



ARC @ UNSW
Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2010



UNSW Student Life

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
Anzac Parade
Kensington NSW 2032

Annual Report published by

Arc @ UNSW Limited

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Brad Hannagan
Chief Executive Officer

Chief Executive Officer's Report

It is my pleasure to again provide this report on the operations of Arc@UNSW Limited (Arc). 2010 was a very exciting year for the organisation. After finalising the Student Development and Engagement Strategy in 2009, 2010 saw the organisation finalise its Commercial Growth Strategy culminating with the acquisition of Café on the Otherside (the Café) in late December. The Café is located on the corner of Albion and Selwyn Streets in Paddington at the rear of the College of Fine Arts (COFA) Campus from which it draws the "Otherside" nomenclature. This purchase achieves a number of strategic goals for Arc including commercial growth, student employment opportunities and key service provision for the students at the COFA Campus. By the time the refurbishment of the COFA Campus is completed, the Café will be strategically placed to provide quality food and beverages to the students and staff at COFA.

Financially the organisation again performed well delivering a year end result ahead of the budget approved by the Board. At year end, total cash available increased to \$5.5M compared to \$5.2M at the end of 2009. A one-time advance payment of \$770K from the University of New South Wales appears on the Balance Sheet as Deferred Income and is payment in advance for services to be provided in 2010. Excluding this extraordinary item, the organisation finished 2010 with almost \$7M of total equity, roughly in line with how it finished 2009.

The Management Team and I remain confident of the organisation's financial position and look forward to improving this further as we enact the Commercial Growth Strategy.

Membership

2010 Membership campaign launched with a price point of \$69.00. The reduction in price was in direct response to the 2009 Student Survey. This resulted in a substantial escalation in membership numbers with 5,258 students and community members joining. The key components of the membership package were a student starter pack and an improved Member Benefits Program which comprised of increased offerings for on-campus discounts including vouchers which could be redeemed at Arc stores and the Roundhouse.

The Membership department continued to foster relationships with key stakeholders through renewed development of the Arc Partner Program, actively seeking further ways to work together to achieve a mutual promotion of services. Membership also upheld the organisation's dynamic communications, producing fortnightly eNewsletters which were distributed to over 10,000 students and members. Through this channel and social media posts, Membership conducted the highly successful

2010 Student Survey with 1,011 students responding, 880 of which were Arc members. The results reflected the success of the 2010 Membership campaign with a dramatic rise in member satisfaction and renewal rates. Key recommendations echoed sustained support for the lower annual fee and even more on-campus benefits, which has been addressed in the 2011 Membership campaign.

As part of Arc's strategic goal of diversifying the Arc membership base, Arc held several discussions with ADFA (Australian Defense Force Academy) about setting up an Arc operation primarily to enhance the student life of the civilian students at the Canberra campus. The discussions continue to progress with the likely outcome of an Arc sub branch being established in 2011.

Student Focus Project

The Student Focus Project completed several projects in 2010, the highlight of which was the Arc Intern Program. The Arc Intern Program offered UNSW students positions in the following areas of the organisation -

- > Graphic Design
- > Kudos Gallery (2 positions)
- > Information Technology
- > Venue & Events
- > Student Support
- > Student Focus Project (2 positions)
- > Environment
- > Sponsorship & Advertising

The intern positions were fully paid over 28 weeks and enabled UNSW Students to complete their degree whilst gaining the highly valued graduate attribute of workplace experience. Each intern facilitated a major project within their area, the outcomes of which included the revamped Roundhouse website, Student Survival Guide, Environmental Policy, and the upgrading of various IT and communication services.

The Student Focus team also commenced several new projects the most exciting of which is the implementation of Arc Smartphone applications, with the initial product being the Arc Publications iPhone App that was launched in March 2011.

Student Development

Student Development achieves its goal of having a positive influence on the lives of UNSW students by supporting Arc affiliated Clubs and running volunteering and professional development programs.

Throughout 2010 the number of Clubs affiliated with Arc continued to grow at a great rate culminating in more than 175 Arc student Clubs, which is a 30% increase over 2009 and 70% since 2008. Throughout 2010 the grants system was constantly improved in response to feedback from Clubs which lead to the utilisation of Club grants increasing greatly with more than \$140,000 being given to Clubs to support their activities.

The Student Development Department coordinated 17 volunteering and professional development programs in 2010, the most that Student Development has ever achieved in one year. While flagship programs such as CONTACT and Yellow Shirts were as well received as ever, Student Development continued to find fresh opportunities for students with a number of new programs including; Global Village, vHub, Stationery Reuse Centre and the Volunteer Army. The Volunteer Army in particular proved extremely popular with more than 300 students signing up. The Volunteer Army was established to link UNSW students with organisations looking for volunteers and its success in only its first year showed that short-term volunteering opportunities that are flexible around changing timetables are hugely appealing to UNSW students. With most programs running at capacity we will be looking at ways to continue to increase the amount of opportunities in 2011.

Attendance at Student Development led activities including the Flea Markets, Clubs Party, Volunteer Party as well as the Unsweetened and Student Cookbook publication launches continued to grow and new avenues for engagement with students were explored with the successful implementation of the Student Development facebook page and regular newsletters.

To accommodate the increased demand on the Clubs Resource room and storage space the opening hours of the Student Development Office were extended and this has been beneficial to students looking to perform their club activities around their class times.

The Department maintains a strong relationship with the Student Development Committee which ensured consistent response to student feedback to improve the services on offer.

The Student Development office continues to be one filled with current students and alumni of UNSW all working towards enhancing the university experience for the students of UNSW.

Student Support

The Student Support department provides advice and representation to the students of UNSW regarding university, welfare and legal matters. It also works closely with the Student Representative Council (SRC) and Postgraduate Council in advocating for the benefit of the wider student community at university and government levels.

In 2010, a major emphasis was placed on expanding the visibility and awareness of the service among UNSW students. This commenced with many activities during Orientation week such as MyStart information sessions, and throughout the year with joint workshops or programs with SRC, and UNSW Student Development International and SEADU.

A new publication, the 'Student Survival Guide' appeared in all Yellow Shirt tour bags and membership packs from 2011, plus other promotional material for the service. Ideally all commencing students should be aware that these services exist, and how to access them. There is also a

permanent department presence in Blitz magazine, with a weekly column addressing topics as varied as exam tips, Centrelink problems and privacy within social networking sites. The increased communications have significantly raised the number and variety of student consultations, with Department staff helping nearly 500 separate clients in 2010.

Venue & Events

Commercially the venue concentrated on continuing the diversification of revenue streams that had begun in 2009, including the introduction of the innovative Live @ The Round event that attracted over 1,500 patrons over a three-day program and featured artists such as Ash Grunwald, The Beautiful Girls, Tom Gleeson and Mikey Robins.

The physical condition of the Roundhouse continues to be a challenge in the development of new clientele. Despite these challenges, the Roundhouse hosted over 120 commercial events with over 45,000 patrons coming through the venue. The Roundhouse retained a strong presence on the touring circuit for Australian and international bands with performances from Mastodon, Cog, Cobra Starship, Maitisyahu, Story of the Year and many more.

Student events were ever popular with Foundation Day seemingly unaffected by the move from the Quad lawn to the Roundhouse due to wet weather. For the first time, tickets to Oktoberfest were sold in advance and the 5,000 tickets available were sold out well in advance of the event. Over 1,500 hours in free room hire was provided to clubs and societies, and over 160 student activities, 12 major student events and over 80 student employment opportunities were provided.

The utilisation and effectiveness of online advertising was enhanced in May with the launch of the new Roundhouse website. The website now forms a key component of the Roundhouse's social media and online strategy.

In February Arc took over the operation of the Bistro in the Roundhouse from the previous tenant Clem's Bistro. The operation of the Bistro enables Arc to offer student priced catering, meals and also to reduce internal catering costs of all departments.

Marketing & Communications

The Marketing department explored new design avenues in 2010 allowing Arc collateral to be much more diverse and flexible in its approach.

Student mentoring opportunities continued in the areas of reporting, publishing and graphic design with the successful delivery of Arc's weekly Blitz magazine, the International Cookbook, and UNSweetened. The Marketing department continued to produce a high quantity of print collateral that served to supplement and showcase all of Arc's services including the Diary, Wallplanner and Complete Guide to Arc.

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

- > **Winner** Best Staff Development Program – Student Focus Project, Facilitation, Coaching and Mentoring Training
- > **Winner** Best Orientation Handbook – Arc Handbook
- > **Runner Up** Student Development Program – Student Focus Project, Interns
- > **Runner Up** Annual Report – Arc Annual Report 2009
- > **Runner Up** Community Outreach Program – Walama Muru

Chief Executive Officer's Report (cont'd)

Corporate Services

The Corporate Services department is a centralised support service and is divided into several key divisions which provide services to Arc and its employees.

These services include: Information Technology (IT), Human Resources, Finance, and Building Services.

IT expanded its resources and support systems through the implementation of three new retail and food outlets across two new sites. As such, the core infrastructure has been upgraded with an emphasis on supporting mobile and remote users, and the number of desktop and laptop resources provisioned increased by 13%. New business systems have also been introduced for Finance, Human Resources, Building Services and Membership, with a push towards web based technologies and an increasingly paperless office.

The Employee Climate & Culture survey was carried out for the second time in 2010 with the resulting increase in Employee Satisfaction levels a very pleasing conclusion.

Building Services has continued with their commitment to ensuring Arc is a safe and healthy workplace. As well as everyday general maintenance and repairs, the implementation of an Environmental Management Plan has succeeded in making Arc more energy efficient and cost effective, achieving substantial savings for the organisation overall.

Business Operations

Retail

Arc Fresh, a brand new store located at the entrance of UNSW Village began operation in 2010. The store trades over longer hours as well as weekends in order to service the 1,100 residents of UNSW Village as well as Postgraduate students that arrive on campus when other outlets may have already closed. This takes the total amount of Arc Retail outlets to six with five on the Kensington Campus and one at COFA.

COFA was to start construction on the campus in January 2010, this meant that the location that was used for the Campus Art Store was requisitioned by COFA to be used as a meeting space for the duration of the redevelopment. The store was relocated to an office space in the COFA Student Lounge. The commercial performance of the business was impacted due to the location of the new site, however focus was still placed on providing a retail service for the remaining students at COFA. The redevelopment was to be completed in late 2012, however due to external factors, commencement of the works were delayed by 12 months. This will delay the opening of permanent retail site at COFA for a corresponding period of time.

Academic Dress Hire experienced a lot of positive changes in 2010, the end result being an extra 21% or \$95,000 in income. For the first time, the entire service for the graduations - the distribution and collection of academic dress as well as the selling of Gift and UNSW merchandise was located at the auditorium. This resulted in a 20% increase in income from gift and merchandise sales for the period. In addition to these operational changes, graduands were able to book and pay online for academic dress. This ultimately delivered a more efficient and satisfying experience to the graduands allowing Arc staff to focus upon service delivering instead of manual handling.

Wider economic factors impacted most areas of the retail business and one of the side effects of the global financial crisis was low consumer confidence. Australian Bureau of Statistics Retail data released quarterly showed a decline in retail spend across most sectors with the exception of fast food/take away and supermarkets. UNSW was not isolated from this trend, with the convenience/stationery stores dramatically affected. Compared to 2009, sales in the key March/April period were dramatically lower, as with most retailers in the wider market place. The stimulus package of \$950 paid to all eligible Australian Residents in 2009 clearly impacted sales in a positive way and the lack of this package in 2010 was clearly evident in spending patterns.

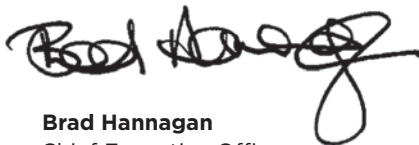
Additional locations for vending services were identified with additional machines located in the Australian School of Business and the 24 hour Student Lounge located in the library. These machines created further convenience for students studying in the evening and delivered an extra \$40,000 in income to the organisation. Growth in vending services remains a focus for the organisation.

Sponsorship and Advertising

Sponsorship revenue increased by 70% compared to the same period in 2009. This is an excellent result given that some of the organisation's traditional sponsors reduced their advertising budgets in 2010. The Sponsorship and Advertising team developed a new, one day event for the commencement of second session which assisted in mitigating some of the reduction.

The reduction in print media advertising budgets and the corresponding increases in electronic media advertising budgets were identified early and the Sponsorship and Advertising team grew electronic media advertising revenue by 86% while doing a great job of managing only a 5% decrease in print media revenue.

2010 was a very stable and successful year for the organisation. The organisation remains well positioned for growth and will continue to be recognised as one of the leading Student Organisations nationally.



Brad Hannagan
Chief Executive Officer



Jessica Mobbs
Chair of the Board, Student Director

Chair's Report

2010 has been a strong and successful year for Arc, as well as a year of consolidating our student services. We have come into our stride with longstanding facets such as the Student Representative Council (SRC); while also acting on the ever increasing student services and interests so that students at UNSW can have the ultimate university experience.

The Arc Board created, through student demand, a peak postgraduate representative body called the Postgraduate Council (PGC). This was achieved through a Constitutional change that was voted in at our Annual General Meeting, an event that showcased student demands and initiative in a great display of student power. The PGC will cater to the increasing number of postgraduates on campus and provide opportunities to establish a community which would give support, representation and services for all postgraduate needs.

It was an effective year for all student representative departments; the SRC created two new festivals on campus to celebrate an increase in diversity as well as to champion the causes of International and Indigenous students. Deadly Vibrations embraced the Indigenous culture on campus and included performers from country New South Wales, allowing students to experience Indigenous culture in various forms here on campus. The International Festival, like Deadly Vibrations, included local community groups while highlighting the need for support systems for International Students, and the wonderful values of a multicultural campus. The SRC over the course of the year also created an Emergency Student Loans Scheme which allows students in dire need to access help that will tide them over. All the departments which are student led have shown the ability to realise goals with finesse and courage but they also provide an opportunity for any student on campus to become involved, and through bottom up representation make sure that all students can be heard.

The Board understands the need for a high level of accountability and transparency so that students may interact with all parts of Arc. Therefore, the Board created a Charter to govern not only the way in which we make decisions but all aspects of a director's duty, with several parts of the organisation following suit. The Board also created a Directors' Handbook to help in the facilitation of learning for all directors. As well as this the Board has been updating all policies and integrating them into a general policy framework so that the purpose and mission of Arc is always at the forefront of our actions. It was this that prompted us to act on a new policy surrounding Anti-Domestic Violence, as well as engaging in other strategic policies such as an Environment Management

Plan (EMP) which will allow for development and greater student engagement and opportunities. These changes also reflect those in society, showing that Arc as a student organisation is one that spearheads positive change.

Another new part of Arc which can have a direct impact on the ability to provide services at the faculty of College of Fine Arts (COFA) is the purchase of Café on the Otherside. COFA whilst undergoing renovation has been housed right next to the Blockhouse and Roundhouse, and so has been able to be a part of the Arc precinct. However, whilst this is happening the Café on the Otherside will be able to provide the COFA campus with a tangible Arc presence.

The future of how membership and compulsory fees is still uncertain, with the Lower House of Federal Government passing the Student Services and Amenities Fee (SSAF) legislation during 2010. However, it will not come into the Upper House for debate until July of 2011. This is a decision that has the ability to affect the entire student population and revive many student organisations across Australia.

It is with all the accomplishments from the 2010 in mind, as well as the exponential growth that Arc has maintained that displays the passion and fervour which students continue to embody. And I for one am glad, because it shows the idealism and the ability of students, and especially UNSW students, to excel at whatever we vision and have the courage to achieve.

Jessica Mobbs
Chair of the Board

Board of Directors

Current Directors



Brad Hannagan
Chief Executive Officer
Managing Director
Company Secretary



Jessica Mobbs
Chair of the Board
Student Director



Luke Parkitny
Honorary Treasurer
Student Director
(Postgraduate)



Simon Bruck
Student Director



James Fehon
Student Director (COFA)



Natalie Karam
Student Director



Matthew Ward
Student Director



Alex Chung
Postgraduate Council
President



Osman Faruqi
Student Representative
Council President



Scarlett Ha
Student Development
Committee Convenor



Sarah Long
University Director



Taye Morris
University Director



Jeff Forrest
Alumni Director



Karen James
Alumni Director

Outgoing Directors



Caroline Wallace
Previous Chair of the Board
Student Director (COFA)



Shay Deguara
Student Director
(Postgraduate)



Andrew Looi
Student Director



Alice Lang
Previous Student
Development Committee
Convenor



Sue Beardman
University Director



Mary Stringer
University Director

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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 2010.

Director	Appointed	Experience/Qualifications	Special Responsibilities
Sarah Long	28 August 2006	BA (UQ), GradDip Ed (USQ). 9 years' experience in student services, governance, compliance and risk management in tertiary education.	
Brad Hannagan	30 May 2008	MMGT (Macq), Director at ACUMA Inc	Chief Executive Officer, Managing Director, Company Secretary.
Andrew Looi	24 June 2008 to 30 May 2010	BCom (Liberal Studies) student – HR, Marketing & Politics and International Relations.	Jun 09 – May 10: Chair of Membership & Services Subcommittee.
Caroline Wallace	24 June 2008 to 30 May 2010	BArts (Film and Performance Studies) Hons. M.Phil at COFA in Performance Studies.	Jun 08 – May 09: Chair of Membership & Services Subcommittee. Jun 09 – May 10: Chair of the Board.
Shay Deguara	24 June 2008 to 30 May 2010	Masters of Science and Technology in Safety Science student.	
Matthew Ward	22 June 2009	BSc. . Current member of OWeek Organising Team, Academic Board Member (08-09), SRC Welfare Officer (2009) and NUS State Executive (2009).	June 10 – Current: Chair of Nominations & Remunerations Subcommittee.
Jeffrey Forrest	22 June 2009	BA (Hons) UNSW. Management Consultant with 5 years experience in business strategy. Former Arc staff member and volunteer.	Nov 09 – Current: Chair of Audit & Risk Subcommittee.
Jessica Mobbs	22 June 2009	BArts (English and History). SRC Women's Officer during 2010, Semester 1.	Jun 09 – May 10: Chair of Nominations & Remuneration Subcommittee. June 10 – Current: Chair of the Board.
Simon Bruck	22 June 2009	BCom (Business Economics)/ LLB. Co-Founder of the Music Society of UNSW. Five time Orientation Week Yellow Shirt including Squad Leader. CONTACT Organising Team Web Coordinator. 2008 SDC Convenor	Jun 09 – May 10: Honorary Treasurer.
Mary Stringer	19 October 2009 to 22 February 2010	BSc (Hons) Mod Lang. 20 years experience in educational administration.	
Alice Lang	1 December 2009 – 30 November 2010	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 – Nov 10: Student Development Committee Convenor

Directors' Report (cont'd)

Director	Appointed	Experience/Qualifications	Special Responsibilities
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: Student Representative Council President.
Sue Beardman	24 June 2008 to 19 October 2009. Reappointed 1 March 2010 to 24 June 2010	BA Hons (UWA), Grad Dip Inf Lib (Curtin). 20 years experience in the tertiary education sector.	
Karen James	18 February 2010	BE (Hons), MCom. Former UNSW Union staff member and volunteer. Heinz Harant Award Winner. Over 10 years commercial experience in funds management.	
James Fehon	21 June 2010	B. Fine Arts/ B Arts (Politics and International Relations) student. Secretary of NSW Gay and Lesbian Rights Lobby.	June 10 – Current: Chair of Membership & Services Subcommittee.
Luke Parkitny	21 June 2010	B. Physio, MSciMed (Pain Mgt). Current research student through the UNSW Faculty of Medicine. Senior Resident of New College Village UNSW. 10 years' experience in clinical practice and research.	June 10 – Current: Honorary Treasurer.
Natalie Karam	21 June 2010	B.Juris (Politics)/ LLB student. UNSW Law Society Co-President 2010 and Sponsorship Officer of the Australian Law Students' Association. Experience in the legal sector and an active member of a number of clubs on campus.	
Taye Morris	21 June 2010	B.Sc (UWA) B.Psych (UWA). University Manager with 8 years experience in the education sector and 6 years experience in recruitment, psychological assessment and HR consulting.	
Scarlett Ha	1 December 2010	B.Eng (Renewable Energy)/ B Comm student. 2008 Treasurer of Studio Four Comedy Society 2009 & 2010 Treasurer of NUTS 2009 Shack Tutoring & Mosaic Fusion Forums Volunteer Program Student Coordinator	Dec 10 – Current: Student Development Committee Convenor.
Alex Chung	1 December 2010	BSc Business, CertTESOL (Trinity College), MA (International Relations) UNSW	Dec 10 – 21 February 2011: Postgraduate Council President

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

Directors' Report (cont'd)

Company Secretary

Brad Hannagan has been Company Secretary since 7 February 2008, and continues in office at the date of this report.

Directors' Meetings

During the period, there were 12 meetings of the Board of Directors and the attendances were as follows:

Name	Meetings Held Whilst in Office	Meetings attended
Sarah Long	12	12
Brad Hannagan	12	12
Andrew Looi	5	2
Caroline Wallace	5	5
Shay Deguara	5	0
Matthew Ward	12	11
Jeffrey Forrest	12	11
Jessica Mobbs	12	12
Simon Bruck	12	10
Mary Stringer	1	1
Alice Lang	11	9
Osman Faruqi	12	9
Sue Beardman	3	3
Karen James	11	11
James Fehon	7	5
Luke Parkitny	7	7
Natalie Karam	7	6
Taye Morris	7	6
Scarlett Ha	1	1
Alex Chung	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 this activity occurred during the period.

Operating Result and Review of Operations

The deficit for the year ended 31 December 2010 was \$804,721 (for the year ended 31 December 2009 there was a deficit of \$472,304).

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 2010.

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 2010.

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. The terms of the insurance contract prevent the disclosure of the premium.

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

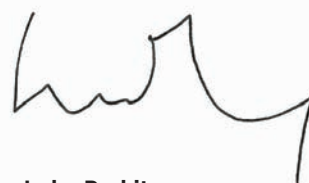
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the subsequent page.

Signed in accordance with a resolution of the Board of Directors.



Jeffrey Forrest
Director

Sydney
Date: 4 April 2011



Luke Parkitny
Honorary Treasurer



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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 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Jeff Abela', is written in a cursive style.

Jeff Abela

Director
BDO Audit (NSW-VIC) Pty Ltd

Sydney

Date: 4 April 2011

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 Dec 2010 \$	31 Dec 2009 \$
REVENUE	2	11,994,880	11,344,787
EXPENSES			
Cost of goods sold		(3,469,102)	(3,725,967)
Employee benefits expense		(5,339,245)	(4,460,838)
Depreciation		(1,049,280)	(1,058,136)
Marketing		(218,254)	(227,504)
Membership		(182,320)	(109,833)
Administration		(332,143)	(375,507)
Utilities		(248,068)	(320,064)
Security		(282,156)	(219,681)
Rental, hire, finance lease		(417,018)	(395,513)
Other expenses		(1,262,015)	(924,048)
	3	(12,799,601)	(11,817,091)
Net (Deficit) for the year		(804,721)	(472,304)
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		(804,721)	(472,304)

(The accompanying notes form part of this financial report)

Statement of Financial Position

AS AT 31 DECEMBER 2010

	Notes	31 Dec 2010 \$	31 Dec 2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	5,496,199	5,199,931
Trade and other receivables	5	362,669	523,062
Inventories	6	479,486	384,324
Other assets	7	1,200	1,200
TOTAL CURRENT ASSETS		6,339,554	6,108,517
NON-CURRENT ASSETS			
Goodwill	8	170,000	-
Plant and equipment	9	1,707,324	2,278,076
TOTAL NON-CURRENT ASSETS		1,877,324	2,278,076
TOTAL ASSETS		8,216,878	8,386,593
CURRENT LIABILITIES			
Trade and other payables	10	1,206,328	1,124,476
UNSW Deferred Income		770,000	-
TOTAL CURRENT LIABILITIES		1,976,328	1,124,476
NON CURRENT LIABILITIES			
Other payables	10	46,399	263,245
TOTAL NON CURRENT LIABILITIES		46,399	263,245
TOTAL LIABILITIES		2,022,727	1,387,721
NET ASSETS		6,194,151	6,998,872
EQUITY			
Accumulated funds		6,194,151	6,998,872

(The accompanying notes form part of this financial report)

Statement of Changes in Accumulated Funds

FOR THE YEAR ENDED 31 DECEMBER 2010

	Accumulated Funds \$
Balance as at 31 December 2008	7,471,176
Total Comprehensive Income for the year	(472,304)
Balance as at 31 December 2009	6,998,872
Total Comprehensive Income for the year	(804,721)
Balance as at 31 December 2010	6,194,151

(The accompanying notes form part of this financial report)

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	12 Months to 31 Dec 2010 \$	12 Months to 31 Dec 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sale of goods and other		9,213,701	8,623,503
Receipts from membership		354,180	308,632
Receipts from UNSW service agreement		2,250,000	2,130,000
Payments to suppliers and employees		(10,886,946)	(10,841,966)
Interest received		230,706	185,139
Net cash provided by operating activities	14	1,161,641	405,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(504,118)	(266,135)
Purchase of Goodwill on Acquisition	8	(170,000)	-
Proceeds from sale of property, plant and equipment		25,590	-
Net cash (used in) investing activities		(648,528)	(266,135)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Lease Liability		(216,845)	(175,430)
Net cash (used in) financing activities		(216,845)	(175,430)
NET INCREASE (DECREASE) IN CASH		296,268	(36,257)
Cash at beginning of the period		5,199,931	5,236,188
CASH AT THE END OF THE PERIOD	4	5,496,199	5,199,931

(The accompanying notes form part of this financial report)

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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 provisions 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.

(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.

(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.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

Note 1: Statement Of Accounting Policies (cont'd)

(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.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

31 Dec 2010
\$31 Dec 2009
\$

Note 2: Revenue

UNSW service agreement funding	2,250,000	2,130,000
Sale of goods	5,746,767	5,907,210
Rental, venue hire, amusements	1,177,515	1,062,263
Interest income	230,706	159,061
Sponsorships	360,130	437,659
Membership	354,180	308,632
Academics dress hire	511,512	467,295
Education Trust	1,000,000	-
Guild Income	-	684,996
Other	364,070	187,671
	11,994,880	11,344,787

Note 3: Specific Expenses

The result for the period includes the following specific expenses:		
Depreciation of fixed assets	1,049,280	1,058,136
Auditor's Remuneration:		
- auditing services	30,000	34,000

Note 4: Cash And Cash Equivalents

Cash at Bank	362,874	416,875
Cash on hand	23,519	13,152
Deposits at call	5,109,806	4,769,904
	5,496,199	5,199,931

Note 5: Trade And Other Receivables

Trade debtors	135,886	160,250
Sundry Debtors	70,657	94,751
Prepayments	156,126	268,061
	362,669	523,062

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

31 Dec 2010
\$31 Dec 2009
\$

Note 6: Inventories

Finished goods		
- at cost	479,486	384,324

Note 7: Other Assets

Unlisted shares at cost	1,200	1,200
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Note 8: Goodwill

Business combination

(a) Summary of acquisition

In December 2010 the company acquired the business known as 'Café On The Other Side'.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration (refer to (b) below):		
Cash paid	155,000	-
Contingent consideration	50,000	-
Total purchase consideration	205,000	-

The assets and liabilities recognised as a result of the acquisition are as follows:

Plant and equipment	35,000	-
Goodwill	170,000	-
Net assets acquired	205,000	-

The total consideration, including contingent consideration, was paid before 31 December 2010.

(i) Contingent consideration

All of the contingent consideration was paid.

(ii) Revenue and profit contribution

The acquired business contributed revenues of \$23,518 and net profit of \$7,253 to the company for the period December 2010.

(b) Purchase consideration - cash outflow

Outflow of cash to acquire business net of cash acquired	205,000	-
Cash consideration		
Less: Balances acquired		
Cash	-	
Bank overdraft	-	-
	-	-
Direct costs relating to the acquisition	21,080	
Outflow of cash - investing activities	205,000	

(iii) Acquisition-related costs

Acquisition related costs of \$21,080 are included in other expenses in the statement of comprehensive income and in operating cash flows in the statement of cash flows.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

	31 Dec 2010 \$	31 Dec 2009 \$
Note 9: Fixed Assets		
FURNITURE & FITTINGS		
At cost	3,084,467	2,969,823
Less accumulated depreciation	(1,956,711)	(1,409,771)
	1,127,756	1,560,052
ACADEMIC DRESS		
At cost	138,470	52,866
Less accumulated depreciation	(14,938)	(4,555)
	123,532	48,311
MOTOR VEHICLES		
At cost	144,872	34,068
Less accumulated depreciation	(42,718)	(19,285)
	102,154	14,783
COMPUTERS		
At cost	668,170	609,503
Less accumulated depreciation	(595,552)	(450,688)
	72,618	158,815
COMPUTERS		
Leased	253,734	253,734
Less accumulated depreciation	(188,564)	(142,721)
	65,170	111,013
SOFTWARE		
At cost	309,130	295,239
Less accumulated depreciation	(216,976)	(125,304)
	92,154	169,935
SOFTWARE		
Leased	418,731	418,731
Less accumulated depreciation	(352,486)	(203,564)
	66,245	215,167
Fixed Assets - Other	57,695	0
TOTAL FIXED ASSETS	1,707,324	2,278,076

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

Note 9: Fixed Assets (cont'd)

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 2009	Additions	Disposals	Depreciation	Balance at 31 Dec 2010
Furniture and Fittings	1,560,052	177,462	25,590	584,168	1,127,756
Academic Hire	48,311	85,592	-	10,371	123,532
Motor Vehicles	14,783	110,805	-	23,434	102,154
Computers	158,815	58,667	-	144,864	72,618
Leased Computers	111,013	-	-	45,843	65,170
Software	169,935	13,897	-	91,678	92,154
Leased Software	215,167	-	-	148,922	66,245
Fixed Assets - Other	-	57,695	-	-	57,695
Total	2,278,076	504,118	25,590	1,049,280	1,707,324

Note 10: Trade and Other Payables

	Note	31 Dec 2010 \$	31 Dec 2009 \$
CURRENT			
<i>Unsecured liabilities:</i>			
Trade creditors		162,939	56,359
Other creditors and accruals		417,014	487,972
Unearned revenue		117,752	88,409
Lease Liability	12	183,281	183,281
Employee benefits - annual leave		325,342	308,455
		1,206,328	1,124,476
NON CURRENT			
<i>Unsecured liabilities:</i>			
Lease Liability	12	46,399	263,245

Note 11: 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 2010 was 5,381.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

Note 12: Capital and Leasing Commitments

	Note	31 Dec 2010 \$	31 Dec 2009 \$
FINANCE LEASE COMMITMENTS - OFFICE EQUIPMENT PAYABLE			
- Not later than 12 months		201,275	214,083
- Between 12 Months and 5 Years		72,721	276,759
		273,996	490,842
Less future finance charges		(44,316)	(44,316)
Present Value of Minimum lease payments		229,680	446,526
Current Liability	10	183,281	183,281
Non Current Liability	10	46,399	263,245
		229,680	446,526
OPERATING LEASE COMMITMENTS - RENTAL PAYABLE			
- Not later than 12 months		201,307	193,565
- Later than 1 year but not later than 5 years		201,307	402,615
		402,615	596,180

Note 13: Related Party Transactions

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:

	31 Dec 2010 (12 months) \$	31 Dec 2009 (12 months) \$
SHORT TERM BENEFITS		
Salary, Fees and Annual Leave	772,401	869,176
Non-Cash Benefits	3,982	11,725
POST EMPLOYMENT BENEFITS		
Superannuation	65,457	72,363
LONG TERM BENEFITS		
Long Service Leave	-	-
TOTAL COMPENSATION	841,840	953,264

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

Note 14: Cash Flow Information

Reconciliation of (deficit) / surplus to net cash flows for the period	31 Dec 2010 \$	31 Dec 2009 \$
Net (Deficit) for the year	(804,721)	(472,304)
Non-cash flows in surplus for the period		
- Depreciation	1,049,280	1,058,136
Changes in assets and liabilities		
Decrease in trade and other receivables	377,238	168,935
(Increase) / Decrease in inventories	(95,162)	10,955
Increase / (Decrease) in trade and other payables	635,006	(360,414)
Net cash provided by operating activities	1,161,641	405,308

Note 15: 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 2010 \$	31 Dec 2009 \$
Cash and Cash Equivalents		5,472,680	5,186,779
The cash and cash equivalents are held in high quality Australian financial institutions.			
Trade Debtors	5	135,886	160,250
Sundry Debtors	5	70,657	94,751
Total loans and receivables		206,543	255,001

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

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

Note 15: 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 2010 it had \$5,496,199 (\$5,199,931 – 31 December 2009) of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 31 December 2010 totalled \$1,650,986 (\$816,021 – 31 December 2009). 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 2010	Floating interest rate	Non interest bearing	Total
Financial Assets	\$	\$	\$
Cash on Hand	-	23,519	23,519
Cash at Bank	362,874	-	362,874
Deposits	5,109,806	-	5,109,806
Trade and other receivables	-	206,543	206,543
	5,472,680	230,062	5,702,742
Financial Liabilities			
Trade and other payables	-	1,650,986	1,650,986
Net Financial Assets (Liabilities)	5,472,680	(1,420,924)	4,051,756

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

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

Note 15: Financial Risk Management (cont'd)

(e) Investment Risk (Cont'd)

Sensitivity Analysis

31 December 2010	Carrying Amount \$	+1.0% (100 basis points) Profit \$	-1.0% (100 basis points) Loss \$
Cash at Bank & Deposits	5,472,680	54,727	(54,727)

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)

The Company does not invest directly in shares or derivatives.

(f) Foreign Exchange Risk

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

NOTE 16: SEGMENT REPORTING

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

NOTE 17: 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 18: 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 19: 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.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010 (cont'd)

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 2010, and the statement of comprehensive income statement, statement of changes in equity and statement of cash flows for the year ended 31 December 2010, 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 2010 and of the performance for the financial year ended 31 December 2010.
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



Luke Parkitny
Honorary Treasurer

Sydney

Date: 4 April 2011



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INDEPENDENT AUDITOR'S 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 2010, 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.



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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 report was made.

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 Arc @ UNSW Limited financial position as at 31 December 2010 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.

BDO Audit (NSW- VIC) Pty Ltd

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

Jeff Abela
Director

Sydney
Date: 4 April 2011



UNSW Student Life

Annual Report published by Arc @ UNSW Limited

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