



University of Canterbury Students' Association

Annual report for the year ended
31 December 2021



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Approval of Annual Report

The Executive are pleased to present the annual report, including the financial statements of University of Canterbury Students' Association, for the year ended 31 December 2021.

A blue ink signature of Pierce Crowley, consisting of a stylized 'P' followed by 'C' and 'O'.

Pierce Crowley
President

A blue ink signature of Sophie Svenson, consisting of a stylized 'S' followed by 'Svenson'.

Sophie Svenson
Finance and Engagement Officer

Dated: 5.5.22



Directory

as at 31 December 2021

Nature of business	Students' Association
Registered office	Level 2, Haere-roa University of Canterbury Ilam Christchurch
Location of business	Ilam Road, Christchurch
Charities Registration number	CC10045
Date of charities registration	9 March 2007
Date of formation	2 June 1939
Accountants	KPMG The Terrace, Level 5 79 Cashel Street Christchurch
Independent Auditors	BDO, Christchurch Awly Building, Level 4, 287 - 293 Durham Street North Christchurch
Bankers	ANZ Bank
Solicitors	Duncan Cotterill 148 Victoria Street Christchurch
Executive	Kim Fowler Georgina Dibble Jennifer Berry Asher Herrmann Leo Heo Ashley Gutteridge Felix Mendonca Ryan Thomson Matthew Wong-Kam Jessica Macdonald Emma Pickup Beatrice Holman President Vice President Finance & Engagement

Statement of Comprehensive Revenue and Expense

for the year ended 31 December 2021
in New Zealand dollars

	Note	2021 \$	2020 \$
Revenue	1	12,444,918	9,353,157
		12,444,918	9,353,155
Less operating expenditure			
Operating expenditure	2	11,699,039	7,997,404
Amortisation of intangible assets	3	7,991	14,574
Bad Debts	3	5,161	-
Depreciation	3	1,035,003	1,050,617
Loss on disposal of property, plant and equipment and intangible assets		3,827	180,937
Executive expenditure	4	302,168	351,444
		13,053,188	9,594,976
Operating surplus/(deficit) before net financing costs		(608,270)	(241,821)
Financial income		36,528	271,100
Financial expenses		186,010	90,083
Net financing costs	5	(149,482)	181,017
Operating surplus/(deficit) for the year		(757,752)	(60,803)
Non-operating items			
Share of profit in associate	21	32,600	3,606
		32,600	3,606
Surplus/(deficit) for the year		(725,152)	(57,197)
Other comprehensive revenue and expense:			
Net change in fair value of investments		(14,618)	(56,147)
Other comprehensive revenue and expense for the year		(14,618)	(56,147)
Total comprehensive revenue/(expense) for the year		(739,770)	(113,343)

The accompanying accounting policies and notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2021
in New Zealand dollars

<u>2021</u>	Note	Share capital	Student hardship fund reserve	Investment fair value reserve	Accumulated comprehensive income and expense	Total	Non Controlling
		\$	\$	\$	\$	\$	\$
Balance as at 1 January 2021		-	51,459	104,536	15,974,259	16,130,254	-
Total comprehensive revenue and expense for the year							
Surplus/(deficit) for the year attributable to equity holders		-	-	-	(725,152)	(725,152)	-
Net change in fair value of investments		-	-	(14,618)	-	(14,618)	-
Total other comprehensive revenue and expense attributable to equity holders		-	-	-	-	-	-
Balance as at 31 December 2021	7	-	51,459	89,918	15,249,107	15,390,484	-

The accompanying accounting policies and notes form part of these financial statements.



Enterprise

Statement of Changes in Equity

for the year ended 31 December 2021

in New Zealand dollars

University of Canterbury Students' Association

Annual report for the year ended 31 December 2021

<u>2020</u>	Note	Share capital	Student hardship fund reserve	Investment fair value reserve	Accumulated comprehensive income and expense	Total
		\$	\$	\$	\$	\$
Balance as at 1 January 2020		-	51,459	160,683	16,031,457	16,243,599
Total comprehensive revenue and expense for the year						
Surplus/(deficit) for the year attributable to equity holders		-	-	-	(57,197)	(57,197)
Disposal of subsidiary (UBS) equity		-	-	-	-	-
Other comprehensive revenue and expense						
Net change in fair value of investments		-	-	(56,147)	-	(56,147)
Impairment of land and buildings		-	-	-	-	-
Total other comprehensive revenue and expense attributable to equity holders		-	-	-	-	-
Balance as at 31 December 2020	7	-	51,459	104,536	15,974,260	16,130,256

The accompanying accounting policies and notes form part of these financial statements.

Statement of Financial Position

for the year ended 31 December 2021
in New Zealand dollars

	Note	Group 2021 \$	Group 2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	1,303,816	1,913,863
Trade and other receivables	9	165,667	143,129
Prepayments		54,142	61,892
Inventory	10	64,341	39,162
		1,587,966	2,158,047
Non-current assets			
Property, plant and equipment	16	19,771,829	19,644,702
Capital work in progress		7,705	197,820
Intangible assets	17	58,062	28,053
Equity-accounted Investee - UBS	21	305,833	273,233
Investments (Available-for-sale financial assets)	18	531,914	546,531
		20,675,342	20,690,340
Total assets		22,263,308	22,848,385
Equity			
Student hardship fund reserve		51,459	51,459
Investment fair value reserve		89,918	104,536
Accumulated comprehensive income and expense		15,249,107	15,974,259
Total equity	7	15,390,484	16,130,254

The accompanying accounting policies and notes form part of these financial statements.

Statement of Financial Position

for the year ended 31 December 2021
in New Zealand dollars

	Note	2021	2020
		\$	\$
Liabilities			
Current liabilities			
Payables under exchange transactions	11	286,696	223,951
Deferred revenue from exchange transactions	12	252,757	183,750
Non-exchange liabilities	14	165,057	120,985
GST payable		103,911	98,053
Loans and borrowings	13	121,634	121,634
Tax payable		-	-
Employee entitlements	15	494,299	399,653
		1,424,354	1,148,025
Non-current liabilities			
Loans and borrowings	13	5,448,472	5,570,106
Payables under exchange transactions		5,448,472	5,570,106
		5,448,472	5,570,106
Total liabilities		6,872,825	6,718,131
Net equity and liabilities		22,263,309	22,848,385



Pierce Crowley
President

Date: 5-5-22



Sophie Svenson
Finance and Engagement Officer

Date:

5.5.22

The accompanying accounting policies and notes form part of these financial statements.

Statement of Cashflow

for the year ended 31 December 2021
in New Zealand dollars

	Group 2021 \$	Group 2020 \$
Cash flows from operating activities		
Cash received from food and beverage sales	5,831,261	2,177,841
Cash received from events	447,185	60,237
Cash received from early learning centre income	1,553,093	1,425,728
Cash received from other revenue	4,721,258	5,633,019
Cash paid to suppliers and employees	(11,871,553)	(11,712,711)
Taxes (paid)/received	5,857	(43,843)
Net cash from operating activities	687,101	(2,459,729)
Cash flows from investing activities		
Interest and dividends received	21,134	96,312
Proceeds on maturity of investments	3,731	-
Acquisition of property, plant and equipment	(1,027,781)	(443,304)
Proceeds from disposal of property, plant and equipment	13,412	267,491
Net cash from investing activities	(989,504)	(79,501)
Cash flows from financing activities		
Loans paid	(109,967)	(121,633)
Interest Paid	(197,677)	(90,083)
Net cash from financing activities	(307,644)	(211,716)
Net (decrease)/increase	(610,047)	(2,750,946)
Opening cash and cash equivalents 1 January	1,913,860	4,664,808
Closing cash and cash equivalents	8	1,913,863
Made up of :		
Cash on hand	11,500	11,500
Bank balances	1,292,316	902,363
Short-term deposits	-	1,000,000
Total cash and cash equivalents	8	1,913,863

The accompanying accounting policies and notes form part of these financial statements

Significant Accounting Policies

for the year ended 31 December 2021

1/ Reporting entity

The University of Canterbury Students' Association Incorporated ("the Association") is an incorporated society domiciled in New Zealand, registered under the Incorporated Societies Act 1908, a registered Charity under the Charities Act 2005 and is a not-for-profit public benefit entity for the purposes of the Financial Reporting Act 2013.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013.

The Association is a diverse organisation that operates a number of facilities around the campus, including childcare centres. There is academic advice and support through to social comment and entertainment by way of the Association's CANTA magazine and organising large student campus events.

The financial statements were authorised for issue by the Executive on 5th May 2022.

2/ Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Financial Reporting Act 2013, which requires compliance New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), they comply with the Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities, and disclosure concessions have been applied.

The Association qualifies to report under Tier 2 as it has no public accountability and for the two most recent reporting periods has had less than \$30 million operating expenditure.

(b) Measurement base

The financial statements have been prepared on a historical cost basis except that the following assets and liabilities are stated at their fair value: investments at fair value through the statement of comprehensive revenue and expense.

(c) Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Association's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

3/ Significant accounting policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

(a) Interest in equity – accounted investees

PBE IPSAS 36 Investments in Associates and Joint Venture

PBE IPSAS 36 introduces the accounting for investments in associates and joint ventures and sets out the application of the equity method. The standard requires a reporting entity with significant influence over the investee to apply the equity method for the recognition of the investment in the investee.

The Association's interest in equity-accounted investees comprise interest in associates.

Associates are those entities in which the Associate has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Associate holds between 20% to 50% of the voting power of another entity.

Interest in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Associate's share of the surplus or deficit and other comprehensive revenue and expense of equity-accounted investees, until the date on which significant influence ceases.

Due to the full repayment of the advance from the Association by University Bookshop (Canterbury) Limited in 2018, it is determined that, from 1 January 2019, the Association's controlled interest ceased to exist as the University Bookshop Canterbury Limited no longer meets the criteria of a "controlled" entity (PBE IPSAS 35). Therefore, the 2019 financial statements cease to be prepared on a consolidated basis and have been changed from the accounting method to Equity method (PBE IPSAS 36).

The Association recognised the gain or loss on disposal of subsidiary and remeasured the investment in University Bookshop (Canterbury) Limited at fair value on the 1 January 2019.

Significant Accounting Policies for the year ended 31 December 2021

3/ Significant accounting policies (continued)

(b) Property, Plant and Equipment

(i) Owned assets

Except land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where an item of property, plant or equipment is disposed of, the gain or loss recognised in profit or loss is calculated as the difference between the net sales price and the carrying amount of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and, where relevant, the costs of dismantling and removing the items and restoring the site on which they were located.

Where material items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Cost Model

Items of property, plant and equipment are recognised under the cost model and are carried at cost less any accumulated depreciation and any accumulated impairment losses.

(ii) Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is possible that the future economic benefits embodied with the item will flow to the Association and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense when incurred.

(v) Depreciation

Depreciation is charged based on the assets estimated useful life. Depreciation is charged to profit or loss. Land is not depreciated. The following rates have been used:

2021		
Furniture	8% - 25% DV	13% - 25% SL
Buildings	3.89% - 25% DV	1.25% - 5.00% SL
Motor vehicles	13% - 40% DV	
Tables and chairs	13% - 67% DV	
Kitchen appliances and accessories	8% - 67% DV	
Eftpos and cash equipment	26.4% - 50% DV	
Security equipment	16% - 25% DV	
Other electronics	10% - 67% DV	
Laptops and computers	13% - 67% DV	
Sound equipment	10% - 40% DV	
Other IT equipment	10% - 50% DV	
Sundry items	8% - 67% DV	
Ilam Early Learning Centre	0% - 67% DV	
Montana Early Learning Centre	4% - 67% DV	4.8% SL

Significant Accounting Policies for the year ended 31 December 2021

3/ Significant accounting policies (continued)

(b) Property, Plant and Equipment (continued)

2020		
Furniture	08% - 25% DV	13% - 25% SL
Buildings	4% - 25% DV	1.25% - 5.00% SL
Motor vehicles	21.6% - 30% DV	
Tables and chairs	13% - 67% DV	
Kitchen appliances and accessories	8% - 67% DV	
Eftpos and cash equipment	26.4% - 50% DV	
Security equipment	16% - 25% DV	
Other electronics	10% - 67% DV	
Laptops and computers	13% - 67% DV	
Sound equipment	10% - 40% DV	
Other IT equipment	13% - 50% DV	
Sundry items	8% - 67% DV	
Ilam Early Learning Centre	0% - 67% DV	
Montana Early Learning Centre	4% - 67%	4.8% SL

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

(vi) Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserves in respect of those assets are transferred to accumulated revenue and expense.

(vii) Capital work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

(c) Inventories

Inventories are initially measured at cost, and subsequently at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(d) Trade and other receivables

Trade and other receivables that are of a short-term duration are initially recorded at amortised cost less impairment losses.

(e) Goods and services tax

With the exception of trade payables and receivables, all items are stated exclusive of Goods and Services Tax.

(f) Taxation

The Association is exempt from income tax due to its status as a registered charity.

Significant Accounting Policies for the year ended 31 December 2021

3/ Significant accounting policies (continued)

(g) Intangibles

(i) Software

Software has a finite useful life. Software is measured at cost less accumulated amortisation and accumulated impairment losses. Software is currently amortised over the currently estimated useful lives of eight to ten years. Subsequent costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

(ii) Website development

Website development has a finite useful life. Website development is measured at cost less accumulated amortisation and accumulated impairment losses. Website development is currently amortised over the currently estimated useful lives of ten years. Subsequent costs associated with developing or maintaining the website are recognised as an expense as incurred.

(iii) Licence

Licence has a finite useful life. Licence is measured at cost less accumulated amortisation and accumulated impairment losses. Licence is currently amortised over the currently estimated useful lives of eight to ten years. Subsequent costs associated with developing or maintaining licences are recognised as an expense as incurred.

(iv) Resource consent

Resource consent has an infinite useful life. Resource consent is measured at cost with no amortisation.

(iv) Goodwill

The Goodwill has resulted from the purchase of Chef's Hire, it is measured at cost with no amortisation.

(h) Financial instruments

Financial instruments are recognised in the Statement of Financial Position initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Association becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Association's contractual rights to the cashflow from the financial assets expire, or if the Association transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Association 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.

Regular way purchases and sales of financial assets are accounted for at trade date i.e. the date the Association commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Association's obligations specified in the contract expire or are discharged or cancelled.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents (including bank overdrafts), loans and borrowings, trade and other payables, shareholder current accounts and money held in Trust for insurance proceeds.

(j) Investments (available-for-sale financial assets)

Investments 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. Investments are initially measured at fair value plus or minus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes there-in, other than impairment losses are recognised directly in other comprehensive revenue and expense and presented in the investment fair value reserve in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred to profit or loss. The Association's investments in shares are classified as investments. The fair value of investments is determined by reference to their quoted bid price at the reporting date.

The fair value of financial instruments must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. The fair value of shares is their quoted bid-price at the reporting date. Any realised gains/losses on fair value are recognised in profit or loss.

Significant Accounting Policies

for the year ended 31 December 2021

3/ Significant accounting policies (continued)

(k) Loans and receivables

Loans and receivables are recognised at the date they originated and are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The Association holds short term deposits and money held in Trust for insurance proceeds which are recognised in current assets, for those assets with maturities greater than 12 months after the period end date, these are classified as non-current assets.

(l) Cash and cash equivalents

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

(m) Trade and other payables

Trade and other payables are measured at amortised cost, using the effective interest method.

(n) Impairment

(i) Financial assets

The Association assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics. All impairment losses are recognised in profit or loss.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on re-measurement are recognised in surplus or deficit. Gains are not recognised in excess of any cumulative impairment loss.

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 original effective interest rate. Receivables with a short duration are not discounted. For trade receivables, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the receivables are impaired.

When the receivable is uncollectible, it is written off against the allowance account for receivables. 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.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale, financial assets that are debt securities, the reversals are recognised in profit or loss. For investments that are equity securities, the reversal is recognised in the other comprehensive revenue and expense.

(ii) Non financial assets

The carrying amounts of the Association's assets other than inventories are reviewed at each reporting date to determine whether there is any objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is estimated at each reporting date.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

Other impairment losses are reversed when there is a change in the estimated used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss on land and buildings carried at fair value is reversed through other comprehensive revenue and expense. All other impairment losses are reversed through profit or loss.

Significant Accounting Policies

for the year ended 31 December 2021

3/ Significant accounting policies (continued)

(o) Employee benefits

Liabilities for wages or salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables 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 on an undiscounted basis.

Short-term employee benefit obligations (such as payments for annual leave) are measured on an undiscounted basis and are expensed as the related service is provided.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in surplus/(deficit) as incurred.

(p) Revenue

Revenue from exchange transactions

Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns, Goods and Services Tax, volume rebates and trade discounts. Revenue is recognised as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised in the statement of comprehensive income and expense when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Transfer of the risks and rewards of ownership generally occur when delivered to buyer.

Revenue from exchange transactions (continued)

(ii) Services

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction.

(iii) Rental and vending income

Rental and vending income is received on the lease of the entity's sound and lighting equipment as well as vending machines and is recognised in the statement of comprehensive income and expense on a straight-line basis over the term of lease.

(iv) Deferred income

Revenue received in advance is deferred until such time as it meets the requirements for revenue recognition under PBE IPSAS 9 Revenue from exchange transactions.

No liability exists where revenue is received in advance of the supply of goods or services, unless an explicit return obligation is specified.

(v) Interest income

Interest income is earned on the use of cash and cash equivalents or any amounts due to the Association.

Income is recognised in the statement of comprehensive revenue and expense as it is earned. Interest income is accrued using the effective interest.

(vi) Insurance income

Insurance proceeds are recognised when the amount can be reliably measured, and receipt is highly probable.

(vii) Other operating revenue

Where an asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as other revenue. Assets vested in the Association and group are recognised as revenue when control over the asset is obtained.

Significant Accounting Policies for the year ended 31 December 2021

3/ Significant accounting policies (continued)

(p) Revenue (continued)

Revenue from non-exchange transactions

Non-exchange transactions are those where the entity receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange.

Inflows of resources from non-exchange transactions, other than services-in-kind, that meet the definition of an asset are recognised as an asset only when it is probable that the Group will receive an inflow of economic benefits or service potential and the fair value can be measured reliably.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that the liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions where it is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The following are specific recognition criteria in relation to the Association's non-exchange transactions:

(i) Service levy income

The service levy income is an annual agreed levy between the University of Canterbury and the Association. This is based on University of Canterbury's estimate of the services they employ the Association 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.

Revenue from non-exchange transactions (continued)

(ii) Grants and donation revenue recognition

Grants and donations, including government grants, are recognised as revenue when received. When there are conditions attached to the grants and donations, revenues are recognised when the conditions for their use are met. Unspent grants are recorded in the Statement of Financial Position.

(iii) Ministry of Education bulk funding

Revenue from the Ministry of Education in the form of bulk funding is recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

(iv) Attendance fees

Revenue from attendance fees is recognised in the accounting period in which they are earned, by reference to the completion of the period to which they relate.

(v) Subsidised dental

The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

(q) Finance income and expenses

Finance income comprises interest income and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Association's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(r) Leases

Leases in terms of which the Association assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Significant Accounting Policies for the year ended 31 December 2021

3/ Significant accounting policies (continued)

(r) Leases (continued)

The Association holds a lease with the University of Canterbury for the use of land and buildings at its Dovedale Campus, in consideration for this lease the Association sold ownership of its old Ilam Early Learning Centre premises and received a value in cash. The Association considers this exchange to be of similar value and no revenue has been recognised on this transaction.

(s) Use of estimates and judgements

The preparation of the financial statements in conformity with PBE Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

(i) COVID - 19

On 11 March 2020, the World Health Organisation declared a global pandemic due to the outbreak of COVID-19. Since 25 March 2020, New Zealand entered into a number of Government-directed Alert lockdowns, regional based at times, resulting in the shut down in all but essential services.

The Company has considered the impacts of the COVID-19 pandemic on business operations and financial results, as there was uncertainty around the duration and broader impact.

Based on actual results to date and the likely potential impacts, the assessment is that there were no material impacts on the business.

(ii) Fair value measurement

A number of assets and liabilities included in the Association's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Association's financial and non-financial assets and liabilities utilise market observable inputs and data as far as possible.

(i) Fair value measurement (continued)

The Association measures a number of items at fair value:

- Fair value measurement – Financial instruments
- Fair value measurement – Assets and liabilities classified as available-for-sale

(iii) Determination of fair values

A number of the Association's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on various methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(iii) Impairment

A number of assets included in the Association's financial statements require measurement of impairment. To measure the impairment of the Association's assets, objective evidence on the effect of one or more event on the estimated future cash flows of the asset is considered.

Judgement was applied to the estimated recoverable amount of the Association's assets and the impact of future events on the assets recoverable amount.

Significant Accounting Policies

for the year ended 31 December 2021

3/ Significant accounting policies (continued)

(t) Change in accounting policies

There is no new standard effective for the first time for period beginning on 1 January 2021 that effect the Association's annual financial statements.

Notes to the Financial Statements

for the year ended 31 December 2021

1 Operating revenue

	Note	2021 \$	2020 \$
Exchange revenue			
Rental and vending income		384,615	327,463
Sales - food and beverage	6	2,794,087	2,212,361
Ka Ora, Ka Ako programme		3,008,251	-
Sales - tickets		608,318	638,600
Sales - advertising		62,159	53,838
Sales - functions		436,479	433,150
Attendance fees - Ilam Early Learning Centre		240,964	185,771
Attendance fees - Montana Early Learning Centre		166,868	120,604
Other operating revenue		752,744	1,702,610
Non-exchange revenue			
Service levy		2,602,220	2,450,419
Ministry of Education bulk funding		1,242,618	1,084,466
Grants received		6,000	-
Fundraising		18,562	32,082
Subsidised dental		117,128	111,792
		12,444,918	9,353,157

The Ka Ora, Ka Ako programme commenced from the start of Term 1 2021.

Notes to the Financial Statements for the year ended 31 December 2021

2 Operating expenditure

	Note	2021 \$	2020 \$
Accounting		78,094	44,044
Audit fees		32,600	19,338
Charitable donations		587	7,661
Salaries and wages		5,655,303	4,395,106
Kiwisaver Employer contributions		161,770	122,353
Staff expenses		69,809	11,904
Food & beverage cost of sales	6	2,719,204	1,144,221
Performers and speakers		250,217	224,084
Catering		67,145	74,210
Consultants and professionals		8,003	44,091
Equipment hire		171,211	212,222
Foreign exchange loss		(807)	(4,870)
Labour - contract		-	(660)
Legal		40,771	1,800
Printing, photocopying and stationery		77,431	66,623
Repairs and maintenance		127,410	66,099
Insurance		107,558	88,993
Cleaning and laundry		347,522	249,017
Electricity and gas		231,845	152,873
Security		114,744	119,524
Other operating expenses		1,438,623	958,770
		11,699,039	7,997,404
Fees paid to the auditor of the financial statements are broken down as:			
		2021 \$	2020 \$
- Audit of the financial statements		32,600	19,338
- Services in respect of special work - stocktake and best practice guidelines		-	-
		32,600	19,338

The above operating expenditure excludes the executive costs disclosed separately in note 4 below.

Notes to the Financial Statements

for the year ended 31 December 2021

3 Depreciation, impairment and amortisation of intangible assets

	Note	2021	2020
		\$	\$
Bad Debts		5,161	-
		5,161	-
Depreciation expense	16	1,035,531	1,022,097
Depreciation recovered	16	(528)	(4,315)
		1,035,003	1,017,782
Amortisation of intangible assets	17	7,991	14,574
		7,991	14,574

4 Executive expense

	2021	2020
	\$	\$
Salaries and wages	152,870	165,552
Other executive expenses	149,299	185,892
	302,168	351,444

5 Net financing costs

	2021	2020
	\$	\$
Financial income		
Debt securities (available for sale financial assets)		
Dividends received	8,132	7,884
Interest received	28,396	7,796
Building insurance proceeds (loans & receivables)		
Interest received	-	226,984
Cash and cash equivalents (loans & receivables)		
Interest received	-	28,436
	36,528	271,100
Financial expenses		
Interest	10,887	-
Interest on UC loan	175,123	90,083
	186,010	90,083
	(149,482)	181,017

Notes to the Financial Statements

for the year ended 31 December 2021

6 Food & beverage

	2021 \$	2020 \$
Sales - food & beverage	2,794,087	2,212,361
Ka Ora, Ka Ako	3,008,251	-
	5,802,338	2,212,361
Other sales	432,485	432,693
	3,226,572	2,645,054
Less: Cost of sales		
Opening stock	39,161	50,602
Purchases - food	2,590,913	1,026,228
Purchases - liquor	170,523	163,710
Purchases - glass and crockery	1,586	-
Purchases - consumables	-	774
Less recoveries - liquor	(15,283)	(56,349)
Less wastage stock - liquor	(3,345)	(1,581)
Closing stock	(64,351)	(39,161)
Total cost of sales	2,719,204	1,144,221
Wages	2,556,240	1,489,496
Labour - contract	291,885	124,238
Rent - UC Licence to occupy	133,021	12,890
Repairs & maintenance	69,642	28,140
Electricity and gas	105,668	53,602
Cleaning & cleaning materials	86,907	63,248
Security	13,694	13,594
Registrations and subscriptions	31,448	29,662
Other food & beverage expenses	370,548	246,849
	3,659,052	2,061,719
Other income	512,725	630,969
Food & beverage contribution	369,292	70,083

Notes to the Financial Statements

for the year ended 31 December 2021

7 Equity

	2021	2020
	\$	\$
Student hardship fund reserve	51,459	51,459
Investment fair valuation reserve	89,918	104,536
Accumulated comprehensive income and expense	15,249,107	15,974,260
	15,390,484	16,130,256

The student hardship fund reserve relates to equity held for emergency assistance to full time enrolled students who are experiencing unforeseen and unexpected financial hardship.

The investment fair valuation reserve relates to any increases or decreases in the market value of investments except the investment in University Bookshop (Canterbury) Limited.

8 Cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	200	200
Floats - cafe and bars	11,300	11,300
Bank - cheque account	1,038,487	567,189
Money market call account	224,806	323,739
Bank - Montana ELC	18,192	1,938
Bank - Ilam ELC	16,640	5,367
ANZ premium call account	4,131	4,128
Staff Credit Cards	(9,940)	-
Short-term call deposits	-	1,000,000
	1,303,816	1,913,863
Current assets	1,303,816	1,913,863
Current liabilities	-	-
	1,303,816	1,913,863

The Association has arranged a legal right of set off between its bank trading accounts and its bank overdraft. Bank overdrafts are repayable on demand and form an integral part of an entity's cash management.

Notes to the Financial Statements for the year ended 31 December 2021

9 Trade and other receivables

	2021	2020
	\$	\$
Receivables from exchange transactions		
Accounts receivable	66,710	79,768
Sundry debtors	45,093	7,993
Advanced to football club	-	-
Interest receivable	667	1,233
Receivables from non-exchange transactions		
Withholding tax receivable	-	3,731
Ministry of Education - Wash up funding accrual	53,198	36,472
UC Foundation - Funds held in trust	-	13,932
	165,667	143,129

10 Inventory

	2021	2020
	\$	\$
Food & beverage inventory	64,351	39,162
	64,351	39,162
Less: Provision for obsolete stock	-	-
	64,351	39,162

During the year, inventories of \$2,719,204 (2020: \$1,144,221) were recognised as an expense within cost of inventory sale. There were no write-downs of inventory during the year (2020: nil).

11 Payables under exchange transactions

	Group	Group
Note	2021	2020
	\$	\$
Trade creditors and accruals	253,288	195,331
Other accrued expenses	33,408	28,619
	286,696	223,948

Notes to the Financial Statements

for the year ended 31 December 2021

12 Deferred revenue from exchange transactions

	Group 2021 \$	Group 2020 \$
Revenue in advance	252,757	183,750
	252,757	183,750

13 Loans and borrowings

University of Canterbury Loan – (Haere-Roa Building)		
Current Portion	109,967	109,967
Non-Current Portion	5,168,472	5,278,439
	5,278,439	5,388,406
University of Canterbury Loan – (IELC Refurbishment)		
Current Portion	11,667	11,667
Non-Current Portion	280,000	291,667
	291,667	303,334
Current Liabilities	121,634	121,634
Non-current Liabilities	5,448,472	5,570,106
	5,570,106	5,691,740

The Haere-roa building was completed during the 2020 financial year and the Association entered into a loan agreement with the University of Canterbury for an amount of \$5,498,374. The terms of the loan repayments are to be made over 50 years in equal instalments. The first payment is to commence on the 31 December 2020. The reminder payments are to be made annually on the 12-month anniversary of the first payment date. The interest rate is fixed for 5 years at 3% plus the official cash rate prevailing on 31 December 2020. The interest will be reset on the same basis at the conclusion of each five-year period. Interest is payable in arrears from 31 December 2020.

The University of Canterbury advanced a loan of \$350,000 in February 2017 for the refurbishment of the Ilam Early Learning Centre. The loan is interest free and repayable by 30 equal instalments, the first to be paid on the anniversary of the commencement date thereafter annually. The loan is secured by the fixtures and fittings funded by the loan. The balance of loan as at 31 December 2021 was \$291,667 (2020: \$303,334).

14 Non-exchange liabilities

	Group 2021 \$	Group 2020 \$
Current liabilities		
Income in advance - Ministry of Education	165,057	120,985
	165,057	120,984

Notes to the Financial Statements

for the year ended 31 December 2021

15 Employee entitlements

	Group 2021 \$	Group 2020 \$
Wage and salary accrual	202,394	126,296
Accrued holiday pay	291,905	273,356
	494,299	399,653

Notes to the Financial Statements

for the year ended 31 December 2021

16 Property, plant and equipment

<u>2021</u>	Cost or valuation \$	Revaluation \$	Impairment \$	Depn. charge \$	Acc. Depn. \$	Carrying value \$
Furniture	293,597	-	-	40,496	104,671	188,926
Buildings	18,711,495	-	-	506,380	1,961,061	16,750,435
Motor vehicles	158,421	-	-	14,603	54,553	103,869
Tables and chairs	364,300	-	-	41,809	178,373	185,927
Kitchen appliances and accessories	1,590,538	-	-	146,441	788,435	802,102
Eftpos and cash equipment	109,254	-	-	16,912	97,341	11,912
Security equipment	66,900	-	-	8,133	32,605	34,293
Other electronics	279,136	-	-	44,958	180,502	98,634
Laptops and computers	163,287	-	-	21,863	110,521	52,766
Sound equipment	477,182	-	-	53,058	378,838	98,345
Other IT equipment	138,410	-	-	16,711	73,512	64,898
Sundry items	659,788	-	-	60,896	274,354	385,437
Ilam Early Learning Centre	1,029,484	-	-	35,193	263,628	765,855
Montana Early Learning Centre	549,435	-	-	28,079	321,005	228,431
Balance as at 31 December 2021	24,591,229		-	1,035,531	4,819,400	19,771,829
<u>2020</u>	Cost or valuation \$	Revaluation \$	Impairment \$	Depn. charge \$	Acc. Depn. \$	Carrying value \$
Furniture	268,758	-	-	41,572	67,039	201,719
Buildings	18,600,299	-	-	477,028	1,636,070	16,964,230
Motor vehicles	84,720	-	-	11,208	39,950	44,770
Tables and chairs	359,873	-	-	51,886	136,567	223,306
Kitchen appliances and accessories	1,145,974	-	-	90,228	643,184	502,789
Eftpos and cash equipment	91,358	-	-	15,681	71,606	19,751
Security equipment	66,900	-	-	9,813	24,473	42,425
Other electronics	272,480	-	-	62,366	142,123	130,357
Laptops and computers	128,886	-	-	18,885	89,466	39,420
Sound equipment	452,533	-	-	72,540	332,814	119,720
Other IT equipment	136,226	-	-	25,211	56,771	79,456
Sundry items	513,220	-	-	76,731	216,701	296,521
Ilam Early Learning Centre	1,001,673	-	-	45,172	221,213	780,459
Montana Early Learning Centre	498,618	-	-	23,777	298,840	199,779
Balance as at 31 December 2020	23,621,520		-	1,022,097	3,976,818	19,644,702



Enterprise

Notes to the Financial Statements
for the year ended 31 December 2021

University of Canterbury Students' Association

Annual report for the year ended 31 December 2021

16 Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment

<u>2021</u>	Opening book value	Prior period error	Less depreciation	Plus purchases of Property, plant & equipment	Less disposals	Adjustment for deprn recovered on disposal	Closing book value
	\$	\$	\$	\$	\$	\$	
Furniture	201,719	-	(40,495)	27,706	-	-	188,930
Buildings	16,964,227	-	(506,380)	292,586	-	-	16,750,434
Motor vehicles	44,769	-	(14,603)	73,702	-	-	103,869
Tables and chairs	223,306	-	(41,809)	4,427	-	-	185,924
Kitchen appliances and accessories	502,792	-	(146,441)	445,751	-	-	802,101
Eftpos and cash equipment	19,751	-	(16,912)	17,896	(8,823)	-	11,912
Security equipment	42,429	-	(8,133)	-	-	-	34,296
Other electronics	130,357	-	(44,958)	13,424	(367)	173	98,629
Laptops and computers	39,419	-	(21,863)	35,204	-	-	52,760
Sound equipment	119,718	-	(53,058)	31,848	(522)	355	98,342
Other IT equipment	79,455	-	(16,711)	2,152	-	-	64,897
Sundry items	296,517	-	(60,896)	149,810	-	-	385,430
Ilam Early Learning Centre	780,461	(29)	(35,193)	27,811	(7,194)	-	765,856
Montana Early Learning Centre	199,777	-	(28,079)	56,733	-	-	228,431
Balance as at 31 December 2021	19,644,698	(29)	(1,035,531)	1,179,049	(16,906)	528	19,771,810

Notes to the Financial Statements for the year ended 31 December 2021

16 Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment (continued)

<u>2020</u>	Opening book value \$	Prior period error \$	Restated opening book value	Less depreciation \$	Plus purchases of Property, plant & equipment \$	Less disposals \$	Adjustment for deprn recovered on disposal \$	Loss on sale of disposed assets \$	Closing book value
Furniture	222,097	-	222,097	(41,571)	21,193	-	-	-	201,719
Buildings	16,623,320	-	16,623,320	(477,028)	940,757	-	-	(122,821)	16,964,229
Motor vehicles	34,392	-	34,392	(11,208)	22,274	(2,261)	1,572	-	44,770
Tables and chairs	279,805	-	279,805	(51,886)	607	-	-	(5,220)	223,306
Kitchen appliances and accessories	591,629	-	591,629	(90,228)	7,867	(1,380)	626	(5,724)	502,790
Eftpos and cash equipment	10,632	-	10,632	(15,681)	24,800	-	-	-	19,751
Security equipment	59,819	-	59,819	(9,813)	1,984	-	-	(9,563)	42,427
Other electronics	188,549	-	188,549	(62,366)	4,238	-	-	(64)	130,357
Laptops and computers	31,867	-	31,867	(18,885)	27,416	-	-	(978)	39,420
Sound equipment	187,152	-	187,152	(72,540)	6,406	(522)	343	(1,120)	119,720
Other IT equipment	118,124	-	118,124	(25,211)	1,226	(8,696)	-	(5,988)	79,456
Sundry items	396,878	-	396,878	(76,731)	8,634	(4,424)	1,623	(29,460)	296,519
Ilam Early Learning Centre	842,565	(32,836)	809,729	(45,172)	15,903	-	-	-	780,460
Montana Early Learning Centre	216,454	-	216,454	(23,777)	8,683	(1,733)	151	-	199,778
Balance as at 31 December 2020	19,803,284	(32,836)	19,770,448	(1,022,097)	1,091,988	(19,016)	4,315	(180,937)	19,644,702

Notes to the Financial Statements for the year ended 31 December 2021

16 Property, plant and equipment (continued)

Impairment

During the 2021 year, a review was completed on all other existing assets. No assets were identified as being impaired at the time of the review. The same review was completed in the 2020 year and no assets were identified as being impaired at the time of the review.

17 Intangibles

	2021	2020
	\$	\$
Intangible assets with finite useful lives		
Opening book value	17,859	30,296
Purchases	-	2,137
Loss on intangible assets written off		
Current years amortisation	(7,991)	(14,574)
Net book value	9,868	17,859
Intangible assets with indefinite useful lives		
Opening book value	10,194	10,194
Cost	38,000	-
Accumulated impairment	-	-
Net book value	40,194	10,194
	58,062	28,053

Intangible Assets that have finite useful lives include software, software licenses and other intangible assets. These intangible assets are amortised over their estimated useful life. Intangible assets are reviewed annually. Where intangible assets are no longer of value to the Association, they are written off to reflect this. An example of this is where a new website or software has been replaced.

Intangible assets with finite lives have the following rates:

Software	3-7 years
Licence	3-7 years
Website development	10 years
Micronics stock system	25 years

Software and website development intangible assets have a range of 4-7 years remaining in their finite useful lives.

Intangible Assets that have indefinite useful lives includes two permanent consents to hold non-tertiary education activities and up to 10 outdoor music events within the UCSA building per year. Also included is Goodwill that resulted from the purchase of Chef's Hire as a going concern.

Notes to the Financial Statements for the year ended 31 December 2021

18 Investments

Available-for-sale financial assets

	2021	2020
	\$	\$
Other investments		
Shares in ACUMA	255	255
	255	255
Shares (New Zealand listed companies)		
Fonterra perpetual capital notes 4.15%	159,710	159,710
AMP NZ Office Trust - units	207,337	218,511
Kiwi Income Property Trust	164,611	168,055
	531,658	546,276
	531,914	546,531

During the year no gains or losses on disposal of investments occurred (2020: \$Nil)

Notes to the Financial Statements for the year ended 31 December 2021

19 Financial instrument classification

2021

	Note	Available-for-sale	Loans & receivables	Other amortised cost	Total carrying amount
Assets					
Cash and cash equivalents	8	-	1,303,816	-	1,303,816
Trade and other receivables	9	-	165,667	-	165,667
Total current assets		-	1,469,483	-	1,469,483
Debt securities	18	531,914	-	-	531,914
Total non-current assets		531,914	-	-	531,914
Total assets		531,914	1,469,483	-	2,001,397
Liabilities					
Payables under exchange transactions	11	-	-	286,696	286,696
Loans and borrowings	13	-	-	5,570,106	5,570,106
Total current liabilities		-	-	408,330	408,330
Total liabilities		-	-	5,856,802	5,856,802

2020

		Available-for-sale	Loans & receivables	Other amortised cost	Total carrying amount
Assets					
Cash and cash equivalents	8	-	1,913,863	-	1,913,863
Trade and other receivables	9	-	143,129	-	143,129
Total current assets		-	2,056,991	-	2,056,991
Debt securities	18	546,531	-	-	546,531
Total non-current assets		546,531	-	-	546,531
Total assets		546,531	2,056,991	-	2,603,522
Liabilities					
Payables under exchange transactions	11	-	-	223,951	223,951
Loans and borrowings	13	-	-	5,691,738	5,691,738
Total current liabilities		-	-	345,583	345,583
Total liabilities		-	-	5,915,689	5,915,689

Notes to the Financial Statements for the year ended 31 December 2021

20 Taxation expense

The Association is a charitable trust and the surplus is tax exempt.

Tax losses

During the 1999 financial year the Inland Revenue Department approved the Association's status as a charitable trust. Up to this point, tax losses of \$655,401 were available to carry forward subject to IRD approval.

21 Equity-accounted Investees

	2021	2020
	\$	\$
Equity-accounted UBS		
Opening balance	273,233	323,359
Dividend received	-	(53,732)
Surplus (50%)	32,600	3,606
	305,833	273,233

The Association has a 50% holding in University Bookshop (Canterbury) Limited which is a company incorporated and operating in New Zealand. The investment is measured at fair value.

22 Related party transactions

The Association has a 50% (2020: 50%) holding in University Bookshop (Canterbury) Limited (225,000 fully paid shares) which is a company incorporated and operating in New Zealand.

There were related party transactions between the Association and University Bookshop (Canterbury) Limited. In 2021, the Association purchased \$3,440 (2020: 3,008) of goods and sold \$3,044 (2020: \$3,083) of services to University Bookshop (Canterbury) Limited. These transactions were at a commercial arm's length.

Key management personnel

	2021	2020
Key management personnel compensation comprises:	\$	\$
<i>Board members</i>		
Remuneration	117,578	131,756
Full-time equivalent members	12	13
<i>Leadership Team</i>		
Other division managers	662,981	711,173
Full-time equivalent members	8	8
Total remuneration	780,559	842,929

23 Contingencies

There are no contingencies as at 31 December 2021 (2020: \$nil).

Notes to the Financial Statements for the year ended 31 December 2021

24 Capital commitments

As at 31 December 2021, there were no capital commitments (2020: \$99,993).

	2021	2020
	\$	\$
Playground moveable equipment at Ilam Early Learning Centre	-	-
Colour panel fence and gate - Montana Early Learning Centre	-	8,997
Otto/Oshii refurbishment	-	83,852
Otto/Oshii loose furniture	-	7,084
New building	-	-
Total capital commitments	-	99,993

25 Operating commitments

On 30 November 2020, the Association agreed to a lease of the property at 27 Edmonton Road, Hornby. The lease commences from 11 January 2021 and runs for an initial period of two years with an option to renew for another two periods of two years.

On 17 December 2021, the Association agreed to a lease of Unit 1 at 4 Klondyke Drive, Hornby. The lease commences from 20 January 2022 and runs for an initial period of three years with an option to renew for another three periods of two years.

The Association also leased five Ford motor vehicles from Fleet Partners. The leases commence during December 2020 and January 2021 and run for 36 months up to 2024 year.

Property Leases 2021	One Year \$	Two to Five Years \$	Five Years Onwards \$
27 Edmonton Road, Hornby	69,368	208,103	-
Unit 1, 4 Klondyke Drive Hornby	47,500	237,500	47,500
Operating Lease Commitments	116,868	445,603	99,993

Property Leases 2020	One Year \$	Two to Five Years \$	Five Years Onwards \$
27 Edmonton Road, Hornby	69,368	277,470	-
Operating Lease Commitments	69,368	277,470	-

Vehicle Leases 2021	One Year \$	Two to Five Years \$	Five Years Onwards \$
Ford NEQ85	6,948	6,948	-
Ford NFF753	9,708	10,517	-
Ford NFF754	9,588	10,387	-
Ford NFF755	9,588	10,387	-
Ford NFF756	7,620	8,255	-
Operating Lease Commitments	43,452	46,494	-

Notes to the Financial Statements for the year ended 31 December 2021

25 Operating commitments (continued)

Vehicle Leases 2020	One Year	Two to Five Years	Five Years Onwards
	\$	\$	\$
Ford NEQ85	6,948	13,896	-
Ford NFF753	9,421	20,225	-
Ford NFF754	9,304	19,975	-
Ford NFF755	8,892	19,975	-
Ford NFF756	7,518	15,875	-
Operating Lease Commitments	42,083	89,946	-

26 Significant events after reporting date

A hire purchase agreement was entered into with Chef's Hire for plant and equipment. As at balance date invoices had been issued by Chef's Hire indicating that it was an operational lease, This has been disputed by UCSA and after balance date determined to be a Hire Purchase agreement. Presently, the interest cost of this lease is reflected in the statement of comprehensive income and the principal repayments as a capital work in progress.

A voluntary disclosure for underpaid FBT in relation motor vehicles was lodged with the IRD on 01/03/22. This included \$4,644.30 of FBT owing as at 31 December 2021.

A review of the USCA's obligations under the Holiday's Act 2003 was concluded in March 2022 by KPMG. The results of this review have been included in the Holiday Pay accrual for the year ended 31 December 2021 for existing employees. A further review will be conducted this year in respect of employees terminated from December 2016 to December 2021.

27 COVID - 19

On 17 August 2021 all of New Zealand moved to Alert level 4. On 2 December 2021, all of New Zealand moved to the new traffic light frame work at setting "red".

(2020: On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this the country moved to Alert Level 4 and remained in lockdown for 5 weeks. The country remains in varying states of lockdown as it moves down through alert levels. As a result, economic uncertainties have arisen which could negatively affect our operations and services.

It is a non-adjusting event and the Association has assessed the likely impact of COVID-19 on the Association and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the Association to continue operating. That conclusion has been reached because the Association applied and was granted the Wage Subsidy for the 12-week period.

This amounted to approximately \$380,000. While UC has been closed in Term 2 the Student Services Levy has continued to be paid as well as the Government Bulk Funding for both the Ilam and Montana Early Learning Centres.

The major impact for the UCSA with the campus closed (with online teaching occurring) is the loss of revenue from the Food and Beverage Department as well as external revenue from external users. While it is difficult to predict when the UC campus reopens the organisation has the ability to review and restructure its operating costs to meet demand levels as well as utilising cash reserves if required. The financial and non-financial impact of the pandemic is not yet known.)

Notes to the Financial Statements for the year ended 31 December 2021

28 Chef's Hire Acquisition

On 1st December 2021 the UCSA acquired the tangible and intangible assets of Ritchie & Associates Limited trading as Chef's Hire. These were acquired for \$478,108 GST exclusive.

The intangible assets are represented by Goodwill.

Intangible Assets Acquired	Note	2021
		\$
Goodwill	17	38,000
Total Intangible Assets Acquired		38,000

The disclosure of this goodwill is listed in note 17 and the policies governing it listed in the Statement of Accounting Policies 3 (g) (iv).

The tangible assets are represented by the following Property, Plant and Equipment.

Tangible Assets Acquired	Note	2021
		\$
Kitchen Appliances and Accessories	16	262,500
Motor Vehicles	16	58,500
Sundry Items	16	115,608
Tables and Chairs	16	3,500
Tangible Assets Acquired		440,108

The disclosure of this Property, Plant and Equipment is listed in note 16 and the governing them is listed in the Statement of Accounting Policies 3 (b).

29 Agreements with the University of Canterbury

The University of Canterbury and The University of Canterbury Students Association are separate entities who have a Partnership Agreement but are not related parties. Furthermore, the University of Canterbury receives \$2,600,000 from the students and passes this to The University of Canterbury Students Association in the form of Student Levy that helps fund student related services.

Ilam Early Learning Centre premise lease

During the 2016 year the Association entered into a 30-year lease agreement with the University of Canterbury for the lease of land and buildings for the Ilam Early Learning Centre at the University of Canterbury Dovedale Campus.

In consideration for the lease of the premises, the Association gave the old Ilam Early Learning Centre premises to the University of Canterbury and will pay \$1 per annum.

In relation to the lease the Association received \$80,000 for the difference in the agreed value of the old Ilam Early Learning Centre site compared with the value of a 30-year lease on the Dovedale site.

This lease has been treated as a barter transaction and as such no income or expenditure has been recognised in relation to it, other than the \$80,000.

Under the terms of the lease, the University of Canterbury advanced a loan of \$350,000 in February 2017 for the refurbishment of the Ilam Early Learning Centre. The loan is interest free and repayable by 30 equal instalments the first to be paid on the anniversary of the commencement date thereafter annually. The loan is secured by the fixtures and fittings funded by the loan. The balance of loan is \$291,667 as at 31 December 2021.

Haeroa Building

The building was completed in June 2019 and the Association agreed to contribute 51% of the build cost (University of Canterbury 49%) and that the Association owns a 51% share of the building on completion (University of Canterbury 49%).

Notes to the Financial Statements for the year ended 31 December 2021

29 Agreements with the University of Canterbury (continued)

The settlement was completed during the 2020 year and the Association liability was \$5,498,374 to the University of Canterbury. The University of Canterbury advanced the Association the balance due with the loan to be repayable over 50 years in equal instalments. The first payment was on 31 December 2020. The remainder of the payments is to be annually on 12-month anniversary of the first payment date.

The interest rate is fixed on 3.25% (3% above the official cash rate prevailing on 31 December 2020) for 5 years. The interest will be reset on the same basis at the conclusion of each five-year period. Interest is payable in arrears from 31 December 2020 onwards.

License to Occupy

In December 2017 the Association entered into a license to occupy agreement with the University of Canterbury for 5 years commencing February 2019. Under the agreement the Association has the exclusive right to use the Food and Beverage Spaces and Ancillary Spaces and Commercial Lease Spaces in the Puaka-James Hight Building, Engineering Core and Education Student Association Building.

In consideration for the lease of the Food and Beverage Spaces and Ancillary Spaces, the Association will pay the University of Canterbury \$1 per annum.

In consideration for the lease of the Commercial Lease Spaces, the Association will pay 1.75% of operating revenue received to the University of Canterbury on a monthly basis.

INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE OF UNIVERSITY OF CANTERBURY STUDENTS' ASSOCIATION

Opinion

We have audited the financial statements of University of Canterbury Students' Association Incorporated ("the Association"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). 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 are independent of the Association in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Executives' Responsibilities for the Financial Statements

The Executives are responsible on behalf of the Association for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the executives 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 executives are responsible on behalf of the Association 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 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) 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 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 executive, 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 executive, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in blue ink that reads 'BDO Christchurch'.

BDO Christchurch
Christchurch
New Zealand
5 May 2022