

UNIVERSITY OF MELBOURNE STUDENT UNION INC

Reg No. A0048033A

FINANCIAL REPORT

For the Year Ended 31 December 2016

UNIVERSITY OF MELBOURNE STUDENT UNION INC

Reg No. A0048033A

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UNIVERSITY OF MELBOURNE STUDENT UNION INC

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INCOME STATEMENT For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
INCOME			
Student services and amenities fee funding		4,326,025	4,214,730
Student advocacy services (SSAF funding)		542,180	428,173
Equipment/theatre hire		357,929	354,125
Grants received		53,815	112,370
Interest received		61,013	44,014
Sales		235,104	317,024
Other income		481,127	475,817
TOTAL INCOME		6,057,193	5,946,253
EXPENDITURE			
Salaries and wages		3,975,035	3,633,622
Administration expenses		139,199	182,526
Events		710,532	792,157
Equipment hire		105,017	168,227
Marketing		62,489	57,504
Audit fees		17,500	16,000
Department costs		166,813	144,723
Consumables and supplies		67,533	120,238
Bank charges		2,645	2,697
Bad debts		2,071	-
Grants		262,796	230,583
Artists fees		150,782	152,398
Sundry expenses		310,898	351,160
TOTAL EXPENDITURE		5,973,310	5,851,835
Profit before income tax		83,883	94,418
Income tax expense	1(a)	-	-
Profit after income tax		83,883	94,418
Less: Transfer to general reserve	7	(60,025)	(42,173)
Profit / (loss) after income tax and transfer to reserve		23,858	52,245
Retained profits at the beginning of the financial year		1,362,594	1,310,349
Retained profits at the end of the financial year		1,386,452	1,362,594

The accompanying notes form part of these financial statements.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

Reg No. A0048033A

BALANCE SHEET As At 31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	2	3,233,023	2,474,517
Trade and Other Receivables	3	262,560	504,023
Prepayments	4	114,278	69,646
TOTAL CURRENT ASSETS		3,609,861	3,048,186
TOTAL ASSETS		3,609,861	3,048,186
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	5	1,120,878	737,216
Employee provisions	6	435,302	359,106
TOTAL CURRENT LIABILITIES		1,556,180	1,096,322
NON CURRENT LIABILITIES			
Employee Provisions	6	56,553	38,619
TOTAL NON CURRENT LIABILITIES		56,553	38,619
TOTAL LIABILITIES		1,612,733	1,134,941
NET ASSETS		1,997,128	1,913,245
MEMBERS' FUNDS			
General Reserve	7	610,676	550,651
Retained profits		1,386,452	1,362,594
TOTAL MEMBERS' FUND		1,997,128	1,913,245

The accompanying notes form part of these financial statements.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

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STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2016

	General Reserve	Retained Earnings	Total
	\$	\$	\$
Balance at 1 January 2015	508,478	1,310,349	1,818,827
Profit attributable to members	-	94,418	94,418
Additions to reserves	42,173	(42,173)	-
Balance at 31 December 2015	550,651	1,362,594	1,913,245
Profit attributable to members	-	83,883	83,883
Additions to reserves	60,025	(60,025)	-
Balance at 31 December 2016	610,676	1,386,452	1,997,128

The accompanying notes form part of these financial statements.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

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CASH FLOW STATEMENT For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,335,621	1,038,565
Student services and amenities fee funding		4,326,025	4,214,730
Student advocacy services (SSAF funding)		542,180	428,173
Interest received		61,013	44,014
Payments to suppliers and employees		(5,503,688)	(5,971,786)
Interest paid		(2,645)	(2,697)
Net cash provided by/(used in) operating activities	8(b)	<u>758,506</u>	<u>(249,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash used by investing activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		758,506	(249,001)
Cash and cash equivalents at beginning of year		<u>2,474,517</u>	<u>2,723,518</u>
Cash and cash equivalents at end of financial year	8(a)	<u><u>3,233,023</u></u>	<u><u>2,474,517</u></u>

The accompanying notes form part of these financial statements.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

Reg No. A0048033A

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012*. The Executive Committee has determined that the Association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Income Tax

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

(b) Employee Provisions

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 twelve months 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. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the balance sheet if the Association does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(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) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Association are classified as finance leases.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(d) Leases continued

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives of the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(f) Comparative figures

Where required certain comparative figures have been adjusted to conform with changes in presentation for the current financial year.

2 CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash on hand	3,000	3,000
Cash at bank - cheque account	1,097,898	668,257
Cash at bank - short term deposit	2,132,125	1,803,260
	<u>3,233,023</u>	<u>2,474,517</u>

3 TRADE AND OTHER RECEIVABLES

Trade debtors	230,899	419,040
Provision for doubtful debts	(170)	(27,258)
Amount owed from MU Student Union Ltd	26,795	-
Sundry debtors	5,036	112,241
	<u>262,560</u>	<u>504,023</u>

4 OTHER CURRENT ASSETS

Prepayments	<u>114,278</u>	<u>69,646</u>
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UNIVERSITY OF MELBOURNE STUDENT UNION INC

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

5 TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade creditors	964,782	464,086
Sundry creditors and accruals	71,958	116,620
Income in advance	5,273	150,462
GST payable	78,865	6,048
	<u>1,120,878</u>	<u>737,216</u>

6 EMPLOYEE PROVISIONS

Current

Annual leave	220,462	164,403
Long service leave	209,604	191,052
Time off in lieu	5,236	3,651
	<u>435,302</u>	<u>359,106</u>

Non-Current

Long service leave	56,553	38,619
	<u>56,553</u>	<u>38,619</u>

7 RESERVES

General Reserve	610,676	550,651
Movement in Reserve:		
General Reserve		
Opening balance	550,651	508,478
Transfer to reserve	60,025	42,173
Closing balance	<u>610,676</u>	<u>550,651</u>

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.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

8 CASH FLOW INFORMATION

(a) Reconciliation of cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money markets. Cash at the end of the financial year is shown in the cash flow statement and is reconciled to the balance sheet as follows:

	2016	2015
	\$	\$
Cash on hand	3,000	3,000
Cash at bank cheque account	1,097,898	668,257
Cash at bank short term deposit	2,132,125	1,803,260
	<u>3,233,023</u>	<u>2,474,517</u>

(b) Reconciliation of result for the year to cashflows from operating activities

Profit after income tax	83,883	94,418
- Write-off of bad debts	(19,236)	17,650
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	260,699	(220,771)
Increase in prepayments	(44,632)	(44,340)
Increase/(decrease) in trade and other payables	383,662	(108,401)
Increase in provisions	94,130	12,443
Net cash provided by/(used in) operating activities	<u>758,506</u>	<u>(249,001)</u>

The Association has no significant credit or stand-by financing facilities in place.

There were no non-cash financing or investing activities during the period.

9 ECONOMIC DEPENDENCE

The Association is economically dependent on continued funding from The University of Melbourne. In 2016 Student Services and Amenities Fee Funding received from The University of Melbourne was 80.37% (2015: 78.08%) of its income.

10 GOING CONCERN

In October 2011, the Australian Parliament passed legislation 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 2017.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

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STATEMENT BY THE EXECUTIVE COMMITTEE

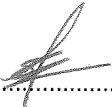
For the Year Ended 31 December 2016

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 8:

1. Presents a true and fair view of the financial position of University of Melbourne Student Union Inc. as at 31 December 2016 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 Inc. 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:



.....
Yan Zhuang

President

Dated: 08/05/.....2017



.....
Yasmine Lta

General Secretary

Dated: 8/5/.....2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
UNIVERSITY OF MELBOURNE STUDENT UNION INC.**

Opinion

We have audited the accompanying financial report, being a special purpose financial report of University of Melbourne Student Union Inc. (the "Association"), which comprises the balance sheet as at 31 December 2016, and the income statement, statement of changes in equity and cash flow statement for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the executive committee.

In our opinion, the accompanying financial report of the Entity is in accordance with *Associations Incorporations Reform Act 2012*, including:

- a) giving a true and fair view of the Entity's financial position as at 31 December 2016 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards described in Note 1 to the financial statements and the requirements of the *Associations Incorporations 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 Entity in accordance with the auditor independence 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 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the *Associations Incorporations Reform Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Executive Committee's Responsibility for the Financial Report

The executive committee of the Association are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporations Reform Act 2012* and is appropriate to meet the needs of the members. The executive committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We 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 Entity's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

ShineWing Australia

ShineWing Australia
Chartered Accountants

M. Schofield

Matthew Schofield
Partner

Melbourne, 8 May 2017

**UNIVERSITY OF MELBOURNE
STUDENT UNION INC**

Reg No: A0048033A

**Report on expenditure under the
Student Services and Amenities Fee Funding Agreement (March 2012)
for the year ended 31 December 2016**

UNIVERSITY OF MELBOURNE
STUDENT UNION INC.

Reg No: A0048033A

Report on expenditure under the
Student Services and Amenities Fee Funding Agreement (March 2012)

Schedule of Operating and Capital Expenditure
for the year ended 31 December 2016

	2016 \$	2015 \$
Operating Expenses		
Representation, support, clubs and societies, cultural and social programmes, and student media	3,775,495	3,689,880
Administrative Services to Support	1,329,825	953,023
	<u>5,105,320</u>	<u>4,642,903</u>
Total Expenditure	<u>5,105,320</u>	<u>4,642,903</u>
Funding made available to other bodies pursuant to Schedule C – Student Services and Amenities Fee Funding Agreement Reporting Obligations		
National Union of Students Inc.	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

(Note: Payments to The University of Melbourne and its related entities and Clubs and Societies have been excluded)

UNIVERSITY OF MELBOURNE
STUDENT UNION INC.

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Report on expenditure under the
Student Services and Amenities Fee Funding Agreement (March 2012)

Reconciliation of Total Expenditure under the Student Services and Amenities Fee Funding
Agreement (March 2012) to profit / (loss) after income tax for the year ended 31 December 2016

	2016	2015
	\$	\$
SSA Funding received*	4,868,205	4,642,903
Less Expenditure as per schedule	<u>(5,105,320)</u>	<u>(4,642,903)</u>
SSA Funding monies unspent / (overspent)	<u>(237,115)</u>	<u>-</u>


**includes Student Advocacy Services funding*

UNIVERSITY OF MELBOURNE
STUDENT UNION INC.

Reg No: A0048033A

Report on expenditure under the
Student Services and Amenities Fee Funding Agreement (March 2012)
Statement by President and General Manager

We, Yan Zhuang and Justin Bare, being the President and General Manager of the University of Melbourne Student Union Inc., state the accompanying report has been prepared in accordance with the Student Services and Amenities Fee Funding Agreement (March 2012) and that all moneys spent for the year ended 31 December 2016 and disclosed herein have been on providing facilities, services or activities of direct benefit to graduate students at the University of Melbourne.



Yan Zhuang
President



Justin Bare
General Manager

Dated May 8th 2017

INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE OF UNIVERSITY OF MELBOURNE STUDENT UNION INC

Opinion

We have audited the attached Report on Expenditure under the Funding Agreement for SSA Fee Revenue (March 2012) for the year ended 31 December 2016, being a special purpose financial report of University of Melbourne Student Union Inc. (the "Association"), which comprises the Schedule of Operating and Capital Expenditure, Report on Expenditure under the SSA Funding Agreement and the Statement by UMSU President and General Manager.

In our opinion, the financial report presents fairly, in all material respects the expenditure incurred by the University of Melbourne Student Union Inc. for the year ended 31 December 2016 in accordance with the Funding Agreement for SSA Fee Revenue (March 2012)

Management's Responsibility for the Financial Report

Management of the Association are responsible for the preparation of the financial report in accordance with the requirements of the Funding Agreement for SSA Fee Revenue (March 2012) and for such internal control as management determines is necessary to enable the calculation 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 have 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 executive committee, 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

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the Statement by the University of Melbourne Student Union Inc. President and General Manager which describes the basis of accounting. The financial report has been prepared to assist the University of Melbourne Student Union Inc. to meet the requirements of the Funding Agreement for SSA Fee Revenue (March 2012). As a result, the financial report may not be suitable for another purpose.

ShineWing Australia

ShineWing Australia
Chartered Accountants

M. Schofield

Matthew Schofield
Partner

Melbourne, 8 May 2017