Otago University Students' Association Incorporated

Financial Statements

for the year ended 31 December 2020

Otago University Students' Association Incorporated
Financial Statements - 31 December 2020

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Otago University Students' Association Incorporated Directory

President	Jack Manning
Vice President	Georgia Mischefski-Gray
Executive Officers	Josh Meikle, Emily Coyle, Michaela Waite-Harvey, Hanna Van der Giessen, Arina Aizal, Josh Smith (resigned: 29/06/2020), Francesca Dykes, Jack Saunders and Dushanka Govender (elected: 03/08/2020). President, vice president and executive officer terms run for the calendar year 1 January 2020 to 31 December 2020.
Ex Officio Executive Officers	Karamea Pewhairangi (Tumuaki – Te Roopu Maori) and Joshuaa Alefosio-Pei (President – Pacific Island Students' Association) Ex Officio members are elected in their own elections but are also part of OUSA Executive.
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
For the year ended 31 December 2020

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 2020 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 2020.

For and on behalf of the Executive.

President

Date: 17-5-2021

Michaela Waite-Harvey

Finance Officer

Date: 17-5-2021

Joshua Meikle

Independent auditor's report

To the members of Otago University Students Association Incorporated

Our opinion

In our opinion, the accompanying financial statements of Otago University Students Association Incorporated (the "Association"), including its controlled entity (together the Economic Entity), present fairly, in all material respects, the financial position of the Association and the Economic Entity as at 31 December 2020, their financial performance and their cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

What we have audited

The financial statements comprise:

- the statements of financial position as at 31 December 2020;
- 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 significant accounting policies and other explanatory information.

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.

Independence

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Association or Economic Entity.

Responsibilities of the Executive Members for the financial statements

The Executive Members are 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 Members 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 Members are responsible for assessing the Association'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 Members either intend to liquidate the Association 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/assurance-standards/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 and the Association's members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Elizabeth (Adri) Smit.

For and on behalf of:

PricewaterhouseCoopers.

Chartered Accountants
Dunedin, New Zealand
17 May 2021

Otago University Students' Association Incorporated
Statements of Comprehensive Revenue and Expense
For the year ended 31 December 2020

	Note	Economic Entity 2020 $	Economic Entity 2019 $	Parent 2020 $	Parent 2019 $
Total Operating Revenue	3	**10,437,859**	10,094,315	**6,830,564**	7,614,468
Total Operating Expenses	4	**(10,778,953)**	(11,037,349)	**(7,139,904)**	(7,747,434)
Operating Surplus/(Deficit) before Share of Equity Accounted Investments		**(341,094)**	(943,034)	**(309,340)**	(132,966)
Share of Equity Accounted Investment Surplus	12	**51,178**	57,184	**51,178**	57,184
Surplus/(deficit)		**(289,916)**	(885,850)	**(258,162)**	(75,782)
Other Comprehensive Revenue and Expense		**-**	-	**-**	-
Total comprehensive income		**(289,916)**	(885,850)	**(258,162)**	(75,782)
Total Comprehensive Income Attributable To:					
Otago University Students' Association Incorporated		**(289,916)**	(885,850)	**(258,162)**	(75,782)
		(289,916)	(885,850)	**(258,162)**	(75,782)

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Otago University Students' Association Incorporated
Statements of Changes in Net Assets/Equity
For the year ended 31 December 2020

Economic Entity	Other Reserves $	Revaluation Reserve $	Defunct Club Reserves $	Retained Earnings $	Total Equity $
Balance as at 1 January 2020	6,029,320	-	10,093	8,094,642	14,134,055
Comprehensive income					
Net Surplus/(Deficit) for the Year	-	-	-	(289,916)	(289,916)
Other Comprehensive Income	-	-	-	-	-
Transactions with Defunct Clubs	-	-	(984)	-	(984)
Balance as at 31 December 2020	6,029,320	-	9,109	7,804,726	13,843,155

Economic Entity	Other Reserve $	Revaluation Reserve $	Defunct Club Reserves $	Retained Earnings $	Total Equity $
Balance as at 1 January 2019	6,029,320	1,260,316	10,093	7,720,177	15,019,906
Comprehensive Income					
Net Surplus/(Deficit) for the Year	-	-	-	(885,850)	(885,850)
Other Comprehensive Income	-	-	-	-	-
Transfer of Reserve	-	(1,260,316)	-	1,260,316	-
Total Comprehensive Income	-	(1,260,316)	-	374,466	(885,850)
Transactions with Owners					
Total Transactions with Owners	-	-	-	-	-
Balance as at 31 December 2019	6,029,320	-	10,093	8,094,643	14,134,056

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Otago University Students' Association Incorporated
Statements of Changes in Net Assets/Equity
For the year ended 31 December 2020
(continued)

Parent	Other Reserve $	Revaluation Reserve $	Defunct Club Reserves $	Retained Earnings $	Total Equity $
Balance as at 1 January 2020	6,029,320	-	10,093	8,061,066	14,100,479
Comprehensive Income					
Net Surplus/(Deficit) for the Year	-	-	-	(258,162)	(258,162)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	(258,162)	(258,162)
Transactions with Defunct Clubs	-	-	(984)	-	(984)
Balance as at 31 December 2020	6,029,320	-	9,109	7,802,904	13,841,333

Parent	Other Reserve $	Revaluation Reserve $	Defunct Club Reserves $	Retained Earnings $	Total Equity $
Balance as at 1 January 2019	6,029,320	-	10,093	8,136,848	14,176,261
Comprehensive Income					
Net Surplus/(Deficit) for the Year	-	-	-	(75,782)	(75,782)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	(75,782)	(75,782)
Balance as at 31 December 2019	6,029,320	-	10,093	8,061,066	14,100,479

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 2020

	Note	Economic Entity Actual 2020 $	Economic Entity Actual 2019 $	Parent Actual 2020 $	Parent Actual 2019 $
ASSETS					
Current Assets					
Cash and Cash Equivalents		**581,929**	608,771	**403,079**	572,320
Investments	6	**6,147,849**	6,177,989	**6,147,849**	6,177,989
Trade and Other Receivables (From Exchange Transactions)		**523,939**	402,240	**484,702**	327,986
Accrued Interest		**27,371**	42,079	**27,371**	42,079
Prepayments		**163,184**	176,770	**155,681**	170,800
Inventories	5	**855,356**	886,300	**19,897**	23,369
Total Current Assets		**8,299,628**	8,294,149	**7,238,579**	7,314,543
Non-Current Assets					
Property, Plant and Equipment	7	**5,427,149**	5,401,898	**4,154,300**	4,118,734
Intangible Assets	9	**42,001**	58,093	**15,040**	26,711
Investment property	8	**-**	-	**1,180,065**	1,202,885
Investment in Controlled Entity	10	**-**	-	**600,000**	600,000
Investment in Joint Venture	12	**1,327,589**	1,369,853	**1,327,589**	1,369,853
Total Non-Current Assets		**6,796,739**	6,829,844	**7,276,994**	7,318,183
Total Assets		**15,096,367**	15,123,993	**14,515,573**	14,632,726
LIABILITIES					
Current Liabilities					
Trade and Other Payables (From Exchange Transactions)		**623,002**	524,789	**188,093**	109,161
Overdraft and Small Business Cashflow Loan	13	**52,543**	5,038	**-**	-
GST Payable		**158,110**	152,206	**114,834**	143,146
Employee Entitlements		**238,512**	233,462	**190,268**	205,497
Income in Advance		**95,045**	17,398	**95,045**	17,398
Accruals		**86,000**	57,045	**86,000**	57,045
Total Current Liabilities		**1,253,212**	989,938	**674,240**	532,247
Net Assets		**13,843,155**	14,134,055	**13,841,333**	14,100,479
EQUITY					
Reserves	11	**6,038,429**	6,039,413	**6,038,429**	6,039,413
Accumulated Revenue and Expenses		**7,804,726**	8,094,642	**7,802,904**	8,061,066
Total Equity		**13,843,155**	14,134,055	**13,841,333**	14,100,479

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 2020

	Economic Entity Actual 2020 $	Economic Entity Actual 2019 $	Parent Actual 2020 $	Parent Actual 2019 $
Cash flows from operating activities				
Receipts from Activities and Levies	**10,416,529**	9,899,194	**6,628,840**	6,280,808
Interest Received	**157,862**	190,030	**157,545**	189,592
	10,574,391	10,089,224	**6,786,385**	6,470,400
Payments to Suppliers and Employees	**(10,246,205)**	(10,428,972)	**(6,614,768)**	(6,782,033)
Net cash flow from operating activities	**328,186**	(339,748)	**171,617**	(311,633)
Cash flows from investing activities				
Repayments of Loans and Receivables	-	-	-	-
Receipts from Investments	**61,136**	198,628	**61,136**	252,850
Purchase of Property, Plant and Equipment and Intangible Assets	**(462,685)**	(290,550)	**(401,010)**	(345,976)
Net cash flow from investing activities	**(401,549)**	(91,922)	**(339,874)**	(93,126)
Proceeds from Borrowings	**46,000**	-	-	-
Repayment of Defunct Club Reserves	**(984)**	-	**(984)**	-
Net (Decrease) Increase in Cash	**(28,347)**	(431,670)	**(169,241)**	(404,759)
Add: Opening Cash Brought Forward	**603,733**	1,035,403	**572,320**	977,079
Cash, cash equivalents, and bank overdrafts at the end of the year	**575,386**	603,733	**403,079**	572,320

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1 Statement of accounting policies for the year ended 31 December 2020

1.1 Reporting Entity

Otago University Students' Association ('the Association') is a registered charity under the Charities Act and an Incorporated Society. 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 2020 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 2020, 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.

The consolidated financial statements have been approved by the Executive on ____________

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 2020 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.

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. Membership and subscription fees are included in service revenue.

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 and net of returns.

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 (beer sales, book sales, etc.), 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.

2 Summary of Significant Accounting Policies (continued)

Rendering of Services

Service income is recognised as revenue throughout the period of delivery of the service. Service income includes an annual agreed levy between the University of Otago and the Economic Entity. This is based on University of Otago's estimate of the services they employ the Economic Entity to provide over a year. Service levy income is recognised as revenue as received unless there are unfulfilled conditions under the agreement in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

(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 Comprehensive Revenue and Expense.

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 Summary of Significant Accounting Policies (continued)

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.

2.8 Trade and Other 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.

2 Summary of Significant Accounting Policies (continued)

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

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% - 50% Diminishing Value
Plant and Equipment	4% - 67% Diminishing Value
Motor Vehicles	25% - 30% 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.

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 the statements of comprehensive income and expense.

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

Intangible assets comprise:

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).

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 Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Property held to meet service delivery objectives is classified as property, plant, and equipment.

Investment property is recognised at historical cost less subsequent depreciation. Historical costs included expenditure that is directly attributable to the acquisition of the items.

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 the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss component of the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on investment property is calculated using the straight line method, the rates used are:

Class of Asset Depreciated	Depreciation Rates
Investment property	7% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the profit or loss component as separate lines on the statement of comprehensive income.

2 Summary of Significant Accounting Policies (continued)

2.14 Trade and Other 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.

2.15 Investments in Controlled Entities

Investments in controlled entities are recorded in the statements of financial position of the Parent at cost less impairment losses.

2.16 Employee Entitlements

Liabilities for wages and salaries, including non monetary benefits and annual leave that is to be settled within 12 months of the reporting date are recognised as current liabilities. The current liabilities are 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.

2.17 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.

2.18 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 Economic Entity 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, investments, intangible assets and development.

Financing Activities:

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

2.19 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 fair value represented by the purchase and sale agreement. (2019: 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. The latest valuation was completed by independent valuer Darren Bezett BCom(VPM) MPINZ MNZIV Registered Valuer for Telfer Young (Otago) Limited with an effective date of 30 September 2016. The methods used in estimating the fair value were the income approach and the market approach).

2 Summary of Significant Accounting Policies (continued)

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 Entity recognise financial assets on the date that they become party 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.

2.21 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.

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 financial liability when its contractual obligations are discharged, cancelled, or expire.

The Economic Entity also derecognises financial assets and financial liabilities when there have 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.

2 Summary of Significant Accounting Policies (continued)

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.

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.

2 Summary of Significant Accounting Policies (continued)

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.

2.22 Changes in Accounting Policies

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

3 Revenue from Exchange and Non-Exchange Transactions

	Economic Entity		Parent	
	Actual 2020 $	Actual 2019 $	**Actual 2020 $**	Actual 2019 $
Exchange				
Service Revenue from University of Otago	**3,351,954**	3,243,072	**3,351,954**	3,243,072
Service Revenue	**1,858,245**	1,979,589	**1,930,322**	2,050,807
Sale of Goods	**4,239,892**	4,392,053	**720,529**	782,850
UBS Token Write Down	**23,572**	24,570	**-**	-
Interest Revenue	**143,154**	161,774	**142,837**	161,336
Dividends Received	**25,766**	27,515	**25,766**	1,127,515
Bad Debts Recovered	**104**	368	**-**	368
Other Gains/(Losses)	**88,372**	248,809	**88,372**	231,955
Total Exchange	**9,731,059**	10,077,750	**6,259,780**	7,597,903
Non-Exchange				
COVID-19 Wage Subsidy and Government Funding	**666,864**	-	**530,848**	-
Donations	**39,936**	16,565	**39,936**	16,565
Total Non-Exchange	**706,800**	16,565	**570,784**	16,565
Total Exchange and Non-Exchange	**10,437,859**	10,094,315	**6,830,564**	7,614,468

4 Operating Expenses

Bad Debts	**130**	2,843	**130**	2,843
Cost of Goods Sold	**2,497,338**	2,488,802	**247,698**	274,713
Depreciation and Amortisation	**453,526**	492,729	**399,935**	436,318
Director Fees	**48,550**	42,414	**-**	-
Donations	**52,174**	30,389	**52,174**	30,389
Grants to Clubs	**68,309**	59,946	**68,309**	59,946
Honoraria to Board Members	**140,540**	142,793	**140,540**	142,793
Interest	**235**	405	**-**	-
Lease of Photocopier	**8,820**	7,875	**8,820**	7,875
Loss on Disposal of Assets	**646**	176,785	**646**	73,145
NZ Union of Students' Associations Levy	**46,389**	47,136	**46,389**	47,136
Professional Fees	**54,104**	59,653	**47,032**	57,616
Realised Foreign Exchange Loss	**-**	963	**-**	963
Salaries and Wages	**4,135,816**	3,869,393	**3,239,054**	2,992,659
Student Job Search Levy	**15,000**	15,000	**15,000**	15,000
University Union Limited Levy	**72,373**	76,841	**72,373**	76,841
Write Down of Controlled Entities	**-**	-	**-**	430,000
Write Down of Investment In Joint Venture	**93,442**	97,551	**93,442**	97,551

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(continued)

5 Inventories

	Economic Entity Actual 2020 $	Economic Entity Actual 2019 $	Parent Actual 2020 $	Parent Actual 2019 $
Inventory				
Inventories on Hand	**889,973**	913,333	**19,897**	23,369
Allowance for Obsolete Stock	**(34,617)**	(27,033)	**-**	-
Total Inventory	**855,356**	886,300	**19,897**	23,369

6 Investments

	Economic Entity Actual 2020 $	Economic Entity Actual 2019 $	Parent Actual 2020 $	Parent Actual 2019 $
Portfolio Investments	**2,411,645**	2,297,299	**2,411,645**	2,297,299
Term Investments	**3,736,204**	3,880,690	**3,736,204**	3,880,690
Total Current Portion	**6,147,849**	6,177,989	**6,147,849**	6,177,989

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.

7 Property, Plant and Equipment

Economic Entity 2019	Freehold Land $	Commercial Land and Buildings $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Cost or Valuation							
Balance as at 1 January 2019	161,984	1,224,569	7,228,505	964,304	511,871	114,121	10,205,354
Additions	-	-	51,925	192,685	5,408	-	250,018
Disposals	-	(4,569)	(224,129)	(691)	(16,002)	-	(245,391)
Balance as at 31 December 2019	161,984	1,220,000	7,056,301	1,156,298	501,277	114,121	10,209,981

Economic Entity 2020	Freehold Land $	Commercial Land and Buildings $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Cost or Valuation							
Balance as at 1 January 2020	161,984	1,220,000	7,056,301	1,156,298	501,277	114,121	10,209,981
Additions	-	-	319,322	125,051	14,869	-	459,242
Disposals	-	-	-	(4,982)	-	-	(4,982)
Reclassified as freehold land and buildings	-	-	-	-	-	-	-
Balance as at 31 December 2020	161,984	1,220,000	7,375,623	1,276,367	516,146	114,121	10,664,241

7 Property, Plant and Equipment (continued)

Economic Entity 2019	Freehold Land $	Commercial Land and Buildings $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Accumulated Depreciation and Impairment							
Balance as at 1 January 2019	-	(21,429)	(3,391,584)	(675,242)	(382,523)	(74,064)	(4,544,842)
Additions	-	-	-	(5,151)	-	-	(5,151)
Disposals	-	21,429	169,341	4,171	12,824	-	207,765
Depreciation Charge (note 4)	-	(17,115)	(290,675)	(125,154)	(22,537)	(10,374)	(465,855)
Balance as at 31 December 2019	-	(17,115)	(3,512,918)	(801,376)	(392,236)	(84,438)	(4,808,083)

Economic Entity 2020	Freehold Land $	Commercial Land and Buildings $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Accumulated Depreciation and Impairment							
Balance as at 1 January 2020	-	(17,115)	(3,512,918)	(801,376)	(392,236)	(84,438)	(4,808,083)
Disposals	-	-	-	(4,334)	-	-	(4,334)
Depreciation Charge (note 4)	-	(22,820)	(260,938)	(112,560)	(20,685)	(7,672)	(424,675)
Balance as at 31 December 2020	-	(39,935)	(3,773,856)	(918,270)	(412,921)	(92,110)	(5,237,092)
Net Book Value							
As at 1 January 2019	161,984	1,203,140	3,836,921	289,062	129,348	40,057	5,660,512
As at 31 December 2019	161,984	1,202,885	3,543,383	354,922	109,041	29,683	5,401,898
As at 31 December 2020	161,984	1,180,065	3,601,767	358,097	103,225	22,011	5,427,149

7 Property, Plant and Equipment (continued)

Parent 2019	Freehold Land $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Cost or Valuation						
Balance as at 1 January 2019	161,984	7,228,505	590,369	416,780	97,338	8,494,976
Additions	-	51,925	179,387	-	-	231,312
Disposals	-	(224,129)	(4,705)	(16,002)	-	(244,836)
Balance as at 31 December 2019	161,984	7,056,301	765,051	400,778	97,338	8,481,452

Parent 2020	Freehold Land $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Cost or Valuation						
Balance as at 1 January 2020	161,984	7,056,301	765,051	400,778	97,338	8,481,452
Additions	-	319,322	82,320	-	-	401,642
Disposals	-	-	(4,982)	-	-	(4,982)
Balance as at 31 December 2020	161,984	7,375,623	842,389	400,778	97,338	8,878,112

7 Property, Plant and Equipment (continued)

Parent 2019	Freehold Land $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Accumulated Depreciation and Impairment						
Balance as at 1 January 2019	-	(3,391,584)	(387,176)	(304,253)	(64,477)	(4,147,490)
Balance as at 31 December 2019						
Additions	-	-	(5,151)	-	-	(5,151)
Disposals	-	169,341	4,171	12,824	-	186,336
Depreciation Charge (note 4)	-	(290,675)	(77,985)	(19,538)	(8,215)	(396,413)
Balance as at 31 December 2019	-	(3,512,918)	(466,141)	(310,967)	(72,692)	(4,362,718)

Parent 2020	Freehold Land $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Accumulated Depreciation and Impairment						
Balance as at 1 January 2020	-	(3,512,918)	(466,141)	(310,967)	(72,692)	(4,362,718)
Disposals	-	-	(4,334)	-	-	(4,334)
Depreciation Charge (note 4)	-	(260,938)	(73,980)	(15,681)	(6,161)	(356,760)
Balance as at 31 December 2020	-	(3,773,856)	(544,455)	(326,648)	(78,853)	(4,723,812)
Net Book Value						
As at 1 January 2019	161,984	3,836,921	203,193	112,527	32,861	4,347,486
As at 31 December 2019	161,984	3,543,383	298,910	89,811	24,646	4,118,734
As at 31 December 2020	161,984	3,601,767	297,934	74,130	18,485	4,154,300

(continued)

8 Investment property

	Economic Entity Actual 2020 $	Economic Entity Actual 2019 $	Parent Actual 2020 $	Parent Actual 2019 $
Investment properties - at cost				
Opening balance at 1 January	-	-	1,220,000	-
Accumulated depreciation	-	-	(17,115)	-
	-	-	1,202,885	-
Acquisitions	-	-	-	1,220,000
Depreciation	-	-	(22,820)	(17,115)
Balance at 31 December	-	-	1,180,065	1,202,885
Investment properties - at cost				
Investment properties - at cost - closing balance	-	-	1,220,000	1,220,000
Investment properties - at cost - accumulated depreciation	-	-	(39,935)	(17,115)
	-	-	1,180,065	1,202,885
Total fair value and cost	-	-	1,180,065	1,202,885

Investment properties are recognised at historical costs.

9 Intangible Assets

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

Economic Entity 2020	Computer software $	Trademark $	License to Operate $	Total $
Cost or Valuation				
Balance as at 1 January 2020	124,717	10,961	25,000	160,678
Additions	-	4,075	-	4,075
Disposals	-	-	-	-
Balance as at 31 December 2020	124,717	15,036	25,000	164,753

Economic Entity 2020	Computer software $	Trademark $	License to Operate $	Total $
Accumulated Amortisation and Impairment				
Balance as at 1 January 2020	(98,006)	(652)	(3,927)	(102,585)
Disposals	-	-	-	-
Amortisation Charge	(11,671)	(163)	(8,333)	(20,167)
Balance as at 31 December 2020	(109,677)	(815)	(12,260)	(122,752)
Net Book Value				
As at 31 December 2019	26,711	10,309	21,073	58,093
As at 31 December 2020	15,040	14,221	12,740	42,001

9 Intangible Assets (continued)

Parent 2020	Computer Software $	Total $
Cost or Valuation		
Balance as at 1 January 2020	124,717	124,717

Parent 2020	Computer Software $	Total $
Accumulated Amortisation and Impairment		
Balance as at 1 January 2020	(98,006)	(98,006)
Year ended 31 December 2020		
Amortisation charge	(11,671)	(11,671)
Balance as at 31 December 2020	(109,677)	(109,677)
Net Book Value		
As at 31 December 2019	26,711	26,711
As at 31 December 2020	15,040	15,040

10 Investment in Controlled Entities

	Economic Entity		Parent	
	Actual 2020 $	Actual 2019 $	Actual 2020 $	Actual 2019 $
University Book Shop (Otago) Limited - cost	-	-	1,030,000	1,030,000
Less: Impairment of Shares	-	-	(430,000)	(430,000)
	-	-	600,000	600,000

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note (2.2). All subsidiaries are incorporated in New Zealand.

University Book Shop (Otago) Limited - 100% owned (2019: 100%) - operates the University Bookshop. The balance date is 30 September. Their financial statements are audited by Crowe.

11 Reserves

	Economic Entity Actual 2020 $	Economic Entity Actual 2019 $	Parent Actual 2020 $	Parent Actual 2019 $
Defunct Club Reserves	**9,109**	10,093	**9,109**	10,093
Other Reserves	**6,029,320**	6,029,320	**6,029,320**	6,029,320
Total Reserves	**6,038,429**	6,039,413	**6,038,429**	6,039,413

(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 cessation 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.

(continued)

12 Investments in Joint Venture

	Actual 2020 $	Actual 2019 $
Parent		
Shares at Cost	**1,737,360**	1,737,360
Plus: Opening Share of Surpluses	**1,192,211**	1,135,027
Less: Accumulated Impairment	**(1,559,718)**	(1,462,167)
Plus: Share of Surpluses in the Current Year:		
- University Union Limited	**51,178**	57,184
Less: Write Down of Investments in Joint Venture		
- University Union Limited	**(93,442)**	(97,551)
	1,327,589	1,369,853
The Interest in Joint Venture Comprises:		
- University Union Limited (Non Current)	**1,327,589**	1,369,853

	Actual 2020 $	Actual 2019 $
Economic Entity		
Shares at Cost	**1,737,360**	1,737,360
Plus: Opening Share of Surpluses		
Less: Accumulated Impairment	**(367,507)**	(327,140)
Balance at	**1,369,853**	1,410,220
Plus: Share of Surpluses in the Current Year:		
- University Union Limited	**51,178**	57,184
Less: Write Down of Investments in Joint Venture		
- University Union Limited	**(93,442)**	(97,551)
	1,327,589	1,369,853
The Interest in Joint Venture Comprises:		
- University Union Limited (Non Current)	**1,327,589**	1,369,853

At 31 December 2020 the Parent's Investment in Joint Venture comprises shares in the following:

University Union Limited - 50% shares (2019: 50%) owns and maintains the University Union building. The balance date is 31 December. It is audited by Crowe. This entity is incorporated in New Zealand.

13 Bank Security

	Economic Entity Actual 2020 $	Economic Entity Actual 2019 $	Parent Actual 2020 $	Parent Actual 2019 $
ANZ Bank - Visa	-	5,038	-	-
Westpac Mastercard	6,543	-	-	-
Small Business Cashflow Loan	46,000	-	-	-
	52,543	5,038	-	-

University Book Shop (Otago) Limited has a Westpac Mastercard limit of $15,000 and the Westpac Cheque Account has an overdraft limit of $100,000 which is secured over the company stock and plant (2019: ANZ Visa limit of $15,000 and no further credit facility). The Small Business Cashflow (Loan) Scheme (SBCS) has been introduced to support businesses and organisations struggling becuase of loss of actual or predicted revenue as a result of COVID-19. The annual interest rate is 3% beginning from the date of the loan being provided. Interest will not be charged if the loan is fully paid back within one year.

14 Capital Commitments

Capital Commitments

University Union Limited on 24 November 2020 signed a Memorandum of Understanding ("MoU") between the company and University of Otago relating to the apportionment of costs for seismic strengthing and upgrading of the University Union Building. This Memorandum outlines that University Union Limited is committed to paying $1,967,000 plus GST of the total cost of the project. As at 31 December 2020 $1,116,085 plus GST has been paid or accrued in respect of work carried out to 31 December 2020. Per this MoU the company is committed to pay the balance of $850,915 plus GST as at balance date (2019: Nil).

The Parent had no capital commitments as at 31 December 2020 (2019: Nil).

The University Bookshop (Otago) Limited (UBS) has no capital commitments at the end of its reporting date (2019: 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 2023.

There is a lease commitment in the Parent's books for the lease of a photocopier, eftpos terminal and property.

	Economic Entity Actual 2020 $	Economic Entity Actual 2019 $	Parent Actual 2020 $	Parent Actual 2019 $
Not later than one year	135,864	165,661	110,630	115,427
Later than one year and not later than five years	536,401	533,223	224,199	332,288
Later than five years	25,234	100,818	-	-
Total non-cancellable operating leases	697,499	799,702	334,829	447,715

14 Capital Commitments (continued)

Operating leases as lessor
Investment property is leased under operating leases. The lease is for 378 Great King Street, Dunedin, that is leased by UBS from the Parent and has a non-cancellable term of 120 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Economic Entity		Parent	
	Actual 2020 $	Actual 2019 $	**Actual 2020 $**	Actual 2019 $
Not later than one year	-	-	**40,000**	40,000
Later than one year and not later than five years	-	-	**160,000**	160,000
Later than five years	-	-	**90,000**	130,000
Total non-cancellable operating leases	-	-	**290,000**	330,000

15 Contingencies

There are no other contingent liabilities or contingent assets at 31 December 2020 for the Parent and Economic Entity (2019: Nil).

16 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 10 and the joint venture entity identified in note 12.

Transactions with controlled entity

UBS purchased advertising, electricity, rent and phone services of $64,261 from OUSA during the year (2019: $70,941). There was a $1,797 balance at year end (2019: $1,885).

OUSA purchased services of $7,815 from UBS during the year (2019: $277). There was $1,566 balance outstanding at year end (2019: Nil).

Transactions with joint venture entity and other related parties:

OUSA provided building levies to University Union Limited for $72,373 (2019: $76,841). There was no outstanding balances at year end (2019: 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 during the year of $3,073 (2019: $2,661).

Paul Allison, a Director, is a Council Member of Otago Polytechnic, which purchases goods from the Company.