

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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Solicitors:	King & Wood Mallesons Level 5, NICTA Building B 7 London Circuit Canberra ACT 2600
Bankers:	National Australia Bank Childers Street Canberra ACT 2600 Commonwealth Bank of Australia Concession Building, University Avenue Canberra ACT 2601
Auditors:	Ernst & Young 121 Marcus Clarke Street Canberra ACT 2601

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

Declaration by the Chair and Deputy Chair of the Board

In accordance with a resolution of the directors of the Australian National University Union Inc. I state that:

In the opinion of the directors:

(a) the financial statements and notes of the union:

(i) presents fairly the Union's financial position as at 31 December 2013 and of its financial performance for the year ended on that date; and

(ii) comply with Australian Accounting Standards;

(b) there are reasonable grounds to believe the Union will be able to pay its debts as and when they become due and payable.

On behalf of the Board



JOSHUA ORCHARD
Chair of the Board



MEGAN LANE
Deputy Chair of the Board

CANBERRA

27 May 2014



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Independent auditor's report to the members of the Australian National University Union Incorporated

We have audited the accompanying financial report of the Australian National University Union Incorporated ("the Union"), which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory information and the declaration by the Chair and Deputy Chair of the Board.

Directors' Responsibility for the Financial Report

The directors of the Union are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and with the *Associations Incorporation Act 1991 (ACT)*, and for such internal control as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.



Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Australian National University Union Incorporated at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporations Act 1991 (ACT)*.

A handwritten signature in blue ink, appearing to read 'Ernst & Young', is written in a cursive style.

Ernst & Young
Canberra
09 May 2014

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
Revenue	<u>4 (a)</u>	4,762,700	5,227,730
Cost of sales	<u>4 (b)</u>	(1,826,210)	(1,849,427)
Depreciation and amortisation expense	<u>4 (b)</u>	(378,165)	(374,094)
Salaries and employee benefits expense	<u>4 (b)</u>	(1,869,149)	(1,934,175)
Other expenses	<u>4 (c)</u>	<u>(1,139,883)</u>	<u>(1,084,685)</u>
Net (deficit) attributable to members of The Australian National University Union Inc.		<u>(450,707)</u>	<u>(14,651)</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss		-	-
Net (deficit) attributable to members of The Australian National University Union Inc.		<u>(450,707)</u>	<u>(14,651)</u>

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 \$	2012 \$
EQUITY			
Accumulated funds	<u>5 (a)</u>	2,565,390	3,016,097
Clubs & societies reserve	<u>5 (b)</u>	640	7,705
TOTAL EQUITY		<u>2,566,030</u>	<u>3,023,802</u>
Represented by:			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	<u>3</u>	1,168,916	420,505
Trade and other receivables	<u>6</u>	164,450	129,102
Inventories	<u>7</u>	218,781	232,179
Prepayments	<u>8</u>	64,881	29,912
Assets classified as held for sale		-	2,814
Held-to-maturity investments	<u>9</u>	600,000	1,862,564
TOTAL CURRENT ASSETS		<u>2,217,028</u>	<u>2,677,076</u>
NON CURRENT ASSETS			
Property, plant and equipment	<u>10</u>	1,101,823	1,309,515
TOTAL NON CURRENT ASSETS		<u>1,101,823</u>	<u>1,309,515</u>
TOTAL ASSETS		<u>3,318,851</u>	<u>3,986,591</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	<u>11</u>	523,114	594,270
Employee Benefits	<u>12</u>	40,594	187,646
Deferred Income	<u>13</u>	164,392	81,317
TOTAL CURRENT LIABILITIES		<u>728,100</u>	<u>863,233</u>
NON CURRENT LIABILITIES			
Employee Benefits	<u>12</u>	24,721	24,556
Deferred Income	<u>14</u>	-	75,000
TOTAL NON CURRENT LIABILITIES		<u>24,721</u>	<u>99,556</u>
TOTAL LIABILITIES		<u>752,821</u>	<u>962,789</u>
NET ASSETS		<u>2,566,030</u>	<u>3,023,802</u>

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES			
Receipts from customers		4,184,443	4,554,613
Interest received		111,936	139,228
Sponsorship received		25,250	49,552
Rent received		602,490	557,517
Other income received		125,155	193,381
Goods and Services tax paid		(282,342)	(194,491)
Payments to suppliers and employees		<u>(5,115,754)</u>	<u>(5,259,660)</u>
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	<u>3</u>	<u>(348,822)</u>	<u>40,140</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(171,344)	(328,348)
Proceeds from sale of property, plant and equipment		6,013	107,078
Proceeds from sale of held to maturity investments		<u>1,262,564</u>	<u>329,866</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>1,097,233</u>	<u>108,596</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		748,411	148,736
Cash and cash equivalents at beginning of period		<u>420,505</u>	<u>271,769</u>
Cash and cash equivalents at end of period	<u>3</u>	<u><u>1,168,916</u></u>	<u><u>420,505</u></u>

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2013

	\$	\$	\$
	Clubs & Societies Reserve (Note 5 (b))	Accumulated Funds (Note 5 (a))	Total Equity
At 1 January 2012	9,505	3,030,748	3,040,253
Clubs & Societies Reserve net transfer	(1,800)	-	(1,800)
Deficit for the year	-	(14,651)	(14,651)
At 31 December 2012	7,705	3,016,097	3,023,802
Clubs & Societies Reserve net distribution	(7,065)	-	(7,065)
Deficit for the year	-	(450,707)	(450,707)
At 31 December 2013	640	2,565,390	2,566,030

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 DECEMBER 2013**

NOTE 1: CORPORATE INFORMATION

The financial report of the Australian National University Union ("the Union") for the year ended 31 December 2013 was authorised for issue in accordance with a resolution of the board on 9 May 2014.

The Union was incorporated in Australia as an association under section 9 of the *Associations Incorporation Act 1991 (Australian Capital Territory)*.

The Union is domiciled in Australia and the nature of the operations and principal activities of the Union are described in note 15. The Union is a not-for-profit organisation for the purpose of preparing the financial report.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of Australian Accounting Standards and the Union's constitution.

The financial report has been prepared in accordance with historical cost basis except for artwork that has been measured at fair value.

The financial report is presented in Australian dollars.

(b) New Accounting Standards and Interpretations

Certain Australian Accounting Standards and Australian Accounting Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Union for the annual reporting period ended 31 December 2013. The Board and management have assessed that the impact of these new or amended standards will not be significant to the Union.

(c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(d) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value with the exception of artwork which is recorded at fair value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	2013	2012
Plant and equipment	3-20 years	3-20 years
Fixtures and fittings	3-20 years	3-20 years
Motor vehicles	5 years	5 years
Leasehold improvements	10-40 years	10-40 years
Post office licence	10 years	10 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Value in use is calculated as the current cost of the asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits of the asset.

Impairment losses are recognised in the statement of comprehensive income.

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 DECEMBER 2013**

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is recognised.

(e) Inventories

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

Costs incurred in bringing each product to its present location and condition form the cost value of this inventory.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(f) Taxes

Income tax

The Union has not provided for income tax as the Union Board of Directors believes the Union is exempt from income tax under section 50 of the *Income Tax Assessment Act 1997*.

Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Clubs and societies reserve

A reserve has been established to provide for the advancement of Clubs & Societies.

To meet the requirement of the Union's constitution, the transfer to the reserve is calculated at 2.5% of the annual General Service Fee received from the Australian National University.

General Service Fee had been discontinued since 2007.

Distributions to Clubs & Societies in the form of goods and services are debited directly from the reserve.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Recoverable amount of assets

At each reporting date, the Union assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Union makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell and value in use for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Investments and other financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs.

The Union determines the classification of its financial assets after initial recognition and when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Union has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

De-recognition of financial instruments

The de-recognition of a financial instrument takes place when the Union no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(k) Provisions

Provisions are recognised when the Union has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Union expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Union and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue is recognised with reference to the stage of contract completion.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Rental income

Rental income arising under the lease agreement on designated areas of the Union building is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(m) Grants

Reciprocal Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(n) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(o) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease receipts are recognised as income in the income statement on a straight-line basis over the lease term.

(p) Assets classified as held for sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 DECEMBER 2013

NOTE 3: CASH AND CASH EQUIVALENTS

	2013 \$	2012 \$
Cash on hand	13,738	13,790
Cash at bank	<u>1,155,178</u>	<u>406,715</u>
	<u><u>1,168,916</u></u>	<u><u>420,505</u></u>

Cash on hand does not earn interest.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

	2013 \$	2012 \$
RECONCILIATION OF OPERATING SURPLUS TO THE NET CASH FLOWS FROM OPERATIONS		
Operating deficit	(450,707)	(14,651)
<i>Adjustments for:</i>		
Depreciation and amortisation	378,165	374,094
Net (gain) on disposal of property, plant and equipment	(5,141)	(56,832)
Clubs & Societies distributions	(7,065)	(1,800)
<i>Changes in assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	(35,348)	40,845
Decrease in inventories	13,398	46,331
(Increase)/Decrease in prepayments	(34,969)	2,963
Decrease in assets classified as held for sale	2,814	-
(Decrease) in trade and other payables	(71,156)	(154,924)
(Decrease)/Increase in employee benefits	(146,887)	15,840
Increase /(Decrease) in deferred Income	<u>8,075</u>	<u>(211,726)</u>
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<u><u>(348,822)</u></u>	<u><u>40,140</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 DECEMBER 2013

NOTE 4: REVENUE AND EXPENSES

	2013	2012
	\$	\$
(a) Revenue		
Income		
Sales	3,913,294	4,254,935
Vending machines commissions	55,329	72,263
Rents received	547,718	496,300
Electricity/gas recovery	29,572	46,140
Advertising Income	4,262	9,578
Sundry income	24,613	47,821
Total revenues from operating activities	<u>4,574,788</u>	<u>4,927,037</u>
Other Income		
Grants released	75,000	75,000
Sponsorship	22,955	45,045
Interest income	84,816	123,816
Gain on sale of property, plant and equipment	5,141	56,832
Total revenues from non-operating activities	<u>187,912</u>	<u>300,693</u>
Total revenues	<u>4,762,700</u>	<u>5,227,730</u>
(b) Expenses		
Cost of Goods Sold	<u>1,826,210</u>	<u>1,849,427</u>
Depreciation & amortisation		
Property, plant & equipment	334,670	332,288
Leasehold improvements	42,746	41,054
Licence	749	752
Total depreciation and amortisation	<u>378,165</u>	<u>374,095</u>
Employee benefits expenses :		
Salaries & related costs	1,721,239	1,788,497
Fringe benefits tax	2,035	2,180
Superannuation	145,875	143,498
Total employee benefits expense	<u>1,869,149</u>	<u>1,934,175</u>
(c) Other expenses		
Utilities and insurance	396,960	345,532
Impairment loss	874	18,993
Repairs and replacements	101,369	125,852
Other expenses	640,680	594,309
Total other expenses	<u>1,139,883</u>	<u>1,084,686</u>

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 DECEMBER 2013

NOTE 5: RESERVES AND ACCUMULATED FUNDS

	2013	2012
	\$	\$
(a) Accumulated funds		
Balance at beginning of year	3,016,097	3,030,748
Net deficit attributable to members of the ANU Union Inc.	<u>(450,707)</u>	<u>(14,651)</u>
Balance at end of year	<u><u>2,565,390</u></u>	<u><u>3,016,097</u></u>
(b) Clubs & societies reserve		
<i>(i) Nature & Purpose of the Reserve</i>		
The Clubs & Societies Reserve contains amounts of retained profits that have been set aside per the Union's Constitution for the advancement of Clubs & Societies.		
<i>(ii) Movement in Reserve</i>		
Balance at beginning of year	7,705	9,505
Distributions from Clubs & Societies Reserve	<u>(7,065)</u>	<u>(1,800)</u>
Balance at end of year	<u><u>640</u></u>	<u><u>7,705</u></u>

In accordance with section 9(2)(e) of the Union's Constitution, \$7,065 (2012: \$1,800) has been distributed directly from the reserve for the advancement of clubs and societies.

NOTE 6: TRADE & OTHER RECEIVABLES

Trade receivables	112,501	44,473
Other receivables	<u>51,949</u>	<u>84,629</u>
	<u><u>164,450</u></u>	<u><u>129,102</u></u>
Accounts receivable included amounts owed by the following related party: The Australian National University	<u>1,150</u>	<u>1,946</u>

Trade receivables are non-interest bearing and are generally on 30-90 day terms. Other receivables are non-interest bearing.

For terms and conditions relating to related party receivables refer to note 17.

NOTE 7: INVENTORY

Inventory - finished goods (at cost)	<u>218,781</u>	<u>232,179</u>
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In 2013, the Union wrote-off nil (2012: \$18,994) due to inventory obsolescence.

NOTE 8: PREPAYMENTS

Prepayments	<u>64,881</u>	<u>29,912</u>
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NOTE 9: HELD-TO-MATURITY INVESTMENTS

Term deposits - current	<u>600,000</u>	<u>1,862,564</u>
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These term deposits are held for between 3 months to 1 year at interest rates of between 3.7% to 4.2%

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 DECEMBER 2013

	2013 \$	2012 \$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	2,544,660	2,637,821
Accumulated depreciation & impairment loss	<u>(2,242,165)</u>	<u>(2,266,112)</u>
	<u>302,496</u>	<u>371,709</u>
Fixtures and fittings - at cost	2,743,901	3,189,730
Accumulated depreciation & impairment loss	<u>(2,264,053)</u>	<u>(2,534,748)</u>
	<u>479,847</u>	<u>654,982</u>
Motor vehicles - at cost	64,213	64,213
Accumulated depreciation	<u>(54,078)</u>	<u>(47,112)</u>
	<u>10,135</u>	<u>17,101</u>
Work in Progress	<u>37,193</u>	<u>-</u>
Works of art - at fair value	<u>100,000</u>	<u>100,000</u>
Leasehold improvements - at cost	2,757,546	2,707,622
Accumulated depreciation & impairment loss	<u>(2,589,930)</u>	<u>(2,547,184)</u>
	<u>167,616</u>	<u>160,438</u>
Post Office/Subway licence - at cost	22,500	22,500
Accumulated amortisation	<u>(17,964)</u>	<u>(17,215)</u>
	<u>4,536</u>	<u>5,285</u>
Total property, plant and equipment	<u><u>1,101,823</u></u>	<u><u>1,309,515</u></u>

For property, plant and equipment, the Union assesses at each reporting date whether there is objective evidence that an asset or group of assets is impaired.

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2013 \$	2012 \$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Cont)		
RECONCILIATIONS		
Plant & Equipment		
Carrying amount at beginning	371,709	355,273
Additions	63,779	193,840
Disposals	(156,940)	(333,334)
Writeback of accumulated depreciation	156,940	286,331
Depreciation	(132,993)	(130,401)
Closing Written Down Value	<u>302,495</u>	<u>371,709</u>
Fixtures & Fittings		
Carrying amount at beginning	654,983	718,619
Additions	20,448	134,508
Disposals	(466,277)	(150,150)
Writeback of accumulated depreciation	465,405	146,907
Depreciation	(194,711)	(194,902)
Closing Written Down Value	<u>479,848</u>	<u>654,983</u>
Motor Vehicles		
Carrying amount at beginning	17,101	24,086
Disposals	-	(25,386)
Writeback of accumulated depreciation	-	25,386
Depreciation	(6,966)	(6,985)
Closing Written Down Value	<u>10,135</u>	<u>17,101</u>
Work in Progress		
Carrying amount at beginning	-	-
Additions	37,193	-
Closing Written Down Value	<u>37,193</u>	<u>-</u>
Works of Art		
At fair value	<u>100,000</u>	<u>100,000</u>
Leasehold Improvements		
Carrying amount at beginning	160,438	201,492
Additions	49,924	-
Disposals	-	(56,327)
Depreciation	(42,746)	(41,054)
Write back of accumulated depreciation	-	56,327
Closing Written Down Value	<u>167,616</u>	<u>160,438</u>
Licence - at cost		
Carrying amount at beginning	5,285	6,037
Amortisation	(749)	(752)
Closing Written Down Value	<u>4,536</u>	<u>5,285</u>

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 DECEMBER 2013

NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

	2013 \$	2012 \$
Trade payables	252,294	167,692
Goods and services tax	56,550	84,482
Annual leave accrual	91,148	195,215
Accrued expenses	<u>123,122</u>	<u>146,881</u>
	<u>523,114</u>	<u>594,270</u>
Accounts payable included amounts owed to the following related party: The Australian National University	<u>124,510</u>	<u>62,683</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing.

For terms and conditions relating to related parties refer to note 17.

The net of GST payable and GST receivable is remitted to the appropriate tax body on a quarterly basis.

NOTE 12: EMPLOYEE BENEFITS

Long service leave provision (current)	40,594	187,646
Long service leave provision (non-current)	<u>24,721</u>	<u>24,556</u>
	<u>65,315</u>	<u>212,202</u>

NOTE 13: DEFERRED INCOME (CURRENT)

Grant from ANU	75,000	75,000
Rental Income	5,234	3,447
Others/function funds received in advance	<u>84,158</u>	<u>2,870</u>
	<u>164,392</u>	<u>81,317</u>

NOTE 14: DEFERRED INCOME (NON CURRENT)

Grant from ANU	<u>-</u>	<u>75,000</u>
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NOTE 15: SEGMENT INFORMATION

The Union operates in one operating segment being on the campus of The Australian National University in the Australian Capital Territory offering non-academic services to its members and University patrons.

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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NOTE 16: COMMITMENTS

	2013 \$	2012 \$
(a) Capital expenditure commitments:		
Capital expenditure commitments payable not later than one year	<u>102,554</u>	<u>75,000</u>

(b) Licence agreements commitments receivable:

The Union has entered into a number of licence agreements on designated areas of the "The Union Building". These licence agreements have terms of 5 years with an option period of 5 years or 3 years with an option period of 2 years. Licence fee receipts are reviewed annually based on the Consumer Price Index (CPI) Number for Canberra. Management incorporates 2% CPI into the calculation of minimum licence fees receipts.

Future minimum licence fees receivable under the licence agreements are:

	2013 \$	2012 \$
Within one year	530,484	430,318
After one year but not more than five years	957,479	958,870
More than five years	-	-
Total minimum licence fees receipts	<u>1,487,963</u>	<u>1,389,189</u>

NOTE 17: RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) The board members of the Union and key management personnel responsible for the affairs of the organisation during the financial year and until the date of this report are as follows:

Current Board of Directors	Elected/Appointed
Jack Gracie - Chair (from 22/8/13)	1/9/11
Michael Hiscox - Deputy Chair (from 22/8/13)	1/9/11
Adam Da Cruz	1/9/11
Aizaz Syed	1/9/12
Olivia Kelly	1/9/12
Tom Brazier	20/5/13
Nina Miller	25/9/13
Peter Shipp - PVC (Administration) Nominee	Appointed 1/5/02
Steve O'Connor	Appointed 1/1/09
Past Board of Directors	Retired
Xinyu Ru - Chair (from 1/9/11)	22/8/13

Key Management Personnel

Allan Harkins Business Manager

(b) The members of the Board of the Union were not remunerated except for the Chair and Deputy Chair.

In addition to the compensation of key management personnel, which is separately disclosed in this report, the following details related party transactions which occurred during the period:

The Australian National University makes the Union building available on a no charge basis.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arms length transactions at both normal market prices and normal commercial terms.

Outstanding balances at year-end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

For the year ended 31 December 2013, the Union has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2012: \$nil). An impairment assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates in to determine whether there is objective evidence that a related party receivable is impaired. When such evidence exists, the Union recognises an allowance for the impairment loss.

The Union has no dealings with any other related parties.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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NOTE 17: RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES (Cont)

(b) Key Management Personnel, Chair and Deputy Chair's Compensation

The aggregate remuneration paid to key management personnel, Chair and Deputy Chair during the financial year is as follows:

	2013 \$	2012 \$
Short-term benefits		
Cash salary and fees	255,947	138,795
Cash bonus	3,944	-
Superannuation	25,459	16,535
	<u>285,350</u>	<u>155,330</u>

Cash Bonus

There were bonuses issued in the 2013 calendar year for the Chair and Deputy Chair

Non Monetary Benefits

The Union provides the General Manager with the use of a motor vehicle for the business of the Union or private purposes. The General Manager is not required to contribute for private use of the motor vehicle.

NOTE 18: AUDITORS REMUNERATION

Amounts receivable or due and receivable by Auditors

Audit services	27,053	26,265
Other services	-	-
	<u>27,053</u>	<u>26,265</u>

NOTE 19: EVENTS AFTER THE BALANCE DATE

There has not arisen, in the interval between the end of the period and that date of the report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Union, the results of those operations, or the state of the affairs of the Union in subsequent financial years.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 December 2013

NOTE 20: FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Union's principal financial instruments comprise cash and held-to-maturity investments.

The Union manages its exposure to key financial risks, including interest rate risk with the objective to support the creation of income in order to finance the Union's operations.

The Union has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Union's financial instruments are interest rate risk, credit risk and liquidity risk. The Union uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Risk Exposures and Responses

Interest rate risk

The Union's exposure to market interest rates relates primarily to cash, held-to-maturity investments and bank overdrafts.

At balance date, the Union had financial assets comprising cash at bank totalling \$1,155,178 (2012:\$406,715) and held-to-maturity investments totalling \$600,000 (2012:\$1,862,564) which are exposed to Australian variable interest rate risk that are not designated in cash flow hedges.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date:

At 31 December 2013 and 2012, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net surplus from operations and equity would have been affected as follows:

Judgements of reasonably possible movements:	Net surplus Higher/(Lower)		Equity Higher/(Lower)	
	2013 \$	2012 \$	2013 \$	2012 \$
+3% (300 basis points)	48,050	67,664	48,050	67,664
- 3% (300 basis points)	(48,050)	(67,664)	(48,050)	(67,664)

The movements in net surplus from operations and equity are due to higher/lower interest income from variable rate cash/term deposits.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 December 2013

NOTE 20: FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES (Cont)

Credit risk

Credit risk arises from the financial assets of the Union, which comprise cash and cash equivalents, trade and other receivables, and held-to-maturity investments. The Union's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The carrying amounts of the entity's financial assets are the same as their net fair value. Exposure at balance date is presented in the following table:

Financial Instrument	At 31 December	
	2013	2012
	\$	\$
Cash and cash equivalents	1,168,916	420,505
Trade and other receivables	164,450	129,102
Held-to-maturity investments	600,000	1,862,564

The Union does not hold any credit derivatives to offset its credit exposure. The Union trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Union's policy to securitise its trade and other receivables. Only selected customers can trade on credit terms and all other customers are undertaken on a cash basis.

In addition, receivable balances are monitored on an ongoing basis with the result that the Union's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Union.

Liquidity risk

The Union's objective is to maintain a balance between continuity of funding and flexibility. The Union's financial liabilities comprise trade creditors and other payables totalling \$523,163 (2012: \$594,270).

THE AUSTRALIAN NATIONAL UNIVERSITY UNION INC.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
31 December 2013

NOTE 20: FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES(Cont)

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows:

Year ended 31 December 2013	1 month or less \$	3 to 5 months \$	6 to 12 months \$	Greater than 1 year \$	Total \$
Cash at bank	1,168,916	-	-	-	1,168,916
Trade and other receivables	164,450	-	-	-	164,450
Held-to-maturity investments	-	600,000	-	-	600,000
Total financial assets	1,333,366	600,000		-	1,933,366
Trade and other payables	523,114	-	-	-	523,114
Total financial liabilities	523,114	-	-	-	523,114
Net maturity	810,252	600,000	-	-	1,410,252