Arc
UNSW Student Life

Arc @ UNSW
Annual Report

FOR THE TWELVE MONTH PERIOD ENDING 31 DECEMBER 2011

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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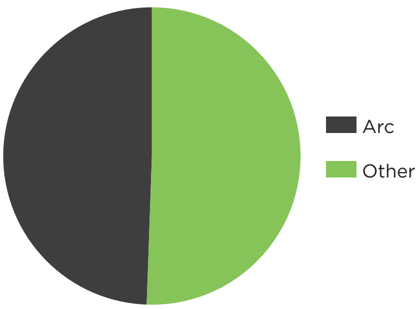
Chief Executive Officer's Report

Brad Hannagan
Chief Executive Officer

2011 was a very positive year for Arc. Financially the organisation performed well delivering a small cash surplus at year-end. This was approximately $400,000 better than was budgeted for aligned perfectly with the strategy of increasing the amount of funds the organisation channels directly to students. The opening of the Whitehouse and the Cafe on the Otherside contributed to increased revenues and these two facilities are also the reason the organisation saw an increase in employee related expenses for the year.

At a macro level, 2011 saw the passing of the Student Services and Amenities Fee (SSAF) legislation. This legislation enables universities to charge students up to $263.00 per annum to support student services. Although these funds were not collected in 2011, the University has decided to collect a fee in 2012. As a result, Arc has decided that membership of the organisation will not incur a cost. The passing of the legislation also enabled some certainty to the funding negotiations occurring between Arc and the University of New South Wales (UNSW). A five-year funding agreement of $3.2M per annum, indexed annually, has been agreed between the parties. This represents financial certainty for the immediate future and sees UNSW channelling almost 50% of the funds collected from SSAF – a great result for Arc.

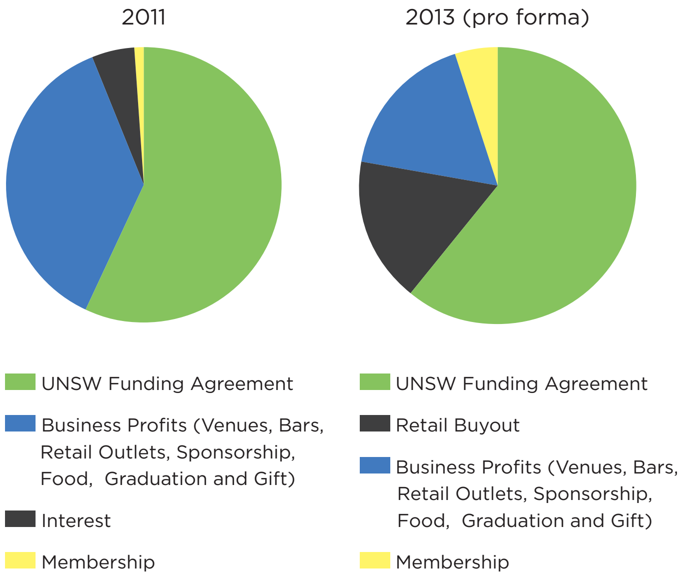
SSAF Allocation 2012



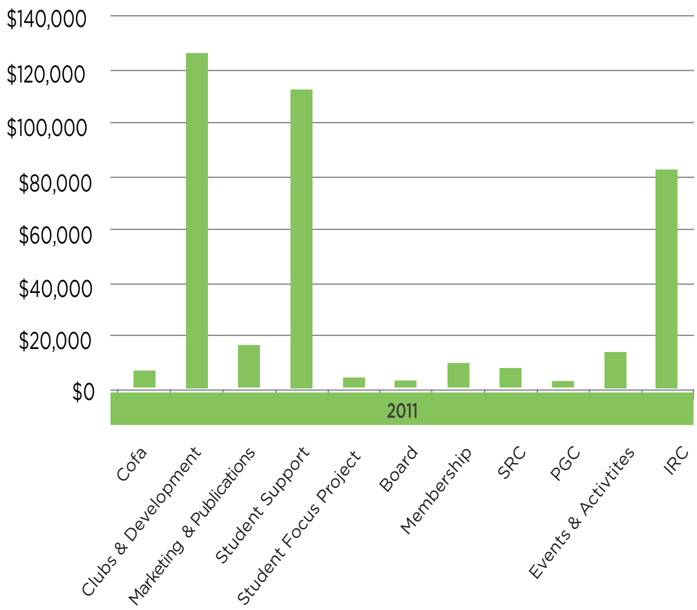
Total of $6.5M with $3.2M going to Arc.

During 2011, UNSW approached Arc with an offer to effectively buy out the leases on the Retail outlets Arc was operating on campus. While lengthy negotiations occurred, the end result was Arc's Board elected to accept an offer of $11M to effectively cease trading in Retail and hand the premises back to UNSW. A deflated retail environment, stagnant profit growth, long term certainty of the organisation and deal value were key decision criteria used. The deal is made up of a payment of $3M in 2012 with the remaining $8M paid in equal annual instalments over the ensuing nine years. Coupled with SSAF, this deal guarantees the future of an independent student organisation at UNSW. It is however important to note that these funds are not "additional" funds to the organisation but effectively de-risked funds. The two charts below demonstrate how Arc utilised funds in 2011 compared with how the organisation expects to use the funds in 2012/13.

Income Stream Breakdown



Increase in student funding in 2012



The Commercial growth Strategy remains in play and Arc will continue to look for opportunities that will increase cash-flow and thus enable increased service provision to the students of UNSW.

Membership

Membership continued its $69.00 price point in 2011, with 5,243 students and community members electing to join Arc. The 2011 membership campaign was one of the strongest Arc campaigns to date featuring UNSW students in a variety of settings intrinsically linked to Arc and the wider campus.

Membership continued to strengthen its relationships with UNSW acting as the key conduit between Arc and many UNSW Faculties and departments. The 2011 Student Survey was highly successful with 1,149 respondents; there was a significant increase in membership satisfaction and intention to re-join both overall and across key demographic segments including the College of Fine Arts (CoFA) as well as International Students.

SSAF hindered the semester 2 membership recruitment drive and necessitated a change in the membership strategy and package for 2012. The model developed for 2012 will enable all UNSW students to opt in to Arc, allowing all students to enhance their opportunities for engagement and development without additional financial burden.

Arc's ongoing discussions with UNSW@Canberra resulted in a Memorandum of Understanding being signed; this agreement will see the development of an Arc hub in Canberra that will provide membership benefits, social events, representation, volunteering opportunities, advocacy and trips to the students of UNSW@Canberra.

Student Focus Project

The Arc Internships were again highly sought after in 2011, with the program incorporating more structured development opportunities across the 28 week paid internship. The Arc Internships offered students several highly valued graduate attributes and were offered in the following areas -

- Graphic Design
- Kudos Gallery (2 positions)
- Information Technology
- Venue & Events
- Student Support
- Human Resources
- Environment
- Sponsorship & Advertising

The Student Focus Project also launched its first iPhone application in March (developed entirely in house). Arc iPublications enables users to view Arc's regular publications including Blitz, Tharunka, Student Cookbook and UNSWeetened at any time. The application is an important step in ensuring Arc's continued relevance, addressing a reduction in on-campus hours and expanding Arc's readership base.

Sponsorship and Advertising

The Sponsorship and Advertising department continued to focus on the creation of new properties and the diversification of existing revenue streams. This focus resulted in the creation of two new properties including the development of an on-campus promotional sampling team. The department expanded its client reach by over 30% throughout the year, increasing its traction and recognition through an e-newsletter, UniBuzz.

The traditional advertising and sponsorship streams of print and events continued the decline initially experienced in 2010. Growth continued in the areas of web, electronic media and sampling activations but unfortunately did not mitigate the losses experienced through the advertising downturns. In 2012 this situation is expected to be addressed with an increase in web, application and sampling properties available on campus.

Venue & Events

The Roundhouse hosted over 200 student events throughout 2011 engaging over 100,000 patrons. It provided over 2,000 hours of free room hire to Arc Clubs and Societies and offered 95 casual employment opportunities to students. The on-going success of Arc events and activities consistently demonstrates the importance of enabling active social engagement on campus.

Several new events were trialled throughout the year including St Patrick's Day, Outdoor Cinema Series and "How To" activities; the success of all ensuring they become permanent fixtures upon the yearly events calendar. Session parties continued to be popular with the highlight being a College chariot race as part of the annual Toga Party. After three years of rain, Foundation Day was finally rewarded with sun. Now permanently ensconced within the Arc precinct, the event was a resounding success with both the day and night components well attended. The strong demand for Oktoberfest tickets resulted in the event selling out in record time with the event continuing to be the highlight of the UNSW social calendar.

The deteriorating condition of the Roundhouse continues to be a significant problem in developing and maintaining commercial and student revenue streams. The physical condition has necessitated lowering gross profit margins to maintain clientele until a refurbishment can take place. The Roundhouse hosted over 100 commercial events throughout the year with over 65,000 patrons coming through the venue. The Roundhouse continues to be a significant presence on the Australian and International touring circuit with performances from Karnivool, You Me At Six, Bring Me The Horizon and Unwritten Law amongst many others.

The much anticipated, opening of the White House occurred in May 2011. The White House was developed to provide a unique offering on campus, an intimate, aesthetically pleasing, eclectic venue that provides ample opportunity for social networking within a café and bar environment for all students and staff. The reception to the White House on campus has been overwhelmingly positive with the food, drink, look and feel of the venue being embraced by the UNSW community and actively being emulated by Universities across the country.

The Arc Bistro focused on gradually developing catering offerings for the commercial clients of the Roundhouse, whilst solidifying the student offerings within the Bistro itself. A small refurbishment in late 2011 has already shown positive results with a more streamlined and aesthetically pleasing counter area.

The Café of the Other Side (Café) in Paddington, College of Fine Arts (CoFA) was impacted throughout 2011 by the CoFA building works. Strategies to increase the foot traffic until the CoFA population returns to the campus will be implemented in 2012.

Marketing & Communications

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, Wall planner and Complete Guide to Arc. Several departments launched new large scale publications in 2011 including the Student Survival Guide, Roundhouse Passport, The 'Good Book' and the Volunteer Handbook.

An evaluation of Arc's branding and identity was undertaken and the decision to retire several typefaces and style guides was made to reinvigorate the Arc brand and ensure the on-going relevance of the organisation's visual identity.

Strong growth in all communication channels was evident in 2011. The continual refinement of Arc's communication style has enabled a defined style and tone to be established and reflected across all mediums.

The launch of the revised Arc website in June 2011 represented the culmination of a two year project. The new website was designed to enable Arc to capitalise upon online opportunities and provide a framework to enable future developments to be built and effectively implemented. The website focuses on usability and functionality enabling individual departments to manage their own content. The website has been well received with growth of 15-25% in visits over the same period in 2010.

Student Support

2011 was the busiest year so far for Student Support, with over 600 students provided with legal advice or university assistance.

The areas of advice and casework remain quite broad. While the bulk of casework is in the most common areas affecting students (housing, accidents, criminal and traffic offences, income support and employment) a number of students were assisted in matters such as workers' compensation claims, mediations with neighbourhood disputes and complaints about government agencies.

There was considerable success in civil claims and claims for unpaid wages and unfair dismissal. During 2011 almost $70,000 in entitlements and compensation were recovered for students. Many students were also represented in claims against them, from negotiations with collection agencies through to defending civil claims in court. Within the university, common issues include postgraduate research complaints and appeals (e.g. decisions regarding candidature, thesis examination results, authorship, intellectual property and copyright), subject withdrawals and fee waivers, assessment disputes and disciplinary charges.

The department continued its strong relationship with Acacia Immigration, which provided over 50 hours of free on-campus visa and immigration advice to international students. In 2012 the department will partner with at least one external legal firm to assist with the increased demand expected under the new membership model and Arc's obligations to students under the Student Services, Amenities, Representation and Advocacy Guidelines.

Student Development

Student Development had an outstanding year with many exceptional achievements.

The Student Development and Clubs office continues to be a highly utilised resource by students. The office is well placed to provide assistance for students as it is staffed by students and alumni of UNSW, with all volunteer programs coordinated by a current UNSW student. The Student Development office has fun, working hard to ensure the students of UNSW get the best on campus experience possible.

Arc affiliated Clubs continued to thrive growing to over 140 active clubs. The Student Development team administered a record amount of activity grants in 2011, providing $90,000 in grants that assisted 125 clubs to put on 687 different activities throughout the year. The Student Development Committee (SDC) also administered over $80,000 in Student Community Development Grants (SDCG) in conjunction with UNSW to support over 64 unique student opportunities. The involvement of Arc affiliated Clubs at events such as Orientation Week, Clubs General Meetings and Welcome Back Day was also at an all-time high.

There were many successes to celebrate with Arc Volunteer Programs. In conjunction with the Marketing team, the department produced two high quality publications in the UNSWeetened Literary Journal as well as the Sustainable Cookbook. The launch of both publications was very well attended by the student population. Global Village sent students to Nepal, Rabi (Fiji) and India to engage and assist the local communities. Walama Muru saw twenty volunteers visit Nanima (near Wellington, NSW) to learn from and support the local Indigenous community. This year the Walama Muru volunteers painted the local pre-school, helping the pre-school achieve a vital criterion towards them having continuing access to government grants. Shack Tutoring had outstanding numbers of volunteers and participants with all tutoring sessions at capacity, further strengthening our relationship with the Shack Youth Services. The Mosaic Fusion Forums activities day and presentation night were outstanding events that were highly praised by our program partner, the NSW Department of Education and Training. The Stationery Re-use Centre did an amazing job in raising its awareness on campus to students, faculties and businesses around the greater Sydney area. This was reflected in record turnover of pre-used merchandise in the Centre. Our newest programs; The Pod, vHub and The Mob have prepared the foundations for the changes required for these programs to flourish in 2012. Duke of Edinburgh's Award participants continue to grow, whilst CONTACT had a record 90 students apply to be volunteers and continues to be the premier information and referral service for students by students on campus. Yellow Shirts also had a record breaking year, with 170 Yellow shirt volunteers selected from over 500 applicants, once again providing first year UNSW students with the best orientation experience at a campus anywhere in Australia. The Volunteer Army in only its second year had over 950 volunteers sign up and ran dozens of events in conjunction with organisations such as Cantoo, Jeans for Genes day and the Cancer Council. The Volunteer Army received national recognition for its absolutely outstanding year by winning the 2011 ACUMA Student Development Program Award.

The year culminated with the best attended Clubs Party in years as well as the successful return of the Volunteer Ball.

Arc @ CoFA

The student community at CoFA was deeply affected in 2011 due to the CoFA building project works on campus. Art History and Theory classes, and Postgraduate Painters had been moved to the Kensington campus in 2010 and at the start of 2011. All Undergraduate and Honours painting students were relocated to temporary studios in the Woolworths Building at Town Hall. In response, a CoFA @ Kenso courtyard was created behind the Roundhouse as a meeting place for CoFA students. The Arc @ CoFA team was expanded to employ a casual student to host events and activities at the Kensington campus for students relocated at Kensington, and additional campus tours were run to orient students across the three effective campuses.

The traditional free fortnightly lunches at CoFA were replaced by many small weekly activities to bring students together during this period of displacement for the CoFA community. At the Paddington campus, there were weekly Yoga classes, monthly free lunches, weekly sketch classes, and a weekly Wednesday Night Social in the CoFA Common Room.

SDC @ CoFA created a new grant in 2011 to support students who submit ideas for bringing people together to make new connections, collectives, groups or clubs. To be eligible, groups must have more than four participants who are Arc members, the majority must be CoFA students and the activity must be ongoing. Two applications received a $500 Group Work Grant;

1. R.O.C.K.E.T. (Raw Organic CoFA Kids Eat Together) a collective bringing students together once a week to eat fresh, mostly raw food for lunch.

2. All For You – a collective hosting group exhibitions twice a year.

SDC @ CoFA approved 23 Arts & Design Grants (ADG), giving a total of $8,000 to video and sound screenings, exhibitions, development courses and conference fees, performances, art work materials, and new artist run spaces.

2011 was a year of great achievements and the organisation remains ideally placed to continue to provide outstanding service and opportunities to the students of UNSW.

Brad Hannagan
Chief Executive Officer

Chair's Report

Natalie Karam
Chair of the Board, Student Director

2011 has been one of the most important years in Arc's history. The organisation has made significant changes to achieve long-term sustainability and growth.

Arc's Strategy

The Arc Board refined its vision, mission and objectives for the next five years in a highly successful strategy review. This review resulted in Arc's vision being defined as "creating the best student experience" while our mission was updated to reflect the goals of maximising the development, engagement and support of UNSW students. On a financial level, the Board approved external investment principles that complement these areas and apply to commercial ventures located outside of UNSW. The results of this review formed the basis of our first Arc Strategic Intent document.

Arc and UNSW

Arc and UNSW have entered into decisions together that have made a substantial impact on the organisation's long-term future. The Board unanimously approved a retail deal for $11 million that involved UNSW buying out our retail operations and sub-tenancies. The Board decided that it was in the best interests of our members to exit from the risky retail environment and focus on areas that facilitate creating the best student experience. The deal secured Arc's financial future beyond 2021 and will fund student life for over 10 years.

Further, Arc and UNSW were the first student organisation and university to sign Partnership Principles that aim to deliver more students services and an enhanced campus environment. The agreement reflects Arc and UNSW's strong and positive relationship and its desire to continue to work as partners in the student space.

Student Services and Amenities Fee

With the introduction of the Student Services and Amenities Fee, UNSW increased Arc funding to $3.2 million per year, indexed for the next five years. This increase in funding will result in expanded student support services, development and engagement opportunities for our expanded membership base and enabled us to alter our membership model. UNSW have agreed to review our funding arrangements in the future if there is further demand on these services.

The university also agreed for Arc to conduct the independent student consultation process surrounding funding priorities for the fee on behalf of the university. The fee is expected to generate $6 million annually in funds. This arrangement reflects the strong student voice that this issue has received and UNSW's willingness to negotiate and engage with the student organisation.

Membership

Membership saw sweeping changes made to its structure and offering. With the advent of the Student Services and Amenities Fee, the Board decided to ease the burden of the fee on students and offer a $0 membership offering. This change has resulted in a significantly expanded membership base that we expect to reach over 20,000 students. We have also expanded our reach by launching Arc @ ADFA in Canberra.

Further, the Board approved the introduction of Arc Honorary Life Membership to recognise the significant and continuous contributions of individuals to the growth and improvement of the organisation.

The White House

2011 also marked the launch of Arc's newest entertainment venue, The White House. Our new bar has attracted patronage from a wide variety of people, including undergraduate and postgraduate students, university staff and intervarsity officials.

Chief Executive Officer

The Board approved a 5 year extension of our Chief Executive Officer's contract with Arc. The CEO has been a strong advocate for students and has continued to lead the organisation from strength to strength. The Board is delighted that the CEO will be continuing in his role with the organisation and building its future.

Inter-Residence Council

In late 2011, the Board resolved to create a new Inter-Residence Council (IRC) to provide representation and enhanced student life to all residents at UNSW. Not only was this a strategic decision for the Board, with the number of residents expected to reach over 5000 in the next two years, it also offered longevity and support to residences on campus. The IRC will facilitate knowledge-sharing amongst residences, create ties with other residences through events and increase representation of residents on accommodation and campus community issues. The formation of the IRC coincided with the Arc's submission to a NSW Parliamentary Inquiry on International Student Accommodation.

Student Representative Council

In 2011, the SRC focused on continuing to provide students with better quality services and amenities to make higher education more accessible by building on initiatives, including our Free Breakfasts and the Welfare Room. The SRC's most important role was advocating for students about quality education and representing these concerns to policymakers broadly. It was incredibly heartening to see UNSW get on board with the SRC campaign to address the rapidly growing bus lines at Central Station by creating the Green Square Bus Service. In academic pursuits, the SRC was successful in its campaign about summer courses on HECS, saving students money in course fees. Equally exciting was the creation of the Arc Environment Committee, which will play a key role in ensuring that students have a mechanism to advocate environmentally sustainable policies and initiatives across all areas of campus.

Postgraduate Council

The PGC has made significant achievements in its inaugural year. Its growing presence on campus has resulted in higher awareness from Postgraduate students about the issues and services that affect them. The PGC have held regular Wine and Cheese nights, which are getting a good reputation as a fun time for all. In terms of governance, the PGC has developed sound operational procedures and practices, compiled the first PGC charter and enacted annual strategic planning initiatives. The PGC is looking forward to continuing its successes in the coming year with such things as a full and diverse social calendar, fostering ties with Postgraduate societies, committees and associations within the many schools at UNSW, and many other initiatives to improve the life of Postgraduate students at UNSW.

Natalie Karam
Chair of the Board

Board of Directors

Current Directors

Brad Hannagan
Chief Executive Officer
Managing Director
Company Secretary

Natalie Karam
Chair of the Board
Student Director

Sophie D'Ambra
Honorary Treasurer
Student Director

Alex Peck
Student Director

James Fehon
Student Director (COFA)

Luke Parkitny
Student Director

Ross Willing
Student Director

Sarah Dunbar
University Director

Taye Morris
University Director

Jeffrey Forrest
Alumni Director

Karen James
Alumni Director

Chris Antonini
Student Development
Committee (SDC) Convenor

Edward Kearney
Postgraduate Council
(PGC) President

Tim Kaliyanda
Student Representative
Council (SRC) President

Outgoing Directors

Jessica Mobbs
Chair of the Board
Student Director

Simon Bruck
Student Director

Matthew Ward
Student Director

Alex Chung
Postgraduate Council
President

Ritwik Roy
Postgraduate Council
President

Osman Faruqi
Student Representative
Council (SRC) President

Scarlett Ha
Student Development
Committee Convenor

Directors' Report

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2011.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Sarah Dunbar (previously Long)	Chris Antonini (appointed on 15 December 2011)
Brad Hannagan	Edward Kearney (appointed on 15 December 2011)
Jeffrey Forrest	Tim Kaliyanda (appointed on 15 December 2011)
Karen James	Alex Chung (resigned on 21 February 2011)
James Fehon	Jessica Mobbs (resigned on 20 June 2011) *
Luke Parkitny	Matthew Ward (resigned on 20 June 2011)
Natalie Karam	Simon Bruck (resigned on 20 June 2011) *
Taye Morris	Osman Faruqi (resigned on 30 November 2011) *
Alex Peck (appointed on 20 June 2011)	Ritwik Roy (appointed on 17 March 2011 and resigned on 30 November 2011) *
Ross Willing (appointed on 20 June 2011)	Scarlett Ha (resigned on 30 November 2011) *
Sophie D'Ambra (appointed on 20 June 2011)	

* These director resignations to ASIC were as a result of their terms concluding on these dates, not an actual resignation of their position on the Board.

Objectives

The principal objective of the company is to provide services to its members, being students of the University of New South Wales ('UNSW').

Strategy for achieving the objectives

The company will meet its objectives by implementing operational and strategic plans around the key goals of student engagement, development and support. Continual re-evaluation and feedback from students will be sought to ensure the relevance and success of the company's programs.

Key to achieving the company's objectives is the continuation of a strong and mutually beneficial relationship with the UNSW, resulting in an ongoing funding agreement and the execution of a formal partnership agreement.

Principal activities

During the financial year the principal continuing activity of the company consisted of providing services and a complete university experience for UNSW students. These include:

Retail	convenience stores and graduation dress hire;
Student Development	volunteering, grants, courses and Student Development Committee;
Representation	Student Representative Council, Postgraduate Council and Student Support (Legal and Advocacy);
Entertainment	Roundhouse parties, bars and weekly entertainment;
Publications	Blitz, Tharunka, UNSWeetened, International Cookbook, ZingTycoon, College Voice; and
Clubs and Societies Facilities	Computer labs, rooms for hire, postgrad lounge.

Directors' Report (cont'd)

Performance measures

The company measurers its performance through key performance indicators defined by the Board. The success of the number of students engaged with the organisation through membership. Additional measures around participation, financial, employability, volunteer numbers have also been implemented.

Director	Title	Experience/Qualifications	Special Responsibilities
Sarah Dunbar	UNSW Director	BA (UQ), GradDip Ed (USQ) Sarah has 10 years' experience in student services, governance, compliance and risk management in tertiary education.	Chair of Audit and Risk subcommittee (appointed June 2011)
Brad Hannagan	Chief Executive Officer, Managing Director and Company Secretary	MMGT (Macq) Brad is a director of ACUMA Inc.	
Jeffrey Forrest	Alumni Director	BA (Hons) UNSW Jeffrey is a Management Consultant with 5 years' experience in business strategy. He is a former Arc staff member and volunteer.	Former Chair of Audit and Risk subcommittee (term concluded May 2011)
Karen James	Alumni Director	BE (Hons), MCom Karen is a former UNSW Union staff member and volunteer. Karen is a Heinz Harant Award Winner and has over 11 years' commercial experience in funds management and over 10 years' board experience in sport and community non-profits.	
James Fehon	Director	James is a B. Fine Arts/ B Arts (Politics and International Relations) student. He is the secretary of NSW Gay and Lesbian Rights Lobby.	Former Chair of Membership and Services subcommittee (term concluded May 2011)
Luke Parkitny	Postgraduate Director	B. Physio, MSciMed (Pain Mgt) Luke is a current research student through the UNSW Faculty of Medicine. He is a Senior Resident of New College Village UNSW and has 11 years' experience in clinical practice and research.	Former Honorary Treasurer (term concluded May 2011)
Natalie Karam	Student Director and Chair	Natalie is a B.Juris (Politics)/ LLB student. She was the 2010 UNSW Law Society Co-President and Sponsorship Officer of the Australian Law Students' Association, the 2010 Vice Chair of the NSW Young Lawyers Civil Litigation Committee and former employee of UNSW Law Faculty. Natalie has experience in the legal sector and an active member of a number of clubs on campus.	Chair of the Board (appointed June 2011)
Taye Morris	UNSW Director	B.Sc (UWA) B.Psych (UWA) Taye is the Manager of UNSW Careers and Employment with 9 years' experience in the education sector and 6 years' experience in recruitment, psychological assessment and HR consulting.	

Directors' Report (cont'd)

Director	Title	Experience/Qualifications	Special Responsibilities
Alex Peck	Student Director (appointed on 20 June 2011)	Alex is a B.Sc. (Ecology)/ B.SocSc. (Politics) Student. He is on the 2011 UNSW Academic Board, a member of the 2011 UNSW Committee on Education, a 2011 SRC Councillor and the 2011 Secretary of the UNSW Whitlam Club.	Chair of Nominations and Remuneration subcommittee (appointed June 2011)
Ross Willing	Student Director (appointed on 20 June 2011)	Ross is a B.Arts (Politics)/LLB Student. He is the Senior Academic Tutor at New College. Ross is the Captain and Manager of UNSW Men's Hockey team. He has extensive involvement in College activities as well as involvement in Arc Clubs and programs and holds experience working in politics and with government. Ross is a Councillor on the 2012 SRC.	Chair of Membership and Services subcommittee (appointed June 2011)
Sophie D'Ambra	Honorary Treasurer (appointed on 20 June 2011)	Sophie is a B.Economics student. She is a 2011 SRC Undergraduate Councillor, a 2011 Yellow Shirt O-week volunteer, a 2011 Contact Volunteer and a 2012 Yellow Shirt O-week volunteer.	
Chris Antonini	Convenor, Student Development Committee (appointed on 1 December 2011)	Chris is a B.Eng (Chemical)/B.Comm Student. He is a 2011 Yellow Shirt O-week volunteer and a 2011 Contact Volunteer. Chris is the 2012 O-week Clubs and Stalls Coordinator.	
Edward Kearney	President, Postgraduate Representative Council (appointed on 1 December 2011)	BE (Hons) (UNSW), PhD Candidate (UNSW) Edward is a tutor and lab demonstrator in the School of Civil and Environmental Engineering. He is a former student representative on Faculty of Engineering Board with 5 years of experience in construction and project management in public, private and not for profit sectors.	
Tim Kaliyanda	President, Student Representative Council (appointed on 1 December 2011)	Tim is a Bachelor of Commerce student. He was the 2010 President of the UNSW Whitlam Club and is a Student Representative of the ASB Faculty Board.	

Information on directors is only disclosed for those directors in office at 31 December 2011.

Directors' Report (cont'd)

Meetings of directors

The number of meetings of the company's Board of Directors held during the year ended 31 December 2011, and the number of meetings attended by each director were:

	Full Board	
Name	Attended	Held
Sarah Dunbar	9	11
Brad Hannagan	10	11
Jeffrey Forrest	11	11
Karen James	9	11
James Fehon	9	11
Luke Parkitny	6	11
Natalie Karam	10	11
Taye Morris	8	11
Alex Peck *	6	6
Ross Willing *	6	6
Sophie D'Ambra *	4	6
Chris Antonini *	-	-
Tim Kaliyanda *	-	-
Edward Kearney *	-	-
Alex Chung *	-	-
Jessica Mobbs **	5	5
Matthew Ward **	5	5
Simon Bruck **	4	5
Osman Faruqi **	9	11
Ritwik Roy **	9	9
Scarlett Ha **	11	11

Held: represents the number of meetings held during the time the director held office.

* Appointed during the year

** Resigned during the year

Contributions on winding up

In the event of the company being wound up, ordinary members are required to contribute a maximum of $1 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is $5,370, based on 5,370 current ordinary members.

Directors' Report (cont'd)

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 following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Sarah Dunbar
Director

Sophie D'Ambra
Honorary Treasurer

Date: 26 March 2012
Sydney

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ACCOUNTANTS & ADVISORS

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF Arc @ UNSW LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Arc @ UNSW Limited for the year ended 31 December 2011, 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
- no contraventions of any applicable code of professional conduct in relation to the audit.

Moore Stephens Sydney

Moore Stephens Sydney

Chartered Accountants

Chris Chandran

Partner

Dated in Sydney this 26th day of March 2012

Financial Reports

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General information

The financial report covers Arc @ UNSW Limited as an individual entity. The financial report is presented in Australian dollars, which is Arc @ UNSW Limited's functional and presentation currency. The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Arc @ UNSW Limited is a not-for-profit unlisted public company limited by guarantee.

The financial report was authorised for issue, in accordance with a resolution of directors, on 26 March 2012. The directors have the power to amend and reissue the financial report.

Statement of Comprehensive Income
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	31 Dec 2011 $	31 Dec 2010 $
Revenue	**3**	12,341,729	11,994,880
Expenses			
Food, beverages and other related materials used (Cost of Goods Sold)		(3,677,046)	(3,469,102)
Employee benefits expense		(5,873,967)	(5,339,245)
Depreciation expense	**4**	(925,222)	(1,049,280)
Marketing		(255,367)	(218,254)
Membership		(133,761)	(199,013)
Administration		(300,230)	(332,143)
Utilities		(240,907)	(248,068)
Security		(270,691)	(282,156)
Rental, hire, finance lease		(499,727)	(417,018)
Other expenses		(1,085,908)	(1,245,322)
Deficit before income tax expense		(921,097)	(804,721)
Income tax expense		-	-
Deficit after income tax expense for the year attributable to the members of Arc @ UNSW Limited	**16**	(921,097)	(804,721)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Arc @ UNSW Limited		(921,097)	(804,721)

Statement of Financial Position

AS AT 31 DECEMBER 2011

	Notes	31 Dec 2011 $	31 Dec 2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**5**	3,566,074	5,496,199
Trade and other receivables	**6**	594,204	362,669
Inventories	**7**	611,455	479,486
TOTAL CURRENT ASSETS		4,771,733	6,338,354
NON-CURRENT ASSETS			
Property, plant and equipment	**8**	1,812,042	1,548,925t
Intangibles	**9**	208,190	328,399
Other	**10**	1,200	1,200
TOTAL NON-CURRENT ASSETS		2,021,432	1,878,524
TOTAL ASSETS		6,793,165	8,216,878
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**11**	951,804	579,953
Borrowings	**12**	15,529	183,281
Employee benefits	**13**	327,108	325,342
Deferred income	**14**	225,670	887,752
TOTAL CURRENT LIABILITIES		1,520,111	1,976,328
NON CURRENT LIABILITIES			
Borrowings	**15**		46,399
TOTAL NON-CURRENT LIABILITIES			46,399
TOTAL LIABILITIES		1,520,111	2,022,727
NET ASSETS		5,273,054	6,194,151
EQUITY			
Retained surpluses	**16**	5,273,054	6,194,151
TOTAL EQUITY		5,273,054	6,194,151

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
FOR THE YEAR ENDED 31 DECEMBER 2011

	Retained Surpluses $	Total Equity $
Balance at 1 January 2010	6,998,872	6,998,872
Other comprehensive income for the year, net of tax	-	-
Deficit after income tax expense for the year	(804,721)	(804,721)
Total comprehensive income for the year	(804,721)	(804,721)
Balance at 31 December 2010	6,194,151	6,194,151

	Retained Surpluses $	Total Equity $
Balance at 1 January 2011	6,194,151	6,194,151
Other comprehensive income for the year, net of tax	-	-
Deficit after income tax expense for the year	(921,097)	(921,097)
Total comprehensive income for the year	(921,097)	(921,097)
Balance at 31 December 2011	5,273,054	5,273,054

The above statement of equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sale of goods and other		8,823,645	8,513,701
Receipts from membership		336,808	354,180
Receipts from UNSW service agreement		2,100,000	2,950,000
Payments to suppliers and employees		(12,162,964)	(10,886,946)
Interest received		254,667	230,706
Net cash from/(used in) operating activities		(647,844)	1,161,641
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	**8**	(1,046,579)	(490,221)
Payments for intangibles	**9**	(25,459)	(13,897)
Purchase of goodwill on acquisition		-	(170,000)
Proceeds from sale of property, plant and equipment		3,908	25,590
Net cash used in investing activities		(1,068,130)	(648,528)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Lease Liability		(214,151)	(216,845)
Net cash used in financing activities		(214,151)	(216,845)
Net Increase/(Decrease) In Cash And Cash Equivalents		(1,930,125)	296,268
Cash and cash equivalents at the beginning of the financial year		5,496,199	5,199,931
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**5**	3,566,074	5,496,199

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011

Note 1: Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The company has early adopted the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-02 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'. As a consequence, the company has also early adopted AASB 2011-2 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements' and AASB 2011-6 'Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements'. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The company has applied AASB 2010-4 amendments from 1 January 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The company has applied AASB 2010-5 amendments from 1 January 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 124 Related Party Disclosures (December 2009)

The company has applied AASB 124 (revised) from 1 January 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001. These financial statements do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements, except for the cash flow information, have been prepared on an accruals batsis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services

Rendering of services revenue is recognised when the service is provided.

Notes To The Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 1: Significant accounting policies (cont'd)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Membership

Membership income is recognised on an accruals basis.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business lessthe estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the company establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Notes To The Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 1: Significant accounting policies (cont'd)

Class of Fixed Assets	Depreciation Rate
Leasehold improvements	10 years
Furniture and fittings	5 years
Motor vehicles	5 years
Computer equipment	3 years
Academic dress	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Wages and salaries and annual leave

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

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 Note

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 1: Significant accounting policies (cont'd)

months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives

Certain comparatives have been reclassified for consistency with current year presentation.

Note 2: Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 3: Revenue

	31 Dec 2011 $	31 Dec 2010 $
SALES REVENUE		
UNSW service agreement funding	2,800,000	2,250,000
Sale of goods	6,479,485	5,746,767
Rental, venue hire, amusements	1,283,465	1,177,515
Sponsorships	363,587	360,130
Membership	336,808	354,180
Academics dress hire	560,356	511,512
	11,823,701	10,400,104
OTHER REVENUE		
Interest	254,667	230,706
Education Trust	-	1,000,000
Other Revenue	263,361	364,070
	518,028	1,594,776
Revenue	12,341,729	11,994,880

Note 4: Expenses

Deficit before income tax includes the following specific expenses:		
DEPRECIATION AND AMORTISATION		
Leasehold improvements	17,880	-
Furniture and fittings	602,056	584,168
Motor vehicles	31,753	23,434
Computer equipment	114,027	190,707
Academic dress	13,838	10,371
Software	145,668	240,600
Total depreciation and amortisation	925,222	1,049,280
RENTAL EXPENSE RELATING TO OPERATING LEASES		
Minimum lease payments	316,064	220,094

Note 5: Current assets - cash and cash equivalents

Cash on hand	33,839	23,519
Cash at bank	668,039	362,874
Cash on deposit	2,864,196	5,109,806
	3,566,074	5,496,199

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

	31 Dec 2011 $	31 Dec 2010 $

Note 6: Current assets - trade and other receivables

Trade receivables	175,204	142,886
Less: Provision for impairment of receivables	(5,000)	(7,000)
	170,204	135,886
Other receivables	200,866	70,657
Prepayments	223,134	156,126
	594,204	362,669

Note 7: Current assets - inventories

Finished goods - at cost	627,429	495,460
Less: Provision for impairment	(15,974)	(15,974)
	611,455	479,486

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 8: Non-current assets - property, plant and equipment

	31 Dec 2011 $	31 Dec 2010 $
Leasehold improvements - at cost	715,217	-
Less: Accumulated depreciation	(17,880)	-
	697,337	-
Furniture and fittings - at cost	3,251,974	3,084,467
Less: Accumulated depreciation	(2,558,767)	(1,956,711)
	693,207	1,127,756
Motor vehicles - at cost	164,158	144,872
Less: Accumulated depreciation	(74,471)	(42,718)
	89,687	102,154
Computer equipment - at cost	770,460	668,170
Less: Accumulated depreciation	(644,403)	(595,552)
	126,057	72,618
Computer equipment - leased	253,734	253,734
Less: Accumulated depreciation	(253,734)	(188,564)
		65,170
Academic dress - at cost	136,123	138,470
Less: Accumulated depreciation	(28,776)	(14,938)
	107,347	123,532
Other	98,407	57,695
	98,407	57,695
	1,812,042	1,548,925

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improvements $	Furniture and fittings $	Motor vehicles $	Computer equipment $	Academic and other $	Total $
Balance at 1 January 2011	-	1,127,756	102,154	137,788	181,227	1,548,925
Additions	715,217	167,507	19,286	102,296	42,273	1,046,579
Disposals	-	-	-	-	(3,908)	(3,908)
Depreciation expense	(17,880)	(602,056)	(31,753)	(114,027)	(13,838)	(779,554)
Balance at 31 December 2011	697,337	693,207	89,687	126,057	205,754	1,812,042

Notes To The Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 9: Non-current assets - intangibles

	31 Dec 2011 $	31 Dec 2010 $
Goodwill - at cost	170,000	170,000
	170,000	170,000
Software - at cost	334,589	309,130
Less: Accumulated amortisation	(296,399)	(216,976)
	38,190	92,154
Software - leased	418,731	418,731
Less: Accumulated amortisation	(418,731)	(352,486)
	-	66,245
	208,190	328,399

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Goodwill $	Software $	Total $
Balance at 1 January 2011	170,000	158,399	328,399
Additions	-	25,459	25,459
Amortisation expense	-	(145,668)	(145,668)
Balance at 31 December 2011	170,000	38,190	208,190

Note 10: Non-current assets - other

	31 Dec 2011 $	31 Dec 2010 $
Unlisted shares - at cost	1,200	1,200

Note 11: Current liabilities - trade and other payables

Trade payables	141,003	162,939
Other creditors and accruals	810,801	417,014
	951,804	579,953

Notes To The Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 12: Current liabilities – borrowing

	31 Dec 2011 $	31 Dec 2010 $
Lease liability	15,529	183,281

Note 13: Current liabilities - employee benefits

Employee benefits	327,108	325,342

Note 14. Current liabilities - deferred income

Deferred revenue	225,670	187,752
Deferred UNSW service agreement funding	-	700,000
	225,670	887,752

Note 15. Non-current liabilities – borrowings

Lease liability	-	46,399

TOTAL SECURED LIABILITIES

The total secured liabilities (current and non-current) are as follows:

Lease liability	15,529	229,680

ASSETS PLEDGED AS SECURITY

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 16. Equity - retained surpluse

Retained surpluses at the beginning of the financial year	6,194,151	6,998,872
Deficit after income tax expense for the year	(921,097)	(804,721)
Retained surpluses at the end of the financial year	5,273,054	6,194,151

Notes To The Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 17. 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 2011 was 5,370 (2010: 5,381).

Note 18. Financial instruments

MARKET RISK

Interest rate risk

The company is not exposed to any significant interest rate risk.

Note 19. Key management personnel disclosures

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	31 Dec 2011 $	31 Dec 2010 $
Aggregate compensation	907,271	841,840

Note 20. Contingent liabilities

The company had no contingent liabilities as at 31 December 2011 and 31 December 2010.

Notes To The Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 21. Commitments

	31 Dec 2011 $	31 Dec 2010 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	229,855	201,307
One to five years	360,599	201,308
More than five years	405,090	-
	995,544	402,615
Office equipment payable		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	15,529	201,275
One to five years	-	72,721
Total commitment	15,529	273,996
Less: Future finance charges	-	(44,316)
Net commitment recognised as liabilities	15,529	229,680
Representing:		
Current liabilities	15,529	183,281
Non-current liabilities	-	46,399
	15,529	229,680

Operating lease commitments includes contracted amounts for various retail outlets, warehouses, offices and plant and equipment under non-cancellable operating leases expiring within 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $nil (31 December 2010: $131,415) under finance leases expiring within 1 year. Under the terms of the leases, the company has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 22. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties

There were no transactions with related parties during the financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date.'

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Notes To The Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Note 23. Business combinations

CAFE ON THE OTHER SIDE BUSINESS ACQUISITION (PRIOR YEAR)

In December 2010 Arc @ UNSW Limited acquired 100% of the business known as 'Cafe On The Other Side' for the total consideration transferred of $205,000. The acquired business contributed revenues of $23,518 and profit after tax of $7,253 to the company for the one month held. The values identified in relation to the acquisition of 'Cafe On The Other Side' are final as at 31 December 2011.

Details of the acquisition are as follows:

	Acquiree's carrying amount $	Fair value $
Plant and equipment	35,000	35,000
Net assets acquired	35,000	35,000
Goodwill		170,000
Acquisition-date fair value of the total consideration transferred		205,000
Acquisition costs expensed to profit or loss		21,080

Note 24. Economic dependency

Arc @ UNSW Limited is dependent on the University of New South Wales ('UNSW') for service agreement funding and provision of premises from which it conducts its activities. At the date of this report, the Board of directors has no reason to believe UNSW will not continue to support Arc @ UNSW Limited.

Note 25. Events after the reporting period

CHANGES ARISING FROM THE INTRODUCTION OF THE STUDENT SERVICES AND AMENITIES FEE ('SSAF')

In late 2011, the Commonwealth government passed legislation to allow universities to charge a SSAF to fund non-academic programs and initiatives on campus. As a result, from Semester 1 2012, the University of New South Wales ('UNSW') will charge Commonwealth Supported Place students SSAF. This has necessitated a strategic change in the company's Membership Model.

In 2012, students will be able to opt-in as members for free (as opposed to the $69 fee charged in 2011). This structural change will expand the company's membership to more than 15,000 students. Members wishing to benefit from more specialised services will need to pay a subsidised service fee of $29.

To compensate for the loss of membership income and the cost of the expected increase in demand for the company's student services as the membership base expands, the UNSW Service Agreement Funding will increase to $3.2 million in 2012 from $2.8 million in 2011.

SALE OF RETAIL STORES

Since the end of the financial year, Arc @ UNSW Limited has accepted an offer from UNSW to buy-out all of the company's retail outlets with the exception of the Graduation and Gift Shop. UNSW will pay the company $11 million in consideration, with $3 million up front in 2012 and $8 million spread over 9 years in equal instalments. This deal will be executed no later than 30 June 2012.

No other matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

Declaration by Directors

In the directors' opinion:

1. the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

2. the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the financial year ended on that date; and

3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Sarah Dunba
Director

Sophie D'Ambra
Honorary Treasurer

Date: 26 March 2012

Sydney

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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 ("the company"), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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Opinion

In our opinion, the financial report of Arc @ UNSW Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the period ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

Chris Chandran
Partner

Dated in Sydney this 26th day of March 2012

UNSW Student Life

Annual Report published by Arc @ UNSW Limited
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