Otago University Students' Association Incorporated

Financial Statements

for the year ended 31 December 2021

Otago University Students' Association Incorporated
Financial Statements - 31 December 2021

Contents

Otago University Students' Association Incorporated Directory

President	Michaela Waite- Harvey
Vice President	Emily Coyle
Executive Officers	Josh Meikle, Michael Evans, Maya Polaschek, Jack Saunders, Sophie Barham, Geraldi Ryan, Dushanka Govender and Mhairi Mackenzie-Everitt. President, vice president and executive officer terms run for the calendar year 1 January 2021 to 31 December 2021.
Ex Officio Executive Officers	Karamea Pewhairangi (tumuaki – Te Roopu Maori) and Melissa Lama (President – Pacific Island Students’ Assoication) 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 2021

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 2021 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 2021.

For and on behalf of the Executive.

President

Date: 05/05/2022

Finance Officer

Date: 05/05/2022

pwc

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 2021, 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 2021;
- 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.

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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
6 May 2022

Otago University Students' Association Incorporated
Statements of Comprehensive Revenue and Expense
For the year ended 31 December 2021

		Economic Entity		Parent	
	Note	**2021** **$**	2020 $	**2021** **$**	2020 $
Total Operating Revenue	3	**9,740,833**	10,437,859	**6,297,669**	6,830,564
Total Operating Expenses	4	**(10,700,474)**	(10,778,953)	**(7,255,237)**	(7,139,904)
Operating Surplus/(Deficit) before Share of Equity Accounted Investments		**(959,641)**	(341,094)	**(957,568)**	(309,340)
Share of Equity Accounted Investment Surplus	13	**7,399**	51,178	**7,399**	51,178
Surplus/(deficit)		**(952,242)**	(289,916)	**(950,169)**	(258,162)
Other Comprehensive Revenue and Expense		**-**	-	**-**	-
Total comprehensive income		**(952,242)**	(289,916)	**(950,169)**	(258,162)
Total Comprehensive Income Attributable To:					
Otago University Students' Association Incorporated		**(952,242)**	(289,916)	**(950,169)**	(258,162)
		(952,242)	(289,916)	**(950,169)**	(258,162)

Otago University Students' Association Incorporated
Statements of Changes in Net Assets/Equity
For the year ended 31 December 2021

Economic Entity	Other Reserves $	Revaluation Reserve $	Defunct Club Reserves $	Retained Earnings $	Total Equity $
Balance as at 1 January 2021	6,029,320	-	9,109	7,804,726	13,843,155
Comprehensive income					
Net Surplus/(Deficit) for the Year	-	-	-	(952,242)	(952,242)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	(952,242)	(952,242)
Balance as at 31 December 2021	6,029,320	-	9,109	6,852,484	12,890,913

Economic Entity	Other Reserve $	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	-	-	-	-	-
Total Comprehensive Income	-	-	-	(289,916)	(289,916)
Transactions with Owners					
Transactions with Defunct Clubs	-	-	(984)	-	(984)
Total Transactions with Owners	-	-	(984)	-	(984)
Balance as at 31 December 2020	6,029,320	-	9,109	7,804,726	13,843,155

Otago University Students' Association Incorporated
Statements of Changes in Net Assets/Equity
For the year ended 31 December 2021
(continued)

Parent	Other Reserve $	Revaluation Reserve $	Defunct Club Reserves $	Retained Earnings $	Total Equity $
Balance as at 1 January 2021	6,029,320	-	9,109	7,802,904	13,841,333
Comprehensive Income					
Net Surplus/(Deficit) for the Year	-	-	-	(950,169)	(950,169)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	(950,169)	(950,169)
Balance as at 31 December 2021	6,029,320	-	9,109	6,852,735	12,891,164

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

Otago University Students' Association Incorporated
Statements of Financial Position
As at 31 December 2021

	Note	Economic Entity Actual 2021 $	Economic Entity Actual 2020 $	Parent Actual 2021 $	Parent Actual (restated) 2020 $
ASSETS					
Current Assets					
Cash and Cash Equivalents		**4,800,656**	581,929	**4,696,800**	403,079
Investments	6	**-**	6,147,849	**-**	6,147,849
Trade and Other Receivables (From Exchange Transactions)		**1,026,440**	523,939	**1,004,164**	484,702
Accrued Interest		**-**	27,371	**-**	27,371
Prepayments		**97,305**	163,184	**87,092**	155,681
Inventories	5	**624,128**	855,356	**9,355**	19,897
Total Current Assets		**6,548,529**	8,299,628	**5,797,411**	7,238,579
Non-Current Assets					
Property, Plant and Equipment	7	**6,950,561**	5,427,149	**3,663,824**	3,827,738
Intangible Assets	9	**27,250**	42,001	**8,699**	15,040
Investment property	8	**-**	-	**3,225,323**	1,506,627
Investment in Controlled Entity	10	**-**	-	**382,000**	600,000
Investment in Joint Venture	13	**1,255,939**	1,327,589	**1,255,939**	1,327,589
Total Non-Current Assets		**8,233,750**	6,796,739	**8,535,785**	7,276,994
Total Assets		**14,782,279**	15,096,367	**14,333,196**	14,515,573
LIABILITIES					
Current Liabilities					
Trade and Other Payables (From Exchange Transactions)		**760,356**	623,002	**445,367**	188,093
Loans and Overdraft	14	**7,098**	52,543	**-**	-
GST Payable		**92,305**	158,110	**60,466**	114,834
Employee Entitlements		**319,884**	238,512	**265,365**	190,268
Income in Advance	11	**623,653**	95,045	**623,653**	95,045
Accruals		**47,178**	86,000	**47,178**	86,000
Total Current Liabilities		**1,850,474**	1,253,212	**1,442,029**	674,240
Non Current Liabilities					
Loans and Overdrafts	14	**40,889**	-	**-**	-
Total Non Current Liabilities		**40,889**	-	**-**	-
Total Liabilities		**1,891,363**	1,253,212	**1,442,029**	674,240
Net Assets		**12,890,916**	13,843,155	**12,891,167**	13,841,333
EQUITY					
Reserves	12	**6,038,429**	6,038,429	**6,038,429**	6,038,429
Accumulated Revenue and Expenses		**6,852,487**	7,804,726	**6,852,738**	7,802,904
Total Equity		**12,890,916**	13,843,155	**12,891,167**	13,841,333

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 2021

	Economic Entity		Parent	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
Cash flows from operating activities				
Receipts from Activities and Levies	**9,221,746**	10,416,529	**5,724,167**	6,628,840
Interest Received	**66,648**	132,096	**66,128**	131,779
Dividends Received	**45,227**	25,766	**45,227**	25,766
	9,333,621	10,574,391	**5,835,522**	6,786,385
Payments to Suppliers and Employees	**(9,344,102)**	(10,246,205)	**(5,783,956)**	(6,614,768)
Net cash flow from operating activities	**(10,481)**	328,186	**51,566**	171,617
Cash flows from investing activities				
Repayments of Loans and Receivables	**-**	-	**-**	-
Receipts from Investments	**6,152,426**	61,136	**6,152,426**	61,136
Purchase of Property, Plant and Equipment and Intangible Assets	**(1,916,675)**	(462,685)	**(1,910,271)**	(401,010)
Net cash flow from investing activities	**4,235,751**	(401,549)	**4,242,155**	(339,874)
Proceeds from Borrowings	**-**	46,000	**-**	-
Repayment of Defunct Club Reserves	**-**	(984)	**-**	(984)
Net (Decrease) Increase in Cash	**4,225,270**	(28,347)	**4,293,721**	(169,241)
Add: Opening Cash Brought Forward	**575,386**	603,733	**403,079**	572,320
Cash, cash equivalents, and bank overdrafts at the end of the year	**4,800,656**	575,386	**4,696,800**	403,079

1 Statement of accounting policies for the year ended 31 December 2021

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 2021 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 2021, 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 5 May 2022.

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 2021 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.

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.

2 Summary of Significant Accounting Policies (continued)

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.

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.

2 Summary of Significant Accounting Policies (continued)

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.

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 Summary of Significant Accounting Policies (continued)

2.22 Changes in Accounting Policies

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

2.23 Restatement and reclassification of comparative figures

Certain comparative figures have been reclassified to be on a consistent basis as the current year figures. Additionally a restatement of comparative balances has been made for investment property and property, plant and equipment for the Parent. Refer to Note 20 for details of this restatement.

3 Revenue from Exchange and Non-Exchange Transactions

	Economic Entity		**Parent**	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
Exchange				
Service Revenue from University of Otago	**3,427,704**	3,186,430	**3,427,704**	3,186,430
Service Revenue	**2,196,521**	2,023,769	**2,248,460**	2,095,846
Sale of Goods	**3,849,865**	4,239,892	**415,481**	720,529
UBS Token Write Down	**13,860**	23,572	**-**	-
Interest Revenue	**39,545**	143,154	**39,277**	142,837
Dividends Received	**45,227**	25,766	**45,227**	25,766
Bad Debts Recovered	**2,986**	104	**2,986**	-
Other Gains/(Losses)	**(796)**	88,372	**4,056**	88,372
Total Exchange	**9,574,912**	9,731,059	**6,183,191**	6,259,780
Non-Exchange				
COVID-19 Wage Subsidy and Government Funding	**165,921**	666,864	**114,478**	530,848
Donations	**-**	39,936	**-**	39,936
Total Non-Exchange	**165,921**	706,800	**114,478**	570,784
Total Exchange and Non-Exchange	**9,740,833**	10,437,859	**6,297,669**	6,830,564

4 Operating Expenses

Bad Debts	**9,281**	130	**9,281**	130
Cost of Goods Sold	**2,398,772**	2,497,338	**205,128**	247,698
Depreciation and Amortisation	**408,014**	453,526	**361,830**	399,935
Director Fees	**35,035**	48,550	**-**	-
Donations	**5,140**	52,174	**5,140**	52,174
Grants to Clubs	**52,870**	68,309	**52,870**	68,309
Honoraria to Board Members	**180,720**	140,540	**180,720**	140,540
Interest	**-**	235	**-**	-
Lease of Photocopier	**8,820**	8,820	**8,820**	8,820
Loss on Disposal of Assets	**247**	646	**247**	646
Audit Fees	**62,750**	58,750	**52,500**	47,250
NZ Union of Students' Associations Levy	**45,643**	46,389	**45,643**	46,389
Professional Fees	**54,872**	54,104	**54,872**	47,032
Salaries and Wages	**4,221,103**	4,135,816	**3,314,103**	3,239,054
Student Job Search Levy	**15,000**	15,000	**15,000**	15,000
Building Lease, Levy, Management and Maintenance	**338,048**	388,252	**338,048**	388,252
Write Down of Investment In Controlled Entities	**-**	-	**218,000**	-
Write Down of Investment In Joint Venture	**79,049**	93,442	**79,049**	93,442

5 Inventories

	Economic Entity		Parent	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
Inventory				
Inventories on Hand	**646,976**	889,973	**9,355**	19,897
Allowance for Obsolete Stock	**(22,848)**	(34,617)	**-**	-
Total Inventory	**624,128**	855,356	**9,355**	19,897

6 Investments

	Economic Entity		Parent	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
Portfolio Investments	**-**	2,411,645	**-**	2,411,645
Term Investments	**-**	3,736,204	**-**	3,736,204
Total Current Portion	**-**	6,147,849	**-**	6,147,849

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 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	-	326,562	-	125,051	14,869	-	466,482
Disposals	-	-	(7,240)	(4,982)	-	-	(12,222)
Balance as at 31 December 2020	**161,984**	**1,546,562**	**7,049,061**	**1,276,367**	**516,146**	**114,121**	**10,664,241**

Economic Entity 2021	**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 2021	**161,984**	**1,546,562**	**7,049,061**	**1,276,367**	**516,146**	**114,121**	**10,664,241**
Additions	-	1,741,516	104,618	73,541	2,795	-	1,922,470
Disposals	-	-	-	(55,384)	(52,568)	-	(107,952)
Balance as at 31 December 2021	**161,984**	**3,288,078**	**7,153,679**	**1,294,524**	**466,373**	**114,121**	**12,478,759**

7 Property, Plant and Equipment (continued)

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)**

Economic Entity 2021	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 2021	**-**	**(39,935)**	**(3,773,856)**	**(918,270)**	**(412,921)**	**(92,110)**	**(5,237,092)**
Disposals	-	-	-	54,455	47,701	-	102,156
Depreciation Charge (note 4)	-	(22,820)	(236,908)	(110,062)	(17,793)	(5,679)	(393,262)
Balance as at 31 December 2021	**-**	**(62,755)**	**(4,010,764)**	**(973,877)**	**(383,013)**	**(97,789)**	**(5,528,198)**
Net Book Value							
As at 1 January 2020	**161,984**	**1,202,885**	**3,543,383**	**354,922**	**109,041**	**29,683**	**5,401,898**
As at 31 December 2020	**161,984**	**1,506,627**	**3,275,205**	**358,097**	**103,225**	**22,011**	**5,427,149**
As at 31 December 2021	**161,984**	**3,225,323**	**3,142,915**	**320,647**	**83,360**	**16,332**	**6,950,561**

7 Property, Plant and Equipment (continued)

Parent (restated) 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	-	-	82,320	-	-	82,320
Disposals	-	(7,240)	(4,982)	-	-	(12,222)
Balance as at 31 December 2020	**161,984**	**7,049,061**	**842,389**	**400,778**	**97,338**	**8,551,550**

Parent 2021	Freehold Land $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Cost or Valuation						
Balance as at 1 January 2021	**161,984**	**7,049,061**	**842,389**	**400,778**	**97,338**	**8,551,550**
Additions	-	104,618	62,156	2,270	-	169,044
Disposals	-	-	(603)	(1,529)	-	(2,132)
Balance as at 31 December 2021	**161,984**	**7,153,679**	**903,942**	**401,519**	**97,338**	**8,718,462**

7 Property, Plant and Equipment (continued)

Parent (restated) 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)**

Parent 2021	Freehold Land $	Freehold Buildings $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicles $	Total $
Accumulated Depreciation and Impairment						
Balance as at 1 January 2021	**-**	**(3,773,856)**	**(544,455)**	**(326,648)**	**(78,853)**	**(4,723,812)**
Disposals	-	-	602	1,240	-	1,842
Depreciation Charge (note 4)	-	(236,908)	(78,302)	(12,837)	(4,621)	(332,668)
Balance as at 31 December 2021	**-**	**(4,010,764)**	**(622,155)**	**(338,245)**	**(83,474)**	**(5,054,638)**
Net Book Value						
As at 1 January 2020	**161,984**	**3,543,383**	**298,910**	**89,811**	**24,646**	**4,118,734**
As at 31 December 2020	**161,984**	**3,275,205**	**297,934**	**74,130**	**18,485**	**3,827,738**
As at 31 December 2021	**161,984**	**3,142,915**	**281,787**	**63,274**	**13,864**	**3,663,824**

8 Investment property

	Economic Entity		Parent	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual (restated) 2020 $
Investment properties - at cost				
Opening balance at 1 January	**-**	-	**1,546,562**	1,220,000
Accumulated depreciation	**-**	-	**(39,935)**	(17,115)
	-	-	**1,506,627**	1,202,885
Work in progress	**-**	-	**1,741,516**	326,562
Depreciation	**-**	-	**(22,820)**	(22,820)
Balance at 31 December	**-**	-	**3,225,323**	1,506,627
Investment properties - at cost				
Investment properties - at cost - closing balance	**-**	-	**3,288,078**	1,546,562
Investment properties - at cost - accumulated depreciation	**-**	-	**(62,755)**	(39,935)
	-	-	**3,225,323**	1,506,627
Total fair value and cost	**-**	-	**3,225,323**	1,506,627

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 2021	**Computer software $**	**Trademark $**	**License to Operate $**	**Total $**
Cost or Valuation				
Balance as at 1 January 2021	**124,717**	**15,036**	**25,000**	**164,753**
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 December 2021	**124,717**	**15,036**	**25,000**	**164,753**

Economic Entity 2021	**Computer software $**	**Trademark $**	**License to Operate $**	**Total $**
Accumulated Amortisation and Impairment				
Balance as at 1 January 2021	**(109,677)**	**(815)**	**(12,260)**	**(122,752)**
Disposals	-	-	-	-
Amortisation Charge	(6,341)	(77)	(8,333)	(14,751)
Balance as at 31 December 2021	**(116,018)**	**(892)**	**(20,593)**	**(137,503)**
Net Book Value				
As at 31 December 2020	**15,040**	**14,221**	**12,740**	**42,001**
As at 31 December 2021	**8,699**	**14,144**	**4,407**	**27,250**

9 Intangible Assets (continued)

Parent 2021	**Computer Software $**	**Total $**
Cost or Valuation		
Balance as at 1 January 2021	**124,717**	**124,717**

Parent 2021	**Computer Software $**	**Total $**
Accumulated Amortisation and Impairment		
Balance as at 1 January 2021	**(109,677)**	**(109,677)**
Year ended 31 December 2021		
Amortisation charge	(6,341)	(6,341)
Balance as at 31 December 2021	**(116,018)**	**(116,018)**
Net Book Value		
As at 31 December 2020	**15,040**	**15,040**
As at 31 December 2021	**8,699**	**8,699**

10 Investment in Controlled Entities

	Economic Entity		**Parent**	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
University Book Shop (Otago) Limited - cost	**-**	-	**1,030,000**	1,030,000
Less: Impairment of Shares	**-**	-	**(648,000)**	(430,000)
	-	-	**382,000**	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 (2020: 100%) - operates the University Bookshop. The balance date is 30 September. Their financial statements are audited by Audit Professionals.

11 Income in Advance

	Economic Entity		Parent	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
The Dunedin Craft Beer and Food Festival	**501,489**	-	**501,489**	-
Other	**122,164**	95,045	**122,164**	95,045
	623,653	95,045	**623,653**	95,045

The Dunedin Craft Beer and Food Festival income in advance relates to monies received and held by Ticket Master as at 31 December 2021. The original ticket purchase was for the 2021 festival, however as this was postponed, the tickets were either refunded or transferred to the revised festival date in 2022. This balance represents the transferred tickets.

12 Reserves

	Economic Entity		Parent	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
Defunct Club Reserves	**9,109**	9,109	**9,109**	9,109
Other Reserves	**6,029,320**	6,029,320	**6,029,320**	6,029,320
Total Reserves	**6,038,429**	6,038,429	**6,038,429**	6,038,429

(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.

13 Investments in Joint Venture

	Actual 2021 $	Actual 2020 $
Parent		
Shares at Cost	**1,737,360**	1,737,360
Plus: Opening Share of Surpluses	**1,243,389**	1,192,211
Less: Accumulated Impairment	**(1,653,160)**	(1,559,718)
	1,327,589	1,369,853
Plus: Share of Surpluses in the Current Year:		
- University Union Limited	**7,399**	51,178
Less: Write Down of Investments in Joint Venture		
- University Union Limited	**(79,049)**	(93,442)
	1,255,939	1,327,589
The Interest in Joint Venture Comprises:		
- University Union Limited (Non Current)	**1,255,939**	1,327,589

	Actual 2021 $	Actual 2020 $
Economic Entity		
Shares at Cost	**1,737,360**	1,737,360
Plus: Opening Share of Surpluses		
Less: Accumulated Impairment	**(409,771)**	(367,507)
Balance at	**1,327,589**	1,369,853
Plus: Share of Surpluses in the Current Year:		
- University Union Limited	**7,399**	51,178
Less: Write Down of Investments in Joint Venture		
- University Union Limited	**(79,049)**	(93,442)
	1,255,939	1,327,589
The Interest in Joint Venture Comprises:		
- University Union Limited (Non Current)	**1,255,939**	1,327,589

At 31 December 2021 the Parent's Investment in Joint Venture comprises shares in the following:

University Union Limited - 50% shares (2020: 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.

14 Loans and Overdraft

	Economic Entity		Parent	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
Westpac Mastercard	**1,987**	6,543	**-**	-
Current Portion of Small Business Cashflow Loan	**5,111**	46,000	**-**	-
Non Current Portion of Small Business Cashflow Loan	**40,889**	-	**-**	-
	47,987	52,543	**-**	-

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 (2020: 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 two years.

15 Capital Commitments

Capital Commitments

University Union Limited as at 31 December 2021 had no capital commitments as all costs have been charged and accrued by the company (2020: $850,915 plus GST)

The Parent has capital commitments as at 31 December 2021 estimated to be $5,406,184 for the completion of seismic strenghthening of the 84 Albany Street and renovation of the 378 Great King Street (2020: Nil).

The University Bookshop (Otago) Limited (UBS) has no capital commitments at the end of its reporting date (2020: 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 $124,622 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 (2020: photcopier, eftpos and property). The Parent's rent of 155 Frederick Street (previously, Starters Bar) has a 10 day exit notice period and not included in the operating lease commitments.

	Economic Entity		Parent	
	Actual 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
Not later than one year	**185,920**	135,864	**8,820**	110,630
Later than one year and not later than five years	**317,165**	536,401	**11,760**	224,199
Later than five years	**102,000**	25,234	**-**	-
Total non-cancellable operating leases	**605,085**	697,499	**20,580**	334,829

15 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 2021 $	Actual 2020 $	**Actual 2021 $**	Actual 2020 $
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	**-**	-	**50,000**	90,000
Total non-cancellable operating leases	**-**	-	**250,000**	290,000

16 Contingencies

There are no other contingent liabilities or contingent assets at 31 December 2021 for the Parent and Economic Entity (2020: 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 10 and the joint venture entity identified in note 12.

Transactions with controlled entity

UBS purchased advertising, electricity, rent and phone services of $50,067 from OUSA during the year (2020: $64,261). There was a $15,949 balance at year end (2020: $1,797).

OUSA purchased services of $1,872 from UBS during the year (2020: $7,815). There was $4 balance outstanding at year end (2020: $1,566).

Transactions with joint venture entity and other related parties:

OUSA provided building levies to University Union Limited for $73,103 (2020: $72,373). There was no outstanding balances at year end (2020: 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 $3,196 (2020: $3,073).

Paul Allison, a Director, is a Council Member of Otago Polytechnic, which purchases goods of $6,839 (2020: $11,716) from the Company.

17 Related party transactions (continued)

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 2021	Actual 2020	**Actual 2021**	Actual 2020
Council members				
Number of persons recognised as key management personnel	**32**	27	**24**	19
Full-time equivalent members	**20**	16	**14**	13
Remuneration	**$ 1,624,131**	$ 1,340,707	**$ 981,837**	$ 1,048,757

18 Covid 19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a global pandemic. Since then, the New Zealand Government has implemented a range of domestic restrictions and border controls to limit the spread of the virus.

The major impacts on the Economic Entity's financial statements due to COVID-19 was on the restrictions of events during the 2021 year. This caused a number of events to be cancelled and the loss of revenue from the sale of goods (Note 3: 2021 sale of goods $3,849,865, 2020 sale of goods $4,239,892). The Economic Entity received $165,921 in wages subsidies in the 2021 due to the loss of revenue because of event restrictions.

The UBS redevelopment project continued throughout 2021 and it is estimated that it will be delayed by two months from the initial opening date of April 2022 to July 2022 and the associated apartments May 2022 to August 2022. This has led to the loss of rents for the delayed period.

It is a non-adjusting event and the Economic Entity has assessed the likely impact of COVID-19 on the Economic Entity and have concluded that, for the 12 months from the signing of the financial statements, COVID-19 will not impact the ability of the Economic Entity to continue operating. That conclusion has been reached because the Economic Entity applied for and was granted the support from the New Zealand Government Events Transition Support Payment Scheme.

Subsequent to year end additional events were cancelled. While the events have been cancelled the costs are expected to be covered by the Events Transition Support Payment Scheme. The amount received was approximately 90% of the costs of The Dunedin Craft Beer and Food Festival and an application is being completed for the 2022 Orientation event.

While it is difficult to predict what the trading environment will be like for the foreseeable future the Economic Entity has the ability to review and restructure its operating costs to meet demand levels and delay capital projects as necessary, as well as utilising cash reserves. Additionally, the Economic Entity is considering potential bank funding options. The executive still believes the going concern assumption is appropriate based on review of cash flow forecasts and other financial information.

19 Events occurring after the balance date

There were no events occuring subsequent to balance date which require adjustment to the financial statements (2020: Nil).

20 Prior Period Restatement for the Parent

The 2020 investment property work in progress has been adjusted to reflect $326,562 that was previously recorded as property, plant and equipment, but related to the UBS redevelopment project and therefore is recorded as investment property.
The correction of the error resulted in the restatement of the statement of financial position balances for investment property of $326,562 and property, plant and equipment ($326,562) for the Parent.