

**AUCKLAND UNIVERSITY STUDENTS'  
ASSOCIATION INCORPORATED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

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FOR THE YEAR ENDED 31 DECEMBER 2008

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DIRECTORY

FOR THE YEAR ENDED 31 DECEMBER 2008

President: David Do

Vice- President: Desley Hoston

Treasurer: Akif Malik

Registered Office: 4 Alfred Street  
Auckland

Auditors: Staples Rodway  
P O Box 3899  
Auckland

Bankers: Bank of New Zealand  
University Branch  
Auckland

Solicitors: Jackson Russell  
P O Box 3451  
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**SPECIAL PURPOSE AUDIT REPORT TO THE MEMBERS OF**  
**AUCKLAND UNIVERSITY STUDENTS' ASSOCIATION INCORPORATED**

**Under the terms of our engagement as auditors we were requested to restrict the scope of our examination to the non-consolidated financial statements of the Association as at 31 December 2008.**

We have audited the financial report on pages 5 to 12. The financial report provides information about the past financial performance of the Association and its financial position as at 31 December 2008. This information is stated on a non-consolidated basis in accordance with the accounting policies set out on pages 8 to 10.

**Executive Council Responsibilities**

The Executive Council is responsible for the preparation of a non-consolidated financial report which gives a true and fair view of the non-consolidated financial position of the Association as at 31 December 2008 and of the results of its non consolidated operations for the year ended on that date.

**Auditors' Responsibilities**

It is our responsibility to express an independent opinion on the non-consolidated financial report presented by the Executive Council and report our opinion to you.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the non-consolidated financial report. It also includes assessing:

- the significant estimates and judgments made by the Executive Council in the preparation of the non-consolidated financial report, and
- whether the accounting policies are appropriate to the Association circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the non-consolidated financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the non-consolidated financial report.

Our firm does not carry out other assignments for the Association. Our firm has no other interests in the Association.

### **Fundamental Uncertainty**

In forming our unqualified opinion, we have considered the adequacy of the disclosures made in the financial report regarding the going concern concept. The financial report has been prepared on a going concern basis, the validity of which depends upon future financial support from the related parties AUSA Media Trust, AUSA Services Trust, AUSA Property Trust and UBS Trust. If the association was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the association may have to provide for further liabilities that might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities..

### **Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- the non-consolidated financial report on pages 5 to 12:
  - complies with generally accepted accounting practice in New Zealand on a non-consolidated basis;
  - gives a true and fair view of the non-consolidated financial position of the Association as at 31 December 2008 and the results of its non-consolidated operations for the year ended on that date.

Our audit was completed on 18 November 2009 and our unqualified opinion is expressed as at that date.



**CHARTERED ACCOUNTANTS  
AUCKLAND**

NON-CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCEFOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
<u>TOTAL INCOME</u>	(3)	\$ <u>2,040,172</u>	\$ <u>2,629,451</u>
<u>NET SURPLUS/(DEFICIT)</u>		(858,179)	252,763
<i>After Charging:</i>			
Fees Paid to Auditors for:			
Audit Fee - Current Year		15,000	17,800
Audit Fee - Prior Year Over Accrual		-	(1,100)
Audit Fee - Prior Year Under Accrual		1,100	-
Bad Debts		23,258	11,413
Depreciation Expense	(7)	75,850	79,462
Change in Provision for Doubtful Debts	(3)	636,034	-
Interest Expense		35,222	12,484
Lease Expense		25,288	22,139
<i>and After Crediting:</i>			
Distributions from AUSA Services Trust	(3)	90,000	180,000
Distributions from AUSA Property Trust	(3)	240,000	840,000
Distributions from UBS Trust	(3)	187,161	80,000
Interest Received		36,196	2,579
		<hr/>	<hr/>
<u>NET SURPLUS/(DEFICIT) FOR THE YEAR</u>		\$ <u>(858,179)</u>	\$ <u>252,763</u>

The attached notes form part of and are to be read in conjunction with these financial statements.

NON-CONSOLIDATED STATEMENT OF MOVEMENTS IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
<u>FUNDS AT BEGINNING OF YEAR</u>		(406,103)	(658,866)
<i>Less Net Surplus/(Deficit) for the Year</i>		(858,179)	252,763
<u>FUNDS AT END OF YEAR</u>		<u>\$ (1,264,282)</u>	<u>\$ (406,103)</u>

The attached notes form part of and are to be read in conjunction with these financial statements.

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
<b><u>MEMBERS FUNDS</u></b>			
Total Funds		\$ <u>(1,264,282)</u>	\$ <u>(406,103)</u>
Represented by:			
<b><u>CURRENT ASSETS</u></b>			
Cash on Hand and at Bank		-	45,191
Accounts Receivable		136,948	141,018
Related Party Receivable	(3)	12,216	39,730
Ski Club Loan - Current Portion	(6)	17,750	19,750
		<hr/>	<hr/>
		166,914	245,689
<b><u>Less CURRENT LIABILITIES</u></b>			
Bank Overdraft		169,799	-
Accounts Payable		244,572	175,964
Related Party Payables	(3)	27,835	-
Sundry Creditors and Accruals		874,253	828,886
Student Activities Payable		347,241	303,034
Loan Finance - Current Portion	(4)	20,720	27,827
		<hr/>	<hr/>
		1,684,420	1,335,711
		<hr/>	<hr/>
<b><u>WORKING DEFICIT</u></b>		(1,517,506)	(1,090,022)
<b><u>Add NON-CURRENT ASSETS</u></b>			
Fixed Assets	(7)	267,303	318,766
Related Party Receivables	(3)	636,034	400,000
Provision for Related Party Receivable	(3)	(636,034)	-
<b><u>Less NON-CURRENT LIABILITIES</u></b>			
Loan Finance - Non-Current Portion	(4)	14,079	34,847
		<hr/>	<hr/>
<b><u>NET LIABILITIES</u></b>		\$ <u>(1,264,282)</u>	\$ <u>(406,103)</u>

For and on behalf of the Executive Council of the Auckland University Students' Association Incorporated,  
dated 18 November 2009.

*Elliott Beale*  
President

*[Signature]*  
Treasurer



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Auckland University Students' Association Incorporated is an incorporated society registered under the Incorporated Societies Act 1908.

Measurement Base

The financial statements of Auckland University Students' Association Incorporated have been prepared in accordance with the Generally Accepted Accounting Practice.

The accounting principles for the measurement and reporting of results and financial position on a historical cost basis have been followed in the preparation of these financial statements.

Reliance is placed on the fact that the Association is a going concern, the validity of this concept is dependent on continued distributions from the AUSA Media Trust, AUSA Services Trust, AUSA Property Trust and UBS Trust.

Non-Consolidated Financial Statements

These financial statements have been prepared on a non-consolidated basis.

Particular Accounting Policies

**Differential Reporting**

The Association is a qualifying entity for differential reporting by virtue of the fact that it is not publicly accountable and the Association is small as defined by the differential reporting framework. The Association has taken advantage of all differential reporting exemptions available to it.

Specific Accounting Policies

a) Accounts Receivable

Accounts receivable are stated at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

Specific Accounting Policies (Continued)

b) Leases

Lease payments under operating leases where the lessor effectively retains substantially all the rewards and benefits of ownership of the leased item are charged as expenses in the periods in which they are incurred.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the company are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments under operating leases are charged as expenses in the periods in which they are incurred.

c) Taxation

The Inland Revenue Department has granted the Association exemption from taxation on the condition that certain provisions of the Income Tax Act 1994 are met each year. These provisions require that the Association remains a Charitable Association and that no individual profits from the activities of the Association.

Should the current charitable nature of the operation change, taxation may be payable on profits from trading operations with non-members.

d) Fixed Assets and Depreciation

Fixed assets are recorded at cost less accumulated depreciation.

Depreciation is provided on a straight line basis for all fixed assets that will write off the cost less residual value over their expected useful lives. The current rates of depreciation are:

Plant and Equipment	2.5 - 48.00% SL
Motor Vehicle	20.00% SL

e) Goods and Services Tax

These financial statements have been prepared exclusive of Goods and Services Tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

Specific Accounting Policies (Continued)

f) Changes in Accounting Policies

There have been no changes in accounting policies during the year. All policies have been applied on bases consistent with those used in previous years. Certain prior period information has been reclassified to provide more meaningful comparison.

2. NATURE OF BUSINESS

The Association is engaged in the business of supplying student services.

3. RELATED PARTIES

Balances (payable) / receivable at year end:

	<u>2008</u>	<u>2007</u>
Bacchid Benevolency Limited - Trade Creditor	(27,835)	(1,076)
Bacchid Benevolency Limited - Trade Debtor	12,216	1,562
Campus Radio bFM Limited - Trade Debtor	-	12,369
Campus Radio bFM Limited - Trade Creditor	-	(23,125)
Advance to bFM Limited	-	50,000
Advance to Bacchid Benevolency Limited	636,034	400,000
Provision for Related Party Receivable	(636,034)	-
	<u>                    </u>	<u>                    </u>
	<u>\$ (15,619)</u>	<u>\$ 439,730</u>

During the year normal arms length transactions have been conducted with the following related parties:

Bacchid Benevolency Limited

The Association is related to Bacchid Benevolency Limited and Campus Radio bFM Limited by being the ultimate beneficiary of the Trusts that control these Companies. The Association is related to the AUSA Property Trust, AUSA Services Trust, AUSA Media Trust and AUSA UBS Trust by being the beneficiary of the trusts.

Distributions were received from the AUSA Property Trust, AUSA Services Trust and AUSA UBS Trust.

During the 2007 year the Association provided a loan of \$400,000 to Bacchid Benevolency Limited. A further \$200,000 was advanced in 2008. At 31 December 2008 this loan has been assessed as doubtful and has been provided for.

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)4. HIRE PURCHASE

	<u>2008</u>	<u>2007</u>
Hire Purchase	38,215	68,349
Less Unexpired Interest	(3,416)	(5,675)
	<u>\$ 34,799</u>	<u>\$ 62,674</u>
Balance made up of:		
Hire Purchase (Current Portion)	20,720	27,827
Hire Purchase (Non-Current Portion)	14,079	34,847
	<u>\$ 34,799</u>	<u>\$ 62,674</u>

The book value of assets subject to hire purchase agreements is \$46,052 (2007: \$59,210).

5. BANK OF NEW ZEALAND OVERDRAFT

The AUSA Property Trust has provided a guarantee for \$525,000 to the Bank of New Zealand in respect of the Associations' borrowings.

6. TERM RECEIVABLE - SKI CLUB

On 5 June 1998 the Association lent \$85,000 to the University of Auckland Ski Club Incorporated, secured by way of a fixed and floating charge over all the assets of the Ski Club. The loan is non-interest bearing. During the 2003 year the loan repayment terms were renegotiated.

	<u>2008</u>	<u>2007</u>
Current Portion of Term Receivable	<u>\$ 17,750</u>	<u>\$ 19,750</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

7. FIXED ASSETS

<u>2008</u>	<u>COST</u>	<u>ACCUM DEPN</u>	<u>BOOK VALUE</u>	<u>DEPN EXP</u>
Motor Vehicles	13,982	4,194	9,788	2,796
Plant and Equipment	1,207,713	950,198	257,515	73,054
	<u>1,221,695</u>	<u>954,392</u>	<u>267,303</u>	<u>75,850</u>
	\$	\$	\$	\$
	<u>1,221,695</u>	<u>954,392</u>	<u>267,303</u>	<u>75,850</u>

  

<u>2007</u>	<u>COST</u>	<u>ACCUM DEPN</u>	<u>BOOK VALUE</u>	<u>DEPN EXP</u>
Motor Vehicles	13,982	1,398	12,584	2,958
Plant and Equipment	1,246,932	940,750	306,182	76,504
	<u>1,260,914</u>	<u>942,148</u>	<u>318,766</u>	<u>79,462</u>
	\$	\$	\$	\$
	<u>1,260,914</u>	<u>942,148</u>	<u>318,766</u>	<u>79,462</u>

8. SUBSEQUENT EVENTS

Subsequent to balance date the Association has been negotiating with the University of Auckland regarding the Occupancy and Services Agreements that are in place between them. Negotiations are continuing in relation to this with resolution on the Services Agreement expected during 2010 and resolution on the Occupancy Agreement expected during 2011.

The items that are being negotiated include the receipt of rent allocations due to the Association; the payment of utilities to the University and the repayment of Building Fund monies to the Association.

A number of uncertainties are yet to be resolved before a final consensus will be reached, as such any contingent assets associated with this have not been included in the 2008 accounts. The costs associated with utilities payable to the University have been accrued.

9. COMMITMENTS

The Association has commitments under operating leases as follows:

	<u>2008</u>	<u>2007</u>
Current	25,727	20,000
Non-Current	36,447	-
	<u>62,174</u>	<u>20,000</u>
	\$	\$
	<u>62,174</u>	<u>20,000</u>

10. CONTINGENT LIABILITY

There were no material contingent liabilities at balance date.