Otago University Students' Association Incorporated
Financial Statements
for the year ended 31 December 2015

Otago University Students' Association Incorporated
Financial Statements - 31 December 2015

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Otago University Students' Association Incorporated Directory

President	Paul Hunt (Appointed 1/1/15 resigned 31/12/15)
Vice President	Isaac Yu (Appointed 1/1/15 resigned 31/12/15)
Executive Officers	Payal Ramritu (1/1/15 - 31/12/15), Nina Harrap (1/1/15 - 31/12/15), Jonathan Martin (1/1/15 - 31/12/15), Taotao (Taoran) Li (1/1/15 - 31/12/15), Katoa Sailusi (26/3/15 - 31/12/15), Christopher Jackson (26/3/15 - 31/12/15), Zachariah Al-Alami (7/5/15 - 31/12/15), Nicholas Findlay (7/5/15 - 31/12/15), Alice Sowry (1/1/15 - 15/4/15), Deinda Stanway (1/1/15 - 31/12/15)
Registered Office	University Union Building 640 Cumberland Street Dunedin
Group Auditors	PricewaterhouseCoopers PO Box 5848 Dunedin
Solicitors	Anderson Lloyd Private Bag 1959 Dunedin
Bankers	ASB Business Banking Dunedin

Otago University Students' Association Incorporated
Corporate Governance Statement
As at 31 December 2015

Corporate Governance Statement

The Executive is responsible for preparing the financial statements and ensuring that they comply with generally accepted accounting practice and fairly present the financial position of the Parent and Economic Entity as at 31 December 2015 and the results of their operations and cash flows for the year ended on that date.

The Executive consider that the financial statements of the Parent and Economic Entity have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgement and estimates and that all relevant financial reporting and accounting standards have been followed.

The Executive believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Parent and Economic Entity and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Executive considers that it has taken adequate steps to safeguard the assets of the Parent and Economic Entity and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Executive is please to present the financial statements of the Otago University Students' Association Incorporated for the year ended 31 December 2015

For and on behalf of the Executive.

President

Laura Harris

Date: 28/4/16

Finance Officer

Date: 28/4/16.

Independent Auditors' Report

Independent Auditors' Report
(continued)

Otago University Students' Association Incorporated
Statements of Comprehensive Revenue and Expense
For the year ended 31 December 2015

		Economic Entity		Parent	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
	Note	$	$	$	$
Total Operating Revenue	3	**8,958,175**	9,184,478	**5,143,684**	4,975,352
Total Operating Expenses		**(8,903,515)**	(9,240,430)	**(4,636,545)**	(4,946,952)
Operating Surplus (Deficit) before Tax and Share of Equity Accounted Investment Surplus (Deficit)		**54,660**	(55,952)	**507,139**	28,400
Share of Equity Accounted Investment Surplus (Deficit)	10	**70,002**	63,845	**70,002**	63,845
Operating Surplus Before Income Tax		**124,662**	7,893	**577,141**	92,245
Income Tax Expense	16	-	-	-	-
Net Surplus After Income Tax		**124,662**	7,893	**577,141**	92,245
Other Comprehensive Revenue and Expense		-	-	-	-
Total Comprehensive Revenue and Expense		**124,662**	7,893	**577,141**	92,245
Total Comprehensive Income Attributable To:					
Otago University Students' Association Incorporated		**124,662**	7,893	**577,141**	92,245
		124,662	7,893	**577,141**	92,245

These statements are to be read in conjunction with the Notes attached and the Independent Auditors' Report

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Otago University Students' Association Incorporated
Statements of Changes in Equity
For the year ended 31 December 2015

	Economic Entity		Parent	
	Actual 2015 $	Actual 2014 $	Actual 2015 $	Actual 2014 $
Balance at 1 January	**14,150,443**	14,142,549	**13,710,757**	13,618,512
Total comprehensive income for the year	**124,662**	7,893	**577,141**	92,245
Balance at 31 December	**14,275,103**	14,150,443	**14,287,898**	13,710,757

These statements are to be read in conjunction with the Notes attached and the Independent Auditors' Report

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Otago University Students' Association Incorporated
Statements of Financial Position
As at 31 December 2015

	Note	Economic Entity 2015 $	Economic Entity 2014 $	Parent 2015 $	Parent 2014 $
ASSETS					
Current Assets					
Cash and Cash Equivalents		**3,256,785**	3,191,994	**3,101,918**	3,072,757
Investments	5	**3,307,727**	3,107,380	**3,307,727**	3,107,380
Trade and Other Receivables (From Exchange Transactions)		**194,177**	76,277	**306,138**	27,954
Accrued Interest		**60,293**	110,555	**60,293**	110,555
Prepayments		**155,229**	125,771	**81,664**	80,959
Inventories		**795,635**	758,777	**3,623**	726
Development Costs		**13,020**	13,020	**-**	-
Total Current Assets		**7,782,866**	7,383,774	**6,861,363**	6,400,331
Non-Current Assets					
Property, Plant and Equipment	6	**5,865,483**	6,216,702	**5,289,759**	5,650,671
Intangible Assets	7	**50,027**	33,621	**32,330**	23,489
Loan Receivables	11	**9,018**	20,518	**9,018**	20,518
Investment in Subsidiaries	8	**-**	-	**1,030,000**	560,000
Investment in Joint Venture	10	**1,524,711**	1,547,237	**1,524,711**	1,547,237
Total Non-Current Assets		**7,449,239**	7,818,078	**7,885,818**	7,801,915
Total Assets		**15,232,105**	15,201,852	**14,747,181**	14,202,246
LIABILITIES					
Current Liabilities					
Trade and Other Payables (From Exchange Transactions)		**563,251**	617,855	**101,301**	144,724
ANZ Bank Overdraft		**2,126**	1,416	**-**	-
GST Payable		**112,868**	101,442	**121,732**	78,656
Employee Entitlements		**199,084**	201,202	**162,545**	159,812
Income in Advance		**7,822**	14,562	**7,822**	14,562
Accruals		**71,851**	114,932	**65,883**	93,735
Total Current Liabilities		**957,002**	1,051,409	**459,283**	491,489
Net Assets		**14,275,103**	14,150,443	**14,287,898**	13,710,757
EQUITY					
Reserves	9	**6,046,176**	6,046,176	**6,046,176**	6,046,176
Accumulated Revenue and Expenses		**8,228,927**	8,104,267	**8,241,722**	7,664,581
Total Equity		**14,275,103**	14,150,443	**14,287,898**	13,710,757

These statements are to be read in conjunction with the Notes attached and the Independent Auditors' Report

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Otago University Students' Association Incorporated
Statements of Cash Flows
For the year ended 31 December 2015

	Group Actual 2015 $	Group Actual 2014 $	Parent Actual 2015 $	Parent Actual 2014 $
Cash Flows from Operating Activities				
Cash was provided from				
Receipts from Activities and Levies	**8,640,310**	9,109,531	**4,206,821**	4,543,943
Interest received	**266,535**	215,806	**255,249**	215,806
	8,906,845	9,325,337	**4,462,070**	4,759,749
Cash was disbursed to				
Payments to Suppliers and Employers	**(8,632,621)**	(8,302,943)	**(4,295,459)**	(3,937,449)
Net Cash Inflow from Operating Activities	**274,224**	1,022,394	**166,611**	822,300
Cash flows from Investing Activities				
Cash was provided from				
Repayments of Loans and Receivables	**11,500**	1,500	**11,500**	1,500
Proceeds from Sale of Property, Plant and Equipment	**913**	10,030	**913**	1,897
	12,413	11,530	**12,413**	3,397
Cash was disbursed to				
Purchase of Property, Plant and Equipment	**(222,556)**	(1,731,882)	**(149,863)**	(1,642,469)
Loans and Receivables	**-**	(3,000)	**-**	(3,000)
Net Cash (Outflow) / Inflow from Investing Activities	**(210,143)**	(1,723,352)	**(137,450)**	(1,642,072)
Net (Decrease) Increase in Cash	**64,081**	(700,958)	**29,161**	(819,772)
Add: Opening Cash Brought Forward	**3,190,578**	3,891,536	**3,072,757**	3,892,529
Cash at End of Year	**3,254,659**	3,190,578	**3,101,918**	3,072,757

These statements are to be read in conjunction with the Notes attached and the Independent Auditors' Report

Otago University Students' Association Incorporated
Notes to the Financial Statements
31 December 2015

1 Statement of accounting policies for the year ended 31 December 2015

1.1 Reporting entity

Otago University Students' Association ('the Association') is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013). These financial statements for the year ended 31 December 2015 comprise the Association and its controlled entities (together referred to as the 'Economic Entity') and the Association as 'Parent'.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the opening balance sheets and reporting period to 31 December 2015, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently for the periods presented in these financial statements.

Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Economic Entity qualifies as a Tier 2 reporting entity as, for the two most recent reporting periods it has had between $2m and $30m operating expenditure.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

Measurement base

The financial statements have been prepared on a historical cost basis, with the exception of the Portfolio Investments which are recorded at their fair value.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar ($). The functional currency of the parent and its subsidiaries and associate is New Zealand dollars.

Changes in accounting policies

Not-for-profit enhancements.

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Parent and Economic Entity has applied these standards in preparing the 31 December 2015 financial statements. In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Parent and Economic Entity has applied these updated standards in preparing its 31 December 2015 financial statements.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Disclosure initiative

PBE IPSAS 1 Presentation of Financial Statements has recently been updated to address perceived impediments to preparers exercising their judgements in preparing financial statements. These amendments apply to the Parent and Economic Entity in preparing the 31 December 2016 financial statements. The Parent and Economic Entity will be considering these amendments and relooking at how its financial statements are presented in preparing the 31 December 2016 financial statements.

2 Summary of significant accounting policies (continued)

Other amendments

While there are other amendments issued and not yet effective, the Parent and Economic Entity does not consider these to be relevant and therefore no information has been disclosed about these amendments.

2.2 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Otago University Students' Association Incorporated as at 31 December 2015 and the results of all subsidiaries for the year then ended. Otago University Students' Association Incorporated and its subsidiaries together are referred to in these financial statements as the Economic Entity or the consolidated entity.

Subsidiaries are all those entities over which the Economic Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent controls another entity.

Subsidiaries which form part of the Economic Entity are consolidated from the date on which control is transferred to the Parent. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Economic Entity. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Economic Entity. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Economic Entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Economic Entity's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of financial performance.

Joint ventures

Joint ventures are those entities over whose activities the Economic Entity has joint control, established by a binding agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures that are structured in a separate vehicle are classified jointly-controlled-entities and are accounted for using the equity method.

The consolidated financial statements include the Economic Entity's share of the surplus or deficit and other comprehensive revenue and expense of its equity accounted jointly-controlled-entities, after adjustments to align the accounting policies with those of the Economic Entity, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Economic Entity's share of losses exceeds its interest in its jointly-controlled-entities, the carrying amount of the investment, including any long term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Economic Entity has an obligation or has made payments on behalf of the investee.

2.3 Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Economic Entity, and measured at the fair value of consideration received or receivable.

2 Summary of significant accounting policies (continued)

The following specific recognition criteria in relation to the Economic Entity's revenue streams must also be met before revenue is recognised.

(i) Revenue from exchange transactions

Membership fees and subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that period covering the membership or subscription occurs.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Rendering of services

Service income is recognised as revenue throughout the period of delivery of the service.

(ii) Revenue from non-exchange transactions

Non-exchange transactions are those where the Economic Entity receives an inflow of resources ((i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

The following specific recognition criteria in relation to the Economic Entity's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants and Donations

The recognition of non-exchange revenue from Grants and Donations depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Economic Entity to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Economic Entity to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Dividend and Interest Revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time-proportionate basis using the effective interest rate method.

The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period, to the net carrying amount of the financial asset.

2 Summary of significant accounting policies (continued)

The effective interest rate is used to calculate the amortised cost of a financial asset and to allocate interest income over the relevant period.

2.4 Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of financial performance.

2.5 Income tax

The Parent and Economic Entity are exempt from tax under the Income Tax Act 2007. The Parent and Economic Entity are registered charities with the Charities Commission and have approved charitable status with the Inland Revenue Department.

2.6 Leases

Operating leases are leases in which a significant portion of the risks and rewards are retained by the lessor. Lease payments are recorded as expenses in the statements of comprehensive revenue and expense.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.8 Accounts Receivables

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Parent and Economic Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

2.9 Inventory

Inventories are stated at the lower of cost and net realisable value, Cost is determined on a first in first out basis. No inventories are specifically pledged as security for liabilities. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale and after allowances are made for obsolescence.

2.10 Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items plus the value of other directly attributed costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Parent and Economic Entity and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statements of comprehensive revenue and expense during the financial period in which they are incurred. Land is not depreciated.

Work in progress is recognised at cost less impairment and is not depreciated. Costs includes all expenses directly related to specific contracts. Building work in progress is not depreciated until commissioned.

2 Summary of significant accounting policies (continued)

(i) Depreciation

Depreciation of property, plant and equipment, other than freehold land and capital work in progress is calculated to write off the cost of the assets over their estimated useful lives at the following rates

Class of asset depreciated	Estimated useful life	Depreciation rates
Buildings	10-50 years	4% - Diminishing Value
Building Alterations	5-20 years	4% - 10% Diminishing Value
Furniture and equipment	5-50 years	10% - 67% - Diminishing Value
Plant and Equipment	5-15 years	8% - 50% - Diminishing Value
Motor vehicles	8 years	48% - 50% Diminishing Value

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of comprehensive revenue and expense.

2.11 Intangible assets

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is the fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Amortisation of intangible assets is provided on a straight-line or diminishing value basis that will write off the cost of the intangible asset to estimated residual value over their useful lives. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.

Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Impairment losses resulting from impairment are reported in statements of comprehensive income and expense.

Realised gains and losses arising from the disposal of intangible assets are recognised in statements of comprehensive revenue and expense in the year in which the disposal occurs.

Intangible assets comprise:

Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the software. Costs are amortised using the diminishing value method over their estimated useful lives (3 to 8 years).

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Costs directly associated with the development of identifiable and unique software products are recognised as an asset.

Computer software development costs recognised as assets are amortised using the diminishing value method over their estimated useful lives (not exceeding 8 years).

Staff training costs are recognised as an expense when incurred.

2 Summary of significant accounting policies (continued)

Software acquisition and development

Acquired 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 the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Entity's website are recognised as an expense when incurred.

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 period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of intangible asset	Estimated useful life	Amortisation rates
Computer software	2 - 5 years	50% Diminishing Value
Trademarks	10 - 20 years	5-10% Straight Line

2.12 Impairment of non-financial assets

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

2.13 Accounts Payables

Accounts payables and other payables represent liabilities for goods and services provided to the Parent and Economic Entity prior to the end of financial year which are unpaid at balance date. The amounts are unsecured and are usually paid within 30 days of recognition. Accounts payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

2.14 Investments in subsidiaries

Investments in subsidiaries are recorded in the statements of Financial Position of the Parent at cost less impairment losses.

2.15 Employee entitlements

Liabilities for wages and salaries, including non monetary benefits, annual leave, to be settled within 12 months of the reporting date are recognised as current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

2.16 Goods and services tax

The statements of financial performance have been prepared so that all components are stated exclusive of GST. All items in the statements of financial position are stated net of GST, with the exception of receivables and payable, which include GST invoiced.

2 Summary of significant accounting policies (continued)

2.17 Statement of cash flows

The Statements of cash flows are prepared exclusive of Goods and Services Tax (GST), which is consistent with the method used in the statements of financial performance. Cash and cash equivalents comprise cash on hand and demand deposits, and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and includes all call borrowing such as bank overdrafts used by the trust as part of their day-to-day cash management.

The cash flows are classified into three sources:

Operating Activities:

'Operating activities' represents all transactions and other events that are not investing or financing activities, and includes receipts and repayments of occupancy advances.

Investing Activities:

'Investing activities' are those activities relating to the acquisition and disposal of property, plant & equipment.

Financing Activities:

'Financial activities' are those activities relating to changes in the debt capital structure of the Economic Entity.

2.18 Use of Judgement and Accounting Estimates

The Parent and Economic Entity make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Significant estimates are depreciation of property plant and equipment, accruals and valuation of portfolio investments.

2.19 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Investments

All portfolio investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are recognised at fair value through profit or loss.

The investments are those that are managed and their performance evaluated on a fair value basis in accordance with the Parent's and Economic Entity's investment strategy. The Parent's and Economic Entity's policy is for the Investment Manager to evaluate the information about those financial investments on a fair value basis together with other financial related information.

The Parent and Economic Enity recognise financial assets on the date that they become part to the contractual agreement.

Subsequent to initial recognition all financial assets are measured at fair value. Gain or losses arising from the change in these fair values are included in the statements of comprehensive revenue and expense.

The fair values of financial assets that are traded in active markets are based on quoted market prices at the Balance Sheet date. The quoted market price used for financial assets is the current bid price.

2.21 Financial Instruments

The Parent and Economic Entity initially recognises financial instruments when the Economic Entity becomes a party to the contractual provisions of the instrument.

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2 Summary of significant accounting policies (continued)

The Economic Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Economic Entity is recognised as a separate asset or liability.

The Economic Entity derecognises a finanical liability when its contractual obligations are discharged, cancelled, or expire.

The Economic Entity also derecognises financial assets and financial liabilities when there has been significant changes to the terms and / or the amount of contractual payments to be received / paid.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Economic Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Economic Entity classifies financial assets into the following categories: loans and receivables, and available-for-sale assets.

The Economic Entity classifies financial liabilities into the following category: Amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument and is specifically detailed in the accounting policies below.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loan receivables.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses (other than foreign exchange gain or losses) recognised in other comprehensive revenue and expense.

Upon derecognition, the accumulated gain or loss within net assets / equity is reclassified to surplus or deficit.

Available-for-sale financial assets comprise portfolio investments.

Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise trade and other payables, ANZ bank overdraft, and GST payable.

2 Summary of significant accounting policies (continued)

Impairment of non-derivative financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Economic Entity on terms that the Economic Entity would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Economic Entity, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets classified as loans and receivables

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Economic Entity uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Financial assets classified as available-for-sale

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit.

The cumulative loss that is reclassified from net assets / equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive revenue and expense.

Otago University Students' Association Incorporated
Notes to the Financial Statements
31 December 2015
(continued)

3 Revenue from exchange and non-exchange transactions

	Note	Economic Entity Actual 2015 $	Actual 2014 $	Parent Actual 2015 $	Actual 2014 $
Service Revenue		**1,484,748**	1,759,279	**1,133,860**	1,402,648
Interest Received		**213,943**	216,273	**204,987**	212,590
Dividends Received		**37,028**	14,387	**87,028**	14,387
Service Revenue from University of Otago		**3,091,441**	3,205,939	**3,091,441**	3,205,939
Other Income		**499**	-	**261**	-
Sale of Goods		**3,879,801**	3,750,196	**23,414**	14,462
Bad Debts Recovered		**1,382**	2,382	**-**	-
Other gains/(losses)		**90,632**	96,675	**90,632**	96,675
Total exchange		**8,799,474**	9,045,131	**4,631,623**	4,946,701
Donations		**2,075**	143	**2,075**	143
Sponsorship		**156,626**	139,204	**39,986**	28,508
Total non-exchange		**158,701**	139,347	**42,061**	28,651
Reversal of Impairment of UBS Shares		**-**	-	**470,000**	-
Total other		**-**	-	**470,000**	-
Total exchange and non-exchange		**8,958,175**	9,184,478	**5,143,684**	4,975,352

4 Operating Expenses

	Economic Entity Actual 2015 $	Actual 2014 $	Parent Actual 2015 $	Actual 2014 $
Grants to Clubs	58,240	52,250	58,240	52,250
	-	-	-	-
Auditors Remuneration				
- Audit Fees - PwC	32,025	30,975	32,025	30,975
- Audit Fees - Crowe Horwath	10,500	12,500	-	-
- Accounting Assistance - PwC	22,800	4,000	22,800	3,000
Bad Debts	3,948	9,619	190	5,664
Increase / (Decrease) in Provision for Doubtful Debts	30,141	122,064	30,181	121,725
Depreciation & Amortisation	515,964	522,159	461,246	468,245
Loss on Disposal of Assets	40,492	10,194	39,775	9,952
Honoraria to Board Members	94,693	96,714	94,593	96,713
Director Fees	42,554	39,000	-	-
Donations	5,170	2,100	5,170	2,100
Lease on Photocopier	6,600	3,720	6,600	3,720
	-	-	-	-
Levies				
- NZ Union of Students' Associations	44,352	45,000	44,352	45,000
- Student Job Search	20,250	22,500	20,250	22,500
- University Union Limited	70,561	63,738	70,561	63,738
Contribution to Planet Media Dunedin Limited	-	-	209,000	229,799
Professional Fees	59,824	118,488	30,621	66,458
Write down of Investment in Associates (note 10)	92,528	95,233	22,526	31,388
Salaries & Wages	2,752,190	2,559,508	1,432,934	1,404,760
Realised Foreign Exchange Loss	15,829	5,654	15,829	5,654
Interest	571	568	-	-

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Otago University Students' Association Incorporated
Notes to the Financial Statements
31 December 2015
(continued)

5 Investments

	Economic Entity		Parent	
	2015	2014	2015	2014
	$	$	$	$
Available-for-sale financial assets				
NZ Fixed Interest	**735,125**	608,161	**735,125**	608,161
Australian Fixed Interest	**212,351**	213,278	**212,351**	213,278
NZ Property	**149,868**	122,018	**149,868**	122,018
NZ Equities	**250,505**	252,780	**250,505**	252,780
Australian Equities	**106,090**	95,431	**106,090**	95,431
Global Equities	**300,085**	262,009	**300,085**	262,009
Term Investment	**1,553,703**	1,553,703	**1,553,703**	1,553,703
Total current portion	**3,307,727**	3,107,380	**3,307,727**	3,107,380

Exposure to currency, interest rate and credit risk arises in the normal course of the fund managers management of the funds. A range of hedging policies are in place whereby the fund managers use derivative financial instruments as a means of managing exposure to fluctuations in foreign exchange rates and interest rates. While these instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects and the items being hedged.

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6 Property, plant and equipment

Economic Entity 2015	Freehold land $	Freehold buildings $	Plant and equipment $	Fixtures and fittings $	Motor vehicles $	Total $
Cost or valuation						
Balance as at 1 January 2015	581,984	7,339,262	983,023	538,916	83,248	9,526,433
Additions	-	63,100	99,688	26,009	-	188,797
Disposals	-	(164,725)	(115,871)	(72,947)	-	(353,543)
Balance as at 31 December 2015	581,984	7,237,637	966,840	491,978	83,248	9,361,687
Accumulated Depreciation and Impairment						
Balance as at 1 January 2015	-	(2,037,579)	(845,297)	(356,483)	(70,372)	(3,309,731)
Disposals	-	141,343	108,287	66,566	-	316,196
Depreciation charge	-	(395,161)	(65,849)	(35,569)	(6,090)	(502,669)
Balance as at 31 December 2015	-	(2,291,397)	(802,859)	(325,486)	(76,462)	(3,496,204)
Net book value						
As at 1 January 2014	581,984	5,301,683	134,321	182,433	12,876	6,213,297
As at 31 December 2014	581,984	5,301,683	137,726	182,433	12,876	6,216,702
As at 31 December 2015	581,984	4,946,240	163,981	166,492	6,786	5,865,483

6 Property, plant and equipment (continued)

Parent 2015	Freehold land $	Freehold buildings $	Plant and equipment $	Fixtures and fittings $	Motor vehicles $	Total $
Cost or valuation						
Balance as at 1 January 2015	161,984	7,273,107	450,205	421,627	71,810	8,378,733
Additions	-	63,100	43,610	26,504	-	133,214
Disposals	-	(164,725)	(92,820)	(74,786)	-	(332,331)
Balance as at 31 December 2015	161,984	7,171,482	400,995	373,345	71,810	8,179,616
Accumulated Depreciation and Impairment						
Balance as at 1 January 2015	-	(2,037,579)	(364,307)	(265,608)	(60,568)	(2,728,062)
Disposals	-	141,343	84,708	65,561	-	291,612
Depreciation charge	-	(383,788)	(33,273)	(30,746)	(5,600)	(453,407)
Balance as at 31 December 2015	-	(2,280,024)	(312,872)	(230,793)	(66,168)	(2,889,857)
Net book value						
As at 1 January 2014	161,984	5,235,528	85,898	156,019	11,242	5,650,671
As at 31 December 2014	161,984	5,235,528	85,898	156,019	11,242	5,650,671
As at 31 December 2015	161,984	4,891,458	88,123	142,552	5,642	5,289,759

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7 Intangible assets

Movements in the carrying value for each class of intangible asset are as follows:

Economic Entity 2015	Computer software $	Trademark $	Total $
Cost or valuation			
Balance as at 1 January 2015	**49,600**	**1,056**	**50,656**
Additions	20,613	9,905	30,518
Disposals	(6,639)	-	(6,639)
Balance as at 31 December 2015	**63,574**	**10,961**	**74,535**
Accumulated amortisation and impairment			
Balance as at 1 January 2015	**(17,035)**	**-**	**(17,035)**
Disposals	5,823	-	5,823
Amortisation charge	(13,296)	-	(13,296)
Balance as at 31 December 2015	**(24,508)**	**-**	**(24,508)**
Net book value			
As at 1 January 2014	**35,970**	**1,056**	**37,026**
As at 31 December 2014	**32,565**	**1,056**	**33,621**
As at 31 December 2015	**39,066**	**10,961**	**50,027**

7 Intangible assets (continued)

Parent 2015	Computer software $	Total $
Cost or Valuation		
Balance as at 1 January 2015	**27,561**	**27,561**
Additions	17,375	17,375
Subsidiary sold	(3,741)	(3,741)
Balance as at 31 December 2015	**41,195**	**41,195**
Accumulated amortisation and impairment		
Balance as at 1 January 2015	**(4,072)**	**(4,072)**
Year ended 31 December 2015		
Disposals	3,044	3,044
Amortisation charge	(7,837)	(7,837)
Balance as at 31 December 2015	**(8,865)**	**(8,865)**
Net book value		
As at 1 January 2014	23,489	23,489
As at 31 December 2014	23,489	23,489
As at 31 December 2015	32,330	32,330

8 Investment in Subsidiaries

	Economic Entity		Parent	
	2015 $	2014 $	**2015 $**	2014 $
University Book Shop (Otago) Limited - cost	-	-	**1,030,000**	1,030,000
Less: Impairment of Shares	-	-	**(470,000)**	(470,000)
Plus: Reversal of Impairment	-	-	**470,000**	-
Planet Media Dunedin Limited- cost	-	-	**20,100**	20,100
Less: Impairment of Shares	-	-	**(20,100)**	(20,100)
	-	-	**1,030,000**	560,000

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note (2.14): All subsidiaries are incorporated in New Zealand.

Planet Media Dunedin Limited - 100% owned (2014:100%) - publishes the "Critic" magazine and operates the "Radio One" radio station. The balance date is 31 December. Their financial statements are unaudited.

University Book Shop (Otago) Limited - 100% owned (2014: 100%) - operates the University Bookshop. The balance date is 30 September. Their financial statements are audited by Crowe Horwath. The previous impairment of shares which occurred in 2011, was written back in 2015.

9 Reserves

	Economic Entity 2015 $	Economic Entity 2014 $	Parent 2015 $	Parent 2014 $
Reserves includes				
Defunct Club Reserves	16,856	16,856	16,856	16,856
Other Reserves	6,029,320	6,029,320	6,029,320	6,029,320
Total reserves	6,046,176	6,046,176	6,046,176	6,046,176

(a) Purpose of each reserve fund
(i) Defunct Club Reserves
Defunct Club Reserves is made up of funds returned to the Otago University Students' Association on the temporary ceasation of a clubs activities. The reserve is held in the event that the fund will begin activities again in the future.

(ii) Other Reserves
During 2012, Otago University Students Association transferred $6,029,320 from retained earnings to reserves. $2,000,000 is for a Service Level Agreement Contingency to cover risk of not concluding a Service Level Agreement, $1,529,320 for a Renovations Reserve to fund a large portion of the renovations plan along with funding from other sources, $1,500,000 for a Future Students Investment Fund for long term investment in future generations and $1,000,000 for likely capital commitments in subsidiaries in future.

10 Investments in Joint Venture

	Actual 2015 $	Actual 2014 $
Economic Entity		
Shares at cost	1,737,360	1,737,360
Plus: Opening share of surpluses	877,001	813,156
Less: Accumulated impairment	(1,067,124)	(971,891)
	1,547,237	1,578,625
Plus: Share of surpluses in the current year:		
- University Union Limited	70,002	63,845
Less: Write down of Investments in Joint Venture		
- University Union Limited	(92,528)	(95,233)
	1,524,711	1,547,237
The interest in Joint Venture comprises:		
- University Union Limited (non current)	1,524,711	1,547,237
Parent		
Shares at cost	1,737,360	1,737,360
Plus: Opening share of surpluses	-	-
Less: Accumulated impairment	(190,123)	(158,735)
	1,547,237	1,578,625
Less: Write down of Investments in Joint Venture		
- University Union Limited	(22,526)	(31,388)
	1,524,711	1,547,237
The interest in Joint Venture comprises:		
University Union Limited (non current)	1,524,711	1,547,237

At 31 December 2015 the Parent's Investment in Joint Venture comprises shares in the following:

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10 Investments in Joint Venture (continued)

University Union Limited 50% shares (2014: 50%) owns and maintains the University Union building. The balance date is 31 December. It is audited by Crowe Horwath. This entity is incorporated in New Zealand.

11 Loan Receivables

	Economic Entity		Parent	
	2015	2014	**2015**	2014
	$	$	**$**	$
Advances to Otago University Hockey Club	**1,518**	10,018	**1,518**	10,018
Advances to University Sport New Zealand	**7,500**	7,500	**7,500**	7,500
Advances to Otago University Football Club	**-**	3,000	**-**	3,000
	9,018	20,518	**9,018**	20,518

A loan repayment schedule between the parent and the Otago University Hockey Club was agreed upon in 2014. The Otago University Hockey Club commits to repaying it's loan annually in return for the interest rate to be set at 0%p.a.

12 Bank Security

ANZ Bank Limited holds a registered first mortgage charge as a security for any bank borrowings for the subsidiary, University Book Shop (Otago) Limited, which has a credit facility by floating debenture over the business assets and a first mortgage charge over company property. The current limit is $400,000. The current interest rate is 7.56% per annum (2014: 6.45% p.a). University Book Shop (Otago) Limited also has a Overdraft Facility available of $60,000 and Visa limit of $15,000.

13 Capital Commitments

Capital commitments

In December 2015 University Union Ltd entered into a contract for $177,923 plus GST to paint the exterior of the company's buildings. No work has been carried out in the 2015 year in respect of this contract. The contract is expected to to be completed early in the 2016 year.

In December 2015 University Union Ltd also entered into a contract for $463,069 plus GST for building renovations. Work regarding this contract has been deferred and is expected to be completed early in the 2017 year.

The University Union Ltd had no capital commitments at the end of the 2014 year.

The Parent has no capital commitments at 31 December 2015 for alterations to various buildings, equipment and information technology systems (2014: Nil).

The University Bookshop (Otago) Limited and Planet Media Dunedin Limited have no capital commitments as at 31 December 2015 (2014: Nil).

Operating leases as lessee
There is a lease commitment in the Parent's books for the lease of a photocopier.

	Economic Entity		Parent	
	2015	2014	**2015**	2014
	$	$	**$**	$
Not later than one year	**6,600**	9,672	**6,600**	6,600
Later than one year and not later than five years	**19,800**	26,400	**19,800**	26,400
Later than five years	**-**	-	**-**	-
Total non-cancellable operating leases	**26,400**	36,072	**26,400**	33,000

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14 Contingencies

One of the subsidiaries, the University Book Shop (Otago) Limited (UBS) has received notice from the Dunedin City Council that earthquake strengthening work may be required on the UBS Great King Street property. This notice was sent to all building owners of buildings built prior to the 1970's. After initial work indicating a need for more detailed work, a structural engineering assessment has been commissioned to assess the work required to comply with the requirements of the Dunedin City Council. As a result, parts of the building may require remediation to meet new building standards. The current timeframes established by the Dunedin City Council require some upgrade by 1 July 2027. As at the date of authorising these financial statements, the Directors have not received the detailed engineering report and neither the cost nor timing of any potential remediation work or likely impact on the carrying value of the property is known.

There are no other contingent liabilities or contingent assets at 31 December 2015 for the Parent and Economic Entity (2014:Nil).

15 Related party transactions

All members of the Group are considered to be related parties of Otago University Students' Association Incorporated (OUSA). This includes subsidiaries identified in note 10 and the joint venture entities identified in note 12.

Transactions with subsidiaries

UBS purchased advertising services of $8,965 from Planet Media Dunedin Limited (PMDL) during the year (2014: $5,750). There was a $374 outstanding balance at year end (2014: Nil).

UBS purchased advertising, electricity and phone services of $40,860 from OUSA during the year (2014: $24,576). There was a $1,934 balance at year end (2014: $3,337).

PMDL purchased services of $71,591 from OUSA during the year (2014: $55,472). There was a balance of $181,434 remaining at the end of year and is included in OUSA trade receivables (2014: $123,882).

OUSA purchased advertising services for $51,566 from PMDL during the year (2014: $53,706). There was no balance outstanding at the end of the year (2014: $70).

OUSA paid PMDL a monthly service fee for contribution towards Radio One and Critic services of $209,000 (2014: $229,799).

OUSA purchased services of $786 from UBS during the year (2014: $1,125). There was a balance of $61 outstanding at year end (2014: $100).

Transactions with joint venture entity and other related parties

Honoraria paid to Executive Officers of the Association and directors fees to directors of the subsidiary companies are disclosed in note 4.

16 Income Tax

As registered charitable entities on the Charities Register - the Association and its subsidiaries are exempt from Income Tax on their activities.

17 Events occurring after the balance date

The Otago University Students' Association (OUSA) Executives were presented a letter from the Directors of Planet Media Dunedin Limited (PMDL) on the 15th December 2015 requesting OUSA commence a formal process to wind-up the company.

There have been no other events occurring after 31 December 2015 that impact these financial statements (2014: Nil)