KPMG
Enterprise

University of Canterbury Students' Association

Annual report for the year ended
31 December 2019

Report Contents

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 2019.

Tori Alice Rangi McNoe	Jack Christopher Whittam
President	Finance Officer

Dated: 14/05/20

Directory
as at 31 December 2019

Nature of business	Students' Association
Registered office	Room 123, Puaka-James Hight 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

Sam Brosnahan	President
Tori Alice Rangi McNoe	Vice President
Amelia Grace Morgan	Finance Officer
Laken Materkohe Karaki Wairau	Te Akatoki President
Charlotte Julia Merrall	Executive
Christal Wing Tung Leung	
Elise Wilson	
Elric Thane Clarke - Beatson	
Kevin Fernando	
Oliver Ji-Leong Ng	
Jack Christopher Whittam	
Katie Louise Helen Mills	

Statement of Comprehensive Revenue and Expense

for the year ended 31 December 2019
in New Zealand dollars

	Note	Association 2019 $	Group 2018 $
Revenue	1	9,997,032	11,651,575
		9,997,032	**11,651,575**
Less operating expenditure			
Operating expenditure	2	8,913,816	10,619,961
Amortisation of intangible assets	3	20,830	3,477
Depreciation	3	719,717	403,150
Loss on disposal of property, plant and equipment and intangible assets	15	3,118	57,987
Executive expenditure	4	349,655	316,517
		10,007,136	11,401,091
Operating surplus/(deficit) before net financing costs		**(10,104)**	**250,484**
Financial income		535,840	561,728
Financial expenses		-	378
Net financing costs	5	**535,840**	**561,349**
Operating surplus/(deficit) for the year		**525,736**	**811,834**
Non-operating item			
Share of profit in associate		9,067	-
Gain on change of accounting treatment of subsidiary		89,292	-
		98,359	
Surplus/(deficit) for the year before income tax		**624,095**	**811,834**
Income tax expense	20	-	43,577
Surplus/(deficit) for the year		**624,095**	**768,257**
Net surplus/(deficit) attributable to equity holders		**624,095**	**713,622**
Net surplus/(deficit) attributable to non-controlling interest		**-**	**54,635**

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

BDO Christchurch

Statement of Comprehensive Revenue and Expense

for the year ended 31 December 2019
in New Zealand dollars

	Note	Association 2019 $	Group 2018 $
Other comprehensive revenue and expense:			
Net change in fair value of investments		70,936	9,388
Other comprehensive revenue and expense for the year		70,936	9,388
Total comprehensive revenue/(expense) for the year		**695,031**	**777,645**
Total comprehensive revenue/(expense) attributable to:			
Equity holders		695,031	723,011
Non-controlling interest		-	54,635
Total comprehensive revenue/(expense) for the year		**695,031**	**777,645**

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

BDO Christchurch

Statement of Changes in Equity

for the year ended 31 December 2019
in New Zealand dollars

Association 2019	Note	Share capital $	Student hardship fund reserve $	Investment fair value reserve $	Accumulated comprehensive income and expense $	Total $	Non Controlling $	Total equity $
Balance as at 1 January 2019		102,188	51,459	89,747	15,443,986	15,687,380	248,185	15,935,564
Total comprehensive revenue and expense for the year								
Surplus/(deficit) for the year attributable to equity holders		-	-	-	624,095	624,095	-	624,095
Disposal of subsidiary (UBS) equity		(102,188)		-	(36,624)	(138,812)	(248,185)	(386,997)
Other comprehensive revenue and expense								
Net change in fair value of investments		-	-	70,936	-	70,936	-	70,936
Total other comprehensive revenue and expense attributable to equity holders		-	-	**70,936**	-	**70,936**	-	**70,936**
Balance as at 31 December 2019	7	-	**51,459**	**160,683**	**16,031,457**	**16,243,599**	-	**16,243,599**

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

BDO Christchurch

Statement of Changes in Equity

for the year ended 31 December 2019
in New Zealand dollars

Group 2018	Note	Share capital	Student hardship fund reserve	Investment fair value reserve	Accumulated comprehensive income and expense	Total	Non Controlling	Total equity
		$	$	$	$	$	$	$
Balance as at 1 January 2018		102,188	51,459	80,357	14,730,364	14,964,368	193,550	15,157,918
Total comprehensive revenue and expense for the year								
Surplus/(deficit) for the year attributable to equity holders		-	-	-	713,622	713,622	54,635	768,257
Other comprehensive revenue and expense								
Net change in fair value of investments		-	-	9,388	-	9,388	-	9,388
Impairment of land and buildings		-	-	-	-	-	-	-
Total other comprehensive revenue and expense attributable to equity holders		-	-	**9,388**	-	**9,388**	-	**9,388**
Balance as at 31 December 2018	7	**102,188**	**51,459**	**89,747**	**15,443,986**	**15,687,380**	**248,185**	**15,935,564**

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

BDO Christchurch

Statement of Financial Position

for the year ended 31 December 2019
in New Zealand dollars

	Note	Association 2019 $	Group 2018 $
Assets			
Current assets			
Cash and cash equivalents	8	4,664,808	5,231,964
Trade and other receivables	9	438,835	881,891
Prepayments		68,659	35,828
Inventory	10	50,602	686,461
Building insurance proceeds	18	8,220,283	7,783,292
		13,443,188	14,619,436
Non-current assets			
Property, plant and equipment	15	19,803,285	2,887,181
Capital work in progress	28	1,675	10,104,862
Deferred tax	20	-	19,280
Intangible assets	16	40,490	4,999
Equity-accounted Investees	21	323,359	-
Investments (Available-for-sale financial assets)	17	602,678	531,742
		20,771,486	13,548,064
Total assets		**34,214,674**	**28,167,500**
Equity			
Student hardship fund reserve		51,459	51,459
Investment fair value reserve		160,683	89,747
Share capital		-	102,188
Non controlling		-	248,185
Accumulated comprehensive income and expense		16,031,457	15,443,986
Total equity	7	**16,243,599**	**15,935,564**

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

BDO Christchurch

Statement of Financial Position

for the year ended 31 December 2019
in New Zealand dollars

	Note	Association 2019 $	Group 2018 $
Liabilities			
Current liabilities			
Cash and cash equivalents	8	-	1,331
Payables under exchange transactions	11	9,911,992	10,223,703
Deferred revenue from exchange transactions	12	26,700	117,400
Non-exchange liabilities	13	143,440	149,038
GST payable		141,896	127,978
Tax payable		-	18,669
Employee entitlements	14	324,655	335,012
		10,548,683	10,973,130
Non-current liabilities			
Payables under exchange transactions	11	7,119,059	932,138
Non-exchange liabilities	13	303,333	326,667
		7,422,392	1,258,805
Total liabilities		**17,971,075**	**12,231,935**
Net equity and liabilities		**34,214,674**	**28,167,500**

Tori Alice Rangi McNoe
President
Date: 14/05/20

Jack Christopher Whittam
Finance Officer
Date: 14/05/2020

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

BDO Christchurch

Statement of Cashflow

for the year ended 31 December 2019
in New Zealand dollars

	Note	Association 2019 $	Group 2018 $
Cash flows from operating activities			
Cash received from food and beverage sales		3,510,430	3,957,258
Cash received from events		1,448,523	691,079
Cash received from bookshop sales		-	2,069,248
Cash received from early learning centre income		1,520,959	1,484,581
Cash received from other revenue		3,972,894	3,283,269
Cash paid to suppliers and employees		(9,436,396)	(10,967,606)
Taxes (paid)/received		26,769	(48,816)
Net cash from operating activities		1,043,179	469,013
Cash flows from investing activities			
Interest and dividends received		122,127	153,853
Proceeds on maturity of investments		-	250,041
Acquisition of property, plant and equipment		(1,552,908)	(484,868)
Proceeds from disposal of property, plant and equipment		-	12,278
Insurance proceeds received		-	-
Net cash from investing activities		(1,430,781)	(68,696)
Cash flows from financing activities			
Payments made to shareholders		-	(85,000)
Loans Paid		(10,000)	-
Change of accounting treatment of subsidiary		(133,222)	
Interest Paid		(34,999)	(378)
Net cash from financing activities		(178,221)	(85,378)
Net (decrease)/increase		(565,824)	314,939
Opening cash and cash equivalents 1 January		5,230,633	4,915,694
Closing cash and cash equivalents	8	**4,664,808**	**5,230,633**
Made up of:			
Cash on hand		11,500	14,761
Bank balances		3,653,308	1,453,692
Short-term deposits		1,000,000	3,762,179
Total cash and cash equivalents	8	**4,664,808**	**5,230,633**

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

Significant Accounting Policies
for the year ended 31 December 2019

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 2019 financial statements presented solely the Association's financial statement. The comparatives for the 2018 financial year comprise the association and its controlled entity, University Book Shop Limited, (together referred to as the Group).

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 14 May 2020.

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 an historical cost basis except that the following assets and liabilities are stated at their fair value: land and buildings, and 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) Basis of consolidation

The 2018 financial statements have been prepared as a consolidated account comprises Association (the controlling entity) and its controlled entities (together referred to as the Group).

(i) Controlled entities

Controlled entities are those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from that entity's activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with owners of the controlling entity in their capacity as owners, within net assets/equity. The financial statements of the controlled entities are prepared for the same reporting period as the controlling entity, using consistent accounting policies.

BDO Christchurch

Significant Accounting Policies
for the year ended 31 December 2019

3/ Significant accounting policies (continued)

(ii) Loss of control of a controlled entity

On the loss of control, the Group derecognises the assets and liabilities of the controlled entity, any minority interest, and the other components of net assets/equity related to the controlled entity. Any surplus or deficit arising on the loss of control is recognised in surplus or deficit. If the Group retains any interest in the previously controlled entity, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is either accounted for as an equity-accounted associate or an available-for-sale financial asset depending on the level of influence retained.

(iii) Minority interests

Minority interests are measured either at, on a business combination by business combination basis, their proportionate share of the acquirer's identifiable net assets, or fair value. Minority interests are allocated their share of net surplus or deficit after tax in the consolidated statement of comprehensive revenue and expense and are presented within equity in the consolidated statement of financial position separately from equity attributable to owners of the controlling entity.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates and jointly-controlled-entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Interest in equity – accounted investees

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.

(c) 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:

Significant Accounting Policies

for the year ended 31 December 2019

3/ Significant accounting policies (continued)

(c) Property, Plant and Equipment (continued)

2019		
Furniture	8% - 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% DV	4.8% SL

(v) Depreciation (continued)

2018		
Furniture		13% - 25% SL
Buildings	4% - 25% DV	2.2%
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	13% - 67% DV	
Laptops and computers	13% - 50% DV	
Sound equipment	10% - 40% DV	
Other IT equipment	13% - 50% DV	
Sundry items	10% - 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.

Significant Accounting Policies
for the year ended 31 December 2019

3/ Significant accounting policies (continued)

(d) 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.

(e) Trade and other receivables

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

(f) Goods and services tax

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

(g) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in surplus or deficit loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive revenue and expense.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and affects neither accounting nor taxable surplus or deficit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is calculated on the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right or offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable surplus' will be available against which they can be utilised, Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) 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.

Significant Accounting Policies

for the year ended 31 December 2019

3/ Significant accounting policies (continued)

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) Trade and other payables

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

(o) 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.

Significant Accounting Policies
for the year ended 31 December 2019

3/ Significant accounting policies (continued)

(o) Impairment (continued)

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.

(p) 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.

(q) 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.

Significant Accounting Policies
for the year ended 31 December 2019

3/ Significant accounting policies (continued)

(q) Revenue (continued)

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 kitchen and 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.

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.

3/ Significant accounting policies (continued)

(q) Revenue (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.

Revenue from non-exchange transactions (continued)

(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.

(r) 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.

(s) 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.

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.

(t) 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) 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.

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

Significant Accounting Policies
for the year ended 31 December 2019

3/ Significant accounting policies (continued)

(t) Use of estimates and judgements (continued)

(ii) 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) Controlled interests

In 2018, the Group financial statements have fully consolidated the assets and liabilities of the Associations' 50% owned controlled interest, University Bookshop (Canterbury) Limited. The Association is considered to hold control over University Bookshop (Canterbury) Limited, as it has power over the company, takes on the exposure to variable returns from company and has the power to affect those returns. The Association also has a Director on the board of the company.

By the end of the 2018 financial year, the Association's controlled interest ceased to exist due to the fully repayment of the advanced from the Association by University Bookshop (Canterbury) Limited. Consequently, effectively from 1 January 2019 the financial statements are ceased to be prepared as consolidated financial statements and equity method is adopted to measure the fair value of the investment in University Bookshop (Canterbury) Limited.

(iv) 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.

(u) Change in accounting policies

Changes due to the initial application of a new, revised, and amended PBE Standards

A number of new standards, interpretations and amendments effective for the first time for periods beginning on (or after) 1 January 2019, have been adopted in these financial statements. The nature and effect of each new standard, interpretation and amendment adopted by the Association is detailed below. Not all new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019 effect the Association's annual financial statements.

(i)PBE IPSAS 35 Consolidated Financial Statements

PBE IPSAS 35 supersedes PBE IPSAS 6 (NFP) Consolidated and Separate Financial Statements and introduces a single 'control model' for all entities whereby control exists when all of the following conditions are present:

- Power over investee
- Exposure, or rights, to variable returns from investee
- Ability to use power over investee to affect the entity's returns from investee.

The adoption of PBE IPSAS 35 has not had an impact on the Association as there is no entity that is controlled by the Association as a result of the new definition of 'control'.

(ii) 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 adoption of PBE IPSAS 36 has not had an impact on the Association.

Notes to the Financial Statements

for the year ended 31 December 2019

(iii) PBE IPSAS 38 Disclosure of Interests in Other Entities

PBE IPSAS 38 sets out the disclosure requirements relating to an entity's interests in controlled entities, joint arrangements, associates and structured entities. The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities.

As the new standard affects only disclosure, there is no effect on the Association's financial position or performance.

(iv) PBE IPSAS 39 Employee Benefits

PBE IPSAS 39 supersedes PBE IPSAS 25 Employee Benefits. The main change to the Association as a consequence of PBE IPSAS 39 is the definition of short-term employee benefits has changed to be employee benefits expected to be settled (as opposed to 'due to be settled') wholly within 12 months after the end of the reporting.

There has been no material impact on the Association as a result of this change in definition.

The Association has made the following changes to the accounting policies in the financial statements

(i) Equity method

Historically the financial statements have been prepared as a consolidated account comprises Association (the controlling entity) and its controlled entities (together referred to as the Group).

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.

Notes to the Financial Statements
for the year ended 31 December 2019

1 Operating revenue

	Note	Association 2019 $	Group 2018 $
Exchange revenue			
Rental and vending income		400,017	233,631
Sales - food and beverage	6	3,510,430	3,986,656
Sales - tickets		672,872	502,968
Sales - advertising		49,002	24,625
Sales - functions		742,505	495,941
Attendance fees - Ilam Early Learning Centre		246,036	248,936
Attendance fees - Montana Early Learning Centre		141,349	148,202
Bookshop sales		-	2,067,931
Other operating revenue		297,312	235,929
Non-exchange revenue			
Service levy		2,290,949	2,258,368
Ministry of Education bulk funding		1,101,422	1,098,303
Grants received		-	3,500
Fundraising		409,247	211,395
Subsidised dental		135,892	135,190
		9,997,032	**11,651,575**

Notes to the Financial Statements
for the year ended 31 December 2019

2 Operating expenditure

	Note	Association 2019 $	Group 2018 $
Accounting		42,044	61,594
Audit fees		25,838	16,591
Charitable donations		1,215	5,312
Salaries and wages		4,365,765	4,584,288
Kiwisaver Employer contributions		124,734	116,494
Staff expenses		34,593	62,686
Food & beverage cost of sales	6	1,760,683	1,958,070
Performers and speakers		169,417	196,224
Catering		106,104	92,787
Consultants and professionals		65,074	78,964
Equipment hire		197,521	164,228
Legal		2,591	36,627
Printing, photocopying and stationery		101,016	95,102
Repairs and maintenance		80,456	61,775
Insurance		60,921	66,268
Cleaning and laundry		237,355	212,300
Electricity and gas		122,634	138,574
Security		159,544	170,759
Other operating expenses		1,259,323	2,499,918
		8,913,816	**10,619,961**

	Association 2019 $	Group 2018 $
Fees paid to the auditor of the financial statements are broken down as:		
- Audit of the financial statements	25,838	16,591
	25,838	**16,591**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2019

3 Depreciation, impairment and amortisation of intangible assets

	Note	Association 2019 $	Group 2018 $
Depreciation expense	15	719,717	405,322
Depreciation recovered	15	-	(2,172)
		719,717	**403,150**
Amortisation of intangible assets	16	20,830	3,477
		20,830	**3,477**

4 Executive expense

	Association 2019 $	Group 2018 $
Salaries and wages	158,621	127,314
Other executive expenses	191,034	189,202
	349,655	**316,517**

5 Net financing costs

	Association 2019 $	Group 2018 $
Financial income		
Debt securities (available for sale financial assets)		
Dividends received	7,542	7,263
Interest received	15,421	25,984
Building insurance proceeds (loans & receivables)		
Interest received	436,991	404,151
Cash and cash equivalents (loans & receivables)		
Interest received	75,885	124,330
	535,840	561,728
Financial expenses		
Interest - IRD	-	378
	-	378
	535,840	**561,349**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2019

6 Food & beverage

	Association 2019 $	Group 2018 $
Sales - food & beverage	3,510,430	3,987,106
Other sales	752,900	511,981
	4,263,330	4,499,087
Less: Cost of sales		
Opening stock	63,352	64,200
Purchases - food	1,850,373	2,273,022
Purchases - liquor	180,071	235,474
Purchases - consumables	-	-
Less recoveries - liquor	(162,790)	(519,341)
Less wastage stock - liquor	(119,538)	(31,934)
Closing stock	(50,602)	(63,352)
Total cost of sales	1,760,866	1,958,070
Wages	1,464,509	1,524,167
Labour - contract	143,755	112,334
Rent - UC Licence to occupy	35,132	56,421
Repairs & maintenance	41,162	40,101
Electricity and gas	58,534	73,454
Cleaning & cleaning materials	82,934	104,688
Security	17,438	88
Registrations and subscriptions	24,852	19,822
Other food & beverage expenses	270,020	246,609
	2,138,335	2,177,682
Other income	124,617	99,143
Food & beverage contribution	**488,745**	**462,477**

Notes to the Financial Statements
for the year ended 31 December 2019

7 Equity

	Association 2019 $	Group 2018 $
Student hardship fund reserve	51,459	51,459
Investment fair valuation reserve	160,683	89,747
Share capital	-	102,188
Non-controlling interest	-	248,185
Accumulated comprehensive income and expense	16,031,457	15,443,986
	16,243,599	**15,935,564**

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.

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Notes to the Financial Statements
for the year ended 31 December 2019

8 Cash and cash equivalents

	Association 2019 $	Group 2018 $
Cash on hand	200	3,461
Floats - cafe and bars	11,300	11,300
Bank - cheque account	583,703	265,539
Money market call account	3,055,813	1,046,148
Bank - Montana ELC	6,416	4,287
Bank - Ilam ELC	3,250	3,637
ANZ premium call account	4,126	4,120
ANZ bank - cheque account	-	3,554
ANZ bank - 70 account	-	127,130
ANZ imprest account	-	608
ANZ Visa	-	(1,331)
Short-term call deposits	1,000,000	3,762,179
	4,664,808	**5,230,633**
Current assets	4,664,808	5,231,964
Current liabilities	-	(1,331)
	4,664,808	**5,230,633**

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.

Interest on the ANZ short-term call deposits is earned at 2.65% and 3.65% per annum.

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Notes to the Financial Statements
for the year ended 31 December 2019

9 Trade and other receivables

	Association 2019 $	Group 2018 $
Receivables from exchange transactions		
Accounts receivable	115,248	35,821
Sundry debtors	7,704	5,225
Advanced to football club	10,000	-
Interest receivable	3,431	26,709
Receivables from non-exchange transactions		
Book tokens to be redeemed	-	344
Ministry of Education - Wash up funding accrual	65,386	67,248
UC Foundation - Funds held in trust	237,066	746,543
	438,835	**881,891**

10 Inventory

	Association 2019 $	Group 2018 $
Food & beverage inventory	50,602	63,352
Bookshop inventory	-	672,842
	50,602	**736,194**
Less: Provision for obsolete stock	-	49,733
	50,602	**686,461**

During the year, inventories of $1,760,866 (2018: $1,958,070) were recognised as an expense within cost of inventory sale. There were no write-downs of inventory during the year (2018: nil).

11 Payables under exchange transactions

	Note	Association 2019 $	Group 2018 $
Current Liabilities			
Trade creditors and accruals		168,228	197,411
University of Canterbury - New building accrual		9,720,283	9,839,745
Other accrued expenses		23,483	186,548
		9,911,994	**10,223,703**
Non-current Liabilities			
University of Canterbury - New building accrual		6,186,921	
University of Canterbury - Demolition costs	29	932,138	932,138
		7,119,059	**932,138**

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Notes to the Financial Statements
for the year ended 31 December 2019

11 Payables under exchange transactions (continued)

	Association 2019	Group 2018
Current liabilities	9,911,994	10,223,703
Non-current liabilities	7,119,059	932,138
	17,031,051	**11,155,841**

12 Deferred revenue from exchange transactions

	Association 2019 $	Group 2018 $
Accrued revenue - DB Brewery advance	-	117,400
Revenue in advance	26,700	-
	26,700	**117,400**

13 Non-exchange liabilities

	Association 2019 $	Group 2018 $
Current liabilities		
Income in advance - Ministry of Education	131,774	125,704
University of Canterbury loan - refurbishment of IELC	11,667	23,333
	143,440	**149,038**
Non-current liabilities		
University of Canterbury loan - refurbishment of IELC	303,333	326,667
	303,333	**326,667**
Current liabilities	143,440	149,038
Non-current liabilities	303,333	326,667
	446,774	**475,704**

14 Employee entitlements

	Association 2019 $	Group 2018 $
Wage and salary accrual	158,971	126,607
Accrued holiday pay	165,683	208,405
	324,655	**335,012**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2019

15 Property, plant and equipment

Association 2019	Cost or valuation $	Revaluation $	Impairment $	Depn charge $	Acc depn $	Carrying value $
Furniture	252,531	-	-	24,061	30,434	222,097
Buildings	17,919,130	-	-	292,215	1,295,810	16,623,322
Motor vehicles	68,097	-	-	7,873	33,705	34,392
Tables and chairs	375,471	-	-	32,128	95,666	279,805
Kitchen appliances and accessories	1,156,678	-	-	75,916	565,049	591,628
Eftpos and cash equipment	66,558	-	-	5,956	55,925	10,632
Security equipment	95,056	-	-	7,957	35,237	59,817
Other electronics	270,048	–	-	38,298	81,500	188,549
Laptops and computers	121,142	-	-	20,147	89,275	31,867
Sound equipment	456,487	-	-	79,017	269,335	187,153
Other IT equipment	152,642	-	-	19,195	34,518	118,124
Sundry items	577,204	-	-	56,729	180,327	396,879
Ilam Early Learning Centre	985,770	-	-	35,421	143,205	842,564
Montana Early Learning Centre	495,290	-	-	24,802	278,836	216,455
Balance as at 31 December 2019	**22,992,106**	**-**	**-**	**719,717**	**3,188,822**	**19,803,285**

Group 2018	Cost or valuation $	Revaluation $	Impairment $	Depn charge $	Acc depn $	Carrying value $
Furniture	308,818	-	-	10,391	261,332	47,486
Buildings	2,011,928	-	-	114,012	1,003,595	1,008,334
Motor vehicles	55,963	-	-	6,267	36,676	19,287
Tables and chairs	102,120	-	-	9,792	63,538	38,582
Kitchen appliances and accessories	839,349	-	-	65,122	493,948	345,400
Eftpos and cash equipment	55,298	-	-	5,311	49,969	5,328
Security equipment	51,203	-	-	5,207	27,280	23,921
Other electronics	66,612	-	-	9,257	43,202	23,411
Laptops and computers	85,657	-	-	11,905	70,059	15,598
Sound equipment	339,962	-	-	74,727	190,316	149,647
Other IT equipment	17,779	-	-	1,327	15,323	2,456
Sundry items	247,294	-	-	29,458	128,769	118,527
Ilam Early Learning Centre	976,444	-	-	39,157	107,784	868,659
Montana Early Learning Centre	457,614	-	-	23,390	237,071	220,545
Balance as at 31 December 2018	**5,616,043**	**-**	**-**	**405,322**	**2,728,862**	**2,887,181**

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Notes to the Financial Statements

for the year ended 31 December 2019

15 Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment

Association 2019	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 $	Impairment of Property, plant & equipment $	Closing book value $
Furniture	47,486	(20,060)	244,698	(46,027)	-	-	-	222,097
Buildings	1,008,334	(292,215)	15,907,202	-	-	-	-	16,623,320
Motor vehicles	19,287	(7,873)	23,778	(870)	-	70	-	34,392
Tables and chairs	38,582	(32,128)	273,351	-	-	-	-	279,805
Kitchen appliances and accessories	345,400	(75,916)	322,871	(870)	-	142	-	591,629
Eftpos and cash equipment	5,328	(5,956)	11,260	-	-	-	-	10,632
Security equipment	23,921	(7,957)	43,853	-	-	-	-	59,819
Other electronics	23,411	(38,298)	203,436	-	-	-	-	188,549
Laptops and computers	15,598	(20,147)	36,489	(200)	-	128	-	31,867
Sound equipment	149,647	(79,019)	116,525	-	-	-	-	187,152
Other IT equipment	2,456	(19,195)	134,863	-	-	-	-	118,124
Sundry items	118,527	(56,729)	345,049	(6,508)	-	(3,458)	-	396,878
Ilam Early Learning Centre	868,659	(35,421)	9,326	-	-	-	-	842,565
Montana Early Learning Centre	220,545	(24,802)	20,712	-	-	-	-	216,454
Balance as at 31 December 2019	**2,841,154**	**(719,717)**	**17,693,413**	**(8,448)**	**-**	**(3,118)**	**-**	**19,803,284**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2019

15 Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment (continued)

Group 2018	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 $	Impairment of Property, plant & equipment $	Closing book value $
Furniture	56,168	(10,391)	2,100	-	-	(391)	-	47,486
Buildings	1,127,045	(114,012)	-	-	-	(4,700)	-	1,008,334
Motor vehicles	19,954	(6,267)	5,600	-	-	-	-	19,287
Tables and chairs	48,498	(9,792)	-	-	-	(124)	-	38,582
Kitchen appliances and accessories	422,691	(65,122)	6,466	(10,044)	501	(9,091)	-	345,400
Eftpos and cash equipment	10,701	(5,311)	-	-	-	(62)	-	5,328
Security equipment	29,078	(5,207)	2,297	-	-	(2,246)	-	23,921
Other electronics	22,069	(9,257)	13,670	-	-	(3,071)	-	23,411
Laptops and computers	21,993	(11,905)	5,792	-	-	(282)	-	15,598
Sound equipment	47,678	(74,727)	177,676	(2,234)	1,671	(418)	-	149,647
Other IT equipment	5,938	(1,327)	-	-	-	(2,155)	-	2,456
Sundry items	147,873	(29,458)	28,975	-	-	(28,864)	-	118,527
Ilam Early Learning Centre	905,728	(39,157)	8,670	-	-	(6,582)	-	868,659
Montana Early Learning Centre	229,670	(23,390)	14,266	-	-	(1)	-	220,545
Balance as at 31 December 2018	**3,095,082**	**(405,323)**	**265,512**	**(12,278)**	**2,172**	**(57,987)**	**-**	**2,887,181**

Notes to the Financial Statements
for the year ended 31 December 2019

15 Property, plant and equipment (continued)

The 2019 disposal of furniture for $46,027 is due to change of accounting method from consolidated method to equity method for the University Book Shop (Canterbury) Limited. Refer to note 3.

Impairment

During the 2019 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 2018 year and no assets were identified as being impaired at the time of the review.

16 Intangibles

	Association	Group
	2019	2018
	$	$
Intangible assets with finite useful lives		
Opening book value	4,999	8,476
Purchases	46,127	
Current years amortisation	(20,830)	(3,477)
Net book value	30,296	4,999
Intangible assets with indefinite useful lives		
Opening book value	-	-
Cost	10,194	-
Accumulated impairment	-	-
Net book value	10,194	-
	40,490	**4,999**

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.

Notes to the Financial Statements
for the year ended 31 December 2019

17 Investments

Available-for-sale financial assets

	Association 2019 $	Group 2018 $
Other investments		
Shares in ACUMA	255	255
	255	255
Shares (New Zealand listed companies)		
Fonterra perpetual capital notes 4.83%	159,710	159,710
AMP NZ Office Trust - units	227,823	183,748
Kiwi Income Property Trust	214,890	188,029
	602,422	531,487
	602,678	**531,742**

During the year no gains or losses on disposal of investments occurred (2018: $Nil)

18 Building insurance proceeds

	Association 2019 $	Group 2018 $
Advance	6,254,678	6,254,678
Interest	1,965,605	1,528,614
	8,220,283	**7,783,292**

The building insurance proceeds have been received and are held on trust by the University of Canterbury for the Association. Interest is being earned on these funds at 5.5% per annum.

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Notes to the Financial Statements
for the year ended 31 December 2019

19 Financial instrument classification

Association 2019

	Note	Available-for-sale	Loans & receivables	Other amortised cost	Total carrying amount
Assets					
Cash and cash equivalents	8	-	4,664,808	-	4,664,808
Insurance proceeds receivable	18	-	8,220,283	-	8,220,283
Trade and other receivables	9	-	438,835	-	438,835
Total current assets		-	13,323,926	-	13,323,926
Debt securities	17	602,678	-	-	602,678
Total non-current assets		602,678	-	-	602,678
Total assets		602,678	13,323,926	-	13,926,603
Liabilities					
Payables under exchange transactions	11	-	-	17,031,051	17,031,051
Total current liabilities		-	-	17,031,051	17,031,051
Total liabilities		-	-	17,031,051	17,031,051

Group 2018

		Available-for-sale	Loans & receivables	Other amortised cost	Total carrying amount
Assets					
Cash and cash equivalents	8	-	5,230,633	-	5,230,633
Insurance proceeds receivable	18	-	7,783,292	-	7,783,292
Trade and other receivables	9	-	881,891	-	881,891
Total current assets		-	13,895,815	-	13,895,815
Debt securities	17	531,742	-	-	531,742
Total non-current assets		531,742	-	-	531,742
Total assets		531,742	13,895,815	-	14,427,557
Liabilities					
Payables under exchange transactions	11	-	-	11,155,841	11,155,841
Total current liabilities		-	-	11,155,841	11,155,841
Total liabilities		-	-	11,155,841	11,155,841

Notes to the Financial Statements
for the year ended 31 December 2019

20 Taxation expense

	Association 2019 $	Group 2018 $
Tax recognised in Statement of Comprehensive Revenue and Expense		
Current tax expense		
Current period	-	45,860
Adjustment for prior periods	-	(2,283)
Total current tax expense	-	**43,577**
Total income tax expense/(credit)	-	**43,577**
Surplus/(deficit) before taxation	-	843,864
Tax at 28%	-	236,282
Plus/(less) taxation effect of		
Charitable trust net (income)/loss	-	(192,845)
Non deductible expenses	-	140
Permanent differences	-	(192,705)
	-	(192,705)
Tax expense	-	**43,577**
Recognised deferred tax assets/(liabilities)		
The Group has deferred tax assets attributable to the following:		
Provision for stock obsolescence	-	13,925
Payables under exchange transactions	-	5,354
Deferred tax asset/(liability)	-	**19,280**

The 2018 taxation expenses show the Group tax position.

The 2019 financial statements cease to be prepared on a consolidated basis. Association is a charitable trust and the surplus is tax exempted.

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.

Notes to the Financial Statements
for the year ended 31 December 2019

21 Equity-accounted Investees

	2019	2018
	$	$
Equity-accounted UBS	314,292	-
2019 Surplus (50%)	9,067	-
	323,359	**-**

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. The 2018 investment of 50% has been consolidated in accordance with IPSAS 35.

22 Related party transactions

The Association has a 50% (2018: 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 2019, the Association purchased $8,365.39 of goods and sold $4,268.49 of services to University Bookshop (Canterbury) Limited. These transactions were at a commercial arm's length.

Key management personnel

	Association	Group
	2019	2018
Key management personnel compensation comprises:	$	$
Board members		
Remuneration	160,838	170,653
Full-time equivalent members	12	13
Leadership Team		
Other division managers	817,673	819,754
Full-time equivalent members	9	9
Total remuneration	**978,511**	**990,407**

23 Contingencies

There are no contingencies as at 31 December 2019 (2018: $nil).

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2019

24 Capital commitments

As at 31 December 2019, capital commitments of $129,175 (2018: $7,120,586), these are broken down as:

	Group 2019 $	Group 2018 $
Playground moveable equipment at Ilam Early Learning Centre	1,675	-
Fixed frame roof at Ilam Early Learning Centre		2,322
Audio equipment	-	-
EventPro software		2,791
New building	127,500	7,115,473
Total capital commitments	**129,175**	**7,120,586**

At balance date Ilam Early Learning Centre was engaged in a capital project to improve its playground facilities and had incurred costs of $4,072. The Ilam Early Learning Centre had not entered into a fixed contract for these improvements and as such committed costs cannot be disclosed. At the time of preparing these financial statements the project was still ongoing.

25 Operating commitments

There was no operating commitment as at 31 December 2019 (2018: $47,782).

26 Significant events after reporting date

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 are 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 $830,000. 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.

27 Agreements with the University of Canterbury

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.

Notes to the Financial Statements
for the year ended 31 December 2019

27 Agreements with the University of Canterbury (continued)

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 $315,000 as at 31 December 2019.

New building

In the 2017 year the Association entered into a license to occupy agreement with the University of Canterbury for 15 years for the land and new building situated at Ilam Road.

The building is completed in June 2019 and the Association has agreed to contribute 51% of the build cost (University of Canterbury 49%) and that the Association will own a 51% share of the building on completion (University of Canterbury 49%). The agreement is not settled for 2019 year.

The Association will also be responsible for the total cost of fit-out for the new building of which it will own 100%.

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 lease revenue received to the University of Canterbury on a monthly basis.

28 Capital work in progress

	2019	2018
	$	$
EventPro software		40,491
Playground at Ilam Early Learning Centre	1,675	4,760
Fixed frame roof at Ilam Early Learning Centre		1,548
WebHub development		9,325
Association new building		10,048,738
	1,675	**10,104,862**

The University of Canterbury is accruing the Association's share of costs in relation to the demolition of its existing building and construction of the new building (in accordance with the Deed Recording Ownership and Occupancy of UCSA Building approved by the University of Canterbury Council in November 2017).

This Deed provides for 51% to be recovered from the Association at a date to be agreed by the parties but no later than 6 months after the practical completion date. The building is to remain in the beneficial ownership of the University of Canterbury until such time as the payment under the Deed has been made.

At balance date, the University of Canterbury recognised expenditure for the new building for the Association of $15,908,877 (2018: $9,839,745).

In 2019 the Association incurred additional expenditure of $300,087 (2018: $163,231) for signage, audio and lighting equipment as part of the new building fit-out.

Notes to the Financial Statements
for the year ended 31 December 2019

29 Demolition Costs

As at 31 December 2017 the University of Canterbury recognised demolition costs of $932,138 incurred as belonging to the Association. There were no demolition costs in the 2019 year.

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

Report on the Audit of the Financial Statements

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 2019, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flow 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 2019, 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 (Revised) *Code of Ethics for Assurance Practitioners* 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 or any of its subsidiaries.

Emphasis of Matter - Subsequent event

We draw attention to note 26 of the financial statements, which describes the non-adjusting subsequent event of the impact of the COIVD-19 outbreak on the Association. Our opinion is not modified with respect to this matter.

Executives' Responsibilities for the Financial Statements

The executive 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 executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive 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 has 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

BDO Christchurch.

BDO Christchurch
Christchurch
New Zealand
14 May 2020