



ANNUAL REPORT

For the twelve month period ended 31 December 2009





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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
 Arc @ UNSW Limited
 The Blockhouse
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Annual Report published by
 Arc @ UNSW Limited



Brad Hannagan
Chief Executive Officer

Chief Executive Officer's Report

2009 was a year where organisations worldwide were faced with the challenge of dealing with the Global Financial Crisis. I am extremely pleased to report that Arc has been able to navigate through this difficult period with a high level of success. The organisation was able to continue to invest significantly in strategic endeavours such as Student Engagement and Student Development, while also maintaining shrewd management of organisational finances. The organisation projected a \$125,000 cash deficit for the period which provided for investment in the strategic endeavours mentioned above.

Actual performance for the period generated positive cash flow of \$585,832. This figure includes a one time receipt of funds from legacy organisations to the amount of \$684,996. Excluding these funds, the organisation therefore delivered effectively on budget – no doubt a great achievement given the macroeconomic forces at play.

The organisation's financial position remains sound with almost \$7M of equity on the Balance Sheet - \$5.2M of which is cash. With stabilisation of the economy now being experienced, 2010 will be a year in which the organisation looks to leverage the health of our Balance Sheet and make strategic investments for the future.

Membership

Membership focused upon the consolidation of the successes of 2008 and the development of contingencies to deal with the potential changes in legislation. In the face of uncertainty, Arc achieved moderate success with 3060 students voluntarily joining Arc, including 160 club members. To ensure that knowledge of Arc services remained at the forefront of students' minds, the Membership department continued to produce the highly popular eNewsletter that was distributed not just to members but to over 8,000 students. The Membership department continued to develop relationships through the Arc Partner Program, actively seeking ways to work together with our key stakeholders on campus, both increasing their use and knowledge of Arc services, and allowing Arc to promote services through their key communication channels.

Membership conducted another highly successful student survey, the results of which have been utilised to ensure Arc continues to deliver services in line with member expectations. A key result from the survey was the advice from students that Arc's membership offering needed to provide more financial value. The organisation responded by reducing the price of membership significantly and adding in on-campus vouchers able to be redeemed at Arc stores and the Roundhouse.

Student Focus Project

The Student Focus Project embarked upon its first full year of implementation in 2009, focusing upon maximising student engagement, student development and removing barriers to participation across the organisation. The project team, made up of students with staff support, surpassed all goals for the project and successfully managed to implement several projects scheduled for 2010 within the 2009 period.

Highlights of the year included implementing:

- Arc Feedback System
- Changing employee goals, job descriptions and the performance management of all staff to include Student Focus
- Training 30 permanent staff in Engagement, Coaching and Facilitation

- Developing the framework and procedures to enable the implementation of the Arc Intern Program in 2010
- Implementing a tiered branding system enabling student programs greater flexibility

Student Development

Along with the Student Focus Project, Student Development plays a key role in the implementation of Arc's high level strategic goals – Student Engagement and Student Development.

Student Development ensures that the students of UNSW get the most out of their university experience. This was achieved by supporting over a hundred and thirty five clubs and societies, aiding student access to a variety of courses and facilitating a growing number of events such as the Fair Trade Fair and Flea Markets. Student Development further enables the personal, professional and social development of students by running a wide range of volunteer programs. Working closely with the Student Focus Project has resulted in the expansion of Arc's volunteer programs, with seven new programs planned for 2010.

By the end of 2009 there were one hundred and twenty nine clubs and societies, affiliated with Arc, that had been the recipients of over \$64,000 in Arc grants administered by Student Development throughout the year. These grants help clubs and societies promote and run activities, varying from professional development seminars, to sci-fi viewing nights, sports days, parties, cruises, plays, shows, revues and of course countless student BBQs. The list of activities that clubs run continues to expand as students become more creative and confident in their skills. Arc provides an Innovation Grant to help clubs think outside the box and continue to provide unique opportunities to UNSW students. Our grants also help cover equipment purchases and printing costs. Student Development also administers another \$80,000 per year in grant money that is provided by UNSW with the intention of encouraging campus community and enabling students to develop graduate attributes. Among other activities, these grants help send students interstate and overseas to compete in intervarsity competitions varying from debating to cheerleading. Throughout 2009 we supported students going to Venice to participate in the Biennale, Geneva to learn about international trade and Denmark to attend the UN Conference on Climate Change.

Student Development provides club executives with the opportunity to gain leadership experience and forms the foundation for student involvement in the campus community. In 2009, we have worked to ensure both the access to, and processing of grants for clubs and societies is simpler, resulting in a strong growth in grant applications in 2009.

The opportunities that long standing volunteer programs such as Yellow Shirts, Walama Muru, Shack Tutoring and CONTACT provide, continued in 2009. Our volunteer programs continued to achieve their goals with wonderful publications resulting from the UNSweetened and International Cookbook programs.

We continually seek to improve our programs, an example of which is Mosaic Fusion Forums. This program went through significant changes, moving to a day long expo for secondary school students to discuss matters of cultural significance and resulting in the students creating works to express their understanding of diversity. For the first time these works were presented online and were created primarily using audio/visual media.

Each program is run by a group of student volunteers led by a student coordinator, who is guided and assisted by staff in the Student Development department.

The end of 2009 saw the development and implementation of the Fair Trade Market, The Mob, and The Duke of Edinburgh Award, setting up the Student Development department for a promising 2010.

Overseeing the ongoing development of the department was the Student Development Committee (SDC). Only the elected student representatives of the SDC have voting rights which ensures that student voice, input and values are at the heart of all that Student Development does. Under the astute stewardship of SDC Convenor Kate Tanswell, a strong working relationship has been formed, to ensure that the department is always engaged towards the common goal of providing a dynamic student life experience on campus.

The Student Development office has established itself as one filled with current students and alumni of UNSW all working towards the goal of providing a life-changing university experience for students. The department is filled with energy, passion and the ability to ensure that students get the most out of their time here at UNSW. It is no doubt one of the success stories for Arc in 2009.

Student Support

The Arc Student Support department provides advice and representation to UNSW students regarding university matters and common legal problems. The legal service, free to all Arc members, is a key membership benefit.

2009 saw a large volume of cases within UNSW and externally, with department staff continuing independent advocacy on campus on behalf of students. External matters included more than 20 criminal cases and a significant success against a major government organisation in the Australian Industrial Relations Commission. Frequent discrimination, compensation, copyright and consumer claims represented a large proportion of the casework. Cases helped identify trends and areas of need, both on and off campus. International students' having difficulties with housing, driving and other local laws has emerged as an area of pressing need and this is a priority area of focus for 2010.

The department also increased its exposure to the student body with a significant O-Week presence, joint workshops throughout 2009 in conjunction with UNSW agencies such as International Student Services, and co-operative work with various departments and collectives of the Student Representative Council (SRC). Building the relationship between the department and SRC has been a major priority, and this will continue in 2010. The SRC have been invaluable in contributing to the department's policy work, ensuring student input into development and review of policies at UNSW including misconduct, complaints and intellectual property.

Business Operations

In July 2009 the Retail department, that encompasses Arc Retail Stores, Commercial tenancies in the Blockhouse and Roundhouse, and Vending services, added the Sponsorship and Advertising team (formerly part of Arc Marketing Services) to become the Business Operations Department.

The natural synergy between sponsorship and advertising as income streams with the retail department has proven very successful and has enabled the significant streamlining of processes.

Arc Retail Services created in excess of \$5.6 million in revenue and delivered in excess of \$1.55 million in contribution back to the organisation for the 2009 period. Considering that the macroeconomic environment was plagued by the global financial crisis, this was an outstanding result.

The business was expanded with the addition of a new retail site at the UNSW village site to be opened in 2010. This fits within Arc's retail strategy of being the only provider of retail/convenience services at UNSW. With the planned redevelopment of UNSW College of Fine Arts, the CoFA Art Store (CAS) closed its service in its previous location and moved to F Block in the Student lounge area for the duration of the construction period. This was a great solution, enabling CAS to continue to offer retail services to the CoFA community during the redevelopment period. The CAS team have done a wonderful job in being able to deliver a profit in these difficult circumstances.

Sponsorship and Advertising delivered in excess of \$270k for the 2009 period which was a 3.8% increase against the plan. A Sponsorship and Advertising manager was recruited to grow this area of the business and increase income for the 2010 period.

Arc Retail casual positions are still highly coveted roles with in excess of 200 applicants for the 20 available casual roles in 2009. With the exception of 1 position, all recruits were from the UNSW student body.

Venue & Events

The Venue & Events department had a successful year despite the effects the Global Financial Crisis had upon the Events industry at large. A downturn was experienced in traditional venue hires but was mitigated by the strong performance of the bar, student events and the development of new event revenue streams plus rigorous cost control.

Student events continued to be successful with the Roundhouse developing 4 new events that attracted over 4,000 patrons. Oktoberfest reached its 5,000 patron capacity by 6pm and Foundation Day improved upon its previous successes with a new structure enabling more students to experience and engage with the daytime component. Session Parties continued their success with an average of 1,800 students attending each - the Toga and Pirate vs. Ninja themes were particularly popular. The Roundhouse provided over 1,500 hours in free room hire to clubs and societies, hosted over 150 student activities, 12 major student events and offered over 90 student employment opportunities.

The venue concentrated on diversifying its event revenue streams, resulting in an increase of over 20% in the areas of cultural, religious and sporting events. Over 100 commercial events were hosted with over 50,000 patrons coming through the venue. The Roundhouse retained a strong presence on the touring circuit for Australian and international bands with performances from The Stranglers, Trivium, The Getaway Plan, Anberlin and many more.

Chief Executive Officer's Report (cont'd)

Marketing & Communications

The Marketing & Communications department's focus in 2009 was to enhance the delivery of services to internal customers. The evaluation and analysis of past service delivery problems led to enhancements in communications across the organisation resulting in positive improvements in attendance and engagement across all departments. In conjunction with the Student Focus Project, Marketing has redefined the organisation's brand guidelines, enabling the brand to be as flexible and diverse as the student population.

The continual provision of mentoring opportunities within the department in the areas of publishing, design and journalism led to the successful delivery of several publications, including Arc's weekly publication Blitz and the yearly publications International 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 Promotional Handbill - Foundation Day
- Winner Orientation Handbook - Complete Guide to Arc
- Runner Up Website - www.arc.unsw.edu.au
- Runner Up Promotional Article or Clothing - Arc Promotional Stands
- Honourable Mention Community Outreach Program - Mosaic Fusion Forums
- Honourable Mention Student Development Program - Kudos Gallery

Corporate Services

The Corporate Services department is a centralised support service and is divided into several key departments which provide key services to Arc and its employees, such as IT and Human Resources & Building Services. In 2009, Corporate Services continued to build on its foundations from the previous years.

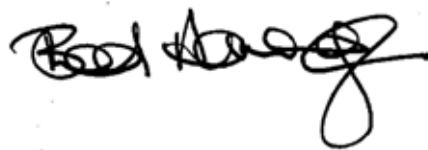
The IT infrastructure has been updated and significantly improved since 2008 to enable a more efficient and thorough helpdesk function. This function has been carried out to support the increasing number of users within Arc. The department adapted and improved the Disaster Recovery plan to ensure that Arc's technology infrastructure suffers from minimal downtime and appropriate backup and recovery.

Human Resources moved towards an organisational development phase, developing and implementing the following key projects: Culture & Climate Survey; Performance Management Framework; Development of Policies & Procedures; Arc Collective Agreement; Roll out of new Payroll System; OHS Management System; Emergency Management Website; and Consultation & Communication Website.

Human Resources established a consolidated employment relations document in the form of the Arc Employee Collective Agreement. In consultation with staff, the agreement was voted upon and signed for a period of five years. The agreement provides transparent, fair, equitable and standardised conditions of employment for all Arc Employees. Having increased our workforce by 45% since 2008, Arc continues to recruit and select employees predominantly on fit with in the Arc culture. Again, we can report great results in injury management, with no major injuries reported in 2009.

Building Services continues to provide the organisation with regular maintenance and services through the coordination of security, building refurbishments and day to day general repairs. Building Services greatest achievement was their commitment to the environment and elimination of risk whilst providing Arc employees with a safe and healthy workplace.

2009 was no doubt a successful year for the organisation. Our partnership with UNSW goes from strength to strength and the implementation of our Student Engagement and Development Strategy has been extremely successful. Exciting plans are already underway for expansion in services on campus that will deliver upon strategy as well as provide funding for the future expansion of the organisation.



Brad Hannagan
Chief Executive Officer



Caroline Wallace
Chair of the Board
Director, CoFA

Chair's Report

2009 was a year of increased change and improvement throughout Arc, and despite legislative uncertainty, we are continuing to develop into a vibrant, stable and worthwhile student organisation.

Increased student involvement was evident in every facet of the organisation throughout 2009. The Student Focus Plan was integrated throughout the organisation to maximise student involvement, to ensure that each project Arc undertook was being managed by a student wherever possible, and to ensure that students were developing key skills and receiving training that equipped them not just at uni, but throughout their professional career. New internship positions were created in a number of different departments – from graphic design to information technology – so that interested students could gain valuable work experience. Foundation Day – an event typically organised by a staff member – was instead given to a student, who with the support of the Venue & Events Department successfully organised and booked events, oversaw sponsorship and revenue, advertising, safety and coordinated scores of volunteers. As a consequence the 2009 Foundation Day celebrations were an unparalleled success, an achievement recognised not only by Arc staff and members of the University, but by the thousands of students who enjoyed the day.

As Arc grows as an organisation we are becoming increasingly focussed on offering specific services to different demographics of students both on and off-campus. Arc knows that in order to become the best possible student organisation then we have to broaden our

appeal to include Postgraduate students, International students, rural and exchange students to name just a few. This movement towards catering to a broader demographic can be seen clearly in Arc projects throughout 2009. We saw the launch of the Postgraduate Lounge – a space dedicated to Postgraduate students and designed to meet their unique needs – as well as an increased presence at the Paddington campus through the CoFA Student Development Committee.

Above all else, Arc is committed to students and is determined to let students lead the way, and in this area the organisation is going from strength to strength. Throughout the course of the year we came to realise more and more that Arc cannot survive as an organisation if it merely caters for what we believe students want. Instead we have made sure that students are in the driver's seat at all times – that students are making the decisions about what is important to them, what they want the organisation to deliver and prioritise, what we should look like now and, most importantly, what we should look like in the future.

Through actively engaging with students throughout 2009 Arc was able to adapt, expand and improve every element of the organisation. Student input wasn't just sought out - it was understood and acted on. By ensuring that we stay connected to students in this way, Arc can go confidently into the future knowing that we are building the best possible organisation for students at UNSW.

Caroline Wallace
Chair of the Board



Board of Directors

Current Directors



Brad Hannagan
Director
Chief Executive Officer
Managing Director
Company Secretary



Sue Beardman
Director
UNSW Appointee



Caroline Wallace
Chair of the Board
Director, CoFA



Jessica Mobbs
Student Director



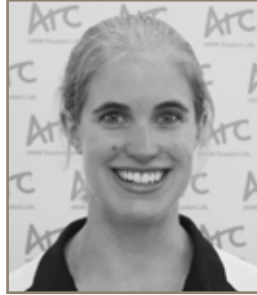
Sarah Long
Director
UNSW Appointee



Simon Bruck
Student Director
Honorary Treasurer



Osman Faruqi
Director
President
Student Representative Council



Alice Lang
Director
Convenor
Student Development Committee



Andrew Looi
Undergraduate Director



Matthew Ward
Student Director



Shay Deguara
Postgraduate Director



Mary Stringer
Director
UNSW Appointee



Jeff Forrest
Director
UNSW Alumni Association

Outgoing Directors



Caitlin Hurley
Student Director



Catherine Ding
Student Director
Honorary Treasurer



Charishma Kaliyanda
Director
President, Student
Representative Council



Damian Stephenson
Director
UNSW Alumni Association



Kathleen Tanswell
Director
Convenor, Student
Development Council



Roger Gibson
Director
UNSW Alumni Association



Simon Crawford-Ash
Chair of the Board
Student Director

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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 year ended 31 December 2009.

Director	Appointed	Experience/Qualifications	Special Responsibilities
Sarah Long	28 August 2006	BA (UQ), GradDip Ed (USQ). 8 years experience in student services, governance, compliance and risk management in tertiary education.	
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, Marketing & Politics and International Relations. Experienced lobbyist within student movement.	Jun 09 – Current: Chair of Membership & Services Subcommittee
Caroline Wallace	24 June 2008	BArts (Film and Performance Studies) Hons. Currently completing a M.Phil at CoFA in Performance Studies.	Jun 08 – May09: Chair of Membership & Services Subcommittee Jun 09 – Current: Chair of the Board
Shay Deguara	24 June 2008	Masters of Science and Technology in Safety Science student.	
Matthew Ward	22 June 2009	BSc. UNSW Academic Board, SRC Welfare Officer, NUS State Executive and Member of the CONTACT zevents organising team. Orientation Week Squad Leader.	
Jeffrey Forrest	22 June 2009	BA (Hons) UNSW. Management Consultant with 4 years experience in business strategy. Former Arc staff and volunteer.	Nov 09 – Current: Chair of Audit Subcommittee
Jessica Mobbs	22 June 2009	BArts (English and History). Current SRC Women's Officer (as at Dec 09) and Member of the UNSW Women's Department.	Jun 09 – Current: Chair of Nominations & Remuneration Subcommittee
Simon Bruck	22 June 2009	Commerce/ Law student. 2008 SDC Convenor, co-founder of the Music Society of UNSW and Orientation Week Squad Leader.	Jun 09 – Current: Honorary Treasurer
Mary Stringer	19 October 2009	BSc (Hons) Mod Lang. 20 years experience in educational administration.	
Alice Lang	1 December 2009	B.Eng (Photovoltaics)/ B. Arts student. Commencing honours in Engineering. Completed academic international exchange. Active student volunteer and college Resident Adviser. Former Club President.	Dec 09 – Current: SDC Convenor
Osman Faruqi	1 December 2009	B.Eng/ BA Student. Former Member of House of Pooh Corner child care centre Board of Management and student representative on Faculty of Engineering Board.	Dec 09 – Current: SRC President

Directors' Report (cont'd)

Director	Appointed	Experience/Qualifications	Special Responsibilities
Charishma Kaliyanda	1 December 2008 to 30 November 2009	Advanced Science/ Arts (Psychology and Spanish & Latin American Studies) student. Former Club Member and student lobbyist, student representative on UNSW Academic Board and FASS Board. Elected Member of the National Executive of NUS.	Dec 08 – Nov 09: SRC President
Kathleen Tanswell	1 December 2008 to 30 November 2009	B Adv Sci/ B Arts (Honours in Psychology). Former student volunteer, Club President and SDC Representative.	Dec 08 – Nov 09 SDC Convenor
Sue Beardman	24 June 2008 to 19 October 2009	BA Hons (UWA), Grad Dip Inf Lib (Curtin). 18 years experience in the tertiary education sector.	
Damian Stephenson	25 June 2007 to 22 June 2009	B. Sc (BIT) NSW. Management Consultant at Bain & Company. 9 years experience in financial services and strategy. Vice President of UNSW Alumni Association.	Jan 09 – May 09: Chair of the Audit Subcommittee
Caitlin Hurley	25 June 2007 to 31 May 2009	BSc/BA (Hons), History, Philosophy, Politics. UNSW Yellow Shirt Alumni. Former representative on the FASS Board, student volunteer and Club Member. Past Chair of the Arc @ UNSW Limited Board.	Jun 08 – May 09: Chair of Nominations & Remunerations Subcommittee
Catherine Ding	25 June 2007 to 31 May 2009	Law and Finance graduate with over two years experience in a legal environment and in drafting documents. Former President of the Shanghai Students' Society and Club Member of the Law Society. Past Chair of the Membership & Services Subcommittee.	Jun 08 – May 09: Honorary Treasurer
Roger Gibson	25 June 2007 to 31 May 2009	MCom (Hons) UNSW. 10 years experience in strategic and commercial management.	Jun 08 - Dec 08: Chair of Audit Subcommittee
Simon Crawford-Ash	25 June 2007 to 31 May 2009	GAICD, AIAA. Completing BCom (Hons), Actuarial Studies, Finance, Economics. UNSW Yellow Shirt Alumni. Employment history with Colonial First State and Finity Consulting. Former Club Member and Club Executive. Alumni of Basser College and previous Executive. Past Honorary Treasurer on the Arc @ UNSW Limited Board.	Jun 08 – May 09: Chair of the Board

Directors' Report (cont'd)

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.

Director's Meetings

During the period, there were 11 meetings of the Board of Directors and the attendances were as follows:

Name	Meetings Held Whilst in Office	Meetings attended
Sarah Long	11	5
Brad Hannagan	11	10
Andrew Looi	11	8
Caroline Wallace	11	10
Shay Deguara	11	5
Matthew Ward	6	5
Jeffrey Forrest	6	6
Jessica Mobbs	6	6
Simon Bruck	6	6
Mary Stringer	2	2
Charishma Kaliyanda	11	10
Kathleen Tanswell	11	9
Sue Beardman	9	7
Damian Stephenson	5	3
Caitlin Hurley	5	5
Catherine Ding	5	2
Roger Gibson	5	0
Simon Crawford-Ash	5	5
Alice Lang	0	0
Osman Faruqi	0	0

Directors' Report (cont'd)

Principal Activities

The principal activity of the Company is providing services 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 year ended 31 December 2009 was \$472,304 (for the six months ended 31 December 2008 there was a surplus of \$58,535.)

Significant Changes

There were no significant changes in the state of affairs of the Company during this period.

Matters Subsequent to the End of the Financial Period

No matters or circumstances have arisen since the end of the financial period which significantly affects 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 31 December 2009.

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 31 December 2009.

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 the 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 willful 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.



Jeffrey Forrest

Director

Sydney
27 April 2010



Simon Bruck

Honorary Treasurer



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Australia

DECLARATION OF INDEPENDENCE BY JEFF ABELA TO THE DIRECTORS OF ARC @ UNSW LIMITED

As lead auditor of ARC @ UNSW LIMITED for the year ended 31 December 2009, I declare that, to the best of my knowledge and belief, 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.

A handwritten signature in black ink that reads 'Jeff Abela'. The signature is written in a cursive, flowing style.

Jeff Abela

Director
BDO Audit (NSW & VIC) Pty Ltd
Sydney
27 April 2010

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	12 Months to 31 Dec 2009 \$	6 Months to 31 Dec 2008 \$
REVENUE	2	11,344,787	6,001,176
EXPENSES			
Cost of goods sold		(3,725,967)	(1,659,540)
Employee benefits expense		(4,460,838)	(2,315,915)
Depreciation		(1,058,136)	(471,857)
Marketing		(227,504)	(120,486)
Membership		(109,833)	(84,525)
Administration		(375,507)	(102,446)
Utilities		(320,064)	(64,264)
Security		(219,681)	(127,817)
Rental, hire, finance lease		(395,513)	(213,761)
Other expenses		(924,048)	(499,650)
	3	(11,817,091)	(5,660,261)
(Deficit) / Surplus before Write off of Legacy Academic Hire gowns		(472,304)	(340,915)
Write off of Legacy Academic Hire gowns		-	(282,380)
Net (Deficit) / Surplus		(472,304)	(58,535)

(The accompanying notes form part of this financial report)

Statement of Financial Position

AS AT 31 DECEMBER 2009

	Notes	31 Dec 2009 \$	31 Dec 2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	5,199,931	5,236,188
Trade and other receivables	5	523,062	516,567
Inventories	6	384,324	395,279
Other assets	7	1,200	1,200
TOTAL CURRENT ASSETS		6,108,517	6,149,234
NON-CURRENT ASSETS			
Plant and equipment	8	2,278,076	3,070,077
TOTAL NON-CURRENT ASSETS		2,278,076	3,070,077
TOTAL ASSETS		8,386,593	9,219,311
CURRENT LIABILITIES			
Trade and other payables	9	1,124,476	1,294,516
TOTAL CURRENT LIABILITIES		1,124,476	1,294,516
NON CURRENT LIABILITIES			
Other payables	9	263,245	453,619
TOTAL NON CURRENT LIABILITIES		263,245	453,619
TOTAL LIABILITIES		1,387,721	1,748,135
NET ASSETS		6,998,872	7,471,176
EQUITY			
Accumulated funds		6,998,872	7,471,176

(The accompanying notes form part of this financial report)

Statement of Changes in Accumulated Funds

FOR THE YEAR ENDED 31 DECEMBER 2009

	Accumulated Funds \$
Balance as at 30 June 2008	7,412,641
Surplus for the period (6 months)	58,535
Balance as at 31 December 2008	7,471,176
(Deficit) for the period (12 months)	(472,304)
Balance as at 31 December 2009	6,998,872

(The accompanying notes form part of this financial report)

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	12 Months to 31 Dec 2009 \$	6 Months to 31 Dec 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sale of goods and other		8,678,645	4,921,973
Receipts from membership		253,490	137,355
Receipts from UNSW service agreement		2,130,000	1,065,000
Payments to suppliers and employees		(11,017,396)	(4,986,031)
Interest received		185,139	44,319
Net cash provided by operating activities	13	229,878	1,182,616
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(266,135)	(209,865)
Proceeds from sale of property, plant and equipment		-	8,127
Net cash used in investing activities		(266,135)	(201,738)
NET (DECREASE) INCREASE IN CASH		(36,257)	980,878
Cash at beginning of the period		5,236,188	4,255,310
CASH AT THE END OF THE PERIOD	4	5,199,931	5,236,188

(The accompanying notes form part of this financial report)

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2009

Note 1: Statement of 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%
Academic Hire	10.0%

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.

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 period end have 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 (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 period 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.

	12 months to 31 Dec 2009	6 months to 31 Dec 2008
	\$	\$

Note 2: Revenue

UNSW service agreement funding	2,130,000	1,065,000
Sale of goods	5,907,210	2,846,301
Rental, venue hire, amusements	1,062,263	593,703
Interest income	159,061	5,016
Sponsorships	437,659	118,513
Membership	308,632	201,849
Academics dress hire	467,295	169,733
Education Trust	-	1,000,000
Guild Income	684,996	-
Other	187,671	1,061
	11,344,787	6,001,176

Note 3: Specific Expenses

The result for the period includes the following specific expenses:		
Depreciation of fixed assets	1,058,136	471,857
Auditor's Remuneration:		
- auditing services	34,000	35,479

Note 4: Cash And Cash Equivalents

Cash at Bank	416,875	1,094,173
Cash on hand	13,152	33,295
Deposits at call	4,769,904	4,108,720
	5,199,931	5,236,188

Notes To The Financial Statements (cont'd)

	12 months to 31 Dec 2009	6 months to 31 Dec 2008
	\$	\$

Note 5: Trade And Other Receivables

Trade debtors	160,250	91,800
Sundry debtors	94,751	229,667
Accrued interest	-	26,078
Prepayments	268,061	169,022
	523,062	516,567

Note 6: Inventories

Finished goods		
- at cost	384,324	395,279

Note 7: Other Assets

Unlisted shares at cost	1,200	1,200
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Note 8: Fixed Assets

FURNITURE & FITTINGS		
At cost	2,969,823	2,854,571
Less accumulated depreciation	(1,409,771)	(859,436)
	1,560,052	1,995,135
ACADEMIC DRESS		
At cost	52,866	31,336
Less accumulated depreciation	(4,555)	(174)
	48,311	31,162
MOTOR VEHICLES		
At cost	34,068	34,068
Less accumulated depreciation	(19,285)	(12,470)
	14,783	21,598
COMPUTERS		
At cost	609,503	537,762
Less accumulated depreciation	(450,688)	(263,864)
	158,815	273,898
COMPUTERS		
Leased	253,734	253,734
Less accumulated depreciation	(142,721)	(58,143)
	111,013	195,591

	12 months to 31 Dec 2009	6 months to 31 Dec 2008
	\$	\$

Note 8: Fixed Assets (cont'd)

SOFTWARE		
At cost	295,239	237,627
Less accumulated depreciation	(125,304)	(39,677)
	169,935	197,950
SOFTWARE		
Leased	418,731	418,731
Less accumulated depreciation	(203,564)	(63,988)
	215,167	354,743
TOTAL FIXED ASSETS	2,278,076	3,070,077

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 period are set out below:

	Balance at 31 Dec 2008	Additions	Disposals	Depreciation	Balance at 31 Dec 2009
Furniture and Fittings	1,995,135	115,252	-	(550,335)	1,560,052
Academic Dress	31,162	21,530	-	(4,381)	48,311
Motor Vehicles	21,598	-	-	(6,815)	14,783
Computers	273,898	71,741	-	(186,824)	158,815
Leased Computers	195,591	-	-	(84,578)	111,013
Software	197,950	57,612	-	(85,627)	169,935
Leased Software	354,743	-	-	(139,576)	215,167
Total	3,070,077	266,135	-	(1,058,136)	2,278,076

Note 9: Trade and Other Payables

CURRENT			
<i>Unsecured liabilities:</i>			
Trade creditors		56,359	7,878
Other creditors and accruals		487,972	737,604
Unearned revenue		88,409	143,551
Lease Liability	11	183,281	168,336
Employee benefits – annual leave		308,455	237,147
		1,124,476	1,294,516
NON CURRENT			
<i>Unsecured liabilities:</i>			
Lease Liability	11	263,245	453,619

Notes To The Financial Statements (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 31 December 2009 was 2,734 of which 160 are club members.

Note 11: Capital and Leasing Commitments

	Note	31 Dec 2009 \$	31 Dec 2008 \$
		\$	\$
FINANCE LEASE COMMITMENTS – OFFICE EQUIPMENT PAYABLE			
- Not later than 12 months		214,083	214,685
- Between 12 Months and 5 Years		276,759	497,935
		490,842	712,620
Less future finance charges		(44,316)	(90,665)
Present Value of Minimum lease payments		446,526	621,955
Current Liability	9	183,281	168,336
Non Current Liability	9	263,245	453,619
		446,526	621,955
OPERATING LEASE COMMITMENTS RENTAL PAYABLE			
- Not later than 12 months		193,565	186,120
- Later than 1 year but not later than 5 years		402,615	596,180
		596,180	782,300

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 are as follows:

	12 months to 31 Dec 2009 \$	6 months to 31 Dec 2008 \$
SHORT TERM BENEFITS		
Salary, Fees and Annual Leave	869,176	384,990
Non-Cash Benefits	11,725	-
POST EMPLOYMENT BENEFITS		
Superannuation	72,363	35,598
LONG TERM BENEFITS		
Long Service Leave	-	-
TOTAL COMPENSATION	953,264	420,588

Note 13: Cash Flow Information

Reconciliation of (deficit) / surplus to net cash flows for the period	12 months to 31 Dec 2009 \$	6 months to 31 Dec 2008 \$
(Deficit) Surplus for the period	(472,304)	58,535
Non-cash flows in surplus for the period :		
- Receipt of net assets, excluding cash, from legacy organisations	-	-
- Depreciation	1,058,136	471,857
- Gain on disposal of property, plant and equipment	-	(8,127)
Changes in assets and liabilities		
(Increase) / Decrease in trade and other receivables	(6,495)	729,551
Decrease in inventories	10,955	463,121
(Decrease) in trade and other payables	(360,414)	(532,321)
Net cash provided by operating activities	229,878	1,182,616

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) below), 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	31 Dec 2009 \$	31 Dec 2008 \$
Cash and Cash Equivalents		5,186,779	5,202,893
The cash and cash equivalents are held in high quality Australian financial institutions.			
Trade Debtors	5	160,250	91,800
Sundry Debtors	5	94,751	229,667
Total loans and receivables		255,001	321,467

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

Notes To The Financial Statements (cont'd)

Note 14: Financial Risk Management (cont'd)

(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 31 December 2009 it had \$5,199,931 (\$5,236,188 – 31 December 2008) of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 31 December 2009 totalled \$816,021 (\$1,057,369 – 31 December 2008). 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).

(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:

31 December 2009	Floating interest rate	Non interest bearing	Total
Financial Assets	\$	\$	\$
Cash on Hand	-	13,152	13,152
Cash at Bank	416,875	-	416,875
Deposits	4,769,904	-	4,769,904
Trade and other receivables	-	255,001	255,001
	5,186,779	268,153	5,454,932
Financial Liabilities			
Trade and other payables	-	816,021	816,021
Net Financial Assets (Liabilities)	5,186,779	(547,868)	4,638,911

31 December 2008	Floating interest rate	Non interest bearing	Total
Financial Assets	\$	\$	\$
Cash on Hand	-	33,295	33,295
Cash at Bank	1,094,173	-	1,094,173
Deposits	4,108,720	-	4,108,720
Trade and other receivables	-	321,467	321,467
	5,202,893	354,762	5,557,655
Financial Liabilities			
Trade and other payables	-	1,057,369	1,057,369
Net Financial Assets (Liabilities)	5,202,893	(702,607)	4,500,286

Note 14: Financial Risk Management (cont'd)

(e) Investment Risk (Cont'd)

Sensitivity Analysis

31 December 2009	Carrying Amount \$	+1.0% (100 basis points) Profit \$	-1.0% (100 basis points) Loss \$
Cash at Bank & Deposits	5,186,779	51,868	(51,868)

31 December 2008	Carrying Amount \$	+1.0% (100 basis points) Profit \$	-2.0% (200 basis points) Loss \$
Cash at Bank & Deposits	5,202,893	52,029	(104,058)

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 statement of financial position as at 31 December 2009, and the statement of comprehensive income statement, statement of changes in equity and statement of cash flows for the year ended 31 December 2009, 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 31 December 2009 and of the performance for the financial year ended 31 December 2009.
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:



Jeffrey Forrest

Director



Simon Bruck

Honorary Treasurer

Sydney

Date: 27 April 2010



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ARC @ UNSW LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Arc @ UNSW Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory 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 controls 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's



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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 31 December 2009 and of its performance for the year ended on that date; 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, appearing to read 'Jeff Abela'. The signature is written in a cursive, flowing style.

Jeff Abela

Director

Sydney

Date: 27 April 2009



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ARC
UNSW Student Life