

ATC @ UNSW

# Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2013



**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

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Arc @ UNSW Limited

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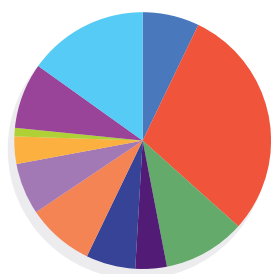
**Brad Hannagan**  
Chief Executive Officer

# Chief Executive Officer's Report

2013 was a positive year for the organisation with strong growth in membership numbers as well as expansion of services to include the operation of UNSW Sports Clubs. Financially the organisation performed well with a small decrease in cash reserves from \$6.5M at year-end 2012 to \$6.4M at the end of 2013. This included capital expenditure purchases funding the future growth of the organisation. Measuring on a cash basis, the organisation continues to live within its means while providing new and exciting services to the students of UNSW.

The main financial challenge for the organisation remains replacing the revenue previously earned through retail operations on campus. An updated and refurbished Graduation and Gift Store, marketing focused, professional services through Arc Creative, and commercial utilisation of Sporting assets are the first three tranches of the commercial growth strategy to be enacted. The commercial growth strategy will address the cash-flow requirement that exists when UNSW completes payment terms to Arc for the retail buyout.

Under the terms of the Support Agreement, UNSW provided \$3.2M to Arc as part of the Student Services and Amenities Fee. The chart below demonstrates Arc's utilisation of that funding. These funds were used exclusively on student programs with profits from other areas of the business funding the administration of the organisation.



**SSAF Arc  
Breakdown 2013**

COFA & Kudos	\$252854
Event & Activities	\$468350
Publications	\$248575
IRC	\$33581
SRC	\$270176
PGC	\$99174
Arc Board	\$179936
Membership	\$184321
Student Facilitation Project	\$111192
Student Support	\$358355
Student Development	\$993486

## Gender Equality at Arc

Equality of opportunity is an essential part of Arc's strategy and people management. While recognising that all differences are valued, from gender and ethnicity to thinking styles, Arc employment practices ensure that these differences do not lead to discrimination in the workplace. Men and women want to be confident that, when they apply for work at Arc or when they are employed, factors which are not relevant to their ability to do their job, will not affect their career.

Arc is committed to creating and celebrating a positive, inclusive culture based on respect for individuals' differences, in which staff are actively encouraged to reach their full potential.

Furthermore, to emphasise our commitment to gender equality, Arc has developed Gender Equality Strategy that supports Arc's vision and strategic objective to provide services to UNSW students. Our Gender Equality Committee, created in 2013, meets on regular basis to discuss the objectives of Arc's gender equality strategy and ways to promote and maintain equality at Arc.

This strategy provides an overarching framework for a wide range of complementary policies such as Equal Employment Opportunity or Performance Appraisal and Professional Development Policy. It also champions gender equality at the organisational level to achieve and maintain a respectful and fair workplace for all Arc employees.

## Membership

In 2013 Arc sought to further embed Arc's membership model as the gateway to engagement whilst deepening student interaction across all facets of Arc's diverse services. Conscious of the increasing financial burdens of students in light of SSAF, Arc once again offered membership at no cost to students. The 2013 Membership Campaign Love.Uni.Life featured UNSW students in a variety of settings unique to Arc and UNSW, highlighting the social interaction and networks Arc enables. The campaign and operational implementation was highly successful resulting in over 23,000 members by year end.

The Membership department continued to strengthen its external relationships with UNSW acting as the key conduit between Arc and many UNSW faculties and departments. The 2013 Student Survey was highly successful with a significant increase in membership satisfaction and intention to rejoin across all key demographics.



## Arc Internships

The Internship Program continued to positively impact the organisation and provide a student perspective within several departments that traditionally have minimal involvement with student programs. The internships offer students a 28 week paid opportunity to gain professional experience and develop valued graduate attributes within a structured program.

Arc internships were offered in the following areas -

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

## Sponsorship and Advertising

The Sponsorship & Advertising department focused upon the amalgamation and packaging of properties to mitigate negative impacts on any singular property. This was particularly pertinent given the continued decline experienced in traditional print advertising revenue streams.

Growth was experienced across several established properties including O-Week, Foundation Day and Welcome Back Day. The rise in experiential sponsorship enabled Sponsorship & Advertising to both enhance exposure of external partners and offer new and interactive participatory experiences to students on campus.

The department continued to focus upon the enhancement of the client experience, with post-event surveys continuing to show positive gains in this area.

## Venue & Events

The Roundhouse hosted over 200 student events engaging over 100,000 patrons. It provided over 2,500 hours of free room hire to Arc Clubs and Societies and offered 55 casual employment opportunities to students.

The Roundhouse continued to focus on broadening event and social interaction opportunities for students across a wide spectrum of interests and demographics. Several new events were implemented including Twilight Sounds, Clothes Swap and several large scale trivia events, culminating in over 500 patrons enjoying a tourney at the *Game of Thrones* trivia night.

Session parties continued to be popular with six events hosted over the year with a variety of themes including Toga, Circus, and Heaven and Hell. Foundation Day continued to be student facilitated and despite the deluge of rain throughout the day and night, the event was well attended. The Roundhouse's flagship event Oktoberfest took a much needed hiatus in 2013 to enable the Venue & Events team to rebuild the event to ensure its presence on the calendar in future years.

The Roundhouse hosted over 100 commercial events throughout the year with over 60,000 patrons coming through the venue. The Roundhouse continued to host significant international and local touring acts including Presidents of USA, Sum 41, All Time Low, Deftones and Last Dinosaurs. Despite the condition of the venue, revenue

has continued to grow, though gross profit was negatively impacted by the increase in labour and discounting to enable the manual camouflaging of the discernible venue issues and to enable client retention.

## Food & Beverage

The White House took a strong student direction in 2013 leading with the tagline "your student-run café", highlighting that the café is run by Arc and profits contribute to direct student spend. The creation of the on-campus living membership, weekly outdoor movie night and student product tasting sessions all added to the vibrant, comfy space.

The Café On The Other Side was closed in July 2013 for the purpose of a renovation to enable the Café to take on a new and fresh direction. This was designed in conjunction with the COFA team at \$3k radius. Challenges in getting development applications approved with council to enable the growth of the café continued to have severe commercial impact. Unfortunately, and despite all best efforts, the café has not been able to deliver upon key commercial and strategic goals. In March 2014, the decision was made to cease trading at the café to enable the organisation to focus upon building sustainable, profitable businesses to address the commercial requirements of the future.

The UniBar had a downturn in 2013 through reduced numbers at session parties and saw lower numbers on campus at night with the reduction in students living on campus. Oktoberfest was also removed from the events calendar which had a negative impact on the bottom line budget and student loyalty. A new marketing and events strategy was implemented and included weekly events such as ping pong, trivia night, bingo, poker and the introduction of a second Happy Hour to increase revenue.

The Bistro had a full makeover in 2013 with the meal offering taking on a gourmet burger and hot dog look which was followed through with the branding and design. This was to align it with the Roundhouse's rock music image. This saw the creation of the Rock Dog logo and graffiti wall art which was well received and proved a favorite among students and UNSW faculties alike.

## Marketing & Communications

The Marketing and Communications department experienced a very successful 2013. The department experienced 10% growth across key communication channels including website visitation, social media engagement, e-newsletter click-throughs and readership of key publications. The internal demand continued to grow for the department's graphic design; despite the significant increase in work, the department continued to produce an enviable collection of high quality graphic design work, including major publications such as 2013 Diary, *Good Book*, *Complete Guide to Arc*, *Student Survival Guide* and *Roundhouse Paper*.

A key focus of the department was introducing digital and video content to complement the existing communication channels. Student engagement remained a high priority, realised through the provision of development opportunities within *Blitz* Magazine, internships and through the support of student publications including *Student Cookbook* and *UNSWeetened* literary journal.

The department continued to be recognised externally for its work winning a New South Wales Australian Marketing Institute award for the 2013 Membership Campaign.

## Chief Executive Officer's Report (cont'd)

Arc Creative continued to test the market commercially working primarily with UNSW departments and selected external businesses. The success of the project and testing has resulted in Arc implementing Arc Creative fully as a commercial business in 2014.

### Student Development

After a strong few years, Student Development continued to perform well in 2013 achieving many outstanding benchmarks.

On the Clubs front, 2013 had over 250 active clubs, closing the year with 172 affiliated and another 63 in various stages of application. Yet again, Student Development had broken its previous records for the financial support provided to clubs with over \$123,600 provided in Activity Grants, helping 149 clubs run 1,013 activities for their club members and the general student body. On top of that, over \$16,000 was provided to clubs for the purchase of 107 different items for 51 clubs to use in their activities and promotions. Attendance at Clubs General Meetings also saw a marked increase, allowing for a more efficient and streamlined delivery in communication. The offer of one-on-one face time with club executives with staff had positive uptake. Interaction from Arc-affiliated clubs increased with record numbers attending events such as Mid-Year O-Week, Festival of Sport, Welcome Back Day and O-Week itself.

Arc's volunteer programs saw incredible success with over 3,700 volunteers.

On campus, highlights for Artsweek included a packed launch night held at the Red Centre, The White House Film Fest, as well as a record number of art/sculpture submissions from students. CONTACT saw another increase in interest, reaching over 180 applicants and maintained its record of excellence in assisting with over 1,000 student enquiries about campus and life as a student. Within its first year of operations, the Justices of the Peace League drew over 50 applicants and helped almost 100 students and staff witness and authenticate their documentation, a service that is gaining excellent support and recognition amongst Justices of the Peace on campus. O-Week 2013, with Peter Key-Matuszak and his organising team doing a magnificent job, went from strength to strength and continues to be renowned by the University as one of the most important student programs on campus.

Within the local community Mosaic Fusion Forums worked with seven local high schools in teaching their students about cultural diversity, identity and awareness. Shack Tutoring helped 139 high school students by providing free tuition, its biggest year yet, marking the continued strength in the relationship with Shack Youth Services. Stationery Reuse Centre welcomed the year and new students with an influx of almost 30 new companies who donated stationery distributed to students. A total of 278 students engaged with the Mob in the 12 events that were organised in 2013. This represents roughly a 50% increase in participants attending compared to the previous year with the majority being international students. Events that were particularly successful were laser tag, kayaking and cooking classes; each engaging 30-40 students each.

Abroad, Global Village returned to India, Nepal, Cambodia and Fiji, continuing its strong connections with NGOs and

their associated partners, and created a new collaboration with an NGO in the Philippines. The Walama Muru team of 26 volunteers (chosen from 80 applications) raised over \$26,000 to get them to Gilgandra (a small Indigenous community just outside of Dubbo). The volunteers were given the tasks of painting Gilgandra's basketball stadium, building stadium seating, building a sand pit at the pre-school and laying a square of concrete at the cultural centre.

On the media front The Pod uploaded 30 podcasts over the course of the year – collectively they have received 1,600 plays on SoundCloud. Statistics show that the reach of the Pod extends as far as Germany, USA and Korea. vHub proved to have a very successful year uploading 124 videos and receiving a total of 28,000 views with the top videos receiving between 2,000 to 4,000 views each. Sixteen volunteers were involved in 2013 (double the previous year's number).

The Volunteer Army closed out the year with 3,227 volunteers, cumulatively accruing over 3,500 hours of volunteering for almost 120 causes from assisting cancer research to helping raise funds for children in developing countries and helping those less fortunate closer to home by providing a place to spend the night.

To address ongoing concerns in regards to streamlining processes, the end of 2013 saw the introduction of Orgsync. This new software will be used primarily by Arc's volunteer programs, affiliated Clubs as well as Arc Membership. Through Orgsync, many of Arc's processes have moved primarily, if not entirely, online, increasing convenience for students who are now able to submit applications from home. Clubs and volunteer programs are now also better equipped to track and communicate with their participants and members, as well as manage their important documents and finances.

The Student Development department looks forward to strengthening current services as well as providing new opportunities to students across the campus, with a focus towards increasing recognition, employability and innovation.

### Arc Sport

July 2013 saw the exciting transition of the management of UNSW Sport to Arc: encompassing the management of Sports Clubs, the UNSW University Games teams, as well as facilitating sporting facilities such as the Village Green, David Phillips Sports Field, Tarban Creek and the Sam Cracknell Pavilion. UNSW tasked Arc to increase the amount of students participating in sporting activity across all levels and in the period of six months we have made a strong start on this objective. We have maintained sports club funding whilst registering and organising record numbers to both the Eastern University Games in Wollongong, and the Australian University Games on the Gold Coast, as well as coming second in the University Snow Sports Championships. Arc held the inaugural Festival of Sport in October, a three-day celebration of sport on campus. Its aim was to make students aware of the sporting opportunities on campus, and that Arc is central to it. Exciting plans have been set in 2014 to revitalise the social sport and recreational course offerings on campus. These include rejuvenating Sam Cracknell Pavilion as the sports HQ on campus, increase the University Games teams to the absolute capacity as well as supporting the sports clubs so they can engage with a growing amount of student members.

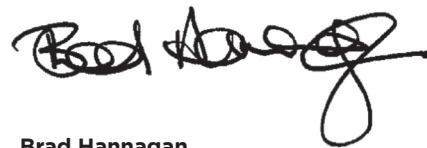
## Student Support

Each year sees a rise in both the numbers and variety of student issues presenting for advocacy and/or legal assistance. 2013 saw more than 850 students receiving assistance, from individual email advice to ongoing assistance with University, Centrelink or court/ tribunal representation. Some key successes included recovery of around \$5,000 in wages for some students working for the same local employer who had claimed their work was an internship or a 'free training scheme', and representation of an older student in a successful victims compensation case where a claim had previously been denied. We also saw a significant rise in the number of postgraduate research students seeking advice ranging from the earliest stages of their candidature, for example where a scholarship agreement has provision for assignment of intellectual property, up to the point where termination is a real possibility due to poor progression. The development of a very strong relationship with the University's graduate school, assisted by the very active 2013 Postgraduate Council, has resulted in Student Support staff and Arc generally having a permanent place in the welcome and induction for all new research students.

Our 12th annual Kudos Award saw 53 finalists selected from 200 Arc @ COFA member entries, the major prize of \$1,500 went to a Masters student, with five other COFA students taking home highly commended prizes donated from local arts organisations and businesses.

Weekly and fortnightly activities and events on campus in 2013 included weekly smoothie socials, free yoga and meditation workshops, artists talks at Kudos Gallery, C Block cinema nights, social soccer, session parties, and free lunches feeding up to 300 students fortnightly.

Lastly, the 13-year old Arc @ COFA van was upgraded to a new model in 2013 offering cheap vehicle hire for students picking up bulk materials or moving artworks from studios to galleries.



**Brad Hannagan**  
Chief Executive Officer

## Arc @ COFA

2013 saw the reopening of the COFA campus in Paddington after a major three year redevelopment. Whilst there was no furniture in the courtyard until Semester 2, and the Arc space on campus wasn't accessible until November, Arc @ COFA successfully brought together a strong sense of student life on the new campus from its temporary office.

Major highlights of this year include the rolling out of four new Arc programs:

- Brightside - this is the first major volunteering program at COFA, pairing up COFA students with disengaged Sydney high school students to inspire and assist them in developing their creative skills, discovering new career pathways;
- Framework - an online arts journal facilitating opportunities for arts writing;
- COFA Sounds - weekly exhibition space for COFA sound and media students;
- The Mural Project - successfully inaugurated by a second year BFA student constructing a bright geometric painting to frame the new courtyard.

During the year, the COFA Grants Committee approved 29 Art and Design Grants in four rounds, giving a total of \$9,417 to extracurricular student projects including exhibition expenses, development courses and conference fees, transport, performances, art work materials, and framing. A new program offering, Quick Response Grants at COFA, saw another \$4,976 being awarded to 13 Arc member projects, and the Group Work Grant of \$1,000 was awarded to a COFA student collective to present a series of collaborative large-scale artwork workshops. A further 19 students at COFA were awarded residencies at the Arc @ COFA Green House studio on Fowlers Gap Arid Zone Research Station in Far West NSW to develop their practice and research in this unique location.

31 exhibitions at Kudos Gallery in 2013 brought in audience numbers of 3,196 and the processing of 92 student artwork sales.



**Chris Mann**  
Chair of the Board, Student Director

# Chair's Report

Since the introduction of the Student Service and Amenities Fee (SSAF) in October 2011, Arc has changed dramatically. The organisation's core mission and vision remain the same but the internal parts of the company have undergone a big transformation.

2012 was a year of consolidated change where Arc worked to secure and understand the effects of SSAF and free membership. This year of consolidation built a platform for Arc to expand and grow its student facing operations and 2013 delivered just that. There was an unprecedented amount of growth and change within the organisation that was complemented with the achievement of key strategic objectives.

The accomplishment of these key objectives could not have been achieved without the support and partnership that Arc has with the University Of New South Wales (UNSW), a partnership that was formally recognised in 2011. Since then Arc and UNSW have worked together on a range of projects for the benefit of students. This relationship has continued to grow stronger, which was evident in 2013 with the signing of three key initiatives.

## Sport

The University handed the management of all sporting clubs over to Arc mid-2013, allowing Arc to integrate the current sports clubs into the club structure that exists within Arc. The focus of this integration was to increase participation levels of students without sacrificing the competitive edge of the sports clubs.

As well as increasing participation rates, Arc also wants to ensure that all students have access to sporting events and facilities. Throughout the back end of 2013, Arc ran initiatives such as the Festival of Sport and afternoon social sport competitions.

Arc also recognises that sport is a massive part of living a healthy lifestyle, it has benefits physically but also mentally. Arc will build on this throughout 2014 with a range of events focused at increasing the wellness of students through sport.

## Relocation of Arc to Middle Campus

In 2014 Arc will be moving its base of operations from the Blockhouse, on Lower Campus, to a central location on Middle Campus, under the Kensington Colleges redevelopment. The move will see all of Arc's student-focused and student-run services move into these new multipurpose spaces.

This central location will not only increase the presence Arc will have on campus but it will also give students a centralised

location to engage in student activities. The move also allows Arc to become closer to other University services, enabling for a better connection between the services offered by both the University and Arc.

## Five-year funding agreement

Under the SSAF legislation UNSW has agreed to fund Arc \$3.2 million per year for the next five years. The certainty and five-year longevity of this deal is better than any other student organisation in the country and means that Arc has a stable financial future.

This financial stability means that Arc can look forward with assurance that the company will continue to grow its student facing services as well as the events that it offers.

## Arc Board

During 2013 the Arc Board made some significant internal changes to the processes of the Board. These changes have yielded very positive results and have allowed the board to focus more on the strategic direction of the organisation.

Along with changes and improvements to the Board, there were also other internal changes that were made with the student bodies to improve the representational avenues as well as the services that we offer students. The Arc Board endorsed a range of new initiatives, including the creation of a new board committee - Student Engagement and Representation (SER), new officer bearer (OB) positions, General Secretary on the Student Representative Council (SRC) and a Women's Officer on the Postgraduate Council (PGC); Co-option of two sports representatives in the Student Development Committee (SDC); the creation of a COFA Council at COFA and increasing representation for students at the UNSW Canberra Campus.

## SER

This new committee of Board was created to help improve the accountability mechanisms and support channels for the student bodies within Arc. The mechanisms put in place will allow presidents and convenors of their respective student bodies to hold their officer bearers accountable. It also allows OB's to hold their respective presidents and convenors accountable.

## SRC

2013 was a year where the SRC focused a lot on their internal processes; the council conducted an internal review of the



processes and procedures that the council operates by, with a clear focus on how the council could best represent students.

Out of the review the SRC recommended that a general secretary position be created to help with internal controls and administration loads that the council has. This would allow the president to focus more on external issues to better represent students.

The SRC continued to lobby the University to ensure that students played a large role in the SSAF consultation process. The council also held a rally for students and staff who were affected by the uncertainty of the Faculty of Arts and Social Science cuts.

Overall, the year of the SRC was one of internal consolidation; the processes put in place will enable future SRC's to better represent the students of UNSW.

## PGC

In only its third year of operation the PGC has continued to grow and strengthen its operations over 2013. The Council not only furthered its engagement of postgraduate students but also increased representation roles with the creation of a women's officer bearer position.

PGC hosted a diverse range of events for our course work, research, international parent and mature age students in 2013. By holding events such as wine and cheese nights, trivia, Easter egg hunts, BBQs and the Postgraduate Ball, the PGC increased the social engagement of postgrad students while events such as Academia Meet Industry helped engage students academically.

The Council also focused on a number of representational issues, with constant communication with multiple levels of the University, the Graduate Research School (GRS) and Council of Australian Postgraduate Association (CAPA), ensuring that concerns of postgraduate students were heard.

They also continued to work with civilian postgraduate students at the Australian Defence Force Academy (ADFA) on the UNSW Canberra campus. Elections were held for the first time on this campus to fill positions within a new representational body created by Arc. The PGC worked closely with management to ensure that this body was created to help address any representational needs the students had.

The PGC also increased the representation of postgraduates on campus with the creation of a PGC women's officer. This position will not only increase the representation of postgraduate women, it will also help foster engagement of women with council.

Moving forward the PGC will continue to foster the engagement and representational requirements of an active postgraduate community at UNSW. The ties with the University and other institution bodies that the 2013 PGC has undertaken will ensure that future councils will be able to continue to ensure that postgrad students receive effective support and representation while they study at UNSW.

## SDC

The SDC experienced a huge change in 2013. With the introduction of sport throughout the year the committee helped foster the representation of sporting bodies by creating

two positions on the committee for sport representatives. These two sports reps will be voting members of the SDC which will allow them to have a direct say in the way that the committee handles club and volunteer issues.

The SDC also affiliated and re-affiliated a number of clubs, resulting in Arc offering over 280 clubs membership, adding the 30 sports clubs to the total pool of clubs and societies Arc offers to students. In addition to this, the committee approved one more volunteering program, which means students have more opportunities to develop through volunteering opportunities.

Furthermore, to continually improve the services Arc offers to students, an internal audit of student development, clubs and societies and the volunteer programs was undertaken. The audit focused on the budgeted figures of direct student expenditure (DSE), the money that is directly spent on students and the effectiveness of the programs. The review allowed the committee to see where improvement could be made to existing programs, as well as gaps that could be filled by programs that did not exist. The improvement of services to clubs, societies and volunteer programs will be an ongoing objective for the SDC and one that is crucial to the success of Arc.

## COFA Council

2013 has seen the creation of the COFA council, a new representative and engagement council at COFA. This council will replace the SRC @ COFA as the new avenue for student representation on that campus. The new council has come about because students at COFA identified problems with the structure of the SRC @ COFA, therefore, the new council has been created and designed by COFA students to directly address those representational issues.

The COFA Council is set to reinvigorate student life on the new COFA campus, with elections for council positions set to occur in early 2014.

## Conclusion

Arc ended the year on a strong note. The move to Middle Campus set for 2014, as well as the integration of sport and the funding agreement means the organisation has never been healthier. The Board and all the student bodies underwent some form of internal review that resulted in very big procedural changes. These changes have benefited the productivity of the company allowing us to focus on maximising the representation, engagement and development opportunities we offer to students.

2014 is set to be a year where the company takes some very large steps forward. The move to Middle Campus will cement our position within UNSW and help Arc move closer to realising its vision of creating the best student experience possible.



**Chris Mann**  
Chair of the Board, Student Director

# Board of Directors

DIRECTORS AS AT 31 DECEMBER 2013



**Brad Hannagan**

Chief Executive Officer  
Managing Director  
Company Secretary



**Chris Mann**

Chair of the Board  
Student Director



**Benjamin Heenan**

Honorary Treasurer  
Student Director



**Peter McGeorge**

University Director



**Brooke Griffin**

University Director



**Kynan Newsan**

Alumni Director



**Amanda Young**

Alumni Director



**Alyse Behringer**

Student Director (COFA)



**Michelle Dunn**

Student Director (Postgraduate)



**Laura Anthony**

Student Director (COFA)



**Tom Morrison**

Student Director



**Joel Wilson**

Student Representative Council  
(SRC) President



**Sharangan Maheswaran**

Postgraduate Council (PGC)  
President



**Andrew Shim**

Student Development Committee  
(SDC) Convenor

# Board of Directors

## OUTGOING DIRECTORS



**Alex Peck**  
Student Director



**Jeffrey Forrest**  
Alumni Director



**Richard Cornwell**  
Student Director



**Bob Liang**  
Student Director



**Andrew Roberts**  
Student Development Council  
(SDC) Convenor



**Joshua Yen**  
Postgraduate Council (PGC)  
President



**Ross Willing**  
Student Representative Council  
(SRC) President



# Directors' Report

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2013.

## 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:

Brad Hannagan
Alyse Behringer
Michelle Dunn
Chris Mann
Peter McGeorge
Kynan Newswan
Brooke Griffin
Laura Anthony (appointed on 17 June 2013)
Tom Morrison (appointed on 17 June 2013)
Benjamin Heenan (appointed on 17 June 2013)
Amanda Young (appointed on 25 November 2013)
Andrew Shim (appointed on 1 December 2013)
Joel Wilson (appointed on 1 December 2013)
Sharangan Maheswaran (appointed on 1 December 2013)
Jeffrey Forrest (resigned on 30 May 2013) *
Alex Peck (resigned on 30 May 2013) *
Richard Cornwell (resigned on 30 May 2013) *
Bob Liang (resigned on 30 May 2013) *
Ross Willing (resigned on 30 November 2013) *
Andrew Roberts (resigned on 30 November 2013) *
Joshua Yen (resigned on 30 November 2013) *

\* 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 executed 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:

Graduation Services	graduation dress hire
Student Development	volunteering, grants, courses and Student Development Committee (SDC)
Representation	Student Representative Council ('SRC'), Inter-Residence Council ('IRC') Postgraduate Council ('PGC') and Student Support (Legal and Advocacy)
Entertainment	Roundhouse parties, bars and weekly entertainment
Food & Beverage	Bistro, The White House, Cornerhouse
Publications	<i>Blitz</i> , <i>Tharunka</i> , <i>UNSWeetened</i> , <i>Cookbook</i> , <i>Student Survival Guide</i>
Clubs and Societies Facilities	Computer labs, rooms for hire, postgrad lounge

## Performance measures

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



## Directors' Report (cont'd)

Director	Title	Experience/Qualifications	Special Responsibilities
Brad Hannagan	Director, Chief Executive Officer and Company Secretary	MMGT (Macq). Brad is the President and a Director of ACUMA Incorporated and a Director of Lifeline Macarthur.	Chair of Work Health & Safety Subcommittee, Chair of Gender Equality Committee
Alyse Behringer	COFA Director	Alyse is a Bachelor of Design student at the UNSW College of Fine Arts (COFA). Alyse is the former COFA Student Representative on the Student Development Committee (SDC). She has extensive involvement in Arc volunteer programs on both campuses, including being a Yellow Shirt in 2012 and 2013.	Honorary Treasurer (June 2012 - May 2013), Chair of Audit & Risk Subcommittee (appointed June 2013)
Michelle Dunn	Postgraduate Director	B.Sc. (Hons) in Chemical Science UNSW. Michelle is a PhD candidate and lab demonstrator in the School of Chemistry. She is part of the Justices of the Peace League, along with being a former Yellow Shirt, CONTACT and Hypesmith volunteer.	Chair of Nominations & Remuneration Subcommittee (June 2012 - May 2013), Chair of Membership & Service Subcommittee (appointed June 2013)
Chris Mann	Student Director	Chris is a B.Eng (Photovoltaics)/B. Sc.(Physics) Student. He has been an active member within the college environment and is also consistently involved with student representation and Arc clubs. Chris has worked in the engineering sector as a sustainability consultant and on projects and design of tri-generation systems.	Chair of Membership & Services Subcommittee (June 2012 - May 2013), Chair of the Board (appointed June 2013)
Peter McGeorge	UNSW Director	B.Sc.(Arch) UMich, B. Arch USyd. Peter is the UNSW Associate Director, Facilities Management (Planning and Development), responsible for campus planning, capital planning and \$200+ million per annum capital program expenditure. He has 25 years' of experience in university campus planning and development. Peter is also the President Elect, Tertiary Education Facilities Management Association ('TEFMA').	
Kynan Newswan	Alumni Director	BComm (Hons I) (UNSW), MBA (Exec) (AGSM UNSW). Kynan has over 10 years' HR experience mostly in remuneration as well as a further two years' experience as a food retail manager. He is a former staff member and volunteer of the Arc legacy organisations (UNSW Union) and the Student Representative Council.	
Brooke Griffin	UNSW Director	BA (Sports Management). As a member of UNSW staff for 10 years Brooke has held numerous central and faculty positions and is currently the general manager for the ASB. Primary responsibilities include strategic and operational management of the faculty, advice and support to the dean and acting as an interface between UNSW Central Services and ASB to determine the provision and standards of all shared services (currently member of 13 different central Boards/Committees). Brooke also plays an active involvement in the Rotary community.	

## Directors' Report (cont'd)

Laura Anthony	COFA Director (appointed on 17 June 2013)	B.Sc. (Hons), MBBS (Hons). Laura is currently studying a BFA at COFA. She is the President of COFA SRC and has served as a member of the Grants Committee at COFA.	
Tom Morrison	Student Director (appointed on 17 June 2013)	Tom is a Bachelor of Medicine/Bachelor of Surgery student. He has been the president of Phillip Baxter College since December 2012, served as the president of the Inter-Residential Council during 2013, and was the convenor of the UNSW Medical Society's "MedCamp" in 2013.	Chair of Nominations & Remuneration Subcommittee (appointed June 2013)
Benjamin Heenan	Student Director (appointed on 17 June 2013)	Benjamin is a Bachelor of Laws and Commerce student. He has been an active member with numerous Arc clubs, and will be entering his third consecutive year in the Yellow Shirt program.	Honorary Treasurer (appointed June 2013)
Amanda Young	Alumni Director (appointed on 25 November 2013)	B Soc Work. Amanda is a UNSW graduate with 15 years' experience in the fields of child protection and Government service provision. She is a practitioner, manager, director and has managed more than 400 staff and budgets of over \$400m. She currently holds the positions of Commissioner of Victims' Rights (NSW) and Executive Director Communities and Social Investment for the NSW Department of Premier and Cabinet.	
Andrew Shim	SDC Convenor (appointed on 1 December 2013)	Andrew is a MD/MBBS student. He has been an active member of the UNSW student community, having been co-president of Oxfam UNSW and an executive of the UNSW Medical Society, United Nations Society, and a student ambassador for DonateLife.	
Joel Wilson	SRC President (appointed on 1 December 2013)	Joel is a B.Science (Physiology)/B.Law Student and a law ambassador for the Law Faculty. He has had extensive involvement in Arc clubs and was an active member within Phillip Baxter College. He was the 2012-2013 President of the Progressive Students Society and Treasurer of the Whitlam Club. Joel has worked in the legal and public policy sector within the Department of the Prime Minister and Cabinet and for a variety of boutique firms and community legal centres.	
Sharangan Maheswaran	PGC President (appointed on 1 December 2013)	B Arts (Hons), USyd, Juris Doctor II (UNSW). Sharangan is currently an Economics Advisor at NSW Parliament as well as the Treasurer of the Council of Australian Postgraduate Associations and a Representative on the UNSW Law Faculty Board. Sharangan has previously worked in legislative affairs, specialising in legal and economic policy relating to natural resource law, finance, planning, trade and investment. He is also a current student editor at the Journal of Australasian Natural Resources Law and Policy.	

## 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

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2013, and the number of meetings attended by each director were:

Full Board		
	Attended	Held
Brad Hannagan	9	9
Alyse Behringer	9	9
Michelle Dunn	9	9
Chris Mann	9	9
Peter McGeorge	9	9
Kynan Newswan	9	9
Brooke Griffin	5	9
Laura Anthony *	3	5
Tom Morrison *	5	5
Benjamin Heenan *	5	5
Amanda Young *	1	1
Jeffrey Forrest **	1	4
Alex Peck **	4	4
Richard Cornwell **	4	4
Bob Liang **	3	4
Ross Willing **	9	9
Andrew Roberts **	9	9
Joshua Yen **	8	9

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

\* Appointed during the year

\*\* Resigned/concluded their term during the year

## Directors' Report (cont'd)

### 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 \$23,254, based on 23,254 current ordinary members.

### 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



**Alyse Behringer**

Director



**Benjamin Heenan**

Honorary Treasurer

31 March 2014  
Sydney



**MOORE STEPHENS**  
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 2013, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



**Moore Stephens Sydney**  
Chartered Accountants



**Chris Chandran**  
Partner

Dated in Sydney this 31st day of March 2014

# Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2013

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### FINANCIAL REPORT

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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 31 March 2014. The directors have the power to amend and reissue the financial report.

# Statement of Profit or Loss and other Comprehensive Income

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
<b>Revenue</b>	<b>3</b>	9,631,466	10,832,390
<b>Expenses</b>			
Food, beverage and other purchases		(1,764,417)	(1,842,577)
Sports operation expense		(312,467)	-
Employee benefits expense		(5,553,861)	(5,525,157)
Depreciation and amortisation expense	<b>4</b>	(444,600)	(622,662)
Impairment of assets		(70,000)	-
Marketing		(317,732)	(310,400)
Membership		(15,758)	(20,709)
Administration		(276,840)	(308,705)
Utilities		(273,712)	(262,414)
Security		(236,133)	(304,943)
Rental, hire, finance lease		(372,281)	(395,617)
Other expenses		(1,287,567)	(1,419,409)
Finance costs	<b>4</b>	-	(104,951)
<b>Deficit before income tax expense from continuing operations</b>		(1,293,902)	(285,154)
Income tax expense		-	-
Deficit after income tax expense from continuing operations		(1,293,902)	(285,154)
Surplus after income tax expense from discontinued operations	<b>5</b>	-	10,985,086
<b>Surplus/(deficit) after income tax expense for the year attributable to the members of Arc @ UNSW Limited</b>	<b>16</b>	(1,293,902)	10,699,932
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the members of Arc @ UNSW Limited</b>		(1,293,902)	10,699,932
Total comprehensive income for the year is attributable to:			
Continuing operations		(1,293,902)	(285,154)
Discontinuing operations		-	10,985,086
		(1,293,902)	10,699,932

(The accompanying notes form part of this financial report)

# Statement of Financial Position

## AS AT 31 DECEMBER 2013

	Note	2013 \$	2012 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	6,420,514	6,529,787
Trade and other receivables	7	1,212,501	1,932,068
Inventories	8	493,192	444,879
<b>Total current assets</b>		8,126,207	8,906,734
<b>Non-current assets</b>			
Trade and other receivables	9	6,243,194	7,164,533
Property, plant and equipment	10	1,215,073	1,334,833
Intangibles	11	230,135	282,287
Other	12	1,200	1,200
<b>Total non-current assets</b>		7,689,602	8,782,853
<b>Total assets</b>		15,815,809	17,689,587
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	594,468	1,146,992
Employee benefits	14	385,279	366,988
Deferred income	15	156,978	202,621
<b>Total current liabilities</b>		1,136,725	1,716,601
<b>Total liabilities</b>		1,136,725	1,716,601
<b>Net assets</b>		14,679,084	15,972,986
<b>Equity</b>			
Retained surpluses	16	14,679,084	15,972,986
<b>Total equity</b>		14,679,084	15,972,986

(The accompanying notes form part of this financial report)



# Statement of Changes in Equity

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Retained surpluses \$	Total equity \$
Balance at 1 January 2012	5,273,054	5,273,054
Surplus after income tax expense for the year	10,699,932	10,699,932
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year</b>	10,699,932	10,699,932
<b>Balance at 31 December 2012</b>	15,972,986	15,972,986
	Retained surpluses \$	Total equity \$
Balance at 1 January 2013	15,972,986	15,972,986
Deficit after income tax expense for the year	(1,293,902)	(1,293,902)
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year</b>	(1,293,902)	(1,293,902)
<b>Balance at 31 December 2013</b>	14,679,084	14,679,084

(The accompanying notes form part of this financial report)

# Statement of Cash Flows

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Receipts from sale of goods and other		7,114,284	6,746,570
Receipts from membership		4,933	6,341
Receipts from UNSW service agreement		3,200,000	3,200,000
Receipts from Education Trust		-	1,606,697
Payments to suppliers and employees		(10,985,834)	(12,078,982)
Interest received		254,071	194,877
<b>Net cash used in operating activities</b>		(412,546)	(324,497)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	(248,751)	(181,390)
Payments for intangibles	11	(93,937)	(121,566)
Proceeds from sale of business		645,961	3,523,289
Proceeds from sale of property, plant and equipment		-	83,406
<b>Net cash from investing activities</b>		303,273	3,303,739
<b>Cash flows from financing activities</b>			
Repayment of lease liability		-	(15,529)
<b>Net cash used in financing activities</b>		-	(15,529)
Net increase/(decrease) in cash and cash equivalents		(109,273)	2,963,713
Cash and cash equivalents at the beginning of the financial year		6,529,787	3,566,074
<b>Cash and cash equivalents at the end of the financial year</b>	6	6,420,514	6,529,787

(The accompanying notes form part of this financial report)

# Notes To The Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 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.

Except for AASB 1053 'Application of Tiers of Australian Accounting Standards', AASB 2010-02 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements', 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', which were early adopted in previous years, 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 below. 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 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*

The company has applied AASB 2011-9 amendments from 1 January 2013. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

#### *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The consolidated entity has applied AASB 13 and its consequential amendments from 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value.

The standard requires increased disclosures where fair value is used.

#### *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The consolidated entity has applied AASB 119 and its consequential amendments from 1 January 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

#### *AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The company has applied AASB 2012-2 from 1 January 2013, which enhanced the disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') to provide information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position.

#### *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

The company has applied AASB 2012-5 from 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

### 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, as appropriate for not-for-profit oriented entities.

# Notes To The Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

### **Note 1. Significant accounting policies (cont'd)**

#### **Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### **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.

#### **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 less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently 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 arm's 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.



# Notes To The Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

### Note 1. Significant accounting policies (cont'd)

#### 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 recognised had the impairment not been made 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. 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:

▶ 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. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life 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 intangible assets 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

Goodwill arises on the acquisition of a business. 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

# Notes To The Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

### **Note 1. Significant accounting policies (cont'd)**

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 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.

### **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 (refer to the respective notes) within the next financial year are discussed below.

#### **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 2013 (cont'd)

### Note 3. Revenue

	2013 \$	2012 \$
<b>Sales revenue</b>		
UNSW service agreement funding	3,200,000	3,200,000
Sale of goods	3,595,542	3,393,130
Rental, venue hire, amusements	824,836	1,126,488
Sponsorships	435,473	465,081
Membership	4,933	6,341
Academic dress hire	562,592	619,275
Sports game and booking income	299,426	-
	8,922,802	8,810,315
<b>Other revenue</b>		
Management fees	152,190	-
Interest	254,071	194,877
Education Trust	-	1,606,697
Other revenue	302,403	220,501
	708,664	2,022,075
<b>Revenue</b>	9,631,466	10,832,390

### Note 4. Expenses

	2013 \$	2012 \$
<b>Deficit before income tax from continuing operations includes the following specific expenses:</b>		
<b>Depreciation and amortisation</b>		
Leasehold improvements	78,153	72,028
Furniture and fittings	182,433	389,505
Motor vehicles	36,427	27,175
Computer equipment	57,873	72,994
Academic dress	13,625	13,491
Software	76,089	47,469
<b>Total depreciation and amortisation</b>	444,600	622,662
<b>Total rental expense relating to operating leases</b>	212,234	196,615

# Notes To The Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

### Note 5. Discontinued operations

On 18 September 2012, Arc @ UNSW Limited 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 paid the company \$11 million in consideration, with \$3 million up front and \$8 million spread over 9 years in equal instalments.

### Note 6. Current assets - cash and cash equivalents

	2013 \$	2012 \$
Cash on hand	37,624	36,010
Cash at bank	279,374	58,496
Cash on deposit	6,103,516	6,435,281
	6,420,514	6,529,787

### Note 7. Current assets - trade and other receivables

	2013 \$	2012 \$
Trade receivables	197,856	943,050
Less: Provision for impairment of receivables	(2,000)	(5,000)
	195,856	938,050
Other receivables	382	1,475
Receivable from UNSW, net present value	866,667	835,467
Prepayments	149,596	157,076
	1,212,501	1,932,068

### Note 8. Current assets - inventories

	2013 \$	2012 \$
Finished goods - at cost	493,192	444,879
	493,192	444,879

### Note 9. Non-current assets - trade and other receivables

	2013 \$	2012 \$
Trade receivable - long term	279,111	523,289
Receivable from UNSW, net present value	5,964,083	6,641,244
	6,243,194	7,164,533

# Notes To The Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

### Note 10. Non-current assets - property, plant and equipment

	2013 \$	2012 \$
Leasehold improvements - at cost	791,307	758,460
Less: Accumulated depreciation	(168,061)	(89,908)
	623,246	668,552
Furniture and fittings - at cost	3,384,767	3,360,728
Less: Accumulated depreciation	(3,130,705)	(2,948,272)
	254,062	412,456
Motor vehicles - at cost	244,744	164,158
Less: Accumulated depreciation	(138,073)	(101,646)
	106,671	62,512
Computer equipment - at cost	842,759	799,853
Less: Accumulated depreciation	(775,270)	(717,397)
	67,489	82,456
Computer equipment - leased	253,734	253,734
Less: Accumulated depreciation	(253,734)	(253,734)
	-	-
Academic dress - at cost	140,859	136,123
Less: Accumulated depreciation	(55,892)	(42,267)
	84,967	93,856
Other	78,638	15,001
	78,638	15,001
	1,215,073	1,334,833

### 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 31 December 2012	668,552	412,456	62,512	82,456	108,857	1,334,833
Additions	32,847	24,039	80,586	42,906	68,373	248,751
Depreciation expense	(78,153)	(182,433)	(36,427)	(57,873)	(13,625)	(368,511)
Balance at 31 December 2013	623,246	254,062	106,671	67,489	163,605	1,215,073



# Notes To The Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

### **Note 11. Non-current assets - intangibles**

	2013 \$	2012 \$
Goodwill - at cost	100,000	170,000
	100,000	170,000
Software - at cost	550,092	456,155
Less: Accumulated amortisation	(419,957)	(343,868)
	130,135	112,287
Software - leased	418,731	418,731
Less: Accumulated amortisation	(418,731)	(418,731)
	-	-
	230,135	282,287

### 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 31 December 2012	170,000	112,287	282,287
Additions	-	93,937	93,937
Impairment of assets	(70,000)	-	(70,000)
Amortisation expense	-	(76,089)	(76,089)
Balance at 31 December 2013	100,000	130,135	230,135

### **Note 12. Non-current assets - other**

	2013 \$	2012 \$
Unlisted shares - at cost	1,200	1,200

## Notes To The Financial Statements

### FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

#### **Note 13. Current liabilities - trade and other payables**

	2013 \$	2012 \$
Trade payables	191,323	143,928
Other creditors and accruals	403,145	1,003,064
	594,468	1,146,992

#### **Note 14. Current liabilities - employee benefits**

	2013 \$	2012 \$
Employee benefits	385,279	366,988

#### **Note 15. Current liabilities - deferred revenue**

	2013 \$	2012 \$
Deferred revenue	156,978	202,621

#### **Note 16. Equity - retained surpluses**

	2013 \$	2012 \$
Retained surpluses at the beginning of the financial year	15,972,986	5,273,054
Surplus/(deficit) after income tax expense for the year	(1,293,902)	10,699,932
Retained surpluses at the end of the financial year	14,679,084	15,972,986

#### **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 2013 was 23,254 (2012: 22,962).

# Notes To The Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

### Note 18. Key management personnel disclosures

	2013 \$	2012 \$
Aggregate compensation	608,195	925,342

### Note 19. Contingent liabilities

The company had no contingent liabilities as at 31 December 2013 and 31 December 2012.

### Note 20. Commitments

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.

	2013 \$	2012 \$
<b>Lease commitments - operating</b>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	195,672	165,783
One to five years	589,656	321,592
More than five years	223,103	320,498
	1,008,431	807,873

### Note 21. Related party transactions

#### Key management personnel

Disclosures relating to key management personnel are set out in note 18.

#### Transactions with related parties

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

#### Receivable from and payable to related parties

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

### Loans to/from related parties

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

### Note 22. Events after the reporting period

At the meeting of the Board on the 31st of March 2014, the Board resolved to cease operations of the entity known as the Cornerhouse (Café). The decision was made on the basis that the café was unable to meet key financial and operational strategic goals. There will be a one-time write down of \$100,000, in intangible assets, goodwill recorded in the 2014 financial statements.

# Directors' declaration

## IN THE DIRECTORS' OPINION:

- › 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;
- › the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and
- › there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

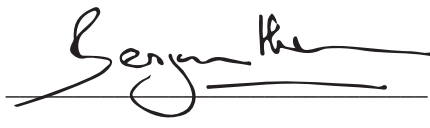
Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Alyse Behringer**

Director



**Benjamin Heenan**

Honorary Treasurer

31 March 2014  
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 2013, 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.



**MOORE STEPHENS**  
ACCOUNTANTS & ADVISORS

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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 2013 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**  
Chartered Accountants



**Chris Chandran**  
Partner

Dated in Sydney this 31st day of March 2014

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UNSW Student Life

**Annual Report published by Arc @ UNSW Limited**

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