

Wednesday 14<sup>th</sup> July 2011

Polson Higgs  
Chartered Accountants  
PO Box 4449  
Christchurch 8140

Dear Partners

### **Executive Committee's Representation Letter**

This representation letter is provided in connection with your audit of the financial statements for the year ended 31 December 2010 to assist you in forming an opinion as to whether the financial statements of University of Canterbury Students' Association Incorporated ('the entity') fairly reflect the past financial performance of the entity and its financial position as at 31 December 2010.

The committee members (the 'governing body'), by the signing of this letter, represent that for the current financial period we have met our responsibilities, which include:

1. Maintaining accounting records that:
  - correctly record and explain the transactions of the entity;
  - enable the financial position of the entity to be determined with reasonable accuracy at any time;
  - enable the governing body to ensure that the financial statements of the entity comply with the Incorporated Societies Act 1908 and the Charitable Trusts Act 1957;
  - enable the financial statements of the entity to be readily and properly audited
2. Preparing financial statements that comply with generally accepted accounting practice;
3. Making all explanations and information available to Polson Higgs as auditors, including minutes of all management and members' meetings, as may be requested;
4. Allowing Polson Higgs a right of access to the accounting records and other documents of the entity at all times;

5. Giving Polson Higgs access to communications relating to all general, special and annual meetings of the entity;
6. Notifying Polson Higgs of such further information including post-balance date events which will or might have a bearing on your audit responsibilities;
7. Implementing an internal control structure to maintain the reliability of the financial statements of the entity. Because of the test nature and other limitations of an audit, we acknowledge that it cannot provide an absolute assurance that there are no material misstatements whether arising from fraud or error.
8. There have been no changes in accounting policy, except as disclosed in the financial statements.

We also confirm, to the best of our knowledge and belief, the following:

1. That the entity has adequate resources to continue operations for the foreseeable future. For this reason the governing body continues to adopt the going concern assumption in preparing the financial statements for the year ended 31 December 2010. The governing body has reached this conclusion having regard to circumstances which it considers likely to affect the entity during the period of one year from the date of signing the financial statements, and to circumstances which it knows will occur after that date which could affect the validity of the going concern assumption.
2. There have been no irregularities involving management or employees who have significant roles in the system of internal accounting control, or any irregularities involving other employees/volunteers, that could have a material effect on the financial statements.
3. The financial statements are free from material errors and omissions.
4. The entity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
5. The governing body is responsible for ensuring that all applicable legislative requirements have been complied with. We are not aware of any actual or potential non-compliance with legislative requirements the consequences of which should be considered for inclusion in the financial statements as a liability, contingency or commitment and which have not been disclosed to you. Furthermore, there have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.
6. The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:
  - arrangements with financial institutions involving restrictions on cash balances and line of credit or similar arrangements;
  - balances and transactions with related parties;
  - losses arising from sale and purchase commitments;
  - agreements to buy back assets previously sold;
  - assets pledged as collateral
  - arrangements and guarantees.

7. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
8. We have identified all excess or obsolete inventory and no inventories are stated at amounts in excess of net realisable value.
9. Goods obtained from suppliers selling on terms which include a reservation of title clause are accounted for as normal purchases. The entity has satisfactory title to all other items classified as assets and there are no liens or encumbrances on such assets except for those disclosed in the notes to the financial statements.
10. We have recorded or disclosed all liabilities both actual and contingent, all capital commitments and have disclosed in the notes to the financial statements all guarantees and off-balance sheet arrangements involving third parties.
11. There have been no events subsequent to the balance sheet date which require adjustment of or disclosure in the financial statements and related notes.
12. No claims or notices of litigation have been or are expected to be received that have not been disclosed to you.
13. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the notes to the financial statements we have no other line of credit arrangements.
14. We have reviewed the net carrying amount of fixed assets to ensure that they are not stated at amounts in excess of their recoverable amount.
15. We have reviewed the entity's insurance policies and consider them adequate to meet the insurable risks of the entity.
16. Provision has been made for any material loss to be sustained in the fulfilment of, or from inability to fulfil, any sales commitments.
17. Provision has been made for any material loss to be sustained as a result of any purchase commitment for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

This representation letter has been approved by the governing body.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. G. J.', written over a horizontal line.

on behalf of the Governing Body

**University of Canterbury Students' Association Incorporated**  
**Financial Report**  
**For the year ended 31 December 2010**

**University of Canterbury Students' Association Incorporated  
Financial Report for the year ended 31 December 2010**

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**University of Canterbury Students' Association Incorporated  
Financial Report for the year ended 31 December 2010**

*Directory*

Nature of Operations	Students' Association
Business Location	Christchurch
IRD Number	13-050-147
Date of Incorporation	2 June 1939
Registered Office	90 Ilam Road Ilam Christchurch
President	Nicholas McDonnell
Bankers	National Bank of New Zealand
Solicitors	Lane Neave
Auditors	Polson Higgs Christchurch

## **Independent Auditor's Report**

### **To the Members of the University of Canterbury Students' Association Incorporated**

#### **Report on the Financial Statements**

We have audited the financial statements of University of Canterbury Students' Association Incorporated on pages 4 to 16, which comprise the balance sheet as at 31 December 2010, the income statement and a summary of significant accounting policies and other explanatory information.

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

The Executive is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Executive determine is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 internal control relevant to the entity's preparation and fair presentation of the financial statements 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 control. 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 financial statements.

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

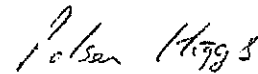
Other than in our capacity as auditor, we have no relationship with, or interest in, the University of Canterbury Students' Association Incorporated.

*Unqualified Opinion*

In our opinion, the financial statements on pages 4 to 16 present fairly in all material respects the financial position of the University of Canterbury Students' Association Incorporated as at 31 December 2010 and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

*Other Matter*

The financial statements of University of Canterbury Students' Association Incorporated for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 26 April 2010.



**18 July 2011  
Polson Higgs  
Christchurch**

This audit report relates to the financial statements of University of Canterbury Students' Association Incorporated for the year ended 31 December 2010 included on University of Canterbury Students' Association Incorporated's website. The Executive Committee are responsible for the maintenance and integrity of the University of Canterbury Students' Association Incorporated website. We have not been engaged to report on the integrity of University of Canterbury Students' Association Incorporated's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit reports refer only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the audited financial statements and related audit report dated 18 July 2011 to confirm the information included in the audited financial statements reported on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



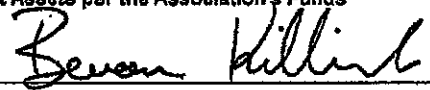
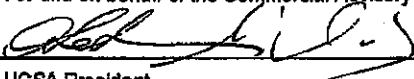
**University of Canterbury Students' Association Incorporated**

**Statement of Comprehensive Income  
For the year ended 31 December 2010**

	Note	2010 \$	2009 \$
<b>Continuing Activities</b>			
Operating Revenue	2	8,286,059	8,538,357
<b>Less Operating Expenditure</b>			
Depreciation	12	776,259	801,517
Amortisation		2,360	7,315
Executive Expenditure	3	336,617	392,051
Other Operating Expenditure	4	7,211,732	7,529,532
<b>Total Operating Expenditure</b>		<u>8,328,968</u>	<u>8,730,415</u>
<b>Operating Surplus before Net Financing Costs</b>		<u>(40,909)</u>	<u>(192,058)</u>
<b>Less Financing Costs</b>			
Interest Paid		40,468	23,562
<b>Net Financing Costs</b>		<u>40,468</u>	<u>23,562</u>
<b>Operating Surplus/(Deficit) for the year</b>		<u>(81,377)</u>	<u>(215,620)</u>
<b>Net Surplus/(Deficit) for the year</b>		<u>(81,377)</u>	<u>(215,620)</u>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income</b>		<u>(81,377)</u>	<u>(215,620)</u>

University of Canterbury Students' Association Incorporated

Balance Sheet  
as at 31 December 2010

	Note	2010	2009
		\$	\$
<b>Funds of the Association</b>			
Accumulated Fund		8,264,997	8,346,374
Student Hardship Fund Reserve		51,459	51,459
Asset Revaluation Reserve		4,657,526	4,657,526
<b>Total Association Funds</b>	<b>6</b>	<b>12,973,982</b>	<b>13,055,359</b>
These were represented by:			
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	7	1,285,543	1,010,389
Short Term Investments	11	-	400,000
Prepayments		45,393	49,240
Current Portion of Term Debtor	5	4,444	4,444
Accounts Receivable	8	82,276	60,985
Accrued Revenue		184,953	-
Stock on Hand		69,841	72,382
<b>Total Current Assets</b>		<b>1,652,450</b>	<b>1,597,440</b>
<b>Non Current Assets</b>			
Investments	10	1,808,684	1,806,684
Term Debtor	5	11,864	16,308
Intangible Assets		3,858	10,023
Property Plant & Equipment	12	10,234,732	10,398,683
<b>Total Current Assets</b>		<b>12,057,138</b>	<b>12,229,698</b>
<b>Total Assets</b>		<b>13,709,588</b>	<b>13,827,138</b>
<b>Less Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	9	310,632	339,435
GST Payable		78,632	78,267
Employee Entitlements		294,224	229,056
Current Portion Term Liabilities	13	52,116	83,000
<b>Total Current Liabilities</b>		<b>735,604</b>	<b>729,758</b>
<b>Non Current Liabilities</b>			
Term Liabilities	13	-	42,021
		-	42,021
<b>Total Liabilities</b>		<b>735,604</b>	<b>771,779</b>
<b>Net Assets per the Association's Funds</b>	<b>6</b>	<b>12,973,982</b>	<b>13,055,359</b>
 For and on behalf of the Commercial Advisory Board		15/7/11	
		Date	
 UCSA President		18/7/11	
		Date	

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

**University of Canterbury Students' Association Incorporated**  
**Notes to the Financial Report**  
**For the year ended 31 December 2010**

**NOTE 1 - STATEMENT OF ACCOUNTING POLICIES**

**Reporting Entity**

The University of Canterbury Students' Association Incorporated ('the Association') is an incorporated society domiciled in New Zealand, registered under the Incorporated Societies Act 1908, and a registered Charity under the Charities Act 2005.

The financial statements were authorised for issue by the Executive on 18 July 2011.

**Basis of Preparation**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate to Public Benefit entities. The Association is a Public Benefit entity.

The Association qualifies for Differential Reporting exemptions as it has no public accountability, and the Association is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted except that Goods and Services Tax (GST) exclusive accounting has been adopted.

**Basis of Measurement**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: land and buildings, and financial instruments at fair value through profit or loss.

**Presentation Currency**

The financial statements are presented in New Zealand dollars (\$) which is the Association's functional and presentation currency, rounded to the nearest dollar.

**Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**a) *Property, plant and equipment***

**Owned assets**

Except for land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and, where relevant, the costs of dismantling and removing the items and restoring the site on which they are located.

Land and buildings have been revalued to fair value (based on market evidence) as determined by an independent valuer. Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.

Where material items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Revaluations**

The results of revaluing are credited or debited to an asset revaluation reserve. Where this results in a debit balance in the asset revaluation reserve, the balance is expensed in the income statement. Any subsequent increase on revaluation of the asset that off-sets a previous decrease in value recognised in the income statement, will be recognised first in the income statement up to the amount previously expensed, and then credited to the revaluation reserve for that asset.

### ***Property, plant and equipment (continued)***

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net in comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

#### **Subsequent costs**

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Association and the cost of the item can be measured reliably. All other costs are recognised in the Income Statement as an expense when incurred.

#### **Depreciation**

Depreciation is charged at the same rate as permitted by the Income Tax Act 2007, except for buildings which are depreciated over their estimated useful life. Depreciation is charged to the Income Statement. Land is not depreciated. The following rates have been used:

Student Association Building	4.8% - 7.8% SL	4% - 18% DV
Childcare Centre Building	4.8% SL	4% - 15% DV
Lyall Holmes Lodge	2.2% SL	
Sports Pavilion No 1	2.2% SL	
Afforestation Assets	3.0% SL	
Plant and Equipment		9 – 99% DV

The residual value of assets is reassessed annually. The useful lives and depreciation methods used for buildings are also reassessed annually.

#### **Disposals**

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Income Statement. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to retained earnings.

### ***b) Intangible assets***

#### **Software**

Software has a finite useful life. Software is capitalised and written off over the currently estimated useful lives of two to five years.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

### ***c) Financial Instruments***

Financial instruments are recognised in the Balance Sheet initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Association becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Association's contractual rights to the cash flows from the financial assets expire, or if the Association transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

## ***Financial Instruments (continued)***

### **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents (including bank overdrafts), loans and borrowings, and trade and other payables.

#### ***Held-to-maturity financial assets***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity for which there is a positive intention and ability to hold to maturity.

Held-to-maturity investments are measured at amortised cost using the effective interest method, i.e. interest is accounted for as earned.

#### ***Available-for-sale financial assets***

The Association's investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss previously recognised in equity is transferred to the Income Statement.

#### ***Trade and other receivables***

Trade and other receivables are measured at amortised cost, using the effective interest method, less impairment losses. Trade receivables of a short-term nature are not discounted.

#### ***Cash and cash equivalents***

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

#### ***Trade and other payables***

Trade and other payables are measured at amortised cost, using the effective interest method.

### **Interest-bearing borrowings**

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit and loss over the period of the borrowings on an effective interest rate method.

### **Fair value estimation**

The fair value of financial instruments must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the Balance Sheet date. The fair value of shares is their quoted bid-price at the reporting date.

#### **d) *Inventories***

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### **e) *Impairment***

##### **Financial assets**

The Association assesses at each Balance Sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

### ***Impairment (continued)***

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics. All impairment losses are recognised in the Income Statement.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. For this purpose prolonged is regarded as any period longer than nine months and significant as more than 20 percent of the original purchase price of the equity instrument. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the value on initial recognition and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income Statement.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted. For trade receivables, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the receivable is impaired.

When the receivable is uncollectible, it is written off against the allowance account for receivables.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale, financial assets that are debt securities, the reversal is recognised in the Income Statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

### **Non-financial assets**

The carrying amounts of the Association's assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss on land and buildings carried at fair value is reversed through the Revaluation Reserve. All other impairment losses are reversed through the Income Statement.

**f) Employee benefits**

**Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

The Association recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the Association anticipates it will be used by staff to cover those future absences.

**g) Revenue**

Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns, Goods and Services Tax, volume rebates and trade discounts. Revenue is recognised as follows:

**Sales of goods**

Revenue from the sale of goods is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Transfer of the risks and rewards of ownership generally occur when delivered to buyer.

**Services**

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction.

**Rental income**

Rental income is recognised in the Income Statement on a straight-line basis over the term of the lease.

**Deferred revenue**

Revenue received in advance is deferred until such time as it meets the requirements for revenue recognition under NZ IAS 18.

**h) Income Tax**

The Association is exempt from Income tax due to its status as a registered charity.

**i) Goods and Service Tax**

With the exception of trade payables and receivables, all items are stated exclusive of Goods and Services Tax.

**j) Finance Income and Expenses**

Finance income comprises interest income, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on fair values of derivatives. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Association's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on derivative instruments. All borrowing costs are recognised in the Income Statement using the effective interest method.

**k) Use of estimates and judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

***Use of estimates and judgements (continued)***

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

***l) Determination of fair values***

A number of the Association's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**Property, plant and equipment**

The fair value of property is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion. Fair values are determined by independent valuers. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from the operation of that asset. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the valuation.

**Trade and other receivables and trade and other payables**

The fair value of trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying values of trade and other receivables and trade and other payables that are of a short-term duration are a reasonable approximation of their fair values.

**Available-for-sale Financial Assets**

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

***m) Changes in Accounting Policies***

There have been no changes in accounting policies from the prior year. All policies have been applied on a consistent basis to last year.



**NOTE 2 – Operating Revenue**

*a) Operating Revenue includes the following:*

	2010	2009
	\$	\$
Service Levy	1,276,260	1,249,110
Rental and Vending Income	338,056	291,921
Interest	227,615	189,534
Grants	761	10,061

**NOTE 3 - Executive Expenditure**

Executive Expenditure includes executive wages and salaries of \$95,184 (2009:\$97,151).

**NOTE 4 – Operating Expenditure**

*a) Operating Expenditure includes the following:*

	2010	2009
	\$	\$
Audit Fees	14,000	14,200
Accounting and Tax Services - fees to Auditor	-	-
Charitable Donations	1,314	-
Bad Debts	525	2,279

All capital expenditure during 2010 has been capitalised in recognition that the costs have been met solely by the Association and that improvements made by the Association will extend beyond the year that they were carried out.

**NOTE 5 – Discontinued Activity**

The assets and business of RDU were sold effective 1 February 2007. The purchase price was financed by the Association with the final payment scheduled to be received in June 2014. Ownership of the radio frequency was retained and has been sublicensed to the purchaser. The amounts are shown in the Balance Sheet as Current Portion of Term Debtor, and Term Debtor.

	2010	2009
	\$	\$
Current debt	4,444	4,444
Non Current debt	11,864	16,308
<b>Total Discontinued Activity</b>	<b>16,308</b>	<b>20,752</b>

**NOTE 6 – Equity**

Equity consists of the following:

	2010	2009
	\$	\$
<b>Retained Earnings</b>		
Balance at the beginning of the year	8,346,374	8,561,994
Operating Surplus (Loss) for the year	(81,377)	(215,620)
<b>Balance at the end of the year</b>	<b>8,264,997</b>	<b>8,346,374</b>

**NOTE 6 – Equity (continued)****Student Hardship Fund**

Balance at the beginning of the year	51,459	43,391
Movements for the year	-	8,068

Balance at the end of the year	<u>51,459</u>	<u>51,459</u>
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**Asset Revaluation Reserve**

Balance at the beginning of the year	4,657,526	4,657,526
Increase/(Decrease) in Asset Revaluation Reserve	-	-

Balance at the end of the year	<u>4,657,526</u>	<u>4,657,526</u>
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<b>Total Accumulated Funds at the end of the year</b>	<b><u>12,973,982</u></b>	<b><u>13,055,359</u></b>
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**NOTE 7 – Cash and Cash Equivalents**

	2010	2009
	\$	\$
Cash on hand	10,105	9,970
Bank accounts	672,575	134,999
Short-term call deposits	602,863	865,420
Balance held at the end of the year	<u>1,285,543</u>	<u>1,010,389</u>

**NOTE 8 – Accounts Receivable**

	2010	2009
	\$	\$
Trade and Sundry Debtors	82,276	62,016
less Provision for Doubtful Debts	-	(1,031)
Net Trade Accounts Receivable	<u>82,276</u>	<u>60,985</u>

**NOTE 9 – Accrued Revenue**

	2010	2009
	\$	\$
UBS Dividend	50,000	-
Interest Receivable	22,103	-
Earthquake Insurance Claim and Preparation costs	92,850	-
Net Trade Accounts Receivable	<u>164,953</u>	<u>-</u>

**NOTE 10 – Accounts Payable**

	2010	2009
	\$	\$
Trade Creditors and Accruals	310,632	339,435
Total Accounts Payable	<u>310,632</u>	<u>339,435</u>

**NOTE 11 – Investments**

	2010	2009
	\$	\$
<b>New Zealand Fixed Interest Investments (Held-to-maturity)</b>		
Fonterra Notes	159,710	159,710
Sky Television Network Limited	100,000	100,000
Rabobank	100,000	100,000
The Warehouse Group	100,000	-
Fletcher Building Limited	98,442	98,442
Deutsche Bank	101,000	101,000
Infratil Limited	100,000	100,000
ANZ National Bank	100,000	100,000
Westpac	200,000	200,000
Bank of New Zealand	100,000	100,000
ANZ National Bank	101,370	101,370
ASB Bank Limited	105,511	105,511
Vector Limited	100,000	100,000
<b>Total Fixed Interest Investments</b>	<b>1,466,033</b>	<b>1,366,033</b>
<b>New Zealand Equity Investments</b>		
Kiwi Income Property Trust Convertible Notes	-	100,000
AMP NZ Office Trust Ordinary Shares	115,396	115,396
<b>Total New Zealand Equity Investments</b>	<b>115,396</b>	<b>215,396</b>
<b>Other</b>		
Shares in University Bookshop Canterbury Limited	225,000	225,000
Other	255	225
<b>Total Other Investments</b>	<b>225,255</b>	<b>225,225</b>
<b>Total Investments</b>	<b>1,806,684</b>	<b>1,806,684</b>

The Association records its 50% shareholding in University Bookshop Canterbury Limited at costs as it does not have any day to day input into the activities of the bookshop.

**NOTE 12 – Short Term Investments (>3 months)**

	2010	2009
	\$	\$
Powerco Limited	-	100,000
PGG Wrightson Finance Limited	-	100,000
South Canterbury Finance Limited	-	200,000
<b>Total Short Term Investments</b>	<b>-</b>	<b>400,000</b>

**NOTE 13 – Property, Plant and Equipment**

As at 31 December 2010

Category	Cost	Current Year Depreciation	Accumulated Depreciation	Carrying Value
Student Association Building	8,234,168	384,112	787,471	7,446,697
Childcare Centre Buildings	783,646	37,522	74,443	709,203
Lyall Holmes Lodge	129,235	8,339	52,615	76,619
Sports Pavilion #1	19,066	412	10,975	8,092
Afforestation Asset	444,510	3,016	27,165	417,345
Plant and Equipment	3,416,635	342,858	1,977,706	1,438,929
Work in Progress	137,846	-	-	137,846
	<b>13,165,106</b>	<b>776,259</b>	<b>2,930,374</b>	<b>10,234,732</b>

**NOTE 13 – Property, Plant and Equipment (continued)**

**As at 31 December 2009**

<b>Category</b>	<b>Cost</b>	<b>Current Year Depreciation</b>	<b>Accumulated Depreciation</b>	<b>Carrying Value</b>
Student Association Building	8,200,697	403,359	403,359	7,797,338
Childcare Centre Buildings	780,938	36,921	36,921	744,017
Lyllall Holmes Lodge	115,547	2,542	44,276	71,271
Sports Pavilion #1	13,825	304	10,563	3,262
Afforestation Asset	100,514	3,016	24,149	76,365
Plant and Equipment	3,382,196	355,375	1,681,596	1,700,600
Work in Progress	3,830	-	-	3,830
	<b>12,597,547</b>	<b>801,517</b>	<b>2,200,864</b>	<b>10,396,683</b>

Valuation of Assets

The Student Association Building and Childcare Centre Buildings were revalued at 31 December 2008 by CB Richard Ellis, Registered Valuer. Depreciation charged against these assets up to the date of revaluation was \$384,277 for the Student Association Building and \$52,176 for the Childcare Centre Buildings, and have been recognised as depreciation expense in the Income Statement. The next scheduled revaluation is to occur during 2011.

The plant and equipment were revalued to latest valuation by DTZ New Zealand limited at 31 December 2003. All values were determined by reference to observable prices in an active market. Subsequent to this, there have been no further revaluations on a basis that the carrying values of plant and equipment fairly approximate open market values.

The Sports Pavilion No 1 was revalued by DTZ New Zealand Limited at 31 December 2002. Lyllall Holmes Lodge was revalued by \$62,099 in 1979.

Student Association Building

The Association operates a Student Association Building under a Deed of Management with the University of Canterbury subject to the conditions therein. The current deed was agreed on 20 December 2001.

The University of Canterbury and the University of Canterbury Students' Association have both recognised a share of the Student Association building. During 2008, it was agreed that the University of Canterbury owns 35% of the building and the University of Canterbury Students' Association owns the remaining 65%.

Capital Work in Progress

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Office 2007 Project	12,770	-
HardCard website	12,300	-
POS Upgrade	23,887	-
Web Hub Development	26,437	-
IELC Upgrade	61,491	-
Other	961	-
Commercial Office Restructure	-	330
Administration – New Accounting Package	-	3,500
<b>Total Capital Work in Progress</b>	<b>137,846</b>	<b>3,830</b>

**NOTE 14 – Term Liabilities**

	2010	2009
	\$	\$
Total Unsecured Loan	52,116	125,021
Less Current Portion	(52,116)	(83,000)
Total Term Liabilities	-	42,021

The loan is with DB Breweries Limited. In 2005 the unsecured loan was set at an interest rate of 13.5% per annum, repayable in five equal instalments of principal and interest annually of \$100,727 on 1 November each year. This loan was re-negotiated in 2006 to an initial loan of \$388,000 to be payable over a four year term with interest calculated at 12.75% per annum. The loan is forgiven if certain targets are met.

**NOTE 15 – Capital Commitments**

As at 31 December 2010 the Association had the following Capital Commitments in respect of Capital Projects:

UCSA Hub Development

The total contract was \$79,310. To date \$26,437 has been paid, and this is shown as Capital Works in Progress. The remainder is to be paid in two instalments, one in April 2011, and the balance on completion in September. (2009: Nil)

POS Development

The total contract for this development is \$95,000. To date \$23,887 has been paid, and this is shown in Capital Works in Progress. The remainder is to be paid on installation in February 2011. (2009: Nil)

Early Learning Centre Development

A construction contract is in place for work on the Early Learning Centres, the capital commitment relating to this is \$139,024. (2009: Nil)

**NOTE 16 – Contingent Liabilities**

As at 31 December 2010 there were no material contingent assets or contingent liabilities (2009:Nil)

**NOTE 17 – Canterbury Earthquake**

On the 4<sup>th</sup> of September 2010 there was a significant earthquake in Canterbury. As a result of this earthquake and aftershocks, the Association has suffered some damage to its building. The building is insured under the University of Canterbury's insurance policy. The Association also suffered damage to plant, stock, contents and business interruption, all of which are covered under the Association's insurance policy. Of the \$100,000 claim, to date \$70,000 has been received, and a further \$30,000 is to come.

**NOTE 18 – Events Subsequent to Balance Date**

On the 22<sup>nd</sup> February 2011, Canterbury suffered another large earthquake, which has resulted in further damage to the Associations property, plant and equipment. At this stage, the damage is not quantifiable; however the Association is satisfied that any losses will be covered by its appropriate covers. (2009 - Nil).

**NOTE 19 – Related Party Transactions**

	2010	2009
	\$	\$
Transactions with related parties (on normal commercial terms)		
University Bookshop Canterbury Limited		
- Marketing Fee received	80,000	75,000
- Dividend received	50,000	100,000

**NOTE 20 – Tax Losses**

During the 1999 financial year the Inland Revenue Department approved the Association's status as a charitable trust. Up to this point, tax losses of \$655,401 were available to carry forward subject to IRD approval.