

INDEX TO THE ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

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DIRECTORY

FOR THE YEAR ENDED 31 DECEMBER 2009

President: Darcy Peacock

Vice- President: Joe McCrory

Treasurer: Fiona Feng

Registered Office: 4 Alfred Street  
Auckland

Auditors: Staples Rodway  
P O Box 3899  
Auckland

Bankers: Bank of New Zealand  
University Branch  
Auckland

National Bank of New Zealand  
University Branch  
Auckland

Solicitors: Jackson Russell  
P O Box 3451  
Auckland

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE TRUSTEES OF AUCKLAND UNIVERSITY STUDENTS' ASSOCIATION**  
**INCORPORATED**

***Report on the Financial Statements***

We have audited the financial statements of Auckland University Students' Associate Incorporated ('the Association') on pages 5 to 14, which comprise the Non-Consolidated Statement of Financial Position of the Association as at 31 December 2009, the Non-Consolidated Statement of Performance and Non-Consolidated Statement of Movements in Accumulated Funds of the Association for the year then ended, and a summary of significant accounting policies and other explanatory information on a non-consolidated basis.

***Executive Council's Responsibility for the Financial Statements***

The Executive Council is responsible for the preparation of non-consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal controls as the trustees determine are necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation of non-consolidated financial statements that give a true and fair view of the matters to which they relate 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm carries out no other assignments for the Association. The firm has no other interests in the Association.

**Opinion**

In our opinion, the financial statements on pages 5 to 14:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the non-consolidated financial position of the Association as at 31 December 2009 and of its non-consolidated financial performance for the year then ended.

**Emphasis of Matter**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements 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.

**Restriction of Scope – Non-Consolidated Financial Statements**

In accordance with the terms of our engagement, we have restricted the scope of our audit to the non-consolidated financial statements of the Association. Generally accepted accounting practice in New Zealand requires the Association to present consolidated financial statements of the Group. Consolidated financial statements have not been disclosed in the financial report.

*Staples Rodway*

**STAPLES RODWAY AUCKLAND  
CHARTERED ACCOUNTANTS  
AUCKLAND**

**25 March 2013**

NON-CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCEFOR THE YEAR ENDED 31 DECEMBER 2009

	<u>Note</u>	<u>2009</u>	<u>2008</u> (Restated) (Refer Note 11)
<u>TOTAL INCOME</u>		<u>\$ 3,142,215</u>	<u>\$ 3,040,172</u>
<u>NET SURPLUS</u>		1,168,525	141,821
<i>After Charging:</i>			
Fees Paid to Auditors for:			
Audit Fee - Current Year		13,500	15,000
Audit Fee - Prior Year Over Accrual		(1,128)	-
Audit Fee - Prior Year Under Accrual		-	1,100
Bad Debts		20,282	23,258
Depreciation Expense	(7)	63,957	75,850
Change in Provision for Doubtful Debts	(3)	-	636,034
Interest Expense		49,142	35,222
Lease Expense		19,787	25,288
<i>and After Crediting:</i>			
Distributions from AUSA Services Trust	(3)	-	90,000
Distributions from AUSA Property Trust	(3)	240,000	240,000
Distributions from UBS Trust	(3)	215,000	187,161
Bad Debts Recovered	(3)	274,317	-
Reversal of Student Grants Accrual	(8)	771,500	-
Interest Received		37,845	36,196
<u>NET SURPLUS FOR THE YEAR</u>		<u>\$ 1,168,525</u>	<u>\$ 141,821</u>

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

NON-CONSOLIDATED STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>Note</u>	<u>2009</u>	<u>2008</u> (Restated) (Refer Note 11)
<u>MEMBERS FUNDS AT BEGINNING OF YEAR</u>		(264,282)	(406,103)
<i>Add</i> Net Surplus for the Year		<u>1,168,525</u>	<u>141,821</u>
<u>MEMBERS FUNDS AT END OF YEAR</u>		<u>\$ 904,243</u>	<u>\$ (264,282)</u>

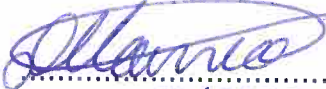
The attached notes form part of and are to be read in conjunction with these financial statements.

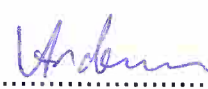
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	<u>Note</u>	<u>2009</u>	<u>2008</u> (Restated) (Refer Note 11)
<b><u>MEMBERS FUNDS</u></b>			
Total Members Funds		\$ <u>904,243</u>	\$ <u>(264,282)</u>
Represented by:			
<b><u>CURRENT ASSETS</u></b>			
Accounts Receivable		85,853	136,948
Related Party Receivables - Auckland University	(3)	700,000	-
Related Party Receivable - Bacchid	(3)	19,973	12,216
Other Current Assets and Prepayments		8,979	-
Ski Club Loan	(6)	15,500	17,750
		<hr/>	<hr/>
		830,305	166,914
<b><u>Less CURRENT LIABILITIES</u></b>			
Bank Overdraft	(5)	306,543	169,799
Accounts Payable		301,140	244,572
Related Party Payables - Bacchid	(3)	34,260	27,835
Sundry Creditors and Accruals	(8)	109,219	874,253
Student Activities Payable		129,858	347,241
Hire purchase - Current Portion	(4)	13,535	20,720
		<hr/>	<hr/>
		894,555	1,684,420
<b><u>WORKING DEFICIT</u></b>			
		(64,250)	(1,517,506)
<b><u>Add NON-CURRENT ASSETS</u></b>			
Fixed Assets	(7)	212,493	267,303
Related Party Receivables - Auckland University	(3)	500,000	1,000,000
Related Party Receivables - Bacchid Benevolency	(3)	617,717	636,034
Provision for Related Party Receivable	(3)	(361,717)	(636,034)
		<hr/>	<hr/>
		968,493	1,267,303
<b><u>Less NON-CURRENT LIABILITIES</u></b>			
Hire purchase - Non-Current Portion	(4)	-	14,079
		<hr/>	<hr/>
<b><u>NET LIABILITIES</u></b>		\$ <u>904,243</u>	\$ <u>(264,282)</u>

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

  
 .....  
 President 25/03/13.

 25/3/13  
 .....  
 Treasurer

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

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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 the 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 is not large as defined by the New Zealand Institute of Chartered Accountants 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.

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.



NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)1. STATEMENT OF ACCOUNTING POLICIES (Continued)Specific Accounting Policies (Continued)c) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Revenue earned from advertising in magazines, student diary and planners is recognized when the editions are issued to the students. Rental income, sponsorship amounts and grants are recognized when the right to receive the revenue has been established.

d) 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.

e) 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

f) Goods and Services Tax (GST)

These financial statements have been prepared exclusive of GST, with the exception of receivables and payables, which include GST.

g) 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.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)3. RELATED PARTIES

Balances (payable) / receivable at year end:

	<u>2009</u>	<u>2008</u> (Restated) (Refer Note 11)
Bacchid Benevolency Limited - Trade Creditor	(34,260)	(27,835)
Bacchid Benevolency Limited - Trade Debtor	19,973	12,216
Advance to Bacchid Benevolency Limited	617,717	636,034
Provision for Related Party Receivable	(361,717)	(636,034)
Current Portion - Auckland University	700,000	-
Non-Current Portion - Auckland University	500,000	1,000,000
	<u>\$ 1,441,713</u>	<u>\$ 984,381</u>

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

Bacchid Benevolency Limited  
University of Auckland

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 these trusts.

In the year to 31 December 2009 distributions were received from the AUSA Property Trust and AUSA UBS Trust (2008: 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 was been assessed as doubtful and was provided for in full. In the year to 31 December 2009, \$274,317 of this provision has been reversed to the profit or loss as a result of repayments made.

Subsequent to balance date the Association has entered into an agreement with Bacchid Benevolency Limited to subscribe for shares in the entity in lieu of repayment of the outstanding loan. Further detail with respect to this is provided in Note 8.

The association is related to the University of Auckland by virtue of common trustees. The balance receivable from the University is unsecured, non interest bearing and repayable as follows: \$700,000 within the next 12 months and \$100,000 per annum for the next 5 years.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)4. HIRE PURCHASE

	<u>2009</u>	<u>2008</u>
Hire Purchase	14,079	38,215
Less Unexpired Interest	(544)	(3,416)
	<u>\$ 13,535</u>	<u>\$ 34,799</u>
Balance made up of:		
Hire Purchase (Current Portion)	13,535	20,720
Hire Purchase (Non-Current Portion)	-	14,079
	<u>\$ 13,535</u>	<u>\$ 34,799</u>

The book value of assets subject to hire purchase agreements is \$32,894 (2008: \$46,052).

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. SKI CLUB RECEIVABLE

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 and repayable on demand.

7. FIXED ASSETS

<u>2009</u>	<u>COST</u>	<u>ACCUM DEPN</u>	<u>BOOK VALUE</u>	<u>DEPN EXP</u>
Motor Vehicles	13,982	6,990	6,992	2,796
Plant and Equipment	1,216,859	1,011,358	205,501	61,161
	<u>\$ 1,230,841</u>	<u>\$ 1,018,348</u>	<u>\$ 212,493</u>	<u>\$ 63,957</u>
<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>

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

8. SUBSEQUENT EVENTS

Subsequent to balance date the Association has reached a resolution with the University of Auckland regarding the Occupancy and Services Agreements that are in place between them. The items agreed on relate to the receipt of rent allocations due to the Association and the payment of utilities to the University.

Prior to this resolution, the Association had accrued for all utilities payable to the University. As it was determined that this was no longer payable, these accounts have been adjusted to reflect that fact. There has been an adjustment to profit amounting to an increase of \$771,500 and a corresponding reduction in liabilities.

Subsequent to balance date the Association has also entered into an agreement with Bacchid Benevolency Limited to subscribe for shares in the entity in lieu of repayment of the outstanding loan. As the fair value of these shares is considered to be nil there will be no additional reversal of the previously recognised doubtful debt provision.

There are no other events subsequent to balance date.

9. COMMITMENTS

The Association has commitments under operating leases as follows:

	<u>2009</u>	<u>2008</u>
Current	159,591	25,727
Non-Current	144,583	36,447
	<u>                    </u>	<u>                    </u>
	<u>\$ 304,174</u>	<u>\$ 62,174</u>

10. CONTINGENT LIABILITY

There were no material contingent liabilities at balance date.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)11. IMPACT OF PRIOR PERIOD ERROR

In the prior periods, occupancy income due from the University of Auckland of \$200,000 per annum for the periods 2004 to 2008 has not been included in total income. This income was not recorded by the Association as management felt there was too much uncertainty with regards to collectability, despite there being a contractual arrangement. The contract outlining the occupancy income has been reviewed during the current year and it has been determined that the income due in the periods 2004 to 2008 should have been recorded, hence the need for the restatement of the prior year.

This resulted in an understatement of income. In addition, this has resulted in an understatement of related party receivables.

Impact of the error on the Statement of Financial Performance

	<u>Reported</u> <u>2008</u>	<u>Effect of</u> <u>Correction of</u> <u>Error</u>	<u>Restated</u> <u>2008</u>
Total Income	2,040,172	1,000,000	3,040,172
Direct Expenses	149,566	-	149,566
Net Surplus Before Expenses	<u>1,890,606</u>	<u>1,000,000</u>	<u>2,890,606</u>
Other Expenses	2,748,785	-	2,748,785
<u>Net Surplus/(Deficit) for the Year</u>	<u>(858,179)</u>	<u>1,000,000</u>	<u>141,821</u>

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)11. IMPACT OF PRIOR PERIOD ERROR (Continued)

Impact of the error on the Statement of Financial Position	<u>Reported</u> <u>2008</u>	<u>Effect of</u> <u>Correction of</u> <u>Error</u>	<u>Restated</u> <u>2008</u>
Members Funds/(Deficit) at Beginning of Year	(406,103)	-	(406,103)
Add/(Less) Net Surplus/(Deficit) for Year	(858,179)	-	141,821
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Members Funds at End of Year	<u>(1,264,282)</u>	<u>                    </u>	<u>(264,282)</u>
 <u>CURRENT ASSETS</u>			
Accounts Receivable	136,948	-	136,948
Related Party Receivable - Bacchid	12,216	-	12,216
Ski Club Loan	17,750	-	17,750
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	166,914	-	166,914
 <i>Less</i> <u>CURRENT LIABILITIES</u>			
Bank Overdraft	169,799	-	169,799
Accounts Payable	244,572	-	244,572
Related Party Payable - Bacchid	27,835	-	27,835
Sundry Creditors and Accruals	874,253	-	874,253
Student Activities Payable	347,241	-	347,241
Hire Purchase - Current Portion	20,720	-	20,720
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	1,684,420	-	1,684,420
<u>WORKING DEFICIT</u>	<u>(1,517,506)</u>	<u>                    </u>	<u>(1,517,506)</u>
 <i>Add</i> <u>NON-CURRENT ASSETS</u>			
Fixed Assets	267,303	-	267,303
Related Party - Auckland University	-	1,000,000	1,000,000
Related Party - Bacchid Benevolency	636,034	-	636,034
Provision for Related Party Receivable	(636,034)	-	(636,034)
 <i>Less</i> <u>NON-CURRENT ASSETS</u>			
Hire Purchase - Non-Current Portion	14,079	-	14,079
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>NET LIABILITIES</u>	<u>(1,264,282)</u>	<u>1,000,000</u>	<u>(264,282)</u>