 01 Jan 2014 (\$000)	Carrying Amount 01 Jan 2014 (\$000)	Additions (\$000)	Disposals at Cost (\$000)	Depreciation on Disposals (\$000)	Impairments (\$000)	Revaluations (\$000)	Depreciation Recovered on Revaluation & Impairment (\$000)	Depreciation (\$000)	Cost/ Valuation 31 Dec 2014 (\$000)	Accumulated Depreciation & Impairment 31 Dec 2014 (\$000)	Carrying Amount 31 Dec 2014 (\$000)
Land	166,447	-	166,447	126	957	-	-	25,984	-	-	191,600	-	191,600
Buildings	691,179	45,132	646,047	13,939	913	175	-	11,174	67,853	23,207	715,379	311	715,068
Leasehold Improvement	3,152	1,449	1,703	4	-	-	(178)	(1,063)	1,243	438	1,915	644	1,271
Aircraft	4,432	531	3,901	282	88	65	-	-	-	233	4,625	699	3,927
Furniture	3,102	2,202	900	132	-	-	-	-	-	144	3,234	2,346	888
Equipment	152,781	105,396	47,385	13,093	5,991	5,066	-	-	-	15,256	159,883	115,586	44,297
Implements	316	211	105	-	11	8	-	-	-	14	305	217	88
Vehicles	3,674	2,125	1,549	550	285	262	-	-	-	459	3,939	2,322	1,617
Art	1,754	-	1,754	26	-	-	-	-	-	-	1,780	-	1,780
Library	104,570	72,606	31,964	6,558	-	-	-	-	-	6,229	111,128	78,835	32,293
Work in Progress	43,495	-	43,495	27,955	-	-	-	-	-	-	71,450	-	71,450
	1,174,902	229,652	945,250	62,665	8,245	5,576	(178)	36,095	69,096	45,980	1,265,239	200,960	1,064,279

Consolidated 2013	Cost/ Valuation 01 Jan 2013 (\$000)	Accumulated Depreciation & Impairment 01 Jan 2013 (\$000)	Carrying Amount 01 Jan 2013 (\$000)	Additions (\$000)	Disposals at Cost (\$000)	Depreciation on Disposals (\$000)	Impairments (\$000)	Revaluations (\$000)	Depreciation Recovered on Revaluation & Impairment (\$000)	Depreciation (\$000)	Cost/ Valuation 31 Dec 2013 (\$000)	Accumulated Depreciation & Impairment 31 Dec 2013 (\$000)	Carrying Amount 31 Dec 2013 (\$000)
Land	166,939	-	166,939	108	600	-	-	-	-	-	166,447	-	166,447
Buildings	677,973	22,397	655,576	14,350	3	1	(1,141)	-	95	22,831	691,179	45,132	646,047
Leasehold Improvement	3,035	1,001	2,034	117	-	-	-	-	-	448	3,152	1,449	1,703
Aircraft	4,320	295	4,025	136	24	24	-	-	-	260	4,432	531	3,901
Furniture	3,020	2,068	952	82	-	-	-	-	-	134	3,102	2,202	900
Equipment	141,381	94,128	47,253	14,531	3,131	3,072	-	-	-	14,340	152,781	105,396	47,385
Implements	306	196	110	10	-	-	-	-	-	15	316	211	105
Vehicles	3,190	1,909	1,281	656	172	159	-	-	-	375	3,674	2,125	1,549
Art	1,740	-	1,740	16	2	-	-	-	-	-	1,754	-	1,754
Library	97,966	66,486	31,480	6,604	-	-	-	-	-	6,120	104,570	72,606	31,964
Work in Progress	30,447	-	30,447	13,048	-	-	-	-	-	-	43,495	-	43,495
	1,130,317	188,480	941,837	49,658	3,932	3,256	(1,141)	-	95	44,523	1,174,902	229,652	945,250

University 2014	Cost/ Valuation 01 Jan 2014	Accumulated Depreciation & Impairment 01 Jan 2014	Carrying Amount 01 Jan 2014	Additions	Disposals at Cost	Depreciation on Disposals	Impairments	Revaluations	Depreciation Recovered on Revaluation & Impairment	Depreciation	Cost/ Valuation 31 Dec 2014	Accumulated Depreciation & Impairment 31 Dec 2014	Carrying Amount 31 Dec 2014
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Land	166,447	-	166,447	126	957	-	-	25,984	-	-	191,600	-	191,600
Buildings	691,179	45,132	646,047	13,939	913	175	-	11,174	67,853	23,207	715,379	311	715,068
Leasehold Improvement	3,137	1,435	1,702	-	-	-	(178)	(1,063)	1,243	436	1,896	628	1,268
Aircraft	4,432	531	3,901	282	88	65	-	-	-	233	4,626	699	3,927
Furniture	3,072	2,183	889	128	-	-	-	-	-	141	3,200	2,324	876
Equipment	151,542	104,997	46,545	13,090	4,776	4,639	-	-	-	15,209	159,856	115,567	44,289
Implementments	316	211	105	-	11	8	-	-	-	14	305	217	88
Vehicles	3,673	2,125	1,548	549	285	262	-	-	-	458	3,937	2,321	1,616
Art	1,754	-	1,754	26	-	-	-	-	-	-	1,780	-	1,780
Library	104,570	72,606	31,964	6,558	-	-	-	-	-	6,229	111,128	78,835	32,293
Work in Progress	43,495	-	43,495	27,955	-	-	-	-	-	-	71,450	-	71,450
	1,173,617	229,220	944,397	62,653	7,030	5,149	(178)	36,095	69,096	45,927	1,265,157	200,902	1,064,255

University 2013	Cost/ Valuation 01 Jan 2013	Accumulated Depreciation & Impairment 01 Jan 2013	Carrying Amount 01 Jan 2013	Additions	Disposals at Cost	Depreciation on Disposals	Impairments	Revaluations	Depreciation Recovered on Revaluation & Impairment	Depreciation	Cost/ Valuation 31 Dec 2013	Accumulated Depreciation & Impairment 31 Dec 2013	Carrying Amount 31 Dec 2013
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Land	166,939	-	166,939	108	600	-	-	-	-	-	166,447	-	166,447
Buildings	677,973	22,397	655,576	14,350	3	1	(1,141)	-	95	22,831	691,179	45,132	646,047
Leasehold Improvement	3,020	987	2,033	117	-	-	-	-	-	448	3,137	1,435	1,702
Aircraft	4,320	295	4,025	136	24	24	-	-	-	260	4,432	531	3,901
Furniture	2,994	2,052	942	78	-	-	-	-	-	131	3,072	2,183	889
Equipment	140,274	93,825	46,449	14,399	3,131	3,072	-	-	-	14,244	151,542	104,997	46,545
Implementments	306	196	110	10	-	-	-	-	-	15	316	211	105
Vehicles	3,190	1,909	1,281	655	172	159	-	-	-	375	3,673	2,125	1,548
Art	1,740	-	1,740	16	2	-	-	-	-	-	1,754	-	1,754
Library	97,966	66,486	31,480	6,604	-	-	-	-	-	6,120	104,570	72,606	31,964
Work in Progress	30,447	-	30,447	13,048	-	-	-	-	-	-	43,495	-	43,495
	1,129,169	188,147	941,022	49,521	3,932	3,256	(1,141)	-	95	44,424	1,173,617	229,220	944,397

Transfers from Work in Progress to the Asset Register were \$34,698 (2013: \$36,428).

Impairment losses of \$175,000 were recognised in 2014 (2013: \$1,046,000).

The University does not have any finance leases.

Asset values included in the balance sheet as at 31 December 2014 and 2013 include all land and buildings as occupied and utilised by the University. The exception to this is the land on Riverside Farm (leased from the Sydney Campbell Foundation).

Legal ownership of land and buildings is detailed as follows (at balance sheet values):

	Land		Buildings	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
i. Massey University Owned	108,672	87,889	463,137	420,904
ii. Crown Owned (includes buildings on Crown-owned land)	82,928	78,558	251,931	225,143
	191,600	166,447	715,068	646,047

Land, Buildings and Leasehold Improvements were valued at the end of 2014 by Andrew Parkyn SPINZ, of Quotable Value New Zealand Limited.

Aircraft were valued at the end of 2011 by Harry Maidment MIPMV (Registered Valuer) of Premi-Air Aviation Ltd to assess any impairment.

During 2014 the mortgage held by the BNZ over the Albany Campus was replaced with a negative pledge deed.

Seismic Risk Analysis

During 2014, the University progressed its programme of seismic assessments of buildings across the portfolio. While the Building (Earthquake-prone Buildings) Amendment Bill (the "Bill") is progressing through Parliament (Select Committee report due 30/3/15), the University will continue to proactively assess buildings to ensure the safety of all stakeholders and effective management of the portfolio. The University may be required to undertake assessments of some more modern buildings if criteria outlined in the Bill are enacted.

The University's Facility Management groups have an active programme of seismic assessments covering building structures, bridges and at risk elements including stairs, ceilings and facades. Programmes of assessment and work are prioritised according to occupancy, construction age and structure. Initial Evaluation Procedures (IEP's) are undertaken and followed up with Detailed Seismic Assessments (DSA's) for earthquake prone buildings (<33% NBS) or potentially earthquake risk buildings with high occupancy. If the DSA indicates the building is earthquake prone, a full costing of the repairs is compiled, and at that point the building is deemed to be impaired and revalued accordingly.

This is an extremely large project, that will take several years to complete the initial assessments. The University has a significant portfolio of over 600 buildings. There are no buildings at Albany that currently fall within the Building Act definitions of earthquake prone. In the Manawatu, of those buildings requiring assessment, 90 IEP and DSA assessments are complete covering the majority of the campus. There is a proactive programme of assessments scheduled to mitigate risk to stakeholders, enable holistic planning and ensure compliance with the legislation. All Wellington buildings have been assessed with remediation of earthquake prone buildings completed.

Seismic remediation of the Hokowhitu Library building was completed during 2014. Remediation of the Sir Geoffrey Peren heritage building and stairwell compliance on Wellington campus are on schedule for completion in 2015.

Note 21. Intangible Assets

Consolidated 2014	Cost/ Valuation 01 Jan 2014 (\$000)	Accumulated Amortisation & Impairment 01 Jan 2014 (\$000)	Carrying Amount 01 Jan 2014 (\$000)	Additions (\$000)	Disposals at Cost (\$000)	Amortisation on Disposals (\$000)	Impairments (\$000)	Revaluations (\$000)	Amortisation Recovered on Revaluation (\$000)	Amortisation (\$000)	Cost/ Valuation 31 Dec 2014 (\$000)	Accumulated Amortisation & Impairment 31 Dec 2014 (\$000)	Carrying Amount 31 Dec 2014 (\$000)
Software	8,478	3,226	5,252	4,636	-	-	-	-	-	2,265	13,114	5,491	7,623
Work in Progress	4,912	-	4,912	1,582	-	-	-	-	-	-	6,494	-	6,494
	13,390	3,226	10,164	6,218	-	-	-	-	-	2,265	19,608	5,491	14,117
Consolidated 2013													
Software	4,954	1,670	3,284	3,524	-	-	-	-	-	1,556	8,478	3,226	5,252
Work in Progress	4,661	-	4,661	251	-	-	-	-	-	-	4,912	-	4,912
	9,615	1,670	7,945	3,775	-	-	-	-	-	1,556	13,390	3,226	10,164
University 2014													
Software	8,478	3,226	5,252	4,636	11	11	-	-	-	2,265	13,103	5,480	7,623
Work in Progress	4,912	-	4,912	1,582	-	-	-	-	-	-	6,494	-	6,494
	13,390	3,226	10,164	6,218	11	11	-	-	-	2,265	19,597	5,480	14,117
University 2013													
Software	4,954	1,670	3,284	3,524	-	-	-	-	-	1,556	8,478	3,226	5,252
Work in Progress	4,661	-	4,661	251	-	-	-	-	-	-	4,912	-	4,912
	9,615	1,670	7,945	3,775	-	-	-	-	-	1,556	13,390	3,226	10,164

Transfers from Work in Progress to the Asset Register were \$4,636,000 (2013: \$3,524,000).

Note 22. Trade and Other Payables

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Trade Payables	253	331	88	54
Other Payables	12,693	11,223	12,424	10,922
Accrued Expenses	25,870	15,163	25,870	15,163
Amounts Due to Related Parties	-	-	42	23
Building Retentions	1,047	685	1,047	685
Total Trade Payables	39,863	27,402	39,471	26,847

Trade and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of trade and other payables approximates their fair value and is the same as the contractual values.

Note 23. Borrowings

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Current				
Term Loans	708	664	708	664
Total Current Borrowings	708	664	708	664
Non-Current				
Term Loans	13,135	13,843	13,135	13,843
Total Non-Current Borrowings	13,135	13,843	13,135	13,843

The University has a fixed interest loan of \$13,843,222 (2013: \$14,507,187) with the BNZ. During 2014 the University entered into a negative pledge agreement with the BNZ. The negative pledge agreement removes any security the BNZ previously had over the University's property and prohibits the University from providing any property as security for borrowing with any other counterparty.

Maturity analysis and effective interest rate:

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Less than One Year	708	664	708	664
Weighted Average Interest Rate	6.98%	6.98%	6.98%	6.98%
Later than One Year but Less than 20 Years	13,135	13,843	13,135	13,843
Weighted Average Interest Rate	6.98%	6.98%	6.98%	6.98%
Total Borrowings	13,843	14,507	13,843	14,507

Fair Value of Borrowings:

The fair values of non-current borrowings are as follows:

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Fair Value as at 31 December	12,277	13,385	12,277	13,385

The fair values are based on cash flows discounted using the borrowing rate of 6.98% (2013: 6.98%)

The carrying value of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant

Contractual Maturity Analysis:

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Less than One Year	1,653	1,653	1,653	1,653
Between One and Two Years	13,589	1,653	13,589	1,653
Between Two and Three Years	-	1,653	-	1,653
After Three Years	-	14,887	-	14,887
Total Contractual Cash Flows	15,242	19,846	15,242	19,846

The contractual maturity analysis is based on the fixed-term mortgages that existed as at 31 December.

Note 24. Employee Entitlements

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Current Portion				
Accrued Pay	6,905	5,933	6,904	5,930
Annual Leave	9,877	10,599	9,858	10,548
Long-service Leave	431	426	431	426
Restructuring Costs	-	100	-	100
Total Current Portion	17,213	17,058	17,193	17,004
Non-Current Portion:				
Long-service Leave	415	314	415	314
Retirement Gratuities	34,669	33,404	34,669	33,378
Total Non-Current Portion	35,084	33,718	35,084	33,692
Total Employee Entitlements	52,297	50,776	52,277	50,696

The long-service leave and retirement gratuities were independently assessed by Johnathan Eriksen of Eriksen & Associates as at 31 December 2014.

An actuarial valuation involves the projection, on a year-by-year basis, of the long-service and retirement gratuities liabilities, based on accrued services, in respect of current employees.

These liabilities are estimated in respect of their incidence according to assumed rates of death, disablement, resignation and retirement allowing for assumed rates of salary progression. Of these assumptions, the discount, salary progression and resignation rates are most important. The projected cash flow is then discounted back to the valuation date at the valuation discounted rate.

Discount rates range from 3.70% to 5.50% (2013: 2.84% to 5.50%).

An increase in the discount rate by 1% reduces the Long Service and Retirement Leave by \$2,041,000 (2013: \$1,910,000), whereas a reduction in the discount rate by 1% increases the Long Service and Retirement Leave by \$2,307,000 (2013: \$2,155,000).

Salary progression allows for a 3.00% increase per year (2013: 3.00%).

A 1% reduction in the salary increase assumption has the same effect on the Long Service and Retirement Leave Liability as a 1% increase in the discount rate.

The demographic assumptions were based on the experience of the New Zealand Government Superannuation Fund.

Note 25. Receipts in Advance

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Current Portion				
Student Fees	22,496	20,036	22,496	19,945
Receipts Other	39,707	38,337	39,175	38,306
Total Current Portion	62,203	58,373	61,671	58,251
Non-Current Portion				
Receipts Other	1,716	793	1,716	793
Total Non-Current Portion	1,716	793	1,716	793
Total Receipts in Advance	63,919	59,166	63,387	59,044

The current portion of receipts in advance is expected to be recognised as income during 2015.

The carrying value of current receipts in advance approximates their fair value.

The non-current portion of receipts in advance was discounted to net present value and approximates their fair value.

Note 26. Asset Revaluation Reserves

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Land, Buildings and Leasehold Improvements				
Balance 1 January	377,927	378,973	377,927	378,973
Revaluation	105,077	-	105,077	-
Disposals	(474)	-	(474)	-
Impairment	-	(1,046)	-	(1,046)
Balance 31 December	482,530	377,927	482,530	377,927

Note 27. Equity

	Notes	Consolidated 2014				Consolidated 2013				
		Opening Balance 01.01.14 (\$000)	Other Comprehensive Income (\$000)	Operating Surplus/ (Deficit) (\$000)	Closing Balance 31.12.14 (\$000)	Opening Balance 01.01.13 (\$000)	Transfers (\$000)	Other Comprehensive Income (\$000)	Operating Surplus/ (Deficit) (\$000)	Closing Balance 31.12.13 (\$000)
Trust Funds	28	31,801	-	3,384	35,185	24,155	5,125	-	2,521	31,801
Asset Revaluation Reserves	26	377,927	104,603	-	482,530	378,973	-	(1,046)	-	377,927
Special Reserves		22,054	-	-	22,054	27,054	(5,000)	-	-	22,054
General Reserves		517,682	55	5,750	523,487	511,507	(125)	471	5,829	517,682
Total		949,464	104,658	9,134	1,063,256	941,689	-	(575)	8,350	949,464

	Notes	University 2014				University 2013				
		Opening Balance 01.01.14 (\$000)	Other Comprehensive Income (\$000)	Operating Surplus/ (Deficit) (\$000)	Closing Balance 31.12.14 (\$000)	Opening Balance 01.01.13 (\$000)	Transfers (\$000)	Other Comprehensive Income (\$000)	Operating Surplus/ (Deficit) (\$000)	Closing Balance 31.12.13 (\$000)
Trust Funds	28	12,280	-	(553)	11,727	24,155	(12,043)	-	168	12,280
Asset Revaluation Reserves	26	377,927	104,603	-	482,530	378,973	-	(1,046)	-	377,927
Special Reserves		21,964	-	-	21,964	26,964	(5,000)	-	-	21,964
General Reserves		532,934	55	6,636	539,625	508,749	17,043	471	6,671	532,934
Total		945,105	104,658	6,083	1,055,846	938,841	-	(575)	6,839	945,105

Note 28. Trust Funds

	Consolidated 2014				Consolidated 2013					
	Opening Balance	Income	Expenses	Closing Balance	Opening Balance	Transfers In	Transfers Out	Income	Expenses	Closing Balance
	01.01.14 (\$000)	(\$000)	(\$000)	31.12.14 (\$000)	01.01.13 (\$000)	(\$000)	(\$000)	(\$000)	(\$000)	31.12.13 (\$000)
Total Trust Funds	31,801	5,852	2,468	35,185	24,155	17,168	12,043	4,491	1,970	31,801

	University 2014				University 2013					
	Opening Balance	Income	Expenses	Closing Balance	Opening Balance	Transfers In	Transfers Out	Income	Expenses	Closing Balance
	01.01.14 (\$000)	(\$000)	(\$000)	31.12.14 (\$000)	01.01.13 (\$000)	(\$000)	(\$000)	(\$000)	(\$000)	31.12.13 (\$000)
Total Trust Funds	12,280	1,426	1,979	11,727	24,155	-	12,043	1,410	1,242	12,280

Although these items are trusts, the University has control over them and obtains benefits associated with ownership of them. They have therefore been treated as equity in the University and group balance sheet. Details of trust funds are as follows:

- Helen Akers Bequest - funds bequeathed from the Estate of Helen Akers to provide scholarships for students;
- Massey University Common Fund - pool of funds used for holding and paying out scholarships and prize monies to students and fundraising for certain capital projects;
- Sasakawa Foundation - scholarships provided from the Sasakawa Foundation, Japan, for students;
- Delahunty Trust - trust fund established to provide research grants to foster primary industry accounting research to students living in New Zealand;
- Norwood Trust - prizes for students for achievement in trade courses;
- A G East Memorial Trust - educational scholarships for technical and trade courses; and
- Tony Drakeford Memorial Trust - educational scholarships for commerce courses.

Note 29. Joint Venture

The University's interest in the New Zealand School of Music (NZSM) joint venture is accounted for as a jointly controlled entity. The University sold its 50% share of NZSM on 30 June 2014.

The University's interest in Agri One Limited, a joint venture, is accounted for as a jointly controlled entity. The University owns 50% of Agri One Limited.

A summary of Massey University's interest in joint ventures follows:

	2014 (\$000)	2013 (\$000)
University		
Investment in Joint Ventures	-	250
Group		
Current Assets	445	2,156
Non-Current Assets	-	831
Current Liabilities	310	963
Non-Current Liabilities	-	26
Income	2,906	4,934
Expense	2,760	5,070

There were no commitments or contingent liabilities in the joint venture.

Note 30. Council Members' Fees Paid

	2014 (\$)	2013 (\$)
C Kelly	25,350	11,200
R Ballard	4,160	25,350
M Ahie	5,600	3,840
H Anderson	2,400	-
K Denness	8,960	8,960
N Eruti-Satish	3,680	3,840
C Harvey	2,720	-
I Marshall	960	-
A Paterson	-	1,280
T Porter	-	640
A Scott	640	4,480
R Springett	480	5,120
L Tait	2,400	-
B Thorpe	-	640
B Ullrich	4,800	5,440
B Vanderkolk	8,960	8,960
R Walker	-	3,200
L Whyte	4,000	4,640
Total	75,110	87,590

Note 31. Related Party Information

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year (information regarding outstanding balances is as at 31 December 2014 and 2013):

Material Related Party Transactions

Key Management Personnel:

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Ralph Springett, a Council member of Massey University, has an interest in Foodsystems Limited. Mr Springett resigned from the Council on 25th April 2014.	2014	Nil	Nil	Not Applicable	Not Applicable
	2013	Nil	\$900	Nil	Nil

The above transactions include GST.

Organisations to which Massey University is Related:

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Massey University owned 50% of the New Zealand School of Music Limited - Joint Venture. On 30 June 2014 Massey University sold its 50% share of New Zealand School of Music Limited.	2014	\$1,296,514	Nil	Nil	Nil
	2013	\$2,927,000	Nil	\$639,000	Nil
Massey University Foundation - Subsidiary	2014	Nil	\$702,614	\$155,000	\$21,000
	2013	Nil	Nil	\$8,000	\$38,000
Massey Ventures Limited - Subsidiary	2014	\$202,800	Nil	Nil	Nil
	2013	Nil	Nil	\$208,224	Nil
E-Centre Limited - Subsidiary	2014	\$185,842	\$35,499	\$233	\$2,134
	2013	\$193,414	\$22,799	\$3,871	\$15,782
MUSAC Limited (formed 2014) - Subsidiary	2014	\$2,531,869	Nil	\$148,450	Nil
Massey Global Limited - Subsidiary	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
Bio Caveo - Investment	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
BioLumic - Investment	2014	\$21,571	Nil	\$3,873	Nil
	2013	Nil	Nil	Nil	Nil
Polybatics Limited - Investment	2014	\$283,054	Nil	\$614,261	Nil
	2013	\$505,367	Nil	\$716,838	Nil
Bio Commerce Limited - Investment	2014	\$43,843	\$218,233	\$5,220	Nil
	2013	\$39,867	\$182,218	\$6,640	Nil
Magritek Holdings Limited - Investment	2014	\$575	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
New Zealand Vet Pathology Limited - Associate	2014	\$305,506	\$302,152	\$16,411	Nil
	2013	\$274,371	\$277,530	\$31,071	\$13,201
Massey University owns 50% of Agri One Limited - Joint Venture	2014	\$1,177,218	\$188,620	\$32,430	\$18,760
	2013	\$568,957	\$250,000	\$25,287	Nil
Synthodics Limited - Investment	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
Consumer Insights Limited - shares acquired in 2014	2014	\$552	Nil	Nil	Nil

The above transactions include GST.

All transactions between related parties have been carried on an arms' length basis using commercial terms.

For Massey Global Limited, as at balance date there were 100,000 uncalled shares.

Massey University Foundation (MUF) has paid the University \$949,000 (2013: \$627,843) to distribute grants and scholarships in line with MUF's Trust Deed.

The Crown

The Government influences the roles of the University as well as being a major source of revenue.

Significant transactions with government-related entities:

Operating Revenue	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
TEC Grants	181,632	185,462	180,298	182,760
Research Grants funded by the Crown	43,292	40,855	43,292	40,855
Total Grants funded by the Crown	224,924	226,317	223,590	223,615

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, the University is required to pay various taxes and levies (such as GST, FBT and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, are based on the standard terms and conditions that apply to all tax and levy payers. The University is exempt from paying income tax.

The University also purchased goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related parties are as per the following table:

Operating Expenses	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Operating Expenses paid to the Crown	18,088	18,832	18,032	18,784
Operating Expenses paid to the Crown	18,088	18,832	18,032	18,784

These expenses include the purchase of electricity from Meridian, air travel from Air New Zealand and postal services from New Zealand Post.

All goods were supplied under normal commercial terms.

There were no other transactions between Massey University and related parties.

Key Management Personnel	Consolidated		University	
	2014	2013	2014	2013
Remuneration	\$	\$	\$	\$
Short-Term Employment Benefits	3,220,951	3,673,130	3,155,631	3,301,335
Post-Employment Benefits	191,607	217,931	191,607	217,931
Council Fees	75,145	87,625	75,110	87,590
	3,487,703	3,978,686	3,422,348	3,606,856

Key management personnel include the Council, the Vice-Chancellor, five pro vice-chancellors and six assistant vice-chancellors.

Note 32. Statement of Commitments

Detailed below are those capital projects for which commitments have been made.

	Projected Total Cost of Project (\$000)	Expenditure to 31 December (\$000)	Unspent Commitment (\$000)
Total Project Commitments 2014	61,496	32,047	29,449
Total Project Commitments 2013	55,645	33,870	21,775

Commitments include the SMS replacement, as while no formal contract was signed as at 31 December 2014, the project was substantially committed.

In addition, the University had operating commitments in respect of service contracts, leases of land, buildings and equipment, and photocopier rental as follows:

Operating Leases	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Due Not Later than One Year	2,279	2,599	2,279	2,599
Due Later than One Year and Not Later than Five Years	4,995	2,025	4,995	2,025
Due Later than Five Years	2,539	1,609	2,539	1,609
Total	9,813	6,233	9,813	6,233

Other Commitments	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Due Not Later than One Year	3,081	4,670	3,081	4,670
Due Later than One Year and Not Later than Five Years	2,891	2,834	2,891	2,834
Total	5,972	7,504	5,972	7,504

Note 33. Statement of Contingent Assets and Liabilities

As at 31 December 2014, Massey University had the following contingent liabilities (University and Consolidated):

There were two employee personal grievances against the University as at 31 December 2014.

The Contingent Liability was assessed at \$5,000 (2013:Nil).

The University is currently involved in a dispute with a supplier. The probable outcome of the dispute will not be known until legal proceedings progress further.

As at 31 December 2014, the University and group were not aware of any other contingent assets or liabilities (2013: \$Nil).

Note 34. Post Balance Date Events

Subsequent to year end the University has begun actively marketing one of its properties for sale. The sale price is expected to be reasonable in relation to its fair value. (2013: In January 2014, an unsolicited offer was received by the University to purchase Ruawhoro campus. The offer of \$1,300,000 was accepted on 24th January 2014).

Note 35. Financial Instruments Risk

The University has a series of policies to manage risks associated with financial instruments. The University is risk averse and seeks to minimise exposure from treasury activities. The University has established Council approved liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the University, causing it to incur a loss. The University has no significant concentrations of credit risk as it has a large number of credit customers, mainly students.

The University invests funds only in deposits with registered banks, and its investment policy limits the amount of credit exposure to any one bank. Investment funds are spread over a number of banks and vary between short and long term. Investments with each bank are in line with the University's Treasury Framework.

Maximum exposure to credit risk at balance date are:

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Cash at bank and term deposits	96,858	91,297	93,062	87,794
Receivables	16,750	17,707	16,671	17,886
Loans	88	155	-	53
Managed Funds	21,260	18,032	-	-
Guarantee Bond	30	30	30	30
Credit Facility on Credit Card	4,000	4,000	4,000	4,000

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

Counter Parties with Credit Ratings		Consolidated		University	
Cash at bank and term deposits	Credit Rating	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
ASB Bank Limited	AA- (Very Strong)	22,289	15,000	22,036	15,000
Bank of New Zealand	AA- (Very Strong)	20,112	12,038	18,946	9,282
Kiwibank Limited	A+ (Strong)	27,130	30,480	27,130	30,480
ANZ Bank Limited	AA- (Very Strong)	19,500	22,350	19,500	22,350
Westpac New Zealand Limited	AA- (Very Strong)	7,827	11,429	5,450	10,682
Total cash at bank and term deposits		96,858	91,297	93,062	87,794

Standard and Poor's Credit Ratings sourced from the Reserve Bank of New Zealand:
http://www.rbnz.govt.nz/regulation_and_supervision/banks/prudential_requirements/credit_ratings/

Derivative Financial Instruments Bank of New Zealand	78	-	78	-
Managed Funds	21,260	18,032	-	-
Counter Parties without Credit Ratings				
	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Total loans	88	155	-	53
Total Debtors and other Receivables	16,750	17,707	16,671	17,886

Liquidity Risk

	Carrying Amount (\$000)	Contractual Cash Flows (\$000)	6 Months and Less (\$000)	7-12 months (\$000)	2 Years (\$000)	3 Years (\$000)	More than 3 Years (\$000)
CONSOLIDATED 2014							
Creditors and other payables	39,863	39,863	39,863	-	-	-	-
Accrued Pay	6,905	6,905	6,905	-	-	-	-
Secured loans	13,843	15,242	826	827	13,589	-	-
Total	60,611	62,010	47,594	827	13,589	-	-
UNIVERSITY 2014							
Creditors and other payables	39,471	39,471	39,471	-	-	-	-
Accrued Pay	6,904	6,904	6,904	-	-	-	-
Secured loans	13,843	15,242	826	827	13,589	-	-
Total	60,218	61,617	47,201	827	13,589	-	-
CONSOLIDATED 2013							
Creditors and other payables	27,402	27,402	27,402	-	-	-	-
Accrued Pay	5,933	5,933	5,933	-	-	-	-
Secured loans	14,507	19,846	826	827	1,653	1,653	14,887
Total	47,842	53,181	34,161	827	1,653	1,653	14,887
UNIVERSITY 2013							
Creditors and other payables	26,847	26,847	26,847	-	-	-	-
Accrued Pay	5,930	5,930	5,930	-	-	-	-
Secured loans	14,507	19,846	826	827	1,653	1,653	14,887
Total	47,284	52,623	33,603	827	1,653	1,653	14,887

Liquidity risk is the risk that the University will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed credit facilities. The University aims to maintain flexibility in funding by keeping committed credit lines available.

The University aims at having a minimum cash holding of \$20 million.

The University manages its borrowings in accordance with its Treasury Policy.

The maturity profiles of the University's interest-bearing investments are disclosed in Note 18.

Market Risk

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The University minimises the risk over expenditure by holding funds in the major foreign currencies in which it does business. The amount on deposit is determined by the amount that is expected to be incurred against that currency in the following 12 months. Holdings of foreign currencies are disclosed in Note 13. The University manages currency risk associated with the purchase of assets from overseas that are above specified amounts by entering into forward foreign exchange contracts. This means the University is able to fix the New Zealand dollar amount payable prior to the delivery of the asset from overseas.

Where a one-off major capital expense involving foreign currency is identified, then a review of current trends and the amount held in that currency is undertaken. If appropriate, then forward cover may be arranged.

The only significant exposure to currency risk relates to funds held in our United States and Australian bank accounts as disclosed in Note 13. If the United States dollar had moved up or down by 1% the effect on surplus and equity would have been \$15,119 based on a closing balance of US\$ 1,180,320. If the Australian dollar had moved up or down by 1% the effect on surplus and equity would have been \$1,981 based on a closing balance of AU\$ 198,094. All other variables are held constant.

Interest Rate Risk

The interest rates on Massey University's investments are disclosed in Note 18, and borrowings in Note 23.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market rates. The University is limited by statute in its ability to manage this risk. If interest rates on investments had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus by \$578,124. Interest rates on borrowings are fixed and not subject to fluctuation for the duration of the fixed maturity chosen. Borrowings are carried at amortised cost and therefore are not impacted by fair value interest rate risk. All other variables are held constant.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that cash flows from financial instruments will fluctuate because of changes in market rates. Borrowings and investments made at variable interest rates expose the University to cash flow interest rate risk. Other than some deposits at call, held for liquidity purposes, the University does not have any exposure to interest rates.

Other Price Risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of market changes in market price. The University does not hold any significant financial instruments that are subject to this risk.

Note 36. Critical Accounting Estimates and Assumptions

In preparing the financial statements the University has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates are judgements that are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. With the exception of those items listed below, there are no estimates or assumptions that will have a significant impact on the carrying amounts of assets and liabilities within the next financial year.

Long-Service Leave and Retirement Gratuities

In order to assess the University's liability in respect of long-service leave and retirement gratuities, an actuarial report was prepared by Eriksen Actuarial in accordance with NZ IAS 19. (Refer Note 24 for assumptions).

Note 37. Critical Judgements in Applying Massey University Accounting Policies

Management has exercised the following critical judgements in applying the University's policies for the year ended 31 December 2014.

Impairment of Trade Receivables

Trade receivables have been reviewed fully and impairments provided as necessary.

Impairment of Buildings

Independent seismic reports are prepared and any impairments required have been provided for based on independently prepared estimated cost of remediation.

Carrying Value of Land, Buildings and Leasehold Improvements

To ensure that the carrying value of the University's land and building are correctly recorded it has been determined that such assets are valued by an independent registered valuer on a regular basis or as deemed necessary.

Crown-owned Land

Property in the legal name of the Crown that is occupied by the University is recognised as an asset in the balance sheet. The University and the group considers it has assumed all of the risks and rewards of ownership of this property despite legal ownership not being transferred and accordingly it would be misleading to exclude these assets from the financial statements.

Distinction Between Revenue and Capital Contributions

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

Note 38. World Bank Funding

	Opening Balance (\$000)	Income (\$000)	Expenses (\$000)	Closing Balance (\$000)
One Health Hub - Phase Two				
2014	(464)	1,070	606	-
2013	221	2,130	2,815	(464)
2012	-	1,520	1,299	221

The above table is a summary of projects funded by the World Bank.

Note 39. Derivative Financial Assets

	Consolidated		University	
	2014 (\$000)	2013 (\$000)	2014 (\$000)	2013 (\$000)
Current Portion				
Forward foreign exchange contracts	78	-	78	-
Total Non-Current Portion	78	-	78	-

The value of foreign exchange contracts has been determined using a discounted cash flows validation technique based on quoted market prices. The input into the valuation model are independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

The notional principal amounts of outstanding forward foreign exchange contracts in NZ\$ were \$1,798,575.

The foreign currency principal amounts were US\$990,000 and AU\$ 575,000.

Note 40. Associates

	Consolidated	
	2014 (\$000)	2013 (\$000)
New Zealand Vet Pathology Limited		
Balance Date:	31 March	
Principal activity:	Research	
Movement in the Carrying amount of investment in associates		
Balance at 1 January	-	-
New investments during the year, shares purchased on 1 April 2014 (2013: \$ Nil)	127	-
Reversal of prior year impairment	317	-
Recognition of prior year unrecognised loss	(57)	-
Share of comprehensive income	304	-
Balance at 31 December	691	-
Unrecognised gain/loss current year	-	153
Accumulated unrecognised gain/losses	-	(57)
Summarised information of associates		
Assets	2,714	1,896
Liabilities	1,185	1,229
Revenue	8,294	5,622
Surplus/deficit	862	605
Group's interest	35.60%	25.00%
Share of associates contingent liabilities incurred jointly with others	-	-
Contingent liabilities that arise because of several liability	-	-

	Consolidated	
	2014 (\$000)	2013 (\$000)
Investment in Consumer Insights Limited		
Balance Date:	31 March	
Principal activity:	Consumer Research	
Movement in the Carrying amount of investment in associates		
Balance at 1 January	-	N/A
New investments during the year, shares purchased on 23 September 2014 (2013: \$ Nil)	30	N/A
Reversal of prior year impairment	-	N/A
Recognition of prior year unrecognised loss	-	N/A
Share of comprehensive income	-	N/A
Balance at 31 December	30	N/A
Unrecognised gain/loss current year	-	N/A
Accumulated unrecognised gain/losses	-	N/A
Summarised information of associates		
Assets	-	N/A
Liabilities	-	N/A
Revenue	-	N/A
Surplus/deficit	-	N/A
Group's interest	40.00%	N/A
Share of associates contingent liabilities incurred jointly with others	-	N/A
Contingent liabilities that arise because of several liability	-	N/A

Note 41. Capital Management

The University and group's capital is its equity, which comprises of general funds, restricted reserves, property valuation and fair value through comprehensive income reserves. Equity is represented by net assets.

The University is subject to the financial management and accountability and accountability provisions of the Education Act 1989.

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

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

COMPULSORY STUDENT SERVICES FEES

FOR THE YEAR ENDED 31 DECEMBER 2014

Compulsory Student Services Fees	Advocacy, Legal and Financial Support (\$000)	Careers and Employment Advice (\$000)	Health and Counselling (\$000)	Pastoral Care (\$000)	Clubs, Societies, Sports, Recreation (\$000)	Media (\$000)	Total (\$000)
Revenue							
Compulsory Student Services Fees Collected	596	397	2,777	2,487	1,137	313	7,707
Expenses	570	379	2,656	2,379	1,088	300	7,372
Surplus(Deficit)	26	18	121	108	49	13	335

Categories of Compulsory Student Services Fee

Advocacy and legal services: Advocating on behalf of students, (individual and groups) to provide support including legal and financial advice, welfare including hardships grants.

Career and employment advice: Supporting students to develop skills and experience for their transition to post-study employment or the next stage of their career path. Support provided includes career consultations, internship opportunities, developing job interview techniques and preparing curriculum vitae.

Counselling and health services: Providing students with access to counselling and health services, including health education and other medical services, to support students to stay well.

Pastoral care: Providing students with access to services such as spiritual support, leadership and transitional programmes, pastoral care for students living in accommodation on and off campus and for students living at a distance from campus, student events and activities.

Media communications: Supporting the production and dissemination of information by students to students, which covers student radio, printed media and web/on-line communications.

Clubs, societies, sports and recreation: Providing resources to support and encourage student participation through Sports and Recreation Centre activities, facilities and events including student clubs, societies and cultural groups.

Note: Any surplus is carried forward to the following year to be used solely for the provision of student services per Ministerial Direction.

The administration of Compulsory Student Services Fees is integrated within the University's normal operations. All income and expenditure associated with the provision of student services is separately accounted for in the University's accounting system.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2014

The Massey University Act 1963 describes the purpose of Massey University as existing “for the advancement of knowledge and the dissemination and maintenance thereof by teaching and research”. Massey University understands its purpose and recognises that its role within the New Zealand context is further defined in the Education Act 1989 and guided by the Tertiary Education Strategy 2014-2019.

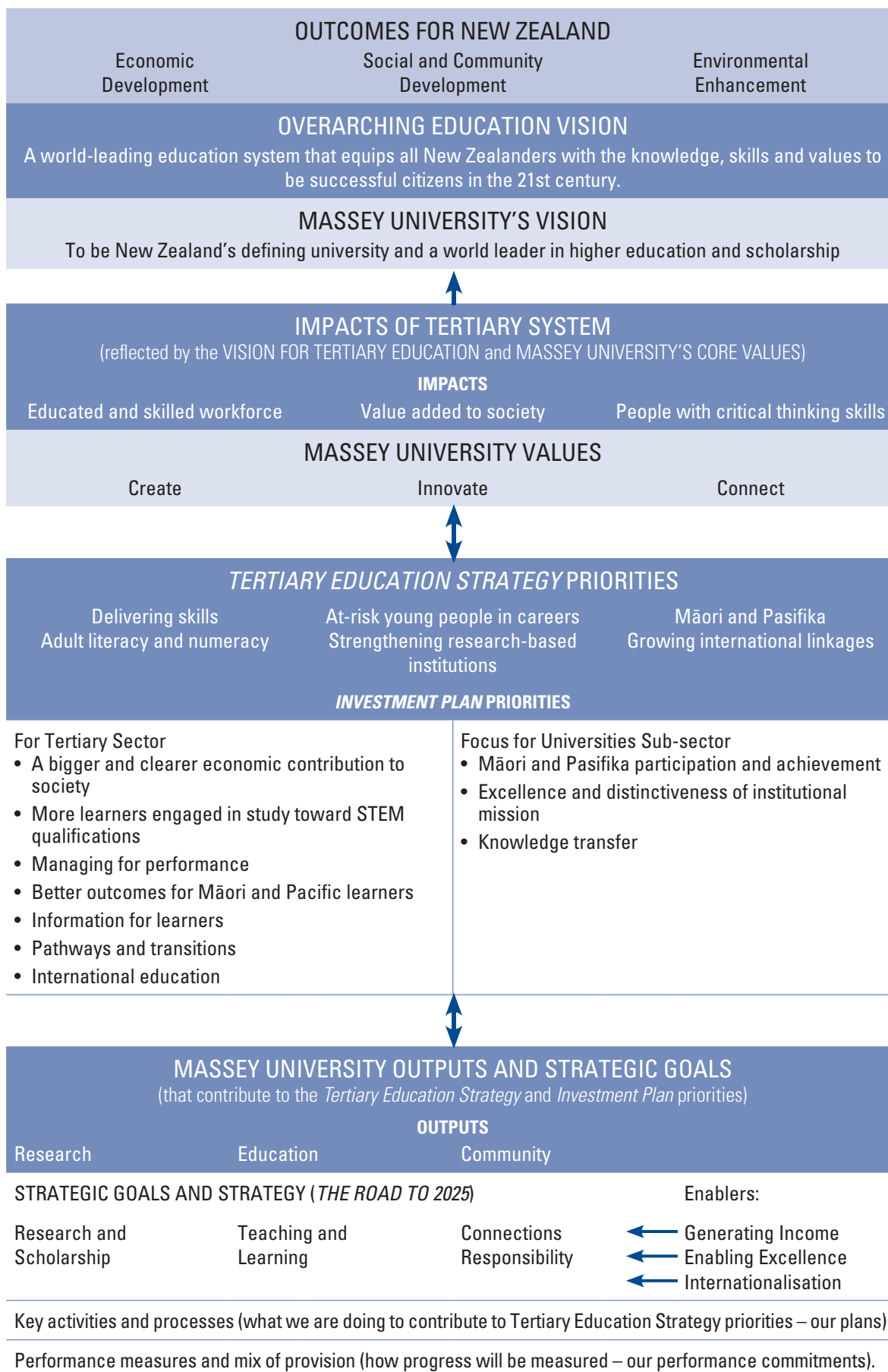
Massey University’s contribution to outcomes for New Zealand, the national vision for the education system, the Tertiary Education Commission (TEC) priorities, and the priorities for the Investment Plan period is illustrated in the following diagram, “Massey University Outcomes Framework”. This framework is consistent with the framework and guidelines for reporting on outcomes developed by a joint TEC and Universities New Zealand working group and endorsed in June 2010. The framework for the university sector provides a shared view of the universities’ national contribution and informs the preparation of Massey University’s Investment Plan.

Massey University frames the strategic goals of the institution and the strategy for their delivery in *The Road to 2025*, and also identifies the activities in our plans and the processes that underpin them. Massey University actively measures its progress against these strategic goals through a series of performance measures under each goal.

Massey University’s key outputs (Research, Education and Services to the Community) contribute to the impacts sought from the tertiary system for an educated and skilled workforce, adding value to society, and developing people with critical thinking skills. Ultimately, this is to meet the Government’s vision of a world-leading tertiary education system that equips New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century.

The key activities in Massey University’s plans derive from its commitment to supporting learning through research, education and engagement with communities and businesses (public and private sector contribution). These plans are strongly aligned with the priorities for the sector as identified in the Tertiary Education Strategy. By delivering on *The Road to 2025* strategic goals, which are founded on the values of creativity, innovation and connectedness, Massey University contributes to outcomes for New Zealand and the overarching vision for education, which links this nation to a wider global community.

Massey University Outcomes Framework



Massey University's current operating climate continues to be challenging. The key influences in the operating environment provide the context for Massey University's performance in 2014. These include:

- A constrained global economic environment within which the New Zealand Government has continued to signal lower levels of government spending than those of the past decade. Where additional resources are available, these will be targeted at areas where there is high alignment with Government priorities. Private sector investment also continues to be constrained;
- Reduced funding from the Government in real terms for student programmes and reprioritisation of existing funding amongst tertiary education providers through a policy that is moving tertiary funding away from "low-quality" qualifications (such as those with low completion rates or poor educational or labour market outcomes) to funding growth in "high-quality" qualifications that benefit New Zealand and contribute to economic growth;
- Performance-linked Funding for the Student Achievement Component of tertiary sector funding continues to be a challenge given Massey University's distinctive student demographic profile: more than half of Massey University's students study part-time (often while currently in the workforce) and at a distance. Part-time students complete qualifications at a slower and lower rate than full-time students, possibly due to competing demands such as family and work;
- The demographic profile of New Zealand's population is becoming older and the ethnic mix has changed since the 2006 census. The 2013 census showed a slight increase in the proportion of New Zealanders identifying as Māori or Pasifika people, and a larger increase in Asian people, particularly in the Auckland region. These demographic trends present an opportunity given Massey University's strength in blended and distance education provision and lifelong learning;
- Ensuring that Massey University's portfolio of qualifications remains relevant and aligned with regional and national needs; and
- Acknowledging that international education is an important enabler in strengthening New Zealand's economic, cultural and social links with the world. Massey University remains focused on realising its international aspirations despite intense and increased competition from other universities in New Zealand and overseas.

OUTPUTS

Massey University provides three core services or outputs – Research, Education and Services to the Community.

Research

Massey University's goals are to promote the highest standards of research and scholarship, be a world leader in its areas of specialisation and support active engagement with, and participation in, knowledge exchange to ensure that the intellectual capital it has generated is used to best advantage.

Massey University's research outputs have driven innovation, knowledge transfer and economic development both regionally and nationally. Such research has also enhanced educational outcomes for students and the provision of benefits to society.

Activities

Activities contributing to this output include:

- Project-based contractual research for the private and public sectors;
- Teaching-related research;
- The commercialisation of research outputs;
- Supervision of research-based Masterate and Doctoral students;
- The development of strategically aligned Graduate schools; and
- Participation in and hosting Centres of Research Excellence and National Science Challenges.

Performance 2014

External Research Income

The environment for gaining research funding is highly competitive, which has created a risk to the research reputation that defines Massey University. The ability to meet agreed targets with the TEC and to produce research that sustains research-led teaching and to enhance Massey University's reputation as a research-led university is becoming increasingly difficult. The University has improved this metric despite this very competitive environment. This is particularly challenging in terms of improving Massey University's positioning in international rankings and benchmarking, as it relies on securing funding for research and producing research that yields quality outcomes. The proactive management of new opportunities is being actively pursued by colleges as required in the Massey University Research Strategy, as multidisciplinary and multiparty collaborations are increasingly central to the success and growth of Massey University's research platform. This will lead to growth in research capability, output and reputation. Massey University's performance in terms of external research income reflects the challenges in the current economic climate. Although Massey University did not meet its target for the year, it exceeded the external research income received in 2013 by \$4 million.

Massey University staff are actively targeted and encouraged to apply for the three main annual competitive Government funding rounds. In 2014 Massey University received over \$3 million from the Ministry of Business, Innovation and Employment, \$5.2 million from Marsden and \$3.6 million from the Health Research Council. Massey University has involvement in all of the National Science Challenges (in both a governance and a scientific capacity), with competitive funding being released in 2015.

In 2014 Massey University was successful in receiving large grants to complete research – some of which involved national and international partnerships. This illustrates the high regard for Massey University research globally in its areas of critical mass. These included:

- A \$2.3 million Ministry of Education contract to develop mentoring opportunities to retain new teachers in Māori language immersion schools and classes;
- An \$8.8 million grant from the United Kingdom’s Biotechnology and Biological Sciences Research Council and Department for International Development (over three years) to investigate the prevention of zoonotic infectious diseases between animals and humans among livestock farmers in Tanzania, in conjunction with an international multidisciplinary team involving eight organisations from five countries;
- \$5 million in funding to host the Government’s new Food Safety Science and Research Centre, which will deliver food safety research for New Zealand. The centre will be a partnership between Massey University, AgResearch, the Cawthron Institute, Environmental Science and Research, Plant and Food Research, and the Universities of Auckland and Otago;
- \$3.5 million for a project funded by the European Commission in Afghanistan, Bangladesh, Nepal and Bhutan, to focus on biosecurity education; and
- \$750,000 in a combined Government grant and Singapore Agency for Science, Technology and Research grant for the development of food products with validated health benefits.

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Actual	2013 Actual
EXTERNAL RESEARCH INCOME (\$M)		69	80	62	58
PBRF EXTERNAL RESEARCH INCOME (\$M)	1	54	58	55	54

Note 1: 2014 Actual is an interim figure only, pending confirmation of final data from the TEC.

Research

In the latest Quacquarelli Symonds (QS) international university subject rankings, agriculture at Massey University improved its ranking by two places to 19th in the world, with accountancy and finance, and education placed in the top 100. Massey University’s School of Design was rated fourth in Asia Pacific, up from 11th two years ago, by the global design award agency, Red Dot. Massey University has consistently been the only university in New Zealand and Australia to be ranked within the top 15 for design. Massey researchers have also been recognised individually for their research, with notice that they are among the most highly cited in their subject areas and have been awarded significant research medals, including the New Zealand Rutherford Medal (New Zealand’s most prestigious science award) to Distinguished Professor Peter Schwerdtfeger.

The Massey University Research Strategy was further implemented in 2014 to promote academic excellence, leadership and engagement. College and unit plans were revised to ensure that unit plans included relevant measures and targets for performance, an articulation of agreed research specialisations that support Massey University’s overarching research themes, plans for appropriate researcher development, and narratives and methods for focusing resources and investment to support these objectives. Significant progress was made in publicising the importance of recording and reporting all research activities, along with attention to individual research trajectories, management of research productivity and an emphasis on high-quality research outputs.

In 2015 a full Institutional Review of Research will take place. This review will give Massey University an understanding of the current and likely future research performance. The connection was established in 2014 between the Massey University Online Repository and Symplectic, and this will allow the direct upload of research outputs into the online repository via Symplectic. This will promote the easier reporting and monitoring of research outputs moving forward.

Research outputs for 2014 are indicative only and are expected to increase as and when publications become available.

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Indicative	2013 Actual
RESEARCH OUTPUTS (NUMBER OF)	2, 3	2,946	Not provided	2,636	2,998

Note 2: Research outputs include: papers published in externally reviewed journals, series and books; refereed conference papers and abstracts; books and monographs; and non-text-based research outputs. Figures provided are rolling three-year averages, therefore the 2014 Indicative is the rolling average of 2012 to 2014. The 2013 Actual is the rolling average of 2011 to 2013.

Note 3: A target for 2014 was not provided in the Investment Plan 2013-2015, therefore a target has not been disclosed in the Annual Report.

Commercialisation

By connecting with industry, Massey University's Business Development and Commercialisation unit has earned significant annual royalties for Massey University innovators whilst transferring knowledge from Massey University to the wider community. Between 2010 and 2013, commercialisation received nearly \$1.5 million in royalty revenue from intellectual property licences, demonstrating that commercialisation is a real option for researchers wishing to disseminate their research outcomes and translate their work for new audiences. Through building relationships between businesses and researchers, Massey University has successfully developed more than 20 intellectual property licences and nine spinout companies. One of the products that was expected to deliver significant royalties in 2014 was withdrawn temporarily from the market due to a fault in the delivery method. Work is underway to remedy the problem and it is expected to be back on the market during 2015/16. This affected the licensing revenue received in 2014.

The total number of new disclosures did not meet target in 2014 and may have been affected by a significant focus on managing the existing Massey Ventures Ltd investment portfolio, which then allowed less time for managing new disclosures. Massey Ventures Ltd supports up to five projects a year, seeking to match its investment with pre-seed accelerator funding. Massey University disclosures are evaluated, with some progressing to commercialisation as either spinout companies or licence agreements with existing companies. In 2014 Massey University School Administration by Computers Ltd (MUSAC Ltd) and Consumer Insights Ltd were "spun out" as new companies. A term sheet was also agreed for licence agreements with Lifeonics and an interim adviser was secured. The development of capacity around student enterprise was successful with the launch of two new student-led start-ups in 2014 and the recruitment of funds through novel crowd-funding methods. As Massey University progresses through 2015 a graduate hatchery will be established at our Albany campus, linked to the ecentre and focused on information and communications technology (ICT).

Key Performance Indicator	5-Year Rolling Average (2009-2013)	2014 Target	2014 Actual	2013 Actual
COMMERCIALISATION				
New disclosures (number of)	27	40	25	33
Licences/Commercialisation deals executed (number of)	3	8	4	4
Licensing revenue (\$000)	382	500	364	416

Postgraduate Students

A significant project was implemented in 2014 on "Enhancing the Non-Doctoral Postgraduate Student Environment", which met a recommendation in the Massey University Cycle 5 Academic Audit. The main deliverables of the project were to ensure a transparent approach to managing the progression of research postgraduate students, to ensure that a consistent and standardised approach is applied to all research postgraduate students in terms of administration and advice, and to increase information via the internet to ensure that research postgraduate students are informed through every step of the research journey at Massey University. This project also introduced the marking of digital theses as the preferred method. This project supported the aims of *The Road to 2025* and Massey University's drive to strengthen research completions.

The Research and Enterprise Office appointed a Researcher Development Coordinator with the mandate of supporting PhD candidates through to Professors. Programmes have been developed for 2015 implementation that align with the “PhD to professor” programme for both PhD and early-career researchers, along with additional offerings with regards to the research portfolio. Doctoral scholarships have also been devolved to college-level for allocation. Colleges will propose projects in their areas of strength and have students apply to work on the projects as part of the scholarships. By aligning students and projects with Massey University’s areas of strength, this will result in increased completion rates and higher-quality students enrolled in research.

Considerable work was undertaken in 2014 to review Masterate programmes at Massey University to consider their suitability for conversion to 180-credit Masterates and to consider the viability of a number of postgraduate programmes and offerings available to students. This will ensure that the suite of postgraduate programmes on offer at Massey University is up to date, relevant to the 21st century and fit for purpose, thereby creating increased demand for postgraduate study.

The Southern Spring intake actively promotes non-traditional commencement dates for international postgraduate students in the Master of Professional Accountancy and Finance, Master of Management and Postgraduate Diploma in Business Administration. A total of 33 international students took advantage of this opportunity, of whom 20 were enrolled in the Master of Professional Accountancy and Finance.

Key Performance Indicator	5-Year Rolling Average (2009-2013)	2014 Target	2014 Indicative	2013 Actual
RESEARCH DEGREE COMPLETIONS (NUMBER OF)				
All students	380	345	393	453

Indicative results for 2014 research degree completions are available from Massey University’s Student Management System. Even though the indicative figure is already higher than the 2014 target, the total number of research degree completions in 2014 can only be reported once Massey University’s Single Data Return has been submitted in April 2015. 2013 Indicative figure reported prior year was 342 and it has now been updated for the actual result.

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Actual	2013 Actual
POSTGRADUATE STUDENTS					
Student participation by equivalent full-time students (EFTS) as % of total EFTS – postgraduate research	4	8	8	8	8
Overall student satisfaction with educational experience (%) – postgraduate students	5, 6, 7	New measure	Not provided	77	77

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Indicative	2013 Actual
Successful course completion (%) – postgraduate students	8	89	85-87	85	90

Indicative results for 2014 successful course completions are available from Massey University’s Student Management System, but will not be finalised until all results have been processed and Massey University’s Single Data Return is submitted in April 2015.

Note 4: Postgraduate research: Paper enrolments in papers at Funding Category Levels 4 and 5 as defined by the TEC.

Note 5: A total of 5,762 taught postgraduates were sent invitations to participate in the Student Experience Survey. Partial and complete responses were returned by 2,069 taught postgraduates (36% response rate). Percentages provided do not include “no response”.

Note 6: A target for 2014 was not provided in the Investment Plan 2013-2015, therefore a target has not been disclosed in the Annual Report.

Note 7: A 2013 result has been provided based on new functionality added to the Student Experience Survey.

Note 8: Successful course completion is measured by successful course completion EFTS as a proportion of the total EFTS delivered.

Education

Massey University's goal is to ensure an exceptional and distinctive learning experience for all students.

An educated and skilled workforce is necessary to contribute to the economic development of New Zealand. Massey University contributes to this by ensuring that its students are taught by dedicated and skilled academics in a stimulating environment that is conducive to active learning. Massey University's Teaching and Learning Framework identifies the key characteristics of Massey University's teaching and learning environment as Research-led, Applied, International, Distance and Lifelong, and Digital. Each of these dimensions is supported by a strategy to realise fully the potential of each area.

Activities

Activities contributing to this output include:

- Higher-level tertiary education (teaching, learning and assessment)¹;
- Foundation-level tertiary education²;
- A comprehensive portfolio of education offerings including:
 - Professional degrees (for professional groups, eg veterinary, nursing, accounting, education and engineering);
 - Degrees developed in partnership with business and industry (eg defence and security, food, agriculture, design and fine arts) and to meet the needs of community groups (regional and ethnic communities including Māori, Pasifika and new-migrant communities);
 - Professional and Continuing Education short-course programmes;
 - Distance and blended education (New Zealand's leading university);
 - International education (both on-shore and off-shore); and
- Student support services, including residential and social.

Performance 2014

Student Participation

Massey University actively monitored student participation rates throughout 2014 in terms of numbers, student quality, mix of provision and enrolment location. Demographic shifts are the key risk drivers for this performance measure, along with regulatory changes to StudyLink entitlements, education policy changes favouring certain disciplines, and the age groups of the students. There is strong competition for both domestic and international students among New Zealand's tertiary education providers. Improving Massey University's retention rates, completion rates and progressions to higher qualifications continues to be important for increasing future enrolments.

There was extensive marketing and recruitment work to encourage student enrolments. The recruitment strategy was reviewed, with an intent to identify key activities and relationships that would have the largest impact on enrolments both during 2014 and in the future, with amendments to the strategy reflected in the recruitment planning for 2015. The implementation of the engagement strategy progressed well, with a direct management plan developed to ensure that prospective students and parents who are engaged through recruitment activity are "connected" (connected-contacted) following the events or visits and provided with relevant information.

Programme-specific promotion was undertaken that covered aviation, business, sciences, health, nursing, agriculture, liberal arts, education, vet, sport and exercise, nutrition and food technology. Recruitment activity also included around 670 school visits, speaking with more than 15,000 students, more than 80 on-campus events, and 100 non-school events speaking with prospective students. A range of resources was developed for prospective students, including posters for schools, publications, infographics, student profiles, videos and planning tools. The activities all received excellent feedback and high levels of engagement.

¹ Higher-level tertiary education: primarily degree-level (undergraduate and postgraduate) education at qualification levels 7 and above.

² Foundation-level tertiary education: sub-degree-level education at qualification levels 5 and 6.

As featured in the Internationalisation Big Goal in *The Road to 2025*, Massey University aims to build its international student community. A new Internationalisation Strategy is currently under development that will address this issue moving forward into 2015 and beyond. In 2014 an internal audit was completed of international student recruitment, admission and enrolment. The audit identified a set of recommendations that will help to improve and streamline processes; implementation dates for these recommendations have been set. Also completed in 2014 was an increase in the competitiveness of the Massey University offer through changes to the education agent commission structure.

Massey University did not meet its EFTS target in 2014 for a number of reasons, which included a softening of demand for tertiary education in New Zealand and a high EFTS target, which has been redeveloped for the next *Investment Plan 2015-2017*.

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Actual	2013 Actual
STUDENT PARTICIPATION BY EQUIVALENT FULL-TIME STUDENTS (EFTS)					
Total University EFTS delivered		19,687	20,802	18,680	19,101
STUDENT PARTICIPATION BY EQUIVALENT FULL-TIME STUDENTS (EFTS) AS A % OF TOTAL EFTS					
All international students	1	13	16-17	16	15
Postgraduate taught students	2	13	13	14	13

Note 1: All international students includes students who pay full international fees and subsidised international students, eg foreign wholly research students.

Note 2: Postgraduate taught students includes paper enrolments in papers at Funding Category Level 3 as defined by the TEC.

Educational Performance Indicators (EPIs)

Implementing Massey University's Student Success Strategy alongside strengthening its academic advice, learning support and pastoral care services to students played a pivotal role in 2014 in building high levels of student success, retention and progression to postgraduate study. A number of initiatives were completed that ranged from extended orientation to the implementation of the Academic Standing model (which enables Massey University to identify and acknowledge students' excellent progress, as well as recognise when students need extra assistance to perform at their best). The impact of these initiatives on Massey University's EPIs will not be immediately visible as the initiatives have not had sufficient time for performance to be measured. The success of these initiatives is being monitored with a view to evolving them for future years and looking towards other new initiatives for 2015 and beyond. The development of a rich data stream to inform colleges of their EPIs at a more granular level and to support more defined actions is currently underway.

Massey University is facing a loss of market share for distance students, with declining trends in both EFTS and headcount. Work has commenced on renewing the Equity of Access to Educational Opportunities Policy and in developing the overarching framework. This will help Massey University to identify pockets of underrepresentation and underperformance and develop strategies to broaden the student base while ensuring student success. Massey University is also aware that an increasing number of students are choosing to study in mixed mode, and this is currently under review.

A discussion document was prepared in 2014 on "Achieving significant increases in Māori student retention and completion", which focused on new Māori distance students.

Indicative results for all EPIs are based on 2014 data that is available from the data provided in Massey University's Single Data Return in December 2014, but will not be finalised until Massey University's Single Data Return is submitted in April 2015. The figures are likely to increase as a result of additional completions reported in April 2015. It is at this stage that actual 2014 performance against all EPIs can be analysed.

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Indicative	2013 Actual
STUDENT RETENTION (%)	3	71	68-70	76	75
SUCCESSFUL COURSE COMPLETION (%)	4				
All students		80	81-83	78	80
Internal students		84	84-85	83	85
Distance students		71	72-74	70	72
QUALIFICATION COMPLETION (%)	5				
All students		59	47-52	53	78
STUDENT PROGRESSION (%)	6				
All students		36	13-14	68	58

Note 3: Student retention is measured by the proportion of Student Achievement Component (SAC) eligible students in a year who either re-enrol in the next year or complete qualifications. 2013 Indicative figure reported prior year was 75% and it has remained the same for the actual result.

Note 4: Successful course completion is measured by SAC eligible successful course completion EFTS, as a proportion of the total SAC eligible EFTS delivered. 2013 Indicative figure reported prior year was 78% (all students), 84% (internal students) and 70% distance students and it has now been updated for the actual result.

Note 5: Qualification completion is measured by qualifications completed by students, weighted by the EFTS value of the qualifications, as a proportion of total SAC eligible EFTS enrolled in the qualifications. 2013 Indicative figure reported prior year was 62% and it has now been updated for the actual result.

Note 6: Student progression is measured by progression to higher levels of study in the tertiary sector by students (at qualification levels 1-4). 2013 Indicative figure reported prior year was 58% and it has now been updated for the actual result.

Student Satisfaction

The Student Survey and Evaluation Unit (SSEU) at Massey University administers a number of University-wide student surveys on behalf of Massey University. These currently include the: Graduate Destination Survey; Graduate Longitudinal Study New Zealand; International Student Barometer; Massey Online Survey Tool; Student Experience Survey; and Postgraduate Research Experience Questionnaire. The SSEU's focus is on collecting time series results to explore changes in students' perceptions of University processes, with a strong emphasis placed on benchmarking and interpreting the data and involvement in quality enhancement activities.

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Actual	2013 Actual
OVERALL STUDENT SATISFACTION (%)					
With educational experience	7, 8	New measure	Not provided	81	81
With services and facilities (% of students rating services good/very good)	7	84	85-90	81	79

Note 7: A total of 25,939 students were sent invitations to participate in the Student Experience Survey. Partial and complete responses were returned by 8,007 students (31% response rate). Percentages provided do not include "no response". A rolling average is not provided as this data has only been collected in 2013 and 2014 from the Student Experience Survey.

Note 8: A target for 2014 was not provided in the Investment Plan 2013-2015, therefore a target has not been disclosed in the Annual Report.

Graduate Outcomes

Transitioning graduates into careers is of utmost importance to Massey University. In 2014 the Employability Framework was launched, which included a dedicated framing of careers and employment support. The aim of the framework is to enhance career and employment services for students. The framework provides a new, integrated approach to applied and experiential learning, scholarship support, career and employment advice, enterprise, citizenship, learning support and services throughout the student engagement lifecycle.

Alongside this, the Massey University Employability Framework specifies that almost every undergraduate and postgraduate degree is to include an experiential learning component. This will ensure that Massey University students are supported to secure relevant work experience. The Careers and Employment Services are also directly linked to support the Employability Framework. This new model will ensure that Massey University graduates are well prepared for the workforce.

Key Performance Indicator	Note	2-Year Rolling Average (2012-2013)	2014 Target	2014 Actual	2013 Actual
GRADUATE OUTCOMES (%)					
Progression to employment	9, 10	85	Not provided	87	87
Engaged in further study	9, 10	32	Not provided	27	30

Note 9: A total of 5,243 graduates were sent invitations to participate in the Graduate Destination Survey. Partial and complete responses were returned by 1,142 graduates (22% response rate). Percentages provided do not include "no response".

Note 10: A target for 2014 was not provided in the Investment Plan 2013-2015, therefore a target has not been disclosed in the Annual Report.

Services to the Community

Massey University's goal is to enhance its reputation as New Zealand's defining university by contributing to an understanding of – and innovative responses to – social, economic, cultural and environmental issues, including those that affect tangata whenua, and will promote and value citizenship and leadership across Massey University staff and students. It is also Massey University's goal to strengthen its connections with tangata whenua and local, national and international partners and stakeholders, creating mutual benefits.

Academic staff and students contribute to the community with their advanced critical thinking on matters relevant to society, including providing expert commentary and advice locally, nationally and internationally.

Activities

Activities contributing to this output include:

- Engagement with all our stakeholder communities, including business and industry, government (local and central), iwi, Pacific peoples, new-migrant communities and schools;
- Maintaining ongoing relationships with Massey University alumni;
- Providing advanced critical thinking on matters relevant to society, including expert commentary and advice locally, nationally and internationally;
- Sharing the academic and professional expertise of staff, particularly on issues of national and regional significance and on research that is of benefit to the community;
- Holding and/or participating in regional and national events;
- Hosting conferences and public lectures;
- Supporting and contributing to a diverse range of community-oriented programmes and initiatives; and
- Promoting public dialogues on the big issues of the day where Massey evidences intellectual and thought leadership (eg sustainability, climate change, population demographics and migration, food security, natural-resource management, creativity and design for culture, commerce and community).

Performance 2014

International Partnerships

With the rapid growth of partnerships in the past 5-10 years, a large number of memoranda of understanding (MOUs) and agreements expire each year, but only those deemed of sufficient strategic value and/or implementable quality and that have the active support of current Massey University staff are renewed. In 2014 the International Office conducted a thorough audit of all international partnerships whereby a number of longstanding MOUs and agreements previously classified as “active” were reclassified as “inactive”. This resulted in a reduced number of active partnerships overall, but more accurately reflected the quantity and quality of Massey University’s international partnerships. As part of the audit process, international agreements that were hosted outside the International Office were included to provide a “whole-of-university” figure and to improve the robustness of record-keeping from a whole-of-university perspective for international agreements. The number of formal international partnerships with overseas institutions demonstrates the success of Massey University’s Internationalisation Strategy.

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Actual	2013 Actual
ACTIVE INTERNATIONAL PARTNERSHIPS (NUMBER OF)	1	189	240	245	218

Note 1: Active international partnerships are those partnerships where Massey University is the first party (the lead contractor) to the programmes/contracts.

Community

Massey University staff actively support a number of charity organisations and causes throughout the year. In addition, the expertise and advice of Massey University staff are valued and sought after in the domestic and global environments, as illustrated by staff at Massey University receiving the Rutherford Medal and staff becoming Fellows of the Royal Society of New Zealand in 2014.

Massey University was involved in a number of community-oriented activities in 2014. Examples of these activities include the work undertaken by the Fin-Ed Centre in partnership with Habitat for Humanity financed by the Commission for Financial Literacy and Retirement Income, the symposium celebrating the University’s 50 years of food technology education, a series of one-day symposia on nutrition, and the 2014 New Zealand Food Awards hosted by Massey University in Auckland.

Massey University also hosted the Te Pae Roa 2040 Conference (30 years on and 30 years ahead at Albany), bringing together leading Māori thinkers and experts in their fields to discuss experiences, understanding and learnings that will inform and assist Māori development as Aotearoa New Zealand moves towards celebrating its bicentenary. Te Pae Roa 2040 explored the balance between economic, social, cultural and environmental dimensions, the relationship between current and future interests, growing economic investments alongside human and social capital, and the opportunities for realising whānau potential within a context of iwi and Māori community economic gains.

Massey University in conjunction with Southern Cross Healthcare Group hosted a think tank in May 2014 on topics that included how to modify or reduce the rapidly rising demand for healthcare, considered to be one of New Zealand’s most pressing economic problems. More than 50 experts were involved, including political experts and keynote speaker Sir Malcolm Grant, Chair of the United Kingdom National Health Service.

Key Performance Indicator	Note	5-Year Rolling Average (2009-2013)	2014 Target	2014 Actual	2013 Actual
MASSEY UNIVERSITY ACADEMIC STAFF INVOLVED IN COMMUNITY SERVICE ACTIVITIES (%)	2, 3	New measure	Not provided	N/A	87
MASSEY UNIVERSITY ACADEMIC STAFF SERVING ON ADVISORY BOARDS AND COMMITTEES (%)	2, 3	New measure	Not provided	N/A	41

Note 2: This is a new measure, with data collected in 2013 using a proxy based on academic staff "community engagement" as reflected in the PBRF evidence portfolios for academic staff members. This measure will next be reported in the 2015 Annual Report using data collected from the 2015 Institutional Review of Research.

Note 3: A target for 2014 was not provided in the Investment Plan 2013-2015, therefore a target has not been disclosed in the Annual Report.

APPENDICES

STUDENT NUMBERS

Note: Figures below are student headcount, and include all students enrolled regardless of funding source.

Massey University Totals

	Notes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Internal	1	20,640	19,366	18,436	17,902	18,637	18,566	18,034	17,864	17,303	16,867
Distance	1	19,017	17,656	17,055	16,511	17,488	16,299	15,870	15,627	15,146	14,402
Total		39,657	37,022	35,491	34,413	36,125	34,865	33,904	33,491	32,449	31,269
% change over previous year		(4.49%)	(6.64%)	(4.14%)	(3.03%)	4.97%	(3.49%)	(2.76%)	(1.22%)	(3.11%)	(3.64%)
Number of international students included in totals above	2	5,790	5,279	4,481	3,985	3,752	3,503	3,947	3,806	3,859	3,924

Notes:

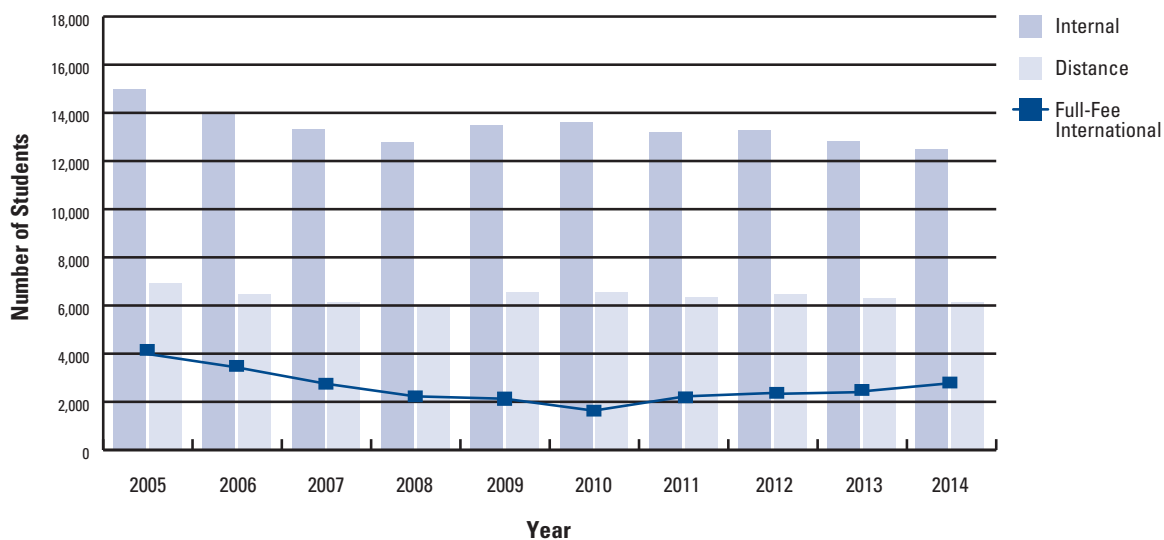
1. By student mode.
2. Includes all international students regardless of New Zealand residency or funding status.

EQUIVALENT FULL-TIME STUDENTS (EFTS)

	Notes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Internal	1	14,952	14,002	13,315	12,749	13,469	13,599	13,201	13,256	12,822	12,502
Distance	1	6,897	6,473	6,117	5,989	6,525	6,520	6,318	6,449	6,279	6,179
Total all students (regardless of funding sources)		21,850	20,475	19,432	18,738	19,994	20,119	19,519	19,704	19,101	18,680
% change over previous year		(6.33%)	(6.29%)	(5.09%)	(3.57%)	6.70%	0.63%	(2.98%)	0.94%	(3.06%)	(2.20%)
Full-fee international students included in totals above	2	4,197	3,412	2,671	2,084	2,021	1,886	2,050	2,222	2,289	2,587
EFTS funded by TEC	3	16,931	16,297	16,085	15,996	17,360	17,673	16,784	16,852	16,140	15,583
% change over previous year		(5.10%)	(3.07%)	(1.99%)	(0.55%)	8.52%	1.80%	(5.03%)	0.41%	(4.22%)	(3.45%)

Notes:

1. By paper mode.
2. These are full-fee international students as per TEC funding classifications 02, 03 and 20.
3. As per TEC Funding Classification 01.



STAFFING LEVELS

FULL-TIME EQUIVALENT (FTE) STAFF

	2013	2014
Colleges		
Academic	1,081	1,100
Professional services	430	449
Contract and trading	377	361
Total Colleges	1,887	1,910
Centres of Research Excellence, Support Services and Administration		
Vice-Chancellor's Office	16	16
Assistant Vice-Chancellor (Academic and International)	389	-
Assistant Vice-Chancellor (External Relations)	48	44
Assistant Vice-Chancellor (Finance, Strategy and IT)	198	-
Assistant Vice-Chancellor (Māori and Pasifika)	22	21
Assistant Vice-Chancellor (People and Organisational Development)	33	36
Assistant Vice-Chancellor (Research and Enterprise)	77	-
Assistant Vice-Chancellor (Operations) and University Registrar	323	-
Assistant Vice-Chancellor (Operations, International and University Registrar)	-	458
Assistant Vice-Chancellor (Strategy, Finance, IT and Commercial Operations)	-	269
Assistant Vice-Chancellor (Research, Academic and Enterprise)	-	260
Total Centres of Research Excellence, Support Services and Administration	1,107	1,103
Total Staff	2,994	3,013

Note:

In 2014 there were changes within the portfolio lines of the Senior Leadership Team which is why there are "gaps" in the comparisons.

STAFF (FTE), BY COLLEGE

College		2007	2008	2009	2010	2011	2012	2013	2014
College of Business	Academic	282	251	240	221	210	207	212	212
	Professional services	97	97	103	106	89	86	81	80
	Contract and trading	16	11	9	12	9	9	8	8
College of Creative Arts	Academic	105	101	113	113	107	98	93	91
	Professional services	35	35	37	38	37	40	44	45
	Contract and trading	2	6	6	3	3	4	1	3
College of Education	Academic	113	104	107	104	102	99	N/A	N/A
	Professional services	48	47	47	47	34	32	N/A	N/A
	Contract and trading	111	94	85	73	65	49	N/A	N/A
College of Health	Academic	N/A	N/A	N/A	N/A	N/A	N/A	138	139
	Professional services	N/A	N/A	N/A	N/A	N/A	N/A	50	51
	Contract and trading	N/A	N/A	N/A	N/A	N/A	N/A	130	129
College of Humanities and Social Sciences	Academic	244	226	234	245	258	257	299	302
	Professional services	62	49	55	56	49	47	66	62
	Contract and trading	115	137	154	147	146	139	84	65
College of Sciences	Academic	445	432	423	408	403	411	339	356
	Professional services	284	242	255	233	221	222	189	211
	Contract and trading	174	158	156	170	160	166	153	157
Total Colleges	Academic	1,189	1,114	1,117	1,091	1,080	1,072	1,081	1,100
	Professional services	526	470	497	481	430	426	430	449
	Contract and trading	418	402	410	405	383	367	377	361
Total FTE		2,133	1,987	2,023	1,976	1,893	1,865	1,887	1,910

Note:

In 2013, the College of Education became an Institute of Education, based in the College of Humanities and Social Sciences. The College of Health was created in 2013, formed from a combination of departments/schools/institutes in the College of Humanities and Social Sciences and the College of Sciences.

STAFFING RATIOS

	2007	2008	2009	2010	2011	2012	2013	2014
Funded equivalent full-time students (EFTS) (excluding Professional and Continuing Education)	18,549	17,869	18,889	19,048	18,493	19,316	18,777	18,232
Total academic staff including casual academic	1,188	1,114	1,117	1,091	1,080	1,072	1,081	1,100
Total professional services staff including casual professional services	1,522	1,456	1,553	1,552	1,519	1,533	1,536	1,552

College	2012		2013		2014	
	Ratio of EFTS to Academic Staff	Ratio of Professional Services to Academic Staff	Ratio of EFTS to Academic Staff	Ratio of Professional Services to Academic Staff	Ratio of EFTS to Academic Staff	Ratio of Professional Services to Academic Staff
College of Business	24.9 : 1	0.48 : 1	25.3 : 1	0.38 : 1	24.2 : 1	0.38 : 1
College of Creative Arts	14.7 : 1	0.33 : 1	17.7 : 1	0.47 : 1	16.5 : 1	0.47 : 1
College of Education	16.5 : 1	0.46 : 1	N/A	N/A	N/A	N/A
College of Health	N/A	N/A	15.5 : 1	0.36 : 1	16.4 : 1	0.36 : 1
College of Humanities and Social Sciences	19.2 : 1	0.23 : 1	17.2 : 1	0.22 : 1	17.4 : 1	0.22 : 1
College of Sciences	12.6 : 1	0.57 : 1	11.4 : 1	0.56 : 1	11.4 : 1	0.56 : 1
University Total	17.1 : 1	1.41 : 1	16.8 : 1	1.42 : 1	16.2 : 1	1.43 : 1

