

Non-Consolidated Financial Statements

Auckland University Students Association Incorporated
For the year ended 31 December 2019

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Auckland University Students Association Incorporated

Independent auditor's report to the Members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Auckland University Students Association Incorporated (the Association), which comprise the statement of financial position as at 31 December 2019, and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Association are prepared, in all material respects, in accordance with the accounting policies outlined in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Association.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to enable the Association to report to its members. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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William Buck Audit (NZ) Limited

Other Matter

The financial statements of the Association for the year ended 31 December 2018 were audited by another audit firm, who issued an unqualified opinion dated 29 July 2019 on the financial statements for the year ended 31 December 2018. The information in the financial statements for the year ended 31 December 2018 forms part of the financial statements for the year ended 31 December 2019.

Committee Members' Responsibilities

The Committee Members are responsible on behalf of the Association for the preparation of financial statements in accordance with the accounting policies disclosed in Note 1 to the financial statements, and for such internal control as the Committee Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Committee Members are also responsible for the selection of accounting policies that are appropriate for the Association.

In preparing the financial statements, the Committee Members are 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 Committee Members either intend 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 Financial Statements

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

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/>

This description forms part of our independent auditor's report.

Restriction on Distribution and Use

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

**William Buck Audit (NZ) Limited**

Auckland
18 August 2020

Association Directory

Auckland University Students Association Incorporated For the year ended 31 December 2019

Executive Officers

President

Emma Rogers (Appointed), August 2020 to November 2020

George Barton (Resigned), December 2019 to August 2020

George Barton (Appointed), May 2019 to November 2019

Anand Rama (Elected), January 2019 to May 2019

Engagement Vice President

Emily McDonald (2020)

Emily McDonald (2019)

Treasurer

George Barton (Acting), Hugo Thomlinson (2019)

Education Vice President

Emma Rogers (2020); George Barton (2019, Resigned)

Welfare Vice President

Anamika Harirjh (2020); Samuel Snell (2019)

Registered Office

4 Alfred St, Auckland Central, Auckland

Incorporation Number

221373

IRD Number

010-010-403

Internal Auditor

Grant Thornton, PO Box 1961, Auckland 1140

Auditor

William Buck, Level 4, 21 Queen Street, Auckland 1010

Bankers

Bank of New Zealand

ANZ National Bank

Approval of Financial Report

Auckland University Students Association Incorporated For the year ended 31 December 2019

The Executives are pleased to present the approved financial report including the historical financial statements of Auckland University Students Association Incorporated for year ended 31 December 2019.

APPROVED

For and on behalf of the Executives

A handwritten signature in black ink, appearing to read 'Emma Rogers', is written over a horizontal line. Below this line is another horizontal line, creating a space for a stamp or additional text.

President: Emma Rogers

Date ~~Tuesday 18 August 2020~~

Non-Consolidated Statement of Financial Performance

Auckland University Students Association Incorporated For the year ended 31 December 2019

	NOTES	2019	2018
Income			
Advertising, Sponsorship and Sales		122,865	153,256
Hireage and Miscellaneous		26,872	30,445
Investment Based Income		805,765	774,109
Orientation Concert		160,321	134,934
University Based Income		856,865	858,737
Total Income		1,972,687	1,951,482
Gross Profit			
		1,972,687	1,951,482
Operating Expenses			
Advocacy		1,533	3,160
Buddies and Volunteers		9,992	19,946
Craccum		72,248	73,559
Engagement and Events		545,239	538,491
Office and Custodial Costs		237,113	308,357
Partner Funding		83,540	83,500
People Cost - Personnel		910,701	1,029,084
Representation		9,085	42,985
Welfare		23,899	19,301
Total Operating Expenses		1,893,351	2,118,382
Net Profit (Loss)		79,336	(166,900)

The accompanying notes form part of these financial statements.

Non-Consolidated Statement of Financial Position

Auckland University Students Association Incorporated

As at 31 December 2019

	NOTES	31 DEC 2019	31 DEC 2018
Assets			
Current Assets			
Cash and Bank		434,974	209,752
Trade receivables	5	62,080	86,491
Prepayments		73,280	52,423
Loan to Related Parties	2	3,750	3,750
Other receivables	3	8,613	25,874
Stock on Hand	12	16,549	15,813
Total Current Assets		599,246	394,103
Non-Current Assets			
Fixed Assets	11	13,872	17,406
Total Non-Current Assets		13,872	17,406
Total Assets		613,118	411,510
Liabilities			
Current Liabilities			
Trade payables			
Trade Creditors	6	17,080	41,184
BNZ Business Visa Card		(567)	(1,941)
Total Trade payables		16,513	39,243
Clubs & Affiliations Control		13,220	13,220
GST Payable		49,909	19,381
Fund held for ETTSA		-	4,419
Media Trust		9	9
Next Year Project		-	8,700
Income Received in Advance		98,826	51,791
Other Liabilities	4	353,579	273,022
Total Current Liabilities		532,057	409,784
Total Liabilities		532,057	409,784
Net Assets		81,061	1,725
Equity			
Total Member Funds		81,061	1,725
Total Equity		81,061	1,725

The accompanying notes form part of the financial statements.

Non-Consolidated Statement of Movements in Equity

Auckland University Students Association Incorporated For the year ended 31 December 2019

	2019	2018
Members Funds		
Opening Balance	1,725	168,625
Increases		
Net Surplus for the year		
Current year earnings	79,336	(166,900)
Total Net Surplus for the year	79,336	(166,900)
Total Increases	79,336	(166,900)
Total Members Funds	81,061	1,725

The accompanying notes form part of these financial statements.

Non-Consolidated Statement of Cash Flows

Auckland University Students Association Incorporated For the year ended 31 December 2019

	2019	2018
Cash Flows from Operating Activities		
Cash received from		
Cash received from the University	865,090	785,513
Cash received from investment	849,483	754,109
Cash received from sales	395,514	249,934
Total Cash received from	2,110,086	1,789,555
Cash applied to		
Cash paid to employees and other operating expenses	(1,882,016)	(1,997,448)
Total Cash applied to	(1,882,016)	(1,997,448)
Total Cash Flows from Operating Activities	228,070	(207,893)
Cash Flows from Investing and financing Activities		
Cash received from		
Repayment received on loans made to related parties	-	6,250
Other cash items from investing activities	20	341
Total Cash received from	20	6,591
Cash applied to		
Cash paid to acquisition for property, plant and equipment	(2,868)	(18,641)
Total Cash applied to	(2,868)	(18,641)
Total Cash Flows from Investing and financing Activities	(2,848)	(12,050)
Net Cash Flows	225,222	(219,943)
Cash Balances		
Cash and cash equivalents at beginning of period	209,752	429,695
Cash and cash equivalents at end of period	434,974	209,752
Net change in cash for period	225,222	(219,943)

Comparative balances may differ from the prior year due to reclassification.

Notes to the Financial Statements

Auckland University Students Association Incorporated For the year ended 31 December 2019

1. Statement of Accounting Policies

Reporting Entity

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

Basis of Preparation

The non-consolidated financial statements have been prepared for the special purpose of reporting to the University of Auckland.

All Transactions in the financial statements are reported using the accrual basis of accounting. The financial statements are prepared under the assumption that the Auckland University Students Association Incorporated will continue to operate in the foreseeable future. The validity of this concept is dependent on continued funding from the University of Auckland, distributions from AUSA's Trusts and sales and advertising.

Particular Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied.

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 expense 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 Association 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.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured. Revenue earned from advertising in magazines, student diaries and planners is recognised when the editions are issued to the students. Rental income, sponsorship amounts and grants are recognised when the right to receive the revenue has been established.

Taxation

The Inland Revenue Department has granted the Association exemption from taxation on the condition that certain provisions of the Income Tax Act 2007 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.

Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and variations arising from these transactions are included in the statement of profit or loss.

Nature of Activities

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

Goods and Services Tax (GST)

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Accounts Receivable

Receivables are stated at their estimated realised value. Bad Debts are written off in the year in which they are identified and a provision for doubtful debts is recognised when there is doubt over collection.

Fixed Assets & Depreciation

Fixed assets are recorded at cost less accumulated depreciation.

Depreciation of the assets has been calculated at the maximum rates permitted by the Income Tax Act 2007. The entity has the following asset classes and applicable depreciation rates:

Account	Method	Rate
Furniture & Fittings	Straight Line	10% - 33.34%
Plants & Equipments	Straight Line	2.5% - 36%
Office Equipment (Inc Computer)	Straight Line	15% - 48%
Motor Vehicle	Straight Line	20%

2019 2018

2. Related Parties

Campus Radio BFM Ltd - Loan Receivable	3,750	3,750
Current Portion - University Trade Debtor	57,620	56,352
AUSA Media Trust - Payable	(9)	(9)
Total Related Parties	61,361	60,093

During the year normal arm's length transactions have been conducted with the following related parties:

The Association is related to the AUSA Property Trust, AUSA Media Trust, AUSA Bar Trust, and UBS Trust by being the beneficiary of these trusts.

The Association is related to Campus Radio BFM Limited by being the ultimate beneficiary of the AUSA Media Trust that controls this company. The Association has funded Campus Radio BFM Limited directly by way of issuing an unsecured zero-interest loan of \$30,000 with 2 years repayment term, monthly repayment is \$1,250. The balance of the loan is \$3,750 (2018: \$3,750) as at balance date. Due to financial hardship that Campus Radio BFM Ltd is suffering as a result of the COVID-19 pandemic, the repayment of the loan amount is waived when the financial statements is prepared.

The Association is related to University Bookshop Limited as UBS Trust is its sole shareholder. During the year the Association sold advertising to University Bookshop Limited \$18,500 (2018: \$41,328).

The Association leased premises to The Kennedys Limited for 1 year from 1 January 2016 with renewal terms of up to three years but not exceeding 23 August 2023. A base rent of \$5000 is received monthly with total annual rent of \$60,000 received. In the 2018 year \$69,109 was received, equating to 10% of turnover exceeding of \$600,000 as agreed by both parties.

In the year to 31 December 2019, distributions received from related trusts were: \$330,000 from AUSA Property Trust (2018: \$270,000), \$50,000 from AUSA Bar Trust (2018: \$50,000) and \$300,000 from UBS Trust (2018: \$325,000).

	2019	2018
3. Other Receivable		
Eyecorp Advertising	-	5,325
AUSA Property Trust Grants	-	20,000
All others	8,613	550
Total Other Receivable	8,613	25,875

	2019	2018
4. Other Liabilities		
Accruals for Audit Fee	28,076	31,568
Accruals for Professional Consulting Fee	2,090	-
Funds held for Welfare	67,782	48,216
PAYE Liability	20,344	27,752
Provision for Holiday Pay	71,353	105,272
All others	163,934	60,215
Total Other Liabilities	353,579	273,022

	2019	2018
5. Trade Receivable		
Accounts Receivable	4,460	34,691
University of Auckland	57,620	56,352
Provision for Doubtful Debt (12200)	-	(4,552)
Total Trade Receivable	62,080	86,491

In the 2018 year, the \$4,552 provision for Doubtful debts was based on the Association's policy to provide against Aged Receivables greater than 3 months.

	2019	2018
6. Trade paybles		
Trade Creditors	17,080	41,184
Total Trade paybles	17,080	41,184

	2019	2018
7. Audit Fees		
Audit Fees	38,731	60,000
Total Audit Fees	38,731	60,000

	2019	2018
8. Commitments		
Current	7,168	7,168
Non-Current	3,992	12,019
Total Commitments	11,160	19,187

The Association has commitments under operating leases as shown above.

9. Subsequent Events

There are no events subsequent to balance date that would require adjustment to, or disclosure in, the financial statements.

10. Contingent Liability

There are no contingent liabilities at balance date.

	2019	2018
11. Fixed Assets		
Furniture and Fittings		
At Cost	581,809	581,116
Less Accumulated depreciation	(576,901)	(576,620)
Total Furniture and Fittings	4,907	4,496
Motor Vehicles		
At Cost	13,043	13,043
Less Accumulated depreciation	(7,500)	(3,587)
Total Motor Vehicles	5,543	9,457
Office Equipment (Inc Computer)		
At Cost	184,879	182,704
Less Accumulated depreciation	(182,478)	(180,424)
Total Office Equipment (Inc Computer)	2,400	2,280
Plant and Equipment		
At Cost	155,168	155,168
Less Accumulated depreciation	(154,251)	(154,098)
Total Plant and Equipment	917	1,070
Fixed Assets - Add/Disp C/Y	104	104
Total Fixed Assets	13,872	17,406
	2019	2018

12. Inventory

Stock On Hand - AUSA Breweries	16,549	15,813
Total Inventory	16,549	15,813

The Association engaged supplies from a domestic breweries manufacturer, with its own branding. During the reporting period, these products have been used for events and promotional activities within University of Auckland. From the 2019 year, the Association commenced retail of the products through The Kennedys Ltd, i.e: Shadows Bar within the campus of the University.

The inventories are recognised at the lower of cost, determined on a first in first out basis, and net realisable value.

13. Subsequent Events

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic.

At present the entity is not expected to incur losses as a result of this event.