

**Otago University Students' Association Incorporated**  
**Financial Statements**  
**for the year ended 31 December 2017**

# Otago University Students' Association Incorporated

## Financial Statements - 31 December 2017

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## Otago University Students' Association Incorporated Directory

<b>President</b>	Hugh Baird
<b>Vice President</b>	Will Guy
<b>Executive Officers</b>	Cody Kirby, Danielle Pope, Bryn Jenkins, Eden Lati, Caitlin Barlow-Groome, Max Chan, Lucy Northwood, James Health.  President, vice president and executive officer terms run for the calendar year 1 January 2017 to 31 December 2017.
<b>Registered Office</b>	University Union Building 640 Cumberland Street Dunedin
<b>Group Auditors</b>	PricewaterhouseCoopers PO Box 5848 Dunedin
<b>Solicitors</b>	Anderson Lloyd Private Bag 1959 Dunedin
<b>Bankers</b>	ASB Business Banking Dunedin

**Otago University Students' Association Incorporated**  
**Corporate Governance Statement**  
**For the year ended 31 December 2017**

**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 2017 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.

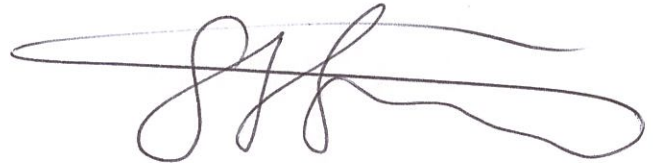
The Executive considers that it has taken adequate steps to safeguard the assets of the Parent and Economic Entity and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability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

**The Executive is pleased to present the financial statements of the Otago University Students' Association Incorporated for the year ended 31 December 2017.**

For and on behalf of the Executive.



President  
CAITLIN BARLOW-GROOME



Finance Officer  
Sam Smith

Date: 16/4/18

Date: 16/4/18





## *Independent auditor's report*

To the members of Otago University Students Association Incorporated

Otago University Students Association Incorporated financial statements comprise:

- the statements of financial position as at 31 December 2017;
- the statements of comprehensive revenue and expense for the year then ended;
- the statements of changes in net assets/equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Our opinion*

In our opinion, the financial statements of Otago University Students Association Incorporated (the "Association") present fairly, in all material respects, the financial position of the Association, and the Association and its controlled entity, together the Economic Entity, as at 31 December 2017, their financial performance and their cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

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### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Association and Economic Entity in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Association in the area of accounting services. The provision of these services has not impaired our independence as auditors of the Association and Economic Entity.

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### *Information other than the financial statements and auditor's report*

The Executive is responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the Executive for the financial statements*

The Executive is responsible, on behalf of the Association, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive is responsible for assessing the Association and Economic Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive either intend to liquidate the Association and Economic Entity or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.

### *Who we report to*

This report is made solely to the Association's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association's members and the Executive, as a body, for our audit work, for this report or for the opinions we have formed.

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The engagement partner on the audit resulting in this independent auditor's report is Robert Harris.

For and on behalf of:

A handwritten signature in blue ink, appearing to read 'Robert Harris', is written over a light blue circular stamp.

Chartered Accountants  
16 April 2018

Dunedin



**Otago University Students' Association Incorporated**  
**Statements of Comprehensive Revenue and Expense**  
**For the year ended 31 December 2017**

	Note	Economic Entity		Parent	
		Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
<b>Total Operating Revenue</b>	3	<b>8,784,608</b>	8,914,468	<b>5,368,993</b>	4,668,937
<b>Total Operating Expenses</b>	4	<b><u>(8,668,323)</u></b>	<u>(8,718,865)</u>	<b><u>(5,202,859)</u></b>	<u>(4,789,348)</u>
<b>Operating Surplus/(Deficit) before Share of Equity Accounted Investments</b>		<b>116,285</b>	195,603	<b>166,134</b>	(120,411)
Share of Equity Accounted Investment Surplus <b>Surplus/(deficit)</b>	12	<u><b>59,751</b></u> <u><b>176,036</b></u>	<u>70,521</u> <u>266,124</u>	<u><b>59,751</b></u> <u><b>225,885</b></u>	<u>70,521</u> <u>(49,890)</u>
Other Comprehensive Revenue and Expense Revaluation of Land and Buildings	11	- <u>-</u>	- <u>277,415</u>	- <u>-</u>	- <u>-</u>
<b>Total Comprehensive Revenue and Expense</b>		<u><b>176,036</b></u>	<u>543,539</u>	<u><b>225,885</b></u>	<u>(49,890)</u>
<b>Total Comprehensive Income Attributable To:</b>					
Otago University Students' Association Incorporated		<u><b>176,036</b></u>	<u>543,539</u>	<u><b>225,885</b></u>	<u>(49,890)</u>
		<u><b>176,036</b></u>	<u>543,539</u>	<u><b>225,885</b></u>	<u>(49,890)</u>

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

**Otago University Students' Association Incorporated**  
**Statements of Changes in Net Assets/Equity**  
**For the year ended 31 December 2017**

Economic Entity	Other Reserves \$	Revaluation Reserve \$	Defunct Club Reserves \$	Retained Earnings \$	Total Equity \$
<b>Balance as at 1 January 2017</b>	<u>6,029,320</u>	<u>1,260,316</u>	<u>10,093</u>	<u>7,997,707</u>	<u>15,297,436</u>
<b>Comprehensive income</b>					
Net Surplus for the Year	-	-	-	176,036	176,036
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,036</u>	<u>176,036</u>
<b>Balance as at 31 December 2017</b>	<u>6,029,320</u>	<u>1,260,316</u>	<u>10,093</u>	<u>8,173,743</u>	<u>15,473,472</u>
<b>Economic Entity</b>	<b>Other Reserve \$</b>	<b>Revaluation Reserve \$</b>	<b>Defunct Club Reserves \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance as at 1 January 2016</b>	<u>6,029,320</u>	<u>982,901</u>	<u>16,856</u>	<u>7,684,873</u>	<u>14,713,950</u>
<b>Comprehensive Income</b>					
Net Surplus for the Year	-	-	-	266,124	266,124
Other Comprehensive Income	-	-	-	-	-
Revaluation of Land and Buildings	-	277,415	-	-	277,415
<b>Total Comprehensive Income</b>	<u>-</u>	<u>277,415</u>	<u>-</u>	<u>266,124</u>	<u>543,539</u>
<b>Transactions with Owners</b>					
Gain on Amalgamation	-	-	-	39,946	39,946
Transactions with Defunct Clubs	-	-	(6,764)	6,764	-
<b>Total Transactions with Owners</b>	<u>-</u>	<u>-</u>	<u>(6,764)</u>	<u>46,710</u>	<u>39,946</u>
<b>Balance as at 31 December 2016</b>	<u>6,029,320</u>	<u>1,260,316</u>	<u>10,092</u>	<u>7,997,707</u>	<u>15,297,435</u>

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

**Otago University Students' Association Incorporated**  
**Statements of Changes in Net Assets/Equity**  
**For the year ended 31 December 2017**  
(continued)

Parent	Other Reserve \$	Revaluation Reserve \$	Defunct Club Reserves \$	Retained Earnings \$	Total Equity \$
<b>Balance as at 1 January 2017</b>	<u>6,029,320</u>	<u>-</u>	<u>10,093</u>	<u>8,238,542</u>	<u>14,277,955</u>
<b>Comprehensive Income</b>					
Net Surplus for the Year	-	-	-	225,885	225,885
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,885</u>	<u>225,885</u>
<b>Balance as at 31 December 2017</b>	<u>6,029,320</u>	<u>-</u>	<u>10,093</u>	<u>8,464,427</u>	<u>14,503,840</u>
<b>Parent</b>	<b>Other Reserve \$</b>	<b>Revaluation Reserve \$</b>	<b>Defunct Club Reserves \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance as at 1 January 2016</b>	<u>6,029,320</u>	<u>-</u>	<u>16,856</u>	<u>8,241,722</u>	<u>14,287,898</u>
<b>Comprehensive Income</b>					
Net Surplus or (Deficit) for the Year	-	-	-	(49,890)	(49,890)
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,890)</u>	<u>(49,890)</u>
<b>Transactions with Owners</b>					
Gain on Amalgamation	-	-	-	39,946	39,946
Transactions with Defunct Clubs	-	-	(6,763)	6,764	1
<b>Total Transactions with Owners</b>	<u>-</u>	<u>-</u>	<u>(6,763)</u>	<u>46,710</u>	<u>39,947</u>
<b>Balance as at 31 December 2016</b>	<u>6,029,320</u>	<u>-</u>	<u>10,093</u>	<u>8,238,542</u>	<u>14,277,955</u>

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

**Otago University Students' Association Incorporated**  
**Statements of Financial Position**  
**As at 31 December 2017**

	Note	Economic Entity		Parent	
		Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents		1,261,835	1,095,209	1,149,073	935,241
Investments	6	6,159,210	5,824,078	6,159,210	5,824,078
Trade and Other Receivables (From Exchange Transactions)		448,924	728,640	365,626	611,069
Accrued Interest		53,481	27,207	53,481	27,207
Prepayments		111,917	224,719	78,634	191,010
Inventories	5	849,473	840,253	4,387	4,766
Development Costs		68,544	13,020	-	-
<b>Total Current Assets</b>		<b>8,953,384</b>	<b>8,753,126</b>	<b>7,810,411</b>	<b>7,593,371</b>
<b>Non-Current Assets</b>					
Property, Plant and Equipment	7	5,916,334	6,211,087	4,631,418	4,913,814
Intangible Assets	8	93,192	50,681	82,557	39,883
Loan Receivables	13	7,500	7,500	7,500	7,500
Investment in Controlled Entity	9	-	-	1,030,000	1,030,000
Investment in Joint Venture	12	1,450,586	1,488,506	1,450,586	1,488,506
<b>Total Non-Current Assets</b>		<b>7,467,612</b>	<b>7,757,774</b>	<b>7,202,061</b>	<b>7,479,703</b>
<b>Total Assets</b>		<b>16,420,996</b>	<b>16,510,900</b>	<b>15,012,472</b>	<b>15,073,074</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and Other Payables (From Exchange Transactions)		518,614	511,058	108,024	134,790
ANZ Bank Overdraft		3,180	8,412	-	-
GST Payable		108,637	188,838	107,288	178,711
Employee Entitlements		257,885	227,511	234,112	203,972
Income in Advance		19,688	227,142	19,688	227,142
Accruals		39,520	50,504	39,520	50,504
<b>Total Current Liabilities</b>		<b>947,524</b>	<b>1,213,465</b>	<b>508,632</b>	<b>795,119</b>
<b>Net Assets</b>		<b>15,473,472</b>	<b>15,297,435</b>	<b>14,503,840</b>	<b>14,277,955</b>
<b>EQUITY</b>					
Reserves	11	7,299,729	7,299,729	6,039,413	6,039,413
Accumulated Revenue and Expenses		8,173,743	7,997,706	8,464,427	8,238,542
<b>Total Equity</b>		<b>15,473,472</b>	<b>15,297,435</b>	<b>14,503,840</b>	<b>14,277,955</b>

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



**Otago University Students' Association Incorporated**  
**Statements of Cash Flows**  
**For the year ended 31 December 2017**

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
<b>Cash Flows from Operating Activities</b>				
Receipts from Activities and Levies	8,586,787	8,482,313	5,140,362	4,504,809
Interest Received	<u>174,075</u>	<u>206,706</u>	<u>170,623</u>	<u>203,654</u>
	<u>8,760,862</u>	<u>8,689,019</u>	<u>5,310,985</u>	<u>4,708,463</u>
Payments to Suppliers and Employees	<u>(8,063,161)</u>	<u>(8,155,594)</u>	<u>(4,662,950)</u>	<u>(4,227,678)</u>
<b>Net Cash Inflow from Operating Activities</b>	<u>697,701</u>	<u>533,425</u>	<u>648,035</u>	<u>480,785</u>
<b>Cash Flows from Investing Activities</b>				
Repayments of Loans and Receivables	-	1,518	-	1,518
<b>Cash was disbursed to</b>				
Purchase of Property, Plant and Equipment and Intangible Assets	(264,673)	(186,454)	(228,547)	(132,629)
Development costs	(55,524)	-	-	-
Acquisition of Investments	<u>(205,656)</u>	<u>(2,516,351)</u>	<u>(205,656)</u>	<u>(2,516,351)</u>
	<u>(525,853)</u>	<u>(2,702,805)</u>	<u>(434,203)</u>	<u>(2,648,980)</u>
<b>Net Cash (Outflow) / Inflow from Investing Activities</b>	<u>(525,853)</u>	<u>(2,701,287)</u>	<u>(434,203)</u>	<u>(2,647,462)</u>
<b>Net (Decrease) Increase in Cash</b>	171,848	(2,167,862)	213,832	(2,166,677)
Add: Opening Cash Brought Forward	<u>1,086,797</u>	<u>3,254,659</u>	<u>935,241</u>	<u>3,101,918</u>
<b>Cash at End of Year</b>	<u>1,258,645</u>	<u>1,086,797</u>	<u>1,149,073</u>	<u>935,241</u>

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

(continued)

## 1 Statement of accounting policies for the year ended 31 December 2017

### 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 2017 comprise the Association and its controlled entity (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 2017, 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.

#### 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 and commercial land and buildings which are revalued with sufficient regulatory to ensure that their carrying value does not differ materially to the 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 is New Zealand dollars.

### 2.2 Basis of Consolidation

#### Controlled Entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Otago University Students' Association Incorporated as at 31 December 2017 and the results of all controlled entities for the year then ended. Otago University Students' Association Incorporated and its controlled entities together are referred to in these financial statements as the Economic Entity or the consolidated entity.

Controlled entities 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.

Controlled entities 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.



(continued)

## 2 Summary of Significant Accounting Policies (continued)

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 controlled entity of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of comprehensive revenue and expense.

### Joint Ventures

Joint ventures are those entities over whose activities the 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 financial statements include the 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 and Parent, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the 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 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.

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.

## 2 Summary of Significant Accounting Policies (continued)

### (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.

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 and 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.



(continued)

## 2 Summary of Significant Accounting Policies (continued)

### 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 calculated on an average basis and includes expenditure incurred in acquiring inventories and bringing them to a location and condition available for sale. 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, exchange or distribution and after allowances are made for obsolescence.

### 2.10 Property, Plant and Equipment

Property, plant and equipment for the parent 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.

The Economic Entity has measured property, plant and equipment at historical cost less accumulated depreciation and any impairment losses, with the exception of the commercial land and buildings.

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.

#### (i) Revaluation

Commercial land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

After initial recognition, assets subject to revaluation whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Revaluations are performed on a class-by-class basis. If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued.

Any revaluation deficit is recognised in other comprehensive revenue and expenses and credited to the asset revaluation reserve in equity to the extent of the revaluation reserve balance accumulated from previous year gains. When no revaluation reserve balance is available to offset a revaluation loss the revaluation deficit is reported within the surplus or deficit for the year.

#### (ii) 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

(continued)

## 2 Summary of Significant Accounting Policies (continued)

Class of Asset Depreciated	Depreciation Rates
Freehold Buildings	4% Diminishing Value
Freehold Building Alterations	10% - 40% Diminishing Value
Commercial Land and Buildings	2% - 7% Straight Line
Fixtures and Fittings	4% - 40% Diminishing Value
Plant and Equipment	4% - 40% Diminishing Value
Motor Vehicles	25% 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 (2 to 5 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 5 years).

Staff training costs are recognised as an expense when incurred.

#### Trademark

Acquired trademarks are capitalised based on the costs incurred to acquire and bring to use the trademark. Costs are amortised using the straight line method over their estimated useful lives (not exceeding 20 years).



(continued)

## 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 related costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Costs associated with the 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	20% - 50% Diminishing Value
Trademarks	10 - 20 years	5% - 10% Straight Line

### 2.12 Impairment of Non-Financial Asset

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 assets 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 Controlled Entities

Investments in controlled entities 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.

The Economic Entity carries its commercial land and buildings at revalued amounts. Commercial land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

### 2.19 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 Entity 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 Statement of Financial Position date. The quoted market price used for financial assets is the current bid price.

### 2.20 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.

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.



## 2 Summary of Significant Accounting Policies (continued)

The Economic Entity derecognises a financial 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.

### 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.

(continued)

## 2 Summary of Significant Accounting Policies (continued)

### 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.

### 2.21 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.



(continued)

### 3 Revenue from Exchange and Non-Exchange Transactions

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
<b>Exchange</b>				
Service Revenue from University of Otago	3,290,425	3,116,490	3,290,425	3,116,490
Service Revenue	1,561,814	1,581,019	1,675,634	1,278,064
Other Income	-	6,903	-	4,512
Sale of Goods	3,535,150	3,830,251	19,438	25,575
UBS Token Write Down	10,271	131,808	-	-
Interest Revenue	200,349	173,620	196,897	170,568
Dividends Received	33,516	84,086	33,516	84,086
Bad Debts Recovered	(173)	1,076	(173)	427
Other Gains/(Losses)	152,252	(13,913)	152,252	(13,913)
<b>Total Exchange</b>	<b>8,783,604</b>	<b>8,911,340</b>	<b>5,367,989</b>	<b>4,665,809</b>
<b>Non-Exchange</b>				
Donations	1,004	3,128	1,004	3,128
<b>Total Non-Exchange</b>	<b>1,004</b>	<b>3,128</b>	<b>1,004</b>	<b>3,128</b>
<b>Total Exchange and Non-Exchange</b>	<b>8,784,608</b>	<b>8,914,468</b>	<b>5,368,993</b>	<b>4,668,937</b>

### 4 Operating Expenses

Grants to Clubs	52,453	58,730	52,453	58,730
Bad Debts	1,690	2,048	1,690	1,079
Depreciation and Amortisation	515,112	556,762	466,464	507,535
Loss on Disposal of Assets	1,803	(18,578)	1,803	(19,104)
Honoraria to Board Members	105,918	107,883	105,918	107,883
Director Fees	47,000	47,000	-	-
Donations	11,622	13,332	11,622	13,332
Lease of Photocopier	6,600	6,600	6,600	6,600
NZ Union of Students' Associations Levy	45,450	49,960	45,450	49,960
Student Job Search Levy	17,000	18,000	17,000	18,000
University Union Limited Levy	73,259	99,349	73,259	99,349
Contribution to Planet Media Dunedin Limited	-	-	-	87,905
Professional Fees	83,702	76,941	77,607	54,394
Write Down of Investment In Joint Venture	97,671	106,726	97,671	106,726
Salaries and Wages	2,975,689	2,825,847	2,251,441	1,809,561
Realised Foreign Exchange Loss	10,283	16,388	10,283	16,388
Interest	877	241	-	-

(continued)

## 5 Inventories

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
<b>Inventory</b>				
Inventories on Hand	892,071	854,117	4,387	4,766
Inventories in Transit	-	18,876	-	-
Allowance for Obsolete Stock	<u>(42,598)</u>	<u>(32,740)</u>	<u>-</u>	<u>-</u>
<b>Total Inventory</b>	<u>849,473</u>	<u>840,253</u>	<u>4,387</u>	<u>4,766</u>

## 6 Investments

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
<b>Available-for-Sale Financial Assets</b>				
Portfolio Investments	2,075,741	1,860,192	2,075,741	1,860,192
Term Investments	<u>4,083,469</u>	<u>3,963,886</u>	<u>4,083,469</u>	<u>3,963,886</u>
<b>Total Current Portion</b>	<u>6,159,210</u>	<u>5,824,078</u>	<u>6,159,210</u>	<u>5,824,078</u>

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.

(continued)

## 7 Property, Plant and Equipment

Economic Entity 2016	Freehold Land \$	Commercial Land and Buildings \$	Freehold Buildings \$	Plant and Equipment \$	Fixtures and Fittings \$	Motor Vehicles \$	Total \$
<b>Cost or Valuation</b>							
Balance as at 1 January 2016	161,984	925,000	7,171,482	966,840	491,978	83,248	9,800,532
Additions	-	40,454	32,711	105,734	16,960	16,783	212,642
Disposals	-	(22,869)	(22,027)	(356,818)	(41,656)	(11,439)	(454,809)
Revaluation	-	277,415	-	-	-	-	277,415
<b>Balance as at 31 December 2016</b>	<b>161,984</b>	<b>1,220,000</b>	<b>7,182,166</b>	<b>715,756</b>	<b>467,282</b>	<b>88,592</b>	<b>9,835,780</b>
<b>Economic Entity 2017</b>							
<b>Cost or Valuation</b>							
Balance as at 1 January 2017	161,984	1,220,000	7,182,166	715,756	467,282	88,592	9,835,780
Additions	-	4,569	46,084	64,999	42,155	45,666	203,473
Disposals	-	-	-	(33,102)	(4,327)	-	(37,429)
<b>Balance as at 31 December 2017</b>	<b>161,984</b>	<b>1,224,569</b>	<b>7,228,250</b>	<b>747,653</b>	<b>505,110</b>	<b>134,258</b>	<b>10,001,824</b>



(continued)

**7 Property, Plant and Equipment (continued)**

	Freehold Land \$	Commercial Land and Buildings \$	Freehold Buildings \$	Plant and Equipment \$	Fixtures and Fittings \$	Motor Vehicles \$	Total \$
<b>Economic Entity 2016</b>							
<b>Accumulated Depreciation and Impairment Balance as at 1 January 2016</b>	-	(11,373)	(2,280,024)	(802,859)	(325,486)	(76,462)	(3,496,204)
Disposals	-	22,869	14,321	331,539	30,552	10,294	409,575
Depreciation Charge (note 4)	-	(11,496)	(416,929)	(72,179)	(33,951)	(3,509)	(538,064)
<b>Balance as at 31 December 2016</b>	-	-	(2,682,632)	(543,499)	(328,885)	(69,677)	(3,624,693)
<b>Economic Entity 2017</b>							
<b>Accumulated Depreciation and Impairment Balance as at 1 January 2017</b>	-	-	(2,682,632)	(543,499)	(328,885)	(69,677)	(3,624,693)
Disposals	-	-	-	31,087	4,019	-	35,106
Depreciation Charge	-	(10,715)	(371,648)	(73,435)	(29,914)	(10,191)	(495,903)
<b>Balance as at 31 December 2017</b>	-	(10,715)	(3,054,280)	(585,847)	(354,780)	(79,868)	(4,085,490)
<b>Net Book Value</b>							
<b>As at 1 January 2016</b>	161,984	913,627	4,891,458	163,981	166,492	6,786	6,304,328
<b>As at 31 December 2016</b>	161,984	1,220,000	4,499,534	172,257	138,397	18,915	6,211,087
<b>As at 31 December 2017</b>	161,984	1,213,854	4,173,970	161,806	150,330	54,390	5,916,334

(continued)

**7 Property, Plant and Equipment (continued)**

Parent 2016	Freehold Land \$	Freehold Buildings \$	Plant and Equipment \$	Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Cost or Valuation Balance as at 1 January 2016	161,984	7,171,482	400,995	373,345	71,810	8,179,616
Year ended 31 December 2016						
Additions	-	32,711	74,886	16,396	-	123,993
Disposals	-	(22,027)	(20,847)	(5,580)	-	(48,454)
Accumulated Depreciation	161,984	7,182,166	455,034	384,161	71,810	8,255,155
Parent 2017						
Freehold Land \$	161,984	7,182,166	455,034	384,161	71,810	8,255,155
Cost or Valuation						
Balance as at 1 January 2017	161,984	7,182,166	455,034	384,161	71,810	8,255,155
Additions	-	46,084	40,644	34,956	45,665	167,349
Disposals	-	-	(33,102)	(4,327)	-	(37,429)
Balance as at 31 December 2017	161,984	7,228,250	462,576	414,790	117,475	8,385,075

(continued)

**7 Property, Plant and Equipment (continued)**

Parent 2016	Freehold Land \$	Freehold Buildings \$	Plant and Equipment \$	Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Accumulated Depreciation and Impairment Balance as at 1 January 2016	-	(2,280,024)	(312,872)	(230,793)	(66,168)	(2,889,857)
Year ended 31 December 2016						
Disposals	-	14,321	18,470	4,724	-	37,515
Depreciation Charge (note 4)	-	(416,929)	(39,514)	(31,145)	(1,411)	(488,999)
Balance as at 31 December 2016	-	(2,682,632)	(333,916)	(257,214)	(67,579)	(3,341,341)
Parent 2017	Freehold Land \$	Freehold Buildings \$	Plant and Equipment \$	Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Accumulated Depreciation and Impairment Balance as at 1 January 2017	-	(2,682,632)	(333,916)	(257,214)	(67,579)	(3,341,341)
Disposals	-	-	31,087	4,019	-	35,106
Depreciation Charge (note 4)	-	(371,648)	(43,535)	(26,454)	(5,785)	(447,422)
Balance as at 31 December 2017	-	(3,054,280)	(346,364)	(279,649)	(73,364)	(3,753,657)
Net Book Value						
As at 1 January 2016	161,984	4,891,458	88,123	142,552	5,642	5,289,759
As at 31 December 2016	161,984	4,499,534	121,118	126,947	4,231	4,913,814
As at 31 December 2017	161,984	4,173,970	116,212	135,141	44,111	4,631,418

(continued)

## 8 Intangible Assets

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

Economic Entity 2017	Computer software \$	Trademark \$	Total \$
<b>Cost or Valuation</b>			
Balance as at 1 January 2017	<u>67,283</u>	<u>10,961</u>	<u>78,244</u>
<b>Year Ended 31 December 2017</b>			
Additions	61,803	-	61,803
Disposals	<u>(115)</u>	<u>-</u>	<u>(115)</u>
Balance as at 31 December 2017	<u>128,971</u>	<u>10,961</u>	<u>139,932</u>
<b>Economic Entity 2017</b>			
<b>Computer software</b>	<b>\$</b>	<b>Trademark</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Accumulated Amortisation and Impairment</b>			
Balance as at 1 January 2017	<u>(27,400)</u>	<u>(163)</u>	<u>(27,563)</u>
<b>Year ended 31 December 2017</b>			
Disposals	27	-	27
Amortisation Charge	<u>(19,041)</u>	<u>(163)</u>	<u>(19,204)</u>
Balance as at 31 December 2017	<u>(46,414)</u>	<u>(326)</u>	<u>(46,740)</u>
<b>Net Book Value</b>			
As at 1 January 2016	<u>39,066</u>	<u>10,961</u>	<u>50,027</u>
As at 31 December 2016	<u>39,883</u>	<u>10,798</u>	<u>50,681</u>
As at 31 December 2017	<u>82,557</u>	<u>10,635</u>	<u>93,192</u>



(continued)

## 8 Intangible Assets (continued)

Parent 2017	Computer Software \$	Total \$
<b>Cost or Valuation</b>		
Balance as at 1 January 2017	<u>67,283</u>	<u>67,283</u>
Additions	61,803	61,803
Disposals	<u>(115)</u>	<u>(115)</u>
Balance as at 31 December 2017	<u>128,971</u>	<u>128,971</u>
<b>Accumulated Amortisation and Impairment</b>		
Balance as at 1 January 2017	<u>(27,400)</u>	<u>(27,400)</u>
Disposals	27	27
Amortisation charge	<u>(19,041)</u>	<u>(19,041)</u>
Balance as at 31 December 2017	<u>(46,414)</u>	<u>(46,414)</u>
<b>Net Book Value</b>		
As at 1 January 2016	<u>32,330</u>	<u>32,330</u>
As at 31 December 2016	<u>39,883</u>	<u>39,883</u>
As at 31 December 2017	<u>82,557</u>	<u>82,557</u>

## 9 Investment in Controlled Entities

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
University Book Shop (Otago) Limited - cost	-	-	1,030,000	1,030,000
Less: Impairment of Shares	-	-	-	-
Planet Media Dunedin Limited - cost	-	-	-	20,100
Less: Impairment of Shares	-	-	-	(20,100)
	<u>-</u>	<u>-</u>	<u>1,030,000</u>	<u>1,030,000</u>

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

Planet Media Dunedin Limited (PMDL) was amalgamated on the 31st May 2016 with the Otago University Students' Association (OUSA) (Note 10) (2015: PMDL - 100% owned - publishes the "Critic" magazine and operates the "Radio One" radio station. The balance date is 31 December).

University Book Shop (Otago) Limited - 100% owned (2016: 100%) - operates the University Bookshop. The balance date is 30 September. Their financial statements are audited by Crowe Horwath.



(continued)

## 10 Amalgamation

	Actual 2016 \$
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	53,781
Accounts Receivables and Prepayments	66,167
GST Receivable	<u>12,452</u>
<b>Total Current Assets</b>	<u>132,400</u>
<b>Non Current Assets</b>	
Property, Plant and Equipment	<u>39,456</u>
<b>Total Non Current Assets</b>	<u>39,456</u>
<b>Total Assets</b>	<u>171,856</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	236,872
Accrued Expenses	5,356
Employee Entitlements	<u>47,898</u>
<b>Total Current Liabilities</b>	<u>290,126</u>
<b>Total Liabilities</b>	<u>290,126</u>
<b>Net Assets</b>	<u>(118,270)</u>

Planet Media Dunedin Limited (PMDL) amalgamated with Otago University Students Association (OUSA) on 31 May 2016.

The amalgamation included the amalgamation of the assets and liabilities, financial obligations and commitments of PMDL with those of OUSA.

The assets and liabilities of PMDL that were amalgamated on 31 May 2016 are as above, and a credit adjustment to equity of \$39,946 recognised in equity.

The results of PMDL to 31 May 2016 have been recognised in the result of the Economic Entity. No retrospective adjustment or restatement of prior year comparatives has been made, as a result of the group restructure.

(continued)

## 11 Reserves

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
Property, Plant and Equipment Revaluation Reserve	1,260,316	1,260,316	-	-
Defunct Club Reserves	10,093	10,093	10,093	10,093
Other Reserves	<u>6,029,320</u>	<u>6,029,320</u>	<u>6,029,320</u>	<u>6,029,320</u>
<b>Total Reserves</b>	<b><u>7,299,729</u></b>	<b><u>7,299,729</u></b>	<b><u>6,039,413</u></b>	<b><u>6,039,413</u></b>

### (a) Purpose of Each Reserve Fund

#### (i) Property, Plant and Equipment Revaluation Reserve

The property, plant and equipment revaluation reserve is used to record increases and decreases in the fair value of commercial land and building relating to The University Book Shop (Otago) Limited.

#### (ii) Defunct Club Reserves

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

#### (iii) 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.

(continued)

## 12 Investments in Joint Venture

	Actual 2017 \$	Actual 2016 \$
<b>Economic Entity</b>		
Shares at Cost	1,737,360	1,737,360
Plus: Opening Share of Surpluses	1,017,615	947,094
Less: Accumulated Impairment	<u>(1,266,469)</u>	<u>(1,159,743)</u>
Plus: Share of Surpluses in the Current Year:		
- University Union Limited	59,751	70,521
Less: Write Down of Investments in Joint Venture		
- University Union Limited	<u>(97,670)</u>	<u>(106,726)</u>
	<u>1,450,586</u>	<u>1,488,506</u>
The Interest in Joint Venture Comprises:		
- University Union Limited (Non Current)	<u>1,450,586</u>	<u>1,488,506</u>
<b>Parent</b>		
Shares at Cost	1,737,360	1,737,360
Plus: Opening Share of Surpluses		
Less: Accumulated Impairment	<u>(248,854)</u>	<u>(212,649)</u>
	<u>1,488,506</u>	<u>1,524,711</u>
Less: Write Down of Investments in Joint Venture		
- University Union Limited	<u>(37,920)</u>	<u>(36,205)</u>
	<u>1,450,586</u>	<u>1,488,506</u>
The Interest in Joint Venture Comprises:		
- University Union Limited (Non Current)	<u>1,450,586</u>	<u>1,488,506</u>

At 31 December 2017 the Parent's Investment in Joint Venture comprises shares in the following:

University Union Limited - 50% shares (2016: 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.

## 13 Loan Receivables

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
Advances to University Sport New Zealand	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>



(continued)

## 14 Bank Security

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
ANZ Bank - Credit Facility	480	480	-	-
ANZ Bank - Visa	2,700	7,932	-	-
	<u>3,180</u>	<u>8,412</u>	<u>-</u>	<u>-</u>

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 7.64% per annum (2016: 7.45% p.a). University Book Shop (Otago) Limited also has an Overdraft Facility available of \$60,000 with a current interest rate of 12.75% (2016:12.65%) and a Visa Credit card facility with a limit of \$15,000.

## 15 Capital Commitments

### Capital Commitments

In December 2017 University Union Limited accepted quotes for \$42,245 plus GST to repair the roof of OUSA's building which includes the installation of new butynol lining. Work is planned to commence in March 2018. (2016: \$nil).

In December 2015 University Union Limited entered into a contract for \$ 177,923 plus GST to paint the exterior of the company's buildings. The work was completed during the 2017 year. As at 31 December 2017 \$nil is outstanding as all costs have been charged or accrued by the company. (2016: \$32,936 plus GST)

In July 2016 University Union Limited made the commitment to enter into a contract for the adjusted amount of \$470,619 plus GST for building renovations to the north side of the company's building. The work was completed during the 2017 year. As at 31 December 2017 \$nil is outstanding as all costs have been charged or accrued by the company. (2016: \$285,104 plus GST)

In September 2016 University Union Limited made the commitment to enter into a contract for the amount of \$85,000 plus GST for building renovations to the east side of the company's building. The work was completed during the 2017 year. As at 31 December 2017 \$nil is outstanding as all costs have been charged and paid for by the company. (2016: \$50,189 plus GST)

The Parent has no capital commitments as at 31 December 2017 (2016: Nil).

The University Bookshop (Otago) Limited has no capital commitments as at 31 December 2017 (2016: Nil).

### Operating leases as lessee

The University Union Limited has entered into a non-cancellable operating lease with the University of Otago for a period of 50 years less one day commencing 1 July 2002 and expiring 30 June 2052 for the lease of the land. The annual rental is \$118,500 plus GST. Rentals are reviewed every three years and the next review is due 1 July 2020.

There is a lease commitment in the Parent's books for the lease of a photocopier.

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
Not later than one year	6,600	6,600	6,600	6,600
Later than one year and not later than five years	6,600	13,200	6,600	13,200
Later than five years	-	-	-	-
<b>Total non-cancellable operating leases</b>	<u>13,200</u>	<u>19,800</u>	<u>13,200</u>	<u>19,800</u>

(continued)

## 16 Contingencies

The controlled entity, the University Book Shop (Otago) Limited (UBS) previously received notice from the Dunedin City Council that earthquake strengthening work may be required on the company's Great King Street property to comply with the current building codes. Under current law this work needs to be carried out by 1 July 2027. The Directors, after prioritising remedies, instigated an initial round of strengthening which was completed in September 2016. The building is now currently assessed at 34% of code. Because the building has reached 34% it is no longer earthquake-prone and no further work is required. However, the Directors are now assessing options of wider development of the building that will incorporate the seismic strengthening up to 67% of code. The indicated minimum cost is approximately \$150,000 but any further works may be done in conjunction with a larger development of the property.

There are no other contingent liabilities or contingent assets at 31 December 2017 for the Parent and Economic Entity (2016: Nil).

## 17 Related party transactions

All members of the Economic Entity are considered to be related parties of Otago University Students' Association Incorporated (OUSA). This includes the controlled entity identified in note 9 and the joint venture entity identified in note 12.

### *Transactions with controlled entity*

UBS purchased advertising, electricity and phone services of \$63,546 from OUSA during the year (2016: \$31,509). There was a \$2,241 balance at year end (2016: \$2,047).

OUSA purchased services of \$274 from UBS during the year (2016: \$2,195). There was no balance outstanding at year end (2016: \$5).

### *Transactions with joint venture entity and other related parties:*

OUSA provided building levies to University Union Limited for \$81,902 (2016: \$101,885). These payments were made on a normal commercial basis and there were no outstanding balances at year end (2016: Nil).

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

Rachel Brooking, a Director of The University Book Shop (Otago) Limited (UBS) is employed by Anderson Lloyd Lawyers, which provides legal services to UBS.

John Scandrett, a Director of The University Book Shop (Otago) Limited was employed by Otago Southland Employers Association, which provides employment services to UBS. The employment ceased on 1 July 2016.

### *Key management personnel compensation*

The Economic Entity and Parent have a related party relationship with their key management personnel. Key management personnel include the directors and senior management.

	Economic Entity		Parent	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$
<b>Council members</b>				
Number of persons recognised as key management personnel	28	28	19	19
Full-time equivalent members	18	17	13	13
Remuneration	<u>1,001,610</u>	<u>1,060,489</u>	<u>882,550</u>	<u>704,659</u>

## 18 Events occurring after the balance date

There have been no events occurring after 31 December 2017 that impact these financial statements (2016: Nil.)