

James Cook University Student Association

ABN: 96 799 820 080

Financial Statements

For the Year Ended 31 December 2018

James Cook University Student Association

ABN: 96 799 820 080

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For the Year Ended 31 December 2018

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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 2018

		2018	2017
	Note	\$	\$
Revenue	3	2,164,473	2,113,903
Cost of Sales		(5,267)	(3,967)
Employee benefits expense		(1,249,727)	(1,165,468)
Depreciation and amortisation expense		(18,927)	(3,461)
Clubs and Societies Grants		(77,331)	(115,395)
Student Experience		-	(109,047)
Other operating expenses	4	(610,070)	(640,336)
Surplus before income tax		203,151	76,229
Income tax expense		-	-
Surplus after income tax for the year		203,151	76,229
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		203,151	76,229

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 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,007,130	802,036
Trade and other receivables	6	35,151	21,483
Inventories		1,090	1,469
Other financial assets	7	112,890	112,890
Other assets	8	41,028	(4,464)
TOTAL CURRENT ASSETS		<u>1,197,289</u>	<u>933,414</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,013	30,940
TOTAL NON-CURRENT ASSETS		<u>12,013</u>	<u>30,940</u>
TOTAL ASSETS		<u>1,209,302</u>	<u>964,354</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	143,656	154,056
Employee benefits	11	112,141	73,957
TOTAL CURRENT LIABILITIES		<u>255,797</u>	<u>228,013</u>
NON-CURRENT LIABILITIES			
Employee benefits	11	30,658	16,645
TOTAL NON-CURRENT LIABILITIES		<u>30,658</u>	<u>16,645</u>
TOTAL LIABILITIES		<u>286,455</u>	<u>244,658</u>
NET ASSETS		<u>922,847</u>	<u>719,696</u>
EQUITY			
Retained surplus		<u>922,847</u>	<u>719,696</u>
TOTAL EQUITY		<u>922,847</u>	<u>719,696</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 2018

2018

	Retained Surplus	Asset Revaluation Reserve	General Reserve	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

2017

	Retained Surplus	Asset Revaluation Reserve	General Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2017	187,244	-	456,223	643,467
Movement in reserves	456,223	-	(456,223)	-
Total comprehensive income for the year	76,229	-	-	76,229
Balance at 31 December 2017	719,696	-	-	719,696

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,174,408	2,146,735
Payments to suppliers and employees	(1,980,728)	(2,001,558)
Interest received	11,413	10,831
Net cash provided by/(used in) operating activities	<u>205,094</u>	<u>156,008</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	740
Purchase of property, plant and equipment	-	(5,220)
Net cash used by investing activities	<u>-</u>	<u>(4,480)</u>
Net increase/(decrease) in cash and cash equivalents held	205,094	151,528
Cash and cash equivalents at beginning of year	<u>802,036</u>	<u>650,508</u>
Cash and cash equivalents at end of financial year	5 <u><u>1,007,130</u></u>	<u><u>802,036</u></u>

The accompanying notes form part of these financial statements.

James Cook University Student Association

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Notes to the Financial Statements For the Year Ended 31 December 2018

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 is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the James Cook University Student Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sales Revenue

Events, fundraising and gym memberships are recognised when received or receivable.

Grant revenue

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

When grant revenue is received whereby the entity 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.

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 2018

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.

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.

(f) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Notes to the Financial Statements For the Year Ended 31 December 2018

2 Significant Accounting Policies

(g) 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.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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.

(h) Adoption of new and revised accounting standards

AASB 9 Financial Instruments

The Association has adopted *AASB 9 Financial Instruments* from 1 January 2018. The standard introduced new classification and measurements models for financial assets. Financial assets shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

With the exception of changes to classification, (per Note 7), the adoption of *AASB 9 Financial Instruments* did not have any significant impact on the financial performance or position of the Association.

(i) Income Tax

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

Notes to the Financial Statements For the Year Ended 31 December 2018

2 Significant Accounting Policies

(j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The James Cook University Student Association has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the James Cook University Student Association where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
<i>AASB 15 Revenue from Contracts with Customers / AASB1058 Income for Not-for-profit entities</i>	1 January 2019	AASB 15 provides a single model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a new contract-based revenue recognition model with a measurement approach that is based on allocation of the transaction price. AASB 1058 will apply for transactions where the consideration to acquire an asset is significantly less than its fair value, principally to enable a not-for-profit entity to further its objectives. The main impact is that the timing of income recognition will depend on whether there is any performance obligation or other liability and will assist in better matching of income with related expenditure.	Management has assessed these standards and concluded that they will not be materially impacted by the change in accounting standards as all performance obligations associated with their contracts are satisfied within the same year that the contracts are initiated.
<i>AASB 16 Leases</i>	1 January 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use the asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	Management have assessed this standard and have identified a number of lease arrangements which will fall under the scope of AASB 16 and recognition and measurement principles will need to be updated in line with the new standard. This will result in the recognition of a right to use asset and liability in the Associations financial statements. The impact is yet to be quantified.

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Notes to the Financial Statements For the Year Ended 31 December 2018

3 Sales and Other Revenue

	2018	2017
	\$	\$
Sales Revenue		
- Gym revenue	444,619	416,098
- Other sales revenue	12,190	6,794
Total Sales Revenue	456,809	422,892
Other Revenue		
- SSAF Funding	1,276,390	1,265,796
- Membership Fees	40,241	52,504
- Interest	11,413	10,831
- FMO Contribution	15,600	15,600
- Sporting fixtures	73,202	87,434
- Other revenue	290,820	258,844
Total Other Revenue	1,707,666	1,691,009
Total Revenue	2,164,473	2,113,903

Notes to the Financial Statements

For the Year Ended 31 December 2018

4 Other Expenses

	2018	2017
	\$	\$
Insurance	35,624	17,222
Lease expenses	39,228	40,229
Legal Fees	-	40,730
Motor vehicle expenses	9,713	11,198
Permits, licenses and fees	17,046	16,808
Rent	62,879	61,728
Repairs and maintenance	4,629	14,931
Sporting facility expenses	85,069	62,680
Travel - domestic	39,901	63,205
O-Week Expenses	34,985	39,190
Utilities	86,616	80,827
Sundry expenses	194,380	191,588
Total other expenses	610,070	640,336

5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank	1,005,730	800,559
Cash on hand	1,400	1,477
Total cash and cash equivalents	1,007,130	802,036

6 Trade and other receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	32,719	22,482
Provision for impairment	(8,765)	(12,196)
	23,954	10,286
Other receivable - Loan to Saints Cricket Club	11,197	11,197
Total current trade and other receivables	35,151	21,483

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

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Notes to the Financial Statements For the Year Ended 31 December 2018

7 Other Financial Assets

	2018	2017
	\$	\$
CURRENT		
Financial assets at fair value through profit or loss	12,890	-
Financial assets at amortised cost	100,000	-
Held to maturity investments	-	102,000
Financial assets at fair value through profit or loss	-	10,890
Total other financial assets	112,890	112,890

Comparative figures are presented in line with *AASB 139 Financial Instruments* which has been superseded by *AASB 9*, effective 1 January 2018. Retrospective application of *AASB 9 Financial Instruments* is not mandated. Adoption of *AASB 9* has resulted in a change in measurement principles and classification of financial assets held by the Association.

8 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	27,226	(4,464)
Accrued income	13,802	-
Total other assets	41,028	(4,464)

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

9 Property, plant and equipment

	2018	2017
	\$	\$
PLANT AND EQUIPMENT		
At cost	459,790	496,974
Accumulated depreciation	(447,777)	(466,034)
Total plant and equipment	12,013	30,940

(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment	Total
	\$	\$
Year ended 31 December 2018		
Balance at the beginning of the year	30,940	30,940
Depreciation expense	(18,927)	(18,927)
Balance at the end of the year	12,013	12,013

10 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	8,538	4,726
Accruals and other payables	39,734	32,072
GST & PAYG payable	14,415	11,491
Prepaid Income	33,402	34,935
Prepaid SSAF Income	1,300	60,580
Unexpended SSAF Funding	46,266	10,252
Total trade and other payables	143,656	154,056

Notes to the Financial Statements
For the Year Ended 31 December 2018

11 Employee Benefits

	2018	2017
	\$	\$
CURRENT		
Annual Leave	88,114	59,513
TOIL	4,451	239
Long Service Leave	19,576	14,205
Total current employee benefits	112,141	73,957
NON-CURRENT		
Long service leave	30,658	16,645
Total non-current employee benefits	30,658	16,645

12 Capital and Leasing Commitments

(a) Operating Leases

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	93,450	118,188
- between one year and five years	169,932	81,243
Total commitments	263,382	199,431

An operating lease is in place for the lease of gym equipment (commenced February 2015, ends February 2019) and has been subsequently renewed under a new lease contract until February 2023. A number of other operating leases held in which the Association is contractually committed to pay in future periods. These include commitments for use of the gym premises, motor vehicle and a photocopier.

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:

	2018	2017
	\$	\$
Key management personnel compensation	135,039	140,582

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Notes to the Financial Statements For the Year Ended 31 December 2018

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

	Purchases	Contribution for Goods & Services	Balance outstanding Owed by JCU Student Association
Associates			
James Cook University	228,722	235,805	1,400

The Association's key funding arrangement is with James Cook University (JCU). JCU has provided \$1,276,389 in 2018 to fund the Association's operating expenditure for the 2018 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 2018.

In 2017 a contingent liability was recognised in respect of superannuation contributions payable, plus any applicable fees and charges due to a system calculation error resulting in underpayment of superannuation to casual employees dating back to 2012. Liability has been paid during 2018. A contingent asset was also recognised in 2017 for the remaining compensation to be received from a pending insurance claim relating to an internal fraud event that occurred during that period. This claim was finalised and compensation received during the 2018 year.

16 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may 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 14, 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 2018 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 

Dated this 2 day of May 2019.

**James Cook University Student Association
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 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 the Members of Council.

In our opinion, the accompanying financial report of the Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and *James Cook University Act 1997*, including:

- (a) giving a true and fair view of the Association's financial position as at 31 December 2018 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.

Responsibilities of the Council for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Act 2012*, *James Cook University Act 1997* and for such internal control as the Council determine 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 are 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 intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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.

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

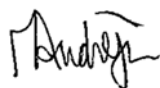
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

Crowe Horwath NQ

CROWE HORWATH NQ



Mark Andrejic
Partner

Townsville, 08 / 05 / 2019.