

Student Guild of Curtin University

Financial Statements

For the Year Ended 31 December 2018

Student Guild of Curtin University

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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Student Guild of Curtin University

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT BY GUILD COUNCIL

In accordance with a resolution of the Council of the Student Guild of Curtin University we state that -

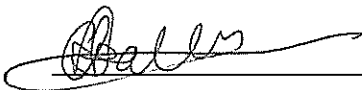
In the opinion of the Guild Council:

- (a) the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows are drawn up so as to give a true and fair view of the performance of the Guild for the year ended 31 December 2018;
- (b) the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Guild as at 31 December 2018;
- (c) the Guild has complied with the Australian Accounting Standards – Reduced Disclosure Requirements, the *Curtin University Act 1966* and the *Australian Charities and Not-for-Profits Commission Act 2012*, and
- (d) at the date of this statement there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they fall due.

On behalf of the Guild Council



Finlay Nolan
President of the Student Guild of Curtin University



Christopher Hall
Secretary of the Student Guild of Curtin University

Dated this 1st day of April 2019

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2 The Esplanade, Perth, WA 6000

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO STUDENT GUILD OF CURTIN UNIVERSITY**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there have been no contraventions of:

- i. the auditor's independence requirements of 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.



GREG GODWIN
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 1st day of April 2019.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STUDENT GUILD OF CURTIN UNIVERSITY

Opinion on the Audit of the Financial Report

We have audited the accompanying financial report of Student Guild of Curtin University (the Guild), which comprises the statement of financial position as at 31 December 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and statement by the Guild Council.

In our opinion, the financial report of Student Guild of Curtin University is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. giving a true and fair view of the Guild's financial position as at 31 December 2018 and of its performance and cash flows for the year ended; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements, *Curtin University Act 1966* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Guild in accordance with the independence requirements of Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional Accountants 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 with the Code.

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

Responsibilities of the Guild Council for the Financial Report

The Guild Council is responsible for the preparation of this financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, *Curtin University Act 1966* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Guild Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Guild Council is responsible for overseeing the Guild's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STUDENT GUILD OF CURTIN UNIVERSITY
(CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of Section 60-45(3)(b) of the ACNC Act, in our opinion there are no deficiencies, failures or shortcomings in respect of the matters referred to in Section 60-30(3)(b), (c) or (d) of the ACNC Act.



GREG GODWIN
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 1st day of April 2019.

Student Guild of Curtin University

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Continuing Operations Revenue			
Sale of Goods		9,624,418	10,951,982
Rendering of Services		332,794	286,063
Rental Income		121,378	127,139
Finance Income		9,876	14,346
	2	<u>10,088,466</u>	<u>11,379,530</u>
Cost of Sales	3 (iv)	<u>(3,344,327)</u>	<u>(4,069,940)</u>
Gross Profit		6,744,139	7,309,590
Other Income	2	4,189,943	4,007,706
Employee Benefits Expense		(7,315,399)	(8,799,498)
Distribution Expenses		(642,494)	(965,248)
Marketing Expenses		(753,581)	(1,310,094)
Occupancy Expenses		(1,573,161)	(1,501,137)
Administrative Expenses		(318,526)	(357,181)
Finance Costs		(80,856)	(91,103)
		<u>(10,684,017)</u>	<u>(13,024,261)</u>
Profit / (Loss) from Continuing Operations		<u>250,065</u>	<u>(1,706,965)</u>
Net Profit / (Loss) for the Year	3 (ii)	<u>250,065</u>	<u>(1,706,965)</u>
Continuing Operations Revenue			
Profit / (Loss) for the year		<u>250,065</u>	<u>(1,706,965)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>250,065</u>	<u>(1,706,965)</u>

The accompanying notes form part of these financial statements.

Student Guild of Curtin University

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	4	1,837,456	172,764
Trade and other receivables	5	231,213	1,655,980
Inventories	6	183,582	186,434
Other current assets	7	153,907	58,965
Total Current Assets		2,406,158	2,074,143
Non-Current Assets			
Property, plant and equipment	8	2,531,709	3,452,851
Total Non-Current Assets		2,531,709	3,452,851
Total Assets		4,937,867	5,526,994
Current Liabilities			
Trade and other payables	9	930,043	1,562,713
Short-term provisions	10	722,757	894,234
Total Current Liabilities		1,652,800	2,456,947
Non-Current Liabilities			
Long-term provisions	10	9,603	44,648
Total Non-Current Liabilities		9,603	44,648
Total Liabilities		1,662,403	2,501,595
Net Assets		3,275,464	3,025,399
Equity			
Retained Earnings		3,275,464	2,913,132
Capital Development Reserve		-	112,267
Total Equity		3,275,464	3,025,399

The accompanying notes form part of these financial statements.

Student Guild of Curtin University

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Retained Earnings	Capital Development Reserve	Total Equity
	\$	\$	\$
Balance at 1 January 2017	4,625,043	107,321	4,732,364
Total Comprehensive Income/(Loss) for the year	(1,706,965)	-	(1,706,965)
Transfer from/(to) retained earnings	(4,946)	4,946	-
Balance at 31 December 2017	<u>2,913,132</u>	<u>112,267</u>	<u>3,025,399</u>
Balance at 1 January 2018	2,913,132	112,267	3,025,399
Total Comprehensive Income/(Loss) for the year	250,065	-	250,065
Transfer from/(to) retained earnings	112,267	(112,267)	-
Balance at 31 December 2018	<u>3,275,464</u>	<u>-</u>	<u>3,275,464</u>

The accompanying notes form part of these financial statements.

Student Guild of Curtin University

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from students/customers		12,822,621	13,468,174
Receipts from SSAF		2,870,679	2,823,204
Payments to suppliers and employees		(13,882,470)	(16,677,380)
Interest received	2	9,876	14,346
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>1,820,706</u>	<u>(371,656)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8 (i)	(156,014)	(746,334)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(156,014)</u>	<u>(746,334)</u>
NET INCREASE/(DECREASE) IN CASH HELD		1,664,692	(1,117,990)
Cash at beginning of financial year		172,764	1,290,754
CASH AT END OF FINANCIAL YEAR *	4	<u><u>1,837,456</u></u>	<u><u>172,764</u></u>

*Cash at end of financial year includes cash and cash equivalents and term deposits.

The accompanying notes form part of these financial statements.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), the Australian Charities and Not-for-profits Commission Act 2012 and the Curtin University Act 1966.

The Student Guild of Curtin University is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. The Guild was established under the *Curtin University Act 1966* and related Statutes.

The following is a summary of the material accounting policies adopted by the Guild in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Finished goods – purchase cost on a first-in-first-out basis.

(c) Property, Plant and Equipment

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

Plant and equipment

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Guild and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight line basis over their useful lives to the Guild commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Building improvements – other	Rate required based on Lease terms
Furniture, fittings & equipment	10% - 50%
Motor Vehicle	25%

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment (cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

(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 Guild 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 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 their estimated useful lives where it is likely that the Guild will obtain ownership of the asset or over the term of the lease.

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) Provisions

Provisions are recognised when the Guild has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(f) Employee Benefits

Provision is made for the Guild's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Guild to an employee superannuation fund and are charged as expenses when incurred.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers, net of member trade discounts.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from grants or subsidies is recognised when control of the funds passes to the Guild, it is probable that the economic benefits gained from the grant will flow to the Guild and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Guild incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

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

(i) 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 Taxation 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Guild's intention to hold these investments to maturity. Any held-to-maturity investments held by the Guild are stated at amortised cost using the effective interest rate method.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial Instruments (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Guild assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(k) Impairment of Non-Financial Assets

At each reporting date, the Guild reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Guild estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts receivable from customers for goods sold and services rendered in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(o) New Accounting Standards for Application in Future

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The Guild Council have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the Guild but applicable in future reporting periods is set out below:

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) New Accounting Standards for Application in Future (cont'd)

- **AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

The Guild Council anticipates the adoption of AASB 15 will not have a material impact on the Guild's financial statements.

- **AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).**

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as 'peppercorn leases') principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset / right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058. (Refer to AASB 2018-8 for amendments in the *Accounting Standards-Rights-of-Use Assets of Not-for-Profit Entities*);
- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) New Accounting Standards for Application in Future (cont'd)

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Guild Council anticipates the adoption of AASB 16 will impact the Guild's financial statements, the Guild Council has not determined whether it will initially measure the right-of-use (ROU) assets arising under 'concessionary leases' at cost or at fair value in accordance with AASB 16.

- **AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).**

This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related amount being contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) New Accounting Standards for Application in Future (cont'd)

Whilst the Guild Council anticipates the adoption of AASB 1058 may have an impact on the Guild's financial statements in relation to its grant funding, the Guild Council is unable to determine the impact as the impact will depend on outstanding conditions relating to each grant at each reporting date.

The Guild Council anticipates no impact on its financial statements in relation to volunteer services although the Guild does utilise the services of volunteers at present.

- **AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities**

AASB 2016-8 (issued December 2016) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9: Financial Instruments and AASB 15: Revenue from Contracts with Customers as a consequence of AASB 1058: Income of Not-for-Profit Entities (refer to [1-0900]).

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

- **AASB 2018-8: Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities.**

AASB 2018-8 (issued December 2018) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 1, AASB 16, AASB 117, AASB 1049 and AASB 1058 to provide a temporary option for not-for-profit entities to not apply the fair value initial measurements requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases.

AASB 2018-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 2: REVENUE	2018	2017
	\$	\$
Continuing Operations Revenue		
Trading Activities		
Catering	(a) 7,777,913	8,534,010
Retail	(a) 1,846,505	2,417,972
Total Trading Activities	<u>9,624,418</u>	<u>10,951,982</u>
Other Operating Activities		
Membership Income	332,794	286,063
Commercial Complex	121,378	127,139
Interest Revenue	9,876	14,346
Total Other Operating Activities	<u>464,048</u>	<u>427,598</u>
Total Continuing Operations Revenue	<u>10,088,466</u>	<u>11,379,530</u>
Other Income		
Other Income Activities		
Catering	16,263	20,475
Retail	334,000	391,276
Student Services & Amenities Fee (SSAF)	2,870,679	2,823,204
Other	(b) 215,138	-
Total Other Income Activities	<u>3,436,080</u>	<u>3,234,955</u>
Non-Operating Activities		
University Grant	750,000	750,000
Net Gain from Sale of Assets	3,863	22,751
Total Non-Operating Activities	<u>753,863</u>	<u>772,751</u>
Total Other Income	<u>4,189,943</u>	<u>4,007,706</u>
Total Revenue	<u>14,278,409</u>	<u>15,387,236</u>

(a) In 2018 the Guild gave \$363,888 worth of membership discounts (2017: \$866,402). Trading revenue is reported net of discounts.

(b) In 2018 the Guild was successful in applying for a payroll tax exemption from the State Revenue Department. The exemption was back dated to 1st July 2017. \$215,138 was the refund for the period July-December 2017.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3: PROFIT / (LOSS) FROM ORDINARY ACTIVITIES	2018	2017
	\$	\$
(i) Operating Expenses		
Occupancy Expenses include the following:		
Amortisation		
Leasehold Improvements	726,329	467,685
Depreciation		
Furniture, fittings and equipment	327,444	490,824
Motor Vehicles	20,546	28,318
	<u>1,074,319</u>	<u>986,827</u>
(ii) Net Surplus / (Deficit) has been derived from the following:		
Administration	(390,015)	(1,941,735)
Representation Services	(189,903)	(876,663)
Student Services	145,893	109,732
Commercial	684,090	1,001,701
Operating Surplus / (Deficit) from operations (a)	<u>250,065</u>	<u>(1,706,965)</u>
(iii) Disposal of Assets		
Net gain on the disposal of:		
Other Assets (b)	3,863	22,751
(iv) Cost of Sales		
Trading Activities		
Catering	2,441,400	2,777,278
Retail	902,927	1,292,662
Total Cost of Sales	<u>3,344,327</u>	<u>4,069,940</u>

(a) In 2017 the Guild cleared \$1,793,114 of unspent SSAF which contributed to the large loss for the period. In 2018 the Guild was granted a payroll tax exemption, and Payroll tax from July 2017 to December 2017 was refunded (\$215,138). Savings in 2018 were \$412,774.

(b) The gain on disposal of assets is included in Other Income.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4: CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash and cash equivalents		
Cash at bank and on hand	1,817,127	152,764
Short-term bank deposits	20,329	20,000
Cash and cash equivalents	<u>1,837,456</u>	<u>172,764</u>

The effective interest rate on short-term bank deposits was 2.6% (2017:2.54%).

The Guild has a corporate credit card which is guaranteed by the \$20,000 term deposit with Bankwest.

The Guild's overdraft facility was terminated in December 2018. Curtin University agreed to pay the Guild their share of the SSAF in 3 instalments during the year it is earned, instead of 6 monthly and in arrears. Consequently, the year end cash situation has improved.

In November 2018 the Guild set up a new Capital Saver account. This account will hold the funds that would have been paid to the State Revenue department for Payroll Tax. The balance on this account at year end was \$575,103.65. The Guild plans to utilise these funds for capital expenditure.

NOTE 5: RECEIVABLES

	2018	2017
	\$	\$
Current		
Trade receivables	78,551	287,560
Provision for impairment of receivables	(1,964)	(2,033)
Other receivables	64,828	1,225,397
GST receivable	89,798	145,056
	<u>231,213</u>	<u>1,655,980</u>

In 2018 the Guild's portion of the SSAF was received in full prior to year end, whereas in 2017 the second SSAF instalment had not been received and was included in 'other receivables'.

NOTE 6: INVENTORIES

	2018	2017
	\$	\$
At Cost		
Finished Goods	187,578	203,481
Provision for Obsolescence	(3,996)	(17,047)
	<u>183,582</u>	<u>186,434</u>

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 7: OTHER CURRENT ASSETS

	2018	2017
	\$	\$
Prepayments	153,907	58,965
	<u>153,907</u>	<u>58,965</u>

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	2018	2017
	\$	\$
Leasehold Land & Buildings Improvements		
At Cost	(a) 8,256,682	9,035,297
Accumulated Amortisation	(a) (6,107,612)	(6,170,235)
	<u>2,149,070</u>	<u>2,865,062</u>
Furniture, Fittings & Equipment		
At Cost	(a) 3,120,650	3,547,137
Accumulated Depreciation	(a) (2,754,943)	(2,996,826)
	<u>365,707</u>	<u>550,311</u>
Motor Vehicles		
At Cost	159,583	159,584
Accumulated Depreciation	(142,651)	(122,106)
	<u>16,932</u>	<u>37,478</u>
Total Written Down Value	<u>2,531,709</u>	<u>3,452,851</u>

(i) Movement in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning of the year and the end of the current financial year.

	Leasehold Land & Buildings	Furniture, Fittings & Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
2018				
Opening Balance	2,865,062	550,311	37,478	3,452,851
Additions	10,337	145,677	-	156,014
Disposals	-	(2,837)	-	(2,837)
Depreciation/Amortisation	(726,329)	(327,444)	(20,546)	(1,074,319)
Carrying amount	<u>2,149,070</u>	<u>365,707</u>	<u>16,932</u>	<u>2,531,709</u>

- (a) In 2018 the Guild wrote off both the cost and accumulated depreciation relating to capital expenditure from areas no longer being leased by the Guild under the new leases, as well old equipment from the Guild Copy Centre, which was closed in 2017. These items were fully depreciated.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 9: PAYABLES

	2018	2017
	\$	\$
Unearned revenue	-	47,885
Trade payables	930,043	1,514,828
	<u>930,043</u>	<u>1,562,713</u>

In 2017 trade payables included a \$550,000 invoice due to Curtin University for the Guild's contribution towards the University's Creative Quarter Project.

NOTE 10: PROVISIONS

	2018	2017
	\$	\$
Employee Benefits	638,639	850,642
Other	93,721	88,240
	<u>732,360</u>	<u>938,882</u>
Current	722,757	894,234
Non Current	9,603	44,648
	<u>732,360</u>	<u>938,882</u>

Provision for Employee Benefits

A provision has been recognised for employee benefits relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

NOTE 11: KEY MANAGEMENT PERSONNEL COMPENSATION

	2018	2017
	\$	\$
Guild Council Members	388,794	448,627
Professional Management	764,063	769,897
Key Management Personnel Compensation	<u>1,152,857</u>	<u>1,218,524</u>

NOTE 12: FINANCIAL INSTRUMENTS

The Guild's principal financial instruments comprise receivables, payables, cash and cash equivalents.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13: EVENTS AFTER REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Guild's operations, the results of those operations or the Guild's state of affairs in future financial years.

NOTE 14: LEASES

Operating leases as lessee

The Guild's future minimum operating lease commitments are as follows:

	Minimum Lease Payments Due			
	Within 1 year	1 to 5 years	After 5 years	Total
	\$	\$	\$	\$
31 December 2018	155,543	931,066	6	1,086,615
31 December 2017	2,000	2,000	-	4,000

Lease expenses during 2018 amounted to \$84,898 (2017:\$106,969). The property lease commitments are non-cancellable operating leases with remaining lease terms of between four and nine years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

The Guild signed new leases with Curtin University on the 19th October 2018. All leases begin on the 1st January 2018 and for the Vege Patch, Bookmark Café and Basement Café cover a period of 5 years, Angazi Café 6 years and the Head Lease 10 years.

NOTE 15: CONTINGENT LIABILITY

The Guild has no contingent liabilities.

NOTE 16: RELATED PARTY TRANSACTIONS

Curtin University	2018	2017
	\$	\$
The following transactions occurred with related party:		
Purchases of goods and services	391,384	1,504,488
Revenue for providing goods and services	4,256,887	4,165,747
The following balances are outstanding at the reporting date in relation to transactions with related party:		
Receivable at 31 December	66,048	1,418,219
Payable at 31 December	99,724	662,811

The key management personnel remuneration is disclosed in Note 11.

Student Guild of Curtin University

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 17: GUILD REGISTERED OFFICE

The registered office of the Guild is:

Curtin University
Building 106
Kent Street
BENTLEY WA 6102