

ANNUAL REPORT

For the period ended 30 June 2008



UNSW Student Life



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This financial report covers
Arc @ UNSW Limited
ABN 71 121 239 674
ACN 121 239 674

Its principal place of business is
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Kensington NSW 2032

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Annual Report published by
Arc @ UNSW Limited



Brad Hannagan
Chief Executive Officer

Chief Executive Officer's Report

Introduction

This annual report represents the first full year of performance since Arc @ UNSW Limited commenced trading in January 2007. This year saw the introduction of voluntary, subscription-based Arc membership. It was a year of continued success at many levels as the organisation began to enact the vision of "enabling a rewarding and vibrant student life experience at UNSW".

Financially the organisation performed within expectations and given the investment requirements of a 'start up' operation. Revenues of \$10.25M with total expenses of \$11.55M lead to an operational deficit of \$1.29M. Increased investments saw a corresponding increase in the organisation's depreciation expenses. The organisation's balance sheet remains healthy with adequate cash reserves and strong liquidity ratios.

Membership

The Membership Department was formed in the early stages of 2008 and worked quickly to define a strategy for member acquisition in the key promotional period, O-Week. By year end, 3,461 students had elected to become voluntary members of Arc. 2008 was a year in which the majority of the Membership Department's focus was around building a foundation and framework to create a sustainable membership model for the future. The Membership Department worked very closely with the commercial operations of Arc to continue to drive upwards the value of the Arc membership program.

Strategic communications were developed to promote Arc to current and prospective students. Highlights include the development of the fortnightly eNewsletter and an online survey that experienced a truly remarkable rate of involvement. The results of that survey have been utilised to ensure Arc continues to deliver services in line with member expectations.

Student Development

Student Development is an area within Arc that contributes greatly towards the vibrant student life experience. The Department focuses upon three key areas of delivery – clubs and societies, volunteer programs and courses. There were many opportunities to get involved through programs such as Yellow Shirts, Relay for Life, Artsweek, Walama Muru, Shack Tutoring, CONTACT, UNSWeetened, Mosaic Fusion Forum and International Cookbook. The latter three of these programs resulted in the successful publication of student work. Arc partnered with organisations such as the Cancer Council, Nura Gili at UNSW, the Commonwealth Department of Education and Training and Shack Tutoring Services to continue to deliver best of breed programs to Arc members and the UNSW student community.

Overseeing the ongoing development of programs and activities was the Student Development Committee (SDC) made up almost exclusively of students. SDC ensures student input, creativity and values are at the heart of everything that Student Development brings to Arc. The youthful staff team brings passion and energy to capitalise on the efforts of SDC and facilitate a dynamic student life experience on campus.

Student Support

The Student Support Department represents students in University related matters ranging from minor plagiarism to claims of unethical research practice. These services are provided to the entire UNSW student community irrespective of the students' Arc Membership status. The Student Support Department enjoys a very unique position on campus being able to represent student interests independently of the University while at the same time capitalising upon Arc's strong relationship with the University, ensuring efficient and often favourable outcomes.

Student Support offers free legal representation on minor legal matters to Arc members. The Arc legal team is very experienced and in touch with student issues. The team was successful in securing 'no recorded conviction' results in almost 50% of the matters it represented students in.

The Department is moving towards providing proactive advice and introduced information sessions specific to students on key areas such as housing and accommodation as well as immigration.

Commercial Activities

The Venue and Events Department had a very successful year at both a financial and non-financial level. Financially, the Department saw a remarkable improvement in performance over the preceding year moving from a deficit result to one of profit.

The Beergarden underwent a major refurbishment in January resulting in a new, dynamic and comfortable space. Increased patronage resulted in improved commercial performance for the UniBar which also underwent a minor refurbishment of its own.

Events that Arc is renowned for continued their history of success with Oktoberfest reaching capacity of 5,000 very early on the day of the event. All other major session parties attracted over 1,800 patrons and Foundation Day, hosted by Arc for the first time, was a resounding success.

The Roundhouse retained a strong presence on the touring circuit for Australian and international bands with performances

from Grinspoon, Paramore, I Killed the Prom Queen, Parkway Drive, Bullet for My Valentine and many others.

The Roundhouse proved its non financial value to students by providing over 2,500 hours in free room hire to Clubs and Societies, hosting over 150 student activities, 12 major student events and over 50 student employment opportunities. Over 150 commercial events were hosted inviting a patronage of over 55,000 to the venue.

The Retail Department is the main provider of retail services at UNSW through its 'convenience' stores on both the Kensington and Paddington campuses. These stores generated \$1.5M of net income for the period – money which was returned to the organisation to provide activities as described previously. All Arc convenience stores, with the exception of the Art Store on the COFA campus, have been refurbished and are enjoying improved sales performance as a result.

Arc @ COFA

The year saw the continuation and expansion of many events, activities and services at the College of Fine Arts (COFA). The biggest achievement was the completion of the Postgraduate Artist Studio at Fowlers Gap - UNSW Research Station. The Studio was built utilising money from the Miscellaneous Student Activities Fund (MSAF) and is set up as a free Artists' Residency Program for Arc Members.

The Golden Ticket – Arc's Emerging Artists and Designer Award was a huge success. The selected finalists put together an incredibly impressive exhibition that wowed the judges and the audience. Kudos Gallery continues to prove its value to the student community hosting many a successful student exhibition and continues to maintain its unique status as one of the few remaining student managed galleries in the country.

Marketing and Communications

The year saw a shift towards a more focused approach to Arc communications. Systems and processes were dramatically improved resulting in cost effective, objective based communications being delivered. Highlights included the launch of Membership, O-Week, the International Student Cookbook and UNSweetened.

The peak industry body ACUMA (Australian Camps Union Managers' Association) again recognised Arc for excellence in the design and delivery of student programs and services. Arc was successful in winning the following awards at the ACUMA Annual Conference:

Winner	Best Community Outreach Program Walama Muru
Winner	Best New or Refurbished Facility Post Graduate Lounge
Winner	Best Student Development Program O-Week (Yellowshirts)
Winner	Joe Curtis Memorial International Travel Grant Tilda Sikes
Runner-up	Student Newspaper or Magazine Tharunka
Runner-up	Orientation Handbook O-Week Blitz

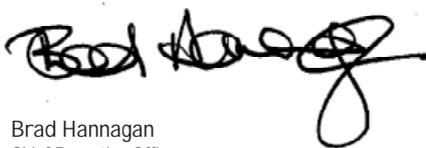
Corporate Services

A state of the art Point of Sale and ERP system was implemented. This has enabled better utilisation of both human and financial resources as well as greater accuracy in forecasting sales and expense levels. Significant limitations of the legacy system have been overcome and the organisation now has a 'standards based' application in place that can be developed upon well into the future. The ERP system also provides the database required by Membership to manage the member value proposition.

From a Human Resources perspective, the organisation has been able to continue to attract and retain the services of quality staff. The organisation continues to enjoy a reputation for the sound management of the balance between professionalism and student life experience.

The Future

With the cooperation of the University, Arc has made considerable progress in addressing short to mid term funding issues. Longer term, independent financial sustainability is Arc's key financial strategy. At a non financial level, continually increasing the value of the membership proposition as well as moving the organisation from a culture of Delivery to Facilitation, from Management to Coaching, from Attendance to Experience, are crucial to the organisation's long term success and value to the UNSW student community.



Brad Hannagan
Chief Executive Officer



Caitlin Hurley
Chair of the Board

Chair's Report

The 2007/2008 financial year has been a momentous year for Arc. Throughout the year, through its events, activities and plans, Arc continued to ensure that it reflects and captures life outside of the classroom. This ensures its members' time at university can be more than just earning a degree and that they have access to and enjoy a well rounded, balanced tertiary education. This year saw the successful implementation of voluntary paid membership. As members of Arc, the students of UNSW had access to Arc's various volunteer programs, clubs and societies, extended student support, student publications and a wide range of other services with the membership package continuing to grow and expand throughout the year. This year also saw the development of two new volunteer programs; Delta Force and Arc Ambassadors, in addition to the launch of outstanding campaigns and initiatives by the SRC.

The Board of Directors devoted a large portion of the year to building, developing and implementing the governance, reporting and management framework of Arc. These developments included recommending to members that Arc's Constitution and Regulations be repealed and replaced and the drafting of various policies and charters. These changes were implemented in order to assist the Board and Management achieve their goals and increase the level of student member involvement in Arc's decision-making. Arc also saw a change of CEO with Brad Hannagan taking up the position in June 2008.

I would like to take this opportunity to thank the Board and Management for their hard work and support; and all Arc staff for their dedication and hard work in what has been a difficult, but also a rewarding year. In addition, thank you to the students who have been involved with and support Arc in so many different capacities for their work above and beyond the call of duty.

Operating in the new financial environment of VSU and political uncertainty surrounding student organisations will bring with it many hurdles and obstacles that Arc will have to face as an organisation. While this is the case, I am confident that as an organisation we will succeed and continue to grow as we service our Members and ultimately enable and celebrate student life at UNSW.

A handwritten signature in black ink, appearing to read 'C Hurley', written over a light background.

Caitlin Hurley
Chair of the Board



Board of Directors

Current Directors



Phuong Au
President
Student Representative Council



Sue Beardman
Director
University Appointee



Simon Bruck
Convenor, Student
Development Committee



Simon Crawford-Ash
Honorary Treasurer



Shay Deguara
Postgraduate Director



Catherine Ding
Director
Kensington



Roger Gibson
Director
UNSW Alumni Association



Brad Hannagan
Managing Director
Company Secretary



Caitlin Hurley
Chair of the Board



Sarah Long
Director
University Appointee



Andrew Looi
Undergraduate Director



Damian Stephenson
Director
UNSW Alumni Association

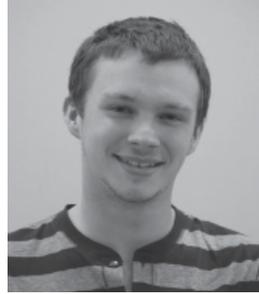


Caroline Wallace
Director
COFA

Outgoing Directors



Angela Barrett
Honorary Treasurer



Hamish Collings-Begg
Convener of the Clubs and
Activities Management Committee



Hayden Daley
Director
COFA



Jodieann Dawe
Managing Director



Stephen Mok
Director
COFA



Andrew Wells
Director
University Appointee



Jesse Young
President of the
Student Representative Council

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Financial Reports

DIRECTORS' REPORT

Directors' Report

The Directors of Arc @ UNSW Limited ('the Company') have pleasure in submitting herewith their report together with the financial statements for the period ended 30 June 2008.

Director	Appointed	Experience Qualification	Special Responsibilities
Stephen Mok	15 August 2006 to 24 June 2008	Digital Media student. Previous experience as a COFA Students' Association Committee member and COFA Faculty Board member.	
Sarah Long	28 August 2006	BA (UQ), GradDip Ed (USQ). 8 years experience in student services, compliance and risk management in tertiary education.	
Hamish Collings-Begg	28 August 2006 to 24 September 2007	Commerce/Law student	Previous CAMC Convener
Angela Barrett	28 August 2006 to 19 February 2008	BE (Chem) Hons, PhD and MBT student.	Previous Honorary Treasurer
Jesse Young	28 August 2006 to 1 December 2007	2006 Student Guild Secretary/Treasurer, Science Student, 3 years' experience as a lobbyist within the student movement.	Previous SRC President
Andrew Wells	28 August 2006 to 24 June 2008	UNSW University Librarian since 2001. B.Sc (QLD), MA (Macq), AALIA.	Previous Chair of Nominations & Remunerations Subcommittee
Hayden Daley	28 August 2006 to 24 June 2008	Studied Fine Arts at COFA.	
Jodieanne Dawe	27 February 2007 to 15 February 2008	MBA, Grad Dip Bus Man, M.App.Sc, BSc (Hons).	Previous Managing Director
Simon Crawford-Ash	25 June 2007	Fourth year Actuarial and Finance Student with 12+ months experience in funds management and consulting. Previous active club member and Executive, student volunteer and college resident.	Honorary Treasurer. Chair of Arc @ UNSW Limited Board (as of June 08)
Caitlin Hurley	25 June 2007	History Student, FASS Board, St Matthis Parish Council.	Chair of Arc @ UNSW Limited Board. Chair of Nominations & Remunerations Subcommittee (as of June 08)
Catherine Ding	25 June 2007	Third year Law / Finance Student. President of the Shanghai Students' Society.	Chair of the Services Subcommittee. Honorary Treasurer (as of June 08)
Roger Gibson	25 June 2007	MCom (Hons) UNSW, 10 years' experience in strategic and commercial management.	Chair of Audit Subcommittee

Directors' Report (cont'd)

Director	Appointed	Experience Qualification	Special Responsibilities
Damian Stephenson	25 June 2007	B.Sc (BIT) NSW. Management Consultant at Bain & Company. 8 years experience in financial services and strategy. Vice President, UNSW Alumni Association.	
Simon Bruck	24 September 2007	Commerce / Law student with previous experience in Club Executive and volunteer program positions.	SDC Convenor
Phuong Au	1 December 2007	2007 Education / Welfare Officer, Marine Biology Student.	SRC President
Brad Hannagan	30 May 2008	MMGT (Macq)	Chief Executive Officer, Managing Director, Company Secretary
Andrew Looi	24 June 2008	B.Com (Liberal Studies) Student - HR & Politics and International Relations. Experienced lobbyist within student movement.	
Caroline Wallace	24 June 2008	BArts (Film and Performance Studies) Hons. Currently completing a PhD at COFA in Performance Studies.	Chair of Membership & Services Subcommittee (as of June 08)
Sue Beardman	24 June 2008	BA Hons (UWA), Grad Dip Inf Lib (Curtin), 18 years experience in the tertiary education sector.	
Shay Deguara	24 June 2008	Currently studying a Masters of Science and Technology in Safety Science.	

The above Directors hold office from the date of appointment and continue in office at the date of this report unless otherwise stated.

Company Secretary

Brad Hannagan has been Company Secretary since 7 February 2008, and continues in office at the date of this report. Jodieanne Dawe was Company Secretary from 25 June 2007 to 6 February 2008.

Directors' Report (cont'd)

Directors' Meetings

During the period, there were 17 meetings of the Board of Directors and the attendances were as follows:

Name	Meetings held whilst in office	Meetings attended
Sarah Long	17	17
Caitlin Hurley	17	16
Simon Crawford-Ash	17	17
Catherine Ding	17	12
Damian Stephenson	17	10
Roger Gibson	17	10
Simon Bruck	14	13
Phuong Au	9	8
Brad Hannagan	2	2
Sue Beardman	1	1
Andrew Looi	1	1
Caroline Wallace	1	1
Shay Deguara	1	1
Stephen Mok	16	13
Andrew Wells	16	16
Hayden Daley	16	13
Jodieann Dawe	12	12
Angela Barrett	12	7
Hamish Collings-Begg	3	3
Jesse Young	8	6

Directors' Report (cont'd)

Principal Activities

The principal activity of the Company is providing services and a complete university experience for UNSW students. No significant change in the nature of these activities occurred during the period.

Operating Result and Review of Operations

The deficit for the period was \$1,248,418.

Significant Changes

Depreciation was reviewed during the course of the year and an adjustment was made to reflect the depreciated current replacement cost of the assets. The total adjustment was negative \$317,383.

Matters Subsequent to the end of the Financial Period

No matters or circumstances have arisen since the end of the financial period which significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to the financial period ended 30 June 2008.

Likely Developments

Since the end of the financial period, there have been no developments in the operations of the Company which are not finalised at the date of this report which may affect the results of the Company in the financial years subsequent to 30 June 2008.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

Being a Company limited by guarantee, no shares, options or debentures have been issued and no dividends can be paid.

Insurance of Officers

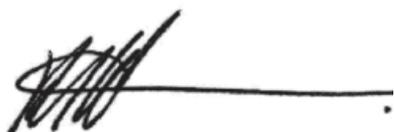
The Company has paid \$6,215.93 in premiums during the period to insure the Directors and Officers of the Company against the liabilities for costs and expenses incurred to them in defending any legal proceedings arising out of their conduct while acting in their capacity as Director or Officer of the Company other than conduct involving a wilful breach of duty in relation to the Company.

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not party to any such proceedings during the period.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the subsequent page. Signed in accordance with a resolution of the Board of Directors.



Roger Gibson

Director



Catherine Ding

Honorary Treasurer

Sydney

Date: 8 December 2008



BDO Kendalls

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ABN 57 908 209 104

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ARC @ UNSW LIMITED

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2008, there have been no contraventions of:

- i. The auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit and;
- ii. Any applicable code of professional conduct in relation to the audit.

Jeff Abela

Partner

BDO Kendalls

Chartered Accountants

Sydney

Date: 8 December 2008

BDO Kendalls is a national association of separate partnerships and entities. Liability limited by a scheme approved under Professional Standards Legislation.

INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2008

	Notes	12 Months to 30 June 2008 \$	5 Months to 30 June 2007 \$
REVENUE	2	10,257,485	6,222,601
EXPENSES			
Cost of goods sold		(3,681,489)	(2,178,569)
Employee benefits expense		(4,111,861)	(1,803,100)
Depreciation		(745,376)	(120,574)
Marketing		(221,871)	(303,731)
Membership		(147,982)	-
Administration		(192,042)	(219,102)
Utilities		(300,697)	(124,155)
Security		(232,765)	(119,936)
Rental, hire, finance lease		(397,421)	(190,215)
Audit fees		(33,271)	(20,000)
Other expenses		(1,486,482)	(599,930)
	3	(11,551,257)	(5,679,312)
(Deficit) Surplus before receipt of net assets from legacy organisation		(1,293,772)	543,289
Receipt of net assets from legacy organisations	2	45,354	8,117,770
Net (Deficit) Surplus		(1,248,418)	8,661,059

(The accompanying notes form part of this financial report)

BALANCE SHEET

AS AT 30 JUNE 2008

	Notes	2008 \$	2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,255,310	6,817,775
Trade and other receivables	5	1,260,842	599,704
Inventories	6	858,400	512,053
Other assets	7	32,151	1,200
TOTAL CURRENT ASSETS		6,406,703	7,930,732
NON-CURRENT ASSETS			
Lease Charges		85,116	-
Plant and equipment	8	3,283,835	1,998,827
TOTAL NON-CURRENT ASSETS		3,368,951	1,998,827
TOTAL ASSETS		9,775,654	9,929,559
CURRENT LIABILITIES			
Trade and other payables	9	1,854,829	1,268,500
TOTAL CURRENT LIABILITIES		1,854,829	1,268,500
NON CURRENT LIABILITIES			
Other Payables	9	508,184	-
TOTAL NON CURRENT LIABILITIES		508,184	-
TOTAL LIABILITIES		2,363,013	1,268,500
NET ASSETS		7,412,641	8,661,059
EQUITY			
Accumulated funds		7,412,641	8,661,059

(The accompanying notes form part of this financial report)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE PERIOD ENDED 30 JUNE 2008

	Accumulated Funds
	\$
Balance as at 15 August 2006	-
Surplus for the period	8,661,059
Balance as at 30 June 2007	8,661,059
Deficit for the year	(1,248,418)
Balance as at 30 June 2008	7,412,641

(The accompanying notes form part of this financial report)

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2008

	Notes	12 Months to 30 June 2008 \$	5 Months to 30 June 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sale of goods and other		7,449,789	5,041,640
Receipts from membership		400,942	-
Receipts from UNSW service agreement		2,130,000	1,647,500
Receipts from legacy organisations		45,354	5,660,285
Payments to suppliers and employees		(10,419,921)	(5,965,820)
Interest received		142,616	584,156
Net cash (used in) provided by operating activities	13	(251,220)	6,967,761
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(2,320,047)	(149,986)
Proceeds from sale of property, plant and equipment		8,802	-
Net cash used in investing activities		(2,311,245)	(149,986)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET (DECREASE) INCREASE IN CASH			
		(2,562,465)	6,817,775
Cash at beginning of the period		6,817,775	-
CASH AT THE END OF THE PERIOD			
	4	4,255,310	6,817,775

(The accompanying notes form part of this financial report)

Notes To The Financial Statements

For The Year Ended 30 June 2008

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group interpretations, and the Corporations Act 2001.

Arc @ UNSW Limited is a company limited by guarantee, incorporated and domiciled in Australia. The financial report covers Arc @ UNSW Limited as an individual entity.

(a) Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical cost. Due to the application of Australian specific provision contained only within AIFRS this financial report is not necessarily compliant with International Accounting Standards with respect to impairment.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Fixed Assets

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment in value.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Furniture and fittings	20.0%
Motor Vehicles	20.0%
Computers	33.3%
Software	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is derecognised.

Leases

Lease of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as Finance Leases.

Finance Leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

Note 1: Statement of Significant Accounting Policies (cont'd)

(c) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(d) Cash and cash equivalents

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

(e) Inventories

Inventories on hand at year end has been valued at the lower of cost or net realisable value.

(f) Revenue

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised upon those goods passing to customers.

Rendering of Services

Revenue is recognised when the fee in respect of services provided is earned.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Membership

Membership income is accounted for on an accruals basis.

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

Note 1: Statement of Significant Accounting Policies (cont'd)

(g) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts. The ability to collect trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the company will not be able to collect all amounts due according to the original terms.

(h) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the year end and which are unpaid. These amounts are unsecured.

(i) Income Tax

The Company is income tax exempt.

(j) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(k) Impairment of Assets

At each reporting date, the directors review the carrying value of the Company's tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use (based on depreciated replacement cost), is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the income statement.

As the future economic benefits of the Company's assets are not primarily dependent upon their ability to operate net cash inflows, and if deprived of the asset, the Company would replace the asset's remaining future economic benefits, "value in use" is determined as the depreciated replacement cost of the asset, rather than by using discounted cash flows.

(l) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(m) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will have a financial impact on the financial report in future periods and which are not yet effective.

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

	12 Months to 30 June 2008	5 Months to 30 June 2007
	\$	\$

Note 2: Revenue

UNSW service agreement funding	2,130,000	1,115,000
Sale of goods	4,887,362	3,492,034
Rental, venue hire, amusements	2,098,973	311,020
Interest income	119,821	674,065
Sponsorships	315,348	261,996
Membership	192,897	-
Academics dress hire	415,051	243,640
Other	98,033	124,846
	10,257,485	6,222,601
Significant revenue		
The following significant revenue items are relevant in explaining the financial performance:		
Net assets received from legacy organisations		
- Inventory	-	486,870
- Academic dress	-	286,939
- Fixed Assets	-	1,682,476
- Cash and cash equivalents	45,354	5,660,285
- Shares	-	1,200
	45,354	8,117,770
Total revenue	10,302,839	14,340,371

Note 3: Expenses

The surplus before income tax includes the following specific expenses:		
Depreciation of fixed assets	745,376	120,574
Rental expenses on finance leases	41,950	190,125
Auditor's Remuneration:		
- auditing services	33,271	20,000

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

	2008 \$	2007 \$
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Note 4: Cash And Cash Equivalents

Cash at Bank	247,189	1,425,426
Cash on hand	32,759	14,400
Deposits at call	3,975,362	5,377,949
	4,255,310	6,817,775

Note 5: Trade And Other Receivables

Trade debtors	705,089	389,313
Prepayments and Deposits	555,753	210,391
	1,260,842	599,704

Note 6: Inventories

Finished goods		
- at cost	858,400	512,053

Note 7: Other Assets

Lease Charges	30,951	-
Unlisted shares at cost available for sale	1,200	1,200
	32,151	1,200

Note 8: Fixed Assets

FURNITURE & FITTINGS		
At cost	2,850,611	1,822,159
Less accumulated depreciation	(585,230)	(105,712)
	2,265,381	1,716,447
ACADEMIC DRESS		
At cost	-	297,242
Less accumulated depreciation	-	(14,862)
	-	282,380
MOTOR VEHICLES		
At cost	34,069	-
Less accumulated depreciation	(9,036)	-
	25,033	-
COMPUTERS		
At cost	506,327	-
Less accumulated depreciation	(177,512)	-
	328,815	-
COMPUTERS		
Leased	205,500	-
Less accumulated depreciation	(21,592)	-
	183,908	-

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

	2008	2007
	\$	\$

Note 8: Fixed Assets (cont'd)

SOFTWARE		
At cost	169,641	-
Less accumulated depreciation	(6,896)	-
	162,745	-
SOFTWARE		
Leased	343,537	-
Less accumulated depreciation	(25,584)	-
	317,953	-
TOTAL FIXED ASSETS	3,283,835	1,998,827

MOVEMENTS IN CARRYING AMOUNTS

Reconciliations of the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year are set out below:

	Balance at 1 July 2007	Additions	Disposals	Depreciation	Balance at 30 June 2008
Furniture and Fittings	1,716,447	1,060,973	(7,283)	(504,756)	2,265,381
Academic Dress	282,380	-	(282,380)	-	-
Motor Vehicles	-	34,069	-	(9,036)	25,033
Computers	-	506,327	-	(177,512)	328,815
Leased Computers	-	205,500	-	(21,592)	183,908
Software	-	169,641	-	(6,896)	162,745
Leased Software	-	343,537	-	(25,584)	317,953
Total	1,998,827	2,320,047	(289,663)	(745,376)	3,283,835

Note 9: Trade and Other Payables

	Note	2008	2007
		\$	\$
CURRENT			
<i>Unsecured liabilities:</i>			
Trade creditors		53,946	68,620
Other creditors and accruals		696,320	566,812
Unearned revenue		740,545	532,500
Lease Liability	11	180,269	-
Employee benefits – annual leave		183,749	100,568
		1,854,829	1,268,500
NON CURRENT			
<i>Unsecured liabilities:</i>			
Lease Liability	11	508,184	-

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

Note 10: Members' Guarantee

(a) Members' Guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member or person who ceased to be a member in the year prior to the wind up is required to contribute a maximum of \$1 towards meeting any outstanding obligations of the Company. The number of members at 30 June 2008 was 3,461, of which 346 are club members.

Note 11: Capital and Leasing Commitments

	Note	2008 \$	2007 \$
Finance Lease Commitments			
CURRENT LIABILITY	9	180,269	-
NON CURRENT LIABILITY	9	508,184	-
		688,453	-

Note 12: Related Party Transactions

(a) Key Management Personnel Compensation

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the company. Remuneration received or due by key management personnel of the Company for management of its affairs is \$Nil.

Note 13: Cash Flow Information

Reconciliation of (deficit) surplus to net cash flows for the year	12 months to 30 June 2008	5 Months to 30 June 2007
(Deficit) Surplus for the year	(1,248,418)	8,661,059
Non-cash flows in surplus for the period :		
- Receipt of net assets, excluding cash, from legacy organisations	-	(2,457,485)
- Depreciation	745,376	120,574
- Gain on disposal of property, plant and equipment	(1,519)	-
- Transfer of Academic Dress to Inventory	282,380	-
Changes in assets and liabilities :		
(Increase) in trade and other receivables	(777,205)	(599,704)
(Increase) in inventories	(346,347)	(25,183)
Increase in trade and other payables	1,094,513	1,268,500
Net cash (used in) provided by operating activities	(251,220)	6,967,761

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

Note 14: Financial Risk Management

(a) General objectives, policies and processes

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Company's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Company's financial instruments consist mainly of deposits with banks, trade receivables and payables. The main risks the company is exposed to through its financial instruments are interest rate risk (see section (e)), liquidity risk and credit risk.

The Directors of the Company have overall responsibility for the determination of the Company's risk management objectives and policies and whilst retaining ultimate responsibility for them, the Directors of the Company make investment decisions after considering appropriate advice.

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the company incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the company.

There is no concentration of credit risk with respect to current and non-current receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	Note	2008 \$	2007 \$
Trade Debtors	5	705,089	389,313
Prepayments and accrued income	5	555,753	210,391
Total loans and receivables		1,260,842	599,704

There has been no history of default and all receivables are likely to be repaid within the expected terms.

(c) Liquidity Risk

Liquidity risk is the risk that the company may encounter difficulties raising funds to meet commitments associated with financial instruments.

The company is not significantly exposed to this risk; as at 30 June 2008 it had \$4,255,310 (\$6,817,775 - 2007) of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 June 2008 totalled \$1,671,080 (\$1,167,932 - 2007). The company manages liquidity risk by monitoring cash flows.

(d) Market Risk

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (investment risk) or other market factors (other price risk).

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

Note 14: Financial Risk Management (cont'd)

(e) Investment Risk

The company's exposure to investment risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on those financial assets and liabilities are summarised below:

30 June 2008	Floating interest rate	Non interest bearing	Total
Financial Assets	\$	\$	\$
Cash on Hand	-	32,759	32,759
Cash at Bank	247,189	-	247,189
Deposits at Call	3,975,362	-	3,975,362
Trade and other receivables	-	1,260,842	1,260,842
	4,222,551	1,293,601	5,516,152
Financial Liabilities			
Trade and other payables	-	1,671,080	1,671,080
Net Financial Assets (Liabilities)	4,222,551	(377,479)	3,845,072

30 June 2007	Floating interest rate	Non interest bearing	Total
Financial Assets	\$	\$	\$
Cash on Hand	-	14,400	14,400
Cash at Bank	1,425,426	-	1,425,426
Deposits at Call	5,377,949	-	5,377,949
Trade and other receivables	-	599,704	599,704
	6,803,375	614,104	7,417,479
Financial Liabilities			
Trade and other payables	-	1,167,932	1,167,932
Net Financial Assets (Liabilities)	6,803,375	(553,828)	6,249,547

Notes To The Financial Statements

For The Year Ended 30 June 2008 (cont'd)

Note 14: Financial Risk Management (cont'd)

(e) Investment Risk (Cont'd)

Sensitivity Analysis

2008	Carrying Amount \$	+0.5% (50 basis points) Profit \$	-1% (100 basis points) Loss \$
Cash Assets	4,222,551	21,113	(42,226)

2007			
Cash Assets	6,803,375	34,017	(68,034)

The Company does not invest directly in shares or derivatives, however through its diversified investment portfolio it is exposed to fluctuations inherent in such markets.

(f) Foreign Exchange Risk

The company is not directly exposed to foreign exchange rate risk.

NOTE 15: SEGMENT REPORTING

The Company operates entirely within New South Wales in the student services sector.

NOTE 16: DEPENDENCY AND GOING CONCERN

The Company is dependent upon UNSW for financial support and the provision of premises from which it conducts its activities. The Directors expect the Company will be able to continue as a going concern and accordingly the financial report has been prepared on a going concern basis which contemplates continuity of normal trading activities and the realisation of assets and settlement of liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company not continue as going concern.

NOTE 17: SUPERANNUATION

Superannuation plans are defined contribution plans. The benefits provided under these plans are based on accumulated contributions and earnings for each employee. The Company's liability is limited to paying the contributions to the plans.

NOTE 18: COMPANY DETAILS

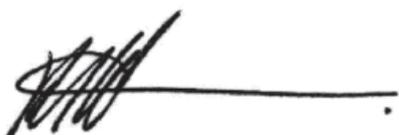
- The Company is a company limited by guarantee
- The Company was incorporated in Australia
- The registered office of the Company is Arc @ UNSW, The Blockhouse, Anzac Parade, Kensington NSW 2033
- The principal business of the Company is the provision of student services to UNSW students.

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements and notes, comprising the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the period ended 30 June 2008, and accompanying notes, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the financial period ended 30 June 2008.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:



Roger Gibson

Director



Catherine Ding

Honorary Treasurer

Sydney

Date: 8 December 2008



BDO Kendalls

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ARC @ UNSW LIMITED

We have audited the accompanying financial report of Arc @ UNSW Limited ('the company'), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the period ended 30 June 2008, accompanying notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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 made by the directors, as well as evaluating the overall presentation of the financial report.

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

BDO Kendalls is a national association of
separate partnerships and entities.
Liability limited by a scheme approved
under Professional Standards Legislation.



Auditor's Opinion

In our opinion:

- a) the financial report of Arc @ UNSW Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the period ended 30 June 2008; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

A handwritten signature in black ink that reads 'BDO Kendalls' in a cursive, stylized script.

BDO Kendalls

Chartered Accountants

A handwritten signature in black ink that reads 'Jeff Abela' in a cursive, stylized script.

Jeff Abela

Partner

Sydney

Date: 8 December 2008

Annual Report published by
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