

# **James Cook University Student Association**

**ABN 96 799 820 080**

**Financial Statements**

**For the Year Ended 31 December 2017**

# James Cook University Student Association

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For the Year Ended 31 December 2017

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James Cook University Student Association

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2017**

		2017	2016
	Note	\$	\$
Revenue	3	2,113,901	2,255,559
Cost of Sales		(3,967)	(5,758)
Employee benefits expense		(1,165,468)	(1,031,595)
Depreciation and amortisation expense		(3,461)	(37,804)
Clubs & Societies Grants		(115,395)	(152,215)
Student Experience		(109,047)	(11,047)
Other operating expenses	4	(640,334)	(610,255)
<b>Surplus before income tax</b>		<b>76,229</b>	<b>406,885</b>
Income tax expense		-	-
<b>Surplus after income tax for the year</b>		<b>76,229</b>	<b>406,885</b>
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income for the year</b>		<b>76,229</b>	<b>406,885</b>

The accompanying notes form part of these financial statements.

## James Cook University Student Association

### Statement of Financial Position

As At 31 December 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	<b>802,036</b>	650,508
Trade and other receivables		<b>10,286</b>	16,912
Inventories		<b>1,469</b>	1,823
Other financial assets	6	<b>112,890</b>	117,300
Other assets	7	<b>6,733</b>	31,996
TOTAL CURRENT ASSETS		<b>933,414</b>	818,539
NON-CURRENT ASSETS			
Property, plant and equipment	8	<b>30,940</b>	33,604
TOTAL NON-CURRENT ASSETS		<b>30,940</b>	33,604
TOTAL ASSETS		<b>964,354</b>	852,143
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	<b>154,056</b>	140,575
Employee benefits	10	<b>73,957</b>	30,055
TOTAL CURRENT LIABILITIES		<b>228,013</b>	170,630
NON-CURRENT LIABILITIES			
Employee benefits	10	<b>16,645</b>	38,046
TOTAL NON-CURRENT LIABILITIES		<b>16,645</b>	38,046
TOTAL LIABILITIES		<b>244,658</b>	208,676
NET ASSETS		<b>719,696</b>	643,467
<b>EQUITY</b>			
Reserves		-	456,223
Retained earnings		<b>719,696</b>	187,244
TOTAL EQUITY		<b>719,696</b>	643,467

The accompanying notes form part of these financial statements.

James Cook University Student Association

**Statement of Changes in Equity**  
For the Year Ended 31 December 2017

2017

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

2016

	<b>Retained Earnings</b>	<b>Asset Revaluation Reserve</b>	<b>General Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2016</b>	<b>(219,641)</b>	<b>(448)</b>	<b>456,223</b>	<b>236,134</b>
Movement in reserves	-	448	-	448
Surplus for the year	406,885	-	-	406,885
<b>Balance at 31 December 2016</b>	<b>187,244</b>	<b>-</b>	<b>456,223</b>	<b>643,467</b>

The accompanying notes form part of these financial statements.

James Cook University Student Association

**Statement of Cash Flows**

For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	2,146,735	1,951,706
Payments to suppliers and employees	(2,001,558)	(2,080,993)
Interest received	10,831	17,455
Net cash provided by/(used in) operating activities	<u>156,008</u>	<u>(111,832)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	740	-
Purchase of property, plant and equipment	(5,220)	(17,176)
Net cash used by investing activities	<u>(4,480)</u>	<u>(17,176)</u>
Net increase/(decrease) in cash and cash equivalents held	151,528	(129,008)
Cash and cash equivalents at beginning of year	650,508	779,516
Cash and cash equivalents at end of financial year	5 <u>802,036</u>	<u>650,508</u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 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 2017

### 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.

#### (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 depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
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.

#### (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).



## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 2 Significant Accounting Policies

#### (g) Goods and services tax (GST)

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) Income Tax

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

#### (i) 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
AASB 1058 Income for Not-For-Profit Entities	1 January 2019	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. NFP's will also now recognise peppercorn leases as right-of-use assets at fair value and can elect to recognise the receipt of volunteer services if they can be reliably measured.	Management are still to undertake an assessment as to the impact of the application of this standard.

**Notes to the Financial Statements**  
For the Year Ended 31 December 2017

**2 Significant Accounting Policies**

**(i) New Accounting Standards and Interpretations**

<b>Standard Name</b>	<b>Effective date for entity</b>	<b>Requirements</b>	<b>Impact</b>
AASB 16 Leases	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 are still to undertake an assessment as to the impact of the application of this standard.
AASB 9 Financial Instruments	1 January 2018	AASB 9 will effect the entity in that investment in equity instruments must be recognised at fair value and it permits entities to make an irrevocable election to present gains and losses on such investments in other comprehensive income to reduce volatility within net profit.	Management are still to undertake an assessment as to the impact of the application of this standard. It is unlikely to have a material impact.

**3 Sales and Other Revenue**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Sales Revenue		
- Gym revenue	<b>416,098</b>	437,066
- Other sales revenue	<b>6,794</b>	10,558
<b>Total Sales Revenue</b>	<b>422,892</b>	447,624
Other Revenue		
- SSAF Funding	<b>1,265,796</b>	1,380,816
- Membership Fees	<b>52,504</b>	33,461
- Interest	<b>10,831</b>	17,455
- FMO Contribution	<b>15,600</b>	15,600
- Sporting fixtures	<b>87,434</b>	92,219
- Debt Forgiveness	-	19,725
- Other revenue	<b>258,844</b>	248,659
<b>Total Other Revenue</b>	<b>1,691,009</b>	1,807,935
<b>Total Revenue</b>	<b>2,113,901</b>	2,255,559

**Notes to the Financial Statements**  
For the Year Ended 31 December 2017

**4 Other Expenses**

	2017	2016
	\$	\$
- Administration Fees	80,959	65,682
- Insurance	17,222	35,543
- Motor vehicle expenses	11,198	12,973
- Permits, licenses and fees	16,808	28,775
- Rent	61,728	61,735
- Repairs and maintenance	14,931	8,641
- Sporting facility expenses	62,680	94,872
- Travel - domestic	63,205	11,376
- O-Week Expenses	39,190	32,350
- Utilities	80,827	92,269
- Sundry expenses	191,586	166,039
<b>- Total other expenses</b>	<b>640,334</b>	<b>610,255</b>

**5 Cash and Cash Equivalents**

	2017	2016
	\$	\$
Cash at bank	800,559	646,572
Cash on hand	1,477	3,936
	<b>802,036</b>	<b>650,508</b>

**6 Other Financial Assets**

	2017	2016
	\$	\$
CURRENT		
Listed shares	10,890	15,300
Unlisted shares	2,000	2,000
Term deposits	100,000	100,000
	<b>112,890</b>	<b>117,300</b>

**7 Other Assets**

	2017	2016
	\$	\$
CURRENT		
Prepayments	(4,464)	10,057
Accrued income	-	10,742
Loan to Saints Cricket Club	11,197	11,197
	<b>6,733</b>	<b>31,996</b>

**Notes to the Financial Statements**  
For the Year Ended 31 December 2017

**8 Property, plant and equipment**

	2017	2016
	\$	\$
PLANT AND EQUIPMENT		
At cost	496,974	504,709
Accumulated depreciation	(466,034)	(471,105)
Total plant and equipment	<u>30,940</u>	<u>33,604</u>

**(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
	\$	\$
<b>Year ended 31 December 2017</b>		
Balance at the beginning of the year	33,604	33,604
Additions	5,220	5,220
Disposals	(4,423)	(4,423)
Depreciation expense	(3,461)	(3,461)
<b>Balance at the end of the year</b>	<u>30,940</u>	<u>30,940</u>

	Plant and Equipment	Total
	\$	\$
<b>Year ended 31 December 2016</b>		
Balance at the beginning of the year	54,232	54,232
Additions	17,176	17,176
Depreciation expense	(37,804)	(37,804)
<b>Balance at the end of the year</b>	<u>33,604</u>	<u>33,604</u>

**Notes to the Financial Statements**  
For the Year Ended 31 December 2017

**9 Trade and Other Payables**

	2017	2016
	\$	\$
CURRENT		
Trade payables	4,726	15,014
Accruals and other payables	32,072	20,615
GST & PAYG payable	11,491	12,095
Prepaid Income	34,935	29,269
Prepaid SSAF Income	60,580	31,428
Unexpended SSAF Funding	10,252	32,154
	<u>154,056</u>	<u>140,575</u>

**10 Employee Benefits**

	2017	2016
	\$	\$
CURRENT		
Annual Leave	59,513	29,816
TOIL	239	239
Long Service Leave	14,205	-
	<u>73,957</u>	<u>30,055</u>
NON-CURRENT		
Long service leave	16,645	38,046

**11 Capital and Leasing Commitments**

**(a) Operating Leases**

	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	41,702	39,913
- between one year and five years	5,605	47,389
	<u>47,307</u>	<u>87,302</u>

An operating lease is in place for the lease of gym equipment (commenced February 2015, ends February 2019).

**12 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:

	2017	2016
	\$	\$
Key management personnel compensation	140,582	238,540

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2017**

**13 Contingencies**

**(a) Contingent Liabilities**

During the course of the 2016 audit, an error was identified with respect to the calculation of employer superannuation contributions for casual staff. It is thought the error stems back as far as the 2012 financial year. An initial review revealed the system error was restricted a small number of payroll categories, and as such is unlikely to effect a large number of employees. JCUSA are still undertaking a process to quantify the balance of superannation owed to employee funds. This review will be completed during 2018. At 31 December 2017, a contingent liability exists with respect to the superannuation contributions payable, and any additional fees or charges applicable to this balance.

**(b) Contingent Assets**

At 31 December 2017, James Cook University Student Association recognises a contingent asset for remaining compensation for a pending insurance claim in regards to identified internal fraud. Compensation had already been received by the State Penalties Enforcement Registry (SPER) in the year in respect of the identified fraud. The insurance assessment was not yet finalised at the end of the reporting year, however compensation was reasonably expected to be received pending the finalisation of a review by an insurance appointed forensic accountant.

**14 Related Parties**

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

Key management personnel - refer to Note 12.

**(a) Related Party Transactions**

	Purchases	Contribution for Goods & Services	Balance outstanding Owed by JCU Student Association
<b>Associates</b>			
James Cook University	216,732	1,265,796	6,243
<b>KMP related parties</b>			
Benita Bosch	29,813	-	-

**15 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.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2017**

**16 Statutory Information**

**Registered office**

The registered office of the association is:  
James Cook University Student Association  
PO Box 1  
James Cook University  
TOWNSVILLE QLD 4811

**Principal place of business**

The principal place of business is:  
James Cook University Student Mall  
TOWNSVILLE QLD 4811

**James Cook University Student Association**

**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 13, 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 2017 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 ..... 11 ..... day of ..... may ..... 2018.



## **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 2017, 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 presents fairly, in all material respects, the financial position of the Association as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-Profits Commission Act 2012* and *James Cook University Act 1997*.

#### **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.

#### **Other Matters – comparatives audited by another auditor**

The financial report of James Cook University Student Association for the year ended 31 December 2016 was audited by another auditor who expressed a qualified opinion on that financial report on 31 December 2016. The qualification was in respect of revenue items not susceptible to audit and completeness over the superannuation liability.

#### **Responsibilities of the Council for the Financial Report**

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as the Council determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating 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 has no realistic alternative but to do so.

## **JAMES COOK UNIVERSITY STUDENT ASSOCIATION**

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

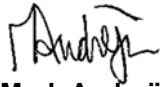
#### **Auditor's Responsibilities for the Audit of the Financial Report**

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.

*Crowe Horwath NQ*

#### **CROWE HORWATH NQ**



**Mark Andrejic**

Partner

Townsville, 16 / 05 / 2018.