

Arc @ UNSW Limited

ABN 71 121 239 674

Annual Report - 31 December 2023

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The directors present their report, together with the financial statements, on Arc @ UNSW Limited (the 'Company') for the year ended 31 December 2023.

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:

Shelley Valentine	
Jonathon Strauss	
John Reed	Re-appointed 31 May 2023
Arthy Mukunthan	
Oscar Iredale	
Natalie Newman	
Katia Fenton	
Hamish Covell	
Oliver Pike	Re-elected 22 June 2023
Sarah Smart*	Appointed 21 June 2023
Ella Davidson*	Elected 22 June 2023
Mariam Reza*	Elected 22 June 2023
Tony Le*	Elected 1 December 2023
Michael Rahme*	Elected 1 December 2023
Leigh Dunlop**	Resigned 21 June 2023
Anthony Sunjaya**	Term concluded 30 November 2023
Paige Sedgwick**	Term concluded 30 November 2023
Aaron Magner**	Term concluded 21 June 2023
Carel Greyling**	Term concluded 31 May 2023
Jacqueline Price**	Term concluded 31 May 2023

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 and Engagement Programs – orientation, volunteering, wellness, Clubs and Societies, grants, events and festivals;
- Advocacy - Student Representative Council ('SRC'), Inter-Residence Council ('IRC'), Postgraduate Council ('PGC') and Student Support (Legal and Advocacy);
- Student Support – free food service, grant opportunities, courses, and free legal advice;
- Entertainment - Roundhouse events weekly entertainment;
- Food & Beverage –Roundhouse Uni Bar, Thirsty Burger Bistro and Home Ground;
- Publications - Blitz, Tharunka, UNSweetened;
- Student Spaces – Student Representative Council rooms, Postgrad lounge, music room, dance room, study spaces and bookable meeting rooms;
- Arc Creative Services - Design and printing services for both internal and external clients; and
- Arc UNSW Sport - provision of the management of all sports clubs to increase participation rates and ensure all students have access to sporting events and facilities.

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 and volunteer numbers have also been implemented.

Information on directors

Name: **Shelley Valentine**
Title: Director, Chief Executive Officer
Qualifications: M Events
Experience and expertise: Shelley has more than 15 years' experience in the Higher Education sector with a particular focus on operations and the student experience.
Special responsibilities: None

Name: **Jonathon Strauss**
Title: UNSW Director
Qualifications: B. Arts – Music Performance & Political Science (Carthage)
M. International Law & International Relations (UNSW)
EdD – Higher Education Management (UPenn)
Experience and expertise: Jonathon serves as UNSW's Registrar & Director of Student Services and has more than 20 years' experience in tertiary education – with a proven track record in student recruitment and admissions, marketing, and student administration, and has also gained valuable experience in non-profit administration, governance, and leadership. A native of the US Midwest, Jonathon has also lived in London and has called Australia home for the past 16 years. In his "spare" time, Jonathon enjoys bringing a new lavender farm to life in NSW's Capertee Valley.
Special responsibilities: None

Name: **John Reed**
Title: Alumni Director
Qualifications: B, Commerce (UNSW)
Experience and expertise: John is a consultant specialising in project assurance, operational governance and business process design. He has in excess of 40 years work experience including senior roles across a broad range of industries including logistics, airlines and higher education working for organisations including TNT, Qantas, NBN Co and UNSW. He has held Board roles with the Higher Education User Group which is a global organisation with more than 4,000 member institutions; this group promotes the use of business solutions to improve process outcomes for institutions through collaboration and knowledge sharing.
Special responsibilities: None

Name: **Arthy Mukunthan**
Title: Student Director
Experience and expertise: Arthy is a third year Psychology (Honours) student studying at UNSW. She has loved UNSW throughout her time here – particularly during her time at New College where she was the student executive President (2021) and Resident Advisor (2022). She is passionate about helping people and learning about those around her, with a strong belief that you can become your best by understanding the people around you and their experiences. She currently works as a tutor for students in primary school and high school.
Special responsibilities: Chair of Arc Board (June 2023 – Current)
Chair of Audit & Risk Subcommittee (June 2022 – June 2023)

Name: Oscar Iredale
Title: Student Director
Experience and expertise: Oscar is a fourth year Law/Arts student at UNSW, majoring in Politics and International Relations. He currently works as Paralegal and Executive Support Officer at the NSW Parliamentary Counsel's Office. Oscar previously worked as a School Learning Support Officer at Sydney Secondary College and a Music Tutor. He has extensive ties to the UNSW community, including recently completing terms as the Secretary of the UNSW Law Society, Vice President of the UNSW Labor Club. He is an active participant in university societies and campus life. Oscar is also a baseball umpire and has umpired at a national level.
Special responsibilities: Honorary Treasurer (June 2022 – Current)

Name: Natalie Newman
Title: Student Director
Experience and expertise: Natalie is a Chemistry Honours student studying at UNSW. She works at a medical centre taking notes for doctors and in an administrative role, as well as teaching Chemistry as a Lab Demonstrator and PASS leader at UNSW. She is passionate about science, people, and making the world a better place. In her free time, she likes playing cards with her family, reading, and going to the beach. Natalie loves all things UNSW and takes an active role in clubs and societies.
Special responsibilities: Chair Nominations & Remunerations Subcommittee (June 2023 – Current)

Name: Katia Fenton
Title: Student Director
Experience and expertise: Katia is a Science Honours student in the school of BEES studying coastal safety among international students. They are passionate advocate of LGBTQIA+ life within UNSW with them being one of the founders of UNSW Queer Students in Stem ('QSiS') as well as being an active member within the UNSW Queer and Transgender Collectives. Katia also loves nature, conservation, and the outdoors being a scout leader and avid camper in their spare time.
Special responsibilities: None

Name: Hamish Covell
Title: Student Director
Experience and expertise: Hamish is an International Studies/Law student at UNSW. Hamish has been involved throughout the UNSW community, previously holding positions such as secretary of the Warrane College Society, a delegate in the Inter-Residence Council (IRC) and is the current Arc Delegate for the UNSW Labor Club. Hamish's interest in political studies has led him to previously be a delegate to the National Union of Students for UNSW. He has recently commenced as the NSW State Branch President for the National Union of Students. In his free time, Hamish enjoys reading on the beach and staying involved with campus life.
Special responsibilities: Convenor, Student Development Committee (June 2023 – Current)

Name: Oliver Pike
Title: Student Director
Experience and expertise: Oliver is a Wiradjuri Ngemba man from western NSW in a town called Dubbo. Having recently graduated with a Bachelor of Fine Arts and Secondary Education (with distinction), he is currently conducting his honour's research thesis. His research top looks in autonomous motivation for teaching Aboriginal and Torres Strait Islander perspectives. Oliver is also a Residential Fellow within the UNSW college community, residing in Phillip Baxter College. He is also currently a Visual Art's teacher in Sydney's The Kings School. Oliver is dedicated to Indigenous Education and ensuring that young students have the correct support and guidance that they need to succeed in their life.
Special responsibilities: Chair of Arc Board (June 2022 – June 2023)

Name: Sarah Smart
Title: Alumni Director
Qualifications: Bachelor of Arts - HR and Sociology (UNSW)
Master of Commerce - Organisation and Management (UNSW)
Experience and expertise: Sarah is currently the Senior Manager of Capability and Learning at Aware Super, an industry super fund that is highly member focused. Aware's traditional member base are those that serve our communities including education. Prior to Aware, Sarah spent over 19 years implementing leadership and people capability initiatives in organisations over a wide range of industries, including Universities around Australia. Sarah spent 3 years living and working in London discovering the international corporate landscape before returning to Australia with her husband and two children.
Special responsibilities: None

Name: Ella Davidson
Title: Student Director
Experience and expertise: Ella is a fifth year Law/Politics, Philosophy and Economics student at UNSW. In 2024, she is focusing on health, friends, and family, and enjoying her final year of university. In the Summer of '23/'24, she undertook a clerkship with law firm, Herbert Smith Freehills. She has previously worked as an in-house paralegal and research assistant for both a barrister and consulting firm. She has been very involved in the UNSW student community, including recently completing terms as the Vice President (Skills Competitions) of the UNSW Law Society, and Co-President of the UNSW Politics, Philosophy and Economics Club (of which she was also Co-Founder). In her free time, Ella enjoys long-distance runs along Sydney's foreshore and cooking.
Special responsibilities: Chair of Audit & Risk Subcommittee (June 2023 – Current)

Name: Mariam Reza
Title: Student Director
Experience and expertise: Mariam is a third-year mechanical engineering student at UNSW who effortlessly blends academic excellence with real-world experience as a TEK intern at John Holland. She is also a UNSW University Ambassador, advocating for Access, Equity, and Inclusion. Leading as the president of UNSW's Afghan Society and actively contributing to the community organization, SABA Group, she works towards empowering Hazara youths beyond the classroom. Fluent in Hazaragi, she has a knack for picking up Urdu, Hindi, Korean, and Turkish from her hobby of watching international TV shows, embracing cultural diversity. In her downtime, she indulges in K-dramas, books, and mobile gaming.
Special responsibilities: None

Name: Tony Le
Title: Postgraduate Council President
Qualifications: B.Sc. majoring in Astronomy and Astrophysics
Experience and expertise: Tony is a Master of IT student at UNSW. He previously completed postgraduate studies in Medical Physics at The University of Sydney and graduated from ANU with a B.Sc. majoring in Astronomy and Astrophysics.
Special responsibilities: None

Name: Michael Rahme
Title: Student Representative Council President
Qualifications: Bachelor of Politics, Philosophy and Economics
Experience and expertise: Michael has completed a Bachelor of Politics, Philosophy and Economics and is currently completing a Master of Laws majoring in Human Rights and Policy. Michael has worked for several not-for-profits and now works as an advocate for people with disabilities (as his second job). Prior to his role as president, Michael held the position of students with disabilities officer for the SRC (Student Representative Council) from 2022-2023. In this role he led UNSW's first disability pride month, neurodiversity conference and advocated strongly for the rights and inclusion of people with disabilities on campus. This year he aims to advocate for all student demographics, yet he will still be focused on disability inclusion.
Special responsibilities: None

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2023, and the number of meetings attended by each director were:

	Full board		Finance Subcommittee		Audit & Risk Subcommittee	
	Attended	Held	Attended	Held	Attended	Held
Shelley Valentine	8	9	4	4	4	4
Jonathon Strauss	8	9	3	4	1	4
John Reed	9	9	4	4	4	4
Arthy Mukunthan	9	9	2	4	-	2
Oscar Iredale	8	9	4	4	1	2
Natalie Newman	9	9	4	4	-	2
Katia Fenton	8	9	3	4	4	4
Hamish Covell	7	9	-	4	2	4
Oliver Pike	6	9	2	4	2	4
Sarah Smart*	4	4	-	2	2	4
Ella Davidson*	3	5	1	2	2	4
Mariam Reza*	3	5	-	2	1	4
Tony Le*	1	1	-	-	1	2
Michael Rahme*	1	1	-	-	1	2
Leigh Dunlop**	5	5	-	2	-	-
Anthony Sunjaya**	8	8	2	4	3	4
Paige Sedgwick**	8	8	-	4	1	4
Aaron Magner**	1	4	-	2	-	-
Carel Greyling**	4	4	1	2	-	2
Jacqueline Price**	4	4	-	2	1	2

	Nominations & Remunerations Subcommittee		Student Development Subcommittee	
	Attended	Held	Attended	Held
Shelley Valentine	4	4	3	4
Jonathon Strauss	-	4	-	4
John Reed	-	4	-	4
Arthy Mukunthan	2	4	4	4
Oscar Iredale	2	4	1	4
Natalie Newman	4	4	4	4
Katia Fenton	-	4	3	4
Hamish Covell	1	4	3	4
Oliver Pike	4	4	1	4
Sarah Smart*	2	2	1	2
Ella Davidson*	-	2	-	2
Mariam Reza*	-	2	-	2
Tony Le*	-	-	-	-
Michael Rahme*	-	-	-	-
Leigh Dunlop**	2	2	-	2
Anthony Sunjaya**	2	4	4	4
Paige Sedgwick**	1	4	3	4
Aaron Magner**	-	2	-	2
Carel Greyling**	-	2	2	2
Jacqueline Price**	2	2	1	2

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

* Director term commenced during the financial year

** Director term concluded during the financial 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 \$32,319, based on 32,319 current ordinary members.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

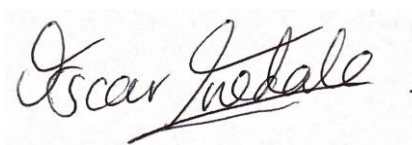
This report is made in accordance with a resolution of directors.

On behalf of the directors



Ella Davidson
Director

25 April 2024
Sydney



Oscar Iredale
Director

Auditor's Independence Declaration

To The Directors of Arc @ UNSW Limited

ABN 71 121 239 674

I declare that to the best of my knowledge and belief, during the year ended 31 December 2023 there have been no contraventions of:

- i. The auditor's independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. Any applicable code of professional conduct in relation to the audit.



S S Wallace
Partner

Pitcher Partners
Sydney

25 April 2024

Arc @ UNSW Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023



	Note	2023 \$	2022 \$
Revenue	4	15,191,578	13,841,274
Other income	5	72,436	46,552
Interest revenue calculated using the effective interest method		149,707	7,977
Expenses			
Food, beverage and other purchases		(2,720,101)	(2,344,468)
Sports operation expense		(584,073)	(645,906)
Service agreement funding expense		(800,414)	(949,867)
Employee benefits expense	6	(7,145,684)	(6,610,715)
Depreciation and amortisation expense		(403,635)	(567,763)
Impairment of receivables		-	(33,392)
Marketing		(250,791)	(241,005)
Membership		(7,041)	(35,671)
Administration		(1,323,803)	(711,331)
Utilities		(66,985)	(85,417)
Security		(44,071)	(44,864)
Other grant related expenses		(241,992)	-
Low value lease		(65,092)	(63,665)
Other expenses		(1,425,507)	(1,122,678)
Finance costs	6	-	(5,906)
Surplus for the year	18	334,532	433,155
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>334,532</u>	<u>433,155</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	2,887,178	3,660,332
Trade and other receivables	8	893,344	983,807
Inventories	9	325,343	345,823
Term deposits		3,530,782	3,630,366
Right-of-use assets	10	8	33,820
Total current assets		<u>7,636,655</u>	<u>8,654,148</u>
Non-current assets			
Other financial assets	11	1,248,142	1,200
Property, plant and equipment	12	545,822	797,146
Intangibles	13	22,829	47,284
Total non-current assets		<u>1,816,793</u>	<u>845,630</u>
Total assets		<u>9,453,448</u>	<u>9,499,778</u>
Liabilities			
Current liabilities			
Trade and other payables	14	1,372,404	1,426,931
Contract liabilities	15	474,164	822,645
Lease liabilities	16	-	42,374
Employee benefits	17	630,785	534,665
Total current liabilities		<u>2,477,353</u>	<u>2,826,615</u>
Non-current liabilities			
Employee benefits	17	86,628	118,228
Total non-current liabilities		<u>86,628</u>	<u>118,228</u>
Total liabilities		<u>2,563,981</u>	<u>2,944,843</u>
Net assets		<u>6,889,467</u>	<u>6,554,935</u>
Equity			
Retained surpluses	18	<u>6,889,467</u>	<u>6,554,935</u>
Total equity		<u>6,889,467</u>	<u>6,554,935</u>

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

Arc @ UNSW Limited
Statement of changes in equity
For the year ended 31 December 2023



	Retained surpluses \$	Total equity \$
Balance at 1 January 2022	6,121,780	6,121,780
Surplus for the year	433,155	433,155
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>433,155</u>	<u>433,155</u>
Balance at 31 December 2022	<u><u>6,554,935</u></u>	<u><u>6,554,935</u></u>
	Retained surpluses \$	Total equity \$
Balance at 1 January 2023	6,554,935	6,554,935
Surplus for the year	334,532	334,532
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>334,532</u>	<u>334,532</u>
Balance at 31 December 2023	<u><u>6,889,467</u></u>	<u><u>6,889,467</u></u>

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

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from sale of goods and other services		8,785,385	7,700,973
Receipts from UNSW service agreement		6,151,140	5,977,452
Payments to suppliers and employees		(14,599,081)	(12,703,396)
Government stimulus (COVID-19)	5	-	46,552
Interest received		149,707	7,977
Interest and other finance costs paid		-	(5,906)
Net cash from operating activities		<u>487,151</u>	<u>1,023,652</u>
Cash flows from investing activities			
Payments for investments	11	(1,270,000)	-
Payments for property, plant and equipment		(94,044)	(117,536)
Payments for intangibles		-	(33,099)
Net receipts provided from/(payments) for term deposits		99,584	(1,243,068)
Distributions received		46,529	-
Net cash used in investing activities		<u>(1,217,931)</u>	<u>(1,393,703)</u>
Cash flows from financing activities			
Repayment of lease liabilities		(42,374)	(75,748)
Net cash used in financing activities		<u>(42,374)</u>	<u>(75,748)</u>
Net decrease in cash and cash equivalents		(773,154)	(445,799)
Cash and cash equivalents at the beginning of the financial year		<u>3,660,332</u>	<u>4,106,131</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>2,887,178</u></u>	<u><u>3,660,332</u></u>

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

Note 1. General information

The financial statements cover Arc @ UNSW Limited ('Company') as an individual entity. The financial statements are presented in Australian dollars, which is Arc @ UNSW Limited's functional and presentation currency.

Arc @ UNSW Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

2 Basser College
University of New South Wales
Kensington NSW 2033

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 April 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the AASB, Division 60 of the Australian Charities and Not-for-profits Commission Act 2022, and comply with other requirements of the law, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

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 3.

Revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 2. Material accounting policy information (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

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

Service funding agreement

The Company receives funding from UNSW under a service funding agreement. The revenue is recognised when the services are 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. Deferred revenue represents the unearned portion of membership fees paid in advance.

Other revenue

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

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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.

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. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 2. Material accounting policy information (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through 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:

Leasehold improvements	Over the lease term
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 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.

Impairment of non-financial assets

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 of disposal 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.

Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

Note 2. Material accounting policy information (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying values of financial assets and financial liabilities presented represent a reasonable approximation of fair value unless otherwise stated.

Note 3. 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 that 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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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.

Note 4. Revenue

	2023 \$	2022 \$
<i>Revenue from contracts with customers based on major product lines</i>		
UNSW service agreement funding	5,657,640	5,507,452
Sale of goods	5,016,947	4,285,982
Rental, venue hire, amusements	1,717,060	1,701,848
Sponsorships	597,738	489,742
Academic dress hire	589,505	637,150
Sports game and booking income	590,444	561,869
Other grant	241,992	-
Management fees	493,500	470,000
	<u>14,904,826</u>	<u>13,654,043</u>
<i>Other revenue</i>		
Other revenue	286,752	187,231
Revenue	<u><u>15,191,578</u></u>	<u><u>13,841,274</u></u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers, in addition to disclosed above, is as follows:

	2023 \$	2022 \$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	9,633,826	8,634,043
Services transferred over time	493,500	470,000
Funding recognised on receipt	4,777,500	4,550,000
	<u>14,904,826</u>	<u>13,654,043</u>

All revenue is generated within Australia.

Note 5. Other income

	2023 \$	2022 \$
Unrealised gain on financial assets (note 11)	22,942	-
Government stimulus (COVID-19)	-	46,552
Recovery of impaired receivables	2,965	-
Distributions received	46,529	-
Other income	<u><u>72,436</u></u>	<u><u>46,552</u></u>

Note 6. Expenses

	2023 \$	2022 \$
Surplus includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	-	5,906
<i>Superannuation expense</i>		
Defined contribution superannuation expense	691,519	601,399

Note 7. Cash and cash equivalents

	2023 \$	2022 \$
<i>Current assets</i>		
Cash on hand	5,418	5,356
Cash at bank	2,796,614	2,925,285
Cash on deposit	-	729,691
Cash held in managed funds (note 11)	85,146	-
	<u>2,887,178</u>	<u>3,660,332</u>

Note 8. Trade and other receivables

	2023 \$	2022 \$
<i>Current assets</i>		
Trade receivables	486,151	552,214
Less: Allowance for expected credit losses	(51,670)	(54,635)
	<u>434,481</u>	<u>497,579</u>
Other receivables	136,697	169,775
Prepayments	322,166	316,453
	<u>893,344</u>	<u>983,807</u>

Note 9. Inventories

	2023 \$	2022 \$
<i>Current assets</i>		
Finished goods - at cost	325,343	345,823

Note 10. Right-of-use assets

	2023 \$	2022 \$
<i>Current assets</i>		
Land and buildings - right-of-use	304,312	304,312
Less: Accumulated depreciation	(304,304)	(270,492)
	<u>8</u>	<u>33,820</u>

Note 10. Right-of-use assets (continued)

The Company leases buildings for various retail outlets, café's and art gallery under non-cancellable operating leases expiring within one year with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

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

	Buildings - right- of-use \$
Balance at 1 January 2023	33,820
Depreciation expense	(33,812)
	<hr/>
Balance at 31 December 2023	<u>8</u>

Note 11. Other financial assets

	2023 \$	2022 \$
<i>Non-current assets</i>		
Unlisted shares	1,200	1,200
Managed funds	1,246,942	-
	<hr/>	<hr/>
	<u>1,248,142</u>	<u>1,200</u>

Reconciliations

Reconciliations of the carrying amounts at the beginning and end of the current financial year are set out below:

	Unlisted shares \$	Managed funds \$	Total \$
Balance at 1 January 2023	1,200	-	1,200
Additions	-	1,270,000	1,270,000
Distributions received	-	46,529	46,529
Revaluations	-	22,942	22,942
Interest and fees	-	(7,383)	(7,383)
Transferred to cash and cash equivalents (note 7)	-	(85,146)	(85,146)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2023	<u>1,200</u>	<u>1,246,942</u>	<u>1,248,142</u>

Unlisted shares

Investment in unlisted shares relates to 18,000 ordinary shares in Tertiary Access Group Cooperative Ltd ('TAG').

Managed funds

This relates to investments managed by Koda Capital.

Note 12. Property, plant and equipment

	2023 \$	2022 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	216,300	194,600
Less: Accumulated depreciation	<u>(194,514)</u>	<u>(176,552)</u>
	21,786	18,048
Furniture and fittings - at cost	6,157,537	6,124,639
Less: Accumulated depreciation	<u>(5,707,783)</u>	<u>(5,438,212)</u>
	449,754	686,427
Motor vehicles - at cost	57,383	57,383
Less: Accumulated depreciation	<u>(54,019)</u>	<u>(46,522)</u>
	3,364	10,861
Computer equipment - at cost	1,407,649	1,379,006
Less: Accumulated depreciation	<u>(1,366,725)</u>	<u>(1,326,697)</u>
	40,924	52,309
Academic dress - at cost	205,358	194,555
Less: Accumulated depreciation	<u>(175,364)</u>	<u>(165,054)</u>
	29,994	29,501
	<u>545,822</u>	<u>797,146</u>

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 dress \$	Total \$
Balance at 1 January 2023	18,048	686,427	10,861	52,309	29,501	797,146
Additions	21,700	32,898	-	28,643	10,803	94,044
Depreciation expense	<u>(17,962)</u>	<u>(269,571)</u>	<u>(7,497)</u>	<u>(40,028)</u>	<u>(10,310)</u>	<u>(345,368)</u>
Balance at 31 December 2023	<u>21,786</u>	<u>449,754</u>	<u>3,364</u>	<u>40,924</u>	<u>29,994</u>	<u>545,822</u>

Note 13. Intangibles

	2023 \$	2022 \$
<i>Non-current assets</i>		
Software - at cost	1,427,542	1,427,542
Less: Accumulated amortisation	<u>(1,404,713)</u>	<u>(1,380,258)</u>
	<u>22,829</u>	<u>47,284</u>

Note 13. Intangibles (continued)

Reconciliations

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

	Software \$
Balance at 1 January 2023	47,284
Amortisation expense	<u>(24,455)</u>
Balance at 31 December 2023	<u><u>22,829</u></u>

Note 14. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	538,153	355,060
Other creditors and accruals	<u>834,251</u>	<u>1,071,871</u>
	<u><u>1,372,404</u></u>	<u><u>1,426,931</u></u>

Note 15. Contract liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Contract liabilities - deferred revenue	<u>474,164</u>	<u>822,645</u>

Note 16. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Lease liability	<u>-</u>	<u>42,374</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	<u>-</u>	<u>42,374</u>

Note 17. Employee benefits

	2023 \$	2022 \$
<i>Current liabilities</i>		
Employee benefits	<u>630,785</u>	<u>534,665</u>
<i>Non-current liabilities</i>		
Employee benefits	<u><u>86,628</u></u>	<u><u>118,228</u></u>

Note 18. Retained surpluses

	2023 \$	2022 \$
Retained surpluses at the beginning of the financial year	6,554,935	6,121,780
Surplus for the year	334,532	433,155
	<u>6,889,467</u>	<u>6,554,935</u>

Note 19. 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 2023 was 32,319 (31 December 2022: 26,940).

Note 20. 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:

	2023 \$	2022 \$
Aggregate compensation	<u>1,458,939</u>	<u>1,387,373</u>

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the Company:

	2023 \$	2022 \$
<i>Audit services - Pitcher Partners</i>		
Audit of the financial statements	48,240	45,930
<i>Other services - Pitcher Partners</i>		
Other services	-	9,625
	<u>48,240</u>	<u>55,555</u>

Note 22. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2023 and 31 December 2022.

Note 23. Related party transactions

Parent entity

Arc @ UNSW Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 20.

Transactions with related parties

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

Note 23. Related party transactions (continued)

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 24. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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.

In the directors' opinion:

- the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including compliance with Australian Accounting Standards - Simplified Disclosures;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2023 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.

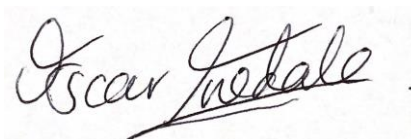
Signed in accordance with a resolution of directors made pursuant to section 60.15 of the Australian Charities and Not-for-profits Commission Regulations 2022.

On behalf of the directors



Ella Davidson
Director

25 April 2024
Sydney



Oscar Iredale
Director

Independent Auditor's Report

To The Members of Arc @ UNSW Limited

ABN 71 121 239 674

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Arc @ UNSW Limited ("the Company"), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of the Company has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act"), including:

- a) Giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- b) Complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the ACNC Act.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Directors 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 – Simplified Disclosures and the ACNC Act, 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.

In preparing the financial report, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

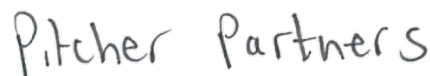
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



S S Wallace
Partner

25 April 2024



Pitcher Partners
Sydney