

James Cook University Student Association

ABN: 96 799 820 080

Financial Statements

For the Year Ended 31 December 2019

James Cook University Student Association

ABN: 96 799 820 080

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James Cook University Student Association

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

		2019	2018
	Note	\$	\$
Revenue	3	2,016,754	2,164,473
Cost of Sales		(2,255)	(5,267)
Employee benefits expense		(1,196,874)	(1,249,727)
Depreciation and amortisation expense		(36,574)	(18,927)
Clubs and Societies Grants		(61,248)	(77,331)
Other operating expenses	4	(576,542)	(610,070)
Finance costs		(1,606)	-
Surplus before income tax		141,655	203,151
Income tax expense		-	-
Surplus after income tax for the year		141,655	203,151
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		141,655	203,151

The accompanying notes form part of these financial statements.

James Cook University Student Association

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Statement of Financial Position

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,318,450	1,007,130
Trade and other receivables	6	9,703	35,151
Inventories		662	1,090
Other financial assets	7	10,890	112,890
Other assets	8	40,370	41,028
TOTAL CURRENT ASSETS		<u>1,380,075</u>	<u>1,197,289</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	111,797	12,013
TOTAL NON-CURRENT ASSETS		<u>111,797</u>	<u>12,013</u>
TOTAL ASSETS		<u>1,491,872</u>	<u>1,209,302</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	184,221	143,656
Lease liability	11	33,539	-
Employee benefits	12	91,058	112,141
TOTAL CURRENT LIABILITIES		<u>308,818</u>	<u>255,797</u>
NON-CURRENT LIABILITIES			
Lease liability	11	77,957	-
Employee benefits	12	40,595	30,658
TOTAL NON-CURRENT LIABILITIES		<u>118,552</u>	<u>30,658</u>
TOTAL LIABILITIES		<u>427,370</u>	<u>286,455</u>
NET ASSETS		<u>1,064,502</u>	<u>922,847</u>
EQUITY			
Retained surplus		<u>1,064,502</u>	<u>922,847</u>
TOTAL EQUITY		<u>1,064,502</u>	<u>922,847</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 31 December 2019

2019

	Retained Surplus	Total
	\$	\$
Balance at 1 January 2019	922,847	922,847
Total comprehensive income for the year	141,655	141,655
Balance at 31 December 2019	1,064,502	1,064,502

2018

	Retained Surplus	Total
	\$	\$
Balance at 1 January 2018	719,696	719,696
Total comprehensive income for the year	203,151	203,151
Balance at 31 December 2018	922,847	922,847

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,025,412	2,174,408
Payments to suppliers and employees	(1,804,414)	(1,980,728)
Interest received	16,791	11,413
Finance costs	(1,606)	-
Net cash provided by/(used in) operating activities	<u>236,183</u>	<u>205,094</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from maturity of long-term investment	100,000	-
Reduction of lease liability	(24,863)	-
Net cash used by financing activities	<u>75,137</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	311,320	205,094
Cash and cash equivalents at beginning of year	1,007,130	802,036
Cash and cash equivalents at end of financial year	5 <u>1,318,450</u>	<u>1,007,130</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 31 December 2019

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Boards (AASB), the *Australian Charities and Not-for-Profits Commission Act 2012* and the *James Cook University Act 1997*. The Association is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known, then the actual results may differ from the estimates. Details of all significant estimates and judgements are included in the accounting policies listed below.

2 Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which James Cook University Student Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods

Sales revenue is recognised when received or receivable.

Grant revenue

Grant revenue is recognised in profit or loss when James Cook University Student Association satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before James Cook University Student Association is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Significant Accounting Policies

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Deposits with maturity dates greater than three months are considered investments.

On initial recognition, investments are measured at fair value plus transaction costs and subsequently measured at amortised cost in accordance with *AASB 9 Financial Instruments*.

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Plant and Equipment	3-7 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(d) Trade and other payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(e) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Significant Accounting Policies

(f) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

(g) Adoption of new and revised accounting standards

AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-for-Profit entities

James Cook University Student Association has adopted *AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-for-Profit entities* for the first time in the current financial year with a date of initial application of 1 January 2019. The Council has assessed these standards and concluded that they have not been materially impacted by the change in accounting standards.

AASB 16 Leases

James Cook University Student Association has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and interest expense on the recognised lease liabilities (included in finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

In applying AASB 16 for the first time, James Cook University Student Association has utilised the following practical expedients permitted by the standard:

- elected not to recognise right-of-use assets and lease liabilities for leases in which the lease term ends within 12 months of the date of initial application;
- elected not to recognise right-of-use assets and lease liabilities for leases that were determined to be of low-value under the guidance provided by the standard.

After practical expedients applied, a right-of-use asset and lease liability have been recognised in the Statement of Financial Position for the lease of gym equipment.

Impact of adoption

AASB 15, AASB 1058 and AASB 16 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained earnings as at 1 January 2019.

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Notes to the Financial Statements For the Year Ended 31 December 2019

2 Significant Accounting Policies

(h) Income Tax

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

3 Sales and Other Revenue

	2019	2018
	\$	\$
Sales Revenue		
- Gym revenue	393,189	444,619
- Other sales revenue	9,193	12,190
Total Sales Revenue	402,382	456,809
Other Revenue		
- SSAF Funding	1,235,050	1,276,390
- Membership Fees	34,641	40,241
- Interest	16,791	11,413
- FMO Contribution	15,600	15,600
- Sporting fixtures	76,296	73,202
- Other revenue	235,995	290,820
Total Other Revenue	1,614,372	1,707,664
Total Revenue	2,016,754	2,164,473

4 Other Expenses

	2019	2018
	\$	\$
Insurance	33,528	35,624
Lease expenses	16,703	39,228
Motor vehicle expenses	9,729	9,713
Permits, licenses and fees	17,053	17,046
Rent	63,895	62,879
Repairs and maintenance	5,645	4,629
Sporting facility expenses	99,511	85,069
Travel - domestic	18,443	39,901
O-Week Expenses	38,432	34,985
Utilities	77,796	86,616
Sundry expenses	195,806	194,380
Total other expenses	576,542	610,070

Notes to the Financial Statements

For the Year Ended 31 December 2019

5 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank	1,316,800	1,005,730
Cash on hand	1,650	1,400
Total cash and cash equivalents	1,318,450	1,007,130

6 Trade and other receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	14,630	32,719
Provision for impairment	(4,927)	(8,765)
	9,703	23,954
Other receivable - Loan to Saints Cricket Club	-	11,197
Total current trade and other receivables	9,703	35,151

Trade and other receivables are recognised at amortised cost, less any allowance for expected credit losses, in accordance with *AASB 9 Financial Instruments*.

7 Other Financial Assets

	2019	2018
	\$	\$
CURRENT		
Financial assets at fair value through profit or loss	10,890	12,890
Financial assets at amortised cost	-	100,000
Total other financial assets	10,890	112,890

8 Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	35,688	27,226
Accrued income	4,682	13,802
Total other assets	40,370	41,028

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

9 Property, plant and equipment

	2019	2018
	\$	\$
RIGHT-OF-USE ASSET		
At Cost	136,358	-
Accumulated amortisation	(25,569)	-
Total right-of-use asset	110,789	-
PLANT AND EQUIPMENT		
At cost	458,795	459,790
Accumulated depreciation	(457,787)	(447,777)
Total plant and equipment	1,008	12,013
Total property, plant and equipment	111,797	12,013

(a) Movements in Carrying Amounts

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

	Right-of-use Asset	Plant and Equipment	Total
	\$	\$	\$
Year ended 31 December 2019			
Balance at the beginning of the year	-	12,013	12,013
Additions	136,358	-	136,358
Depreciation/amortisation expense	(25,569)	(11,005)	(36,574)
Balance at the end of the year	110,789	1,008	111,797

10 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	18,925	8,538
Accruals and other payables	41,831	39,734
GST & PAYG payable	20,064	14,415
Prepaid Income	36,072	33,402
Prepaid SSAF Income	67,329	1,300
Unexpended SSAF Funding	-	46,266
Total trade and other payables	184,221	143,656

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Notes to the Financial Statements For the Year Ended 31 December 2019

11 Lease liability

	2019	2018
	\$	\$
CURRENT		
Lease liability	33,539	-
	<u>33,539</u>	<u>-</u>
NON-CURRENT		
Lease liability	77,957	-
	<u>77,957</u>	<u>-</u>

12 Employee Benefits

	2019	2018
	\$	\$
CURRENT		
Annual Leave	69,529	88,114
TOIL	1,704	4,451
Long Service Leave	19,825	19,576
Total current employee benefits	<u>91,058</u>	<u>112,141</u>
NON-CURRENT		
Long service leave	40,595	30,658
Total non-current employee benefits	<u>40,595</u>	<u>30,658</u>

13 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of James Cook University Student Association during the year are as follows:

	2019	2018
	\$	\$
Key management personnel compensation	136,807	135,039

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Notes to the Financial Statements For the Year Ended 31 December 2019

14 Related Parties

The Association is governed by the *James Cook University Act 1997*, and, as such, the services provided by the Association are in accordance with the requirements of the University.

Key management personnel - refer to Note 13.

(a) Related Party Transactions

			Balance outstanding	
	Purchases	Contribution for Goods & Services	Owed to JCU Student Association	Owed by JCU Student Association
Associates				
James Cook University	221,274	87,668	2,290	6,838

The Association's key funding arrangement is with James Cook University (JCU). JCU has provided \$1,215,239 in 2019 to fund the Association's operating expenditure for the 2019 year.

15 Contingencies

In the opinion of the Council, the James Cook University Student Association did not have any contingent assets or liabilities at 31 December 2019 (31 December 2018: Nil).

16 Events after the end of the Reporting Period

As a result of the global pandemic, Covid-19 (Novel Coronavirus), James Cook University Student Association has had to discontinue operations of the gym indefinitely. There is no known timeframe surrounding this closure. As a result of this, the Council has decided to provide refunds to members for the unused portions of their memberships.

Furthermore, Council has approved the refund of Association memberships to international students, as well as memberships for the Townsville Pool.

At this point in time it is not possible to quantify the full financial impact of this pandemic on the Association and its future operations as further restrictions on events and activities normally conducted by the Association are likely to occur as the situation continues to evolve. Based on internal modelling performed to date, the Association continues to maintain adequate cash reserves to support their continued operations at this time and for this reason the financial statements have been prepared on a going concern basis.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the James Cook University Student Association, the results of those operations or the state of affairs of the James Cook University Student Association in future financial years.

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Statement by Members of Council

The Council of the James Cook University Student Association declare that:

1. The financial statements and notes, as set out on pages 1 to 12, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and *James Cook University Act 1997* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of James Cook University Student Association.
2. In the Council's opinion, there are reasonable grounds to believe that the James Cook University Student Association will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Council.

President THOMAS O'GRADY

Dated this 31st day of MARCH 2020.

Independent Auditor's Report to the Members of James Cook University Student Association

Opinion

We have audited the financial report of James Cook University Student Association (the Association), which comprises the statement of financial position as at 31 December 2019, the 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 to the financial statements, including a summary of significant accounting policies, and the statement by members of council.

In our opinion, the financial report of the Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Association's financial position as at 31 December 2019 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Events after the end of the Reporting Period

We draw attention to Note 16 of the financial report, which describes the effects of the World Health Organisation's declaration of a global health emergency on 31 January 2020 relating to the spread of COVID-19. Our opinion is not modified in respect of this matter.

Responsibilities of Council for the Financial Report

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

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

Independent Auditor's Report to the Members of James Cook University Student Association (cont.)

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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Mark Andrejic

Partner

Townsville, 31 / 03 / 2020.