nzist new zealand institute of skills and technology

Generally Accepted Accounting Policies (GAAP)

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Generally Accepted Accounting Policies for NZIST and its subsidiaries

Context and assumptions on which the policies are based

The New Zealand Institute of Skills and Technology (NZIST) came into creation on 1 April 2020 and will be the 100% owner of 16 Industry Training Providers (ITPs). NZIST will regularly be required to provide consolidated New Zealand Generally Accepted Accounting Policies (NZ GAAP) compliant financial information. To enable NZIST to prepare this information, consistency of NZ GAAP accounting policies is required.

The following policies have been prepared to provide a consistent basis of accounting for NZ GAAP purposes for NZIST and its subsidiaries. NZIST management are responsible for selecting the appropriate policies for the entity, and its subsidiaries. Wherever possible the policies have been prepared to limit differences between NZIST and the New Zealand Government (Crown) accounting policies, to enable simplicity in reporting requirements.

Individual ITPs are currently applying different NZ GAAP policies in their general-purpose reporting. Changes to these policies will therefore need to be made by some ITPs.

Materiality

The following policies should be applied to material transactions and balances. They need not be applied to transactions and balances that are not considered material to an ITP, or when the effect of applying them is immaterial to the results of the ITP.

Scope

These policies are not exhaustive but attempt to cover the material NZ GAAP accounting policies.

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Generally Accepted Accounting Policies

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
Accounts Payable	Short-term payables are recorded at the amount payable. Payables are non- interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.	Yes	None identified
Accounts Receivable	Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Institute applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivable. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery.	Yes	None identified. ITPs that have not adopted PBE IPSAS-41 will be required to adopt this standard.
Cash and Cash Equivalent	Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.	Yes	None identified.
Consolidation	The group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation. The group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Institute obtains control of the entity and ceases when the Institute loses control of the entity. The group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Institute obtains control of the entity and ceases when the Institute loses control of the entity.	Yes	None identified

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	Subsidiaries The Institute consolidates in the group financial statements those entities it controls. Control exists where the Institute is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Institute. Investments in subsidiaries are measured at cost in the Institute's parent financial statements.		
Derivative Instruments	Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from the Institute's financing activities. In accordance with its treasury policy, the Institute does not hold or issue derivative financial instruments for trading purposes. The Institute and group have elected not to apply hedge accounting. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit. A forward foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of forward foreign exchange derivatives is classified as non-current. The portion of the fair value of an interest rate derivative that is expected to be realised or settled within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.	Yes	None identified
Employee Benefits	Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related serviced are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to - but not yet taken at - balance date, and sick leave. A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.	Yes	None - interpretation and judgement differences may arise. There are differences in the recognition of sick leave provisions. Research leave provisions are not recognised in many ITPs, as they are not considered to

<table>
<tr><th>Policy</th><th>Content</th><th>Is the policy consistent with Crown policies?</th><th>Potential changes in ITPs</th></tr>
<tr><td></td><td>Long-term employee entitlements
Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:
• likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
• the present value of the estimated future cash flows.
Presentation of Employee Entitlements
Sick leave, annual leave, and vested long-service leave are classified as a current liability. Non-vested long-service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as non-current liability.
Superannuation Schemes
Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expenses in the surplus or deficit when incurred.</td><td></td><td>meet the requirements of recognition.</td></tr>
<tr><td>Equity</td><td>Equity is measured as a difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:
• general funds;
• property revaluation reserves;
• fair value through other comprehensive revenue and expense reserve; and
• trusts and bequests reserve.
Property Revaluation Reserves
These reserves relate to the revaluation of land, buildings, and infrastructure assets to fair value.
Fair Value through other Comprehensive Revenue and Expense Reserve
This reserve comprises the cumulative net change of financial assets classified as</td><td>Policy not identified in Crown accounts</td><td>ITPs that do not have separately identified reserves for trusts and bequests will be required to identify these components of equity. If trust or bequest funds are currently held as liabilities and do not meet the condition requirements in PBE IPSAS-23, these amounts will need to be transferred to reserves.</td></tr>
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Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	fair value through other comprehensive revenue and expense. **Trusts and Bequests Reserve** The trusts and bequests reserve are a component of equity which has been created by the Institute. Transfers from the reserve may be made only for certain specified purposes or when certain specified conditions are met. The restrictions on use may be established by the Institute or legally through the terms and conditions of specific trusts and bequests.		
Finance leases	A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Institute and group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.	Yes	None identified
Foreign currency transactions	Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.	Yes	None identified
Income Tax	The Institute and group are exempt from Income Tax. Accordingly, no provision has been made for Income Tax.	Yes	None identified
Goodwill	The Institute will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Institute. If the consideration transferred is lower than the net fair value of the Institute's interest in the	Yes	None identified

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.		
GST	Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.	Yes	None identified
Intangible Assets	**Software Acquisition and Development** Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and relevant professional fees. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. **Course Development Costs** Course development costs are expensed when incurred. **Intellectual Property Development** Research costs are expensed as incurred in the surplus or deficit. Development costs that are directly attributable to the design, construction, and testing of pre-production or pre-use prototypes and models associated with intellectual property development are recognised as an intangible asset if all the following can be demonstrated: • It is technically feasible to complete the product so that it will be available for use or sale. • Management intends to complete the product and use or sell it.	Yes	ITPs that currently capitalise course development costs will need to amend to comply with this policy. This is expected to have a material impact on ITPs that capitalise course development costs.

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	• There is an ability to use or sell the product. • It can be demonstrated how the product will generate probable future economic benefits. • Adequate technical, financial, and other resources to complete the development and to use or sell the product are available. • The expenditure attributable to the product during its development can be reliably measured. Other development expenses that do not meet these criteria are recognised as an expense as incurred in the surplus or deficit. Development costs previously recognised as an expense cannot be subsequently recognised as an asset. **Amortisation** The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is expensed in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows: • Computer software 3 to 6 years 16.7% to 33.3% Capitalised intellectual property development costs are still work in progress. The useful life of completed projects will be established at project completion. **Impairment of intangible assets** Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.		
Inventories	Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows: • Commercial: measured at the lower of cost and net realisable value. • Non-commercial: measured at cost, adjusted for any loss of service	Yes	ITPs using average cost as measurement of costs will need to amend for this policy. This is likely to have a minimal impact.

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	potential. Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.		
Investment Properties	Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Property held to meet service delivery objectives is classified as property, plant, and equipment. Investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.	Yes	None identified
Investment in Associates	**Associate** An associate is an entity over which the Institute has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the group financial statements using the equity method of accounting. Investments in associates are measured at cost in the Institute's parent financial statements. **Joint venture** A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are measured at cost in the Institute's parent financial statement.	Yes	A number of ITPs may be required to update policies based on adoption of PBE IPSAS 34-38.

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	Investments in associates and joint ventures are accounted for in the group financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the change in net assets of the entity after the date of acquisition. The group's share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the group financial statements. If the share of deficits of the entity equals or exceeds the interest in the entity, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of only after its share of the surpluses equals the share of deficits not recognised.		
Loan Borrowings	Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the Institute or group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.	Yes	ITPs that currently capitalise interest to qualifying assets will need to amend the policy to expense interest.
Operating Lease	An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.	Yes	None identified
Other Financial Assets and Liabilities	Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit. **Term deposits and loans to subsidiaries**	Yes	Entities that have not adopted PBE IPSAS 41 will need to adopt the standard. Government bonds may have

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	Term deposits and loans to subsidiaries are initially measured at the amount invested. Where applicable, interest is subsequently accrued and added to the investment balance. At year end, term deposits and loans to subsidiaries are assessed for indicators of impairment. If they are impaired, the amount not expected to be collected is recognised in the surplus or deficit. **New Zealand Government Bonds** New Zealand Government bonds are designated at fair value through other comprehensive revenue and expense. After initial recognition, the bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense. **Managed fund** The managed fund is a portfolio of financial assets that are actively traded with the intention of making profits. Therefore, the managed fund is classified as held for trading. After initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit. **Unlisted shares** Equity investments are designated at fair value through other comprehensive revenue and expense. After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to general funds. **Fair value** For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy: • Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets. • Valuation techniques using observable inputs (level 2) - Financial instruments		previously been treated as through Surplus or deficit for some ITPs.

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. • Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.		
Property, Plant and Equipment	Property, plant, and equipment consists of nine asset classes: land, buildings, infrastructure, leasehold improvements, computer hardware, furniture and equipment, motor vehicles, library collection, and heritage collections. Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses. **Revaluation** Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. Revaluation movements are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an 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 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 revenue and expense. **Additions** The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute and group and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at	Yes - Materially	ITPs that revalue property, other than land and buildings, will need to update for this policy. ITPs that do not revalue infrastructure will need to update for this policy. There will be alignment of classes of assets required and possibly updates of depreciation rates. If an ITP is applying a lower/higher capitalisation threshold this will need to be amended.

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute and group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred. Additions over $2,000 in value are capitalised. Amounts under this are expensed. **Disposals** Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds within equity. **Depreciation** Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land and heritage collections, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered to be negligible. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows: • Buildings (including components) 25 to 100 years 1% to 4% • Infrastructure 10 to 50 years 2% to 10% • Leasehold improvements 3 to 10 years 10% to 33.3% • Computer hardware 5 years 20% • Furniture and equipment 2 to 13 years 7.7% to 50% • Motor vehicles 4 years 25% Library collection 10 years 10% Leasehold improvements are depreciated over the shorter of the unexpired period of		

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	the lease or the estimated remaining useful lives of the improvements, whichever is the shorter. **Impairment of property, plant, and equipment** Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit. **Value in use for non-cash-generating assets** Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information. **Value in use for cash-generating assets** Cash-generating assets are those assets that are held with the primary objective of		

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	generating a commercial return. The value in use for cash- generating assets and cash-generating units is the present value of expected future cash flows.		
Provision	A provision is recognised for future expenditure of uncertain amount or timing when: • there is a present obligation (either legal or constructive) as a result of a past event; • it is probable that an outflow of future economic benefits or service potential will be required to settle the obligation; • a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using market yields on Government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs". **Restructuring** A provision for restructuring is recognised when either an approved detailed formal plan for the restructuring has been announced publicly to those affected, or implementation of it has already started.	Yes	None identified
Related Party Transactions	Related party disclosures have not been made for transactions with related parties that are: • within a normal supplier or client/recipient relationship; and • on terms and conditions no more or less favourable than those that are reasonable to expect that the Institute would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.	Yes	None identified
Revenue	Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:	Yes	None identified - there are likely interpretation

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	Student Achievement Component funding Student Achievement Component (SAC) funding is the Institute's main source of operational funding from the Tertiary Education Commission (TEC). The Institute considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course. **Tuition fees** Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course. International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days. **Fees-Free Revenue** The Institute considers fees-free revenue is non-exchange revenue and recognises revenue when the course withdrawal date for an eligible student has passed. The Institute has presented funding received for fees-free as part of tuition fees. This is on the basis that receipts from the TEC are for payment on behalf of the student as specified in the relevant funding mechanism. **Performance-Based Research Fund** The Institute considers funding received from Performance-Based Research Fund (PBRF) to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The Institute recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the Institute's financial year. PBRF revenue is measured based on the Institute's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period. **Research Revenue**		differences.

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	For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred. For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder. **Other grants received** Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and then recognised as revenue when the conditions of the grant are satisfied. **Donations, trust funds, endowments, bequests, and pledges** Donations, trust funds, endowments, and bequests for the benefit of the Institute are recognised as an asset and revenue when the right to receive the funding or asset has been established, unless there is an obligation in substance to return the funds if conditions are not met. If there is such an obligation, they are initially recorded as revenue in advance and then recognised as revenue when the conditions are satisfied. Pledges are not recognised as assets or revenue until the pledged item is received. **Sales of goods** Revenue from the sale of goods is recognised when the product is sold to the customer. **Accommodation services**		

Policy	Content	Is the policy consistent with Crown policies?	Potential changes in ITPs
	Revenue from the provision of accommodation services is recognised on a percentage completion basis. This is determined by reference to the number of accommodation days used up till balance date as a proportion of the total accommodation days contracted for with the individual. **Interest and dividends** Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment. Dividends are recognised when the right to receive payment has been established.		
Scholarships	Scholarships awarded by the Institute that reduce the amount of tuition fees payable by the student are accounted for as an expense and not offset against student tuition fees revenue.	Yes	None identified.