

**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA**

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA**

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
Revenue			
Sale of Goods		6,756,493	6,274,499
Cost of Sales		(2,878,311)	(2,881,651)
Gross Profit		<u>3,878,182</u>	<u>3,392,848</u>
Student Services and Amenities Fee from UWA		2,819,653	1,805,386
Commission income		199,433	200,198
Finance income	2(a)	443,513	341,481
Rental - Property and Equipment income		662,942	665,004
Rebate Income	2(e)	64,634	49,062
Other income	2(b)	417,092	415,171
Administrative expenses	2(c)	(2,547,922)	(2,364,409)
Employee Benefits expense	2(d)	(5,299,257)	(4,752,131)
Profit / (Loss) before finance costs		<u>638,270</u>	<u>(247,390)</u>
Finance costs		(11,166)	(11,725)
Profit / (Loss) on disposal Fixed Assets		14,493	(41,403)
Net Profit / (Loss)		<u><u>641,597</u></u>	<u><u>(300,518)</u></u>
Other Comprehensive Income for the year		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year		<u><u>641,597</u></u>	<u><u>(300,518)</u></u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA
STATEMENT OF FINANCIAL POSITION
AS AT ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	12(a)	1,387,131	571,716
Trade and other receivables	3	658,430	579,442
Inventories	4	79,389	73,213
Other financial assets	6	2,119,170	1,556,721
TOTAL CURRENT ASSETS		<u>4,244,120</u>	<u>2,781,092</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,865,116	5,098,198
Intangible assets	5	69,258	128,517
Other financial assets	6	2,000,000	2,000,000
TOTAL NON-CURRENT ASSETS		<u>6,934,374</u>	<u>7,226,715</u>
TOTAL ASSETS		<u>11,178,494</u>	<u>10,007,807</u>
CURRENT LIABILITIES			
Trade and other payables	7	1,781,494	1,281,271
Provisions	8	440,646	353,663
TOTAL CURRENT LIABILITIES		<u>2,222,140</u>	<u>1,634,934</u>
NON-CURRENT LIABILITIES			
Provisions	8	38,017	96,653
Payables	9	98,199	97,679
TOTAL NON-CURRENT LIABILITIES		<u>136,216</u>	<u>194,332</u>
TOTAL LIABILITIES		<u>2,358,356</u>	<u>1,829,266</u>
NET ASSETS		<u>8,820,138</u>	<u>8,178,541</u>
EQUITY			
Retained earnings	10	1,390,138	748,541
Reserves	11	7,430,000	7,430,000
TOTAL EQUITY		<u>8,820,138</u>	<u>8,178,541</u>

The Statement of Financial Position is to be read in conjunction with the accompanying notes

**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		10,846,720	9,292,050
Payments to Suppliers and Employees		(9,729,822)	(9,214,229)
Interest Received		1,062	1,001
Interest Paid		(11,166)	(11,725)
Net Cash Provided by Operating Activities	12 (b)	<u>1,106,794</u>	<u>67,097</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant, Equipment & Intangible Assets		(186,393)	(1,334,517)
Proceeds from Sale of Plant and Equipment		14,493	-
Net Cash Used in Investing Activities		<u>(171,900)</u>	<u>(1,334,517)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Deposits) / Withdrawals - Long and Short Term Pool		(120,000)	1,200,000
Net Receipts / (Withdrawals) of Funds Held in Trust		521	(4,418)
Net Cash (Used In) / Provided by Financing Activities		<u>(119,479)</u>	<u>1,195,582</u>
NET INCREASE / (DECREASE) IN CASH HELD		815,415	(71,838)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		571,716	643,554
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12 (a)	<u>1,387,131</u>	<u>571,716</u>

The Statement of Cash Flows is to be read in conjunction with the accompanying notes

**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Retained Earnings	Reserves	Total Equity
	\$	\$	\$
Balance at 1 January 2017	748,541	7,430,000	8,178,541
Net Profit for the year	641,597	-	641,597
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	<u>641,597</u>	<u>-</u>	<u>641,597</u>
Balance at 31 December 2017	<u><u>1,390,138</u></u>	<u><u>7,430,000</u></u>	<u><u>8,820,138</u></u>

	Retained Earnings	Reserves	Total Equity
	\$	\$	\$
Balance at 1 January 2016	1,049,059	7,430,000	8,479,059
Net Loss for the year	(300,518)	-	(300,518)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	<u>(300,518)</u>	<u>-</u>	<u>(300,518)</u>
Balance at 31 December 2016	<u><u>748,541</u></u>	<u><u>7,430,000</u></u>	<u><u>8,178,541</u></u>

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes

**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. SUMMARY 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 Section 60.40 of the Australian Charities and Not-For-Profits Commission Regulation 2013 (ACNC Regulation) and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and University of Western Australia Act 1911. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

(b) Property, plant and equipment

Buildings occupancy and usage rights are stated at deemed cost less accumulated depreciation. This is upon the advice of the University of Western Australia recognised on the change of ownership status of Guild Village building in 2013.

Leasehold Improvements are measured at cost less accumulated depreciation .

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

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

Building & Usage Rights	20 years
Leasehold Improvements	40 years
Computers	3 years
Motor Vehicles	5 years
Plant and equipment	5 to 8 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units 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. 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.

Impairment losses are recognised in the Statement of Profit or Loss.

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

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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 Statement of Profit or Loss in the period the item is derecognised.

(c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(d) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(e) Recoverable amount of assets

At each reporting date, the Guild assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Guild makes a formal estimate of 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.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined 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.

(f) Financial Assets

Financial Assets are allocated into two investment pools with The University of Western Australia. These Pools are referred to as Short Term or Long Term Pools. These investments, which form part of the University's investment portfolio, are classified as at fair value through profit or loss ('FVTPL'); where the fair value is determined to be market value applicable at reporting date. Interest income or expenses from changes in net market value are brought to account in the Statement of Profit or Loss in the period in which they occur.

(g) 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 are accounted for as follows:

- Raw materials: purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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

(h) 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.

(i) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position 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 any outstanding bank overdrafts.

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

(j) Provisions

Provisions are recognised when the Guild 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 Guild expects some or all of a provision to be reimbursed, for example under an insurance contract, 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.

(k) Leases

Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

(l) Revenue

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

**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

Interest

Revenue is recognised as the interest accrues.

Lease Income

Lease income from tenants is recognised in the reporting period in which it is earned in accordance with tenancy agreements.

Rebate Income

Rebate Income pertains to income received from third party suppliers based on the quantity of the suppliers' products that have been sold by the Guild of Undergraduates. Rebate income is recognised in the period in which related products have been sold and the risk and rewards of ownership of the products have been passed to the buyer. Risks and rewards are considered passed to the buyer at the time of delivery of the products to the customer.

Other Income

Other income comprises all remaining sources of income for the Guild of Undergraduates and includes advertising income and event income. Income is recognised in the period in which the service or goods have been delivered.

(m) Income Tax

The Guild of Undergraduates, University of Western Australia is an income tax-exempt organisation.

(n) Going Concern

The financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The members of the Guild Council consider the going concern basis to be appropriate for the following reasons:

- There are accessible cash reserves in the UWA Investment pool; and
- In October 2011, the Higher Education Legislation Amendment (Student Services and Amenities) Bill was passed. This legislation makes Student Services and Amenities Fees (SSAF) compulsory for enrolled students. The University of WA has confirmed in December 2017 that the Guild will receive a share of SSAF income in 2018 (subject to Guild performance under the Service Level Agreement between the University and Guild).

(o) Critical accounting estimates and judgements

In the application of the Guild's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**GUILD OF UNDERGRADUATES
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Key areas of estimates and judgements used in preparation of the financial report:

Useful lives of property, plant and equipment

The Guild reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

(p) New accounting standards and interpretations

Standards and Interpretations adopted in the current year

The Guild adopts new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for the current accounting period beginning 1 January 2017. The adoption of new and revised Standards and Interpretations did not have a material impact on amount recognised or disclosed in the financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Guild for the year ended 31 December 2017:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Applicability for year ended
AASB 9 <i>Financial Instruments</i> , and the relevant amending standards	1 January 2018	31 December 2018
AASB 16 <i>Leases</i>	1 January 2019	31 December 2019
AASB 1058 <i>Income of Not-for-Profit Entities</i> , AASB 1058 <i>Income of Not-for-Profit Entities (Appendix D)</i> , AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	1 January 2019	31 December 2019
AASB 2017-1 <i>Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments</i>	1 January 2019	31 December 2019

GUILD OF UNDERGRADUATES
 THE UNIVERSITY OF WESTERN AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
2. REVENUES AND EXPENSES		
a) Finance Income		
Interest income on investments	442,450	340,480
Other interest income	1,063	1,001
	<u>443,513</u>	<u>341,481</u>
b) Other Income		
Advertising income	61,020	42,407
Orientation day income	96,260	85,188
Other	259,812	287,576
	<u>417,092</u>	<u>415,171</u>
c) Administrative Expenses		
Depreciation	475,751	419,091
Activities	827,917	727,293
Other	1,244,254	1,218,025
	<u>2,547,922</u>	<u>2,364,409</u>
d) Employee benefits expense		
Salaries and wages	4,207,578	3,971,898
Workers compensation costs	41,362	59,286
Superannuation costs	475,512	418,412
Employee leave costs	324,315	72,400
Other	250,490	230,135
	<u>5,299,257</u>	<u>4,752,131</u>
e) Rebate Income		
Catering rebates	64,634	49,062
	<u>64,634</u>	<u>49,062</u>

* 2016 figures have been restated to reflect the reclassification of utilities charges income to Other Income from previous classification as an offset to Other Expenses.

**GUILD OF UNDERGRADUATES
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
3. TRADE AND OTHER RECEIVABLES		
Trade debtors	503,217	435,163
Less: Provision for Doubtful Debts	(18,414)	(24,183)
	<u>484,803</u>	<u>410,980</u>
Sundry Debtors	75,580	75,874
Prepayments	98,047	92,588
	<u>173,627</u>	<u>168,462</u>
	<u><u>658,430</u></u>	<u><u>579,442</u></u>

Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A bad debt provision of \$6,181 (2016: \$6,858) has been recognised by the Guild during the year. This amount had been included in administrative expenses.

Movements in the provision for impairment loss were as follows:

	2017	2016
	\$	\$
As 1 January	24,183	17,325
Impairment Losses recognised on receivables	6,181	6,858
Amounts written off during the year as uncollectible	(11,950)	-
At 31 December	<u>18,414</u>	<u>24,183</u>

At 31 December, the ageing analysis of trade receivables is as follows:

	Total	0-29	30-59	60-89	90 Days +
	\$	\$	\$	\$ PDNI*	\$ PDNI*
2017	503,217	93,473	41,627	16,347	351,770
2016	435,163	64,300	9,297	306,528	55,038

*Past due not impaired ('PDNI')

Receivables past due but not considered impaired are \$368,117 (2016: \$361,566). After the audit date, an amount of \$119,755 has been received. Of the total outstanding amount, an amount of \$18,414 has been provided for as a bad debt at year end, this pertains to 365 Days + trade receivables and overdrawn Guild affiliated club balances. Payment terms on the remaining amounts considered recoverable have not been re-negotiated however credit has been stopped until full payment is made.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

	2017	2016
	\$	\$
4. INVENTORIES		
Finished Goods - At Cost	<u>79,389</u>	<u>73,213</u>

GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
5. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS		
Buildings and Usage Rights		
Guild Village Occupancy & Usage Rights - At Deemed Cost	2,563,735	2,563,735
Accumulated Depreciation	(510,934)	(382,747)
Total Building Rights	<u>2,052,801</u>	<u>2,180,988</u>
Building and Leasehold Improvements		
Hackett Hall Extension - At Cost	95,926	95,926
Improvements on Leasehold - At Cost	2,163,227	1,944,007
Work in Progress	64,650	237,784
	<u>2,323,803</u>	<u>2,277,717</u>
Accumulated Depreciation	(162,598)	(115,983)
Total Building and Leasehold Improvements	<u>2,161,205</u>	<u>2,161,734</u>
Plant and Equipment		
Plant and Equipment - At Cost	2,684,271	2,584,598
Work in Progress	14,942	-
	<u>2,699,213</u>	<u>2,584,598</u>
Accumulated Depreciation	(2,048,103)	(1,829,122)
Total Plant and Equipment	<u>651,110</u>	<u>755,476</u>
Total Property, Plant & Equipment	<u>4,865,116</u>	<u>5,098,198</u>
Intangible Assets		
Intangible Assets - At Cost	201,245	198,600
Work in Progress	18,400	-
	<u>219,645</u>	<u>198,600</u>
Accumulated Depreciation	(150,387)	(70,083)
Total Intangible Assets	<u>69,258</u>	<u>128,517</u>
Total Property, Plant, Equipment and Intangible Assets	<u>4,934,374</u>	<u>5,226,715</u>

Movements in Carrying Amounts

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

Movements during the year	Buildings and Usage Rights	Building and Leasehold Improvements	Plant and Equipment	Intangible Assets	Total
	2017 \$	2017 \$	2017 \$	2017 \$	2017 \$
Beginning of the year	2,180,988	2,161,734	755,476	128,517	5,226,715
Additions	-	46,506	118,842	21,045	186,393
Disposals	-	(419)	(2,564)	-	(2,983)
Transfers	-	-	-	-	-
Depreciation Expense	(128,187)	(46,616)	(220,644)	(80,304)	(475,751)
End of the year	<u>2,052,801</u>	<u>2,161,205</u>	<u>651,110</u>	<u>69,258</u>	<u>4,934,374</u>

**GUILD OF UNDERGRADUATES
THE UNIVERSITY OF WESTERN AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Movements during the year	Buildings and Usage Rights	Building and Leasehold Improvements	Plant and Equipment	Intangible Assets	Total
	2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$
Beginning of the year	2,309,175	1,471,082	503,591	75,127	4,358,975
Additions	-	864,173	361,376	108,968	1,334,517
Disposals	-	(3,595)	(44,091)	-	(47,686)
Transfers	-	(135,193)	135,193	-	-
Depreciation Expense	(128,187)	(34,733)	(200,593)	(55,578)	(419,091)
End of the year	<u>2,180,988</u>	<u>2,161,734</u>	<u>755,476</u>	<u>128,517</u>	<u>5,226,715</u>

Buildings on land owned by The University of Western Australia represent contribution by the Guild to the cost of buildings and improvements on land which the Guild has no equity.

6. OTHER FINANCIAL ASSETS

CURRENT

Investment in The University of Western Australia Investments Pools

Note

	2017	2016
	\$	\$
1(f)	<u>2,119,170</u>	<u>1,556,721</u>

NON-CURRENT

Investment in The University of Western Australia Investments Pools

1(f)	<u>2,000,000</u>	<u>2,000,000</u>
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The Investment pool has the following investment mix (as a proportion of 100%) :- Australian Equities - 37%, International Equities - 28%, Fixed income - 20%, Property Trusts - 11% and other Liquid Financial Instruments 4%.

7. TRADE AND OTHER PAYABLES - CURRENT

Trade Creditors

708,009	583,706
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Other Creditors and Accruals

682,984	293,369
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<u>1,390,993</u>	<u>877,076</u>
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Guild Affiliated Clubs and Societies

390,501	404,195
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<u>390,501</u>	<u>404,195</u>
<u>1,781,494</u>	<u>1,281,271</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
8. PROVISIONS		
CURRENT		
Provision for annual leave	199,983	178,114
Oncosts associated with annual leave	48,452	43,532
Provision for long service leave	110,728	72,990
Oncosts associated with long service leave	23,808	8,694
Provision for supplementary payment	24,837	31,210
Time off in lieu and special leave	32,838	19,123
Total Current Provisions	<u>440,646</u>	<u>353,663</u>
NON-CURRENT		
Provision for long service leave	30,586	74,811
Oncosts associated with long service leave	7,431	21,842
Total Non-Current Provisions	<u>38,017</u>	<u>96,653</u>
9. PAYABLES - NON-CURRENT		
Cruickshank Routley Prize Fund	10,250	10,000
Lillian Harris Fund	10,000	10,000
Bengt Annell Award Fund	2,200	2,200
Uni Camp For Kids	53,176	51,378
Prosh Charity	22,573	24,101
Total Non-Current Payables	<u>98,199</u>	<u>97,679</u>
10. RETAINED EARNINGS		
Balance at start of financial year	748,541	1,049,059
Net Profit / (Loss) for the year	641,597	(300,518)
Balance at end of financial year	<u>1,390,138</u>	<u>748,541</u>
11. RESERVES		
(a) General Reserve	7,430,000	7,430,000
	<u>7,430,000</u>	<u>7,430,000</u>

(b) Nature and purpose of reserves:

The General Reserve pertains to the surplus arising from prior years' operations.

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12. NOTES TO THE STATEMENT OF CASH FLOWS

	2017	2016
	\$	\$
(a) Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and Cash Equivalents	<u>1,387,131</u>	<u>571,716</u>

(b) Reconciliation of Operating Profit to Net Cash provided by Operating Activities

Operating Profit / (Loss)	641,597	(300,518)
Depreciation	475,751	419,091
Net (Profit) / Loss on Disposal of Plant and Equipment	2,983	47,686
Proceeds from Disposal of Plant and Equipment	(14,493)	-
Interest income from Investments	(442,450)	(340,480)
Changes in Assets and Liabilities: -		
Increase in Accounts Receivable	(73,823)	(153,980)
(Increase)/decrease in Prepayments and Other debtors	(5,165)	105,223
Increase in Inventories	(6,176)	(7,055)
Increase in Accounts Payable	500,223	326,872
Increase/(decrease) in Employee Entitlements	28,347	(29,742)
	<u>1,106,794</u>	<u>67,097</u>

	2017	2016
	\$	\$
13. AUDITORS' REMUNERATION		
Deloitte Touche Tohmatsu		
Audit of financial report	<u>21,000</u>	<u>20,500</u>

14. COMMITMENTS

Capital Commitments:

Capital expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2017	2016
	\$	\$
Leasehold Improvements		
Within one year	870,126	-
Later than one year but no later than five years	-	-
Later than five years	-	-
	<u>870,126</u>	<u>-</u>

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15. SEGMENT INFORMATION

The Guild of Undergraduates, University of Western Australia operates within one industry segment being the provision of services to students. All operations are within Australia.

16. REMUNERATION OF GUILD EXECUTIVE AND DIRECTORS

Remuneration of Guild Executive reflects only remuneration paid to the Guild President; remuneration of Guild Directors refers to the Managing Director and the Finance Director. No other member of the Guild Executive receive any remuneration. The members of the Guild Executive are elected on an annual basis to serve on Guild Executive, which is responsible for the day to day decision making of the Guild of Undergraduates, University of Western Australia. The term of office begins on 1 December each year, and consequently there are two groups of Guild Executive during each financial year.

	2017	2016
	\$	\$
The total fees, salaries and other benefits received or due and receivable by Guild Executive and Guild Directors for the financial year:	<u>360,028</u>	<u>353,993</u>

The number of members of Guild Management whose total fees and salaries and other benefits received or due and receivable for the financial year, falls within the following bands:

	2017	2016
\$0 - \$ 9,999	1	1
\$30,000 - \$39,999	1	1
\$120,000 - \$129,999	0	1
\$130,000 - \$139,999	1	0
\$180,000 - \$189,999	0	1
\$190,000 - \$199,999	1	0

17. SUPERANNUATION FUND CONTRIBUTION OF GUILD EXECUTIVES AND GUILD DIRECTORS

In respect of members of Guild Executive and the Guild Directors, the following contributions were paid or became payable for the financial year.

	2017	2016
	\$	\$
Contributions to superannuation funds:	<u>46,448</u>	<u>44,690</u>

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18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Guild manages its exposure to key financial risks, including interest rate risk in accordance with the Guild's financial risk management policy. The objective of the policy is to support the delivery of the Guild's financial targets whilst protecting future financial security.

The main risks arising from the Guild's financial instruments are interest rate risk, price risk, credit risk and liquidity risk. The Guild 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 and assessments of market forecasts for interest rate. 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.

The Strategic Resources Committee reviews and agrees on policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Strategic Resources Committee under the authority of the Guild Council. The Strategic Resources Committee reviews and agrees on policies for managing each of the risks identified below, including the setting of limits for cash and short term deposits, credit allowances and future cash flow forecast projections.

Risk Exposures and Responses

Interest rate risk

The Guild's exposure to market interest relates primarily to the Guild's short term cash deposit at bank and interest bearing loans.

At balance date, the Guild had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2017	2016
Financial Assets	\$	\$
Cash and cash equivalents	1,387,131	571,716
	1,387,131	571,716
Financial liabilities		
Trusts - Interest bearing	75,626	73,578
	75,626	73,578
Net exposure	1,311,505	498,138

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

At 31 December 2017, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit would have been affected as follows:

Judgements of reasonably possible	Profit Higher/(Lower)	
Movements:	2017	2016
	\$	\$
+2%	26,230	9,963
-2%	(26,230)	(9,963)

Credit risk

Credit risk arises from the financial assets of the Guild, which comprise cash and cash equivalents and trade and other receivables. The Guild'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. Exposure at reporting date is addressed in each applicable note.

The Guild trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Guild's policy to securitise its trade and other receivables.

It is the Guild's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Finance Committee. These risk limits are regularly monitored. In addition receivables, balances are monitored on an ongoing basis with the result that the Guild's exposure to bad debts is not significant.

There are no significant concentration of credit risk within the Guild and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Price risk

Equity price risk arises from the Guild's investment mix of equities and various financial instruments in an investment pool managed by UWA Financial Services. These funds are held for addressing any shortfall when they arise. The UWA Financial Services monitors the mix of equity securities in its investment portfolio based on market indices and has strict policies on the proportion of investment mixes that must be followed by investment managers. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the UWA Financial Services.

The primary goal of the UWA's investment strategy is to maximise investment returns for the UWA Guild. In accordance with this strategy certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

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18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The Guild's investment pools subject to price risk are listed in the Australian and Overseas Stock Exchanges, and Property Trusts.

At reporting date, the Guild had the following financial assets exposed to equity price risks that are not designated in cash flow hedges:

	2017	2016
	\$	\$
Financial Assets		
Equity investments	4,119,170	3,556,721
Net exposure	<u>4,119,170</u>	<u>3,556,721</u>

The following sensitivity analysis is based on the price risk exposures in existence at the reporting date:

At 31 December 2017, if movements occur on the stock market, as illustrated in the table below, with all other variables held constant, profit would have been affected as follows:

Judgements of reasonably possible Profit Higher/(Lower)

Movements:

	2017	2016
	\$	\$
+15%	617,876	533,508
-15%	(617,876)	(533,508)

Liquidity risk

The Guild's objective is to maintain a balance between continuity of funding and flexibility through the use of its investment pools.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayment and interest resulting from recognised financial assets. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 31 December 2017.

The remaining contractual maturities of the Guild's financial liabilities are:

	2017	2016
	\$	\$
6 months or less	75,626	73,578

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. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in the Guild's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective control of future risks, the Guild has established comprehensive risk reporting covering its business units that reflects expectations of management with regards to the expected settlement of financial assets and liabilities.

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18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

	≤6 mths \$	6-12mths \$	1-5 years \$	>5 years \$	Total \$
Year ended 31 December 2017					
Financial Assets					
Cash & cash equivalents	1,387,131				1,387,131
Investments	2,119,170	-	-	2,000,000	4,119,170
Trade & other receivables	658,430	-	-	-	658,430
	<u>4,164,731</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>6,164,731</u>
Financial Liabilities					
Trade & other payables	1,390,993	390,501	22,573	-	1,804,067
Interest bearing trust funds	75,626	-	-	-	75,626
	<u>1,466,619</u>	<u>390,501</u>	<u>22,573</u>	<u>-</u>	<u>1,879,693</u>
Net maturity	<u>2,698,112</u>	<u>(390,501)</u>	<u>(22,573)</u>	<u>2,000,000</u>	<u>4,285,038</u>

	≤6 mths \$	6-12mths \$	1-5 years \$	>5 years \$	Total \$
Year ended 31 December 2016					
Financial Assets					
Cash & cash equivalents	571,716				571,716
Investments	1,556,721	-	-	2,000,000	3,556,721
Trade & other receivables	579,442	-	-	-	579,442
	<u>2,707,880</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>4,707,880</u>
Financial Liabilities					
Trade & other payables	877,076	404,195	24,101	-	1,305,372
Interest bearing loans & borrowings	73,578	-	-	-	73,578
	<u>950,654</u>	<u>404,195</u>	<u>24,101</u>	<u>-</u>	<u>1,378,949</u>
Net maturity	<u>1,757,226</u>	<u>(404,195)</u>	<u>(24,101)</u>	<u>2,000,000</u>	<u>3,328,931</u>

Fair value

Fair value for the financial instruments is considered to be equal to the carrying amounts in the Financial Statements.

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19. INCORPORATION

The Guild of Undergraduates, University of Western Australia is an incorporated body under The University of Western Australia Act of 1911, and is domiciled in Australia.

20. REGISTERED OFFICE

The registered office and principal place of business is 35 Stirling Highway, Crawley, Western Australia 6009.

21. PRINCIPAL ACTIVITIES

The principal activities of the Guild of Undergraduates, University of Western Australia during the year have comprised of:

- a) The provision of representation to UWA students and to the wider community on educational, social and community issues on and off campus;
- b) The provision, facilitation, coordination and promotion of activities that would create a vibrant and progressive atmosphere on UWA campus;
- c) The provision of information and support services to students so that they may have access to experienced advocates to work on their behalf; and
- d) The provision of services in the areas of catering and sale of second hand books to students on campus.

22. CONTINGENCIES

In the opinion of management, the Guild as at 31 December 2017 did not have any significant contingent liabilities (2016: Nil)

23. EVENTS SUBSEQUENT TO BALANCE DATE

No events have occurred subsequent to balance date which will have an impact on the financial report.