

Otago University Students' Association Incorporated
Financial Report
for the year ended 31 December 2023

Otago University Students' Association Incorporated

Financial Report - 31 December 2023

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Otago University Students' Association Incorporated Directory

President	Quintin Jane
Vice President	Imogen Macalister
Executive Officers	Emily Fau-Goodwin, Mia Heaphy Butts, Kaia Kahurangi Jamieson, Keegan Wells, Cyrus Yam, Reid Eberwein, Tessa Campbell, Lilly Baird President, vice president and executive officer terms run for the calendar year 1 January 2023 to 31 December 2023.
Ex Officio Executive Officers	Clay McQueen (Tumuaki – Te Ropu Maori) and Elisepa Taukolo (President – University of Otago Pacific Island Students' Association) Ex Officio members are elected in their own elections but are also part of OUSA Executive.
Registered Office	University Union Building 640 Cumberland Street Dunedin
Group Auditors	Audit Professionals Limited PO Box 620 Dunedin
Solicitors	Anderson Lloyd Private Bag 1959 Dunedin
Bankers	ASB Business Banking Dunedin

Statement of Service Performance

The Otago University Students' Association (OUSA) is a Tier 2 registered charity and committed to transparency and accountability. The table below provides a summary of the services provided by OUSA in the past year, including the outputs and outcomes achieved. We are proud of the support and services we have provided to our members and will continue to strive to improve in the future.

Services Provided:

OUSA provides a wide range of services to students at the University of Otago. Some of the main services provided during the year 2023 included:

Representation and Advocacy: OUSA advocates for the rights and interests of students on campus and works closely with the university administration, government officials, and other stakeholders to ensure that student voices are heard and that their needs are met.

Clubs and Societies: OUSA supports a wide range of clubs and societies on campus, providing funding, resources, and support to help students pursue their interests and passions.

Events and Activities: OUSA organizes a wide range of events and activities throughout the year, including orientation week events, concerts, and other social and cultural events.

Support Services: OUSA provides support services to students, including advice and advocacy, mental health and well-being support, and food bank services.

Outputs and Outcomes:

OUSA's main outputs and outcomes for the year 2023 are summarized in the table below:

Service	Outputs 2023	Outputs 2022	Outcomes 2023
Annual Student Survey to plan and develop future strategies.	2,728 respondents.	2,230 respondents.	Improved engagement of stakeholders and better delivery of services to them.
Student Support Services – Hardship Grants.	\$17,259.	\$19,414.	Reduced financial stress for students.
Grants to Affiliated Clubs.	\$46,619.	\$48,448.	Enhanced student engagement and sense of community.
Elected Executive Meetings.	30	24	Discussed matters affecting various student communities, activities and advocacy.

Otago University Students' Association Incorporated
Corporate Governance Statement
For the year ended 31 December 2023

Corporate Governance Statement

The Executive is responsible for preparing the consolidated financial statements and service performance information and ensuring that they comply with generally accepted accounting practice and fairly present the consolidated financial position of the Economic Entity as at 31 December 2023 and the results of its consolidated operations and cash flows for the year ended on that date.

The Executive considers that the consolidated financial statements of the Economic Entity have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgement and estimates and that all relevant financial reporting and accounting standards have been followed. The Executive considers that the service performance measures are a faithful representation of the Economic Entity's service performance.

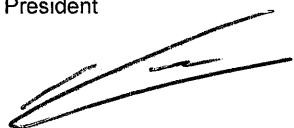
The Executive believes that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the consolidated financial position of the Economic Entity and facilitate compliance of the consolidated financial statements with the Financial Reporting Act 2013.

The Executive considers that it has taken adequate steps to safeguard the assets of the Economic Entity and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the consolidated financial statements.

The Executive is pleased to present the financial report of the Otago University Students' Association Incorporated for the year ended 31 December 2023.

For and on behalf of the Executive.

President



Date: 02.05.24

Finance Officer



Date: 02/05/2024

to the members of Otago University Students' Association Incorporated

Our Opinion

We have audited the statement of service performance and consolidated financial statements contained in the financial report of Otago University Students' Association Incorporated (the 'Association'). The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of comprehensive revenue and expense, the consolidated statement of changes in net assets/equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements that include a summary of significant accounting policies and other explanatory information.

In our opinion:

- (a) the consolidated financial statements of the Association present fairly, in all material respects, the financial position of the Association as at 31 December 2023 and its financial performance and cash flows for the year ended on that date; and
- (b) the statement of service performance of the Association presents fairly, in all material respects, the service performance for the year ended 31 December 2023 in that the service performance information is appropriate and meaningful and prepared in accordance with the Association's measurement bases or evaluation methods

in accordance with the 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)) and the audit of the service performance information in accordance with the New Zealand Auditing Standard (NZ AS 1) *The Audit of Service Performance Information* (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 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 the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, 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 auditors we have no relationship with, or interests in, the Association.

Information Other than the Statement of Service Performance, Consolidated Financial Statements and Auditor's Report

Other information is included in the Financial Report with the statement of service performance, consolidated financial statements and the independent auditor's report. This is the Directory and Corporate Governance Statement. The Executive is responsible for this other information. Our opinion on the consolidated financial statements and statement of service performance does not cover other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements and statement of service performance, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and service performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We are required to report any misstatement of other information. We have nothing to report in this regard.

Executive's Responsibilities for the Consolidated Financial Statements

The Executive is responsible, on behalf of the Association for:

- (a) the preparation and fair presentation of the consolidated financial statements and overall presentation, structure and content of the service performance information in accordance with Public Benefit Entity Standards;
- (b) the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with Public Benefit Entity Standards; and
- (c) such internal control as the Executive determines is necessary to enable the preparation of the consolidated financial statements and service performance report information that are free from material misstatement, whether due to fraud or error.

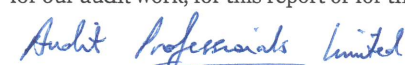
In preparing the consolidated financial statements the Executive is responsible for assessing the Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and statement of service performance as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and service performance information.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board website: https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx

This report is made solely to the Association's members. Our audit work has been undertaken so that we might state to the members those matters which we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, for our audit work, for this report or for the opinions we have formed.


Chartered Accountants
3 May 2024

Dunedin

Otago University Students' Association Incorporated
Consolidated Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2023

	Note	Economic Entity	
		2023 \$	2022 \$
Total Operating Revenue	3	10,071,099	9,646,511
Total Operating Expenses	4	<u>(10,494,576)</u>	<u>(11,860,671)</u>
Operating (Deficit) before Share of Equity Accounted Investments		(423,477)	(2,214,160)
Share of Equity Accounted Investment Surplus (Deficit)	10	<u>122,267</u> <u>(301,210)</u>	<u>4,366</u> <u>(2,209,794)</u>
Other Comprehensive Revenue and Expense		-	-
Total Comprehensive Revenue and Expense		<u>(301,210)</u>	<u>(2,209,794)</u>
Total Comprehensive Revenue and Expense Attributable To:			
Otago University Students' Association Incorporated		<u>(301,210)</u>	<u>(2,209,794)</u>
		<u>(301,210)</u>	<u>(2,209,794)</u>

These statements are to be read in conjunction with the Notes attached and the Independent Auditor's Report

Otago University Students' Association Incorporated
Consolidated Statement of Changes in Net Assets/Equity
For the year ended 31 December 2023

Economic Entity	Other Reserves \$	Defunct Club Reserves \$	Accumulated Comprehensive Revenue and Expense \$	Total Equity \$
Balance as at 1 January 2023	<u>6,029,320</u>	<u>-</u>	<u>4,642,690</u>	<u>10,672,010</u>
Comprehensive Revenue and Expense				
Net (Deficit) for the Year	-	-	(301,210)	(301,210)
Other Comprehensive Revenue and Expense	-	-	-	-
Total Comprehensive Revenue and Expense	<u>-</u>	<u>-</u>	<u>(301,210)</u>	<u>(301,210)</u>
Transactions with Active Clubs	-	-	-	-
Balance as at 31 December 2023	<u>6,029,320</u>	<u>-</u>	<u>4,341,480</u>	<u>10,370,800</u>

Economic Entity	Other Reserve \$	Defunct Club Reserves \$	Accumulated Comprehensive Revenue and Expense \$	Total Equity \$
Balance as at 1 January 2022	<u>6,029,320</u>	<u>9,109</u>	<u>6,852,484</u>	<u>12,890,913</u>
Comprehensive Revenue and Expense				
Net (Deficit) for the Year	-	-	(2,209,794)	(2,209,794)
Other Comprehensive Revenue and Expense	-	-	-	-
Total Comprehensive Revenue and Expense	<u>-</u>	<u>-</u>	<u>(2,209,794)</u>	<u>(2,209,794)</u>
Transactions with Active Clubs	-	(9,109)	-	(9,109)
Total Transactions with Owners	-	(9,109)	-	(9,109)
Balance as at 31 December 2022	<u>6,029,320</u>	<u>-</u>	<u>4,642,690</u>	<u>10,672,010</u>

These statements are to be read in conjunction with the Notes attached and the Independent Auditor's Report

Otago University Students' Association Incorporated
Consolidated Statement of Financial Position
As at 31 December 2023

	Note	Economic Entity Actual 2023 \$	Actual 2022 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents		1,597,483	1,007,757
Trade and Other Receivables (From Exchange Transactions)		518,259	454,764
Prepayments		197,388	116,631
Inventories	5	<u>729,317</u>	<u>627,453</u>
Total Current Assets		<u>3,042,447</u>	<u>2,206,605</u>
Non-Current Assets			
Property, Plant and Equipment	6	8,441,286	8,723,093
Intangible Assets	7	17,955	20,496
Investment in Joint Venture	10	<u>1,139,801</u>	<u>1,178,229</u>
Total Non-Current Assets		<u>9,599,042</u>	<u>9,921,818</u>
Total Assets		<u>12,641,489</u>	<u>12,128,423</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables (From Exchange Transactions)		655,591	421,443
Loans and Overdraft	11	976,369	147,548
GST Payable		153,009	85,045
Employee Entitlements		275,615	270,615
Income in Advance		12,092	34,049
Accruals		<u>198,013</u>	<u>497,711</u>
Total Current Liabilities		<u>2,270,689</u>	<u>1,456,411</u>
Total Liabilities		<u>2,270,689</u>	<u>1,456,411</u>
Net Assets		<u>10,370,800</u>	<u>10,672,012</u>
EQUITY			
Reserves	9	6,029,320	6,029,320
Accumulated Revenue and Expenses		<u>4,341,480</u>	<u>4,642,692</u>
Total Equity		<u>10,370,800</u>	<u>10,672,012</u>

These statements are to be read in conjunction with the Notes attached and the Independent Auditor's Report

Otago University Students' Association Incorporated
Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Economic Entity	
	Actual	Actual
	2023	2022
	\$	\$
Cash Flows from Operating Activities		
Receipts from Activities and Levies	10,019,932	9,615,099
Interest Received	35,320	11,649
Dividends Received	<u>-</u>	<u>2,564</u>
Cash Inflows from Operating Activities	<u>10,055,252</u>	<u>9,629,312</u>
Payments to Suppliers and Employees	(10,103,633)	(9,521,569)
Cash Outflows from Operating Activities	<u>(10,103,633)</u>	<u>(9,521,569)</u>
Net Cash Flow (to)/from Operating Activities	<u>(48,381)</u>	<u>107,743</u>
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(190,715)	(3,991,093)
Net Cash Flow to Investing Activities	<u>(190,715)</u>	<u>(3,991,093)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	828,821	99,561
Cash Inflows from Financing Activities	<u>828,821</u>	<u>99,561</u>
Payment to Active Clubs	<u>-</u>	(9,109)
Cash Outflows to Financing Activities	<u>-</u>	<u>(9,109)</u>
Net Cash Flow from Financing Activities	<u>828,821</u>	<u>90,452</u>
Net Increase/(Decrease) in Cash	589,725	(3,792,898)
Add: Opening Cash Brought Forward	<u>1,007,758</u>	<u>4,800,656</u>
Cash, Cash Equivalents, and Bank Overdrafts at the End of the Year	<u>1,597,483</u>	<u>1,007,758</u>

These statements are to be read in conjunction with the Notes attached and the Independent Auditor's Report

1 Statement of Accounting Policies

1.1 Reporting Entity

Otago University Students' Association Incorporated ('the Association') is a registered charity under the Charities Act and an Incorporated Society. The Association is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013). These financial statements for the year ended 31 December 2023 comprise the Association (the 'Parent') and its controlled entities (together referred to as the 'Economic Entity').

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the opening balances and reporting period to 31 December 2023, unless otherwise stated.

2.1 Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently for the periods presented in these financial statements. Certain comparatives have been restated to align with current period presentation.

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Economic Entity qualifies as a Tier 2 reporting entity as, for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

The consolidated financial statements have been approved by the Executive on 2/5/2024

Measurement Base

The financial statements have been prepared on a historical cost basis.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar (\$). The functional currency is New Zealand dollars.

2.2 Basis of Consolidation

Controlled Entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Otago University Students' Association Incorporated as at 31 December 2023 and the results of all controlled entities for the year then ended. Otago University Students' Association Incorporated and its controlled entities together are referred to in these financial statements as the Economic Entity or the consolidated entity.

Controlled entities are all those entities over which the Economic Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent controls another entity.

Controlled entities which form part of the Economic Entity are consolidated from the date on which control is transferred to the Parent. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Economic Entity. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Economic Entity. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

(continued)

2 Summary of Significant Accounting Policies (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Economic Entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Economic Entity's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the controlled entity of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive revenue and expense.

Joint Ventures

Joint ventures are those entities over whose activities the Economic Entity has joint control, established by a binding agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures that are structured in a separate vehicle are classified jointly-controlled-entities and are accounted for using the equity method.

The financial statements include the Economic Entity's share of the surplus or deficit and other comprehensive revenue and expense of its equity accounted jointly-controlled-entities, after adjustments to align the accounting policies with those of the Economic Entity, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Economic Entity's share of losses exceeds its interest in its jointly-controlled-entities, the carrying amount of the investment, including any long term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Economic Entity has an obligation or has made payments on behalf of the investee.

2.3 Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Economic Entity, and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Economic Entity's revenue streams must also be met before revenue is recognised.

(i) Revenue from Exchange Transactions

Membership Fees and Subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that period covering the membership or subscription occurs. Membership and subscription fees are included in service revenue.

Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and net of returns.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods (beer sales, book sales, etc.), and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(continued)

2 Summary of Significant Accounting Policies (continued)

Rendering of Services

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

(ii) Revenue from Non-Exchange Transactions

Non-exchange transactions are those where the Economic Entity receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

The following specific recognition criteria in relation to the Economic Entity's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants and Donations

The recognition of non-exchange revenue from Grants and Donations depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Economic Entity to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Economic Entity to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Dividend and Interest Revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time-proportionate basis using the effective interest rate method.

The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period, to the net carrying amount of the financial asset.

The effective interest rate is used to calculate the amortised cost of a financial asset and to allocate interest income over the relevant period.

2.4 Foreign Currency Translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive revenue and expense.

2.5 Income Tax

The Economic Entity is exempt from tax under the Income Tax Act 2007. The Economic Entity is a registered charity with the Charities Services and have approved charitable status with the Inland Revenue Department.

2.6 Leases

Operating leases are leases in which a significant portion of the risks and rewards are retained by the lessor. Lease payments are recorded as expenses in the statement of comprehensive revenue and expense.

(continued)

2 Summary of Significant Accounting Policies (continued)

2.7 Cash and Cash Equivalents

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

2.8 Trade and Other Receivables

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. The Economic Entity applies PBE IPSAS 41 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance to be recognised from initial recognition of the trade receivables.

2.9 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on an average basis and includes expenditure incurred in acquiring inventories and bringing them to a location and condition available for sale. No inventories are specifically pledged as security for liabilities. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale, exchange or distribution and after allowances are made for obsolescence.

2.10 Property, Plant and Equipment

Property, plant and equipment is initially measured at cost and subsequently stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items plus the value of other directly attributed costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of comprehensive revenue and expense during the financial period in which they are incurred. Land is not depreciated.

Work in progress is recognised at cost less impairment and is not depreciated. Costs includes all expenses directly related to specific contracts. Building work in progress is not depreciated until commissioned.

(i) Depreciation

Depreciation of property, plant and equipment, other than freehold land and capital work in progress is calculated to write off the cost of the assets over their estimated useful lives at the following rates.

Class of Asset Depreciated	Depreciation Rates
Freehold Buildings	4% Diminishing Value
Freehold Building Alterations	10% - 40% Diminishing Value
Commercial Land and Buildings	2% - 7% Straight Line
Fixtures and Fittings	4% - 50% Diminishing Value
Plant and Equipment	4% - 67% Diminishing Value
Motor Vehicles	25% - 30% Diminishing Value

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(continued)

2 Summary of Significant Accounting Policies (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive revenue and expense.

2.11 Intangible Assets

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is the fair value at the date of acquisition.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Amortisation of intangible assets is provided on a straight-line or diminishing value basis that will write off the cost of the intangible asset to estimated residual value over their useful lives. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.

Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Impairment losses resulting from impairment are reported in the statement of comprehensive income and expense.

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

Intangible assets comprise:

Trademark

Acquired trademarks are capitalised based on the costs incurred to acquire and bring to use the trademark. Costs are amortised using the straight line method over their estimated useful lives (not exceeding 20 years).

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee related costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Economic Entity's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of Intangible Asset	Estimated Useful Life	Amortisation Rates
Computer software	2 - 5 years	20% - 50% Diminishing Value
Trademarks	10 - 20 years	5% - 10% Straight Line

2.12 Impairment of Non-Financial Asset

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2 Summary of Significant Accounting Policies (continued)

2.13 Trade and Other Payables

Accounts payable and other payables represent liabilities for goods and services provided to the Economic Entity prior to the end of financial year which are unpaid at balance date. The amounts are unsecured and are usually paid within 30 days of recognition. Accounts payable are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

2.14 Accruals

Accrued expenses are costs incurred but not yet paid. This includes accounting and audit fees incurred and not yet paid.

2.15 Employee Entitlements

Liabilities for wages and salaries, including non monetary benefits and annual leave that is to be settled within 12 months of the reporting date are recognised as current liabilities. The current liabilities are in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

2.16 Goods and Services Tax (GST)

The Economic Entity is registered for GST. The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payable, which include GST invoiced.

2.17 Statement of Cash Flows

The statement of cash flows is prepared exclusive of Goods and Services Tax (GST), which is consistent with the method used in the statement of financial performance. Cash and cash equivalents comprise cash on hand and demand deposits, and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and includes all call borrowing such as bank overdrafts used by the Economic Entity as part of their day-to-day cash management.

The cash flows are classified into three sources:

Operating Activities:

'Operating activities' represents all transactions and other events that are not investing or financing activities, and includes receipts and repayments of occupancy advances.

Investing Activities:

'Investing activities' are those activities relating to the acquisition and disposal of property, plant & equipment, investments, intangible assets and development.

Financing Activities:

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

2.18 Use of Judgement and Accounting Estimates

The Economic Entity measures Property, Plant and Equipment (2.10) at cost less any depreciation and impairment. In the previous year, impairment indicators were identified due to the redevelopment running over budget upon completion in December 2022. Where an impairment indicator is identified an impairment test is required by comparing fair value to the current carrying value. An independent valuation from Tay & Tay was obtained for the property at 378 Great King Street. The best evidence of fair value was deemed to be the capitalisation of income approach. The calculation uses cash flow projections based on financial budgets approved by management. Income was capitalised at the following rates based on observable market inputs:

Commercial Property - 6.50%
Residential Property - 6.00%

The valuation resulted in an impairment of the property of \$1.74 million which has been recognised in accordance with the accounting policies.

(continued)

2 Summary of Significant Accounting Policies (continued)

For the current year ended 2023, no further indicators of impairment have been identified for Property, Plant, and Equipment assets. Consequently, the previously assess valuation remains unchanged, and the assets continue to be carried at their reassessed value post-impairment with the additional spend of \$0.13 million in the 2023 for the assets impaired.

2.19 Investments

The Economic Entity recognises financial assets on the date that they become party to the contractual agreement.

Subsequent to initial recognition all financial assets are measured at fair value. Gain or losses arising from the change in these fair values are included in the statement of comprehensive revenue and expense.

The fair values of financial assets that are traded in active markets are based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets is the current bid price.

2.20 Financial Instruments

The Economic Entity initially recognises financial instruments when the Economic Entity becomes a party to the contractual provisions of the instrument.

The Economic Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Economic Entity is recognised as a separate asset or liability.

The Economic Entity derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Economic Entity also derecognises financial assets and financial liabilities when there have been significant changes to the terms and / or the amount of contractual payments to be received / paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Economic Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Economic Entity classifies financial assets into the following categories: those measured at amortised cost and those measured at fair value through surplus or deficit.

The Economic Entity classifies financial liabilities into the following category: Amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument and is primarily determined by the purpose for which the financial instruments were acquired.

Financial Assets Measured at Amortised Cost

All financial assets held by the Economic Entity in the years reported have been designated into one classification, "those measured at amortised cost" as they are assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

Those measured at amortised cost comprise cash and cash equivalents and trade and other receivables. They are measured at amortised cost less any impairment losses.

Interest revenue from these financial assets is included in interest revenue using the effective interest rate method. Any gains or losses arising from derecognition is recognised directly in the statement of comprehensive revenue and expense.

Amortised Cost Financial Liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

(continued)

2 Summary of Significant Accounting Policies (continued)

Financial liabilities classified as amortised cost comprise trade and other payables, bank loans and overdraft, and GST payable.

Impairment of Financial Assets

The Economic Entity assesses on a forward looking basis the expected losses associated with its debt instruments carried at amortised cost and fair valued through the statement of comprehensive revenue and expense. For trade receivables, the Economic Entity applies the simplified approach permitted by PBE IPSAS 41, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

2.21 Changes in Accounting Policies

There have been no new accounting policies adopted during the period. All policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Economic Entity, except otherwise stated.

(continued)

3 Revenue from Exchange and Non-Exchange Transactions

	Economic Entity	
	Actual 2023	Actual 2022
	\$	\$
Exchange		
Service Revenue from University of Otago	4,065,770	3,446,084
Service Revenue	2,982,369	1,940,621
Sale of Goods	2,918,343	2,863,564
UBS Token Write Down	30,868	32,170
Interest Revenue	35,320	11,649
Dividends Received	-	2,564
Bad Debts Recovered	50	-
Other Gains/(Losses)	1,436	(1,298)
Total Exchange	<u>10,034,156</u>	<u>8,295,354</u>
Non-Exchange		
COVID-19 Wage Subsidy and Government Funding	4,800	89,845
COVID-19 Event Support Payment	-	740,297
Donations	32,143	521,015
Total Non-Exchange	<u>36,943</u>	<u>1,351,157</u>
Total Exchange and Non-Exchange	<u>10,071,099</u>	<u>9,646,511</u>

4 Operating Expenses

	Economic Entity	
	Actual 2023	Actual 2022
	\$	\$
Operating Expenses Includes:		
Bad Debts	-	8,185
Cost of Goods Sold	1,899,855	1,733,974
Depreciation and Amortisation	345,948	364,024
Director Fees	118,010	29,340
Donations	4,781	291,739
Grants to Clubs	45,656	48,774
Honoraria to Board Members	178,125	186,080
Interest	3,864	1,326
Lease of Photocopier	12,120	10,195
Loss on Disposal of Assets	1,809	125,519
Audit Fees	70,677	69,502
NZ Union of Students' Associations Levy	45,425	719
Professional Fees	81,017	111,659
Salaries and Wages	4,269,658	3,955,627
Student Job Search Levy	15,000	-
Building Lease, Levy, Management and Maintenance	244,120	212,327
Write Down of Commercial and Investment Property	129,115	1,739,408
Write Down of Investment In Joint Venture	160,695	82,076

Otago University Students' Association Incorporated
Notes to the Consolidated Financial Statements
31 December 2023

(continued)

5 Inventories

	Economic Entity	
	Actual 2023 \$	Actual 2022 \$
Inventory		
Inventories on Hand	743,465	659,183
Allowance for Obsolete Stock	<u>(14,148)</u>	<u>(31,730)</u>
Total Inventory	<u>729,317</u>	<u>627,453</u>

(continued)

6 Property, Plant and Equipment

	Opening Cost	Opening Accumulated Depreciation & Impairment	Opening Net Book Value	Additions	Disposals	Current Year Depreciation	Impairment	Closing Cost	Closing Accumulated Depreciation & Impairment	Closing Net Book Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Economic Entity 2023										
Freehold Land	161,984	-	161,984	-	-	-	-	161,984	-	161,984
Commercial Land and Buildings	6,826,188	(1,826,188)	5,000,000	129,115	-	(37,755)	(129,115)	6,955,303	(1,993,058)	4,962,245
Freehold Buildings	7,345,046	(4,201,077)	3,143,969	6,293	(267)	(194,426)	-	7,340,540	(4,384,971)	2,955,569
Plant and Equipment	914,845	(669,456)	245,389	99,987	(65,042)	(73,846)	-	789,255	(582,767)	206,488
Fixtures and Fittings	378,099	(217,791)	160,308	99,311	(74,629)	(37,276)	-	387,825	(240,111)	147,714
Motor Vehicles	62,448	(51,005)	11,443	-	(1,512)	(2,645)	-	45,665	(38,379)	7,286
Total	15,688,610	(6,965,517)	8,723,093	334,706	(141,450)	(345,948)	(129,115)	15,680,572	(7,239,286)	8,441,286
Economic Entity 2022										
Freehold Land	161,984	-	161,984	-	-	-	-	161,984	-	161,984
Commercial Land and Buildings	3,288,078	(62,755)	3,225,323	3,538,110	-	(24,025)	(1,739,408)	6,826,188	(1,826,188)	5,000,000
Freehold Buildings	7,153,679	(4,010,764)	3,142,915	225,248	(9,746)	(214,448)	-	7,345,046	(4,201,077)	3,143,969
Plant and Equipment	1,294,524	(973,877)	320,647	129,097	(106,965)	(97,390)	-	914,845	(669,456)	245,389
Fixtures and Fittings	466,373	(383,013)	83,360	98,638	(6,194)	(15,496)	-	378,099	(217,791)	160,308
Motor Vehicles	114,121	(97,789)	16,332	-	(816)	(4,073)	-	62,448	(51,005)	11,443
Total	12,478,759	(5,528,198)	6,950,561	3,991,093	(123,721)	(355,432)	(1,739,408)	15,688,610	(6,965,517)	8,723,093

(continued)

7 Intangible Assets

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

Economic Entity

2023	Computer software	Trademark	License to Operate	Total
Cost or valuation				
Balance as at 1 January 2023	81,037	15,769	25,000	121,806
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 December 2023	81,037	15,769	25,000	121,806
	Computer software	Trademark	License to Operate	Total
Accumulated amortisation and impairment				
Balance as at 1 January 2023	(74,685)	(1,625)	(25,000)	(101,310)
Amortisation charge	(2,541)	-	-	(2,541)
Balance as at 31 December 2023	(77,226)	(1,625)	(25,000)	(103,851)
Net Book Value				
As at 31 December 2022	6,352	14,144	-	20,496
As at 31 December 2023	3,811	14,144	-	17,955

8 Investment in Controlled Entities

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

University Book Shop (Otago) Limited ("UBS") - 100% owned (2022: 100%) - operates the University Bookshop. The balance date is 30 September. Their financial statements are audited.

OUSA Commercial Limited and OUSA Holdings Limited are both 100% owned. These entities were first incorporated in the 2022 year and have had no change in ownership.

During the reporting period, OUSA underwent a significant restructuring. This restructuring involved the strategic reallocation of its business assets, including trademarks, commercial real estate, inventory, plant and equipment, intellectual property, loans, and shares into companies incorporated in 2022. Specifically, the restructuring saw the transfer of trademarks, commercial real estate, plant, and equipment to OUSA Commercial Limited, and the existing shares and loans in UBS were transferred to OUSA Holdings Limited. The restructure was facilitated through the issuance of share capital and intercompany loans, where OUSA Holdings Limited and OUSA Commercial Limited issued 100 shares each for considerations of \$4,840,080 and \$4,539,336, respectively, to their parent entity, OUSA.

(continued)

9 Reserves

	Economic Entity	
	Actual	Actual
	2023	2022
	\$	\$
Total Reserves	6,029,320	6,029,320

Purpose of Each Reserve Fund

During 2012, Otago University Students' Association transferred \$6,029,320 from retained earnings to reserves to earmark a Component of Equity for future purposes. \$2,000,000 is for a Service Level Agreement Contingency to cover risk of not concluding a Service Level Agreement, \$1,529,320 for a Renovations Reserve to fund a large portion of the renovations plan along with funding from other sources, \$1,500,000 for a Future Students Investment Fund for long term investment in future generations and \$1,000,000 for likely capital commitments in subsidiaries in future.

10 Investments in Joint Venture

	Actual	Actual
	2023	2022
	\$	\$
Economic Entity		
Shares at Cost	1,737,360	1,737,360
Plus: Opening Share of Surpluses	1,255,154	1,250,788
Less: Accumulated Impairment	(1,814,285)	(1,732,209)
	1,178,229	1,255,939
Plus: Share of Surplus in the Current Year:		
- University Union Limited	122,267	4,366
Less: Write Down of Investments in Joint Venture		
- University Union Limited	(160,695)	(82,076)
	1,139,801	1,178,229
The Interest in Joint Venture Comprises:		
- University Union Limited (Non Current)	1,139,801	1,178,229

At 31 December 2023 the Parent's Investment in Joint Venture comprises shares in University Union Limited - 50% shares (2022: 50%) owns and maintains the University Union building. The balance date is 31 December. It is audited by Crowe. This entity is incorporated in New Zealand.

(continued)

11 Loans and Overdraft

	Economic Entity	
	Actual 2023 \$	Actual 2022 \$
ASB Bank - Credit Facility	791,271	-
Westpac Current Account	73,933	54,734
Westpac Mastercard	4,151	5,709
Current Portion of Small Business Cashflow Loan	15,180	14,724
Non Current Portion of Small Business Cashflow Loan	20,898	36,371
Monument Premium Funding Limited Loan	70,936	36,010
	<u>976,369</u>	<u>147,548</u>

University Book Shop (Otago) Limited has a Westpac Mastercard limit of \$15,000 and the Westpac Current Account has an overdraft limit of \$100,000 which is secured over the company stock and plant (2022: Westpac Mastercard limit of \$15,000 and Westpac Current Account overdraft limit of \$100,000). The Small Business Cashflow (Loan) Scheme (SBCS) has been introduced to support businesses and organisations struggling because of loss of actual or predicted revenue as a result of COVID-19. The annual interest rate is 3% beginning from the date of the loan being provided. As the loan was not fully paid back within two years, interest was charged from 27 June 2022.

Otago University Student's Association has a Monument Premium Funding Limited loan. The Monument Premium Funding Limited loan is for a 10 month period at an annual rate of interest of 14.13%. Otago University Student's Association ASB loan facility was transferred to OUSA Commercial Limited.

OUSA Commercial Limited has a bank loan and a loan facility agreement with ASB. The ASB facility agreement is for a maximum of \$2,000,000 and at a floating interest rate, the facility is subject to an annual review. The ASB bank loan facility is secured by a registered first mortgage over the property of 378 Great King Street, Dunedin. The interest rate for the year was 8.21%.

12 Commitments

Capital Commitments

University Union Limited had no capital commitments as at 31 December 2023 as all costs have been charged and accrued by the Company (2022: Nil)

The Otago University Students' Association Incorporated had no capital commitments as at 31 December 2023 (2022: capital commitments were estimated to be \$94,392 for the renovation of the 378 Great King Street).

The University Bookshop (Otago) Limited (UBS) has no capital commitments at the end of its reporting date (2022: Nil).

Operating leases as lessee

The University Union Limited has entered into a non-cancellable operating lease with the University of Otago for a period of 50 years less one day commencing 1 July 2002 and expiring 30 June 2052 for the lease of the land. The annual rental is \$124,622 plus GST. Rentals are reviewed every three years and the next review is due 1 July 2026.

There is a lease commitment in the Entities books for the lease of a photocopier and property (2022: photocopier and property).

	Economic Entity	
	Actual 2023 \$	Actual 2022 \$
Not later than one year	39,496	60,761
Later than one year and not later than five years	30,690	48,582
Later than five years	-	-
Total non-cancellable operating leases	<u>70,186</u>	<u>109,343</u>

(continued)

12 Commitments (continued)

Operating leases as lessor

Investment property is leased under operating leases. The lease is for 378 Great King Street, Dunedin, and consists of 6 residential apartments on separate 12 month fixed term leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Economic Entity	
	Actual 2023 \$	Actual 2022 \$
Not later than one year	210,000	204,100
Later than one year and not later than five years	-	-
Later than five years	-	-
Total non-cancellable operating leases	210,000	204,100

13 Contingencies

There are no contingent liabilities or contingent assets at 31 December 2023 for the Economic Entity (2022: Nil).

14 Related party transactions

The joint venture entity identified in note 10 is a related party of the Economic Entity.

Transactions with joint venture entity and other related parties:

OUSA provided building levies to University Union Limited for \$106,772 (2022: \$79,286). There was no outstanding balances at year end (2022: Nil).

Honoraria paid to Executive Officers of the Association and directors fees to directors of the subsidiary companies are disclosed in note 4.

Paul Allison, a Director, is a Council Member of Otago Polytechnic, which purchases goods of \$12,796 (2022: \$8,607) from the Group.

Key management personnel compensation

The Economic Entity has a related party relationship with their key management personnel. Key management personnel include the directors and senior management.

	Economic Entity	
	Actual 2023	Actual 2022
Council members		
Number of persons recognised as key management personnel	35	33
Full-time equivalent members	17	18
Remuneration	\$ 1,588,457	\$ 1,541,135

15 Events occurring after the balance date

There were no subsequent events occurring after balance date which require adjustment to the financial statements.