



Annual Report

For the six month period ended 31 December 2008



UNSW Student Life



Contents

CEO'S Report	4
Chair's Report	6
Board of Directors	7
Financial Reports:	
Directors' Report	10
Auditor's Independence Declaration	14
Income Statement	15
Balance Sheet	16
Statement of Changes in Accumulated Funds	17
Statement of Cash Flows	18
Notes to the Financial Statements	19
Declaration by Directors	29
Independent Audit Report	30



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
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Annual Report published by
Arc @ UNSW Limited



Brad Hannagan
Chief Executive Officer

Chief Executive Officer's Report

This report covers the six month period ending 31 December 2008. The organisation altered its reporting period from a July - June financial year to a January - December calendar year, enabling us to manage and budget according to the University calendar which is a clearer representation of the organisation's activities.

Financially the organisation performed well generating a surplus of \$58,535 for the period. This resulted in the organisation generating \$980,878 of positive cash flow. All areas performed within expectations except for interest returns on investments which were impacted by decreasing returns arising from the economic climate.

The UNSW Union Education Trust provided \$1,000,000, representing payment of the first tranche of funds from this trust.

Accounting for the \$1,000,000 discussed above, the organisation reports cash flow from operations of -\$19,000 for the period. This is in line with the organisation's goals and mission to reinvest cash flow from operations into the organisation to enhance student life on campus.

The Balance Sheet was further strengthened by the receipt of funds from the UNSW Union Education Trust and thus the organisation remains in a healthy state financially. In 2009, the organisation will utilise the health of the Balance Sheet to investigate areas of opportunity for strategic investments that will further Arc's mission.

Membership

Membership focuses on the delivery of services and the development and implementation of acquisition and retention strategies. By year end, 3648 students had elected to become voluntary members of Arc including a total of over 400 club level members. The results of an online survey emphasised the importance of clubs, online communications and the perceived benefits gained from Membership so these became a priority for the team. This led to club grants being more closely linked to Membership, the eNewsletter and key parts of the website were completely redesigned and a new Corporate Partnership Program was launched. In September, the 2009 renewals campaign began and led to over 100 Members rejoining Arc for 2009 ahead of O-Week.

Membership also launched the Arc Partner Program in recognition of the importance of our key stakeholders on campus. Faculties and units such as the Careers and Employment Office, International Student Services and Study Abroad have been invited to participate and this has increased their use of Arc's services as well as improving the promotion of Arc's events through their key communication channels.

Student Development

The Student Development (SD) Department exists to provide students with opportunities to get the most out of their time at university outside of lecture theatres and classrooms. Its aim is to facilitate activities that will help students grow as individuals, meet friends and get involved with campus life. This is achieved by engaging students with volunteer programs, clubs and societies and short courses.

SD provides award-winning volunteering programs such as Yellow Shirts (ACUMA 2008 Best Student Development Program), Walama Muru (ACUMA 2008 Best Community Outreach Program) Relay for Life,

Arts Week, Shack Tutoring, Contact, *UNSWeetened*, Mosaic Fusion Forums and International Cookbook for students to participate in. SD is well into the process of developing a number of new programs through The Pod (Podcasting @ UNSW) - the first new program for 2009. Each program is run entirely by students led by a student coordinator who is guided and mentored by SD.

SD also improves student life by supporting over 100 affiliated student clubs and societies ranging from the purely social to the more academic-based. Clubs offer the chance for students to organise, socialise and network at activities and events. It is a great opportunity for students to gain leadership experience and forms the backbone of student involvement at a grass roots level in the campus community. Arc supports clubs through both financial means in the form of monetary grants as well as other resources and logistical support.

The Department offers a wide variety of extra curricular courses that enrich students' lives by increasing their skills and catering to a wide variety of interests. These range from employability skills courses such as RSA, RCG and First Aid to more creative-focused courses that are offered through a partnership with the Eastern Suburbs Community College.

The Student Development Committee (SDC) oversees the direction of this Department. Only the elected student representatives have voting rights on the SDC which ensures that student voice, input and values are at the heart of all that Student Development brings to Arc. The Student Development team works together with SDC to facilitate a dynamic student life experience on campus.

Student Support

The Student Support Department offers free advice and representation to UNSW students with university-related matters such as academic appeals, and a full legal service to Arc Members. The Department continued to provide a valuable service to the organisation and the University in the second half of 2008 through its advocacy and representation role. In this period almost 150 students were assisted with a very wide range of inquiries ranging from academic misconduct and intellectual property rights to claims against employers for unpaid wages and Tribunal action against landlords.

Some highlights from the second half of 2008 include:

- Joint submissions by Student Support and SRC to Government and UNSW on policy reform
- Multiple presentations to groups of students on legal and welfare matters
- Successful trial of the Arc-Acacia on campus migration advice service.

The Department is now working towards improving expertise in particular areas such as copyright, contributing to Arc publications and developing online resources.

Commercial Activities

The Venue and Events Department had a successful six month period. Student Events continued their pattern of success with Oktoberfest reaching its capacity of 5,000 patrons by 7pm. Foundation Day was

successful with over 1,600 patrons attending the night event despite the deluge that washed out the day celebrations. Session parties maintained attendances of over 1,800. The Roundhouse hosted over 80 student activities, provided Club and Societies with over 1,500 hours of free room hire and 60 student employment opportunities. It also hosted in excess of 70 commercial events with over 28,000 patrons coming to the venue. The Roundhouse remained a strong presence on the touring circuit for Australian and international bands with performances from Metro Station, Down, Unwritten Law, Underoath, Meshuggah and The Butterfly Effect amongst others.

The Retail Department faced many challenges; the biggest being the change to the academic calendar from 28 weeks to 24 weeks. This reduced the trading year by 16%, and the risk to the business was paramount. In this period there was a sales increase across the retail business of 7%, a great result given the reduction in trading hours. Since January 2007, Retail has implemented many initiatives in cost controls and also reinvestment into the stores. All stores, with the exception of the COFA Art Store were refurbished. Cost control initiatives in the areas of labour costs and inventory control delivered a 44% increase in income for the same period in 2008. There was a 2.7% saving in labour costs and a 2.6% saving in cost of goods sold. Added to this, vending income and rental income increased by \$120 000 over the corresponding period in 2007. Given the challenges faced by the Retail Business, the results for 2008 were outstanding, and have put the organisation in better standing for the year to come.

Arc @ COFA

The findings of the Arc @ COFA Working Party saw many organisational changes come to fruition this year. Recognising the need for more student involvement at a local level, and the need to strengthen the delivery of services and opportunities offered, the internal structures of the COFA team were consolidated, resulting in greater blossoming of student life at COFA.

The first five COFA student clubs affiliated with Arc promoted interests in film, curating, printmaking and publishing, while a new Student Representative Council (SRC) was established to represent the specific needs of students at the COFA campus. The new Student Studio Residency at Fowlers Gap welcomed its first four artists in residence and the appointment of a COFA MArtAdmin student to coordinate Kudos Gallery, together with a committee of enthusiastic students has inspired resurgence in collective and collaborative initiatives. Celebrating its 10th anniversary in 2008, Kudos continues to maintain its unique status as one of the few remaining student managed galleries in the country.

Marketing and Communications

The Marketing and Communications Department delivers strategic marketing and communications to promote Arc's activities to key audiences. The effective rollout of the newly designed production booking system led to improved efficiencies, better service delivery and a more strategic approach to the overall provision of marketing and communications.

Sponsorship and advertising revenues continued to improve on previous years, enabling the support of a wide range of events such as O-Week, Artsweek and publications such as the International Cookbook and the *UNSWeetened* Literary Journal.

The Department continues to play a key role in mentoring students interested in gaining skills in journalism, publishing and event management. The weekly magazine *Blitz* and SRC's *Tharunka* magazine are produced by students whose work is supported by the Marketing and Communications Department.

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 the *UNSWeetened* Literary Journal.

Corporate Services

Corporate Services has in 2008 continued its work to serve, develop and implement new systems at Arc. Existing IT infrastructure has been updated and significantly improved to increase the efficiency and effectiveness of the organisation. The new infrastructure helps send and receive data from mobile units and protects Arc's data and systems more efficiently through a new backup and redundancy system. The project has been successful as it has helped increase the availability of the IT systems throughout the organisation and reduced downtime significantly.

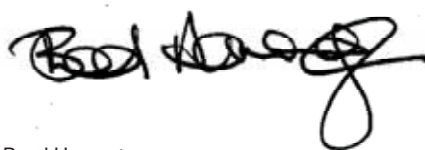
Human Resources has commenced the implementation of the Human Resources Management (HRM) system ConnX. The total HRM system will enable Arc to collect more relevant information which will improve administration capability and will be fully implemented in late 2009.

Arc Building Services has been coordinating and carrying out maintenance at Arc's premises. The focus in 2008 has been to systemise risk audits and to reduce hazards at the workplace. Great results have been achieved with no major injuries reported in 2008.

The Future

Arc's relationship with the University continues to grow from strength to strength. With the uncertainty surrounding the implementation of the Student Services and Amenities Bill, Arc continues to work closely with UNSW to ensure Arc is in the correct position to react rapidly to any legislative change.

This period has involved a lot of effort and hard work to put in place infrastructure, policies and procedures to strengthen Arc's foundation and enable the organisation to alter its focus from survival to future improvements. Recent work surrounding an adaptation of strategy from providing services to students, to instead creating a learning environment where Arc enables students to promote and implement their own endeavours is particularly exciting and will form the basis of the focus for 2009 and beyond.



Brad Hannagan
Chief Executive Officer



Simon Crawford-Ash
Chair of the Board

Chair's Report

This has been a very exciting six months; the initiatives set in motion will completely transform Arc over the next few years. Before I jump into the detail, it is worthwhile reflecting on the milestones that made our operations stable enough to allow aiming even higher in serving students. It can be easy to forget Arc is only a few years old while witnessing hundreds of students receiving support or legal advice; hundreds more volunteering in new and old programs; thousands participating in Arc supported club activities; in addition to collectives, campaigns, events, festivals and parties across two campuses! In 2007 students and staff pulled together in a herculean effort to get Arc off the ground and provide these services. The first half of 2008 saw the creation of the structures Arc needed to serve students effectively: launching paid membership, tweaking constitution and regulations and developing necessary policies and frameworks. Arc's success over this first year and a half was reflected by collecting six awards at the annual ACUMA conference for student organisations. Yet I believe a clearer indicator of Arc's strength has been demonstrated in the last six months: our ability to listen and quickly refocus, respond and improve our services to students. The first example was in September; Board listened to feedback from students and realised our strategic direction could be improved. We refocused the organisation and began redefining our mission simultaneous to the 'Facilitation Team' working with all students and staff to identify gaps in infrastructure and process. The agility with which Arc stepped

onto a clearer, completely student focussed path is a testament to the passion and quality of all our people. Amidst this change we had a second opportunity to showcase our quick reaction time: Government's intention to further amend legislation relating to student organisations. Again Arc led student organisations around Australia in identifying the risks and taking action to minimise any possible impact on UNSW students. Having seen the speed in which Arc responded and the strength of relationship and similarity of vision held with UNSW, I have utmost confidence we will – and in many ways already have – easily overcome this new challenge. So we have yet again laid foundations; although we have captured some early opportunities, the full force of our strategic refocus is yet to be felt. Arc has never been more united and is enthusiastically poised to implement many changes throughout 2009 – I hope you are as excited as I am to witness the result! Stay young and keep growing,

Simon Crawford-Ash
Chair of the Board



Board of Directors

Current Directors



Sue Beardman
Director
University Appointee



Simon Crawford-Ash
Chair of the Board



Shay Deguara
Postgraduate Director



Catherine Ding
Honorary Treasurer



Roger Gibson
Director
UNSW Alumni Association



Brad Hannagan
Chief Executive Officer
Managing Director
Company Secretary



Caitlin Hurley
Director



Charishma Kaliyanda
President
Student Representative Council



Sarah Long
Director
University Appointee



Andrew Looi
Undergraduate Director



Damian Stephenson
Director
UNSW Alumni Association



Kate Tanswell
Convenor
Student Development Committee



Caroline Wallace
Director
COFA

Outgoing Directors



Phuong Au
President
Student Representative Council



Simon Bruck
Convenor
Student Development Committee



Financial Reports

Directors' Report	10
Auditor's Independence Declaration	14
Income Statement	15
Balance Sheet	16
Statement of Changes in Accumulated Funds	17
Statement of Cash Flows	18
Notes to the Financial Statements	19
Declaration by Directors	29
Independent Audit Report	30



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 (six months) ended 31 December 2008.

Director	Appointed	Experience Qualification	Special Responsibilities
Sarah Long	28 August 2006	BA (UQ), GradDip Ed (USQ). 8 years experience in student services, compliance and risk management in tertiary education.	
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.	Chair of the Arc @ UNSW Limited Board
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
Shay Deguara	24 June 2008	Masters of Science and Technology in Safety Science student.	
Sue Beardman	24 June 2008	BA Hons (UWA), Grad Dip Inf Lib (Curtin). 18 years experience in the tertiary education sector.	
Caitlin Hurley	25 June 2007	Graduand BSc/BA (Hons) UNSW	Chair of Nominations & Remunerations Subcommittee
Catherine Ding	25 June 2007	Third year Law/ Finance student. President of the Shanghai Students' Society.	Honorary Treasurer
Roger Gibson	25 June 2007	MCom (Hons) UNSW. 10 years' experience in strategic and commercial management.	Chair of Audit Subcommittee
Damian Stephenson	25 June 2007	B. Sc (BIT) NSW. Management Consultant at Bain & Company. 8 years experience in financial services and strategy. Vice President of UNSW Alumni Association.	
Simon Bruck	24 September 2007 to 30 November 2008	Commerce/ Law student with previous experience in Club Executive and Volunteer Program positions.	Previous SDC Convenor
Phuong Au	1 December 2007 to 30 November 2008	Marine Biology student and 2007 Education/ Welfare Officer.	Previous SRC President
Brad Hannagan	30 May 2008	MMGT (Macq)	Chief Executive Officer, Managing Director, Company Secretary

Directors' Report (cont'd)

Director	Appointed	Experience Qualification	Special Responsibilities
Charishma Kaliyanda	1 December 2008	Advanced Science/ Arts (Psychology and Spanish & Latin American Studies) student. Previous active Club Member and student lobbyist. Student representative on UNSW Academic Board and FASS Board. Elected member of the National Executive of NUS.	SRC President
Kathleen Tanswell	1 December 2008	B Adv Sci/ B Arts Student. Currently completing Honours in Psychology. 3 years experience on the SDC and its legacy committees, student volunteer and previous Club President.	SDC Convenor

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.



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More information and application details:
Arc Student Development, Level 1, Roundhouse, T: 9385 9840
Arc Reception Ground Floor, Blockhouse, T: 9385 7700
E: walamamuru@arc.unsw.edu.au

Arc
UNSW Student Life

Directors' Report (cont'd)

Directors' Meetings

During the period, there were 6 meetings of the Board of Directors and the attendances were as follows:

Name	Meetings held whilst in office	Meetings attended
Sarah Long	6	4
Simon Crawford-Ash	6	6
Catherine Ding	6	5
Roger Gibson	6	2
Caitlin Hurley	6	4
Damian Stephenson	6	3
Simon Bruck	5	5
Phuong Au	5	4
Brad Hannagan	6	6
Sue Beardman	6	5
Shay Deguara	6	2
Andrew Looi	6	5
Caroline Wallace	6	4
Charishma Kaliyanda	1	1
Kathleen Tanswell	1	1



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 surplus for the six months ended 31 December 2008 was \$58,535 (for the twelve months ended 30 June 2008 there was a deficit of \$1,248,418.)

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 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 31 December 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 31 December 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 \$1,761 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 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.



Damian Stephenson

Director



Catherine Ding

Honorary Treasurer

Sydney

Date: 30 March 2009

**BDO Kendalls**

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**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 six months ended 31 December 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.

A handwritten signature in black ink that reads 'Jeff Abela'.

Jeff Abela

Partner

A handwritten signature in black ink that reads 'BDO Kendalls'.

BDO Kendalls

Chartered Accountants

Sydney

Date: 30 March 2009

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 (SIX MONTHS) ENDED 31 DECEMBER 2008

	Notes	6 Months to 31 Dec 2008	12 Months to 30 June 2008
REVENUE	2	6,001,176	10,257,485
EXPENSES			
Cost of goods sold		(1,659,540)	(3,681,489)
Employee benefits expense		(2,315,915)	(4,111,861)
Depreciation		(471,857)	(745,376)
Marketing		(120,486)	(221,871)
Membership		(84,525)	(147,982)
Administration		(102,446)	(192,042)
Utilities		(64,264)	(300,697)
Security		(127,817)	(232,765)
Rental, hire, finance lease		(213,761)	(397,421)
Other expenses		(499,650)	(1,519,753)
	3	(5,660,261)	(11,551,257)
Surplus (Deficit) before receipt of net assets from legacy organisations		340,915	(1,293,772)
Receipt of net assets from legacy organisations	2	-	45,354
Write off of Legacy Academic Hire gowns		(282,380)	-
Net Surplus (Deficit)		58,535	(1,248,418)

(The accompanying notes form part of this financial report)

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	31 Dec 2008 \$	30 June 2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	5,236,188	4,255,310
Trade and other receivables	5	516,567	1,246,118
Inventories	6	395,279	858,400
Other assets	7	1,200	1,200
TOTAL CURRENT ASSETS		6,149,234	6,361,028
NON-CURRENT ASSETS			
Plant and equipment	8	3,070,077	3,332,069
TOTAL NON-CURRENT ASSETS		3,070,077	3,332,069
TOTAL ASSETS		9,219,311	9,693,097
CURRENT LIABILITIES			
Trade and other payables	9	1,294,516	1,807,971
TOTAL CURRENT LIABILITIES		1,294,516	1,807,971
NON CURRENT LIABILITIES			
Other Payables	9	453,619	472,485
TOTAL NON CURRENT LIABILITIES		453,619	472,485
TOTAL LIABILITIES		1,748,135	2,280,456
NET ASSETS		7,471,176	7,412,641
EQUITY			
Accumulated funds		7,471,176	7,412,641

(The accompanying notes form part of this financial report)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE PERIOD (SIX MONTHS) ENDED 31 DECEMBER 2008

	Accumulated Funds
	\$
Balance as at 30 June 2007	8,661,059
Deficit for the period	(1,248,418)
Balance as at 30 June 2008	7,412,641
Surplus for the period	58,535
Balance as at 31 December 2008	7,471,176

(The accompanying notes form part of this financial report)



STATEMENT OF CASH FLOWS

FOR THE PERIOD (SIX MONTHS) ENDED 31 DECEMBER 2008

	Notes	6 Months to 31 Dec 2008 \$	12 Months to 30 June 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sale of goods and other		4,921,973	7,449,789
Receipts from membership		137,355	451,393
Receipts from UNSW service agreement		1,065,000	2,130,000
Receipts from legacy organisations		-	45,354
Payments to suppliers and employees		(4,986,031)	(10,422,138)
Interest received		44,319	142,616
Net cash (used in) provided by operating activities	13	1,182,616	(202,986)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(209,865)	(2,368,281)
Proceeds from sale of property, plant and equipment		8,127	8,802
Net cash used in investing activities		(201,738)	(2,359,479)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET (DECREASE) INCREASE IN CASH		980,878	(2,562,465)
Cash at beginning of the period		4,255,310	6,817,775
CASH AT THE END OF THE PERIOD	4	5,236,188	4,255,310

(The accompanying notes form part of this financial report)

Notes To The Financial Statements

FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 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%
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.

Notes To The Financial Statements

FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 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 31 DECEMBER 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 6 MONTH PERIOD ENDED 31 DECEMBER 2008 (CONT'D)

	6 Months to 31 Dec 2008	12 Months to 30 June 2008
	\$	\$

Note 2: Revenue

UNSW service agreement funding	1,065,000	2,130,000
Sale of goods	2,846,301	4,887,362
Rental, venue hire, amusements	593,703	2,098,973
Interest income	5,016	119,821
Sponsorships	118,513	315,348
Membership	201,849	192,897
Academics dress hire	169,733	415,051
Education Trust	1,000,000	-
Other	1,061	98,033
	6,001,176	10,257,485
Significant revenue		
The following significant revenue items are relevant in explaining the financial performance:		
Net assets received from legacy organisations		
- Inventory	-	-
- Academic dress	-	-
- Fixed Assets	-	-
- Cash and cash equivalents	-	45,354
- Shares	-	-
	-	45,354
Total revenue	6,001,176	10,302,839

Note 3: Expenses

The surplus before income tax includes the following specific expenses:		
Depreciation of fixed assets	471,857	745,376
Rental expenses on finance leases	21,674	41,950
Auditor's Remuneration:		
- auditing services	35,479	33,271

Note 4: Cash And Cash Equivalents

Cash at Bank	1,094,173	247,189
Cash on hand	33,295	32,759
Deposits at call	4,108,720	3,975,362
	5,236,188	4,255,310

Notes To The Financial Statements

FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2008 (CONT'D)

	6 Months to 31 Dec 2008	12 Months to 30 June 2008
	\$	\$

Note 5: Trade And Other Receivables

Trade debtors	91,800	705,089
Sundry Debtors	229,667	303,744
Accrued Interest	26,078	67,116
Prepayments	169,022	170,169
	516,567	1,246,118

Note 6: Inventories

Finished goods		
- at cost	395,279	858,400

Note 7: Other Assets

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

FURNITURE & FITTINGS		
At cost	2,854,571	2,850,611
Less accumulated depreciation	(859,436)	(585,230)
	1,995,135	2,265,381
ACADEMIC DRESS		
At cost	31,336	-
Less accumulated depreciation	(174)	-
	31,162	-
MOTOR VEHICLES		
At cost	34,068	34,069
Less accumulated depreciation	(12,470)	(9,036)
	21,598	25,033
COMPUTERS		
At cost	537,762	506,327
Less accumulated depreciation	(263,864)	(177,512)
	273,898	328,815
COMPUTERS		
Leased	253,734	253,734
Less accumulated depreciation	(58,143)	(21,592)
	195,591	232,142

Notes To The Financial Statements

FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2008 (CONT'D)

	31 Dec 2008 \$	30 June 2008 \$
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Note 8: Fixed Assets (cont'd)

SOFTWARE		
At cost	237,627	169,641
Less accumulated depreciation	(39,677)	(6,896)
	197,950	162,745
SOFTWARE		
Leased	418,731	343,537
Less accumulated depreciation	(63,988)	(25,584)
	354,743	317,953
TOTAL FIXED ASSETS	3,070,077	3,332,069

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 30 June 2008	Additions	Disposals	Depreciation	Balance at 31 Dec 2008
Furniture and Fittings	2,265,381	3,960	-	(274,206)	1,995,135
Academic Dress	-	31,336	-	(174)	31,162
Motor Vehicles	25,033	-	-	(3,435)	21,598
Computers	328,815	31,389	-	(86,306)	273,898
Leased Computers	232,142	-	-	(36,551)	195,591
Software	162,745	67,986	-	(32,781)	197,950
Leased Software	317,953	75,194	-	(38,404)	354,743
Total	3,332,069	209,865	-	(471,857)	3,070,077

Note 9: Trade and Other Payables

CURRENT			
<i>Unsecured liabilities:</i>			
Trade creditors		7,878	53,946
Other creditors and accruals		737,604	696,320
Unearned revenue		143,551	740,545
Lease Liability	11	168,336	133,411
Employee benefits – annual leave		237,147	183,749
		1,294,516	1,807,971
NON CURRENT			
<i>Unsecured liabilities:</i>			
Lease Liability	11	453,619	472,485

Notes To The Financial Statements

FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 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 31 December 2008 was 3,686 of which 405 are club members.

Note 11: Capital and Leasing Commitments

	Note	31 Dec 2008 \$	30 June 2008 \$
Finance Lease Commitments			
		\$	\$
FINANCE LEASE COMMITMENTS			
Payable			
- Not later than 12 months		214,685	180,423
- Between 12 Months and 5 Years		497,935	531,544
		712,620	711,967
Less future finance charges		(90,665)	(106,071)
Present Value of Minimum lease payments		621,955	605,896
Current Liability	9	168,336	133,441
Non Current Liability	9	453,619	472,485
		621,955	605,896

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	6 months to 31 Dec 2008	12 months to 30 June 2008
(Deficit) Surplus for the year	58,535	(1,248,418)
Non-cash flows in surplus for the period :		
- Receipt of net assets, excluding cash, from legacy organisations	-	-
- Depreciation	471,857	745,376
- Gain on disposal of property, plant and equipment	(8,127)	(1,519)
Changes in assets and liabilities		
Decrease / (Increase) in trade and other receivables	729,551	(646,412)
Decrease / (Increase) in inventories	463,121	(63,967)
(Decrease) / Increase in trade and other payables	(532,321)	1,011,954
Net cash provided by (used in) operating activities	1,182,616	(202,986)

Notes To The Financial Statements

FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 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) 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 2008 \$	30 June 2008 \$
Trade Debtors	5	91,800	705,089
Sundry Debtors	5	229,667	303,744
Total loans and receivables		321,467	1,008,833

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 31 December 2008 it had \$5,236,188 (\$4,255,310 – 30 June 2008) of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 31 December 2008 totalled \$1,057,369 (\$1,624,222 – 30 June 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).

Notes To The Financial Statements

FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 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:

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

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	3,975,362	-	3,975,362
Trade and other receivables	-	1,008,833	1,008,833
	4,222,551	1,041,592	5,264,143
Financial Liabilities			
Trade and other payables	-	1,624,222	1,624,222
Net Financial Assets (Liabilities)	4,222,551	(582,630)	3,639,921

Notes To The Financial Statements

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2008 (CONT'D)

Note 14: Financial Risk Management (cont'd)

(e) Investment Risk (Cont'd)

Sensitivity Analysis

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)

30 June 2008	Carrying Amount \$	+0.5% (50 basis points) Profit \$	-1% (100 basis points) Loss \$
Cash at Bank & Deposits	4,222,551	21,113	(42,226)

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

- (a) The Company is a company limited by guarantee
- (b) The Company was incorporated in Australia
- (c) The registered office of the Company is Arc @ UNSW, The Blockhouse, Anzac Parade, Kensington NSW 2033
- (d) 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 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the 6 month period ended 31 December 2008, 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 2008 and of the performance for the 6 month financial period ended 31 December 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:



Damian Stephenson
Director



Catherine Ding
Honorary Treasurer

Sydney
Date: 30 March 2009





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 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the six months ended 31 December 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.

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BDO Kendalls

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 2008 and of its performance for the six months ended 31 December 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 stylized, handwritten signature in black ink that reads 'BDO Kendalls'.

BDO Kendalls

Chartered Accountants

A handwritten signature in black ink that reads 'Jeff Abela'.

Jeff Abela

Partner

Sydney

Date: 30 March 2009



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UNSW Student Life