

**UNIVERSITY OF MELBOURNE STUDENT
UNION INC**

Reg No. A0048033A

FINANCIAL REPORT

For the Year Ended 31 December 2015

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 2015

	Note	2015 \$	2014 \$
INCOME			
Student services and amenities fee funding		4,214,730	4,060,140
Student advocacy services (SSAF funding)		428,173	428,210
Equipment/theatre hire		354,125	381,141
Grants received		112,370	91,211
Interest received		44,014	49,858
Sales		317,024	220,725
Other income		475,817	438,470
TOTAL INCOME		5,946,253	5,669,755
EXPENDITURE			
Salaries and wages		3,633,622	3,582,449
Administration expenses		182,526	161,270
Events		792,157	589,007
Equipment hire		168,227	132,729
Marketing		57,504	76,234
Audit fees		16,000	16,000
Department costs		144,723	154,057
Consumables and supplies		120,238	125,358
Bank charges		2,697	2,594
Grants		230,583	246,904
Artists fees		152,398	129,647
Sundry expenses		351,160	417,534
TOTAL EXPENDITURE		5,851,835	5,633,783
Profit before income tax		94,418	35,972
Income tax expense	1(a)	-	-
Profit after income tax		94,418	35,972
Less: Transfer to general reserve	7	(42,173)	(45,909)
Profit / (loss) after income tax and transfer to reserve		52,245	(9,937)
Retained profits at the beginning of the financial year		1,310,349	1,320,286
Retained profits at the end of the financial year		1,362,594	1,310,349

The accompanying notes form part of these financial statements.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

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BALANCE SHEET As At 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	2,474,517	2,723,518
Trade and other receivables	3	504,023	300,902
Prepayments	4	69,646	25,307
TOTAL CURRENT ASSETS		3,048,186	3,049,727
TOTAL ASSETS		3,048,186	3,049,727
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	737,216	845,619
Employee provisions	6	359,106	346,522
TOTAL CURRENT LIABILITIES		1,096,322	1,192,141
NON CURRENT LIABILITIES			
Employee provisions	6	38,619	38,759
TOTAL NON CURRENT LIABILITIES		38,619	38,759
TOTAL LIABILITIES		1,134,941	1,230,900
NET ASSETS		1,913,245	1,818,827
MEMBERS' FUNDS			
General reserve	7	550,651	508,478
Retained profits		1,362,594	1,310,349
TOTAL MEMBERS' FUNDS		1,913,245	1,818,827

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 2015

	General Reserve	Retained Earnings	Total
	\$	\$	\$
Balance at 1 January 2014	462,569	1,320,286	1,782,855
Profit attributable to members	-	35,972	35,972
Additions to reserves	45,909	(45,909)	-
Balance at 31 December 2014	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

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 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,038,565	1,142,453
Student services and amenities fee funding		4,214,730	4,060,140
Student advocacy services (SSAF funding)		428,173	428,210
Interest received		44,014	49,858
Payments to suppliers and employees		(5,971,786)	(5,360,407)
Interest paid		(2,697)	(2,594)
Net cash (used in)/provided by operating activities	8(b)	<u>(249,001)</u>	<u>317,660</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 (decrease)/increase in cash and cash equivalents held		(249,001)	317,660
Cash and cash equivalents at beginning of year		<u>2,723,518</u>	<u>2,405,858</u>
Cash and cash equivalents at end of financial year	8(a)	<u><u>2,474,517</u></u>	<u><u>2,723,518</u></u>

The accompanying notes form part of these financial statements.

UNIVERSITY OF MELBOURNE STUDENT UNION INC

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

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.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(d) Leases continued

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

	2015	2014
	\$	\$
Cash on hand	3,000	1,500
Cash at bank - cheque account	668,257	925,850
Cash at bank - short term deposit	1,803,260	1,796,168
	<u>2,474,517</u>	<u>2,723,518</u>

3 TRADE AND OTHER RECEIVABLES

Trade debtors	419,040	303,660
Provision for doubtful debts	(27,258)	(9,608)
Sundry debtors	112,241	6,850
	<u>504,023</u>	<u>300,902</u>

4 OTHER CURRENT ASSETS

Prepayments	<u>69,646</u>	<u>25,307</u>
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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

5 TRADE AND OTHER PAYABLES

	2015	2014
	\$	\$
Trade creditors	464,086	616,127
Sundry creditors and accruals	116,620	74,439
Income in advance	150,462	153,679
GST payable	6,048	744
Deposits	-	630
	<u>737,216</u>	<u>845,619</u>

6 EMPLOYEE PROVISIONS

Current

Annual leave	164,403	170,535
Long service leave	191,052	170,807
Time off in lieu	3,651	5,180
	<u>359,106</u>	<u>346,522</u>

Non-Current

Long service leave	38,619	38,759
	<u>38,619</u>	<u>38,759</u>

7 RESERVES

General Reserve	<u>550,651</u>	<u>508,478</u>
Movement in Reserve:		
General Reserve		
Opening balance	508,478	462,569
Transfer to reserve	42,173	45,909
Closing balance	<u>550,651</u>	<u>508,478</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. The General Reserve also represents a cash reserve for potential future redundancies that UMSU may incur in the event of cuts in SSAF funding.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

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:

	2015	2014
	\$	\$
Cash on hand	3,000	1,500
Cash at bank cheque account	668,257	925,850
Cash at bank short term deposit	1,803,260	1,796,168
	<u>2,474,517</u>	<u>2,723,518</u>

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

Profit after income tax	94,418	35,972
- write-off of bad debts	17,650	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(220,771)	10,905
(Increase)/decrease in prepayments	(44,340)	36,835
(Decrease)/increase in trade and other payables	(108,401)	132,499
Increase in provisions	12,443	101,449
Net cash (used in)/provided by operating activities	<u>(249,001)</u>	<u>317,660</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 2015 Student Services and Amenities Fee Funding received from The University of Melbourne was 78.08% (2014: 79.16%) 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 2016.

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STATEMENT BY THE EXECUTIVE COMMITTEE For the Year Ended 31 December 2015

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 2015 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:



.....
Tyson Holloway-Clarke

President

Dated: *4th May* 2016



.....
James Michael Bashford

General Secretary

Dated: *4th May* 2016

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

Report on the Financial Report

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 2015, 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.

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 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 members, 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.

Opinion

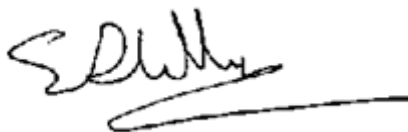
In our opinion, the financial report presents fairly, in all material respects the financial position of the University of Melbourne Student Union Inc. as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Associations Incorporations Reform Act 2012*.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe 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 *Associations Incorporations Reform Act 2012*. As a result, the financial report may not be suitable for another purpose.

ShineWing Australia

ShineWing Australia
Chartered Accountants



Scott Phillips
Partner

Melbourne, 9 May 2016

**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 2015**

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 2015

	2015 \$	2014 \$
Operating Expenses		
Representation, support, clubs and societies, cultural and social programmes, and student media	3,689,880	3,527,490
Administrative Services to Support	953,023	961,175
	<u>4,642,903</u>	<u>4,488,665</u>
Total Expenditure	<u>4,642,903</u>	<u>4,488,665</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)

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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 2015

	2015	2014
	\$	\$
SSA Funding received*	4,642,903	4,488,350
Less Expenditure as per schedule	<u>(4,642,903)</u>	<u>(4,488,665)</u>
SSA Funding monies unspent / (overspent)	<u>-</u>	<u>(315)</u>

**includes Student Advocacy Services funding*

**UNIVERSITY OF MELBOURNE
STUDENT UNION INC>**

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

We, Tyson Holloway-Clarke 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 2015 and disclosed herein have been on providing facilities, services or activities of direct benefit to graduate students at the University of Melbourne.



Tyson Holloway-Clarke
President



Justin Bare
General Manager

Dated 9.5 2016

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

Scope

We have audited the attached Report on Expenditure under the Funding Agreement for SSA Fee Revenue (March 2012) for the year ended 31 December 2015, 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.

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

Opinion

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 2015 in accordance with the Funding Agreement for SSA Fee Revenue (March 2012)

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



Scott Phillips
Partner

Melbourne, 9 May 2016