

# **ANNUAL REPORT**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2012**

# University of Southern Queensland Student Guild

## FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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## University of Southern Queensland Student Guild

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Your directors submit the financial report of the University of Southern Queensland Student Guild ("the Guild") for the financial year ended 31 December 2012.

#### **DIRECTORS**

The names of directors throughout the year and/or at the date of this report are:

	Appointed	Ceased
Matthew Stevenson, <i>BMassComm, BA(Hons)(USQ)</i>	May-02	Aug-12
David Jones, <i>BETC (USQ)</i>	Mar-04	-
Danny Clifford, <i>BBus (Ind Rel) (QUT), LLB (Bond)</i>	Jan-09	-
Jackson Logan	Mar-09	Mar-12
Christopher Smith, <i>BArts (USQ), Grad.Dip L&amp;T (USQ), JP (Qual.)</i>	Aug-09	-
Kim Lundgaard, <i>BBus (Q'ld), MBA (HRM) (USQ), Grad Cert LegalSt (QUT)</i>	Aug-09	Jan-12
Pam Steele, <i>LLB, MSocSc (Q'ld)</i>	Aug-10	Sep-12
Daneka Walters, <i>BBus (USQ)</i>	Aug-10	Aug-12
Neil Brown	Jun-11	-
Simon Playford	Jun-11	-
Brenton Day	Jul-11	-
Thomas Sugget	Jul-12	-
Mark Toleman, <i>BAppSc (DDIAE), MSc (James Cook), GradDipBus(DDIAE), PhD (Q'ld) MACS MAIS</i>	Nov-12	-

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Guild during the financial year were:

- to support the educational processes of the University of Southern Queensland; and
- to provide facilities and services to members of the Guild.

#### **SIGNIFICANT CHANGES**

Other than for the significant matters reported below, no significant changes in the nature of these activities occurred during the year.

In November 2012, the University and the Guild completed the new services funding agreement for a three year non renewable term commencing from 19 January 2013..

In conjunction with the new services funding agreement, the Guild has negotiated a new lease for the Clive Berghofer Recreation Centre ("CBRC"), with a three year non renewable term and an annual rental of 50% of the net profit, payable annually in arrears. The lease will commence from 19 January 2013, and is expected to be signed by 30 April 2013.

While there is no right of renewal for the services funding agreement or for the lease of the CBRC, the directors anticipate that with close cooperation with the University, the services funding agreement and the lease will extend beyond the initial three year term.

As a consequence of this new services funding agreement and the new lease over the CBRC, the Guild has decided to significantly reduce its services to students and commercial operations and will focus on operating the CBRC and providing student advocacy and social sporting activities.

On 18 January 2013, the Guild ceased trading in its catering and licensed premises operations. On 25 February 2013, the Guild completed the sale of the vending business. The restructure of the administration and management of the Guild will be completed by June 2013.

The restructure has resulted in redundancy and other closure costs of nearly \$1,200,000. These costs are being funded from the cash reserves of the Guild.

The Guild expects to complete the transition by June 2013.

We refer you to the additional information outlined in notes 15 to 18 of the financial statements.

#### **OPERATING RESULT**

The operating result for the year was a deficit of \$1,691,161 (2011 deficit \$456,400), after providing for restructuring and redundancy costs of \$1,173,214.

Signed in accordance with a resolution of the Directors.

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Danny Clifford  
Chairman

6 March 2013

Toowoomba

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Simon Playford  
President

University of Southern Queensland Student Guild

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
<b>Revenue</b>			
Sales revenue		2,785,404	3,450,081
Cost of sales		(854,550)	(1,046,950)
<b>Gross profit</b>		<u>1,930,854</u>	<u>2,403,131</u>
<b>Other revenue</b>	2	1,149,784	1,231,651
<b>Expenses</b>	3	(3,632,037)	(4,055,418)
<b>Deficit before income tax</b>		<u>(551,399)</u>	<u>(420,636)</u>
Income tax	1(e)	-	-
<b>Deficit after income tax</b>		<u>(551,399)</u>	<u>(420,636)</u>
<b>Other comprehensive income</b>			
Fixed asset disposals and revaluations	6	33,452	(35,764)
Cost of closure of businesses and restructure	17	(1,173,214)	-
<b>Deficit for the year</b>		<u>(1,691,161)</u>	<u>(456,400)</u>

## University of Southern Queensland Student Guild

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		24,008	61,519
Investments	7	1,391,963	2,146,167
Inventories		37,680	74,155
Receivables	8	66,779	120,643
Prepayments		33,419	37,800
<b>Total current assets</b>		<b>1,553,849</b>	<b>2,440,284</b>
<b>NON-CURRENT ASSETS</b>			
Investments	7	435,073	389,554
Property, plant and equipment	9	842,171	1,097,545
<b>Total non-current assets</b>		<b>1,277,244</b>	<b>1,487,099</b>
<b>TOTAL ASSETS</b>		<b>2,831,093</b>	<b>3,927,383</b>
<b>CURRENT LIABILITIES</b>			
Payables		180,573	129,278
Borrowings	10	-	-
Provisions	11	1,047,615	444,164
<b>Total current liabilities</b>		<b>1,228,188</b>	<b>573,442</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	11	-	59,875
<b>Total non-current liabilities</b>		<b>-</b>	<b>59,875</b>
<b>TOTAL LIABILITIES</b>		<b>1,228,188</b>	<b>633,317</b>
<b>NET ASSETS</b>		<b>1,602,905</b>	<b>3,294,066</b>
<b>EQUITY</b>			
Asset revaluation reserve		361,658	361,658
Retained earnings		1,241,247	2,932,408
<b>TOTAL EQUITY</b>		<b>1,602,905</b>	<b>3,294,066</b>

University of Southern Queensland Student Guild

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<b>Retained Earnings</b>	<b>Asset Revaluation Reserve</b>	<b>Total</b>
	\$	\$	\$
<b>At 1 January 2011</b>	<b>3,388,808</b>	<b>361,658</b>	<b>3,750,466</b>
Deficit for the year	(456,400)		(456,400)
<b>At 31 December 2011</b>	<b>2,932,408</b>	<b>361,658</b>	<b>3,294,066</b>
Deficit for the year	(1,691,161)		(1,691,161)
<b>At 31 December 2012</b>	<b>1,241,247</b>	<b>361,658</b>	<b>1,602,905</b>

**Nature and purpose of reserves**

*Asset revaluation reserve*

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings, investments and other assets, to the extent that they offset one another.

The asset revaluation reserve at the beginning and end of the year was comprised of:

Land & buildings	243,709
Taxi licence	117,949
	361,658
<b>Total</b>	<b>361,658</b>

University of Southern Queensland Student Guild

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from commercial & other operations		3,830,838	4,467,774
Payments to suppliers & employees		(4,701,982)	(4,790,894)
Interest & dividends received		104,350	152,724
Borrowing costs paid		-	(1,993)
<b>Net cash used in operating activities</b>	12(b)	<b>(766,794)</b>	<b>(172,389)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for fixed asset purchases		(52,091)	(242,473)
Payment for investments		(15,161)	(16,404)
Proceeds from fixed asset sales		42,331	19,118
<b>Net cash used in investing activities</b>		<b>(24,921)</b>	<b>(239,759)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	(51,301)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(51,301)</b>
Net decrease in cash held		(791,715)	(463,449)
Cash at the beginning of the year		2,207,686	2,671,135
<b>Cash at the end of the year</b>	12(a)	<b>1,415,971</b>	<b>2,207,686</b>

University of Southern Queensland Student Guild

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Preparation**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards. The financial report is prepared on an accruals basis and is based on historical costs except for land and buildings, investments and tax licence, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The same accounting policies and methods of computation have been followed in this financial report as were applied in the previous annual financial statements. The financial report was approved by the directors on 6 March 2013.

The following is a summary of the material accounting policies adopted by the Guild in the preparation of the financial report:

(b) **Statement of Compliance - Australian equivalents to International Financial Reporting Standards**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(c) **Property, Plant and Equipment**

- (i) Land and Buildings are measured at fair value by independent or by directors' valuation.
- (ii) Plant and equipment purchased for less than \$500 is expensed in the year of purchase. Plant and equipment purchased at \$500 or over is capitalised and is stated at cost less accumulated depreciation and any impairment in value.
- (iii) The Guild has invested in structural improvements and extensions in the USQ Club and the Clive Berghofer Recreation Centre and associated sports facilities. These assets are attached to land owned by the University of Southern Queensland. The Guild does not hold any tenure over the land other than by way of an uninterrupted arrangement with the University, deemed to be equivalent to tenure.

On 18 January 2013, the Guild ceased trading in its catering and licensed premises operations. A new three year lease agreement for the Clive Berghofer Recreation Centre with no right of renewal, is expected to be completed by 30 April 2013. Notwithstanding the impact on tenure, it is anticipated that with close cooperation with the University the lease will extend beyond three years and that the measurement of the carrying value of the Clive Berghofer Recreation Centre assets continues to be appropriate.

- (iv) Depreciation is calculated over the estimated useful life of the asset on the following basis:

Buildings by diminishing value	- 2.5%
Plant and equipment by prime cost	- 10% - 50%
Motor vehicles by diminishing value	- 15% - 25%

- (v) Impairment

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

- (vi) Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller, in an arm's length transaction at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve, unless it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income. Any revaluation deficit is recognised in the statement of comprehensive income, unless it directly offsets a previous surplus of the same asset in the revaluation reserve.

Directors' valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance date.

(d) **Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

(e) **Income Tax**

The Guild is exempt from income Tax under the provisions of Section 50-5 of the Income Tax Assessment Act 1997.

(f) **Financial Instruments**

The carrying value of term deposits and other investments is brought to account at cost or fair value. Dividends and distributions are brought to account as they are received. The carrying value of receivables and payables approximate their fair value.

(g) **Bad and Doubtful Debts**

Provision for bad and doubtful debts is made for debts that are known to be bad, or the recovery of the outstanding amount is considered unlikely.

(h) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables at the balance date are shown inclusive of GST.

(i) **Employee Benefits**

Provision is made for the Guild's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, have been measured at cost as at balance date.

All employee entitlements payable later than one year, have been measured at the present value of the estimated future cash flows.

Contributions are made by the Guild to complying superannuation funds of the employee's choosing and are charged as expenses when incurred.



University of Southern Queensland Student Guild

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
<b>NOTE 2: OTHER REVENUE</b>			
USQ fees for services		700,000	700,000
Sporting and event income		249,832	273,129
Interest and dividends		104,350	152,724
Rental income		38,130	42,090
Grants		5,000	10,000
Other revenue		52,472	53,708
Total other revenue		<b>1,149,784</b>	<b>1,231,651</b>
<b>NOTE 3: EXPENSES</b>			
Employment costs	4	2,562,088	2,677,725
Depreciation expense	9(a)	158,832	171,094
Borrowing costs		-	1,993
Other expenses	5	911,117	1,204,606
Total expenses		<b>3,632,037</b>	<b>4,055,418</b>
<b>NOTE 4: EMPLOYMENT COSTS</b>			
Salaries, wages and superannuation		2,543,980	2,660,910
Workers' compensation		18,108	16,815
Total employment costs		<b>2,562,088</b>	<b>2,677,725</b>
<b>NOTE 5: OTHER EXPENSES</b>			
Audit fees		10,000	10,000
Bad debts		5,939	28
Communication and stationery		52,989	75,696
Computer network and IT support		62,286	64,639
Equipment (< \$500)		11,744	26,187
Fringe benefits tax		5,167	13,350
Grants		11,270	10,646
Honorariums including directors' superannuation		6,111	9,664
Property		15,106	39,724
Legal and industrial relations		1,054	7,675
Repairs and maintenance		49,404	60,842
Website		10,320	7,356
Other expenses - commercial activities		371,541	485,716
Other expenses - service activities		202,195	303,291
Other expenses - administration and board		95,991	89,792
Total other expenses		<b>911,117</b>	<b>1,204,606</b>

University of Southern Queensland Student Guild

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
<b>NOTE 6: FIXED ASSET DISPOSALS AND REVALUATIONS</b>			
Plant and equipment - proceeds on disposal		1,703	19,118
Carrying value at time of disposal		<u>(1,914)</u>	<u>(26,906)</u>
Deficit on disposal		<b>(211)</b>	<b>(7,788)</b>
Motor vehicles - proceeds on disposal		40,628	-
Carrying value at time of disposal		<u>(37,324)</u>	<u>-</u>
Surplus on disposal		<b>3,304</b>	<b>-</b>
Investments - carrying value at year end		204,304	217,120
Investments - market value at year end		<u>234,663</u>	<u>189,144</u>
Revaluation surplus / (deficit) for the year		<b>30,359</b>	<b>(27,976)</b>
Total surplus / (deficit) for the year		<b>33,452</b>	<b>(35,764)</b>
<b>NOTE 7: INVESTMENTS</b>			
<b>CURRENT</b>			
Cash management and term deposit		<b>1,391,963</b>	<b>2,146,167</b>
<b>NON-CURRENT</b>			
Listed shares and managed funds at current market value	7(a)	234,663	189,144
Tertiary Access Group Co-operative Limited at cost		400	400
Mecu Limited at cost		10	10
Taxi licence at current market value	7(b)	<u>200,000</u>	<u>200,000</u>
Total non-current investments		<b>435,073</b>	<b>389,554</b>
(a) Listed shares and managed funds at cost		<u>258,278</u>	<u>240,081</u>
(b) Taxi licence at cost		<u>82,051</u>	<u>82,051</u>
<b>NOTE 8: RECEIVABLES</b>			
Trade and other debtors		72,477	120,643
Less provision for doubtful debts		<u>(5,698)</u>	<u>-</u>
Total receivables		<b>66,779</b>	<b>120,643</b>

University of Southern Queensland Student Guild

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Net Book Value</b>			
Land and buildings at fair value		570,000	570,000
Less accumulated depreciation		(21,101)	(14,134)
		<u>548,899</u>	<u>555,866</u>
Motor vehicles at cost		191,770	289,938
Less accumulated depreciation		(144,233)	(189,278)
		<u>47,537</u>	<u>100,660</u>
Plant and equipment at cost		2,773,566	2,837,773
Less accumulated depreciation		(2,527,831)	(2,396,754)
		<u>245,735</u>	<u>441,019</u>
Total net book value		<u>842,171</u>	<u>1,097,545</u>
 (a) Reconciliations			
Reconciliations of the carrying amounts for each class of asset are set out below:			
 Land and buildings			
Carrying amount at beginning of year		555,866	562,876
Revaluation surplus transferred to reserves	(b)	-	-
Depreciation expense		(6,967)	(7,010)
Carrying amount at end of year		<u>548,899</u>	<u>555,866</u>
 Motor vehicles			
Carrying amount at beginning of year		100,660	128,916
Disposals		(35,778)	-
Depreciation expense		(17,345)	(28,256)
Carrying amount at end of year		<u>47,537</u>	<u>100,660</u>
 Plant and equipment			
Carrying amount at beginning of year		441,019	361,280
Additions		52,091	242,473
Disposals		(1,914)	(26,906)
Scrapping of property, plant and equipment no longer required	17	(110,941)	-
Depreciation expense		(134,520)	(135,828)
Carrying amount at end of year		<u>245,735</u>	<u>441,019</u>
 (b) Revaluation - Land and buildings			

In accordance with the policy of regular revaluations, the directors previously revalued land and buildings as at 31 December 2009.

University of Southern Queensland Student Guild

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
<b>NOTE 10: BORROWINGS</b>			
<b>CURRENT</b>			
Commonwealth Bank of Australia		-	-
<p>The Commonwealth Bank of Australia has a First Registered Mortgage over property owned by the Guild and a First Registered Bill of Sale over all Guild assets to secure loans, advances and guarantees made by them from time to time.</p> <p>At the reporting date, the overdraft facility of \$50,000 (2011 \$50,000) was unused.</p>			
<b>NOTE 11: PROVISIONS</b>			
<b>CURRENT</b>			
GST and FBT		35,184	53,405
Commercial provisions		58,514	77,330
Employee entitlements		244,408	313,429
Restructuring and redundancy provisions		709,509	-
Total current provisions		<u>1,047,615</u>	<u>444,164</u>
<b>NON-CURRENT</b>			
Employee entitlements		-	<u>59,875</u>
<b>NOTE 12: CASH FLOW INFORMATION</b>			
(a) Reconciliation of cash			
Cash at 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		24,008	61,519
Short term deposits		1,391,963	2,146,167
		<u>1,415,971</u>	<u>2,207,686</u>
(b) Reconciliation of net cash used in operating activities to the deficit from operations.			
Deficit for the year		(1,691,161)	(456,400)
Non-cash flows in operating result:			
- Depreciation		158,832	171,094
- (Surplus) / Deficit on disposal of vehicles and plant and equipment		(4,640)	7,788
- (Surplus) / Deficit on revaluation of carrying value of investments		(30,359)	27,976
- Fixed asset carrying values written down		110,941	-
Changes in assets and liabilities:			
- Decrease / (Increase) in trade debtors		53,864	(19,767)
- Decrease in inventories		36,476	6,220
- Decrease in prepaid expenses		4,382	4,238
- Increase in trade creditors		51,295	16,305
- (Decrease) / Increase in accrued expenses		(37,037)	67,778
- (Decrease) / Increase in employee provisions		(128,896)	2,379
- Increase in restructuring and redundancy provisions		709,509	-
Net cash used in operating activities		<u>(766,794)</u>	<u>(172,389)</u>

University of Southern Queensland Student Guild

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012	2011
		\$	\$
<b>NOTE 13: KEY MANAGEMENT PERSONNEL AND RELATED PARTY INFORMATION</b>			
<b>(a) Compensation received by non-executive key management personnel</b>			
The directors act in an honorary capacity and receive no compensation for their services except for honorariums payable to the President and Vice-President.			
The number of directors whose remuneration falls within the following bands:			
\$0		11	12
\$1 - \$1,000		1	0
\$1,001 - \$3,000		0	0
\$3,001 - \$5,000		0	1
\$5,001 - \$10,000		1	1
Total remuneration of directors		<b>6,111</b>	<b>9,664</b>
<b>(b) Key management personnel transactions and balances</b>			
From time to time, key management personnel of the Guild may purchase goods and services from the Guild. These purchases are on the same terms and conditions as those entered into by third parties and are trivial or domestic in nature.			
One of the directors has a related party interest in a law firm that has provided specialist legal services to the Guild. No other key management personnel has transacted with the Guild since the end of the previous financial year and there were no outstanding balances involving key management personnel interests existing at year end.			
Specialist legal services		5,902	6,000
<b>(c) Other related party transactions</b>			
The Guild has a related party relationship with the University of Southern Queensland, an entity which exerts significant influence on the Guild.			
<b>(d) Balances with related parties</b>			
Current receivables			
University of Southern Queensland		27,287	67,987
Current payables			
University of Southern Queensland		67,815	16,671
<b>(e) Transactions with related parties</b>			
Throughout the year, revenue is derived from and expenses incurred from transactions with the University of Southern Queensland.			
These transactions are on the same terms and conditions as those entered into by any other entity or individual.			
Aggregate amounts brought to account from transactions with the University of Southern Queensland are:			
Total revenue		1,147,215	1,240,807
Total expenditure		127,863	154,551

University of Southern Queensland Student Guild

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

**NOTE 14: FINANCIAL INSTRUMENTS**

**(a) Interest rate risks**

The Guild's exposure to interest rate risks and effective interest rates of financial assets and financial liabilities at balance date are as follows:

Financial instruments	Range of interest rates		Floating interest rate		Fixed interest rate maturing in 1 year or less		Fixed interest rate maturing 1 to 5 years		Non-interest bearing		Total carrying amount at balance date	
	2012 %	2011 %	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
<b>(i) Financial assets</b>												
Cash	na	na	-	-	-	-	-	-	24,008	61,519	24,008	61,519
Short term deposits	3.00 -6.00	3.60-6.25	460,182	128,945	931,781	2,017,222	-	-	-	-	1,391,963	2,146,167
Managed funds	na	na	-	-	-	-	-	-	229,069	183,550	229,069	183,550
Listed shares	na	na	-	-	-	-	-	-	6,004	6,004	6,004	6,004
Taxi licence	na	na	-	-	-	-	-	-	200,000	200,000	200,000	200,000
Receivables	na	na	-	-	-	-	-	-	66,779	120,643	66,779	120,643
<b>Total financial assets</b>			460,182	128,945	931,781	2,017,222	-	-	525,860	571,716	1,917,823	2,717,883
<b>(ii) Financial liabilities</b>												
Payables	na	na	-	-	-	-	-	-	180,573	129,278	180,573	129,278
<b>Total financial liabilities</b>			-	-	-	-	-	-	180,573	129,278	180,573	129,278

**(b) Net fair value**

The carrying amount approximates the net fair value of financial assets and financial liabilities as disclosed in Note 1(f).

**(c) Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and in the notes to the financial statements.

University of Southern Queensland Student Guild

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
<b>NOTE 15: CONTINGENT LIABILITIES AND IMPAIRMENT OF ASSETS - YEAR ENDED 31 DECEMBER 2011</b>			
<b>15.1 Contingent liabilities as at 31 December 2011</b>			
Service Funding Agreement with University of Southern Queensland	15 (a)		
Estimated contingent liabilities arising if funding from University is inadequate and staff are made redundant.			
- Redundancy payments	15 (b)	-	820,000
<b>15.2 Impairment of Assets as at 31 December 2011</b>			
Estimated impairment of assets arising if negotiations with the University fail and the Guild is liquidated.			
- Write down in carrying value of assets	15 (c)	-	530,000
For the year ended 31 December 2011, the directors were of the opinion that provisions were not required for the contingent liabilities and the impairment of assets, as the amounts could not be reliably determined at that time.			
(a) Since compulsory student union fees were abolished in June 2006, the University has provided funds to procure services from the Guild. Negotiations are now complete with a new services funding agreement in place for the next three years.			
(b) The Guild collective union agreement provides for the payment of redundancy as well as the payment of any unpaid sickness benefits where staff positions are made redundant. The Guild has now been restructured and the costs incurred in relation thereto are summarised in Note 17.			
(c) The accounting policies on the impairment, valuation and carrying value of assets are outlined in Note 1(c). The Guild has now been restructured and the costs incurred in relation thereto are summarised in Note 17.			

**NOTE 16: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS - YEAR ENDED 31 DECEMBER 2012**

There were no contingent liabilities and capital commitments as at the reporting date.

**NOTE 17: COST OF CLOSURE OF BUSINESSES AND RESTRUCTURE**

As a consequence of the new services funding agreement with the University, services to students and commercial operations of the Guild have been significantly reduced and restructured. The following costs have been directly attributed to the restructure and the closure of the operations and the consequent reduction in the management and administration of the Guild. The Guild expects to complete the transition to the new structure by June 2013.

Staff redundancy costs paid and accrued		1,034,272	-
Scrapping of property, plant and equipment no longer required	9 (a)	110,941	-
Write downs of inventory no longer required		15,578	-
Additional legal and other costs		12,423	-
		-	-
<b>Total</b>		<b>1,173,214</b>	<b>-</b>

**NOTE 18: EVENTS OCCURRING AFTER THE REPORTING DATE**

On 18 January 2013, the Guild ceased trading in its catering and licensed premises operations. The costs of closure are reflected in the results for the year ended 31 December 2012. No further material costs arising from the closure are expected in future periods.

On 25 February 2013, the Guild completed the sale of the vending business as part of the restructuring of the commercial operations. This transaction is expected to report a surplus of \$43,000 over the written down value of the assets sold.

The new lease from the University of Southern Queensland for the Clive Berghofer Recreation Centre is expected to be completed and signed before 30 April 2013. The lease is for a three year non-renewable term commencing from 19 January 2013. The annual rental is 50% of the net profit of the Guild and is payable in arrears.

No other significant events have occurred since the reporting date which would impact on the financial position of the Guild disclosed in the statement of financial position as at 31 December 2012, or on the results and cash flows of the Guild for the year ended on that date.

University of Southern Queensland Student Guild

DIRECTORS' STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012

In accordance with a resolution of the Directors of the University of Southern Queensland Student Guild ("the Guild"), we state that in the opinion of the Directors, the financial report as set out on pages 2 to 13:-

1. Presents fairly the financial position of the Guild as at 31 December 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards.
2. At the date of this statement, there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they fall due.
3. Meetings of the Directors were held in accordance with the rules of the Guild.

This statement is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

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Danny Clifford  
Chairman

6 March 2013

Toowoomba

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Simon Playford  
President



**University of Southern Queensland Student Guild**

**INDEPENDENT AUDIT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**Report on the financial report**

We have audited the accompanying financial report, being a general purpose financial report, of the University of Southern Queensland Student Guild ("the Guild") which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

**Directors' responsibility for the financial report**

The directors of the Guild are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the members. The directors' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting obligations. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

**Independence**

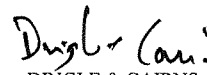
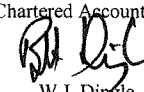
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

**Auditor's opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of the University of Southern Queensland Student Guild as at 31 December 2012, and of its financial performance for the year ended on that date, in accordance with accounting policies described in Note 1 and in accordance with Australian Accounting Standards.

6 March 2013

Toowoomba

  
DINGLE & CAIRNS  
Chartered Accountants  
  
W.J. Dingle  
Partner