KPMG Enterprise

University of Canterbury Students' Association

Annual report for the year ended
31 December 2018

Report Contents

Approval of Annual Report

The Executive are pleased to present the annual report, including the consolidated financial statements of University of Canterbury Students' Association, for the year ended 31 December 2018.

The financial statements consolidate University of Canterbury Students' Association and University Bookshop (Canterbury) Limited.

Sam Brosnahan
President

Amelia Morgan
Finance Officer

Dated: 02/05/19

Directory
as at 31 December 2018

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

Josh Proctor	President
Laura Robinson	Vice President
Sam Brosnahan	Finance Officer
Tamahou Toms	Te Akatoki President
Harry Beaumont	Executive
Jackson White	
Alexander Holmes	
Devanshi Gandhi	
Emma McCone	
Julia Rolleston	
Laura O'Dwyer	
Liam Donnelly	
Shayne Goldingham	

Statement of Comprehensive Revenue and Expense

for the year ended 31 December 2018
in New Zealand dollars

	Note	Group 2018 $	Group 2017 $
Revenue	1	11,651,575	12,262,424
		11,651,575	**12,262,424**
Less operating expenditure			
Operating expenditure	2	10,619,961	10,743,282
Bad debts	3	-	1,162
Amortisation of intangible assets	4	3,477	6,943
Depreciation	4	403,150	377,440
Loss on disposal of property, plant and equipment and intangible assets	16	57,987	5,716
Executive expenditure	5	316,517	307,832
		11,401,091	11,442,375
Operating surplus/(deficit) before net financing costs		**250,484**	**820,049**
Financial income		561,728	518,750
Financial expenses		378	2,218
Net financing costs	6	**561,349**	**516,532**
Operating surplus/(deficit) for the year		**811,834**	**1,336,581**
Non-operating items			
Insurance income	18	-	2,690,987
Demolition costs		-	(932,138)
		-	1,758,849
Surplus/(deficit) for the year before income tax		**811,834**	**3,095,430**
Income tax expense	23	43,577	14,311
Surplus/(deficit) for the year		**768,257**	**3,081,119**
Net surplus/(deficit) attributable to equity holders		**713,622**	**3,060,815**
Net surplus/(deficit) attributable to non-controlling interest		**54,635**	**20,304**

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 2018
in New Zealand dollars

	Note	Group 2018 $	Group 2017 $
Other comprehensive revenue and expense:			
Net change in fair value of investments		9,388	22,620
Other comprehensive revenue and expense for the year		9,388	22,620
Total comprehensive revenue/(expense) for the year		**777,645**	**3,103,739**
Total comprehensive revenue/(expense) attributable to:			
Equity holders		723,011	3,083,435
Non-controlling interest		54,635	20,304
Total comprehensive revenue/(expense) for the year		**777,645**	**3,103,739**

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 2018
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	8	**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

KPMG Enterprise

Statement of Changes in Equity

for the year ended 31 December 2018
in New Zealand dollars

Group 2017	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 2017		102,188	51,459	57,737	11,669,549	11,880,933	173,246	12,054,179
Total comprehensive revenue and expense for the year								
Surplus/(deficit) for the year attributable to equity holders		-	-	-	3,060,815	3,060,815	20,304	3,081,119
Other comprehensive revenue and expense								
Net change in fair value of investments		-	-	22,620	-	22,620	-	22,620
Impairment of land and buildings		-	-	-	-	-	-	-
Total other comprehensive revenue and expense attributable to equity holders		-	-	**22,620**	-	**22,620**	-	**22,620**
Balance as at 31 December 2017	8	**102,188**	**51,459**	**80,357**	**14,730,364**	**14,964,368**	**193,550**	**15,157,918**

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

BDO Christchurch

Statement of Financial Position

for the year ended 31 December 2018
in New Zealand dollars

	Note	Group 2018	Group 2017
Assets		$	$
Current assets			
Cash and cash equivalents	9	5,231,964	4,917,080
Trade and other receivables	10	881,891	751,791
Prepayments		35,828	34,163
Inventory	11	686,461	601,693
Building insurance proceeds	20	7,783,292	7,369,532
		14,619,436	13,674,259
Non-current assets			
Property, plant and equipment	16	2,887,181	3,095,084
Capital work in progress	33	10,104,862	3,098,851
Deferred tax	23	19,280	16,997
Intangible assets	17	4,999	8,476
Investments (Available-for-sale financial assets)	19	531,742	772,395
		13,548,064	6,991,803
Total assets		**28,167,500**	**20,666,062**
Equity			
Student hardship fund reserve		51,459	51,459
Investment fair value reserve		89,747	80,357
Share capital		102,188	102,188
Non controlling		248,185	193,550
Accumulated comprehensive income and expense		15,443,986	14,730,364
Total equity	8	**15,935,564**	**15,157,918**

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

BDO Christchurch

Statement of Financial Position

for the year ended 31 December 2018
in New Zealand dollars

	Note	Group 2018	Group 2017
Liabilities		$	$
Current liabilities			
Cash and cash equivalents	9	1,331	1,386
Payables under exchange transactions	12	11,155,841	4,323,204
Deferred revenue from exchange transactions	13	117,400	159,435
Non-exchange liabilities	14	149,038	125,489
GST payable		127,978	143,676
Tax payable		18,669	5,926
Shareholders current accounts	21	-	85,000
Employee entitlements	15	335,012	325,694
		11,905,269	5,169,810
Non-current liabilities			
Non-exchange liabilities	14	326,667	338,333
		326,667	338,333
Total liabilities		**12,231,935**	**5,508,144**
Net equity and liabilities		**28,167,500**	**20,666,062**

Sam Brosnahan
President
Date: 02/05/19

Amelia Morgan
Finance Officer
Date: 02/05/19

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

BDO Christchurch

Statement of Cashflow

for the year ended 31 December 2018
in New Zealand dollars

	Note	Group 2018 $	Group 2017 $
Cash flows from operating activities			
Cash received from food and beverage sales		3,957,258	4,039,340
Cash received from events		691,079	1,073,636
Cash received from bookshop sales		2,069,248	1,904,735
Cash received from early learning centre income		1,484,581	1,415,340
Cash received from other revenue		3,283,269	3,227,553
Cash paid to suppliers and employees		(10,967,606)	(11,010,814)
Taxes (paid)/received		(48,816)	(7,989)
Net cash from operating activities		469,013	641,801
Cash flows from investing activities			
Interest and dividends received		153,853	71,702
Proceeds on maturity of investments		250,041	249,599
Acquisition of property, plant and equipment		(484,868)	(686,349)
Proceeds from disposal of property, plant and equipment		12,278	121,418
Insurance proceeds received		-	2,690,987
Net cash from investing activities		(68,696)	2,447,357
Cash flows from financing activities			
Payments made to shareholders		(85,000)	(35,000)
Loans received		-	350,000
Interest Paid		(378)	(2,217)
Net cash from financing activities		(85,378)	312,783
Net (decrease)/increase		314,939	3,401,941
Opening cash and cash equivalents 1 January		4,915,694	1,513,753
Closing cash and cash equivalents	9	**5,230,633**	**4,915,694**
Made up of :			
Cash on hand		14,761	13,646
Bank balances		1,453,692	1,402,048
Short-term deposits		3,762,179	3,500,000
Total cash and cash equivalents	9	**5,230,633**	**4,915,694**

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

BDO
Christchurch

Significant Accounting Policies

for the year ended 31 December 2018

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 consolidated financial statements comprise the Association (the controlling entity) and its controlled entities (together referred to as the Group) and have been prepared in accordance with the requirements of the Financial Reporting Act 2013.

The Association is a diverse organisation that owns a 50% share of the University Book Shop and 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 2 May 2019.

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 consolidated 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.

(d) Effect of first time adoption of PBE standards on accounting policies and disclosures

In October 2014, the PBE suite of accounting standards became effective to incorporate requirements and guidance for public benefit entities. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2016. The Association and group has applied these updated standards in preparing the 31 December 2018 financial statements.

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

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Significant Accounting Policies
for the year ended 31 December 2018

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

(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.

(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) 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.

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Christchurch

Significant Accounting Policies
for the year ended 31 December 2018

3/ Significant accounting policies (continued)

(b) Property, Plant and Equipment (continued)

(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:

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

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Significant Accounting Policies
for the year ended 31 December 2018

3/ Significant accounting policies (continued)

(b) Property, Plant and Equipment (continued)

(v) Depreciation (continued)

2017		
Furniture	9.0 - 60% DV	9.5% - 48% SL
Buildings	0% - 99% DV	2.2% - 4.8% SL
Motor vehicles	21.6% - 30% DV	
Tables and chairs	14.4% - 31.2% DV	
Kitchen appliances and accessories	8% - 67% DV	
Eftpos and cash equipment	26.4% - 50% DV	
Security equipment	11.4% - 50% DV	
Other electronics	13% - 67% DV	
Laptops and computers	10% - 50% DV	
Sound equipment	9% - 40% DV	
Other IT equipment	10% - 50% DV	
Sundry items	0% - 67% DV	
Ilam Early Learning Centre	4% - 60% DV	4.8% SL
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.

BDO Christchurch

Significant Accounting Policies
for the year ended 31 December 2018

3/ Significant accounting policies (continued)

(f) 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.

(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 expenses as incurred.

(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.

BDO
Christchurch

Significant Accounting Policies
for the year ended 31 December 2018

3/ Significant accounting policies (continued)

(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.

(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.

BDO Christchurch

Significant Accounting Policies
for the year ended 31 December 2018

3/ Significant accounting policies (continued)

(n) Impairment (continued)

(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.

(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.

(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 Group'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.

BDO Christchurch

Significant Accounting Policies
for the year ended 31 December 2018

3/ Significant accounting policies (continued)

(p) Revenue (continued)

Revenue from exchange transactions (continued)

(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 Group 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 the Group'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.

(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.

BDO Christchurch

Significant Accounting Policies
for the year ended 31 December 2018

3/ Significant accounting policies (continued)

(p) Revenue (continued)

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.

(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 Group 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.

(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) 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

BDO Christchurch

Significant Accounting Policies
for the year ended 31 December 2018

3/ Significant accounting policies (continued)

(s) 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

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.

(iv) Impairment

A number of assets included in the Group's financial statements require measurement of impairment. To measure the impairment of the Group'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 Group's assets and the impact of future events on the assets recoverable amount.

(t) Change in accounting policies

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

(i) Property, Plant & Equipment

Historically the Student's Association building and Childcare Centre buildings were recognised under the revaluation model and were last revalued in 2008 by CB Richard Ellis, an independent registered valuer. In 2011 the Association could not perform the scheduled valuation of the buildings due damage sustained from the Canterbury Earthquakes in 2010 and 2011. The building has since been demolished and was written off in the 2015 year.

A new Student's Association building is under construction which is scheduled to complete in the 2019 year.

The board have elected to change accounting policy for Property, Plant & Equipment from the revaluation model to the cost model. Under the cost model all assets in this class are to be carried at cost, less any accumulated depreciation and any accrued impairment losses. It is understood that this model provides more relevant and reliable information with reference to the impact of the Canterbury Earthquakes and relative age of the Association's assets in this class.

BDO Christchurch

Notes to the Financial Statements

for the year ended 31 December 2018

1 Operating revenue

	Note	Group 2018 $	Group 2017 $
Exchange revenue			
Rental and vending income		233,631	229,082
Sales - food and beverage	7	3,986,656	4,039,340
Sales - tickets		502,968	465,429
Sales - advertising		24,625	75,530
Sales - functions		495,941	599,969
Attendance fees - Ilam Early Learning Centre		248,936	251,466
Attendance fees - Montana Early Learning Centre		148,202	146,476
Bookshop sales		2,067,931	1,907,245
Other operating revenue		235,929	387,777
Non-exchange revenue			
Service levy		2,258,368	2,178,218
Ministry of Education bulk funding		1,098,303	1,018,822
Grants received		3,500	2,609
Fundraising		211,395	845,532
Subsidised dental		135,190	114,928
		11,651,575	**12,262,424**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

2 Operating expenditure

	Note	Group 2018 $	Group 2017 $
Accounting		61,594	70,139
Audit fees		16,591	28,100
Charitable donations		5,312	1,021
Salaries and wages		4,584,288	4,563,448
Kiwisaver Employer contributions		116,494	110,312
Staff expenses		62,686	57,513
Food & beverage cost of sales	7	1,958,070	2,058,554
Performers and speakers		196,224	235,937
Catering		92,787	81,575
Consultants and professionals		78,964	70,256
Equipment hire		164,228	248,490
Legal		36,627	94,326
Printing, photocopying and stationery		95,102	104,692
Repairs and maintenance		61,775	108,954
Insurance		66,268	84,895
Cleaning and laundry		212,300	214,281
Electricity and gas		138,574	150,605
Security		170,759	174,563
Other operating expenses		2,499,918	2,285,620
		10,619,961	**10,743,282**

	Group 2018 $	Group 2017 $
Fees paid to the auditor of the financial statements are broken down as:		
- Audit of the financial statements	16,591	28,100
- Services in respect of special work - stocktake and best practice guidelines	-	-
	16,591	**28,100**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

3 Bad debts

	Group 2018 $	Group 2017 $
Bad debts	-	1,162
	-	**1,162**

4 Depreciation, impairment and amortisation of intangible assets

	Note	Group 2018 $	Group 2017 $
Depreciation expense	16	405,322	381,364
Depreciation recovered	16	(2,172)	(3,924)
		403,150	**377,440**
Amortisation of intangible assets	17	3,477	6,943
		3,477	**6,943**

5 Executive expense

	Group 2018 $	Group 2017 $
Salaries and wages	127,314	117,233
Other executive expenses	189,202	190,599
	316,517	**307,832**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

6 Net financing costs

	Group 2018 $	Group 2017 $
Financial income		
Debt securities (available for sale financial assets)		
Dividends received	7,263	7,015
Interest received	25,984	32,076
Building insurance proceeds (loans & receivables)		
Interest received	404,151	425,896
Cash and cash equivalents (loans & receivables)		
Interest received	124,330	53,763
	561,728	518,750
Financial expenses		
Interest - IRD	378	2,218
	378	2,218
	561,349	**516,532**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

7 Food & beverage

	Group 2018 $	Group 2017 $
Sales - food & beverage	3,987,106	4,039,340
Other sales	511,981	631,806
	4,499,087	4,671,145
Less: Cost of sales		
Opening stock	64,200	1,205,203
Purchases - food	2,273,022	1,564,521
Purchases - liquor	235,474	222,401
Purchases - consumables	-	428
Less recoveries - liquor	(519,341)	(867,062)
Less wastage stock - liquor	(31,934)	(2,736)
Closing stock	(63,352)	(64,200)
Total cost of sales	1,958,070	2,058,554
Wages	1,524,167	1,431,735
Labour - contract	112,334	254,196
Rent - UC Licence to occupy	56,421	54,145
Repairs & maintenance	40,101	72,261
Electricity and gas	73,454	86,085
Cleaning & cleaning materials	104,688	102,330
Security	88	-
Registrations and subscriptions	19,822	16,527
Other food & beverage expenses	246,609	235,817
	2,177,682	2,253,096
Other income	99,143	110,828
Food & beverage contribution	**462,477**	**470,323**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

8 Equity

	Group 2018 $	Group 2017 $
Student hardship fund reserve	51,459	51,459
Investment fair valuation reserve	89,747	80,357
Share capital	102,188	102,188
Non-controlling interest	248,185	193,550
Accumulated comprehensive income and expense	15,443,986	14,730,364
	15,935,564	**15,157,918**

Fair value of land and buildings is reviewed annually to reflect any valuation changes and any impairment losses. There was no impairment recognised during the 2018 year (2017: $nil).

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.

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

9 Cash and cash equivalents

	Group 2018 $	Group 2017 $
Cash on hand	3,461	2,346
Floats - cafe and bars	11,300	11,300
Bank - cheque account	265,539	459,828
Money market call account	1,046,148	679,030
Bank - Montana ELC	4,287	3,055
Bank - Ilam ELC	3,637	3,666
ANZ premium call account	4,120	4,105
ANZ bank - cheque account	3,554	15,156
ANZ bank - 70 account	127,130	236,391
ANZ imprest account	608	2,203
ANZ Visa	(1,331)	(1,386)
Short-term call deposits	3,762,179	3,500,000
	5,230,633	**4,915,694**
Current assets	5,231,964	4,917,080
Current liabilities	(1,331)	(1,386)
	5,230,633	**4,915,694**

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.

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

10 Trade and other receivables

	Group 2018 $	Group 2017 $
Receivables from exchange transactions		
Accounts receivable	35,821	128,192
Sundry debtors	5,225	4,652
Sundry debtors - other	-	1,035
Interest receivable	26,709	32,595
Receivables from non-exchange transactions		
Book tokens to be redeemed	344	160
Ministry of Education - Wash up funding accrual	67,248	44,507
UC Foundation - Funds held in trust	746,543	540,650
	881,891	**751,791**

11 Inventory

	Group 2018 $	Group 2017 $
Food & beverage inventory	63,352	64,200
Bookshop inventory	672,842	577,956
	736,194	**642,156**
Less: Provision for obsolete stock	49,733	40,463
	686,461	**601,693**

12 Payables under exchange transactions

	Note	Group 2018 $	Group 2017 $
Trade creditors and accruals		197,411	192,040
University of Canterbury - New building accrual	33	9,839,745	3,053,089
University of Canterbury - Demolition costs		932,138	932,138
Other accrued expenses		186,548	145,937
		11,155,841	**4,323,204**

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Notes to the Financial Statements
for the year ended 31 December 2018

13 Deferred revenue from exchange transactions

	Group 2018 $	Group 2017 $
Accrued revenue - DB Brewery advance	117,400	147,000
Revenue in advance	-	12,435
	117,400	**159,435**

14 Non-exchange liabilities

	Group 2018 $	Group 2017 $
Current liabilities		
Income in advance - Ministry of Education	125,704	113,823
University of Canterbury loan - refurbishment of IELC	23,333	11,667
	149,038	**125,489**
Non-current liabilities		
University of Canterbury loan - refurbishment of IELC	326,667	338,333
	326,667	**338,333**
Current liabilities	149,038	125,489
Non-current liabilities	326,667	338,333
	475,704	**463,823**

15 Employee entitlements

	Group 2018 $	Group 2017 $
Wage and salary accrual	126,607	111,358
Accrued holiday pay	208,405	214,336
	335,012	**325,694**

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Notes to the Financial Statements
for the year ended 31 December 2018

16 Property, plant and equipment

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**

Group 2017	Cost or valuation	Revaluation	Impairment	Depn charge	Acc depn	Carrying value
	$	$	$	$	$	$
Furniture	310,284	-	-	13,268	254,116	56,168
Buildings	2,029,570	-	-	109,731	902,525	1,127,045
Motor vehicles	50,363	-	-	7,305	30,409	19,954
Tables and chairs	102,688	-	-	13,918	54,190	48,498
Kitchen appliances and accessories	896,056	-	-	72,323	473,365	422,691
Eftpos and cash equipment	67,510	-	-	8,839	56,809	10,701
Security equipment	60,014	-	-	5,555	30,936	29,078
Other electronics	68,243	-	-	7,204	46,174	22,069
Laptops and computers	84,735	-	-	16,399	62,742	21,993
Sound equipment	186,273	-	-	23,421	138,595	47,678
Other IT equipment	132,955	-	-	2,705	127,017	5,938
Sundry items	322,725	-	-	39,195	174,852	147,873
Ilam Early Learning Centre	998,512	-	-	40,050	92,784	905,728
Montana Early Learning Centre	443,899	-	-	21,452	214,229	229,670
Balance as at 31 December 2017	**5,753,827**	**-**	**-**	**381,365**	**2,658,743**	**3,095,084**

BDO Christchurch

Notes to the Financial Statements

for the year ended 31 December 2018

16 Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment

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**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

16 Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment (continued)

Group 2017	Opening book value	Less depreciation	Plus purchases of Property, plant & equipment	Less disposals	Adjustment for depm recovered on disposal	Loss on sale of disposed assets	Impairment of Property, plant & equipment	Closing book value
	$	$	$	$	$	$	$	$
Furniture	64,942	(13,268)	4,492	-	-	-	-	56,168
Buildings	1,055,212	(109,731)	243,561	(58,503)	-	(3,495)	-	1,127,045
Motor vehicles	27,259	(7,305)	-	-	-	-	-	19,954
Tables and chairs	40,602	(13,918)	21,814	-	-	-	-	48,498
Kitchen appliances and accessories	388,210	(72,323)	166,308	(60,925)	3,414	(1,992)	-	422,691
Eftpos and cash equipment	8,275	(8,839)	11,265	-	-	-	-	10,701
Security equipment	20,084	(5,555)	14,550	-	-	-	-	29,078
Other electronics	11,620	(7,204)	17,653	-	-	-	-	22,069
Laptops and computers	26,089	(16,399)	12,303	-	-	-	-	21,993
Sound equipment	58,693	(23,421)	13,716	(1,650)	339	-	-	47,678
Other IT equipment	5,190	(2,705)	3,453	-	-	-	-	5,938
Sundry items	134,782	(39,195)	52,285	-	-	-	-	147,873
Ilam Early Learning Centre	872,282	(40,050)	73,893	(340)	171	(228)	-	905,728
Montana Early Learning Centre	231,378	(21,452)	19,744	-	-	-	-	229,670
Balance as at 31 December 2017	**2,944,616**	**(381,365)**	**655,037**	**(121,418)**	**3,924**	**(5,716)**	**-**	**3,095,084**

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

16 Property, plant and equipment (continued)

Impairment
During the 2018 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 2017 year and no assets were identified as being impaired at the time of the review

17 Intangibles

	Group 2018 $	Group 2017 $
Intangible assets with finite useful lives		
Opening book value	8,476	15,419
Current years amortisation	(3,477)	(6,943)
Net book value	4,999	8,476
Intangible assets with indefinite useful lives		
Opening book value	-	-
Cost	-	-
Accumulated impairment	-	-
Net book value	-	-
	4,999	**8,476**

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
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.

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

Notes to the Financial Statements
for the year ended 31 December 2018

18 Insurance income

During the 2017 year, insurance income of $2,690,987 was received relating to the plant and equipment in the UCSA building that were damaged in the Canterbury earthquakes of 4 September 2010 and 22 February 2011. No insurance income was received in the 2018 year.

	Group 2018 $	Group 2017 $
Insurance income	-	2,690,987
	-	**2,690,987**

19 Investments

Available-for-sale financial assets

	Group 2018 $	Group 2017 $
Other investments		
Shares in ACUMA	255	255
	255	255
Shares (New Zealand listed companies)		
Fonterra perpetual capital notes 4.83%	159,710	159,710
ANZ Bank New Zealand Limited	-	100,000
AMP NZ Office Trust - units	183,748	168,849
Kiwi Income Property Trust	188,029	193,539
Z Energy	-	150,042
	531,487	772,140
	531,742	**772,395**

During the year no gains or losses on disposal of investments occurred (2017: $Nil)

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

20 Building insurance proceeds

	Group 2018 $	Group 2017 $
Advance	6,254,678	6,254,678
Interest	1,528,614	1,114,855
	7,783,292	**7,369,532**

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.

21 Shareholder current account

	Group 2018 $	Group 2017 $
Philip King Family Trust		
Opening Balance	56,667	80,000
Less		
Proceeds	56,667	23,333
Closing Balance	-	**56,667**
UBS Investments Limited		
Opening Balance	28,333	40,000
Less		
Proceeds	28,333	11,667
Closing Balance	-	**28,333**
	-	**85,000**

The current accounts represent balances due to the shareholders of University Bookshop (Canterbury) Limited. The current accounts are repayable on demand and interest free for loans to the company.

BDO Christchurch

Notes to the Financial Statements
for the year ended 31 December 2018

22 Financial instrument classification

Group 2018

	Note	Available-for-sale	Loans & receivables	Other amortised cost	Total carrying amount
Assets					
Cash and cash equivalents	9	-	5,230,633	-	5,230,633
Insurance proceeds receivable	20	-	7,783,292	-	7,783,292
Trade and other receivables	10	-	881,891	-	881,891
Total current assets		-	13,895,815	-	13,895,815
Debt securities	19	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	12	-	-	11,155,841	11,155,841
Shareholder current accounts	21	-	-	-	-
Total current liabilities		-	-	11,155,841	11,155,841
Total liabilities		-	-	11,155,841	11,155,841

Group 2017

		Available-for-sale	Loans & receivables	Other amortised cost	Total carrying amount
Assets					
Cash and cash equivalents	9	-	4,915,694	-	4,915,694
Insurance proceeds receivable	20	-	7,369,532	-	7,369,532
Trade and other receivables	10	-	751,791	-	751,791
Total current assets		-	13,037,018	-	13,037,018
Debt securities	19	772,395	-	-	772,395
Total non-current assets		772,395	-	-	772,395
Total assets		772,395	13,037,018	-	13,809,413
Liabilities					
Payables under exchange transactions	12	-	-	4,323,204	4,323,204
Shareholder current accounts	21	-	-	85,000	85,000
Total current liabilities		-	-	4,408,204	4,408,204
Total liabilities		-	-	4,408,204	4,408,204

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Notes to the Financial Statements
for the year ended 31 December 2018

23 Taxation expense

	Group 2018 $	Group 2017 $
Tax recognised in Statement of Comprehensive Revenue and Expense		
Current tax expense		
Current period	45,860	10,181
Adjustment for prior periods	(2,283)	4,130
Total current tax expense	**43,577**	**14,311**
Total income tax expense/(credit)	**43,577**	**14,311**
Surplus/(deficit) before taxation	843,864	3,095,430
Tax at 28%	236,282	866,720
Plus/(less) taxation effect of		
Charitable trust net (income)/loss	(192,845)	(852,499)
Non deductible expenses	140	90
Permanent differences	(192,705)	(852,409)
	(192,705)	(852,409)
Tax expense	**43,577**	**14,311**
Recognised deferred tax assets/(liabilities)		
The Group has deferred tax assets attributable to the following:		
Provision for stock obsolescence	13,925	11,330
Payables under exchange transactions	5,354	5,667
Deferred tax asset/(liability)	**19,280**	**16,997**

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.

24 Imputation credit account

At balance date the University Bookshop (Canterbury) Limited had imputation credits of $139,986 (2017: $128,343) available to shareholders. The Association is a shareholder of the University Book Shop (Canterbury) Limited. Imputation credits available to the Association have no financial benefit and have not been recognised in the financial statements.

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Notes to the Financial Statements
for the year ended 31 December 2018

25 Canterbury Earthquake

On the 4th of September 2010, 22nd February 2011, and in the months subsequent there have been significant earthquakes and aftershocks in the Canterbury area.

Building settlement

As a result of these earthquakes and aftershocks, the Association has suffered some damage to its buildings. The buildings are insured under the University of Canterbury's insurance policy. The University's insurance settlement is a global settlement for all buildings on campus. The Students' Association building has been demolished. During 2015 the building was fully settled and the Association's portion of the settlement was $6,254,678. Please also refer to note 20.

Building fit-out/contents/business interruption insurance

The Association also suffered damage to plant, stock, contents and business interruption, all of which are covered under the Association's insurance policy. Insurance proceeds in relation to business interruption have been settled in full in 2013. The overpayment of $102,914 received from insurers has been deducted accordingly from insurance proceeds received in 2013. In 2014, the Association lodged a further insurance claim for material damage and the fit out. In 2015, a partial settlement of $250,000 for this claim was received and the final part settlement of $2,690,987 was received in October 2017, resulting in a total settlement of $2,940,987.

26 Related party transactions

The Association has a 50% (2017: 50%) holding in University Bookshop (Canterbury) Limited (225,000 fully paid shares for consideration of $102,188) which is a company incorporated and operating in New Zealand.

Key management personnel

	Group 2018	Group 2017
Key management personnel compensation comprises:	$	$
Board members		
Remuneration	170,653	136,962
Full-time equivalent members		
Leadership Team		
Other division managers	819,754	871,685
Full-time equivalent members	9	10
Total remuneration	**990,407**	**1,008,647**

27 Contingencies

There are no contingencies as at 31 December 2018 (2017: $nil).

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Notes to the Financial Statements
for the year ended 31 December 2018

28 Capital commitments

As at 31 December 2018, capital commitments of $7,120,586 (2017: $11,161,927), these are broken down as:

	Group	Group
	2018	2017
	$	$
Artificial turf at Montana Early Learning Centre	-	7,204
Fixed frame roof at Ilam Early Learning Centre	2,322	-
Audio equipment	-	153,000
EventPro software	2,791	-
New building	7,115,473	11,001,723
Total capital commitments	**7,120,586**	**11,161,927**

At balance date Ilam Early Learning Centre was engaged in a capital project to improve its playground facilities and had incurred costs of $4,760. 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.

29 Operating commitments

As at 31 December 2018 the Association was committed to contracts with artists and promoters totalling $33,174 for events to be held during Orientation week at year end (2017: $28,494). The Association was also committed to a maintenance contracts for $14,608 for the Undercroft Food Court and Montana Early Learning Centre at 31 December 2018 (2017: $nil).

30 Significant events after reporting date

There were no significant events after balance date.

31 Investment in subsidiaries

Parent

The Association has a 50% (2017: 50%) holding in University Bookshop (Canterbury) Limited (225,000 fully paid shares) which is a company incorporated and operating in New Zealand. The Association holds 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.

At balance date the value of the investment was $102,188 (2017: $102,188).

The University Bookshop (Canterbury) Limited has a 30 September 2018 balance date. In this report the financial results for the University Bookshop (Canterbury) Limited have been consolidated with the Association. The financial results University Bookshop (Canterbury) Limited has not been adjusted to the 31 December 2018 balance date as the results would not be materially different if they were adjusted to reflect this balance date.

32 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.

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Notes to the Financial Statements
for the year ended 31 December 2018

32 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.

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

Licence 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.

33 Capital work in progress

	2018	2017
	$	$
EventPro software	40,491	-
Playground at Ilam Early Learning Centre	4,760	-
Fixed frame roof at Ilam Early Learning Centre	1,548	-
WebHub development	9,325	-
Association new building	10,048,738	3,098,851
	10,104,862	**3,098,851**

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 $9,839,745 (2017: $3,053,089).

In 2018 the Association incurred additional expenditure of $163,231 (2017: $45,762) for signage, audio and lighting equipment as part of the new building fit-out.

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Notes to the Financial Statements
for the year ended 31 December 2018

34 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 2018 year. Please also refer to note 33.

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of University of Canterbury Students' Association Incorporated ("the Association") and its associated entites (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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.

Executives' Responsibilities for the Consolidated Financial Statements

The executive are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the executive determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive are responsible on behalf of the Group for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Group'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 Group and the Group'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
2 May 2019