

Annual Report 2014

31 DECEMBER 2014





THIS FINANCIAL REPORT COVERS

Arc @ UNSW Limited
ABN 71 121 239 674
ACN 121 239 674

PRINCIPAL PLACE OF BUSINESS

Arc @ UNSW Limited
Arc Precinct
Level 2, Basser College
UNSW

ANNUAL REPORT PUBLISHED BY

Arc @ UNSW Limited

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Chief Executive Officer's Report

Brad Hannagan
Chief Executive Officer

I am pleased to report that 2014 was another positive year for the organisation. After seven years of serving students from the Blockhouse we moved to a more student central position at Basser College while the operational side of the business was relocated to the L5 building and our Venue & Events department continues to operate at the Roundhouse. We will continue to offer the same friendly service from Reception, now located on level 2, Basser College.

Financially the organisation performed well, although there was a decrease in cash reserves from \$6.4M at year-end 2013 to \$5.3M at the end of 2014. This is attributed to capital and operational expenditure to enhance 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. Expanding the Graduation and Gift offering to include college graduations, expanding the market share of professional services for Arc Creative from internal to include external corporate clients, and commercial utilisation of Sporting assets. These strategic focus areas have performed to expectations in 2014 and will continue to reap benefits for the organisation in 2015. A planned refurbishment of the Roundhouse in 2016/2017 will provide the organisation with an excellent opportunity to expand the venue and events offering to commercial clients and attract world class acts to perform at the venue. These commercial growth strategies will address the cash-flow requirement that exists when UNSW completes payment terms to Arc for the retail buyout.

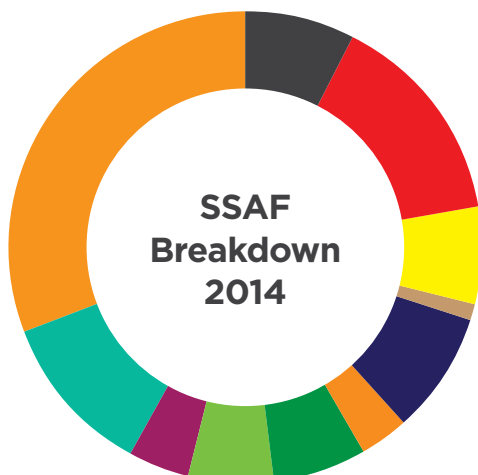
Under the terms of the Support Agreement, UNSW provided \$3.2M to Arc. The chart below demonstrates Arc's utilisation of that funding. These funds were used exclusively on student programs with profits from other areas of the business funding the administration of the organisation.

Gender Equality

In 2014 Arc was recognised with the Employer of Choice for Gender Equality Award. The award was previously known as the Employer of Choice for Women. This year the citation was revised and the criteria to gain the citation increased significantly. Arc is one of just 76 organisations nationally to be awarded the EOCGE in 2014.

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 has been successful in creating a workplace culture that is fair, flexible and equitable. In recent years, a number of significant measures have been introduced to support equality of opportunity within Arc. For example, schemes such as flexi-time, part-time work options and training and career development practices to help both men and women balance work and family and other life commitments.



STUDENT DEVELOPMENT	\$991,034
STUDENT SUPPORT	\$364,308
STUDENT FACILITATION PROJECT	\$131,609
MEMBERSHIP	\$188,435
Arc BOARD	\$203,555
PGC	\$112,601
SRC	\$267,622
IRC	\$32,592
PUBLICATIONS	\$221,408
EVENT & ACTIVITIES	\$470,630
UNSW ART & DESIGN & KUDOS GALLERY	\$247,968

TOTAL **\$3,231,762**

Many organisations understand the business imperative of equality within the workplace. I would like to believe that we at Arc recognise it for just being right.

Membership

Arc Membership had another excellent year achieving record numbers of members and member satisfaction. In 2014 Arc had over 28,000 members who once again identified Clubs & Societies, discounts, events and parties as the primary reason to join.

Membership satisfaction reached 94.4% which, when combined with a high percentage of members indicating they will rejoin the organisation in 2015 bodes well for future membership campaigns.

The volunteer program, Arc Street Team directly associated with Membership continued to go from strength to strength, increasing the amount of free giveaways throughout the year from fairy bread to pancakes and free lunches.

Legal & Advocacy

Arc Legal & Advocacy saw more than 800 students receiving assistance, from individual one off consultations to ongoing assistance over several months. A significant focus of 2014 was the development and establishment of the Here to Hear after-hours listening and support program, based on a student program from the UK which has been operating for over 40 years in dozens of major universities. It follows a peer-to-peer model of support which has been shown to be extremely effective for callers in distress. The program trains volunteers in empathetic listening and suicide awareness enabling them to staff telephones and e-messaging services overnight.

The most valuable aspect of the move to middle campus has been the physical proximity to the UNSW Counselling Service, with whom we now work on an almost daily basis. In 2014 a large number of students with complex mental health and psychological problems presented to our service, requiring assistance with issues such as advocating to the University in disciplinary proceedings and locating crisis accommodation. In 2015 we will work even more closely with the University in dealing with these types of issues as it implements a new Student at Risk procedure and expands its complaints and conduct division.

The past two years have seen a substantially increased corporate role providing internal assistance to other divisions within the organisation, particularly with drafting and reviewing contracts, lease documents, waivers and agreements and assisting with complaint handling. This serves the dual role of identifying and reducing risk and exposure to liability for the organisation and significantly reducing costs of obtaining external legal advice.

Sponsorship and Advertising

2014 saw continued growth from the Sponsorship and Advertising department with packaging clients across the main events of OWeek, Foundation Day and Welcome Back Day while also selling clients the benefits of doing other activations outside of these key events.

May 2014 saw the introduction of a Director of Sales for Arc across the business. The new strategy implemented for the Sponsorship

and Advertising team was to have an across the board sales focus, ensuring the team had an understanding of all revenue generating areas across the business and looking at these opportunities in all their sales meetings; with venue hire of the Roundhouse and White House for client events or getting creative done for their clients through the newly established Arc Creative.

With this new strategy in place and getting clients to look more at the whole year potential 'touch point' opportunities and not just individual events, the last quarter of 2014 set the Sponsorship and Advertising team up for a great year ahead in 2015.

Venue & Events

The Roundhouse hosted over 250 student events, activities and activations engaging more than 115,000 patrons. More than 3,000 hours of free room hire were provided to Arc's Clubs and Societies. 60 casual employment opportunities were offered to the students as well as countless volunteer opportunities.

Enabling social interaction opportunities for students encapsulating a wide range of demographics across the student population continued to be a primary focus. Some of the most popular events included two large scale trivia nights per session with up to 800 students attending. Twilight Sounds, a weekly series focusing on prominent up and coming Australian bands showcased the Roundhouse as a destination for live music to students.

Session parties continued to prove extremely popular with all parties selling out. An additional party was added to the calendar with Toga Party implemented as its own standalone event due to its consistent success and popularity. Despite Oktoberfest taking a hiatus in 2013, a new week-long event called Wunderbar was planned for the latter half of 2014, incorporating a German themed food based offering and day and night concerts on the Wednesday and Thursday.

The Roundhouse hosted over 120 commercial events with over 70,000 patrons coming to the venue. International and local touring acts continued to visit the venue including Hot Dub Time Machine, Deftones, Karnivool and Arj Barker to name a few. Client retention rate is strong with 60% of clients returning to book the venue despite the ongoing deterioration of the venue's condition.

Food & Beverage

The White House had strong trade in 2014 bolstered by catering for functions for both internal and external customers and increased morning trade. The redesign of the menu was received favorably with an increase in repeat customers. The focus on keeping the menu on trend to continually meet the students and UNSW faculty's tastes will continue in 2015.

The Bar's performance was not as optimal as envisioned due to slower trade and the cancellation of some large events impacting revenue. In 2015 an increase in scheduled weekly events and other pop up themed food events will turn around this position.

The Bistro had a solid year with steady trade; a menu makeover for standard trading and catering in late 2014 saw this solid performance trend continue into early 2015. In addition, the Bistro will be holding pop up food stalls with "street feel foods" to cater to the student demographic.

An external Audit of the Food and Beverage operation was undertaken in the first half of 2014. The audit uncovered an overstatement of inventory at hand of \$338,517. A one-time charge equal to this amount was taken up in order to correct the inventory balance. Corrective actions identified from the audit have been implemented and are monitored through the organisation's ongoing Risk Management process.

Marketing & Communications

2014 saw another successful year for the Marketing and Communications Department. The Department experienced significant growth across key communication channels including key publications readership increasing, and most notably Arc Facebook Likes increasing by 42%. The introduction of Blitz online in May 2014 also proved to be successful, receiving high traffic throughout the year.

The internal demand for the Department's in-house creative team and focus on innovation, ensured continuation of high quality graphic design work online and in print. Student engagement with new Arc initiatives and services was a key focus in 2014. Arc Sport was a high priority for the department with the marketing strategy focused on attracting a wide range of students through a holistic communications campaign, supplemented with the introduction of a new sport-focused publication, Griffin Gazette. Marketing also developed a strategy for Arc's new after-hours helpline service and volunteer program, Here to Hear.

The Department was recognised externally for its work, winning a New South Wales Australian Marketing Institute award for the 2014 Membership Campaign for the second year running and placing as finalists for a further two AMI Award categories: Social Marketing and Content Marketing.

Externally, demand and referrals for Arc Creative grew. The agency began operating as a commercial business in 2014, working primarily with UNSW departments and selected external businesses. Arc Creative experienced a slow start, but growth in the last six months has resulted in the addition of extra staff members to meet demand.

Clubs and Volunteering

2014 was a year of great change. The Clubs and Volunteering (C&V) Office moved from level one of the Roundhouse to two separate offices at middle campus alongside the Basser Steps. The move has significantly increased the amount of interaction between students and staff as well as improving the service standard that Arc reception has been able to provide to students.

The location change has also increased the presence of Arc C&V on campus significantly; every student that walks by the Basser Steps now walks by the Arc Clubs office. Throughout all the movement C&V have maintained a high standard within its suite of services.

CLUBS

The first year of the implementation of Orgsync (a new cloud based club management system) was a success with our entire membership base, volunteer processes and clubs procedures transitioning to the new platform. The introduction of Orgsync has been influential in growth in many areas of Clubs. Active Clubs throughout the year increased to 280. Financial support to clubs

reached \$123,156, effectively matching the record amount set in 2013.

Whilst the number of clubs plateaued around 280, our central aim with clubs for 2014 was to have more clubs active, by streamlining our offering and by reducing the paperwork and procedure load through Orgsync and other methods. In light of this, it was heartening to see a 44% increase in the amount of clubs utilising Activity Grants and a 32% increase in the amount of events supported (Arc supported 214 Clubs run 1303 events through Activity grants).

VOLUNTEERING

The year saw great strides being made by many of our new programs, the flagship programs succeeding as ever and the retirement of one of our longest serving programs. Over 4,891 students signed up to participate in an Arc volunteer program, with 1,270 students qualifying for recognition on their Australian High Education Graduation Statement (AHEGS).

The inaugural year for Bike-ology was a great success, having run two workshops a week during session and servicing over 610 bikes all up. The Justice of the Peace League (Arcs student JP service) had over 100 applicants and provided a valued JP service utilised steadily by students and staff alike throughout the year.

The Mob made big strides and took a record 330 student across 13 trips and events with over half the events selling out weeks in advance. The Pod produced a record 15 episodes over the year. vHub produced and uploaded a record 28 videos, totaling 25,000 views on YouTube. Global Village expanded the number of trips offered and returned to India, Nepal and Cambodia as well as adding a trip to Bali. Shack tutoring assisted another 100 high school students with their studies by facilitating tertiary mentors and tutors. Mosaic brought in students from seven Sydney schools to engage with Arc volunteers to workshop matters ranging from diversity to bullying. Stationery reuse reached 1,700 usages for the first time. Walama Muru's 25 volunteers raised \$23,000 for their trip to the Gilgandra community. Tasks completed including building a veggie garden and erecting a shade cloth for the local day care centre as well as working on the local sports center and building a concrete stage for local cultural performance. For the first time Artsweek incorporated the national Campus Art Prize, with 131 entries received. Student Cookbook was well received as ever, culminating with Kumar Pereira of Master Chef being the patron of the Cookbook Launch. The skill and dedication of the Volunteer Army Coordinator and his team facilitated 4,250 hours logged by students as well as raising \$14,785.80 for various charities on campus alone through Volunteer Army. Yellow Shirts once again put on the best student run Orientation Week nationally. Arc Street Team volunteers were a major contributing factor towards the record number of members and membership satisfaction being at an all-time high.

The end of 2014 also saw the decision to retire the Contact program. The advent of smart phones and tablets had seen a dramatic drop in the need of the program. Resources from that program will be diverted to pursuing exciting new opportunities.

Arc Sports

Arc proved in 2014 that the University made the right decision to appoint Arc to manage Sport at UNSW. Arc successfully delivered

significant increases in student participation across multiple areas which was the predominant aim of the agreement.

Recreational courses were reintroduced to campus, offering students new methods to get active. Courses offered included TRX, How to Run, Parkour, boxercise and a variety of dance classes.

2014 also saw the return of organised social sport on campus. The twilight hours at the village green and its surrounds was filled by participants in touch football, Oztag, futsal and 3x3 basketball competitions. Semester two saw the introduction of volleyball and flag football in response to student feedback.

Sport clubs continued to be the lynchpin to engagement on campus and were encouraged to offer new opportunities to UNSW students across all levels of ability, resulting in an increase in student membership across several clubs. For the first time in years, two new clubs were affiliated; Gridiron and European Handball. Both clubs have had particular interest with the international student segment.

Festival of Sport had 2,500 student participants and spectators each day. With 612 students registered for the Festival of Sport tournaments. The rock-climbing wall and Zorb ball soccer had queues of students waiting to have a go throughout the three days of the festival.

UNSW's presence at Unigames continues to grow. Arc managed the largest unigames teams in UNSW history in 2014. The UNSW Eastern University Games team held at Newcastle was 350 strong. The Snow Sports team had 48 student athletes coming second overall by the smallest of margins. Finally the UNSW Australian University Games team had a record 550 student athletes participate in our 'home' games in Sydney. Overall UNSW came 5th across all Unigames events.

Student participation in sporting activity saw a dramatic increase in 2014 and we aim to keep this trend growing in 2015.

Arc@UNSW Art & Design (formerly known as COFA)

2014 was the strongest year for student life on the Paddington campus in Arc's history. This was due to a combination of factors including a new team of staff, a restructure of the Student Representative Council (SRC) at UNSW Art & Design (to a newly created Arc@UNSW Art & Design Student Council), and a developed understanding of the layout and potential of the new Art & Design campus after finding our feet in 2013.

This year saw a tremendous increase in student engagement:

- › 65% of enrolled Art & Design students joined Arc.
- › Over 120 of Arc affiliated Clubs & Societies had one or more Art & Design student member.
- › Visitors to Kudos Gallery increased by over 2,000.

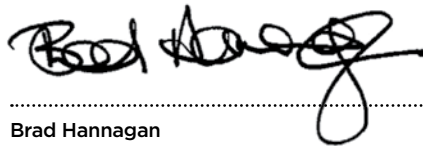
Major highlights of the year include new initiatives:

- › **Student lounge** - after receiving the keys in late November 2013, Arc spent the start of 2014 setting up the new student lounge, located just off the main courtyard. New furniture was acquired, and two murals were commissioned by COFA Alumnus.
- › **Multi-media festival** was held on campus at the end of session 1 featuring over 100 student works in sound, video, electronics and projection mapping by a diverse range of student levels from first year undergraduate through to PhD.
- › **Kudos Install Workshops** - for the first time we held a series of 4 educational workshops teaching student artists essential skills for being able to present their 2D or 4D works professionally in a gallery space. Each session booked out and received excellent feedback.

Over 30 consistent student volunteers were involved throughout the year in running activities and events on campus in 2014. As well as OWeek in session 1, Welcome Back Day and Studio Choices Day, regular activities included weekly Gallery Crawls, smoothie socials, films nights, table-tennis tournaments, session parties, and free lunches feeding up to 300 students fortnightly.

29 exhibitions at Kudos Gallery in 2014 brought in audience numbers of 5,063, and the processing of 34 student artwork sales. Kudos supported 2 students through Arc's Internship Program, and further developed the 7 volunteer roles of the Kudos Committee to include regular install training, gallery administration, and marketing for the arts.

Our annual Kudos Award saw 47 finalists selected from over 200 Arc@UNSW Art & Design member entries, the major prize of \$1,500 went to a Masters candidate, with 8 other Art & Design students taking home highly commended prizes donated from local arts organisations and businesses, as well as the first ever Annual Girl Genius Award which presented two cash prizes to female students by a collective of female artists and academics aiming to redress gender imbalance in the arts.



Brad Hannagan

Chief Executive Officer



Chair's Report

Ben Heenan
Chair

2014 has been a year of change, development and growth for Arc. We have brought on new people, focused our strategy and continued to invest in maximising the student experience. Throughout the year we have enhanced student representation within the organisation, leveraged our independence to increase our influence with the University, moved the vast majority of our staff to a brand new location, and continued to produce outstanding results in both our student services and revenue generating operations. The particulars of success of our many business units are outlined in our CEO's report, however I will touch on some of them here as well as raising other areas of focus for Arc in 2014

Arc Clubs and Volunteer Programs

Arc Clubs continue to be the most highly sort after aspect of student life at UNSW. We continue to provide direction and support to all our clubs and societies through increased training to club executives (that now receives AHEGS recognition), more robust Club General Meetings and a growing pool of grants.

Student engagement in volunteer programs continues to grow in both quality and quantity. Each of our core programs recorded new successes, reaching more people and having a broader impact on the student population and community at large. We also introduced a number of new programs – a trend that is set to continue to 2015.

Membership

Taking an overall view of how our members engage with Arc, the organisation has once again recorded outstanding membership numbers and satisfaction levels. In 2014 we had more than half of all UNSW students join Arc, with over 28 000 members by the end of the year. Of this vast number of members, 94.4% were satisfied or very satisfied with the service Arc provided to students. This is a result of the hard work and dedication of all our volunteers, casual and full-time staff members across all our business units and support areas.

Student Representation

The student voice continued to be carried all the way to the top echelons of the University's management team thanks to Arc's unique structure and the dedication of many of our student leaders.

All of Arc's student councils ensured relevant information flowed to the SRC President, PGC President and I as we held monthly meetings with various University Vice-Presidents and their committees. We also made a concerted effort to understand the detail of particular business areas at UNSW, meeting with a number of staff with day-to-day responsibility for student facing operations. Arc also presented another Student Services and Amenities Fee (SSAF) survey and heat-map. This provided useful guidance on priorities for the University in the upcoming months and years. I am pleased to report the University's relationship with students and Arc remains respectful and dynamic.

2014 saw the introduction of the Arc@UNSW Art & Design Student Council and Sports Clubs Council, in addition to continuing reform of the Student Development Committee (SDC). In recognising the unique demands of Art & Design students, Arc took the decision to split off aspects of the SRC and SDC to form a council that is solely responsible for the representation and engagement of Art & Design students. This has been met with significant support and positive feedback from our members at the Paddington campus. We have also created the Sports Club Council in response to the responsibility Arc shouldered in taking on Sport from the University in 2013. This Council is being prepared to be operational in 2015. Finally, we are continuing to look at the effectiveness of the SDC in serving our Clubs, Volunteer Programs and other areas of student development. We have introduced a number of reforms this year that have allowed our interactions with Clubs to be more efficient and consistent. Throughout 2015 we will be committed to finding the most effective outcome for our members in relation to SDC and the rest of our student councils.

Finally all of our existing student councils have continued to represent their particular student segment with outstanding drive and dedication. The Student Representative Council (SRC) maintained powerful campaigns against the proposed changes to the Higher Education System; the Post-Graduate Council (PGC) fostered strong links with their peak body in order to bring a national perspective to issues faced by post-graduate students at UNSW; and our Inter-Residential Council brought all colleges together in order to determine how the growing number of students living on campus can be best served as a whole.

Move to middle campus

We have new digs! While the Blockhouse has served us well for many years, the team were very excited to set-up shop in our new home looking over the Quad. We have a brand new space entirely dedicated to Clubs on the corner of Basser College (level 2). Next to that we have our Volunteer Programs and student reps. On level 1 we have our marketing team and as you continue up the Basser steps we have a number of SRC rooms. Our Events team remain in the Roundhouse and the operational side of Arc is in L5.

Cornerhouse Café

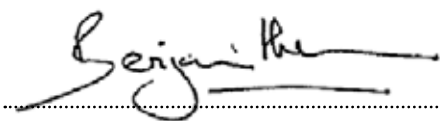
In 2014 the Board made the tough decision to close the Cornerhouse Café. Our food and beverage offering at the Paddington campus had come against harsh opposition from the local authorities and the community. While it was much beloved by many (now) Art & Design students, it was best for the organisation to focus our pursuits in slightly different areas.

Arc Board

The Board began a series of reforms two years ago aimed at ensuring the governance structure and procedures of the organisation was effective and efficient. I am pleased to report these processes have all been implemented and we are experiencing the significant positive effect of those changes. This includes a streamlined meeting process and timeframe, the introduction of a stronger risk management framework, increased focus on Board Director training and induction, and a rigorous Workplace Health and Safety (WHS) program.

I would like to take this opportunity to thank my fellow Directors for an excellent year. Each Director has articulated well-reasoned and constructive inputs to all discussions. We have benefited from their diverse skills and unique perspectives, which have combined to allow the Board to consider complex issues and pass judgement effectively. I would also extend my thanks to our CEO and all employees of Arc. The Board retains the utmost confidence that the organisation, led by the CEO, has an unrivalled passion and commitment to successfully implement the strategy of Arc now and into the future.

As always I encourage all members to contact me if they have any questions about what is in this report or the future of their student organisation, Arc.



Ben Heenan

Chair

Board of Directors

DIRECTORS AS AT 31 DECEMBER 2014



Brad Hannagan
Chief Executive Officer
Managing Director
Company Secretary



Benjamin Heenan
Chair of the Board
Student Director



Tom Morrison
Student Director



Melissa-Ann Gillies
Student Director



Obaro Edafe
Student Director
(Postgraduate)



Mitchell Wilson
Student Director



Kynan Newsan
Alumni Director



Amanda Young
Alumni Director



Bronwen Turner
University Director



Steven Tropoulos
University Director



William Bruffey
Student Representative Council
(SRC) President

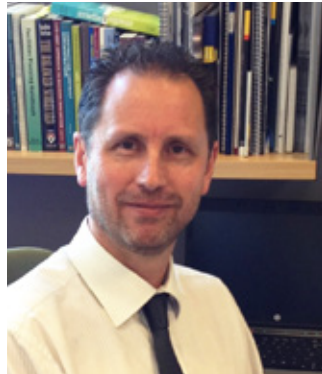


Alex Patton
Postgraduate Council (PGC)
President

OUTGOING DIRECTORS



Chris Mann
Student Director



Peter McGeorge
University Director



Brooke Griffin
University Director



Alyse Behringer
Student Director
(UNSW Art & Design)



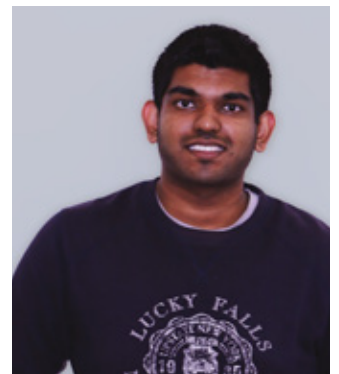
Michelle Dunn
Student Director (Postgraduate)



Laura Anthony
Student Director
(UNSW Art & Design)



Joel Wilson
Student Representative Council
(SRC) President



Sharangan Maheswaran
Postgraduate Council (PGC)
President

Andrew Shim
Student Development Committee
(SDC) Convenor

Anneke Pol
Student Development Committee
(SDC) Convenor

Lucinda Dedden
Student Director
(UNSW Art & Design)

Directors' Report

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2014.

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

Benjamin Heenan

Kynan Newsan

Tom Morrison

Amanda Young

Bronwen Turner (appointed on 1 April 2014)

Steven Tropoulos (appointed on 16 June 2014)

Melissa-Ann Gillies (appointed on 16 June 2014)

Obaro Edafe (appointed on 16 June 2014)

Mitchell Wilson (appointed on 16 June 2014)

William Bruffey (appointed on 1 December 2014)

Alex Patton (appointed on 1 December 2014)

Sharangan Maheswaran (resigned on 30 November 2014) *

Joel Wilson (resigned on 30 November 2014) *

Alyse Behringer (resigned on 30 May 2014) *

Michelle Dunn (resigned on 30 May 2014) *

Chris Mann (resigned on 30 May 2014) *

Peter McGeorge (resigned on 30 May 2014) *

Laura Anthony (resigned on 16 June 2014)

Brooke Griffin (resigned on 1 April 2014)

Andrew Shim (resigned on 31 March 2014)

Anneke Pol (appointed on 16 October 2014,
resigned on 30 November 2014)

Lucinda Dedden (appointed on 27 October
2014, resigned on 14 November 2014)

* 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, Whitehouse.
- › **Publications** - Blitz, Tharunka, UNSWeetened, International Cookbook, College Voice;
- › **Clubs and Societies Facilities** - Computer labs, rooms for hire, postgrad lounge;
- › **Arc Creative Services** - established in January 2014 provides design and printing services for both internal and external clients; and
- › **Arc UNSW Sports** - 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, volunteer numbers have also been implemented.

Director	Title	Qualifications/ Experience	Special Responsibilities
Brad Hannagan	Director, Chief Executive Officer and Company Secretary	MMGT (Macq) Brad is the President and a Director of ACUMA Incorporated and the Deputy Chair of Lifeline Macarthur.	None
Benjamin Heenan	Student Director	Benjamin is Bachelor of Laws and Commerce student. He has served as President of the UNSW Law Society and participated in the Yellow Shirts program for three consecutive years.	Honorary Treasurer (June 2013 – May 2014), Chair of the Board (appointed June 2014).
Kynan Newsan	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 2 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.	None
Tom Morrison	Student Director	Tom is a Bachelor of Medical Studies/Doctor of Medicine Student. He is the Treasurer and a Director of the Australian Medical Students Association, a member of the UNSW Academic Board and previously has been the President of the Inter-Residential Council (2013) and Philip Baxter College (2013-2014).	Chair of Nominations & Remuneration Subcommittee (June 2013 – May 2014), Chair of Membership & Services Subcommittee (appointed June 2014)
Amanda Young	Alumni Director	B Soc Work Amanda is a graduate of UNSW and has 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 Executive Director, Strategic Reform and Policy, NSW Department of Family and Community Services.	None
Bronwen Turner (appointed on 1 April 2014)	UNSW Director	BA Bronwen is a graduate of UNSW and has worked at the University in a number of capacities including central administration project management (HR and University Services) and in Medicine and Built Environment as a research manager.	None
Steven Tropoulos (appointed on 16 June 2014)	UNSW Director	B.Comm (Accounting, Finance, Commercial Law) USyd, CA (Graduate Diploma of Chartered Accounting), F.Fin (Graduate Diploma in Applied Finance and Investment) Steven is Manager of Property Services and is responsible for the strategic and operational management of UNSW's retail, commercial and residential property investment portfolio. He has 18 years' experience across public and private sectors in the areas of accounting, financial analysis, portfolio management and property development.	None
Melissa-Ann Gillies (appointed on 16 June 2014)	Student Director	Melissa-Ann is a Bachelors of Arts/Law Student. She is currently a Resident Fellow at UNSW Fig Tree Hall College. In 2014, she was a Yellow Shirt Volunteer, one of the Vice Presidents of the UNSW Law Society and the UN Soc Arc Delegate.	Chair of Nominations and Remuneration Subcommittee (appointed June 2014)
Obaro Edafe (appointed on 16 June 2014)	Postgraduate Director	Bachelor of Science Geology Obaro is a final year masters student of petroleum engineering at UNSW with experience working in the oil industry as a safety supervisor with Energy Force Nig Ltd.	Chair of Audit and Risk Subcommittee (appointed June 2014)

Mitchell Wilson (appointed on 16 June 2014)	Student Director	Mitchell is a Bachelor of Laws and Arts Student. He has been Secretary of Philip Baxter College in 2014 and will serve as its President in 2015. Mitchell will also serve as the Treasurer of the Inter-Residential Council in 2015	Honorary Treasurer (appointed June 2014)
William Bruffey (appointed on 1 December 2014)	Student Representative Council (SRC) President	William ('Billy') is an Arts/Laws student with years of experience in student activism and representation. He is a member of the University Council of UNSW and the National Executive of the National Union of Students.	None
Alex Patton (appointed on 1 December 2014)	Postgraduate Council (PGC) President	B.Eng. (R&D) ANU Alex is a second year PhD student in Biomedical Engineering. He served as equality officer on the PGC and as an RF at Baxter College in 2014. Alex spent 2 years working as a management consultant prior to returning to University to undertake a PhD	None

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2014, and the number of meetings attended by each director were:

FULL BOARD

	Attended	Held
Brad Hannagan	9	9
Benjamin Heenan	8	9
Kynan Newswan	7	9
Tom Morrison	9	9
Amanda Young	6	9
Bronwen Turner *	6	7
Steven Tropoulos *	4	5
Melissa-Ann Gillies *	5	5
Obaro Edafe *	5	5
Mitchell Wilson *	5	5
William Bruffey *	-	-
Alex Patton *	-	-
Sharangan Maheswaran **	8	9
Joel Wilson **	8	9
Alyse Behringer **	4	4
Michelle Dunn **	3	4
Chris Mann **	4	4
Peter McGeorge **	3	4
Laura Anthony **	2	4
Brooke Predebon **	1	1
Andrew Shim **	1	2
Anneke Pol **	2	2
Lucinda Dedden **	1	1

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

* Appointed during the year

** Resigned/concluded their term during the year

Contributions on winding up

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

The total amount that members of the company are liable to contribute if the company is wound up is \$28,674, based on 28,674 current ordinary members.

On behalf of the directors



Mitchell Wilson
Honorary Treasurer

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.



Obaro Edefe
Director

30 March 2015
Sydney

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Sydney NSW 2000

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Sydney, NSW 2001

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Auditor's Independence Declaration to the Directors of Arc @ UNSW Limited

I declare that to the best of my knowledge and belief, during the year ended 31 December 2014 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.



Moore Stephens Sydney
Chartered Accountants



Chris Chandran
Partner

Dated in Sydney this 30th day of March 2015

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2014

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General information

The financial statements cover Arc @ UNSW Limited 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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 March 2015. The directors have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

	Note	2014 \$	2013 \$
Revenue	3	10,831,344	9,631,466
Expenses			
Food, beverage and other purchases		(2,119,476)	(1,764,417)
Sports operation expense		(565,024)	(312,467)
Employee benefits expense		(5,752,312)	(5,553,861)
Depreciation and amortisation expense	4	(415,510)	(444,600)
Impairment of assets		(100,000)	(70,000)
Marketing		(281,887)	(317,732)
Membership		(6,318)	(15,758)
Administration		(322,204)	(276,840)
Utilities		(177,372)	(273,712)
Security		(251,004)	(236,133)
Rental, hire, finance lease		(367,868)	(372,281)
Other expenses		(1,494,459)	(1,287,567)
Deficit before income tax expense		(1,022,090)	(1,293,902)
Income tax expense		-	-
Deficit after income tax expense for the year attributable to the members of Arc @ UNSW Limited	15	(1,022,090)	(1,293,902)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Arc @ UNSW Limited		(1,022,090)	(1,293,902)

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

Statement of financial position

	Note	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	5	5,344,863	6,420,514
Trade and other receivables	6	2,062,482	1,212,501
Inventories	7	328,946	493,192
Total current assets		7,736,291	8,126,207
Non-current assets			
Trade and other receivables	8	5,355,555	6,243,194
Property, plant and equipment	9	1,464,362	1,215,073
Intangibles	10	101,515	230,135
Other	11	1,200	1,200
Total non-current assets		6,922,632	7,689,602
Total assets		14,658,923	15,815,809
Liabilities			
Current liabilities			
Trade and other payables	12	376,002	594,468
Employee benefits	13	377,494	385,279
Deferred revenue	14	248,433	156,978
Total current liabilities		1,001,929	1,136,725
Total liabilities		1,001,929	1,136,725
Net assets		13,656,994	14,679,084
Equity			
Retained surpluses	15	13,656,994	14,679,084
Total equity		13,656,994	14,679,084

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

Statement of changes in equity

	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	-	-
Total comprehensive income for the year	(1,293,902)	(1,293,902)
Balance at 31 December 2013	14,679,084	14,679,084

	Retained surpluses \$	Total equity \$
Balance at 1 January 2014	14,679,084	14,679,084
Deficit after income tax expense for the year	(1,022,090)	(1,022,090)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(1,022,090)	(1,022,090)
Balance at 31 December 2014	13,656,994	13,656,994

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

Statement of cash flows

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from sale of goods and other		8,442,270	7,114,284
Receipts from membership		4,505	4,933
Receipts from UNSW service agreement		3,286,400	3,200,000
Payments to suppliers and employees		(12,297,851)	(10,985,834)
Interest received		204,155	254,071
Net cash used in operating activities		(360,521)	(412,546)
Cash flows from investing activities			
Payments for property, plant and equipment		(673,149)	(248,751)
Payments for intangibles		(41,981)	(93,937)
Proceeds from sale of business		-	645,961
Net cash from/(used in) investing activities		(715,130)	303,273
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(1,075,651)	(109,273)
Cash and cash equivalents at the beginning of the financial year		6,420,514	6,529,787
Cash and cash equivalents at the end of the financial year	5	5,344,863	6,420,514

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

Notes to the financial statements

Note 1. Significant accounting policies

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

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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

The 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 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The company has applied AASB 2012-3 from 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The company has applied AASB 2013-3 from 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

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'), Division 60 of the Australian Charities and Not for Profit Commission Act 2012 and comply with other requirements of the law. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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.

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.

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.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is

Note 1. Significant accounting policies (continued)

due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred

and the company has transferred substantially all the risks and rewards of ownership.

Loans and receivables

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

Impairment of financial assets

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

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

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

Note 1. Significant accounting policies (continued)

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 between 3 to 5 years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or

changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs 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.

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

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service 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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. 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.

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 1. Significant accounting policies (continued)**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.

Note 3. Revenue

	2014	2013
Sales revenue		
UNSW service agreement funding	3,286,400	3,200,000
Sale of goods	3,715,992	3,595,542
Rental, venue hire, amusements	986,052	824,836
Sponsorships	371,500	435,473
Membership	4,505	4,933
Academic dress hire	438,944	562,592
Sports game and booking income	378,196	299,426
	9,181,589	8,922,802
Other revenue		
Management fees	494,273	152,190
Interest	204,155	254,071
Other revenue	951,327	302,403
	1,649,755	708,664
Revenue	10,831,344	9,631,466

Note 4. Expenses

	2014 \$	2013 \$
Deficit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Leasehold improvements	93,548	78,153
Furniture and fittings	145,223	182,433
Motor vehicles	43,022	36,427
Computer equipment	61,957	57,873
Academic dress	13,960	13,625
Software	57,800	76,089
Total depreciation and amortisation	415,510	444,600
Rental expense relating to operating leases		
Total rental expense relating to operating leases	181,353	212,234

Note 5. Current assets - cash and cash equivalents

	2014 \$	2013 \$
Cash on hand	763	37,624
Cash at bank	755,857	279,374
Cash on deposit	4,588,243	6,103,516
Total	5,344,863	6,420,514

Note 6. Current assets - trade and other receivables

	2014 \$	2013 \$
Trade receivables	314,648	197,856
Less: Provision for impairment of receivables	(1,373)	(2,000)
	313,275	195,856
Other receivables	(3,248)	382
Receivable from UNSW, net present value	1,535,331	866,667
Prepayments	217,124	149,596
Total	2,062,482	1,212,501

The weighted average discount rate used to determine the present value for the receivable from UNSW was 2.50% (2013: 2.50%).

Note 7. Current assets - inventories

	2014 \$	2013 \$
Finished goods - at cost	328,946	493,192
	328,946	493,192

Note 8. Non-current assets - trade and other receivables

	2014 \$	2013 \$
Trade receivable - long term	208,000	279,111
Receivable from UNSW, net present value	5,147,555	5,964,083
	5,355,555	6,243,194

The weighted average discount rate used to determine the present value for the receivable from UNSW was 2.99% (2013: 4.13%).

Note 9. Non-current assets - property, plant and equipment

	2014 \$	2013 \$
Leasehold improvements - at cost	909,498	791,307
Less: Accumulated depreciation	(254,748)	(168,061)
	654,750	623,246
Furniture and fittings - at cost	3,651,567	3,384,767
Less: Accumulated depreciation	(3,163,606)	(3,130,705)
	487,961	254,062
Motor vehicles - at cost	254,307	244,744
Less: Accumulated depreciation	(84,289)	(138,073)
	170,018	106,671
Computer equipment - at cost	905,365	842,759
Less: Accumulated depreciation	(824,426)	(775,270)
	80,939	67,489
Computer equipment - leased	253,734	253,734
Less: Accumulated depreciation	(253,734)	(253,734)
	-	-
Academic dress - at cost	139,727	140,859
Less: Accumulated depreciation	(69,033)	(55,892)
	70,694	84,967
Other	-	78,638
	1,464,362	1,215,073

Note 9. Non-current assets - property, plant and equipment (continued)**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 and other \$	Total \$
Balance at 1 January 2014	623,246	254,062	106,671	67,489	163,605	1,215,073
Additions	81,119	420,474	171,225	62,606	814	736,238
Write off of assets	(30,516)	(41,352)	(64,856)	-	(1,128)	(137,852)
Transfers in/(out)	74,449	-	-	-	(78,638)	(4,189)
Depreciation expense	(93,548)	(145,223)	(43,022)	(49,156)	(13,959)	(344,908)
Balance at 31 December 2014	654,750	487,961	170,018	80,939	70,694	1,464,362

Note 10. Non-current assets - intangibles

	2014 \$	2013 \$
Goodwill - at cost	170,000	170,000
Less: Impairment	(170,000)	(70,000)
	-	100,000
Software - at cost	592,073	550,092
Less: Accumulated amortisation	(490,558)	(419,957)
	101,515	130,135
Software - leased	418,731	418,731
Less: Accumulated amortisation	(418,731)	(418,731)
	-	-
	101,515	230,135

RECONCILIATIONS

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

	Goodwill \$	Software \$	Total \$
Balance at 1 January 2014	100,000	130,135	230,135
Additions	-	37,792	37,792
Impairment of assets	(100,000)	-	(100,000)
Transfers in/(out)	-	4,189	4,189
Amortisation expense	-	(70,601)	(70,601)
Balance at 31 December 2014	-	101,515	101,515

Note 11. Non-current assets - other

	2014 \$	2013 \$
Unlisted shares - at cost	1,200	1,200

Note 12. Current liabilities - trade and other payables

	2014 \$	2013 \$
Trade payables	105,725	191,323
Other creditors and accruals	270,277	403,145
	376,002	594,468

Note 13. Current liabilities - employee benefits

	2014 \$	2013 \$
Employee benefits	377,494	385,279

Note 14. Current liabilities - deferred revenue

	2014 \$	2013 \$
Deferred revenue	248,433	156,978

Note 15. Equity - retained surpluses

	2014 \$	2013 \$
Retained surpluses at the beginning of the financial year	14,679,084	15,972,986
Deficit after income tax expense for the year	(1,022,090)	(1,293,902)
Retained surpluses at the end of the financial year	13,656,994	14,679,084

Note 16. 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 2014 was 28,674 (2013: 23,254)

Note 17. 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:

	2014 \$	2013 \$
Aggregate compensation	670,847	608,195

Note 18. Contingent liabilities

The company has given bank guarantees to various landlords as follows:

	2014 \$	2013 \$
Bank guarantee - Corner House Café	15,612	14,716
Bank guarantee - White House	27,500	27,500
	43,112	42,216

Note 19. Commitments

The company has given bank guarantees to various landlords as follows:

	2014 \$	2013 \$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	204,958	195,672
One to five years	746,120	589,656
More than five years	135,482	223,103
	1,086,560	1,008,431

Operating lease commitments includes contracted amounts for various retail outlets, café, art gallery 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.

Note 20. Related party transactions

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 17.

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 21. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 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.


Directors' declaration

In the directors' opinion:

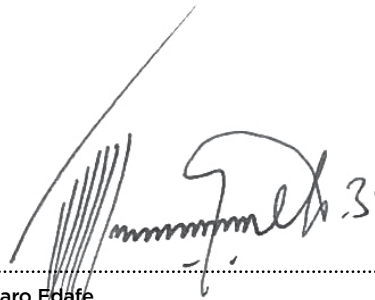
- > the attached financial statements and notes thereto comply with Australian Charities and Not for Profit Commission Act 2012 and the Charitable Fundraising Act 1991 including compliance with the Australian Accounting Standards;
- > the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 31 December 2014 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 Profit Commission Regulations 2013.

On behalf of the directors



.....
Mitchell Wilson
Honorary Treasurer



.....
Obaro Edeife
Director

30 March 2015
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 2014, 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 responsible entities 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 financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The responsible entities' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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 *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In our opinion, the financial report of Arc @ UNSW Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the financial reporting requirements of the *Australian Charities and Not-for-profits Regulation 2013*.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants



Chris Chandran
Partner

Dated in Sydney this 30th day of March 2015

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UNSW Student Life

Annual Report published by Arc @ UNSW Limited

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