

UNIVERSITY OF MELBOURNE STUDENT UNION

REG NO. A0048033A

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2018**



University of Melbourne Student Union

Reg No. A0048033A

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For the Year Ended 31 December 2018

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Statement of Profit or Loss For the Year Ended 31 December 2018

	2018	2017
	\$	\$
Income		
Sale of goods	482,225	254,867
Student services and amenities fee funding	6,713,846	5,865,125
Equipment/theatre hire	417,747	381,366
Grants received	90,535	90,138
Interest received	37,662	44,091
Other income	356,885	761,213
	<u>8,098,900</u>	<u>7,396,800</u>
Expenditure		
Depreciation and amortisation expense	78,118	59,745
Consumables and Supplies	269,624	85,296
Employee costs	5,194,188	4,524,384
Grants	255,421	248,291
Audit fees	15,750	18,000
Equipment hire	157,519	128,962
Administration	141,960	190,010
Marketing	77,863	59,783
Department costs	274,467	228,117
Events	1,065,759	868,816
Artist fees	177,525	217,703
Sundry expenses	479,763	358,614
	<u>8,187,957</u>	<u>6,987,721</u>
Profit/(loss) before income taxes	(89,057)	409,079
Income tax expense	-	-
Profit/(loss) after income tax	<u>(89,057)</u>	<u>409,079</u>
Retained profits at the beginning of the financial year	1,773,117	1,386,452
Less transfer to general reserve	13 (18,831)	(22,414)
Retained profits at the end of the financial year	<u><u>1,665,229</u></u>	<u><u>1,773,117</u></u>

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	2,897,855	3,166,794
Trade and other receivables	3	82,053	60,528
Inventories	4	15,874	-
Prepayments	5	28,179	31,873
TOTAL CURRENT ASSETS		3,023,961	3,259,195
NON-CURRENT ASSETS			
Plant and equipment	6	376,463	237,916
TOTAL NON-CURRENT ASSETS		376,463	237,916
TOTAL ASSETS		3,400,424	3,497,111
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	224,243	343,454
Employee benefits	9	646,385	553,029
Other accruals	7	68,843	111,022
Other liabilities	8	79,835	46,321
TOTAL CURRENT LIABILITIES		1,019,306	1,053,826
NON-CURRENT LIABILITIES			
Employee benefits	9	63,968	37,078
TOTAL NON-CURRENT LIABILITIES		63,968	37,078
TOTAL LIABILITIES		1,083,274	1,090,904
NET ASSETS		2,317,150	2,406,207
MEMBERS' FUNDS			
General reserve	13	651,921	633,090
Retained profits		1,665,229	1,773,117
TOTAL MEMBERS' FUNDS		2,317,150	2,406,207

The accompanying notes form part of these financial statements.

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**Statement of Changes in Equity
For the Year Ended 31 December 2018**

2018

	Retained Earnings	General Reserve	Total
	\$	\$	\$
Balance at January 1, 2018	1,773,117	633,090	2,406,207
Loss attributable to members	(89,057)	-	(89,057)
Transfer to reserves	(18,831)	18,831	-
Balance at 31 December 2018	1,665,229	651,921	2,317,150

2017

	Retained Earnings	General Reserve	Total
	\$	\$	\$
Balance at January 1, 2017	1,386,452	610,676	1,997,128
Profit attributable to members	409,079	-	409,079
Transfer to reserves	(22,414)	22,414	-
Balance at 31 December 2017	1,773,117	633,090	2,406,207

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,325,867	1,410,824
Payments to suppliers and employees	(8,837,899)	(7,363,301)
Student services and amenities fee funding	7,422,096	5,865,125
Interest received	37,662	43,353
Interest paid	-	(3,601)
Net cash provided by/(used in) operating activities	12 <u>(52,274)</u>	<u>(47,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(216,665)</u>	(18,629)
Net cash provided by/(used in) investing activities	<u>(216,665)</u>	<u>(18,629)</u>
Net increase/(decrease) in cash and cash equivalents held	<u>(268,939)</u>	(66,229)
Cash and cash equivalents at beginning of year	<u>3,166,794</u>	3,233,023
Cash and cash equivalents at end of financial year	2 <u><u>2,897,855</u></u>	<u><u>3,166,794</u></u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial statements cover University of Melbourne Student Union ("UMSU") as an individual entity. University of Melbourne Student Union is a not-for-profit Association incorporated in Victoria under the *Associations Incorporation Reform Act 2012* ('the Act').

Comparatives are consistent with prior years, unless otherwise stated.

In the opinion of the Executive Committee, the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Associations Incorporation Reform Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

1 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

2 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	6,884	8,300
Cash at bank - cheque account	1,088,689	1,384,749
Cash at bank - short-term deposit	1,802,282	1,773,745
	<u>2,897,855</u>	<u>3,166,794</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	82,053	62,224
Provision for impairment	-	(1,730)
	<u>82,053</u>	<u>60,494</u>
Other receivables	-	34
Total current trade and other receivables	<u>82,053</u>	<u>60,528</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

4 Inventories

CURRENT		
At cost:		
Finished goods	<u>15,874</u>	-

5 Other Assets

CURRENT		
Prepayments	<u>28,179</u>	<u>31,873</u>

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Notes to the Financial Statements For the Year Ended 31 December 2018

6 Property, plant and equipment

	2018	2017
	\$	\$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	2,894	2,894
Accumulated depreciation	(1,447)	(740)
Total furniture, fixtures and fittings	<u>1,447</u>	<u>2,154</u>
Office equipment		
At cost	161,897	102,511
Accumulated depreciation	(55,263)	(26,213)
Total office equipment	<u>106,634</u>	<u>76,298</u>
Books		
At cost	81,040	48,186
Accumulated depreciation	(32,090)	(14,215)
Total Books	<u>48,950</u>	<u>33,971</u>
Arts Collection		
At cost	62,075	62,075
Total Arts Collection	<u>62,075</u>	<u>62,075</u>
Fixed Asset Clearing		
At cost	673	9,347
Total Fixed Asset Clearing	<u>673</u>	<u>9,347</u>
Theatre Equipment		
At cost	204,146	72,648
Accumulated depreciation	(47,462)	(18,577)
Total Theatre Equipment	<u>156,684</u>	<u>54,071</u>
Total property, plant and equipment	<u><u>376,463</u></u>	<u><u>237,916</u></u>

7 Trade and Other Payables

Current		
Trade payables	861	62,659
GST payable	102,040	118,988
Sundry payables and accrued expenses	68,843	111,022
Deposits	-	624
Payroll liabilities	121,341	161,183
	<u><u>293,085</u></u>	<u><u>454,476</u></u>

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Notes to the Financial Statements

For the Year Ended 31 December 2018

8 Other Financial Liabilities

	2018	2017
	\$	\$
CURRENT		
Amounts received in advance	79,835	46,321

9 Employee Benefits

Current liabilities		
Long service leave	299,593	298,683
Annual leave	331,252	251,005
Time off in lieu	15,540	3,341
	<u>646,385</u>	<u>553,029</u>
Non-current liabilities		
Long service leave	63,968	37,078
	<u>63,968</u>	<u>37,078</u>

10 Economic Dependence

The Association is economically dependent on continued funding from The University of Melbourne. In 2018 Student Services and Amenities Fee Funding received from The University of Melbourne was 79.29% (2017: 80.37%) of its income.

11 Going Concern

In October 2011, legislation was passed to allow Universities and other higher education providers to charge a compulsory Student Services and Amenities Fee (SSAF) from 2012 (see the Higher Education Legislation Amendment (Student Services and Amenities) Act 2011). The University of Melbourne has introduced a compulsory Student Services and Amenities Fee and has entered into a five year funding agreement with UMSU based on the collection of SSA Fees. The financial statements of the Association have been prepared on the going concern basis given that the Association will continue to receive funding from the University of Melbourne in 2019.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

12 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Profit/(loss) for the year	(89,057)	409,079
Non-cash flows in profit/(loss):		
- depreciation	78,118	59,745
- impairment of receivables	-	1,560
- net (gain) on contributed assets	-	(279,031)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(21,525)	200,471
- (increase)/decrease in prepayments	3,694	82,405
- (increase)/decrease in inventories	(15,874)	-
- increase/(decrease) in income in advance	33,514	-
- increase/(decrease) in trade and other payables	(161,390)	(620,081)
- increase/(decrease) in provisions	120,246	98,252
Cashflows from operations	<u>(52,274)</u>	<u>(47,600)</u>

During the 2017 financial year, Melbourne University Student Union Limited (MUSUL) of Union House, entered into an agreement with University of Melbourne Student Union (UMSU) whereby chattels, plant, equipment, fixtures and fittings were transferred to UMSU for a consideration of \$1. This resulted in a net non-cash gain on contributed assets of \$279,031.

13 Reserves

The general reserve represents the interest income of the Association, on its cash reserves, being monies invested in short-term deposits during the year, as required under the amended Section 19.3 of the Association's Financial Regulations.

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Statement by the Executive Committee

The Executive Committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Executive Committee the financial report as set out on pages 1 to 10:

1. Presents a true and fair view of the financial position of University of Melbourne Student Union as at 31 December 2018 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that University of Melbourne Student Union will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Executive Committee and is signed for and on behalf of the Executive Committee by:

President
Melly Willmott

General Secretary
Reece Moir

Dated 05 April 2019

Independent Audit Report to the members of University of Melbourne Student Union

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of University of Melbourne Student Union (the Association), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Executive Committee.

In our opinion, the accompanying financial report of the Association for the year ended 31 December 2018 is prepared, in all material respects, in accordance with the Associations Incorporation Reform Act 2012.

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 Association in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the Association in meeting its obligations under the Associations Incorporation Reform Act 2012. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Association and should not be distributed to or used by parties other than the Association. Our opinion is not modified in respect of this matter.

Other matter

The financial report of the Association for the year ended 31 December 2017 was audited by ShineWing Australia who expressed an unmodified opinion on the financial report on 21 March 2018.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Reform Act 2012, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

University of Melbourne Student Union

Independent Audit Report to the members of University of Melbourne Student Union

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 the 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 this 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 control.
- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Association'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 reporter, 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 Association 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 the management 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.



ACCRU MELBOURNE (AUDIT) PTY LTD



C J FLYNN
Director

Dated 05 April 2019