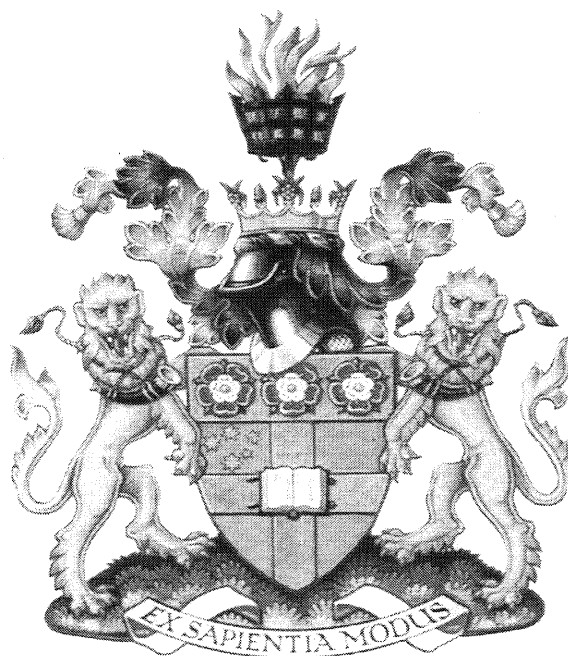


The University of New England



Financial Report
for the year ended
31 December, 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

University of New England

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the University of New England (the University):

- presents fairly the University's and the consolidated entity's financial position as at 31 December 2005 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with:
 - section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Public Finance and Audit Regulation 2005*, and
 - the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2005 Reporting Period', issued by the Australian Government Department of Education, Science and Training, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Council's Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements and accompanying notes to the financial statements for the University and the consolidated entity, for the year ended 31 December 2005. The consolidated entity comprises the University and the entities it controlled during the financial year.

The Council of the University is responsible for the preparation and true and fair presentation of the financial report in accordance with the PF&A Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the *appropriateness of the accounting policies and disclosures* used and the *reasonableness of significant accounting estimates* made by the Council in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that members of the Council had not fulfilled their reporting obligations.


My opinion does *not* provide assurance:

- about the future viability of the University or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



R Hegarty FCA
Director, Financial Audit Services


SYDNEY
24 April 2006

The University of New England

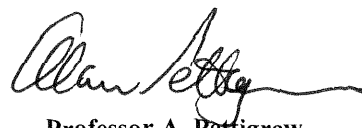
FINANCIAL REPORT

In accordance with a resolution of the Council of the University of New England and pursuant to Sections 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state that:

- 1 The financial reports represent a true and fair view of the financial position of the University at 31 December 2005 and the result of its operations and transactions of the University for the year then ended;
- 2 The financial reports have been prepared in accordance with the provisions of the New South Wales Public Finance and Audit Act 1983 and the Commonwealth's Financial Statement Guidelines for Australian Higher Education Providers for the 2005 Reporting period;
- 3 The financial reports have been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board;
- 4 We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate;
- 5 There are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
- 6 The amount of Commonwealth financial assistance expended during the reporting period was for the purpose(s) for which it was provided; and
- 7 The Institution has complied in full with the requirements of various programme guidelines that apply to the Commonwealth financial assistance identified in these financial reports.



Mr J.M. Cassidy
Chancellor



Professor A. Pettigrew
Vice-Chancellor

Being Councillors of the University appointed in accordance with a resolution of Council pursuant to 41C(1C) of the Public Finance and Audit Act, as amended.

The University of New England
Armidale, NSW
24 April 2006

Income statements

For the year ended 31 December 2005

		Consolidated		Parent entity	
	Notes	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	86,501	82,552	84,563	81,517
HECS-HELP - Australian Government payments	3	29,797	29,842	29,797	29,842
FEE-HELP	3	2,203	1,485	2,203	1,485
State and local Government financial assistance	4	989	1,136	989	1,136
HECS-HELP - Student Payments		6,927	6,792	6,927	6,792
Fees and charges	5	46,449	45,542	36,494	34,925
Investment income	6	2,216	1,928	1,860	1,625
Royalties, trademarks and licences	7	305	459	305	459
Consultancy and contracts	8	719	973	719	973
Other revenue	9	10,114	9,658	8,411	10,150
Shares of net results of associates and joint venture partnership accounted for using the equity method		845	(140)	-	-
Subtotal		187,065	180,227	172,268	168,904
Deferred Government Superannuation Contributions		-	3,080	-	3,080
Total revenue from continuing operations		187,065	183,307	172,268	171,984
Expenses from continuing operations					
Employee benefits and on costs	10	104,700	103,817	98,444	98,520
Depreciation and amortisation	11	10,837	10,017	10,277	9,458
Repairs and maintenance	12	2,754	3,148	2,707	3,140
Borrowing costs	13	306	556	305	556
Bad and doubtful debts	14	756	657	756	657
Other expenses	15	68,362	62,533	62,935	58,164
Subtotal		187,715	180,728	175,424	170,495
Deferred Employee Benefits for Superannuation		384	-	384	-
Total expenses from continuing operations		188,099	180,728	175,808	170,495
Operating result before income tax		(1,034)	2,579	(3,540)	1,489

		Consolidated		Parent entity	
	Notes	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Income tax expense		-	-	-	-
Operating result from continuing operations		(1,034)	2,579	(3,540)	1,489
Operating result from discontinued operations		-	-	-	-
Net operating result for the year		(1,034)	2,579	(3,540)	1,489
Net operating result attributable to minority interest equity interests		-	-	-	-
Net operating result attributable to members of The University of New England	31(b)	(1,034)	2,579	(3,540)	1,489

The above income statement should be read in conjunction with the accompanying notes.

Balance sheets

As at 31 December 2005

		Consolidated		Parent entity	
	Notes	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	16	32,798	33,284	25,444	26,822
Receivables	17	8,468	7,324	5,593	5,563
Inventories	18	928	489	531	427
Biological	19	1,228	1,074	1,228	1,074
Other non-financial assets	26	3,725	3,831	3,469	3,649
Non-current assets classified as held for sale	20	1,015	-	-	-
Total current assets		48,162	46,002	36,265	37,535
Non-current assets					
Receivables	17	123,724	124,108	123,724	124,108
Investments using the equity method	21	6,187	6,119	-	-
Available-for-sale financial assets	22	784	566	784	566
Other financial assets	23	320	550	1,209	1,209
Property, plant and equipment	24	208,550	205,990	206,032	204,658
Intangible assets	25	8,518	7,966	7,893	7,394
Total non-current assets		348,083	345,299	339,642	337,935
Total assets		396,245	391,301	375,907	375,470
LIABILITIES					
Current liabilities					
Payables	27	2,592	1,807	956	753
Interest bearing liabilities	28	2,965	3,437	2,210	3,437
Provisions	29	10,818	9,410	9,851	8,772
Other liabilities	30	15,821	11,802	14,730	10,574
Total current liabilities		32,196	26,456	27,747	23,536
Non-current liabilities					
Interest bearing liabilities	28	856	2,105	684	2,105
Provisions	29	149,591	151,056	148,656	150,420
Total non-current liabilities		150,447	153,161	149,340	152,525
Total liabilities		182,643	179,617	177,087	176,061
Net assets		213,602	211,684	198,820	199,409
EQUITY					
Parent entity interest					
Reserves	31(a)	21,468	18,516	21,468	18,516
Retained surplus	31(b)	192,134	193,168	177,352	180,893
Total equity		213,602	211,684	198,820	199,409

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2005

		Consolidated		Parent entity	
	Notes	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Total equity at the beginning of the financial year		211,684	205,334	199,409	194,150
Retained surplus	31(b)	-	(479)	-	(479)
Reserves	31(a)	2,952	4,249	2,952	4,249
Net income recognised directly in equity		2,952	3,770	2,952	3,770
Operating result for the year		(1,034)	2,579	(3,540)	1,489
Total recognised income and expense for the year		1,918	6,349	(588)	5,259
Total equity at the end of the financial year		213,602	211,684	198,820	199,409

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statements

For the year ended 31 December 2005

		Consolidated		Parent entity	
	Notes	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash flows from operating activities					
Australian Government					
CGS and Other DEST Grants	41.1	53,893	54,917	52,705	54,917
Higher Education Loan Programmes	41.2	32,575	28,707	32,575	28,707
Scholarships	41.3	2,124	1,755	2,125	1,755
DEST Research	41.4	14,640	13,728	14,639	13,728
ARC grant - Discovery	41.5(a)	1,701	1,434	1,701	1,434
ARC grant - Linkages	41.5(b)	874	669	874	669
Other Australian Government Grants		13,921	10,925	13,921	9,890
State Government Grants		989	1,136	989	1,136
Local Government Grants		-	-	-	-
HECS-HELP - Student payments		6,927	6,792	6,927	6,792
OS-HELP (net)	41.2	20	-	20	-
Receipts from student fees and other customers		63,782	56,895	52,517	47,691
Dividends received		37	26	37	26
Interest received		2,146	1,842	1,828	1,563
Payments to suppliers and employees (inclusive of goods and services tax)		(179,359)	(165,722)	(167,991)	(157,031)
Interest paid		(391)	(619)	(372)	(618)
Net cash inflow (outflow) from operating activities	ii)	13,880	12,485	12,495	10,659
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		1,103	2,571	949	2,571
Payments for property, plant and equipment		(12,909)	(14,903)	(12,173)	(14,238)
Net cash inflow (outflow) from investing activities		(11,806)	(12,332)	(11,224)	(11,667)
Cash flows from financing activities					
Proceeds from borrowings		98	-	-	-
Repayment of borrowings		(2,658)	(2,782)	(2,649)	(2,782)
Net cash inflow (outflow) from financing activities		(2,560)	(2,782)	(2,649)	(2,782)
Net increase (decrease) in cash and cash equivalents		(486)	(2,629)	(1,378)	(3,790)
Cash and cash equivalents at the beginning of the financial year		33,284	35,913	26,822	30,613
Cash and cash equivalents at end of year	i)	32,798	33,284	25,444	26,823

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes to the Cash Flow Statements

i) Components of cash

For the purposes of the Cash Flow Statements, the University considers cash to include cash on hand and deposits at call.
Cash as shown in the Cash Flow Statements is reconciled to the Balance Sheets as follows:

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash	4,887	4,350	2,494	2,122
Deposits at Call	27,911	28,934	22,950	24,699
Cash as at end of reporting period	32,798	33,284	25,444	26,821

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ii) Reconciliation of operating result after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Operating result for the year	(1,035)	2,579	(3,540)	1,489
Depreciation & Amortisation Expense	10,837	10,017	10,277	9,458
Provision for Doubtful Debts	(350)	385	(363)	396
Deferred Superannuation Contribution Income	(384)	(3,080)	(384)	(3,080)
Deferred Superannuation Contribution Expense	384	3,080	384	3,080
Share in Operating Result of Joint Venture	(69)	140	-	-
Other Significant Non Cash Revenue Items	(893)	(73)	-	(73)
Profit/(Loss) on Sale of Assets	1,655	(673)	1,655	(673)
	11,180	9,796	11,569	9,108
Movements in Financial Position items				
Increase/(Decrease) in Payables and Prepaid Income	4,942	640	5,036	204
Increase/(Decrease) in Provision for Employee Entitlements	(1,223)	(2,528)	(1,322)	(2,494)
Increase/(Decrease) in Provision for Annual Leave	(123)	(443)	(161)	(448)
Increase/(Decrease) in Other Provisions	800	(8)	797	-
Increase/(Decrease) in Trust Funds	(677)	19	(678)	18
(Increase)/Decrease in Receivables and Prepaid Expenses	77	1,659	897	1,968
(Increase)/Decrease in Inventories	(61)	771	(103)	814
	3,735	110	4,466	62
Net cash inflow (outflow) from operating activities	13,880	12,485	12,495	10,659

Notes to the Financial Reports

For the year ended 31 December 2005

The University of New England
2005 Financial Report

Notes to and forming part of the Financial Report

Revenue from continuing operations	1.0 Summary of Significant Accounting Policies
	2.0 Disaggregated information
	3.0 Australian Government financial assistance
	4.0 State and Local Government financial assistance
	5.0 Fees and charges
	6.0 Investment income
	7.0 Royalties, trademarks and licences
	8.0 Consultancy and contracts
	9.0 Other revenue
Expenses from continuing operations	10.0 Employee benefits & on costs
	11.0 Depreciation and amortisation
	12.0 Repairs and maintenance
	13.0 Borrowing costs
	14.0 Bad and doubtful debts
	15.0 Other expenses
Assets	16.0 Cash and cash equivalents 1(p)
	17.0 Receivables
	18.0 Inventories 1(i)
	19.0 Biological
	20.0 Non-current assets classified as held for sale
	21.0 Investments accounted for using the equity method
	22.0 Available-for-sale financial assets
	23.0 Other financial assets 1(l)
	24.0 Property, plant and equipment
	25.0 Intangible assets 1(f)viii
	26.0 Other non-financial assets
Liabilities	27.0 Payables
	28.0 Interest bearing liabilities
	29.0 Provisions 1(m)
	30.0 Other Liabilities - Current
Other Notes	31.0 Reserves and retained surplus
	32.0 Restricted equity
	33.0 Responsible persons and executive officers
	34.0 Remuneration of auditors
	35.0 Contingent Liabilities and Contingent Assets
	36.0 Commitments for expenditure
	37.0 Subsidiaries
	38.0 Joint Ventures
	39.0 Financial instruments
	40.0 AIFRS
Acquittal DEST Financial Assistance	41.0 Acquittal of Commonwealth Government financial assistance

Notes to and forming part of the Financial Report

1.0 Summary of Significant Accounting Policies

(a) Financial effects of changes to Australian Government payment arrangements for 2005 grant year

Background

DEST made changes to payment arrangements in late 2004 so that all recurrent payments in respect of a grant year were made in that year. The previous practice of making the first payment in respect of a grant year at the end of December of the previous year was discontinued. For the 2005 grant year, the first payment was made in January 2005 instead of December 2004.

Financial Effects for 2004

Changes to payment arrangements in 2004 meant that those HEPs that reported the whole or part of the 8% first payment in respect of the 2004 grant year as revenue in 2003 had the effect of understating the Australian Government funding for the 2004 grant year in their 2004 Statement of Financial Performance. The HEPs were required to identify in their 2004 financial statements, the impact of the changed treatment on their operating result by restating the Australian Government financial assistance for 2004 (by incorporating the amount received in December 2003 as revenue for the 2004 reporting period) and the total revenue from operating activities. If the restated amounts for 2004 were not reported in the income statement, then that information is provided below:

	\$'000
2004 Revenue from Operating Activities (per Income statement)	168,904
Add Grants Received in 2003 for 2004 Activities:	
Australian Government financial assistance	5,205
HECS - Australian Commonwealth payments	-
Australian Government loan programmes	-
Total Restated 2004 Revenue from Operating Activities	<u>174,109</u>
	\$'000
Restated 2004 Operating Result	6,694
Reported 2004 Operating Result	1,489
Financial Effect on 2004 Operating Result	<u>5,205</u>

The Australian Government has used the restated figures for 2004 in all DEST publications, including the Finance 2004 publication, to ensure consistent treatment across all HEPs.

Repayment of DEST Advance

A repayment by clawback in 2005 of an advance of \$2.139m treated by DEST as revenue in 2002 resulted in a reduction in total revenue and operating results before tax of \$2.139m in 2005.

(b) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) adopted International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS is first reflected in the consolidated entity's financial statements for the year ending 31 December 2005.

UNE was required to restate its comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS were made, retrospectively, against opening retained surplus as at 1 January 2004.

Management of the Transition to International Financial Reporting

The University established a project team to co-ordinate the implementation of the International Financial Reporting Standard (IFRS). The project team conducted substantial research into the standards and team members attended a number of professional conferences and training seminars to gain sufficient understanding of the issues. A project plan was submitted and approved by the UNE Finance Committee and has been reviewed by senior management staff including the Director, Financial Services.

Related entities were involved in the planning process to ensure that a consistent application of the standards occurs and that all requirements are met.

The University identified a number of significant differences in accounting policies that have arisen from the adoption of Australian Equivalents to International Financial Reporting Standard (AIFRS). Some differences have arisen because AIFRS requirements are different from existing AASB requirements. Other differences are due to arise from the options presented in AIFRS. To ensure consistency related entities have been informed of the significant changes and their accounting practices and policies have been modified.

An explanation of the transition adjustments can be found at note 40

(c) Basis of Accounting

The University of New England ("the University") is a "statutory body" in terms of the Public Finance and Audit Act, 1983. The Financial Report of the University has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS) and section 41B (1) of the Public Finance and Audit Act, 1983. As such, the Financial Report has been prepared in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2005.

The Financial Report is a General Purpose Financial Report.

Pursuant to the Higher Education Funding Act 1988, the University has presented the accounts in the format required by the Financial Statement Guidelines for Australian Higher Education Providers for 2005 Reporting Period, as issued by the Department of Education, Science and Training (DEST). The only exception being that the management information system utilised by the University, has precluded the Institution from complying with DEST requirements for disclosure of, superannuation and pension breakdowns in note 10.0.

The Financial Report of the University of New England and the Consolidated Financial Report, has been prepared in accordance with the historical cost convention and, except where indicated, do not reflect current valuations of non-monetary assets. The Financial Report has been prepared on a full accrual accounting basis.

Report Format

The Financial Report of the University is, unless indicated to provide greater disclosure, prepared in accordance with the Department of Education Science and Training (DEST) Financial Statement Guidelines for Australian Higher Education Providers for 2005 Reporting Period.

Where an accounting term is used, and is not defined below, then the definition contained in the AIFRS is to apply.

Academic means members of staff, whether full-time or part-time, who are employed wholly or principally in teaching or research or in both teaching and research or to whom such persons are responsible in relation to their teaching or research. It excludes members of staff (e.g. technicians, research assistants, etc.) employed wholly or principally in support of other members of staff who are employed in research.

ARCA means The Australian Research Council Act 2001.

Australian Government Financial Assistance means financial assistance provided by the Australian Government under the HESA, the HEFA and the ARCA.

Buildings and Grounds means expenses relating to the planning, design, repair and maintenance of the plant, equipment and buildings of the institution and the maintenance of its grounds.

Entity - Parent or Economic have the same meaning as defined in paragraph 11 of Australian Accounting Standard, AASB 101 "Presentation of Financial Statements".

Executive means the Chief Executive Officer and/or any person in a senior management position considered to be part of the University's executive group who is directly accountable and responsible for the strategic direction and operational management of the entity.

FEE-HELP is the Higher Education Loan Programme that provides a loan to eligible students, who are not Commonwealth supported, for part or all of their tuition fees for units of study undertaken with a body which is approved as a higher education provider under the HESA. From 2005, FEE-HELP covers the programmes formerly known as PELS and BOTPLS.

HECS-HELP was formerly known as HECS. HECS-HELP provides eligible Commonwealth supported students with assistance in paying their student contribution amount for Commonwealth supported units of study. It provides a loan to cover their student contribution and/or a discount if they choose to pay all, or at least \$500, of their student contribution up-front.

Higher Education means University as defined by the Australian Bureau of Statistics. See definition of University below.

HECS means Higher Education Contribution Scheme.

HEFA means the Higher Education Funding Act 1988.

HEP means an Australian institution of higher education as defined by section 4 of the *Higher Education Funding Act 1988* and/or an Australian higher education provider approved under Division 16 of the *Higher Education Support Act 2003*.

HESA means the Higher Education Support Act 2003.

Institution means an Australian Institution of higher education as defined by section 4 of the Higher Education Funding Act 1988.

Non-academic means members of staff who are not academic staff.

BOTPLS means Bridging for Overseas-Trained Professional Loan Scheme.

PELS means Postgraduate Education Loan Scheme.

Remuneration has the same meaning as defined in paragraph 5.1 of Australian Accounting Standard AASB 1046 "Director and Executive Disclosures by Disclosing Entities".

TAFE (Technical and Further Education) means units of recognised Institutions mainly engaged in providing technical or vocational education or courses. (ABS definition.)

University means units mainly engaged in providing university undergraduate or postgraduate teaching or research. (ABS definition.)

(d) Changes in Accounting Policies

During 2005, UNE changed its accounting policy to comply with AIFRS. These standards were implemented to the financial statement retrospectively. The University has consistently applied all accounting policies applicable under AIFRS in 2004 and during the reporting period ended 31 December 2005.

(e) Reclassification of Financial Information and Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. The impact of AIFRS has been applied retrospectively in accordance with AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", with comparatives adjusted to ensure consistency with the new accounting standards. Comparative adjustments under AIFRS can be found under note 40.

(f) Valuation of Non-Current Assets (includes Biological)

Items of property, plant and equipment have been recognised in the Financial Report as follows:

(i) Land and Buildings

Land controlled by the University was revalued (Desktop Update) as at 31 December 2004 by L.M.Knight AAPI, DURP a registered Land Valuer and represents fair value, in accordance with AASB 116 "Property, Plant and Equipment".

Buildings controlled by the University were revalued as at 31 December 2005, by Edward Rushton Australia Pty Ltd and represent written down fair value, in accordance with AASB 116 "Property, Plant and Equipment" para 31-42. Buildings were previously revalued as at 31 December 2002

The University has adopted the Gross Valuation Method in bringing to account the reinstated new value and subsequent Accumulated Depreciation.

(ii) Biological Assets (Current)

According to AASB 141 "Agriculture" UNE has now classified Livestock as a Biological Asset net of selling costs.

(iii) Plant and Equipment

Plant and equipment, including computer software, with an initial purchase price of \$5,000 or greater, owned by the University, as at 31 December 2005, has been recognised at written-down acquisition cost in accordance with Treasury guidelines. Assets purchased for less than \$5,000 are expensed and 'attractive' items recorded.

Plant and Equipment owned by the subsidiaries of the University are valued at original cost less accumulated depreciation in accordance with accounting standards.

(iv) Library Collections

A valuation of the UNE Library Books and Periodicals was provided by Australia Pacific Valuers as at 31 December 2005 at Fair Value. The valuation performed was in accordance with AIFRS. This is the first valuation since 1 January 1994.

(v) Museums and Other Collections (including Works of Art)

The University's Museums and Other Collections, existing as at 31 December 2005, have been recognised in the accounts following an independent valuation. The effect has been recorded as a component of income under Other significant items.

Works of Art were revalued, at 31 December 2004, by the New England Regional Art Museum. The revaluation resulted in the establishment of an Asset Revaluation Reserve for Works of Art. The previous valuation was provided by the New England Regional Art Museum in 2000.

(vi) Infrastructure Assets

Infrastructure assets, existing at 31 December 2003, were revalued by L M Knight & Co and represent the written down replacement costs. The previous valuation was provided by L M Knight & Co during 1998.

(vii) Research and Development, Patents, Trademarks and Licences and Other Assets

Costs incurred are deferred to future periods to the extent that such costs are expected, beyond any reasonable doubt, to be recoverable. Deferred costs are amortised from the commencement of the sale of these materials, on a straight line basis, over the period of their expected useful life.

(viii) Intangible Assets

UNE recognises intangible assets in accordance with AASB 138 "Intangible Assets". Those intangible assets with a definite useful life are amortised over the period of their remaining useful life on a straight line basis.

(ix) Impairment of Assets

UNE conducts regular impairment reviews in accordance with AASB 136 "Impairment of Assets". Items of plant, property and equipment are assessed for impairment when there is an indication that impairment may have occurred whilst intangible assets are reviewed on annual basis for impairment.

(g) Revaluation of Non-Current Assets

In the normal course of events, revaluations of non-current assets will occur at three yearly intervals.

(h) Depreciation

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life. Land, Buildings under construction, Rare Books and Museums/Collections are not subject to depreciation. Estimates of remaining useful lives are made on a regular basis for all assets.

Buildings 50 - 60 years,	Furniture and Fittings - 10 years,
Infrastructure 30 - 60yrs,	Other Plant and Equipment - 7yrs,
Computing Implementation Costs & Software - 10yrs,	Computing Equipment / Software - 3yrs,
Motor Vehicles - 5yrs,	Research and Development - 3yrs,
Patents, Trademarks and Licences - 10yrs,	Intangible Assets - 10yrs,
Library Collection - 10yrs,	Biological Assets (NA)

(i) Inventories

All inventories are stated at the lower of cost and current replacement cost, in accordance with AASB 102 "Inventories" unless otherwise indicated. Costs are assigned to individual items of stock on the following basis:

Inventory Type and Valuation Method

Printing and Binding Materials - FIFO
Petrol and Oils - Average Cost
College Stores - FIFO
Fodder and Produce - Average Cost
Sundry - FIFO
IT Shop Stock - FIFO

(j) Non-Current Assets Constructed by the University

The cost of non-current assets, constructed by the University, includes the cost of all direct labour and materials used in construction and interest on borrowings whilst under construction.

(k) Maintenance and Repairs

Maintenance, repair costs and minor renewals are charged to the Income Statements in the period in which the expenses are incurred.

(l) Investments

Interests in listed and unlisted securities were brought to account at market value for the first time in 1995, previously at cost. As these investments are not traded, this class of asset will be revalued periodically in accordance with University policy, and dividend income recognised when received. All interest, accrued at year end, has been brought to account. At 31 December 2005, the University had total investments under management of \$24,943,552. (2004: \$26,474,574).

Shares are revalued each year at current market value on 31 December.

Increases or decreases in the value of non-current asset investments are required, by Australian Accounting Standards, to be credited directly to the asset revaluation reserve unless they are reversing a previous decrement charged to the Income Statements, in which case, the increment is credited to the Income Statements.

Decreases in the value of non-current asset investments are charged as investment losses, in the Income Statements, unless they reverse a previous increment credited to asset revaluation reserve, in which case, the decrement is debited to the asset revaluation reserve.

Where no ready market exists for investments, they are carried at the lower of cost or estimated recoverable amount, with any decrements charged to the Income Statements as investment losses.

(m) Employee Entitlements

The 2005 liability has been calculated as follows:

Annual Leave and Sick Leave

Annual leave is treated as a current liability. Long service leave expected to be settled within twelve months is treated as a current liability and where settlement is expected beyond twelve months this is treated as a non-current liability. No material liability exists for sick leave. The long service leave liability is calculated for employees from date of appointment, inclusive of balances transferred from within the industry.

Employee benefits for untaken annual leave are accrued using the nominal method, at current pay rates, including appropriate salary on costs.

Long Service Leave

On the 9 February 2006 UNE received an actuarial valuation of the accrued long service leave liability as at 31 December 2005 from KPMG Actuaries Pty Ltd Sydney. The actuarial estimate of the long service leave liability amounted to \$19.240m (comprised of \$2.643m current and \$16.597m non-current liability). The estimate was calculated on the basis of a \$17.751m net liability plus superannuation and on-costs of \$1.488m. The discounting of the future liability was based on yields obtainable from Commonwealth government bonds of various terms corresponding to the terms of the LSL cash flows. The discount rate used was gross of tax and in accordance with the requirements of AASB 119 "Employee Benefits". UNE has relied upon the results of this assessment to determine the balance of its long service leave provisions.

(n) Insurances

The University uses outside insurance for the following classes of cover:
Workers Compensation; Industrial Special Risks; General and Products Liability; Professional Indemnity; Medical Malpractice; Motor Vehicle; Corporate Travel; Marine Hull; Marine Cargo; Student Personal Accident and Asbestos Liability.

(o) Bad and Doubtful Debts

The provision for Doubtful Debts is made in accordance with AASB 137 "Provisions and Contingent Liabilities." All bad debts are written off in the year in which they are recognised and are charged against the Income Statements. Provision for Doubtful Debts is established by reference to any doubts as to the collectability of debts. This examination covered all classes of debtors. The Provision for Doubtful Debts, at 31 December 2005, was for UNE Parent \$926,188 (2004: \$1,289,061).

(p) Cash

For the purposes of the Cash Flow Statements, cash includes deposits, at call, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(q) Financial Instruments

Financial Instruments give rise to positions that are a financial asset of either the University or its counterpart and a financial liability (or equity instrument) of the other party. For the University, these include cash at bank, receivables, investments, creditors, and borrowings. In accordance with AASB132 "Financial Instruments: Presentation", information is disclosed in note 39.0, in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried, in the accounts, at net fair value unless otherwise stated. The specific accounting policy, in respect of each class of such financial instrument, is stated hereunder.

Classes at cost

Cash, Receivables, Creditors, Borrowing
Other Amounts Owed

Other Classes at University Discretion

Listed and Unlisted Shares

(r) Principles of Consolidation

The Consolidated Financial Report combines the Financial Report of all entities that comprise the economic entity, being the University of New England and its controlled entities as defined in AASB 3 "Business Combinations". AASB 3 defines control as "the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities."

The effects of all material transactions, between entities included in the consolidated accounts, have been eliminated in full. The entities, which have been consolidated are: UNE Partnerships Pty Limited, Agricultural Business Research Institute (company limited by guarantee), International Livestock Research & Information Centre Ltd (company limited by guarantee) and Services UNE Limited (formerly UNE Union Ltd). Services UNE Limited is a controlled entity of The University of New England effective from 1 October 2005.

(s) Joint Ventures and Co-operative Research Centres

The University uses the equity method prescribed under AASB 128 "Accounting for Associates", to account for its interest in National Marine Science Centre Pty Limited.

The University is a core support partner in research centres for Meat Quality and Sustainable Production of Cotton. The implications of AASB 131 "Interest in Joint Ventures" have been determined as not applicable for the current reporting period and, as such, their provisions have not been applied to these centres.

Investments in joint venture entities are accounted for, in the consolidated financial reports, using the equity method. Under this method, the consolidated entity's share of profits or losses of the joint venture entity is recognised as revenue in the consolidated Income Statements. Further information is disclosed in note 38.0.

(t) Revenue Recognition

UNE recognises revenue in accordance with AASB 118 "Revenue". Revenue is measured as fair value of the consideration received or receivable. In general, revenue is recognised, where it can be reliably measured, in the period to which it relates. However, where there is not an established pattern of income flow, revenue is recognised on a cash receipts basis.

(u) Goods and Services Tax

Revenues, 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). In these circumstances, the GST is recognised as part of the cost of acquisition, of the asset, or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows, arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

(v) Leased Non-Current Assets

Leased plant and equipment, over which the University or its controlled entities assume substantially all the risks and benefits of ownership, are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and lease liability, equal to the present value of the minimum lease payments, are recorded at the inception of the lease. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayment of principal. The interest components, of the lease payments, are charged to borrowing costs in the Income Statements.

For 2005, the interest expense associated with Finance Leases was \$150,066 (2004: \$180,547).

Payments made under operating leases are charged against profits, in equal instalments, over the accounting periods covered by the lease terms.

2.0 Disaggregated information

Geographical [Consolidated Entity]

	Revenue		Results		Assets	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Australia	183,053	178,536	(1,824)	189	395,252	390,229
Asia	3,088	4,673	615	2,292	907	1,072
US/Canada	734	98	137	98	68	-
Other	190	-	38	-	18	-
	187,065	183,307	(1,034)	2,579	396,245	391,301

3.0 Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes

Notes	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(a) Commonwealth Grants Scheme and Other Grants				
41.1				
Commonwealth Grants Scheme#	50,361	51,724	50,361	51,724
Indigenous Support Fund	661	-	661	-
Equity Programmes+	601	-	601	-
Workplace Reform Programme	753	-	753	-
Capital Development Pool	1,319	2,203	1,319	2,203
Total Commonwealth Grants Scheme and Other Grants	53,695	53,927	53,695	53,927
(b) Higher Education Loan Programmes				
41.2				
HECS-HELP	29,797	29,842	29,797	29,842
FEE-HELP*	2,203	1,485	2,203	1,485
Total Higher Education Loan Programmes	32,000	31,327	32,000	31,327
(c) Scholarships				
41.3				
Australian Postgraduate Awards	1,301	1,248	1,301	1,248
International Postgraduate Research Scholarship	266	322	266	322
Commonwealth Education Cost Scholarships	284	82	284	82
Commonwealth Accommodation Scholarships	274	116	274	116
Total Scholarships	2,125	1,769	2,125	1,769
(d) DEST - Research				
41.4				
Institutional Grants Scheme	3,592	3,407	3,592	3,407
Research Training Scheme	8,471	8,021	8,471	8,021
Research Infrastructure Block Grants	2,182	1,852	2,182	1,852
Regional Protection Scheme	394	448	394	448
Total DEST - Research Grants	14,639	13,728	14,639	13,728
(e) Australian Research Council				
41.5				
(i) Discovery				
41.5(a)				
Project	1,701	1,414	1,701	1,414
Indigenous Researchers Development	-	22	-	22
Total Discovery	1,701	1,436	1,701	1,436
(ii) Linkages				
41.5(b)				
Special Research Initiatives	-	-	-	-
Infrastructure	130	-	130	-
Projects	744	690	744	690
Total linkages	874	690	874	690

For 2004, the CGS would be an amount equivalent to the CGS base operating grant amount and will exclude Superannuation Programme and Workplace Productivity Programme.

* For 2004, FEE-HELP would include PELS and BOTPLS

+ Includes amounts for Higher Education Equity Support Programme and Students with Disabilities Programme

**3.0 Australian Government financial assistance
including HECS-HELP and other Australian Government loan programmes (continued)**

Notes	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(f) Other Australian Government financial assistance				
Co-operative Research Centres	3,513	3,373	3,513	3,373
Other Research Financial Assistance	7,233	6,160	7,233	6,160
Non-Research Financial Assistance	784	434	783	434
International Livestock Research Centre	1,938	1,035	-	-
Total other Australian Government financial assistance	13,468	11,002	11,529	9,967
Total Australian Government financial assistance	118,502	113,879	116,563	112,845
Reconciliation				
Australian Government grants [a + c + d + e + f]	86,502	82,552	84,563	81,518
HECS-HELP - Australian Government payments	29,797	29,842	29,797	29,842
Other Australian Government loan programmes [FEE-HELP]	2,203	1,485	2,203	1,485
Total Australian Government financial assistance	118,502	113,879	116,563	112,845

4.0 State and Local Government financial assistance

State Government Financial Assistance for various purposes were received by the University during the reporting period

989	1,136	989	1,136
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5.0 Fees and charges

Course fees and charges

Fee-paying overseas students	12,204	11,521	12,204	11,521
Continuing education	-	-	-	-
Fee-paying domestic postgraduate students	1,761	2,877	1,761	2,877
Fee-paying domestic undergraduate students	1,360	890	1,360	890
Fee-paying domestic non-award students	351	223	351	223
Other domestic course fees and charges	4,304	4,235	169	127
Total course fees and charges	19,980	19,746	15,845	15,638

Other fees and charges

Amenities and service fees	1,374	1,552	1,375	1,552
Student service fees	3,288	3,028	3,288	3,028
Parking fees	203	190	203	190
Conference income	700	547	700	547
Rental	11,042	10,773	11,042	10,773
Other Fees and Charges	9,862	9,706	4,041	3,197
Total other fees and charges	26,469	25,796	20,649	19,287
Total fees and charges	46,449	45,542	36,494	34,925

6.0 Investment income

Investment Income	2,179	1,928	1,823	1,599
Dividend Income	37	-	37	26
Total investment income	2,216	1,928	1,860	1,625

7.0 Royalties, trademarks and licences

305	459	305	459
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8.0 Consultancy and contracts

Consultancy	498	510	498	510
Contract research	221	463	221	463
Total consultancy and contracts	719	973	719	973

9.0 Other revenue

Donations and bequests	1,061	908	1,061	908
Scholarships and prizes	14	111	14	111
Non-government grants	1,856	1,939	1,856	1,939
Sundry trading income	6,202	4,170	4,514	4,663
Net gain on disposal of property, plant & equipment	949	2,529	949	2,529
Foreign exchange gains	17	-	17	-
Other revenue	15	-	-	-
Total other revenue	10,114	9,657	8,411	10,150

Expenses from continuing operations

10.0 Employee benefits & on costs

Notes

Consolidated

Parent entity

Academic

Salaries	
Contribution to superannuation and pension schemes:	
Payroll tax	
Worker's compensation	
Long service leave expense	
Annual leave	
Other (Allowances, penalties and fringe benefits tax)	

Total academic

Non-academic

Salaries	
Contribution to superannuation and pension schemes:	
Payroll tax	
Worker's compensation	
Long service leave expense	
Annual leave	
Other (Allowances, penalties and fringe benefits tax)	

Total non-academic

Total academic and non-academic employee benefits

& on costs

Deferred employee benefits for superannuation

Total Employees benefits & on costs

11.0 Depreciation and amortisation

Depreciation

Buildings	
Infrastructure	
Furnitures and Fittings	
Plant and Equipment	
Computer Equipment	
Motor Vehicles	
Library Collection	

Total depreciation

Amortisation

Intangibles	
Leasehold improvements	
Plant & equipment under finance leases	

Total amortisation

Total depreciation and amortisation

12.0 Repairs and maintenance

Buildings	
Heritage Assets	
Infrastructure	
Library Collection	
Plant/furniture/equipment	
Contracts	
Grounds	
Computer Service Costs	
Other	

Total repairs and maintenance

	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Salaries	36,273	35,567	36,273	35,566
Contribution to superannuation and pension schemes:	5,921	6,457	5,921	6,457
Payroll tax	2,816	2,735	2,816	2,735
Worker's compensation	704	672	704	672
Long service leave expense	1,227	1,891	1,227	1,891
Annual leave	2,065	1,569	2,065	1,569
Other (Allowances, penalties and fringe benefits tax)	-	-	-	-
Total academic	49,006	48,891	49,006	48,890
Salaries	41,028	38,638	36,026	34,152
Contribution to superannuation and pension schemes:	6,173	5,785	5,694	5,404
Payroll tax	2,993	2,827	2,673	2,571
Worker's compensation	775	657	668	631
Long service leave expense	1,279	1,821	1,173	1,781
Annual leave	3,468	1,953	3,296	1,856
Other (Allowances, penalties and fringe benefits tax)	362	167	290	155
Total non-academic	56,078	51,848	49,820	46,550
Total academic and non-academic employee benefits & on costs	105,084	100,739	98,826	95,442
Deferred employee benefits for superannuation	(384)	3,080	(384)	3,080
Total Employees benefits & on costs	104,700	103,819	98,442	98,522
Buildings	4,438	4,403	4,408	4,385
Infrastructure	329	292	329	292
Furnitures and Fittings	177	212	158	193
Plant and Equipment	868	881	704	650
Computer Equipment	542	673	502	647
Motor Vehicles	91	122	60	90
Library Collection	2,146	2,078	2,146	2,078
Total depreciation	8,591	8,660	8,307	8,335
Intangibles	1,161	611	917	377
Leasehold improvements	33	-	-	-
Plant & equipment under finance leases	1,053	746	1,053	746
Total amortisation	2,247	1,357	1,970	1,123
Total depreciation and amortisation	10,838	10,017	10,277	9,458
Buildings	344	664	344	664
Heritage Assets	10	97	10	98
Infrastructure	368	177	368	177
Library Collection	5	5	5	5
Plant/furniture/equipment	390	946	370	946
Contracts	1,348	995	1,348	995
Grounds	95	84	95	84
Computer Service Costs	168	171	167	171
Other	26	9	-	-
Total repairs and maintenance	2,754	3,148	2,707	3,140

Expenditure Continued

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
13.0 Borrowing costs		306	556	305	556
14.0 Bad and doubtful debts					
Bad Debts		1,119	261	1,119	261
Doubtful debts		(363)	396	(363)	396
Total bad and doubtful debts		756	657	756	657
15.0 Other expenses					
Scholarships, grants and prizes		6,814	5,569	6,797	5,569
Non-capitalised equipment		2,887	3,050	2,749	2,931
Advertising, marketing and promotional expenses		953	1,002	943	1,002
Utilities		5,015	4,703	4,923	4,675
Inventory Used		4,244	3,553	3,583	5,025
Postal and Telecommunications		3,685	3,987	3,100	3,429
Travel and Entertainment		5,425	5,357	5,021	5,033
Books, Serials and Other Library Media		1,363	1,153	1,348	1,123
Operating Lease Rental Charges		3,419	2,393	3,397	2,393
Consultants		2,603	3,249	2,016	2,613
External Contributions		2,377	1,843	2,376	1,843
Catering Services		4,129	4,224	4,129	4,224
Fees for Services		12,190	11,038	11,147	10,376
Carrying amount of assets sold		968	1,856	968	1,856
Net Losses on revaluation of assets		1,665	-	1,635	-
Other Expenditure		10,625	9,556	8,803	6,072
		68,362	62,533	62,935	58,164

Current Assets

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
16.0 Cash and cash equivalents	1(p)				
Cash on hand		38	10	8	10
Cash at bank		4,849	4,340	2,486	2,112
At call investments	1(l)	27,911	28,934	22,950	24,699
Total cash and cash equivalents		32,798	33,284	25,444	26,822
17.0 Receivables					
Current					
Trade and Other Debtors		9,465	8,672	6,519	6,852
Less: Provision for Doubtful Debts	1(o)	(996)	(1,347)	(926)	(1,289)
Total current receivables		8,469	7,325	5,593	5,563
Non-current					
Trade and Other Debtors		-	-	-	-
Deferred government contribution for superannuation					
* emerging cost of superannuation		123,724	124,108	123,724	124,108
Total non-current receivables		123,724	124,108	123,724	124,108
Total receivables		132,193	131,433	129,317	129,671

* The Commonwealth Government has a commitment to fund Superannuation obligations, relating to past service by university employees in the state superannuation schemes, based on the fact that since 1987 the Commonwealth has met this commitment and at this point of time there is no reason to suggest that it will not continue to do so.

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
18.0 Inventories 1(i)					
Printing / binding materials		200	116	126	55
Petrol and oils		19	15	19	14
Central stores		167	238	167	238
College stores		7	8	7	8
Fodder and produce		149	47	149	47
Other stocks		386	65	63	65
Total inventories		928	489	531	427
19.00 Biological					
Trees		5	-	5	-
Livestock		1,223	1,074	1,223	1,074
Total biological		1,228	1,074	1,228	1,074
20.0 Non-current assets classified as held for sale					
Buildings		873	-	-	-
Plant & Equipment		71	-	-	-
Licence		71	-	-	-
		1,015	-	-	-
21.0 Investments accounted for using the equity method					
Interest in joint venture entity - NMSC	38.0	6,187	6,119	-	-
Total investments accounted for using the equity method		6,187	6,119	-	-
22.0 Available-for-sale financial assets					
At beginning of year		784	566	784	566
At end of year		784	566	784	566
Listed securities					
Shares listed-Aust. Stock Exchange at mkt value		-	-	-	-
23.0 Other financial assets 1(i)					
Non-current					
Summary of portfolio as at 31 December:					
Shares in public companies quoted on Australian					
Shares in Private Companies *		122	174	1,209	1,209
Other Long Term Investments		198	376	-	-
Total non-current other financial assets		320	550	1,209	1,209
Total other financial assets		320	550	1,209	1,209
* Shares and units not traded in the market place					

Note 24. Property, plant and equipment

Consolidated	Infrastructure \$'000	Freehold land \$'000	Freehold buildings \$'000	Buildings & infrastructure under construction \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Computer equipments \$'000	Furniture & fittings \$'000	Leasehold improvements \$'000	Leased plant & equipment \$'000	Library collections \$'000	Library rare books \$'000	Museum & collections at valuations \$'000	Works of Arts \$'000	MIS Works in Progress \$'000	Total \$'000
At 1 January 2004																
- Cost	-	60	634	195	13,664	1,439	9,779	2,503	-	4,673	-	-	-	-	3,547	36,494
- Valuation	11,800	13,090	333,264	-	-	-	-	-	-	-	24,590	1,867	3,766	862	-	389,239
Accumulated depreciation	-	-	(195,856)	-	(10,901)	(1,063)	(8,598)	(1,534)	-	(1,125)	-	-	-	-	-	(219,077)
Net book amount	11,800	13,150	138,042	195	2,763	376	1,181	969	-	3,548	24,590	1,867	3,766	862	3,547	206,656
Year ended 31 December 2004																
Opening net book amount	11,800	13,150	138,042	195	2,763	376	1,181	969	-	3,548	24,590	1,867	3,766	862	3,547	206,656
Depreciation written back on disposal	-	-	359	-	904	85	4,866	127	-	522	35	-	-	-	-	6,898
Reclassifications	-	-	-	(172)	-	-	(2,939)	-	-	-	-	-	-	-	-	(3,101)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,547)	(3,547)
Revaluation	-	2,376	-	-	-	-	-	-	-	-	382	-	-	136	-	2,894
Additions	1,714	-	2,344	1,479	604	102	3,372	74	-	1,703	2,453	-	73	6	-	13,824
Assets included in a disposal group classified as held for sale and other disposals	-	-	(447)	-	(935)	(163)	(4,871)	(127)	-	(1,638)	(47)	-	-	-	-	(8,228)
Depreciation charge	(291)	-	(4,403)	-	(831)	(122)	(673)	(212)	-	(746)	(2,078)	-	-	-	-	(9,406)
Closing net book amount	13,223	15,526	135,795	1,502	2,455	278	946	831	-	3,389	25,335	1,867	3,839	1,004	-	205,990
At 31 December 2004																
- Cost	1,773	60	5,027	1,502	11,687	1,378	5,324	2,450	-	4,738	-	-	71	5	-	34,015
- Valuation	11,741	15,466	330,667	-	-	-	-	-	-	-	25,335	1,867	3,768	999	-	389,843
Accumulated depreciation	(291)	-	(199,899)	-	(9,232)	(1,100)	(4,378)	(1,619)	-	(1,349)	-	-	-	-	-	(217,868)
Net book amount	13,223	15,526	135,795	1,502	2,455	278	946	831	-	3,389	25,335	1,867	3,839	1,004	-	205,990

Note 24. Property, plant and equipment (continued)

Consolidated	Infrastructure \$'000	Freehold land \$'000	Freehold buildings \$'000	Buildings & infrastructure under construction \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Computer equipments \$'000	Furniture & fittings \$'000	Leasehold improvements \$'000	Leased plant & equipment \$'000	Library Collections \$'000	Library rare books \$'000	Museums & collections at valuations \$'000	Works of Arts \$'000	MIS Works in Progress \$'000	Total \$'000
Year ended 31 December 2005																
Opening net book amount	13,223	15,526	135,795	1,502	2,455	278	946	831	-	3,389	25,335	1,867	3,839	1,004	-	205,990
Accumulated depreciation change on revaluation	-	-	(40,659)	-	-	-	-	-	-	-	-	-	-	-	-	(40,659)
Transfers	-	-	206	(1,502)	112	-	-	-	-	1,184	-	-	-	-	-	-
Revaluation	-	-	43,771	-	-	-	-	-	-	-	(999)	-	-	-	-	42,772
Acquisition of subsidiary	-	-	-	-	429	-	-	-	462	-	-	-	-	-	-	891
Derecognition	-	-	(3,475)	-	-	-	-	-	-	-	-	-	-	-	-	(3,475)
Additions	227	-	2,797	596	2,581	81	780	76	147	1,228	2,503	-	27	-	-	11,043
Depreciation written back on disposal	-	-	2,466	-	478	216	1,060	122	-	472	71	-	-	-	-	4,885
Assets classified as held for sale and other disposals	-	-	-	-	(487)	(85)	(1,060)	(123)	-	(1,353)	(114)	-	-	-	-	(3,222)
Depreciation charge	(329)	-	(4,438)	-	(868)	(91)	(542)	(176)	(33)	(1,053)	(2,146)	-	-	-	-	(9,676)
Closing net book amount	13,121	15,526	136,463	596	4,700	399	1,184	730	576	3,867	24,650	1,867	3,866	1,004	-	208,549
At 31 December 2005																
- Cost	2,000	60	815	596	15,968	1,112	4,999	2,393	609	5,797	24,650	-	99	6	-	59,104
- Valuation	11,741	15,466	378,050	-	-	-	-	-	-	-	-	1,867	3,767	998	-	411,889
Accumulated depreciation	(620)	-	(242,402)	-	(11,268)	(713)	(3,815)	(1,663)	(33)	(1,930)	-	-	-	-	-	(262,444)
Net book amount	13,121	15,526	136,463	596	4,700	399	1,184	730	576	3,867	24,650	1,867	3,866	1,004	-	208,549

[illegible]

Note 24. Property, plant and equipment (continued)

Parent entity	Infrastructure \$'000	Freehold land \$'000	Freehold buildings \$'000	Buildings & infrastructure under construction \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Computer equipments \$'000	Furniture & fittings \$'000	Leasehold improvements \$'000	Leased plant & equipment \$'000	Library collections \$'000	Library rare books \$'000	Museums & Collections at valuations \$'000	Works of Arts \$'000	MIS Works in Progress \$'000	Total \$'000
Year ended 31 December 2005																
Opening net book amount	13,223	15,466	134,940	1,502	2,194	218	899	782	-	3,389	25,335	1,867	3,839	1,004	-	204,658
Accumulated depreciation change on revaluation	-	-	(40,659)	-	-	-	-	-	-	-	-	-	-	-	-	(40,659)
Transfers	-	-	206	(1,502)	112	-	-	-	-	1,184	-	-	-	-	-	-
Revaluation	-	-	43,771	-	-	-	-	-	-	-	(999)	-	-	-	-	42,772
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition	-	-	(3,475)	-	-	-	-	-	-	-	-	-	-	-	-	(3,475)
Additions	227	-	2,796	596	2,480	-	697	54	-	1,228	2,503	-	27	-	-	10,608
Depreciation written back on disposal	-	-	2,456	-	478	51	1,060	122	-	472	71	-	-	-	-	4,710
Assets classified as held for sale and other disposals	-	-	-	-	(487)	(85)	(1,060)	(122)	-	(1,353)	(114)	-	-	-	-	(3,222)
Depreciation charge	(329)	-	(4,408)	-	(704)	(60)	(502)	(159)	-	(1,053)	(2,146)	-	-	-	-	(9,361)
Closing net book amount	13,121	15,466	135,627	596	4,072	123	1,094	678	-	3,867	24,650	1,867	3,866	1,004	-	206,031
At 31 December 2005																
- Cost	2,000	-	-	596	13,298	972	4,744	2,234	-	5,797	24,650	-	99	6	-	54,396
- Valuation	11,741	15,466	378,050	-	-	-	-	-	-	-	-	1,867	3,767	998	-	411,889
Accumulated depreciation	(620)	-	(242,423)	-	(9,226)	(849)	(3,650)	(1,556)	-	(1,930)	-	-	-	-	-	(260,254)
Net book amount	13,121	15,466	135,627	596	4,072	123	1,094	678	-	3,867	24,650	1,867	3,866	1,004	-	206,031

25.0 Intangible assets 1(f)viii

Development Cost

At 1 January 2004

Cost	5,609	3,918
Accumulated depreciation and impairment	(3,696)	(2,624)
Net book amount	1,913	1,294

Year ended 31 December 2004

Opening net book amount	1,914	1,295
Reclassifications	6,664	6,476
Amortisation charge	(611)	(377)
Closing net book amount	7,967	7,394

At 31 December 2004

Cost	10,169	7,771
Accumulated amortisation and impairment	(2,202)	(377)
Net book amount	7,967	7,394

Year ended 31 December 2005

Opening net book amount	7,967	7,394
Additions	1,687	1,416
Acquisition of subsidiary	25	-
Impairment charge	-	-
Amortisation charge	(1,161)	(917)
Closing net book amount	8,518	7,893

At 31 December 2005

Cost	14,494	11,800
Accumulated amortisation and impairment	(5,976)	(3,907)
Net book amount	8,518	7,893
Closing net book amount	8,518	7,893

Consolidated

Parent entity

Consolidated

Parent entity

26.0 Other non-financial assets

Current

Accrued Income

Interest	191	182	151	157
Accrued Capital	-	-	-	-
Other	789	1,192	726	1,158
Prepaid Expenses	2,744	2,457	2,592	2,334
Total current other non-financial assets	3,724	3,831	3,469	3,649

27.0 Payables

Current

OS-HELP Liability to Australian Government

Trade Creditors	2,590	1,807	954	753
Refundable Receipts	2	-	2	-
Total current payables	2,592	1,807	956	753

28.0 Interest bearing liabilities

Current

Commercial Loan Liabilities

	Consolidated 2005 \$'000	2004 \$'000	Parent entity 2005 \$'000	2004 \$'000
Other	21	-	-	-
Treasury Corporation	1,180	2,026	1,180	2,025
National Australia Bank	700	10	-	10
Total commercial loan liabilities	1,901	2,036	1,180	2,035

Finance Lease Liabilities (i)

Other	34	-	-	-
National Australia Bank	954	1,192	954	1,191
Macquarie Bank	38	47	38	47
Westpac Banking Corporation	37	164	37	164
Total finance lease liabilities	1,063	1,403	1,029	1,402

Total current interest bearing liabilities

2,964	3,439	2,209	3,437
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Non-current

Commercial Loan Liabilities

Other	77	-	-	-
Treasury Corporation	-	1,181	-	1,181
National Australia Bank	-	-	-	-
Total commercial loan liabilities	77	1,181	-	1,181

Finance Lease Liabilities

Other	95	-	-	-
National Australia Bank	628	793	627	793
Macquarie Bank	-	39	-	39
Westpac Banking Corporation	56	94	56	94
Total finance lease liabilities	779	926	683	926

Total non-current interest bearing liabilities

856	2,107	683	2,107
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Total interest bearing liabilities

3,820	5,546	2,892	5,544
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(i) Secured by the assets leased (note 24)

29.0 Provisions 1(m)

Current

Provision for annual leave

The estimated liability, as at 31 December, is fully provided. Movements in the provision are :

Balance brought forward from prior year	7,191	7,604	6,572	7,020
Add : Current Year Provision	5,678	3,529	5,362	3,424
Less : Payments from Fund	(5,690)	(3,970)	(5,523)	(3,872)
Balance as at 31 December	7,179	7,163	6,411	6,572

Provision for long service leave

The estimated liability, as at 31 December, is fully provided. Movements in the provision are :

Balance brought forward from prior year	2,260	2,108	2,200	2,060
Add : Current Year Provision	2,522	4,526	2,400	4,488
Less : Payments from Fund	(2,000)	(4,387)	(1,957)	(4,348)
Balance as at 31 December	2,782	2,247	2,643	2,200

Provision for Redundancy

Provision for Other

Total current provisions

797	-	797	-
60	-	-	-
10,818	9,410	9,851	8,772

Summary movements current provisions

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Movements in the Provision Account are:				
Balance brought forward from prior year	9,409	9,712	8,772	9,080
Current year movement in provision				
- Annual Leave	16	(441)	(161)	(448)
- Long Service Leave	536	138	443	140
- Redundancy	797	-	797	-
- Other	60	-	-	-
Total Current Provisions	10,818	9,410	9,851	8,772

Non-current Provisions

Provision for long service leave

The estimated liability, as at 31 December, is fully provided. Movements in the provision account are:

Balance brought forward from prior year	17,555	16,229	16,853	15,623
Add : Current Year Provision	234	(1,169)	-	(1,199)
Less : Payments from Fund	(258)	2,429	(256)	2,429
Balance as at 31 December	17,531	17,489	16,597	16,853

Provision for other superannuation

State Superannuation Scheme

Liability	199,775	193,906	199,775	193,906
Less : Equity	(78,133)	(73,124)	(78,133)	(73,124)
	121,642	120,782	121,642	120,782

State Authorities Superannuation Scheme

Liability	15,438	14,602	15,438	14,602
Less : Equity	(16,109)	(14,083)	(16,109)	(14,083)
	(671)	519	(671)	519

State Authorities Non-Contributory Scheme

Liability	6,890	6,579	6,890	6,579
Less : Equity	(4,137)	(3,773)	(4,137)	(3,773)
	2,753	2,806	2,753	2,806

Total Other Superannuation

	123,724	124,107	123,724	124,107
Total Accrued Liability Professorial Superannuation	8,335	9,459	8,335	9,459
Total Superannuation Liability	132,059	133,566	132,059	133,566

Total Non-current Provisions

	149,591	151,056	148,656	150,420
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Summary movements employee entitlements

Movements in the Provision Account are:

Balance brought forward from prior year	151,123	113,454	150,420	112,848
Current year movement in provision				
- Professorial Superannuation	(1,124)	3,495	(1,124)	3,495
- Other Superannuation	(384)	32,847	(384)	32,847
- Long Service Leave	(24)	1,259	(256)	1,230
Total Provision for Employee Entitlements	149,591	151,056	148,656	150,420

Notes on Superannuation

The University makes superannuation contributions on behalf of employees to six (6) superannuation schemes. Four schemes are contributory schemes, that is employee contributions are matched with employer contributions. Those schemes are:

State Superannuation Scheme (SSS)
State Authorities Superannuation Scheme (SASS)
UniSuper
UNE Professorial Superannuation Fund

The other two schemes are principally constructed for the capturing of mandatory employer superannuation support as determined through an industrial award, NSW State legislation or the Federal Government's Superannuation Guarantee legislation. Those schemes are :

State Authorities Non-contributory Scheme (SANCS)
UniSuper (Award Plus Plan)

Only two schemes accept new members :

UniSuper - Defined Benefit Plan or Investment Choice Plan
UniSuper - Award Plus Plan

UniSuper

The superannuation scheme currently available to staff members is UniSuper (formerly Superannuation Scheme for Australian Universities SSAU). This is a defined benefit superannuation scheme with the entitlements of the scheme being fully met by UniSuper from contributions paid by the University and its employees.

UniSuper is not considered to be controlled by the University and therefore the net shortfall (excess of accrued benefits over assets) has not been included in the University's accounts.

State Superannuation Scheme

The University contributes to the State Superannuation Scheme, a non compulsory scheme for academic and general staff, in respect of present and former employees who are, or were, members of the Fund. The Fund was closed to new staff on 30 June 1985.

State Authorities Superannuation Scheme

On 1 April 1988, the State Authorities Superannuation Scheme commenced, and on 1 July 1989 all members of the State Public Service Superannuation Fund were transferred compulsorily to that scheme. This scheme was closed to new members on 31 December 1992.

An emerging liability exists, for superannuation, for staff who were members of the former State Public Service Superannuation Fund, due to the funding formula imposed by DEST on the University. This scheme was incorporated into the State Authorities Superannuation Scheme.

State Authorities Non-Contributory Superannuation Scheme

The State Authorities Non-Contributory Superannuation Act 1988, provides the governing regulations for this scheme which commenced on 1 April 1988. The Act names the University as a scheduled employer and staff, as a member of either SSS and SASS schemes, have a 3% benefit accrued in this scheme. Staff who have this 3% benefit are exempted under the Award Plus Plan Award 1988 (a federally registered industrial award) in accordance with clause 9(b) namely:

"The terms of this Award shall not apply to..... Employees in respect of whom the employer contributes or is required to contribute a superannuation payment to a State or Commonwealth or Territory Government Superannuation Scheme provided that employees who contribute to UniSuper shall not be exempt."

Should this scheme be closed to NSW Universities, the Award Plus Plan Award provisions would be invoked which would not materially change the level of employer contributions. Unlike other STC Trustee Corporation schemes, the responsibility for meeting the superannuation liability is not met on an emerging cost basis, as the Commonwealth Government provides total funding in the University's Operating Financial Assistance.

The University provides for superannuation, based on information and a formula provided by Pillar Administration, in respect of contributors to the State Superannuation Scheme, the State Authorities Superannuation Scheme and the State Non-contributory Scheme.

The Commonwealth Government, in the State Grants (General Revenue) Amendment Act 1987, has indicated that it will meet the cost of State Superannuation Schemes in excess of 14 per cent of superannuable salaries.

Provision for other Superannuation

There are deferred or potential for deferred liabilities, in respect of schemes administered by Pillar Administration, and the schemes's actuary has determined the following liabilities, with equity balances, being supplied by the Corporation.

In arriving at the assessment, the actuary adopted the following assumptions:

- Rate of investment (after tax and investment related expenses) 7.0% for 2005; 7.0% thereafter
- Rate of salary increases 4.0% for 2005; 4.0% thereafter
- Rate of increase in the Consumer Price Index (all groups) 2.5% for 2005; 2.5% thereafter

Additional notes on Professorial Superannuation

The University Council approved, on 15 February 1995, the purchase of a corporate trustee vehicle for the Fund to become a 'Regulated Superannuation Scheme' as prescribed in the Superannuation Industry (Supervision) Act 1993. The Company, UNE Professorial Superannuation Fund Pty Ltd, was established on 1 April 1996 as a successor to the University of New England Professorial Superannuation Scheme. This scheme was closed to new members in October 1987. Once the transfer of the members from the Scheme into the new fund was complete, the Fund was also closed to new members.

As a consequence of the above action, the University relinquished its control over the Fund. As in the previous year, the University has recorded only the net liability owed by the University to the Fund.

The Fund provides both defined benefits and accumulation benefits. The accumulation benefits are fully funded. The terms of the Fund provide for the payment of non-contributory and additional contributory pensions to members of the Fund on their retirement.

In arriving at the assessment for 2005, the actuary adopted the following assumptions:

- Average retirement age to be 60 years,
- For current members until pensions commence:
 - Rate of investment return (net of income tax) 7.5% pa,
 - Rate of salary increases 4.0% pa,
- For current members after pensions commence and for current pensioners:
 - Rate of investment return (net of income tax) 7.5% pa,
 - Pension indexation 4.0% pa.

The Non-Contributory (NCP) pensions are entirely unfunded. The Additional (ACP) and Voluntary Spouses (VSP) pensions are funded according to member contributions. In addition, the University matches any member contributions for the VSP. Any excesses, existing in the ACP or VSP, are made available to reduce future funding of either the VSP or alternatively reduce the unfunded NCP.

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
30.0 Other Liabilities - Current				
(i) Accrued Liabilities				
Salary Related	2,652	2,337	2,652	2,337
Accrued Capital Expenditure	-	-	-	-
Other Accrued Expenditure	4,178	3,137	4,179	3,137
	<u>6,830</u>	<u>5,474</u>	<u>6,831</u>	<u>5,474</u>
(ii) Monies Received in Advance				
Australian Government Unspent Financial Assistance	-	-	-	489
Financial Assistance in Advance	2,049	990	2,049	990
Unspent Monies	2,315	-	2,315	-
Fees in Advance	4,285	4,319	3,194	2,601
	<u>8,649</u>	<u>5,309</u>	<u>7,558</u>	<u>4,080</u>
(iii) Trust Funds				
Security Deposits	14	36	14	36
Employee Deduction Clearing Accounts	30	718	30	718
Associated Entities	127	169	127	169
Other	172	96	172	96
Total Trusts	<u>343</u>	<u>1,019</u>	<u>343</u>	<u>1,019</u>
Total other liabilities	<u>15,822</u>	<u>11,801</u>	<u>14,732</u>	<u>10,573</u>
31.0 Reserves and retained surplus				
(a) Reserves				
Revaluation Reserve - Investments	665	442	665	442
Revaluation Reserve - Buildings	8,714	5,602	8,714	5,602
Revaluation Reserve - Land	7,935	7,936	7,935	7,936
Revaluation Reserve - Infrastructure	3,966	3,966	3,966	3,966
Revaluation Reserve - Works of Art	188	188	188	188
Revaluation Reserve - Library Collection	-	382	-	382
Total reserves	<u>21,468</u>	<u>18,516</u>	<u>21,468</u>	<u>18,516</u>

Reserves Continued

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Movements				
Asset revaluation reserve - Investments				
Balance 1 January 2005	443	325	443	325
Increment on revaluation	222	118	222	118
Balance 31 December 2005	665	443	665	443
Asset revaluation reserve - Buildings				
Balance 1 January 2005	5,602	4,674	5,602	4,674
Increment on revaluation	3,112	928	3,112	928
Balance 31 December 2005	8,714	5,602	8,714	5,602
Asset revaluation reserve - Land				
Balance 1 January 2005	7,936	5,256	7,936	5,256
Increment on revaluation	-	2,680	-	2,680
Balance 31 December 2005	7,936	7,936	7,936	7,936
Asset revaluation reserve - Infrastructure				
Balance 1 January 2005	3,966	3,961	3,966	3,961
Increment on disposal of assets	-	5	-	5
Balance 31 December 2005	3,966	3,966	3,966	3,966
Asset revaluation reserve - Works of art				
Balance 1 January 2005	188	52	188	52
Increment on revaluation	-	136	-	136
Balance 31 December 2005	188	188	188	188
Asset revaluation reserve - Library Collection				
Balance 1 January 2005	382	-	382	-
Increment/(Decrement) on revaluation	(382)	382	(382)	382
Balance 31 December 2005	-	382	-	382

Reserves Continued

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(b) Retained surplus				
Retained surplus at 1 January	193,168	191,068	180,893	179,883
Net Operating Result attributed to parent entity	(1,034)	2,579	(3,540)	1,489
Transfers from Reserves	-	(479)	-	(479)
Retained Surplus at 31 December	192,134	193,168	177,353	180,893

(c) Nature and purpose of reserves

Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements, on the revaluation of non-current assets, as described in accounting policy note 1(f).

32.0 Restricted equity

Restricted Equities represent funds of the following nature:

- Prizes and donor funds
- Research and other scholarship funds
- External research grant funds
- Funds related to UNE Research Centres
- Fund tied to the UNE Foundation
- Special Purpose DEST Funds (CDP)
- Other restricted funds

These funds have a restriction on their purpose and use but remain the property of UNE as at 31 December 2005.

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Restricted Equity 1 January	17,874	16,860	17,874	16,860
Restricted Equity increase/(decrease) in year	(827)	1,014	(827)	1,014
Restricted Equity 31 December	17,047	17,874	17,047	17,874

Other Notes Continued

33.0 Responsible persons and executive officers

(a) The names of each person holding the position of Member of Council during the year were:

Associate Professor H Beyersdorf	Mr P Mathew
Mr J M Cassidy (Chancellor)	Ms A Maurer (appointed 28/2/05)
Professor R Cooksey (expiry of term 13/2/05)	Ms J McClelland
Professor D Cottle (appointed 8/8/05)	Professor I Moses (Vice-Chancellor)
Mrs J Crew OAM	Mrs J Oppenheimer OAM
Mr K Ford (appointed 5/10/05)	Ms K Scharf (expiry of term 29/9/05))
Professor M Franzmann (appointed 14/2/05)	Mr P Schubert (appointed 29/9/05)
Ms F Giuseppe	Mr R Torbay MP (appointed 29/9/05)
Mr J Harris	Mr S Williams
Mr A Marks (expiry of term 5/10/05))	Mr T Windsor MP (expiry of term 25/02/05)
Associate Professor J McParlane (expiry of term 17/6/05))	Mr E Wright AM

(b) Remuneration of Board Members and Executives

	Consolidated		Parent entity	
Remuneration of Board Members	2005	2004	2005	2004
	No.	No.	No.	No.
Nil to \$9,999	55	38	22	21
\$10,000 to \$19,999	-	1	-	-
	55	39	22	21
	\$'000	\$'000	\$'000	\$'000
Aggregate Remuneration of Board Members				
Total Aggregate Remuneration	31	18	4	4
Remuneration of Executives	No.	No.	No.	No.
\$110,000 to \$119,999	1	1	1	1
\$120,000 to \$129,999	-	2	-	-
\$130,000 to \$139,999	1	-	-	-
\$150,000 to \$159,999	2	1	2	1
\$160,000 to \$169,999	-	2	-	2
\$170,000 to \$179,999	2	-	2	-
\$200,000 to \$209,999	-	4	-	4
\$210,000 to \$219,999	4	-	4	-
\$370,000 to \$379,999	1	1	1	1
	11	11	10	9
	\$'000	\$'000	\$'000	\$'000
Aggregate Remuneration of Executives				
Total Aggregate Remuneration	2,252	2,158	2,025	1,809

(c) Related party transactions

The University had no material related party transactions for the year ended 31 December, 2005. The University does act as supply agent for its subsidiaries, however these transactions are accounted for on a non profit basis and balances are eliminated on consolidation.

During the year, ended 31 December 2005, the University paid sitting fees to University Council Members totalling \$3,600.

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
34.0 Remuneration of auditors				
During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:				
Assurance services				
Audit services				
Fees paid to The Audit Office of NSW				
Audit and review of financial reports and other audit work under the <i>Public Finance and Audit Act, 1983</i> and the <i>Corporations Act 2001</i> .	187	153	142	119
Total remuneration for audit services	<u>187</u>	<u>153</u>	<u>142</u>	<u>119</u>

35.0 At balance date, no contingent liability or contingent assets of a material nature to the University or controlled entities had been identified.

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
36.0 Commitments for expenditure				
(a) Capital Commitments				
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:				
Property, Plant and Equipment Payable:				
Within one year	2,896	2,570	2,896	2,570
Later than one year but not later than 5 years	-	-	-	-
Later than five years				
Total capital commitments	<u>2,896</u>	<u>2,570</u>	<u>2,896</u>	<u>2,570</u>
As at 31 December 2005, the University had the following lease commitments:				
(b) (i) Operating Leases				
Within one year	337	477	205	477
Later than one year but not later than 5 years	343	291	109	290
Later than five years	170	-	-	-
Total operating leases	<u>850</u>	<u>768</u>	<u>314</u>	<u>767</u>

Commitments for expenditure continued

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(b)(ii) Finance Leases				
Within one year	1,152	1,520	1,109	1,520
Later than one year but not later than 5 years	795	963	713	963
Later than five years	80	-	-	-
Total finance leases	2,027	2,483	1,822	2,483
Total lease commitments	2,877	3,251	2,136	3,250

No lease arrangements, existing as at 31 December, contain contingent rental payments, purchase options, escalation clauses or restrictions imposed by lease arrangements including dividends, additional debt or further leasing.

(c) Other expenditure commitments

Other 2005 Commitments

The value of orders, for goods and services placed, but not filled, as at 31 December 2005, total \$2,477,132.
(2004: \$1,895,006). Expenditure for these orders is expected to occur in 2006.

In addition, during 2005, the University entered into contracts for the following operating expenditures:

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Within one year	13,973	9,638	13,973	9,634
Later than one year but not later than 5 years	19,665	15,429	19,665	15,429
Later than five years	-	-	-	-
Total	33,638	25,067	33,638	25,063

37.0 Subsidiaries

The controlled financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1 (c).

The incorporated entities, that meet the "control" test and which have been consolidated, are UNE Partnerships Pty Limited, Agricultural Business Research Institute (company limited by guarantee), International Livestock Research & Information Centre Ltd (company limited by guarantee) and Services UNE Limited (formerly UNE Union Ltd. None of these entities have any subsidiary holdings.

Name of Entity

UNE Partnerships Pty Ltd

UNE Partnerships Pty Ltd is the commercial company of the University of New England (Armidale) and the University owns 100% interest in the entity. The principal activities of the company, in 2005, included the commercialisation and delivery of education and training programs.

The Agricultural Business Research Institute

The Agricultural Business Research Institute (ABRI) was incorporated in Australia as a company limited by guarantee, on 11 January, 1993. The principal activities of the company are to provide data processing services, computer software products and educational services to improve the productivity and efficiency of agribusiness and rural based industries.

International Livestock Resources And Information Centre Ltd

International Livestock Resources And Information Centre Ltd (ILRIC) was incorporated, in Australia as a company limited by guarantee, on 2 July, 2002.

The principal activities of the company is to provide research, educational and informational services for the livestock industry.

Services UNE Limited (formerly UNE Union Ltd)

Services UNE Limited (formerly UNE Union Ltd) is an Australian Public Company limited by guarantee. The company is a controlled entity of the University of New England, effective from 1 October 2005.

From midnight 30 September 2005, the Company acquired the assets, liabilities and operations of the UNE Union through a Deed of Company Arrangement. Prior to this date, the Company did not trade in its own right, but acted as trustee for the UNE Union. Since that date, the company has continued to provide non-academic student services.

38.0 Joint Ventures

The University has adopted AASB 131 "Interests in Joint Ventures" to calculate an equity interest in the net assets of the joint venture.

National Marine Science Centre Pty Limited

The University of New England has 50% interest in a joint venture entity called National Marine Science Centre Pty Limited.

The principal activities, of the joint venture, are to integrate education, environmental research, fisheries research, management, ecotourism and public interpretive facilities.

The company was incorporated in Australia on 23 June 2000 and the joint venture arrangements were finalised on 6 September 2000.

Information, relating to the joint venture entity presented in accordance with the accounting policy described in note 1(s), is set out below:

The National Marine Science Centre Pty Ltd has no subsidiary holdings.

	National Marine Science Centre Pty Limited	
	2005 \$'000	2004 \$'000
Share of partnership's assets and liabilities		
Current Assets	478	175
Non-Current Assets	5,927	6,028
Total assets	6,405	6,203
Current Liabilities	218	84
Non-Current Liabilities	-	-
Total liabilities	218	84
Net Assets	6,187	6,119
Share of partnership's revenues, expenses and results		
Revenue	1,283	819
Expenses	1,214	959
Net operating result before income tax	69	(140)
Retained earnings attributable to National Marine Science Centre Pty Limited:		
As at beginning of the financial year	6,119	6,259
Share in operating result for the current year	69	(140)
At the end of the financial year	6,187	6,119
Movement in the carrying amount of investment in National Marine Science Centre Pty Limited:		
Carrying amount at beginning of financial year	6,119	6,259
Purchase of Shares	-	-
Share of net operating result	69	(140)
Distributions received	-	-
Carrying amount at end of financial year	6,187	6,119

39.0 Financial instruments

The economic entity's accounting policies, including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date, are as follows:

(a)

Terms and conditions

Recognised Financial Instruments	Balance Sheet Note	Accounting Policies	Terms and Conditions
Financial Assets			
Receivables	17	Receivables are carried at nominal amounts due less any provision for doubtful debts	Accounts Receivable credit terms are 30 days
Loans Receivable	17	Loans Receivable are stated at the lower of cost or recoverable amount	
Deposits At Call	16	Term Deposits are stated at cost	Bank Call Deposits interest rate is determined by the official Money Market
Term Deposits	16	Term Deposits are stated at cost	Term deposits are for a period of up to one year. Interest rates are between 5.52% and 5.85%
Listed Shares	22	Listed Shares are carried at the lower of cost or recoverable amount	
Unlisted Shares	24	Unlisted Shares are carried at the lower of cost or recoverable amount	
Financial Liabilities			
Bank Borrowing	28	Borrowings are carried at cost. Interest paid on the borrowing is capitalised into the cost of the construction project.	Term of Borrowing is 10 years. The interest rates are fixed between 8.21% and 8.91%. These borrowings will be paid out in full in 2006.
Finance Leasing	28	The lease liability is accounted for in accordance with AASB 117.	Interest rates per market and schedules. Between 5.93% and 7.67%
Creditors and Accruals	27 & 30.1	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the economic entity.	Creditors are normally settled on 30 day terms

39.0 Financial Instruments - continued

b) Interest rate risk exposure

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Economic Entity's exposure to interest rate risks and the effective weighted average interest rates of financial assets and liabilities, at the Balance Sheet date, are as follows:

(b) Interest Rate Risk

Financial Instrument	Floating Interest Rate	Fixed Interest rate maturing in:			Non-interest bearing	Total carrying amount per Statement of Financial Position	Weighted average effective interest rate
		1 Year or less	Over 1 to 5 years	More than 5 years			
2005							
		Consolidated					
	\$000	\$000	\$000	\$000	\$000	\$000	%
<u>Financial Assets</u>							
Cash	4,887					4,887	5.00%
Investments-Term Deposits		27,911	198			28,109	5.70%
Receivables					12,193	12,193	
Receivable - Commonwealth debtor					123,724	123,724	
Receivables - Related Entities					-	-	
Listed Shares					784	784	
National Marine Science Centre					6,187	6,187	
Unlisted Shares					123	123	
Total Financial Assets	4,887	27,911	198	-	143,011	176,007	
<u>Financial Liabilities</u>							
Borrowings		2,965	856	-		3,821	7.67%
Creditors					2,592	2,592	
Other Amounts Owng					15,821	15,821	
Total Financial Liabilities	-	2,965	856	-	18,413	22,234	
Net Financial Assets(Liabilities)	4,887	24,946	(658)	-	124,598	153,773	

Comparative figures for the previous year are as follows:

Financial Instrument	Floating Interest Rate	Fixed Interest rate maturing in:			Non-interest bearing	Total carrying amount per Statement of Financial Position	Weighted average effective interest rate
		1 Year or less	Over 1 to 5 years	More than 5 years			
2004							
		Consolidated					
	\$000	\$000	\$000	\$000	\$000	\$000	%
<u>Financial Assets</u>							
Cash	4,350					4,350	4.75%
Investments - Term Deposits		28,934	376			29,310	5.45%
Receivables					11,155	11,155	
Receivable - Commonwealth debtor					124,108	124,108	
Receivables - Related Entities					-	-	
Listed Shares					566	566	
National Marine Science Centre					6,119	6,119	
Unlisted Shares					175	175	
Total Financial Assets	4,350	28,934	376	-	142,123	175,783	
<u>Financial Liabilities</u>							
Borrowings		3,437	2,105	-		5,542	8.05%
Creditors					1,807	1,807	
Other Amounts Owng					11,802	11,802	
Total Financial Liabilities	-	3,437	2,105	-	13,609	19,151	
Net Financial Assets(Liabilities)	4,350	25,497	(1,729)	-	128,514	156,632	

Reconciliation of Net Financial Assets to Net Assets

	Consolidated	
	2005	2004
	\$000	\$000
Net Financial Assets as above	153,773	156,632
Non-Financial Assets and Liabilities		
Inventories	928	489
Biological	1,228	1,074
Property, Plant and Equipment	208,551	205,990
Non current assets classified as held for sale	1,015	-
Other Assets	8,518	7,967
Current Provisions	(10,818)	(9,409)
Non-Current Provisions	(149,593)	(151,058)
Total Net Assets	213,602	211,684

c) Derivative Financial Instruments

The economic entity has no derivative financial instruments.

d) Credit Risk

Credit risk is the risk of financial loss, arising from another party, to a contract or financial position failing to discharge a financial obligation thereunder. The Economic Entity's maximum exposure, to credit rate risk, is represented by the carrying amounts of the financial assets included in the Consolidated Balance Sheet.

For the University, the only material exposure exists in related entity debtors.

For UNEP, ABRI, ILRIC and Services UNE Limited (formerly UNE Union Ltd) no material exposure exists to any individual creditor or class of financial asset.

e) Net Fair Values of Financial Assets and Liabilities

The University's financial assets and liabilities included in current and non-current assets, and current and non-current liabilities, in the Balance Sheet, are considered to be carried at amounts that approximate net fair value.

Note 40. Explanation of transition to Australian equivalents to IFRSs

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

At the date of transition to AIFRS:

1 January 2004

		Consolidated			Parent Entity		
		Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
	Notes						
ASSETS							
Current assets							
Cash and cash equivalents		35,913	-	35,913	30,613	-	30,613
Receivables		5,840	-	5,840	4,536	-	4,536
Inventories	a	1,299	(718)	581	1,281	(718)	563
Biological Assets	a		679	679		679	679
Other financial assets at fair value through profit or loss		-	-	-	-	-	-
Derivative financial instruments		-	-	-	-	-	-
Other non-financial assets		2,978	-	2,978	2,729	-	2,729
Non-current assets classified as held for sale		-	-	-	-	-	-
Total current assets		46,030	(39)	45,991	39,159	(39)	39,120
Non current assets							
Receivables	b	91,506	29,766	121,273	91,261	29,766	121,028
Inventories		-	-	-	-	-	-
Investments accounted for using the equity method	c	5,830	(14)	5,816	-	-	-
Other Financial Assets	d	607	(448)	159	1,658	(448)	1,210
Available-for-sale financial assets	d		448	448	-	448	448
Property, plant and equipment	e, f	255,748	(49,092)	206,656	254,553	(49,092)	205,461
Intangible assets	f	619	1,295	1,914	-	1,295	1,295
Other non-financial assets		-	-	-	-	-	-
Total non current assets		354,310	(18,045)	336,265	347,472	(18,031)	329,441
Total assets							
		400,340	(18,084)	382,256	386,631	(18,070)	368,561
LIABILITIES							
Current liabilities							
Payables		2,031	-	2,031	1,012	-	1,012
Interest bearing liabilities		3,990	-	3,990	3,990	-	3,990
Derivative financial instruments		-	-	-	-	-	-
Provisions	g	9,726	(277)	9,449	9,080	(277)	8,803
Unspent Financial Assistance		-	-	-	-	-	-
Advances Other		6,095	-	6,095	5,413	-	5,413
Other		4,701	-	4,701	4,701	-	4,701
Total current liabilities		26,543	(277)	26,266	24,196	(277)	23,919
Non current liabilities							
Interest Bearing Liabilities		4,335	-	4,335	4,335	-	4,335
Provisions	b, g, h	113,454	33,308	146,762	112,848	33,308	146,156
		117,789	33,308	151,097	117,183	33,308	150,491
Total Liabilities							
		144,332	33,031	177,363	141,379	33,031	174,410
Net Assets							
		256,008	(51,116)	204,893	245,252	(51,102)	194,150

Note 40. Explanation of transition to Australian equivalents to IFRSs (continued)

Notes	Consolidated			Parent Entity		
	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
EQUITY						
Parent entity interest						
Statutory funds	-	-	-	-	-	-
Reserves	13,156	1,111	14,267	13,156	1,111	14,267
Retained surplus	242,852	(52,227)	190,626	232,096	(52,214)	179,883
Parent entity interest	-	332	-	-	-	-
Minority interest	-	-	-	-	-	-
Total equity	256,008	(51,116)	204,893	245,252	(51,102)	194,150

Note 40(iii) At the end of the last reporting period under previous AGAAP: 31 December 2004

Notes	Consolidated			Parent entity		
	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS						
Current assets						
Cash and cash equivalents	33,284	-	33,284	26,822	-	26,822
Receivables	7,324	-	7,324	5,563	-	5,563
Inventories	1,626	(1,137)	489	1,564	(1,137)	427
Biological assets	-	1,074	1,074	-	1,074	1,074
Other financial assets at fair value through profit or loss	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other non-financial assets	3,831	-	3,831	3,649	-	3,649
Non-current assets classified as held for sale	-	-	-	-	-	-
Total current assets	46,065	(63)	46,002	37,598	(63)	37,535
Non current assets						
Receivables	86,909	37,199	124,108	86,909	37,199	124,108
Inventories	-	-	-	-	-	-
Investments accounted for using the equity method	5,690	429	6,119	-	-	-
Available-for-sale financial assets	-	566	566	-	566	566
Other financial assets	1,116	(566)	550	1,775	(566)	1,209
Property, plant and equipment	258,004	(52,014)	205,990	256,673	(52,014)	204,659
Intangible assets	573	7,394	7,967	-	7,394	7,394
Other non-financial assets	-	-	-	-	-	-
Total non current assets	352,292	(6,992)	345,300	345,357	(7,421)	337,936
Total assets	398,357	(7,055)	391,302	382,955	(7,484)	375,471

Note 40(iii). Explanation of transition to Australian equivalents to IFRSs (continued)

		Consolidated			Parent Entity		
	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
LIABILITIES							
Current liabilities							
Payables		1,807	-	1,807	753	-	753
Interest bearing liabilities		3,437	-	3,437	3,437	-	3,437
Derivative financial instruments		-	-	-	-	-	-
Provisions	g	9,410	-	9,410	8,773	-	8,773
Unspent Financial Assistance		-	-	-	-	-	-
Advances Other		5,309	-	5,309	4,080	-	4,080
Other		6,493	-	6,493	6,494	-	6,494
Total current liabilities		26,456	-	26,456	23,537	-	23,537
Non current liabilities							
Interest bearing liabilities		2,105	-	2,105	2,105	-	2,105
Provisions	b,g,h	110,467	40,589	151,056	109,831	40,589	150,420
Total non-current liabilities		112,572	40,589	153,161	111,936	40,589	152,525
Total Liabilities		139,028	40,589	179,617	135,473	40,589	176,062
Net Assets							
		259,329	(47,645)	211,685	247,482	(48,073)	199,409
EQUITY							
Parent entity interest							
Statutory funds		-	-	-	-	-	-
Reserves	e	14,228	4,288	18,516	14,228	4,288	18,516
Retained surplus	a,b,c,g,h	245,101	(51,933)	193,168	233,254	(52,361)	180,893
Parent entity interest		-	-	-	-	-	-
Minority interest		-	-	-	-	-	-
Total equity		259,329	(47,645)	211,685	247,482	(48,073)	199,409

Note 40. Explanation of transition to Australian equivalents to IFRSs (continued)

(iv) Reconciliation of profit for the year ended 31 December 2004

	Notes	Previous AGAAP \$'000	Consolidated Effect of transition to AIFRS \$'000	Parent entity		Effect of transition to AIFRS \$'000	AIFRS \$'000
				AIFRS \$'000	Previous AGAAP \$'000		
Revenue from continuing operations							
Australian Government financial assistance							
Australian Government grants		82,552	-	82,552	81,517	-	81,517
HECS-HELP –Australian Government payments		31,327	-	31,327	31,327	-	31,327
State and local Government financial assistance		1,136	-	1,136	1,136	-	1,136
HECS-HELP –Student Contributions		6,792	-	6,792	6,792	-	6,792
Superannuation – deferred government contributions		-	-	-	-	-	-
Fees and charges		45,542	-	45,542	34,925	-	34,925
Investment income		1,928	-	1,928	1,625	-	1,625
Royalties, trademarks and licenses		459	-	459	459	-	459
Consultancy and contract research		973	-	973	973	-	973
Other revenue		9,658	-	9,658	10,150	-	10,150
Shares of net results of associates and joint venture partnership accounted for using the equity method		(140)	-	(140)	-	-	-
Total revenue from continuing operations		180,227	-	180,227	168,904	-	168,904
Expenses from continuing operations							
Employee benefits & on costs	g	100,354	384	100,738	95,057	384	95,440
Depreciation and amortisation		10,017	-	10,017	9,458	-	9,458
Repairs and maintenance		3,148	-	3,148	3,140	-	3,140
Borrowing costs		556	-	556	556	-	556
Bad and doubtful debts		657	-	657	657	-	657
Other expenses	a	62,470	63	62,533	58,101	63	58,164
Total expenses from continuing operations		177,202	447	177,649	166,969	447	167,415

Note 40. Explanation of transition to Australian equivalents to IFRSs (continued)

Notes	Consolidated			Parent entity		
	Previous AGAAP	Effect of transition to AIFRS	AIFRS	Previous AGAAP	Effect of transition to AIFRS	AIFRS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating result before income tax	3,025	(447)	2,578	1,935	(447)	1,488
Income tax expense	-	-	-	-	-	-
Operating result from continuing operations	3,025	-	2,578	1,935	-	1,489
Operating result from discontinued operations	-	-	-	-	-	-
Net operating result for the year	3,025	-	2,578	1,935	-	1,489
Net operating result attributable to minority interest	-	-	-	-	-	-
Net operating result attributable to members of [HEP]	3,025	-	2,578	1,935	-	1,489

EXPLANATORY NOTES TO AIFRS ADJUSTMENTS

Note 40 (continued)

The Consolidated entity and Parent entity changed its accounting policies on 1 January 2005 to comply with Australian Equivalents to International Financial Reporting Standards (AIFRS). The transition to AIFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time adoption of Australian Equivalents to International Reporting Standards', with 1 January 2004 as the date of transition.

a) Impact of AASB 141 'Biological Assets' & AASB 102 'Inventory'

The balance of UNE inventory under AASB 102 paragraph 2(c) is not permitted to include livestock or assets of a biological nature under AIFRS. Accordingly under AASB 141 UNE has now classified Livestock as a Biological Asset net of selling costs, this has effectively reduced the inventory balance by \$718k relating to the balance of UNE's Livestock of Sheep and Cattle which are now classified as a biological asset.

Balance of UNE Livestock at Transition date 1 January 2004:

	Valued at Market Value under \$(000)	A-IFRS Fair Value Less Selling Price \$(000)	AIFRS Selling Cost Adjustment \$(000)
Sheep	351	332	19
Cattle	367	347	20
Total	718	679	39

Balance of UNE Livestock at last reporting date 31 December 2004:

	Valued at Market Value under \$(000)	Fair Value Less Selling Price \$(000)	AIFRS Selling Cost Adjustment \$(000)
Sheep	338	319	19
Cattle	799	755	44
Total	1,137	1,074	63

EXPLANATORY NOTES TO AIFRS ADJUSTMENTS (continued)

Note. 40 (continued)

b) Impact of ASSB 119 - 'Employee Benefits' on UNE State Super Liability and Receivable

A revision to the balance of the deferred asset and liability recognised to account for the superannuation schemes listed has been required to comply with ASSB 119 - Employee Benefits. The superannuation schemes included in this account balance are:

- State Superannuation Scheme (SSS)
- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes where at least a component of the final benefit is derived from a multiple of member salary and years of membership. These schemes are all closed to new members.

Independent advice of the IFRS impact was received from Pillar Administration (Sydney) on 2 September 2005 for the 2004 opening and closing balances.

The assumptions used in this advice were as follows:

	1 January 2004	31 December 2004
Discount Rate	5.7%	5.4%
Rate of Salary Increases	4.0%	4.0%
Rate of CPI Increases	2.5%	2.5%
Expected return on Plan Assets	7.0%	7.3%

The resulting balances at reporting date for UNE Parent are:

	SASS Financial Year to 01/01/2004	SANCS Financial Year to 01/01/04	SSS Financial Year to 01/01/04	Total	AGAAP 01/01/04	Variance to AGAAP
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Present value of defined benefit obligations	13,297	6,082	186,161	205,540	175,773	29,766
Fair Value of Plan Assets	(11,888)	(4,782)	(67,841)	(84,512)	(84,512)	
	1,408	1,300	118,320	121,028	91,261	
Surplus in Excess of Recovery Available from Scheme	-	-	-	-	-	-
Unrecognised past service costs	-	-	-	-	-	-
Net (asset)/liability to be disclosed in balance sheet	1,408	1,300	118,320	121,028	91,261	29,766
	SASS Financial Year to 31/12/ 04	SANCS Financial Year to 31/12/ 04	SSS Financial Year to 31/12/ 04	Total	Total AGAAP 31/12/04	Variance to AGAAP
Present value of defined benefit obligations	14,602	6,579	193,906	215,087	177,888	37,199
Fair Value of Plan Assets	(14,083)	(3,773)	(73,124)	(90,979)	(90,979)	-
	519	2,807	120,782	124,108	86,909	
Surplus in Excess of Recovery Available from Scheme	-	-	-	-	-	-
Unrecognised past service costs	-	-	-	-	-	-
Net (asset)/liability to be disclosed in balance sheet	519	2,807	120,782	124,108	86,909	37,199

c) AIFRS Impact on National Marine Science Centre (NMSC) Equity Accounted for Investment

The AIFRS impact on the equity holding in the NMSC has resulted in an adjustment to UNE's consolidated accounts at transition date and for 31 December 2004. The adjustments have included a revaluation of Land and Buildings along with the reclassification of some NMSC property as Investment Properties under AASB 140 - 'Investment Property'.

EXPLANATORY NOTES TO AIFRS ADJUSTMENTS (continued)**Note. 40 (continued)****d) Impact of AASB 139 'Financial Instruments'**

Under AASB 139 paragraph 9, UNE has reclassified shares held which are listed on the Australian Stock Exchange as 'Available For Sale' Investments measured at a fair value. This is consistent with the University's AGAAP measurement of these investments and therefore no change to value of the investment has occurred.

Under AASB 139 paragraph 46(c), UNE has reclassified some investments as 'Other Financial Assets At Cost' which include shares in non-listed companies for which we are unable to establish fair value. Accordingly cost has been used as the best estimate of fair value which is consistent with the University's prior treatment of these investments and therefore no change to value of the investment has occurred.

e) Impact of AASB 136 'Impairment of Assets' on UNE (Parent Entity) Property, Plant & Equipment

As part of UNE's transition to AIFRS a number of valuations of Property, Plant and Equipment were commissioned. The purpose of these valuations was to ensure that the transition date balances of Property, Plant and Equipment recognised by UNE were consistent with the measurement requirements of AASB 116 'Property, Plant and Equipment' and also to ensure that no impairment of assets recognised at transition date had occurred according to AASB 136 'Impairment of Assets'.

Land Valuations

A valuation of all UNE property as at 1 January 2004 and at 31 December 2004 was provided LM Knight AAPI, DURP a registered land valuer to ensure there had been no impairment according to AASB 136 'Impairment of Assets' criteria.

The resulting valuation adjustments have been made as follows to ensure UNE property is being carried at fair value.

Valuation Results:

Land Value Increase
\$ (000)

At transition date 1 January 2004	\$1,111
At last reporting date 31 December 2005	<u>\$2,795</u>
Total Increase	\$3,906

e) Impact of AASB 136 'Impairment of Assets' on UNE (Parent Entity) Land Valuations**Library Collection Valuation**

A valuation of the UNE Library Books and Periodicals as at 31 December 2003, 2004, and 2005 was provided to UNE by Australian Pacific Valuers Pty Ltd in February 2006. The valuation performed was in accordance AIFRS. This is the first valuation since 1 January 1994 when UNE adopted a cost based value provided by the University's Librarian.

Valuation Results:

	AIFRS Fair Value \$(000)	AGAAP Values \$(000)	AIFRS Adjustments \$(000)	Revaluation Reserve Adjustment
31 December 2003	24,590	73,499	(48,909)	(N/A)
31 December 2004	25,335	73,862	(48,526)	382
31 December 2005	24,650	(N/A)	(N/A)	(382)

Refer to Note (f) below for reconciliation of changes to Property, Plant and Equipment.

f) Impact of AASB 138 'Intangible Assets'

UNE & Related Parties have conducted a review of Intangible Assets recognised according to AGAAP in previous accounting periods. As a result of this review the University (Parent Entity) has reclassified computer software costs previously recognised as Computer Equipment into the classification of Intangible Assets under AASB 138 'Intangible Assets'. The Universities related parties (UNEP, Services UNE, ABRI & ILRIC) have maintained their existing Intangible Assets as they have been deemed to meet the recognition criteria of AASB 138 'Intangible Assets'.

Reconciliation	Consolidated	UNE (parent)
At transition date 1 January 2004	\$(000)	\$(000)
Balance of Property, Plant & Equipment	255,748	254,553
Land Revaluation Adjustment note (e)	1,111	1,111
Reclassified Computer Software (net amortisation)	(1,295)	(1,295)
Library Collection Valuation	<u>(48,909)</u>	<u>(48,909)</u>
Revised Property, Plant & Equipment Balance	206,656	205,461
At last reporting date 31 December 2004		
Balance of Property, Plant & Equipment	258,004	256,673
Land Revaluation Adjustment note (e)	3,906	3,906
Reclassified Computer Software (net amortisation)	<u>(7,394)</u>	<u>(7,394)</u>
Library Collection Valuation	<u>(48,526)</u>	<u>(48,526)</u>
Revised Property, Plant & Equipment Balance	205,990	204,659

EXPLANATORY NOTES TO AIFRS ADJUSTMENTS (continued)**Note. 40 (continued)****g) Impact of AASB 119 Employee Entitlements on Long Service Leave Provisions**

The application of AASB 119 has resulted in a decrease in the provision for Long Service Leave recognised at 1 January 2004. This balance was determined in reference to an Actuarial assessment of the Long Service Leave balance performed by KPMG Actuarial Services Pty Ltd on 18 January 2005 in respect of the 31/12/03 balance.

At transition date 1 January 2004	AGAAP \$(000)	AIFRS \$(000)	AIFRS Adjustment \$(000)
- Current Liability	2,061	1,784	277
- Non Current Liability	15,623	15,516	107
	<u>17,684</u>	<u>17,300</u>	<u>384</u>

The resulting variation under AIFRS has been accounted for through the retained earnings balance and has resulted in an additional Long Service Leave expense being recognised.

At last reporting date 31 December 2004

For the year ended 31 December 2004 the University applied information provided in the above noted Actuarial Assessment to recognise its Long Service Leave liability. At this point in time the measurement criteria used in the Actuarial Assessment produced a result consistent with AGAAP and AIFRS, as such, no adjustment to the comparative figures has been required.

h) Impact of AASB 119 Employee Entitlements on Professorial Super Entitlements

The application of AASB 119 has resulted in an increase in the provision for Professorial Super recognised at 1 January 2004. This balance was determined in reference to an Actuarial assessment of the Professorial Super balance performed by Alea Actuarial Consulting Pty Limited, Sydney, 17 January in respect of the 1 January 2004 balance.

The valuation resulted in an increase to the opening of as at 1 January 2004 of \$3,648,000, however, the valuation resulted in a decrease to the closing balance as at 31 December 2004 of \$258,000.

Parent entity (University) Only

41.5 Australian Research Council Grants

(a)		Projects		Indigenous Research Development		Total	
		2005	2004	2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Discovery							
Financial Assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		1,701	1,412	-	22	1,701	1,434
Net accrual adjustments		-	2	-	-	-	2
Revenue for the period	3(f)(i)	1,701	1,414	-	22	1,701	1,436
Surplus/ (deficit) from the previous year		602	755	25	28	627	783
Total revenue including accrued revenue		2,303	2,169	25	50	2,328	2,219
Less Expenses including accrued expenses		1,727	1,567	14	25	1,741	1,592
Surplus / (deficit) for reporting period		576	602	11	25	587	627

Parent entity (University) Only

(b)	Linkages	Special Research Initiatives		Infrastructure		Projects		Total	
		2005	2004	2005	2004	2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		-	-	130	-	744	669	874	669
Net accrual adjustments		-	-	-	-	-	21	-	21
Revenue for the period	3(f)(ii)	-	-	130	-	744	690	874	690
Surplus/ (deficit) from the previous year		-	-	-	-	367	386	367	386
Total revenue including accrued revenue		-	-	130	-	1,111	1,076	1,241	1,076
Less Expenses including accrued expenses		-	-	130	-	717	709	847	709
Surplus / (deficit) for reporting period		-	-	-	-	394	367	394	367

* Including Workplace Reform Program and superannuation contribution

" End of Audited Financial Statements "

Additional Information

Budgetary Income Statements for the Year Ending 31 December 2005

	Actual 2005 \$'000	University Budget 2005 \$'000	Variance 2005 \$'000	Budget 2006 \$'000
REVENUE				
Commonwealth Government Financial Assistance	84,563	82,406	2,157	81,665
State Government Financial Assistance	989	1,639	(650)	1,599
Higher Education Contribution Scheme				
Student Contribution	2,203	6,400	(4,197)	6,810
Commonwealth Payments	29,797	30,900	(1,103)	32,785
Superannuation - deferred government contributions	-	2,800	(2,800)	2,800
Commonwealth loans programs	6,927	1,200	5,727	1,200
Fees and Charges	36,494	33,738	2,756	35,785
Investment income	1,860	1,544	316	1,625
Royalties, trademarks and licences	305	651	(346)	622
Consultancy and contracts	719	778	(59)	800
Other revenue	8,411	5,834	2,577	5,865
Operating revenues from continuing operations	172,268	167,891	4,377	171,556
EXPENSES				
Employee benefits and on costs				
Academic	49,007	49,825	(818)	53,063
Non-academic	49,821	49,526	295	52,641
Superannuation - deferred government contributions	384	-	384	-
Depreciation and amortisation	10,277	11,510	(1,233)	10,500
Repairs and maintenance	2,707	3,843	(1,136)	4,326
Bad and doubtful debts	756	500	256	250
Borrowing costs	305	343	(38)	65
Other expenses	62,935	49,385	13,550	47,776
Expenses before deferred items	176,192	164,932	11,260	168,621
Deferred employee benefits for superannuation	(384)	2,800	(3,184)	2,800
Total expenses from continuing operations	175,808	167,732	8,076	171,421
Operating result	(3,540)	159	(3,699)	135
Retained Earnings at beginning of financial year	180,893	231,525	(50,632)	231,684
Retained Earnings at End of financial year	177,353	231,684	(54,331)	231,819

Budgetary Balance Sheets as at 31 December 2005

	University			
	Actual 2005 \$'000	Budget 2005 \$'000	Variance 2005 \$'000	Budget 2006 \$'000
CURRENT ASSETS				
Cash and cash equivalents	25,444	22,772	2,672	20,726
Inventories	531	1,081	(550)	1,200
Receivables	5,593	7,765	(2,172)	5,625
Biological	1,228	-	1,228	-
Other non-financial assets	3,469	-	3,469	-
Total current assets	36,265	31,618	4,647	27,551
Non-current assets				
Receivables	123,724	93,054	30,670	87,894
Available-for-sale financial assets	784	-	784	-
Other financial assets	1,209	1,658	(449)	1,741
Property, plant and equipment	206,032	254,357	(48,325)	260,542
Intangible assets	7,893	-	7,893	-
Total non-current assets	339,642	349,068	(9,426)	350,177
Total assets	375,907	380,686	(4,779)	377,728
Current liabilities				
Payables	956	1,007	(51)	768
Interest bearing liabilities	2,210	1,335	875	2,654
Provisions	9,851	8,080	1,771	8,773
Other liabilities	14,730	8,769	5,961	10,574
Total current liabilities	27,747	19,191	8,556	22,769
Non-current liabilities				
Interest bearing liabilities	684	1,408	(724)	3,746
Provisions	148,656	115,614	33,042	106,239
Total non-current liabilities	149,340	117,022	32,318	109,985
Total liabilities	177,087	136,212	40,875	132,754
Net assets	198,820	244,474	(45,654)	244,974
EQUITY				
Reserves	21,468	13,156	8,312	13,155
Retained surplus	177,352	231,684	(54,332)	231,819
(Budget v Actual Synchronisation Adjustment)		(365)		
Total equity	198,820	244,475	(45,655)	244,974

Budgetary Cash Flow Statements for the Year ending 31 December 2005

	Actual	University		Budget
	2005	Budget	Variance	Budget
	\$'000	2005	2005	2006
		\$'000	\$'000	\$'000
Cash flows from operating activities				
Australian Government	118,540	101,730	16,810	107,260
State Government Grants	989	-	989	-
Local Government Grants	-	-	-	-
HECS-HELP - Student payments	6,927	-	6,927	-
OS-HELP (net)	20	-	20	-
Receipts from student fees and other customers	52,517	67,715	(15,198)	62,671
Dividends received	37	-	37	-
Interest received	1,828	1,544	284	1,625
Payments to suppliers and employees (inclusive of interest paid)	(167,991)	(162,683)	(5,308)	(160,671)
	(372)	(324)	(48)	(65)
Net cash inflow (outflow) from operating activities	12,495	7,982	4,513	10,820
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	949	-	949	-
Payments for property, plant and equipment	(12,173)	(10,061)	(2,112)	(16,685)
Net cash inflow (outflow) from investing activities	(11,224)	(10,061)	(1,163)	(16,685)
Cash flows from financing activities				
Proceeds from borrowings	-	-	-	5,000
Repayment of borrowings	(2,649)	(1,970)	(679)	(1,181)
Net cash inflow (outflow) from financing activities	(2,649)	(1,970)	(679)	3,819
Net increase (decrease) in cash and cash equivalents	(1,378)	(4,049)	2,671	(2,046)
Cash and cash equivalents at the beginning of the financial year	26,822	26,822	-	22,772
Cash and cash equivalents at end of year	25,444	22,773	2,671	20,726

UNE PARTNERSHIPS PTY LIMITED
ABN 74 003 099 125

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

UNE Partnerships Pty Limited

To Members of the New South Wales Parliament and Members of UNE Partnerships Pty Limited

Audit Opinion

In my opinion, the financial report of UNE Partnerships Pty Limited (the Company) is in accordance with:

- the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2005 and financial performance for the year ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983 (PF & A)* and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, directors' declaration and accompanying notes to the financial statements for the company, for the year ended 31 December 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The PF & A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



R Hegarty FCA
Director, Financial Audit Services

SYDNEY
21 April 2006

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

DIRECTORS' REPORT

The directors have pleasure in presenting their report, together with the financial report of UNE Partnerships Pty Limited for the year ended 31 December 2005 and the Auditors' Report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report the following:

Directors

The directors of the company at any time during, or since the end of the financial year are:

Dr P W Bennett	Director since 26 April 1994
Mr J Harris	Director since 31 July 1997
Mrs L P Henschke	Director since 1 April 1999
Prof M Macklin	Director since 16 August 2002
Mr Gary Smith	Director since 26 May 2004
Prof R Pollard	Director since 26 May 2004

Principal Activities

The commercialisation and delivery of education and training programs.

Results Of Operations

The Company recorded an operating surplus of \$111,999 for the year ended 31 December 2005. (2004: profit \$321,589).

Events Subsequent to Balance Date

Except where stated in the financial statements, there have not been any matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operation of the company or the state of affairs of the company in subsequent years.

Likely Developments

The company will continue to pursue its principal activities in 2006.

Dividends

The company cannot pay dividends due to its status as a not-for-profit entity under its constitution.

Compliance with Australian Equivalents to International Financial Reporting Standards (AIFRS)

This is the first financial report prepared based upon AIFRS. There has been no impact on the financial report following the adoption of these standards.

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

DIRECTORS' REPORT

Directors and Auditor's Indemnification

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- ☐ indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- ☐ paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

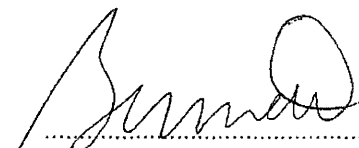
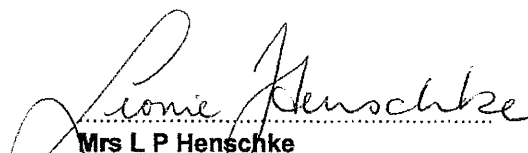
with the exception of the following matters.

During or since the financial year the University of New England has paid premiums on behalf of the Company to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was included in a bulk insurance charge by the University.

Signed in accordance with a resolution of directors made pursuant to Section 298(2) of the Corporations Act 2001.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached.


.....
Dr P W Bennett
Director
.....
Mrs L P Henschke
Director

Dated at Armidale NSW

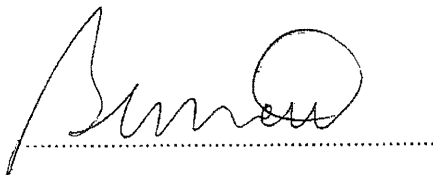
21 April 2006

DIRECTORS' STATEMENT

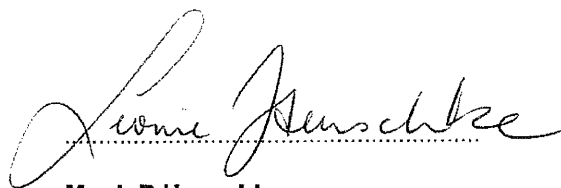
STATEMENT MADE IN ACCORDANCE WITH SECTION 41C (1B) AND (1C) OF THE PUBLIC FINANCE
AND AUDIT ACT, 1983.

In accordance with a resolution of the Board of Directors of UNE Partnerships Pty Limited we state that:

- a) the financial statements and notes thereon exhibit a true and fair view of the financial position and transactions for the year ended 31 December 2005;
- b) financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, Public Finance and Audit Regulation 2005; and
- c) we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr P W Bennett
Director



Mrs L P Henschke
Director

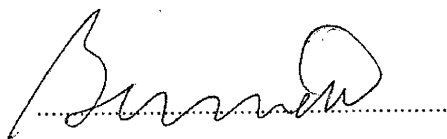
Dated at Armidale NSW
21 April 2006

DIRECTORS' DECLARATION

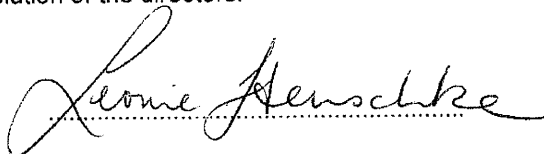
In the opinion of the directors of UNE Partnerships Pty Limited:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, and:
 - (i) present fairly the financial position of the company as at 31 December 2005 and of its performance, as represented by the results of its operations and cashflows, for the year ended on that date; and
 - (ii) complying with Accounting Standards and other mandatory professional reporting requirements; and
- (b) in the directors' opinion there are reasonable grounds to believe that the company 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 directors.



Dr P W Bennett
Director



Mrs L P Henschke
Director

Dated at Armidale NSW
21 April 2006

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

BALANCE SHEET

AS AT 31 DECEMBER 2005

	<u>NOTE</u>	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	4	616,957	609,221
Trade and other receivables	5	1,179,749	810,612
Inventories	6	73,673	61,302
Other current assets	7	<u>131,558</u>	<u>81,138</u>
TOTAL CURRENT ASSETS		<u>2,001,937</u>	<u>1,562,273</u>
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	8	150,522	38,593
Other receivables	5	197,863	376,326
Intangible assets	9	<u>217,571</u>	<u>197,837</u>
TOTAL NON-CURRENT ASSETS		<u>565,956</u>	<u>612,756</u>
<u>TOTAL ASSETS</u>		<u>2,567,893</u>	<u>2,175,029</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Trade and other payables	10	1,341,012	1,188,090
Provisions	11	<u>128,727</u>	<u>106,183</u>
TOTAL CURRENT LIABILITIES		<u>1,469,739</u>	<u>1,294,273</u>
<u>NON CURRENT LIABILITIES</u>			
Trade and other payables	10	74,200	-
Provisions	11	<u>120,514</u>	<u>89,315</u>
TOTAL NON CURRENT LIABILITIES		<u>194,714</u>	<u>89,315</u>
<u>TOTAL LIABILITIES</u>		<u>1,664,453</u>	<u>1,383,588</u>
<u>NET ASSETS</u>		<u>903,440</u>	<u>791,441</u>
<u>EQUITY</u>			
Issued capital	12	1,198,937	1,198,937
Accumulated Losses		<u>(295,497)</u>	<u>(407,496)</u>
<u>TOTAL EQUITY</u>		<u>903,440</u>	<u>791,441</u>

The Balance Sheet is to be read in conjunction with the
notes the financial statements.

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

INCOME STATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>NOTE</u>	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
Revenue from rendering of services	2	4,484,301	4,601,173
Other income	2	<u>171,536</u>	<u>84,575</u>
 Total revenue		<u>4,655,837</u>	<u>4,685,748</u>
 Employee expenses		1,607,408	1,387,305
Student services – Marking		1,360,812	1,268,148
Education course expenditure		377,608	428,635
Consultancy services		218,110	241,592
Travel and hospitality		189,554	193,058
Office expenses		206,501	188,416
Marketing		244,628	271,923
Depreciation	3	34,447	23,896
Other expenses		<u>304,770</u>	<u>361,186</u>
 Total expenses		<u>4,543,838</u>	<u>4,364,159</u>
 Net surplus attributable to members	3	<u>111,999</u>	<u>321,589</u>

The Income Statement is to be read in conjunction
with the notes to the financial statements

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>NOTE</u>	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
<u>Issued capital</u>			
Balance beginning and end of year		<u>1,198,937</u>	<u>1,198,937</u>
<u>Accumulated losses</u>			
Accumulated losses at beginning of year		(407,497)	(729,086)
Net profit attributable to members		<u>111,999</u>	<u>321,589</u>
Accumulated losses at end of year		<u>(295,497)</u>	<u>(407,497)</u>
 Total Equity at the End of Financial Year		 <u>903,440</u>	 <u>791,441</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>NOTE</u>	<u>2005</u> (\$)	<u>2004</u> (\$)
Cash Flows from Operating Activities			
Cash receipts in the course of operations		4,676,978	4,288,132
Cash payments in the course of operations		<u>(4,532,362)</u>	<u>(3,894,948)</u>
		144,616	393,184
Interest received		<u>32,254</u>	<u>19,149</u>
Net Cash provided by Operating Activities	19(ii)	<u>176,870</u>	<u>412,333</u>
Cash Flows from Investing Activities			
Payments for establishment of courses		(120,743)	(38,289)
Payments for property plant and equipment		(146,471)	(25,777)
Proceeds from sale of property, plant and equipment		-	300
Proceeds from other financial assets		-	10
Net Cash used in Investing Activities		<u>(267,214)</u>	<u>(63,756)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		98,080	-
Net Cash provided by Financing Activities		<u>98,080</u>	<u>-</u>
Net Increase in Cash Held		7,736	348,577
Cash at Beginning of the Financial Year	18(i)	<u>609,221</u>	<u>260,644</u>
Cash at End of the Financial Year	18(i)	<u>616,957</u>	<u>609,221</u>

The Cash Flow Statement is to be read in conjunction with the notes
to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The company, UNE Partnerships Pty Limited, was incorporated on May 15 1986 and operates in the State of NSW.

The company is a controlled entity of the University of New England, Armidale and as such is considered to be a reporting entity as defined in Australian Accounting Standard AASB 127 "Consolidated and Separate Financial Statements".

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, Public Finance and Audit Regulations 2005 and the requirements of the Public Finance and Audit Act 1983. The financial report has been prepared on an accruals basis and on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. 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 following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements.

A) STATEMENT OF COMPLIANCE

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

This is the first financial report prepared based on AIFRS and comparatives for the year ended 31 December 2004 have been restated accordingly. As there was no adjustment in reported results when the company moved to AIFRS there is no need for a reconciliation of AIFRS equity and surplus for 31 December 2004 to the balances reported in the 31 December 2004 financial report,

B) REVENUE RECOGNITION

(i) Course Income – Rendering of Services

Course income or fees are recognised in the financial statements in proportion to the stage of completion of the course.

(ii) Interest Revenue

Interest revenue is recognised as it accrues.

C) COURSE EXPENDITURE FOR INTANGIBLE ASSETS

(i) Existing and Continuing Courses

Expenditure for existing and continuing courses is expensed in the same period in which the course is held and the corresponding income taken up. Where expenditure is incurred prior to the 31st December in respect of a subsequent year it is taken up as part of **Prepaid Expenses** in the current year's accounts. Expenditure includes course wages, materials, textbooks, folders, advertising, printing, postage and accommodation deposits.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2005****(ii) Course Development Costs**

Where expenditure is incurred with regard to revision of course materials, and a subsequent update of this material is not required within a twelve month period, it is taken up as a **Course Development Cost** to the extent that beyond reasonable doubt sufficient future benefits will be derived so as to receive the deferred cost. Expenditure capitalised includes authors' fees, typesetting, instructional design, editing/proofreading and consultancy fees.

Expenditure incurred in respect of the development of new course content is also capitalised as a **Course Development-Cost** to the extent that beyond reasonable doubt sufficient future benefits will be derived so as to receive the deferred cost. Expenditure capitalised includes course wages, materials and licence fees paid in respect of the new course.

Course development costs are amortised over the period during which the related benefits are expected to be realised.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research costs are expensed as incurred.

The carrying value of course development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Intangible assets, excluding course development costs, created within the business are not capitalised and expenditure is charged against surpluses in the year in which the expenditure is incurred.

D) PROPERTY, PLANT AND EQUIPMENT

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

The depreciable amounts of all assets are written down using the straight line method.

Depreciation rates for each class of asset are as follows;

Furniture and Fittings	10%-20%
Office Equipment	9%-33%
Leasehold Improvements	10%

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

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

D) PROPERTY, PLANT AND EQUIPMENT

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.

E) INVENTORIES

Textbooks and related course materials on hand at year end are treated as stock on hand and are valued at the lower of cost or current replacement cost.

F) PROVISIONS

EMPLOYEE BENEFITS

Provision is made for the company's liability for employee benefits arising from services rendered by the employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount including related on-costs. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements including related on-costs.

Contributions are made by the company to employee super funds and are charged as expenses when incurred.

G) INCOME TAX

UNE Partnerships Pty Limited has been granted exemption from paying tax under the provisions of Section 50-B of the Income Tax assessment Act 1997.

H) CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

I) TRADE AND OTHER RECEIVABLES

The collectability of debts is assessed at balance date and specific provision is made for any doubtful debts. Trade debtors are usually settled within 60 days and are carried at amounts due.

J) TRADE AND OTHER PAYABLES

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2005****K) GOODS AND SERVICES TAX**

Revenues, 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). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

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

NOTE 2. REVENUE

	<u>2005</u> (<u>\$</u>)	<u>2004</u> (<u>\$</u>)
Rendering of services revenue from operating activities		
Course enrolment fees	4,484,301	4,601,173
Other revenues		
Interest received – Other parties	32,254	19,149
Gain on disposal of plant and equipment	-	300
Other revenue	<u>139,282</u>	<u>65,126</u>
	<u>171,536</u>	<u>84,575</u>
	<u>4,655,837</u>	<u>4,685,748</u>

NOTE 3. PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities has been arrived at after charging/(crediting) the following items:

(a) Expenses

Depreciation of:

Furniture and fittings	1,576	1,643
Office equipment	25,271	22,253
Leasehold Improvements	<u>7,600</u>	<u>-</u>
	<u>34,447</u>	<u>23,896</u>

Movements in provisions:

Amortisation	101,010	100,007
Amounts credited to Provision for Annual Leave	21,782	12,008
Amount credited/(debited) to Provision for Doubtful Debts (2,826)	1,234	
Amounts credited to Provision for Long Service Leave	<u>31,959</u>	<u>14,468</u>
Net expense resulting from movement in Provisions	151,925	127,717

(b) Revenue and net gains

Net profit/(loss) on disposal of plant & equipment	(90)	300
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UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u> (\$)	<u>2004</u> (\$)
NOTE 4. CASH ASSETS AND CASH EQUIVALENTS		
Cash on Hand	205	240
Cash at Bank	<u>616,752</u>	<u>608,981</u>
	<u>616,957</u>	<u>609,221</u>
NOTE 5. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors	466,834	424,778
Less: Provision for impairment of receivables	(1,089)	(3,915)
Other Debtors	<u>714,004</u>	<u>389,749</u>
	<u>1,179,749</u>	<u>810,612</u>
NON-CURRENT		
Other Debtors	<u>197,863</u>	<u>376,326</u>
NOTE 6. INVENTORIES		
Stock on hand – At cost	<u>73,673</u>	<u>61,302</u>
NOTE 7. OTHER CURRENT ASSETS		
CURRENT		
Prepaid Expenses	<u>131,558</u>	<u>81,138</u>

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
NOTE 8. PROPERTY, PLANT & EQUIPMENT		
NON CURRENT		
Furniture & Fittings - At cost	33,378	40,146
Less: Accumulated depreciation	<u>(26,166)</u>	<u>(35,542)</u>
	<u>7,212</u>	<u>4,604</u>
Office Equipment - At Cost	187,958	201,516
Less: Accumulated depreciation	<u>(151,047)</u>	<u>(167,526)</u>
	<u>36,911</u>	<u>33,990</u>
Leasehold Improvements – At Cost	114,000	-
Less: Accumulated depreciation	<u>(7,600)</u>	<u>-</u>
	<u>106,400</u>	<u>-</u>
	<u>150,522</u>	<u>38,594</u>

RECONCILIATIONS

Reconciliations of the carrying amounts for each class of Property, Plant and Equipment are set out below:

Furniture & Fittings

Carrying amount at beginning of year:	4,604	3,998
Additions	5,261	2,249
Disposals	(1,077)	-
Depreciation	<u>(1,576)</u>	<u>1,643</u>
Carrying amount at end of year	<u>7,212</u>	<u>4,604</u>

Office Equipment

Carrying amount at beginning of year	33,990	32,714
Additions	28,192	23,528
Depreciation	<u>(25,271)</u>	<u>(22,253)</u>
Carrying amount at end of year	<u>36,911</u>	<u>33,990</u>

Leasehold Improvements

Carrying amount at beginning of year	-	-
Additions	114,000	-
Depreciation	<u>(7,600)</u>	<u>-</u>
Carrying amount at end of year	<u>106,400</u>	<u>-</u>

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
NOTE 9. INTANGIBLE ASSETS		
Course Development - At Cost	1,160,402	1,039,658
Less: Accumulated Amortisation	<u>(942,831)</u>	<u>(841,821)</u>
	<u>217,571</u>	<u>197,837</u>
Reconciliation of the carrying amount is set out below:		
Carrying amount beginning of year	197,837	242,520
Additions	120,744	55,325
Amortisation	<u>(101,010)</u>	<u>(100,008)</u>
Carrying amount at end of year	<u>217,571</u>	<u>197,837</u>

As at 31 December 2005 course development assets were tested for impairment and no impairment loss was charged to surpluses in the 2005 year.

The recoverable amount of course development costs has been determined based on a value in use calculation for each major course capitalised. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a five-year period.

NOTE 10. TRADE AND OTHER PAYABLES

CURRENT

Trade Creditors and Accruals	609,777	413,743
Unearned income	707,355	774,347
Related party payables:		
Loan – Shareholder (UNE)	<u>23,880</u>	<u>-</u>
	<u>1,341,012</u>	<u>1,188,090</u>

NON CURRENT

Related party payables:		
Loan – Shareholder (UNE)	<u>74,200</u>	<u>-</u>

NOTE 11. PROVISIONS

CURRENT

Provision for Annual Leave	102,880	81,098
Provision for Long Service Leave	<u>25,847</u>	<u>25,085</u>
	<u>128,727</u>	<u>106,183</u>

	Annual Leave	Long Service Leave	Total
Opening balance at 1 January 2005	81,098	25,085	106,183
Additional provisions raised during the year	41,244	762	42,006
Amounts used	<u>(19,462)</u>	<u>-</u>	<u>(19,462)</u>
Balance at 31 December 2005	<u>102,880</u>	<u>25,847</u>	<u>128,727</u>

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
NOTE 11. PROVISIONS		
NON CURRENT		
Provision for Long Service Leave	<u>120,514</u>	<u>89,315</u>
	Annual	Long
	Leave	Service
		Leave
		Total
Opening balance at 1 January 2005	-	89,315
Additional provisions raised during the year	-	33,732
Amounts used	-	<u>(2,533)</u>
Balance at 31 December 2005	<u>=</u>	<u>120,514</u>

NOTE 12. CONTRIBUTED EQUITY

PAID-UP CAPITAL

1,198,937 Ordinary Shares, fully paid	<u>1,198,937</u>	<u>1,198,937</u>
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NOTE 13. AUDITOR'S REMUNERATION

Amount received or due and receivable by The Audit Office of New South Wales for:

Audit of the Accounts	<u>14,700</u>	<u>12,180</u>
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NOTE 14. REMUNERATION OF DIRECTORS

Income paid or payable to all directors of the entity
by the entity and any related parties

- short term employee benefits	92,292	90,125
- post employment benefits	8,100	7,650

The names of Directors who held office during the financial year were:

Dr P W Bennett
Mr J Harris
Mrs L Henschke (Managing Director)
Prof M J Macklin
Mr G Smith
Prof R Pollard

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

2005
(\$)

2004
(\$)

NOTE 14. REMUNERATION OF DIRECTORS (Continued)

The names of the members of the Management Committee are as follows:

Ms Leonie Henschke (Managing Director)
Ms M Michell
Ms R Thompson
Ms D Yeomans
Ms S Rudaz
Ms D Swanson

NOTE 15. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Shareholder Entities

University of New England		
Income Received	114,083	105,634
Payments Made	<u>354,244</u>	<u>375,691</u>
Net	<u>(240,161)</u>	<u>(270,057)</u>
Balance Sheet		
Receivables	13,957	9,691
Prepaid expenses	12,972	22,015
Payables – loans and creditors	132,619	73,715
Share Capital	1,198,937	1,198,937

Outstanding balances at year-end are unsecured and settlement occurs in cash. The company has not raised any provision for doubtful debts relating to amounts owed by related parties.

Ultimate Controlling Entity

The Company is ultimately controlled by the University of New England.

NOTE 16. ECONOMIC DEPENDENCY

The company is dependent upon the University of New England's (UNE) commitment to provide financial support should the need arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

2005
(\$)

2004
(\$)

NOTE 17. CAPITAL AND LEASING COMMITMENTS

(i) Capital Commitments

The company, as part of its normal on-going operations, contracts with consultants for services in respect of new course content material and for the revision and update of existing course material. There are no significant commitments in respect of existing or new courses at year-end.

(ii) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable

- not later than one year	50,076	4,135
- later than 1 year but not later than 5 years	152,470	-

NOTE 18. NOTES TO THE CASH FLOW STATEMENT

i) Reconciliation of Cash

Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash on Hand	205	240
Cash at Bank	<u>616,752</u>	<u>608,981</u>
	<u>616,957</u>	<u>609,221</u>

ii) Reconciliation of profit after income tax to net cash provided by operating activities.

Profit from ordinary activities	111,999	321,589
Add/(less) non-cash items:		
Amortisation	101,010	82,972
Depreciation	34,447	23,896
Movement in employee provisions	53,744	26,476
Loss/(Profit) on sale of non-current assets	<u>90</u>	<u>(300)</u>

Net cash provided by operating activities before changes in assets and liabilities	301,290	454,633
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Change in assets and liabilities during the financial year.		
(Increase)/Decrease in prepayments	(50,420)	119,136
Increase in debtors	(190,674)	(607,894)

Increase in trade creditors	129,044	489,054
Increase in inventories	<u>(12,370)</u>	<u>(42,596)</u>

Net Cash Provided by Operating Activities	<u>176,870</u>	<u>412,333</u>
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 19. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effectiveness weighted average interest rate on those financial assets and financial liabilities is set out below:

2005

Financial Assets	Weighted Average Interest Rate	Floating interest rate	Fixed interest maturing in: 1 year or less	over 1 to 5 years	More than 5 years	Non- interest bearing	Total
Cash	4.92%	414,533	202,219	-	-	205	616,957
Receivables	0%	-	-	-	-	1,377,612	1,377,612
Total Financial Assets		414,533	202,219	-	-	1,377,817	1,994,569
Financial Liabilities							
Payables	0%	-	-	-	-	1,415,212	1,415,212
Total Financial Liabilities		-	-	-	-	1,415,212	1,415,212

2004

Financial Assets	Weighted Average Interest Rate	Floating interest rate	Fixed interest maturing in: 1 year or less	over 1 to 5 years	More than 5 years	Non- interest bearing	Total
Cash	4.75%	608,981	-	-	-	240	609,221
Receivables	0%	-	-	-	-	1,186,938	1,186,938
Total Financial Assets		608,981	-	-	-	1,187,178	1,796,159
Financial Liabilities							
Payables	0%	-	-	-	-	1,188,090	1,188,090
Total Financial Liabilities		-	-	-	-	1,188,090	1,188,090

b) Credit risk exposures

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, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

c) Liquidity risk

The company did not have any significant liquidity risk during the 2005 year.

d) Net fair values of financial assets and liabilities

On-balance sheet financial instruments

The company's financial assets and liabilities included in current and non-current assets and liabilities in the balance sheet are considered to be carried at amounts that approximate net fair value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the accounts.

NOTE 20. SEGMENT REPORTING

The company provides education and training programs. The company's operations are located wholly in Australia. The company provides the following major education and training programs:

- Frontline Management
- Business Management
- Practice Management
- Business Administration
- Project Management
- Property Management
- Workplace Training Qualifications
- Facilities Management

NOTE 21. CONTINGENT LIABILITIES

There are no known contingent liabilities that would impact on the state of affairs of the economic entity or have a material effect on these financial statements.

NOTE 22. EVENTS SUBSEQUENT TO BALANCE DATE

There are no known events that would impact on the state of affairs of the company or have a material impact on these statements.

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

DETAILED INCOME AND EXPENDITURE STATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
<u>INCOME</u>		
Grants/Contributions	-	2,700
Commercial Production	119,475	59,207
Course Enrolment Fees	4,484,300	4,601,174
Interest Received	32,254	19,149
Sundry Income	20,230	3,218
Profit/(Loss) on Sale of Assets	<u>(422)</u>	<u>300</u>
	<u>4,655,837</u>	<u>4,685,748</u>
<u>EXPENSES</u>		
Refer to attached schedule	<u>4,543,838</u>	<u>4,364,159</u>
Net Operating Surplus/(Deficit) transferred to Statement of Financial Performance	<u>111,999</u>	<u>321,589</u>

This statement does not form part of the audited financial statements

UNE PARTNERSHIPS PTY LIMITED

ABN: 74 003 099 125

DETAILED INCOME AND EXPENDITURE STATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
<u>EXPENSES</u>		
Salaries	1,607,408	1,387,305
Consultancy Services	218,110	241,592
Boardroom Expenses	3,824	3,766
Audit	16,660	15,895
Accountancy	5,996	3,505
Office Expenses	206,501	188,416
Finance Costs	28,641	29,992
Property Expenses	69,641	54,303
Materials and Equipment	26,422	7,793
Department Returns	437	1,366
Depreciation	34,447	23,896
Motor Vehicle Expenses	-	1,252
Travel and Hospitality	189,554	193,058
Royalties, Commissions & Fees	119,435	251,118
Legal Fees	9,689	60
Miscellaneous Expenses	24,025	29,576
Education Course Expenditure – Authors' Fees	15,760	850
Education Course Expenditure - Accommodation/Allowances	-	463
Production Printing	142,838	158,714
Textbooks	15,384	30,197
Student Services - Marking	1,360,812	1,268,148
Other Course related costs	203,626	200,971
Marketing	<u>244,628</u>	<u>371,923</u>
	<u>4,543,838</u>	<u>4,364,159</u>

This statement does not form part of the audited financial statements

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Agricultural Business Research Institute

To Members of the New South Wales Parliament and Members of Agricultural Business Research Institute

Audit Opinion

In my opinion, the financial report of Agricultural Business Research Institute (the Company) is in accordance with:

- the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2005 and financial performance for the year ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983 (PF & A)* and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, directors' declaration and accompanying notes to the financial statements for the company, for the year ended 31 December 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

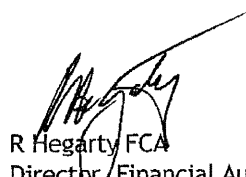
My opinion does *not* provide assurance:

- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The PF & A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



R Hegarty FCA
Director, Financial Audit Services

SYDNEY
13 April 2006

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

DIRECTORS' REPORT

Your directors submit their report, together with the financial report of the company for the year ended 31 December, 2005.

DIRECTORS

The names of the directors at any time during, or since the end of the financial year:

Philip Arthur RICKARDS (OAM)
James Stuart Flinton BARKER
Anthony John Traherne COATES
Edward Owen Delpratt WRIGHT (AM)
Robert Anthony BARWELL
Barry John PAFF

Peter John SPEERS
Gordon Conway FRENCH
Mark Phillip BICE
Ian Michael LOCKE
Keith William ENTWISTLE

PRINCIPAL ACTIVITIES

The principal activities of the company in the course of the year were to provide data processing services, computer software products and educational services to improve productivity and efficiency of Australian and overseas agribusiness and rural-based industries.

SIGNIFICANT CHANGES IN ACTIVITIES

There have been no significant changes in the principal activities of the company in 2005.

DIVIDENDS

No dividends were paid or declared during the year and the directors do not recommend payment of a dividend in respect of the year ended 31 December, 2005.

REVIEW OF OPERATIONS

The operating profit of the company was : \$649,226 (2004 = \$402,347)

The operating profit is deemed by the directors to be a satisfactory result in the thirteenth year of trading as a distinct company.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the company's state of affairs occurred during the financial year.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

LIKELY DEVELOPMENTS

The company will continue to pursue its principal activities during the year 2006.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE

A.C.N. 058 555 632

DIRECTORS' REPORT (Continued)

DIRECTORS' PARTICULARS

a) Qualifications and Experience

- Name and Occupation:** Philip Arthur RICKARDS (OAM)
Qualifications: Honours degree in Agricultural Science and post graduate qualifications in Agricultural Economics and Honorary Doctorate of the University of New England
Experience: Foundation director of the Agricultural Business Research Institute with over 30 years of experience in managing agribusiness information projects.
Board member since 11th January, 1993.
- Name and Occupation:** James Stuart Flinton BARKER (Emeritus Professor)
Qualifications: Bachelor of Agricultural Science, PhD
Experience: World renowned geneticist with over 40 years of teaching, research and consulting experience.
Board member since 11th January, 1993. Resigned 30/06/2005
- Name and Occupation:** Anthony John Traherne COATES (Grazier)
Qualifications: Bachelor of Rural Science
Experience: Involvement in the beef cattle industry since 1962 as owner/manager of a cattle station. Councillor and Treasurer of Santa Gertrudis Breeders (Australia) Association and Chairman of Beef Genetics and Improvement Steering Committee of the Queensland Department of Primary Industries. Previously Deputy Chairman of South Burnett Meatworks Co-op Association.
Board member since 11th January, 1993.
- Name and Occupation:** Edward Owen Delpratt WRIGHT (AM) (Grazier)
Experience: Involvement in grazing industries for over 40 years in both New Zealand and Australia. Member Council of University of New England, member Quarantine and Inspection Advisory Council, member Board of Meat Quality CRC, previously Vice President National Farmers' Federation, previously member of the CALM Board, previously President Cattle Council of Australia, member Australian Meat and Livestock Policy Council. Board member since 11th January, 1993.
- Name and Occupation:** Peter John SPEERS (Cattle Industry Executive)
Qualifications: Hawkesbury Diploma in Agriculture, Graduate Diploma in Extension, Diploma in Social Science.
Experience: Over 20 years experience in NSW Agriculture, Chief Executive Officer of Australian Simmental Cattle Breeders Association Ltd. Board member since 11th January, 1993.
- Name and Occupation:** Gordon Conway FRENCH (Dairy Farmer)
Experience: Over 28 years experience in dairy industry. Member of State Council of Queensland Dairyfarmers Organisation. Chairman of the Queensland Herd Management Advisory Committee, Chairman Dairy Industry Training Council, Chairman Dairy Environment, Deputy Chairman Northern Dairy Group and Sub Tropical Dairyboard. Board member since 17th December, 1996. Resigned 31, December 2005
- Name and Occupation:** Robert Anthony Barwell (Grazier)
Experience: Mr Barwell is a sheep and cattle producer who is a part-time consultant and is involved in cattle industry matters through NSW Farmers and the Cattle Council of Australia. Previously he was the National Co-ordinator of CATTLECARE and Flockcare. He has also been the General Manager of a diverse agricultural company with properties throughout rural New South Wales.
Board member since 28th May 2004

AGRICULTURAL BUSINESS RESEARCH INSTITUTE

A.C.N. 058 555 632

a) Qualifications and Experience Continued.

Name and Occupation: **Mark Phillip BICE (Dairy Farmer)**
Runs a 500 cow dairy, has held corporate positions in Nowra dairy cooperative, NSW Dairy Farmers Association and NSW Irrigators Council. Board member since November 12, 2001. Resigned 23 August 2005.

Name and Occupation: **Ian Michael LOCKE (Grazier)**
Experience: Bachelor of Agricultural Economics. Worked as a agricultural business consultant in Poolmans Pty Ltd and in the Centre for Agricultural Risk Management Pty Ltd before returning to the family property in Holbrook in 1994. Is responsible for the Wirruna Poll Hereford Stud which has won State and National Seedstock Producers of the Year Awards. Actively involved in the Beef Improvement Association of Australia. Board member since 3rd June, 2002.

Name and Occupation: **Keith William Entwistle (Consultant)**
Experience: Diploma of Animal Husbandry, Honours degree in Veterinary Science, PhD (University of Research into nutrition of sheep and cattle in tropics, cattle fertility research, previously Dean of Faculty of Sciences UNE, Consultant in various fields of animal science, owner/manager of cattle property of New England. Board member since 23/08/2005

Name and Occupation: **Barry John Paff (Dairy Farmer)**
Experience: Dairy Farmer at Raleigh, milking 300 cows, on Board of Norco Co-operative and Norco Pauls JV Board, actively involved in NSW Dairy Farmer's Association Dairy Committee. Board member since 5th October 2005.

b) Directors' Meetings

During the financial year ended 31 December, 2005 three directors' meetings was held. Attendance at the meeting was as follows:

Directors' Name	Directors' Meetings	
	Eligible to Attend	Number Attended
Philip Arthur RICKARDS (OAM)	3	3
James Stuart Flinton BARKER	1	1
Anthony John Traherne COATES	3	3
Edward Owen Delpratt WRIGHT (AM)	3	3
Peter John SPEERS	3	3
Gordon Conway FRENCH	3	3
Mark Phillip BICE	1	1
Robert Anthony BARWELL	3	2
Ian Michael LOCKE	3	3
Keith William ENTWISTLE	2	2
Barry John PAFF	1	1

DIRECTORS' BENEFITS

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, or a related body corporate with the director, a firm in which the director is a member, or an entity in which the director has a substantial interest. This statement excludes a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors and shown in the company's accounts, or the fixed salary of a full-time employee of the company, or a related body corporate.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

INDEMNIFYING OFFICER OR AUDITOR

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, or auditor including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer, or auditor for the costs of expenses to defend legal proceedings.

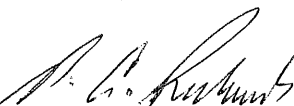
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows.

Signed in accordance with a resolution of the board of directors:


R A Barwell, Director

10/04/06.
Dated


Dr A. Rickards, Director

10/04/06.
Dated

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

DIRECTORS' STATEMENT

**STATEMENT MADE IN ACCORDANCE WITH SECTION 41C (1B) AND (1C) OF THE PUBLIC
FINANCE AND AUDIT ACT, 1983**

In accordance with a resolution of the Board of Directors of the Agricultural Business Research Institute we state that:

- (a) the financial statements and notes thereon exhibit a true and fair view of the financial position and transactions for the year ended 31 December 2005;
- (b) financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit (General) Regulation 2005; and
- (c) we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.


R A Barwell, Director


Dr A Rickards, Director

Date 10/04/06

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

DIRECTORS' DECLARATION

In the opinion of the directors, the financial report set out in the Balance Sheet, Income Statement and Cash Flow Statement, Statement of Changes in Equity and notes to the financial statements:

- (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) give a true and fair view of the company's financial position as at 31 December, 2005 and its performance, as represented by the results of its operations and cashflows for the year ended on that date; and

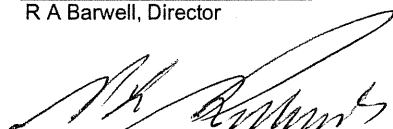
In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company 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 directors.


R A Barwell, Director

10/04/06
Dated


Dr A Rickards, Director

10/04/06
Dated

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

	NOTE	31-Dec-05 (\$)	31-Dec-04 (\$)
Revenue from ordinary activities	2	6,739,476	6,794,415
Employee expenses		3,697,357	3,833,374
Depreciation and amortization expenses	3	337,785	451,681
Postage and freight expenses		335,178	325,202
Consultancy and contractor costs		385,684	416,668
Computer costs		96,121	118,262
Royalties		94,223	101,517
Share price adjustment		29,457	53,789
Travel and accommodation		178,692	120,692
Telecommunication		137,029	120,475
Other expenses		798,724	850,409
Total expenses		6,090,250	6,392,068
Net Profit	3,10	649,226	402,347

The accompanying notes form part of these financial statements.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

BALANCE SHEET
AS AT DECEMBER 31, 2005

	<u>NOTE</u>	31-Dec-05	31-Dec-04
ASSETS		(\$)	(\$)
CURRENT ASSETS			
Cash and cash equivalents	15	5,063,525	4,711,464
Trade and other receivables	4	1,393,132	1,163,988
Total Current Assets		6,456,657	5,875,452
NON-CURRENT ASSETS			
Other financial assets	5	111,960	141,417
Property, Plant and Equipment	6	1,516,524	1,516,316
Intangibles assets	7	382,279	375,162
Total Non-current Assets		2,010,763	2,032,895
TOTAL ASSETS		8,467,421	7,908,347
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables	8	939,939	1,096,515
Provisions	9	582,329	556,412
Total Current Liabilities		1,522,269	1,652,927
NON-CURRENT LIABILITIES			
Provisions	9	654,353	613,848
Total Non-current Liabilities		654,353	613,848
TOTAL LIABILITIES		2,176,622	2,266,775
NET ASSETS		6,290,799	5,641,572
EQUITY			
Retained Profits	10	6,290,799	5,641,572
TOTAL EQUITY		6,290,799	5,641,572

The accompanying notes form part of these financial statements.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2005

	31-Dec-05 (\$)	31-Dec-04 (\$)
Retained profits at the beginning of the year	5,641,572	5,239,225
Net profit attributed to members	<u>649,226</u>	<u>402,347</u>
Total Equity	<u>6,290,799</u>	<u>5,641,572</u>

The accompanying notes form part of these financial statements.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

	NOTE	31-Dec-05 (\$)	31-Dec-04 (\$)
<u>Cash Flows from Operating Activities</u>			
Cash receipts from customers		6,259,907	6,566,315
Cash payments to suppliers and employees		(5,869,200)	(5,641,826)
		390,706	924,489
Interest received		247,550	225,669
Net cash provided by operating activities	15	638,257	1,150,158
<u>Cash Flows from Investing Activities</u>			
Payments for Investments		29,457	7,092
Payments for property, plant and equipment		(195,110)	(411,913)
Payments for intangibles		(150,000)	(150,000)
Net cash used in investing activities		(315,653)	(554,821)
Net increase in cash held		322,604	595,337
Cash at the beginning of the financial year	15	4,711,464	4,116,127
Cash at the end of the financial period	15	5,034,068	4,711,464

The accompanying notes form part of these financial statements.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 1. Summary of Significant Accounting Policies

The following summary explains the significant accounting policies that have been adopted in the preparation of this financial report. Unless otherwise stated, such accounting policies are consistent with those used in the previous year.

a) Basis of Preparation

The company, Agricultural Business Research Institute, was incorporated on 11/01/1993 and operates in the State of New South Wales.

The company is a public company incorporated under the Corporations Act as a company limited by guarantee. The amount of guarantee is limited to \$100 per member, which can be called upon in the event of winding up. As at 31 December 2005, membership of the company stood at six.

The company is a controlled entity of the University of New England, Armidale and as such is considered to be a reporting entity as defined in Australian Accounting Standard AASB 127 "Consolidated and Separate Financial Statements."

This report is a general purpose financial report and has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Corporations Act 2001, the requirements of the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2005. It is prepared on a going concern basis under the historical cost convention and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The company has adopted the Australian Accounting Standards for application on or after 1st January 2005. For financial instruments the company has applied:

- AASB 132: Financial Instruments: Disclosure and Presentation
- AASB 139: Financial Instruments: Recognition and Measurement

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the standard and do not affect the value of amounts reported in the financial statements.

The adoption of AASB139 has resulted in no material difference in the recognition and measurement of the company's financial instruments.

b) Statement of Compliance

The company has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from January 1, 2005. There are no reconciliation of the transition from previous Australian GAAP to AIFRS since the company did not have any reported adjustments from the impact of AIFRS.

A statement of compliance with International Financial Reporting Standards cannot be made due to the company applying the not for profit sector requirements contained in AIFRS.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1. Summary of Significant Accounting Policies (continued)

c) Employee Entitlements

The company has adopted the following policies in order to comply with the requirements of Accounting Standard AASB 119 "Accounting for Employee Entitlements".

Current Employee Entitlements

The amounts expected to be paid to employees for their entitlement to annual leave and long service leave expected to be paid within the next twelve months, are provided at current pay rates (including on costs) in accordance with statutory requirements and award conditions and disclosed as current liabilities.

Non-current Employee Entitlements

Long service leave not expected to be paid within the next twelve months is disclosed as a non-current liability and is provided at current pay rates (including on costs) in accordance with statutory requirements and award conditions.

Sick Leave

The economic entity has not made provision for non-vesting sick leave as the directors believe it is not probable that payment will be required.

Superannuation

The Agricultural Business Research Institute contributes to five employee superannuation funds. Contributions to these funds are charged against income.

d) Property, Plant and Equipment

Property

ABRI entered a lease agreement with UNE from 1 January, 1997 whereby it leases the 0.6 hectares of land on which its headquarters are located for a period of 50 years. By agreement with UNE the written down value of the buildings (\$247,742) was transferred from the UNE Balance Sheet to ABRI in the 1997 accounts. The land and buildings are disclosed as Capitalised Lease Asset - Land and Buildings in note 6 to the accounts. Improvements to the buildings are capitalised as disclosed in note 6.

Plant & Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation and amortisation are calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to the economic entity. Assets are depreciated from the date of acquisition.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Furniture and Fittings	15%
Motor Vehicles	20%
Herd Recording Equipment	20% - 25%
Plant and Equipment	20% - 25%

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1. Summary of Significant Accounting Policies (continued)

e) Income Tax

The Australian Taxation Office has advised that the company is exempt from income tax in accordance with Section 50-40 of the Income Tax Assessment Act, 1997.

f) Cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank, a cash management account and other investments which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

g) Foreign Currency

Foreign currency transactions have been translated to Australian currency at the exchange rates ruling on the date of the respective transactions and losses and gains arising are taken directly to the statement of financial performance. Balances existing at balance date have been translated at the exchange rates ruling at that date.

h) Intangibles and Goodwill

Intangibles and goodwill have been amortised on a prime cost basis where there is estimated to be a useful life. The amortisation rates used for intangibles and goodwill ranged between 20% to 35%.

The company reviews the carrying values of its intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

i) Revenue Recognition

In general, revenue is recognised, where it can be reliably measured, in the period to which it relates.

However, where there is not an established pattern of income flow, revenue is recognised on a cash receipts basis.

Fees and Charges

Revenue from fees and charges, which is predominately rendering of services, is recognised in proportion to the level of services provided under the sales contracts.

Interest Income

Interest Revenue is recognised as it accrues.

j) Trade and other receivables

The terms of trade are 30 days from the date of invoice. Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised where doubt as to collection exists and debts which are known to be uncollectible are written off.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE

A.C.N. 058 555 632

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1. Summary of Significant Accounting Policies (continued)

k) Trade and other creditors

Trade creditors represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are normally paid within 30 days of recognition.

l) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designed by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Income Statement in the period in which they arise.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

m) Goods and Services Tax

Revenues, 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). In these circumstances the GST is recognised as part of the acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	31-Dec-05 (\$)	31-Dec-04 (\$)
<u>Note 2. Revenue from ordinary activities</u>		
Description		
Fees and Charges	6,455,545	6,509,956
Interest Earned	273,611	242,410
Dividends Received	8,120	8,179
Profit on sale of assets	2,200	33,870
Total Revenues	<u>6,739,476</u>	<u>6,794,415</u>
<u>Note 3. Profit from ordinary activities</u>		
Operating profit is determined after charging as expenses;		
Audit Fee	12,500	13,400
Bad & Doubtful Debts	44,710	41,564
Depreciation and Amortisation:-		
Motor Vehicles	24,432	31,940
Herd Recording Equipment	29,059	55,622
Plant, Furniture and Equipment	114,826	188,992
Buildings	26,585	23,694
Intangibles	142,884	151,432
	<u>337,786</u>	<u>451,679</u>
Amounts set aside to Provisions:-		
Annual Leave	3,928	7,163
Long Service Leave	62,494	94,554
Doubtful Debt	12,165	10,599
Net Foreign exchange loss	10,164	12,178
<u>Note 4. Trade and other receivables</u>		
Current		
Trade Debtors - General	1,122,073	922,087
Trade Debtors - Dairy Express (NSW)	122,341	135,644
Trade Debtors - Dairy Express (QLD)	80,502	50,617
Contractor Advances - NSW	5,600	7,120
Contractor Advances - QLD	1,992	1,959
Less: Provision for Impairment of Receivables	(66,625)	(54,461)
	<u>1,265,882</u>	<u>1,062,967</u>
Accrued Income	97,025	58,278
Prepayments	30,226	42,743
Total Current Receivables	<u>1,393,132</u>	<u>1,163,988</u>

AGRICULTURAL BUSINESS RESEARCH INSTITUTE**A.C.N. 058 555 632****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	31-Dec-05 (\$)	31-Dec-04 (\$)
<u>Note 5. Other financial assets</u>		
Commercial Stock Portfolio	111,960	141,417
Total other financial assets	111,960	141,417
<u>Note 6. Property, Plant and Equipment</u>		
Land - at cost	60,000	60,000
Total	60,000	60,000
Buildings - at cost	466,710	466,710
Less: Accumulated Depreciation	74,245	64,911
Total	392,465	401,799
Capitalised Lease Asset - Land and Buildings	289,789	289,789
Less: Accumulated Amortisation	47,843	42,047
Total	241,946	247,742
Building Improvements	476,382	475,590
Less: Accumulated Amortisation	32,632	21,177
Total	443,750	454,413
Plant and Equipment - at cost	1,916,547	1,819,632
Less: Accumulated Depreciation	1,720,022	1,617,247
Total	196,525	202,385
Herd Recording Equipment - at cost	319,246	319,246
Less: Accumulated Depreciation	289,569	260,509
Total	29,677	58,737
Furniture & Fittings	110,334	94,044
Less: Accumulated Depreciation	74,242	62,192
Total	36,092	31,852
Motor Vehicles - at cost	401,313	320,202
Less: Accumulated Depreciation	285,245	260,812
Total	116,069	59,389
Total Property, Plant and Equipment	1,516,524	1,516,316

Reconciliations

Reconciliation of the carrying amounts for each class of property, plant and equipment are set below;

Land

Carrying amount at beginning and end of year	60,000	60,000
--	--------	--------

Buildings

Carrying amount at beginning of year	401,799	411,133
Depreciation	9,334	9,334
Carrying amount at end of year	392,465	401,799

Leased Asset - Land & Buildings

Carrying amount at beginning of year	247,741	253,537
Depreciation	5,796	5,796
Carrying amount at end of year	241,945	247,741

Building Improvements

Carrying amount at beginning of year	454,413	154,486
Additions	792	308,491
Depreciation	11,455	8,564
Carrying amount at end of year	443,749	454,413

AGRICULTURAL BUSINESS RESEARCH INSTITUTE

A.C.N. 058 555 632

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 6. Property, Plant and Equipment (Continued)

	31-Dec-05 (\$)	31-Dec-04 (\$)
Plant and Equipment		
Carrying amount at beginning of year	202,384	295,257
Additions	96,915	82,522
Depreciation	102,775	175,394
Carrying amount at end of year	196,524	202,384
Herd recording Equipment		
Carrying amount at beginning of year	58,737	136,935
Adjustments	-	(22,576)
Depreciation	29,059	55,622
Carrying amount at end of year	29,678	58,737
Furniture and fittings		
Carrying amount at beginning of year	31,852	34,575
Additions	16,291	10,874
Depreciation	12,051	13,597
Carrying amount at end of year	36,092	31,852
Motor vehicles		
Carrying amount at beginning of year	59,389	58,552
Additions	81,112	32,777
Depreciation	24,432	31,940
Carrying amount at end of year	116,068	59,389
<u>Note 7. Intangibles and Goodwill</u>		
a) Software Development Costs:-		
Feedlot Systems and Herd Magic - at cost	84,604	84,604
Less: Accumulated Amortisation	84,604	84,604
Total Software Development Costs	-	-
b) Rights		
NewStart Egg Rights - at cost	250,000	250,000
Less: Accumulated Amortisation	250,000	250,000
Total Rights	-	-
c) Intellectual Property and Goodwill		
Mania Software, AgVantage - at cost	167,500	167,500
Less: Accumulated Amortisation	167,500	167,500
Total Intellectual Property	-	-
d) Saltbush Windows Software Development		
Development of Windows Products - at cost	308,796	258,796
Less: Accumulated Amortisation	188,923	149,880
Total Windows Software Development	119,873	108,916

AGRICULTURAL BUSINESS RESEARCH INSTITUTE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	31-Dec-05	31-Dec-04
	(\$)	(\$)
<i>Note 7. Intangibles and Goodwill (Continued)</i>		
e) ABRI Platform Development (ILR2)		
Development of new ABRI platform - at cost	409,227	309,227
Less: Accumulated Amortisation	183,012	124,733
Total ABRI Platform Development	226,215	184,494
f) TABs Upgrade		
At Cost	51,573	51,573
Less: Accumulated Amortisation	51,573	49,772
Total Miscellaneous Software Development	-	1,801
g) Equipmaster Software		
At Cost	36,000	36,000
Less: Accumulated Amortisation	36,000	32,400
Total Equipmaster Software	-	3,600
h) Dairy Express NSW & QLD		
At Cost	186,200	186,200
Less: Accumulated Amortisation	158,270	121,030
Total Dairy Express	27,930	65,170
i) MISDI Development		
At Cost	14,602	14,602
Less: Accumulated Amortisation	6,341	3,420
Total MISDI Development	8,261	11,182
Total Intangibles and Goodwill	382,279	375,162
Reconciliations		
Reconciliation of the carrying amounts for each intangible with a bookvalue		
Saltbush Windows Software Development		
Carrying amount at beginning of year	108,916	104,460
Additions	50,000	50,000
Depreciation	39,043	45,544
Carrying amount at end of year	119,873	108,916
ABRI Platform Development (ILR2)		
Carrying amount at beginning of year	184,494	132,707
Additions	100,000	100,000
Depreciation	58,280	48,213
Carrying amount at end of year	226,215	184,494
Dairy Express NSW & QLD		
Carrying amount at beginning of year	65,170	102,410
Depreciation	37,240	37,240
Carrying amount at end of year	27,930	65,170
MISDI Development		
Carrying amount at beginning of year	11,182	14,102
Depreciation	2,920	2,920
Carrying amount at end of year	8,261	11,182

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	31-Dec-05 (\$)	31-Dec-04 (\$)
<u>Note 8. Trade and other Payables</u>		
Current		
Creditors and Accruals	488,945	560,853
GST Payable(Net)	67,374	81,768
Pre-payments - ACIAR Project Philippines	90,350	140,373
Pre-payments - Dairy Express (NSW)	209,111	214,420
Pre-payments - Dairy Express (QLD)	59,160	64,315
Pre-payments - Membership	25,000	30,000
ABRI Social Club	-	4,786
Total Payables	<u>939,939</u>	<u>1,096,515</u>

Note 9. Provisions

Current		
Annual Leave	525,321	521,393
Long Service Leave	57,008	35,019
Total Current Provisions	<u>582,329</u>	<u>556,412</u>

Non-current			
Long Service Leave		654,353	613,848
Leave Provisions	Annual leave	Long service leave	Total
Opening balance at 1 January 2005	521,393	648,867	1,170,260
Additional provisions raised during the year	<u>3,928</u>	<u>62,494</u>	<u>66,422</u>
Ending Balance at 31 December 2005	<u>525,321</u>	<u>711,361</u>	<u>1,236,683</u>

Note 10. Retained Profits

Retained profits at the beginning of the year	5,641,572	5,239,225
Net profit attributed to members	649,226	402,347
Retained profits at the end of the year	<u>6,290,799</u>	<u>5,641,572</u>

Note 11. Auditor's Remuneration

Amount due and paid to the auditor of the company for		
Audit of the accounts	12,500	12,500

Note 12. Remuneration of Directors

a) In respect of the period ending December 31, 2005, less than \$5,000 was paid to Directors to meet the cost of attending board meetings. Total income received or receivable, in the period by all directors of the company, from the company, or any related bodies corporate was \$144,727

b) The number of Directors whose income was received from the company or any related bodies corporate was within the following bands:

Band:	\$140,000 - \$160,000	Number of Directors:	One
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AGRICULTURAL BUSINESS RESEARCH INSTITUTE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	31-Dec-05 (\$)	31-Dec-04 (\$)
<u>Note 13. Related Party Transactions</u>		
The following information is provided in relation to transactions that occurred with related parties in accordance with AASB 124: "Related Party Disclosures"		
University of New England, Armidale		
The company deals with the University of New England, Armidale, the controlling entity, on a regular basis for the purpose of		
Revenues and Expenses		
Payments - General Purchases	413,381	538,553
Balance Sheet Items;		
Trade Creditor (Parent Entity)	79,878	136,408
<u>Note 14. Segment Reporting</u>		
The company comprises the following main business segments, based on the company's management reporting system:		
National breed recording scheme		
Dairy herd recording and testing		
Saltbush software and services		
The company operates mainly in Australia.		
The Company is deemed to be a not-for-profit entity and is not required to provide disclosures in terms of Australian Accounting		
<u>Note 15. Notes to the Cash Flow Statement</u>		
(i) Reconciliation of Cash		
Cash as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash at Bank and Cash Management Account	305,391	476,925
Term Deposits and Bank Bills	4,758,134	4,234,539
Total	5,063,525	4,711,464
(ii) Reconciliation of net cash flow provided by operating activities to profit from ordinary activities.		
Profit from ordinary activities	649,226	402,347
Add / (less) non-cash items:		
Depreciation and Amortisation	337,785	451,679
Movement in Employee Provisions	66,422	101,717
Increase / (Decrease) in Provision for Doubtful Debts	12,165	(10,599)
Net cash provided by operating activities before changes in assets and liabilities	1,065,598	945,144
Change in assets and liabilities during the financial year		
(Increase) / Decrease in Receivables	(241,309)	37,054
Increase / (Decrease) in Payables	(159,508)	182,125
Increase / (Decrease) in Other Provisions	2,932	(14,165)
Net cash provided by operating activities	667,714	1,150,157

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 16. Financial Instruments

(a) Interest Rate Risk

Interest Rate Risk Exposures

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates.

The company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

Financial Assets	Weighted Average Interest Rate	Fixed Interest Maturing in:				Non-Interest Bearing	Total
		Floating Interest Rate	1 Year or Less	Over 1 to 5 Years	More than 5 Years		
2005							
Cash	5.62%	305,391	4,758,134				5,063,525
Receivables						1,393,132	1,393,132
Other financial assets						111,960	111,960
Financial Liabilities							
Payables						939,939	939,939
2004							
Cash	5.40%	476,925	4,234,539				4,711,464
Receivables						1,163,988	1,163,988
Other financial assets						141,417	141,417
Financial Liabilities							
Payables						1,096,515	1,096,515

(b) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

On-balance sheet financial instruments

The credit risk on financial assets, excluding investments, of the company which have been recognised on the Balance Sheet, is the carrying amount, net of any provision for doubtful debts.

(c) Net fair value of financial assets and liabilities

The net fair value of listed investments have been valued at the quoted market bid price. For other assets and liabilities the net fair value approximates their carrying value.

The aggregate net fair value and carrying amounts of financial assets and liabilities are disclosed in the Balance Sheet and in the notes to the financial statements.

(d) Liquidity Risk

The company did not have any significant liquidity risk during the financial year.

Note 17. Commitments

The company did not have any commitments during 2005 (nil 2004).

End of audited financial report

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
A.C.N. 058 555 632

ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2005

	31-Dec-05	31-Dec-04
Income		
Fees and Charges	6,455,545	6,509,956
Interest Earned	273,611	242,410
Profit on sale/revaluation of assets	2,200	33,870
Dividends Received	8,120	8,179
Total Income	6,739,476	6,794,415
Expenditure		
Accounting	-	-
Administration	59,903	57,403
Assets <\$750	42,207	-
Analysis Machine	58,389	49,665
Audit Charges	12,500	13,400
Bad Debts and Provisions for Bad Debts	44,710	41,564
Bank Charges	7,430	6,882
Bottles, Caps etc.	21,493	32,567
Computer Costs	96,121	118,262
Consultant Costs	336,858	356,924
Contractors	48,826	59,744
Course Fees	-	-
EID Costs	10,887	115,523
Data Purchases	-	372
Depreciation and Amortisation	337,785	451,681
Directors Fees	4,800	-
Egg Sample Testing	-	200
Foreign Ex. - Losses / (Gains)	10,164	12,178
Functions and Seminars	14,833	21,152
Gas and Electricity	33,416	25,815
General Expenses	47,729	23,556
Insurance	18,680	16,438
Lab Expenses	5,552	7,181
Legal Costs (incl. provision)	12,833	13,500
Motor Vehicle Expenses	68,467	63,861
Office and Lab Rental	39,066	43,918
Office Supplies	54,127	59,580
Office & Lab Cleaning	11,194	12,808
Photocopying	37,174	39,096
Postage and Freight	335,178	325,202
Printing - Forms	39,049	56,986
Printing - Promotional Items	971	1,148
Promotion and Advertising	68,429	59,394
Provisions - Doubtful Debts	-	-
Provisions - Leave Entitlements	66,241	134,167
Rebate - Dairy Express	18,117	10,693
Repairs and Maintenance	20,507	17,358
Repairs HR Equipment	25,720	45,887
Royalties	94,223	101,517
Royalties - PC Express	-	-
Superannuation (incl. provision)	287,534	263,251
Telecommunications	137,029	120,475
Travel and Accommodation	178,692	120,692
Wages - Payroll Tax	193,324	182,205
Wages - Workers Compensation	35,214	9,176
Wages and Salaries	3,106,932	3,238,210
Wages Fringe Benefits Tax	8,112	6,365
Water / Waste Rates	10,377	2,284
Loss on sale/revaluation of assets	29,457	53,789
	6,090,250	6,392,068
Net Operating Profit Transferred	649,226	402,347

NATIONAL MARINE SCIENCE

CENTRE PTY LTD

A.C.N. 092 754 222



FINANCIAL REPORT

FOR THE YEAR ENDED

31st DECEMBER 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

National Marine Science Centre Pty Ltd

To Members of the New South Wales Parliament and Members of National Marine Science Centre Pty Ltd

Audit Opinion

In my opinion, the financial report of National Marine Science Centre Pty Ltd (the Company) is in accordance with:

- the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2005 and financial performance for the year ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983 (PF & A)* and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, directors' declaration and accompanying notes to the financial statements for the company, for the year ended 31 December 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The PF & A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



R Hegarty FCA
Director, Financial Audit Services

SYDNEY
24 April 2006

DIRECTORS' REPORT

The Directors have pleasure in presenting their report, together with the accounts of National Marine Science Centre Pty Ltd for the year ended 31 December 2005 and the Auditors' Report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report the following:

Directors

The Directors of the company in office at the date of this report are:

Prof . P Clark
Prof. M Sedgley
Prof . H Ford
Prof P Harrison
Prof. J Graham
Mr W Grimshaw
Prof . I Moses
Mr . G Nehl
Cr. I Ovens
Prof. B. Thom

Principal Activities

The company is to establish and operate a Marine Centre that will integrate education, environmental research, fisheries research, management, ecotourism, and public interpretative facilities.

Result Of Operations

The Company had an operating profit of \$137,599 for the year ended 31 December 2005.

Dividends

No dividends were paid during the year and the Directors do not recommend payment of a dividend in respect of the year ended 31 December 2005.

Significant Changes in State of Affairs

From 2005, the Units previously classified as Buildings were reclassified as Investment Units under AASB 140 - "Investment Property".

Future Developments

The company will continue to pursue its principal activities during the year 2006.

Matters Subsequent To The End Of The Financial Year

Except where stated in the Financial Report, there have not been any matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operation of the company or the state of affairs of the company in subsequent years.

Directors Benefits

Since the end of the previous financial year no Director has received or become entitled to receive any benefit by reason of a contract made by the company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which he has a substantial interest, with the exception of payments made to Directors in their occupations.

Directors and Auditors Indemnification


The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

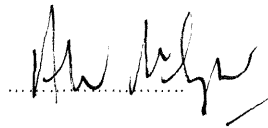
Signed in accordance with a resolution of Directors made pursuant to Section 298(2) of the Corporations Act 2001.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached.



Prof. P Clark
Director



Prof. A McIlgorm
Centre Director

Dated at Coffs Harbour NSW

24 April 2006

DIRECTORS' DECLARATION

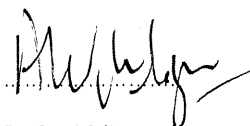
In accordance with a resolution of the Directors of National Marine Science Centre Pty Ltd and pursuant to section 41C (1B) and (1C) of the Public Finance and Audit Act 1983 and the Corporation Act 2001, we state that:

- 1 The attached is a general purpose financial report and presents a true and fair view of the financial position and performance of the company at 31 December 2005 and the results of its operations and transactions of the company for the year then ended;
- 2 The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporations Act 2001;
- 3 The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and authoritative pronouncements of the Australian Accounting Standards Board.
- 4 We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and,
- 5 There are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the directors, and on behalf of the Directors.



Prof. P Clark
Director



Prof. A Meilgorm
Centre Director

Dated at Coffs Harbour NSW
24 April 2006

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>Note</u>	<u>2005</u> (\$)	<u>2004</u> (\$)
Revenues from ordinary activities			
Grant income		55,045	3,000
Contracted teaching		2,260,825	1,476,439
Interest received		16,772	9,302
Rental income		70,172	76,636
Trading & other income		163,239	71,906
Total revenue	14	<u>2,566,053</u>	<u>1,637,283</u>
Expenses from ordinary activities (excludes borrowing costs expense)			
Administrative costs		46,605	37,011
Consumables		54,283	58,521
Depreciation		281,625	341,459
Publicity		20,979	27,731
Repairs and maintenance		89,299	71,992
Services		1,801,617	1,298,121
Travel and accommodation		53,697	14,594
Utilities		80,349	67,783
Total expenses	14	<u>2,428,454</u>	<u>1,917,212</u>
Borrowing costs expense		-	-
Operating result from ordinary activities before income tax		<u>137,599</u>	<u>(279,929)</u>
Income tax expense		-	-
Net operating result for the year	14	<u>137,599</u>	<u>(279,929)</u>

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 31 DECEMBER 2005

	<u>Note</u>	<u>2005</u> (\$)	<u>2004</u> (\$)
Current Assets			
Cash assets	2	340,996	262,646
Receivables	3	225,807	82,679
Financial assets	4	300,000	-
Other assets	5	89,719	3,847
Total current assets		<u>956,522</u>	<u>349,172</u>
Non-current assets			
Property, plant & equipment	6a	10,354,173	10,555,857
Investment Properties	6b	1,500,000	1,500,000
Total non-current assets		<u>11,854,173</u>	<u>12,055,857</u>
Total assets		<u>12,810,695</u>	<u>12,405,029</u>
Current liabilities			
Accounts payable	7	435,823	167,756
Total current liabilities		<u>435,823</u>	<u>167,756</u>
Total liabilities		<u>435,823</u>	<u>167,756</u>
Net assets		<u>12,374,872</u>	<u>12,237,273</u>
Equity			
Contributed equity	9	4	4
Retained earnings	9	10,948,988	10,811,389
Reserves	9	1,425,880	1,425,880
Total equity		<u>12,374,872</u>	<u>12,237,273</u>

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u> (\$)	<u>2004</u> (\$)
Total equity at the beginning of the financial year	12,237,273	11,091,322
Reserves	-	36,585
Gain on revaluation of land and buildings, net of tax	-	1,389,295
Net income recognised directly in equity	-	1,425,880
Operating result for the year	137,599	(279,929)
Total recognised income and expense for the year	137,599	1,145,951
Transactions with equity holders in their capacity as equity holders	-	-
Total equity at the end of the financial year	12,374,872	12,237,273
Total recognised income and expense for the year is attributable to:		
The University of New England		
Income	1,283,027	818,642
Expenditure	1,214,227	958,606
Southern Cross University		
Income	1,283,027	818,642
Expenditure	1,214,227	958,606

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u> (\$)	<u>2004</u> (\$)
Cash flows from operating activities		
Cash receipts in the course of operations	2,371,030	2,036,976
Cash payments in the course of operations	(2,239,744)	(1,719,579)
Interest Received	16,362	10,896
Net cash inflow (outflow) from operating activities Note 12 (ii)	<u>147,648</u>	<u>328,293</u>
Cash flows from investing activities		
Proceeds from Sale of Property, plant & equipment	39,839	
Payments for property plant and equipment	(109,138)	(71,358)
Net cash inflow (outflow) from investing activities	<u>(69,298)</u>	<u>(71,358)</u>
Cash flows from financing activities		
Net cash inflow (outflow) from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	78,350	256,935
Cash and cash equivalents at the beginning of the financial year	262,646	5,711
Cash and cash equivalents at end of year Note 12 (i)	<u><u>340,996</u></u>	<u><u>262,646</u></u>

The above cash flow statement should be read in conjunction with the accompanying notes.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A) NATIONAL MARINE SCIENCE CENTRE PTY LTD

The company is equally owned by the University of New England (UNE) and Southern Cross University (SCU). It established and operates a Marine Centre to integrate education, environmental research, fisheries research, management, ecotourism and public interpretative facilities.

B) BASIS OF ACCOUNTING

The Financial Report is a general purpose financial report that has been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS), Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2005. The Financial Report has also been prepared in accordance with the historical cost convention and, except where indicated, does not reflect current valuations of non-monetary assets. The Financial Report has been prepared on accrual accounting basis. The accounting policies have been consistently applied, unless otherwise stated.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). A statement of compliance with International Financial Reporting Standards cannot be made due to the company applying the not for profit sector requirements contained in AIFRS.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the Financial Report.

C) COMPARATIVES

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. The impact of AIFRS has been applied retrospectively in accordance with AASB 1, with comparatives adjusted to ensure consistency with the new accounting standards.

D) CASH

For the purposes of the Cash Flow Statements, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

E) VALUATION OF NON-CURRENT ASSETS

Items of property, plant and equipment have been recognised in the Financial Report as follows :

(i) Land, Buildings and Infrastructure

Land, buildings and infrastructure have been recorded at their fair value obtained through independent valuation in accordance with AASB 116 - "Property, plant and equipment". The Centre has adopted the Gross Valuation Method in bringing to account the reinstated new value and subsequent Accumulated Depreciation.

(ii) Investment Units

From 2005, the Units have been reclassified as Investment assets under AASB 140 - "Investment Properties". The Investment units are recorded at their fair value obtained through independent valuation.

(iii) Plant and Equipment

Plant and equipment, including computer equipment, furniture & fittings, motor vehicle, with an initial purchase price of \$500 or greater, owned by the entity as at 31 December 2005 has been recognised at original cost less accumulated depreciation in accordance with AASB 116 - "Property, Plant and Equipment".

F) REVALUATION OF NON-CURRENT ASSETS

In the normal course of events revaluations of non-current assets will occur at five yearly intervals.

G) DEPRECIATION

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets. Investment units are not depreciated.

The following rates of depreciation have been applied :

Buildings	1.67%
Infrastructure	3.33%
Computer Equipment	33.33%
Furniture & Fittings	10.00%
Motor Vehicle	18% to 20%
Plant & Equipment	15.00%
Library Collection	10.00%

H) MAINTENANCE AND REPAIRS

Maintenance, repair costs and minor renewals are charged to the Income Statements in the period in which the expenses are incurred.

I) REVENUE RECOGNITION

In general, revenue is recognised, where it can be reliably measured, in the period to which it relates. However, where there is not an established pattern of income flow, revenue is recognised on a cash receipts basis.

J) INCOME TAX

The National Marine Science Centre Pty Ltd has been granted exemption from paying income tax under the provisions of Section 50-5 of the Income Tax Assessment Act 1997.

K) INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Australian Accounting Standards Board (AASB) adopted International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS is reflected in the entity's financial statements for the year ending 31 December 2005.

Material changes to NMSC's Financial Statements under IFRS

The Units previously classified as Buildings were reclassified as Investment Assets under AASB 140 - "Investment Properties".

2005
(\$)

2004
(\$)

NOTE 2. CASH ASSETS

Cash at Bank	340,021	261,655
Cash on Hand	975	991
	<u>340,996</u>	<u>262,646</u>

NOTE 3. RECEIVABLES

CURRENT

Trade Debtors	228,430	76,553
Less: Provision for Doubtful Debts	-	-
	<u>228,430</u>	<u>76,553</u>
Goods and Services Tax	(2,623)	6,126
	<u>225,807</u>	<u>82,679</u>

NOTE 4. FINANCIAL ASSETS

CURRENT

Term Deposit	300,000	-
	<u>300,000</u>	<u>-</u>

NOTE 5. OTHER ASSETS

CURRENT

Accrued Interest Income	4,257	3,847
Other Accrued Income	85,462	-
	<u>89,719</u>	<u>3,847</u>

NOTE 6a. PROPERTY, PLANT & EQUIPMENT

NON-CURRENT

Land - At Original Cost	-	-
- At Independent Valuation	1,500,000	1,500,000
	<u>1,500,000</u>	<u>1,500,000</u>
Buildings - At Original Cost	-	-
- At Independent Valuation	8,363,151	8,363,151
Less : Accumulated Depreciation	(163,212)	-
	<u>8,199,939</u>	<u>8,363,151</u>
Infrastructure - At Independent Valuation	236,849	236,849
Less : Accumulated Depreciation	(7,895)	-
	<u>228,954</u>	<u>236,849</u>
Computer Equipment - At Original Cost	149,223	134,233
Less: Accumulated Depreciation	(128,412)	(106,540)
	<u>20,811</u>	<u>27,693</u>
Furniture & Fittings - At Original Cost	168,405	148,138
Less : Accumulated Depreciation	(56,217)	(40,009)
	<u>112,188</u>	<u>108,129</u>
Motor Vehicle - At Original Cost	81,425	78,676
Less : Accumulated Depreciation	(11,489)	(41,319)
	<u>69,936</u>	<u>37,357</u>
Plant & Equipment - At Original Cost	383,572	390,154
Less : Accumulated Depreciation	(167,519)	(114,601)
	<u>216,053</u>	<u>275,553</u>
Library Collection - At Original Cost	8,332	8,332
Less : Accumulated Depreciation	(2,040)	(1,207)
	<u>6,292</u>	<u>7,125</u>
Total Property Plant & Equipment	<u>10,354,173</u>	<u>10,555,857</u>

NOTE 6b. INVESTMENT PROPERTIES

Investment Units - At Independent Valuation	1,500,000	1,500,000
Total Investment Properties	<u>1,500,000</u>	<u>1,500,000</u>

MOVEMENTS IN CARRYING AMOUNTS

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

2005	Freehold Land \$	Buildings \$	Infrastructure \$	Plant & Equipment \$	Library Collection \$	Computer Equipment \$	Total PP&E \$	Total Investment Units
Balance at the beginning of the year	1,500,000	8,363,151	236,849	421,040	7,125	27,693	10,555,858	1,500,000
Additions	-	-	-	93,674	-	15,464	109,138	-
Disposals	-	-	-	29,199	-	-	29,199	-
Transfer	-	-	-	-	-	-	-	-
Depreciation Expense	-	163,212	7,896	87,338	833	22,347	281,626	-
Carrying amount at end of the year	1,500,000	8,199,939	228,953	398,177	6,292	20,811	10,354,172	1,500,000

Movement in the carrying amounts for each class of property, plant and equipment and investment properties between the beginning and the end of the previous financial year.

2004	Freehold Land \$	Buildings \$	Infrastructure \$	Plant & Equipment \$	Library Collection \$	Computer Equipment \$	Total PP&E \$	Total Investment Units
Balance at the beginning of the year	1,500,000	7,684,690	215,310	463,651	7,958	68,975	9,940,584	1,500,000
Additions	-	678,461	21,539	44,418	-	2,748	747,166	-
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	87,029	833	44,030	131,892	-
Carrying amount at end of the year	1,500,000	8,363,151	236,849	421,040	7,125	27,693	10,555,858	1,500,000

2005
(\$)

2004
(\$)

NOTE 7. ACCOUNTS PAYABLE

CURRENT

Trade Creditors	171,980	147,608
Accrued Expenses	262,740	20,148
Goods and Services Tax	1,103	-
	<u>435,823</u>	<u>167,756</u>

NOTE 8. CONTINGENT LIABILITIES

At balance date no contingent liabilities of a material nature to the National Marine Science Centre Pty Ltd had been identified.

NOTE 9. EQUITY

CONTRIBUTED EQUITY

Ordinary Shares of \$ 1 fully paid :		
2 UNE Class	2	2
2 SCU Class	2	2
	<u>4</u>	<u>4</u>

RETAINED EARNINGS

Retained Earnings at beginning of the financial year	10,811,389	11,091,318
Net Operating Result	137,599	(279,929)
Retained Earnings at end of the financial year	<u>10,948,988</u>	<u>10,811,389</u>

RESERVES

Revaluation Reserve - Land	545,000	545,000
Revaluation Reserve - Buildings	844,295	844,295
Revaluation Reserve - Infrastructure	36,585	36,585
Retained Earnings at end of the financial year	<u>1,425,880</u>	<u>1,425,880</u>

NOTE 10. AUDITOR'S REMUNERATION

Amount received or due and receivable by the auditor of the company for:

Audit of the Accounts :

Amount due and paid to the external auditor of the company	<u>8,850</u>	<u>7,000</u>
Other Services	<u>-</u>	<u>-</u>

Note 11. Remuneration of Directors

Income paid or payable to all Directors of the entity
by the entity and any related parties

The names of Directors who held office during the financial year are:

Prof. P Clark
Mr. G. Denchey (resigned 01/03/05)
Prof. P Flood (resigned 01/03/05)
Prof. D Gartside (resigned 30/06/05)
Prof. J Graham
Mr W Grimshaw
Prof. I Moses
Mr. G Nehl
Cr. I Ovens
Prof. B Thom
Prof. M Sedgley (appointed 01/03/05)
Prof. H Ford (appointed 01/03/05)
Prof Harrison (appointed 15/08/05)

2005
(\$)

2004
(\$)

NOTE 12. NOTES TO THE CASH FLOW STATEMENTS

i) Reconciliation of Cash

Cash as at the end of the financial year as shown in the Cash Flow Statements is reconciled to the
related items in the Balance Sheets as follows:

Cash at Bank	340,021	261,655
Cash on Hand	975	991
	<u>340,996</u>	<u>262,646</u>

ii) Reconciliation of operating profit after income tax to net cash provided by operating activities.

Operating profit/(loss) after abnormal items	137,599	(279,929)
<i>Add/(less) non-cash items:</i>		
Depreciation	281,625	341,459
Loss on disposal of fixed assets	4,812	
Surplus on disposal of assets	(15,454)	
<i>Change in assets and liabilities during the financial year :</i>		
(Increase)/Decrease in Trade Debtors	(151,878)	184,899
(Increase)/Decrease in Other Debtors	-	-
(Increase)/Decrease in Financial Assets	(300,000)	-
(Increase)/Decrease in GST Receivable	8,749	76,872
(Increase)/Decrease in Accrued Income	(85,872)	1,594
Increase/(Decrease) in Trade Creditors	24,372	68,132
Increase/(Decrease) in Accrued Expenses	242,592	(17,449)
Increase/(Decrease) in Other Creditors	1,103	(47,285)
Net Cash Provided by Operating Activities	<u>147,648</u>	<u>328,293</u>

NOTE 13. FINANCIAL INSTRUMENTS

(a) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The company's exposure to interest rate risk, and the effective weighted average interest rate on those financial assets and financial liabilities is set out below:

As at 31 December 2005

Financial Assets	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:			Non Interest Bearing	Total
			1 year or less	1 to 5 years	More than 5 years		
Cash	5.00%	340,996	-	-	-	-	340,996
Receivables	-	-	-	-	-	225,807	225,807
Financial Liabilities	5.00%	340,996	-	-	-	225,807	566,803
Payables	-	-	-	-	-	435,823	435,823
Net Financial Assets	5.00%	340,996	-	-	-	(210,016)	130,980

As at 31 December 2004

Financial Assets	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:			Non Interest Bearing	Total
			1 year or less	1 to 5 years	More than 5 years		
Cash	4.75%	262,646	-	-	-	-	262,646
Receivables	-	-	-	-	-	82,679	82,679
Financial Liabilities	4.75%	262,646	-	-	-	82,679	345,325
Payables	-	-	-	-	-	167,756	167,756
Net Financial Assets	4.75%	262,646	-	-	-	(85,077)	177,569

(b) Credit risk exposures

The maximum exposure to credit risk at balance date to recognise financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheets and notes to the Financial Report.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(c) Net fair values of financial assets and liabilities

Balance Sheets - financial instruments

The company's financial assets and liabilities included in current and non-current assets and liabilities in the Balance Sheets are considered to be carried at amounts that approximate net fair value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheets and in the notes to and forming part of the accounts.

NOTE 14. DETAILED INCOME STATEMENTS

	2005	2004
INCOME	(\$)	(\$)
Grants		
Grant Income	55,045	3,000
	<u>55,045</u>	<u>3,000</u>
Contracted Teaching		
Teaching Component	2,168,940	1,235,405
Facility Income Higher Degree Students	55,000	56,375
Research Allocation Higher Degree Students	-	65,000
Supervision of Masters and PhD	-	70,000
Reimbursement Received	36,885	49,659
	<u>2,260,825</u>	<u>1,476,439</u>
Interest Received		
Interest Received	<u>16,772</u>	<u>9,302</u>
Rental Income		
Rental Income	<u>70,172</u>	<u>76,636</u>
Trading and Other Income		
Conference Income	10,468	7,042
Donations and Bequest	-	100
Photocopying	3,052	1,256
Prizes	12,000	12,000
Surplus on disposal of assets	15,454	-
Telephone Revenue	5,518	8,215
Misc Income	116,747	43,293
	<u>163,239</u>	<u>71,906</u>
Total Revenue	<u>2,566,053</u>	<u>1,637,283</u>

	2005 (\$)	2004 (\$)
EXPENSES		
Administrative Costs		
Insurance	7,902	5,089
Management Fees	7,770	1,705
Post & Telecommunications	30,933	30,217
	<u>46,605</u>	<u>37,011</u>
Consumables		
Computer Equipment/Software	8,220	5,238
Minor Consumables	13,400	11,250
Minor Equipment	25,750	35,636
Stationery	6,913	6,397
	<u>54,283</u>	<u>58,521</u>
Depreciation	<u>281,625</u>	<u>341,459</u>
Publicity		
Advertising & Marketing	13,316	18,497
Entertainment	1,663	2,552
Prizes Awarded	6,000	6,682
	<u>20,979</u>	<u>27,731</u>
Repairs & Maintenance	<u>89,299</u>	<u>71,992</u>
Services		
Audit Fees	8,850	7,000
Bank Fees & Taxes	250	275
Catering	20,235	12,979
Computer Service Costs	19,064	20,455
Conferences	2,692	4,768
Contract Cleaning	26,002	24,000
Contract Salaries - General	417,403	372,651
Contract Photocopying	-	18,261
Hiring Charges	9,744	12,891
Loss on disposal of fixed assets	4,813	-
Motor Vehicle	17,518	20,774
Photocopying & Equipment Lease	18,240	-
Printing Costs	3,280	4,696
Security Services	3,927	4,156
Other Misc Expenses	10,368	5,242
Service, Training & Consultancy	20,561	6,891
Teaching Costs	1,218,670	783,045
Cost of Unit Development	-	37
	<u>1,801,617</u>	<u>1,298,121</u>
Travel & Accommodation	<u>53,697</u>	<u>14,594</u>
Utilities		
Electricity	57,634	44,396
Rates	10,559	5,173
Strata Levy	12,156	18,214
	<u>80,349</u>	<u>67,783</u>
Total Expenses	<u>2,428,454</u>	<u>1,917,212</u>
Net Surplus/(Deficit) transferred to Balance Sheet	<u>137,599</u>	<u>(279,929)</u>

NOTE 15. RELATED PARTY TRANSACTIONS

The following information is provided in relation to transactions that occurred with related parties in accordance with AASB 1017 - Related Party Disclosures.

The company deals with the University of New England, Armidale, and Southern Cross University, Lismore, the controlling entities, on a regular basis for the purpose of purchasing goods and services under normal commercial terms and conditions.

	<u>2005</u> (\$)	<u>2004</u> (\$)
University of New England		
Revenues and Expenses		
Income Received	1,131,213	781,732
Payments Made	<u>584,346</u>	<u>358,367</u>
Net	<u>546,867</u>	<u>423,365</u>
Balance Sheet		
Receivables	74,223	28,268
Payables	9,200	2,933
Share Capital	2	2
Southern Cross University		
Revenues and Expenses		
Income Received	1,150,949	645,049
Payments Made	<u>1,025,210</u>	<u>751,501</u>
Net	<u>125,739</u>	<u>(106,452)</u>
Balance Sheet		
Receivables	101,718	34,866
Payables	-	-
Share Capital	2	2

NOTE 16. CAPITAL AND OTHER COMMITMENTS

In addition, during 2005, NMSC entered into contracts for the following operating expenditures:

Not later than one year	-	13,211
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Capital Commitments

As at 31 December 2005, NMSC had the following Capital commitments:

Not later than one year	-	62,491
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Note 17. Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

National Marine Science Centre Pty Ltd			
	Previous	Effect of	
	AGAAP	transition to	AIFRS
Notes	A\$	A\$	A\$
ASSETS			
Current assets			
Cash and cash equivalents	5,711		5,711
Receivables	344,449		344,449
Other non-financial assets	5,441		5,441
Total current assets	355,601	-	355,601
Non-current assets			
Property, plant and equipment	11,469,001	614,866	12,083,867
Total non-current assets	11,469,001	614,866	12,083,867
Total assets	11,824,602	614,866	12,439,468
LIABILITIES			
Current liabilities			
Payables	164,358		164,358
Total current liabilities	164,358	-	164,358
Total Liabilities	164,358	-	164,358
Net Assets	11,660,244	614,866	12,275,110
EQUITY			
Parent entity interest			
Contributed Equity	4		4
Retained surplus	11,660,240	614,866	12,275,106
Total equity	11,660,244	614,866	12,275,110

(b) At the end of the last reporting period under previous AGAAP: 31 December 2004

National Marine Science Centre Pty Ltd			
	Previous	Effect of	
	AGAAP	transition to	AIFRS
Notes	A\$	A\$	A\$
ASSETS			
Current assets			
Cash and cash equivalents	262,646		262,646
Receivables	82,679		82,679
Other non-financial assets	3,847		3,847
Total current assets	349,172		349,172
Non-current assets			
Property, plant and equipment	11,198,899	638,688	11,837,587
Total non-current assets	11,198,899	638,688	11,837,587
Total assets	11,548,071	638,688	12,186,759
LIABILITIES			
Current liabilities			
Payables	167,756		167,756
Total current liabilities	167,756		167,756
Total Liabilities	167,756		167,756
Net Assets	11,380,315	638,688	12,019,003
EQUITY			
Parent entity interest			
Contributed Equity	4		4
Retained surplus	11,380,311	638,688	12,018,999
Total equity	11,380,315	638,688	12,019,003

Note 17. Explanation of transition to Australian equivalents to IFRSs (continued)
(2) Reconciliation of profit for the year ended 31 December 2004

National Marine Science Centre Pty Ltd				
	Notes	Previous AGAAP A\$	Effect of transition to AIFRS A\$	AIFRS A\$
Revenue from continuing operations				
Investment income		9,302		9,302
Consultancy and contract research		3,000		3,000
Other revenue		1,624,981		1,624,981
Total revenue from continuing operations		<u>1,637,283</u>		<u>1,637,283</u>
Expenses from continuing operations				
Depreciation and amortisation		341,459		341,459
Repairs and maintenance		71,992		71,992
Bad and doubtful debts		-		-
Other expenses		1,503,761		1,503,761
Total expenses from continuing operations		<u>1,917,212</u>		<u>1,917,212</u>
Operating result before income tax		(279,929)		(279,929)
Income tax expense		-		-
Operating result from continuing operations		<u>(279,929)</u>		<u>(279,929)</u>

EXPLANATORY NOTES TO AIFRS ADJUSTMENTS

National Marine Science Centre Pty Ltd changed its accounting policies on 1 January 2005 to comply with Australian Equivalents to International Financial Reporting Standards (AIFRS). The transition to AIFRS is accounted for in accordance with Accounting Standard AASB 1 'First Time Adoption of Australian Equivalents to International Reporting Standards', with 1 January 2004 as the date of transition.

Impact of AASB 140 'Investment Properties' and AASB 116 'Property, plant and equipment'.

Under AASB 140, NMSC has reclassified the Units as Investment Properties. An independent valuer was engaged to determine the fair value of the Units. To record the Units at fair value, accumulated depreciation incurred to that date were written back to the cost of the Units. This meant that the Units were now recorded at cost and a comparison between the cost and fair value showed the Units had increased their value.

In accordance to AASB 116, NMSC engaged the services of an independent valuer to revalue Land, Buildings and Infrastructure. The valuations were backdated to 2003 and the effects are presented in the table below.

a) Balance of Property, plant and equipment at transition date 1 January 2004:

Property Plant & Equipment 1/1/04		11,469,001
IFRS changes to Units		
Add back accumulated depreciation 31/12/2003	67,766	
Amount to revalue Units to Fair Value (\$1,500,000 less \$952,900)	<u>547,100</u>	<u>614,866</u>
Property Plant & Equipment after AIFRS		12,083,867
Loss on revaluation of Land, Buildings and Infrastructure		<u>(643,283)</u>
Revised Property, plant and equipment		<u>11,440,584</u>

Calculation of Loss on revaluation of Buildings, Land and Infrastructure

Balance b/f in 2004 for Buildings & Land	10,043,283
Less Fair Value of Building /Land from revaluation	9,400,000
Loss on revaluation of Buildings, Land and Infrastructure	<u>(643,283)</u>

b) Balance of Property, plant and equipment at last reporting date 31 December 2004:

Property Plant & Equipment 31/12/04		11,198,900
IFRS changes to Units		
Add back accumulated depreciation 31/12/2003	91,588	
Amount to revalue Units to Fair Value (\$1,500,000 less \$952,900)	<u>547,100</u>	<u>638,688</u>
Property Plant & Equipment after AIFRS		11,837,588
Gain on revaluation of Land, Buildings and Infrastructure		<u>218,270</u>
Revised Property, plant and equipment		<u>12,055,858</u>

Calculation of Loss on revaluation of Buildings, Land and Infrastructure

Balance b/f in 2004 for Buildings & Land	9,881,730
Less Fair Value of Building /Land from revaluation	<u>10,100,000</u>
Gain on revaluation of Buildings, Land and Infrastructure	<u>218,270</u>

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.

ABN: 62 101 200 515

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD

To Members of the New South Wales Parliament and members of the International Livestock Resources and Information Centre Ltd

Audit Opinion

In my opinion, the financial report of the International Livestock Resources and Information Centre Ltd is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the International Livestock Resources and Information Centre Ltd's financial position as at 30 June 2005 and financial performance for the year ended on that date, and
 - (ii) complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- (b) other mandatory financial reporting requirements in Australia, and
- (c) section 41B of the *Public Finance and Audit Act 1983*.

My opinion should be read in conjunction with the rest of this report.

The Directors' Role

The financial report is the responsibility of the company's directors. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes, and directors' declaration.

The Auditor's Role and the Audit Scope

As required by the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the International Livestock Resources and Information Centre Ltd that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

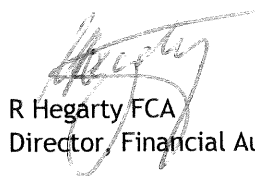
My opinion does *not* provide assurance:

- about the future viability of the company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The *Public Finance and Audit Act 1983* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



R Hegarty FCA
Director, Financial Audit Services

SYDNEY
1 November 2005

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.

ABN: 62 101 200 515

DIRECTORS' REPORT

Your directors submit their report, together with the financial report of the company for the year ended 30 June, 2005

DIRECTORS

The names of the directors at any time during, or since the end of the financial year:

Bernard Michael BINDON
Graeme Allan DENNEHY
Lancelot Peter LLOYD
Phillip Arthur RICKARDS (OAM)
Bruce James STANDEN
John THOMPSON

Bruce Francis CHICK
Hans Ulrich GRASER
James Baber ROWE
Guillaume John STASSEN
Graham Carl TRUSCOTT

PRINCIPAL ACTIVITIES

The principal activities of the company for the year was the management of information technology projects in relation to the Australian livestock industry, on behalf of its members. The company is also continuing to seek out additional projects to develop and establish its facilities and resources.

There was no other significant changes to the nature of the activities of the company during the financial year.

DIVIDENDS

No dividends were paid or declared during the year and the directors do not recommend payment of a dividend in respect of the year ended 30 June, 2005.

REVIEW OF OPERATIONS

The operating profit of the company was \$429,023 (2004:\$110,493).

The operating profit is deemed by the directors to be a satisfactory result in the third period of trading as a distinct company.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company in the current financial year.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

LIKELY DEVELOPMENTS

The company will continue to pursue its principal activities during the year 2005/2006

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

DIRECTORS' REPORT (Continued)

DIRECTORS' PARTICULARS

a) Qualifications and Experience

Name: **Phillip Arthur RICKARDS (OAM)**
Qualifications: Honours degree in Agricultural Science, postgraduate qualifications in Agricultural Economics and Honorary Doctorate, UNE.
Experience: Foundation director of the Agricultural Business Research Institute with over 30 years of experience in managing agribusiness information projects.

Board member appointed 2/07/2002

Name: **Lancelot Peter LLOYD**
Qualifications: BA (UNE) AAILE (Associate of Australian Institute of Land Economists) AREI (Associate of the Real Estate Institute) Licensed valuer, Licensed Stock and Station Agent and Auctioneer, Graduate Officer Training Unit (CaptainRAE)
Experience: Over 30 years experience in travel and tourism management, agribusiness and strategic planning. Executive Director Australian New Frontiers/Agritours Australia, Director of Armidale Diocesan Investment Group, Director Australian Travel Agents Co-operative, Advisory Group member NSW Convention Bureau, Board member New England North West Regional Tourism Organisation.

Board member appointed 2/07/2002

Name: **James Baber ROWE**
Qualifications: B.Rur.Sci. PhD
Experience: Contributed to research and education in the field of animal nutrition and production. From 1978 to 1982 he undertook a number of international consultancies with United Nations agencies on tropical cattle production and with ICI Pharmaceuticals Division in the UK. He joined the Department of Agriculture in Western Australia as Senior Sheep Nutritionist and held that position until 1987 developing effective systems of grain supplementation for extensive grazing systems. He then served as Head of the Cattle Industries Branch of the Department of Agriculture overseeing research and extension of cattle production in both high rainfall and pastoral areas. In 1994 he was appointed Professor of Animal Science at the University of New England and continued research and teaching in the field of animal nutrition and production. Since 2002 he has been Chief Executive Officer of the Australian Sheep Industry Cooperative Research Centre.

Board member appointed 2/07/2002

Name: **Bruce James STANDEN**
Qualifications: MAgEc (NE), PhD (Lond)
Experience: Academic training in economics and sub-discipline, agricultural economics. Currently director on Boards of six Companies and Foundations. Also consultant to numerous companies and agencies. Previously Managing Director for 10 years of Australian Meat and Livestock Corporation, a Commonwealth statutory corporation. Earlier positions included Principal Economist with NSW Department of Agriculture.

Board member appointed 2/07/2002

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.

ABN: 62 101 200 515

DIRECTORS' REPORT (Continued)

a) Qualifications and Experience Continued.

Name: Bruce Francis CHICK

Experience: Since graduation in Veterinary Science from the University of Sydney in December 1971 Bruce has been continuously involved in various aspects of the extensive grazing industries. Completion of post-graduate qualifications in Agricultural Economics (University of New England) and Diagnostic Pathology (Ontario Veterinary College) was been complimented by experience with NSW Agriculture as a Senior Research Pathologist, three years as Research Director with a multi-national pharmaceutical group and twelve years as principal of a private consultancy group, Veterinary Health Research Pty Ltd which currently employs 28 professional and support staff in Armidale, NSW.

Board member appointed 2/07/2002

Name: Graeme Allan DENNEHY

Qualifications: BE(Hons), MIE(Aust), CPEng, DipCD

Experience: Mr Dennehy is the senior administrator with the University with responsibility covering finance, human resources, facilities management, information technology, marketing & public affairs, the University secretariat, legal office, audit and risk management. He is a director on the boards of a number of University companies including the UNE Foundation, UNE Partnerships, the International Livestock Resources and Information Centre (ILRIC), and the University Rural Properties. He is a director of the New England Conservatorium of Music (NECOM) and company secretary of the National Marine Science Centre (NMSC).

Board member appointed 2/07/2002

Name: Bernard Michael BINDON

Qualifications: BRur.Sc., MRur.Sc., Ph.D., F.A.S.A.P

Experience: Has been a CSIRO Livestock Research Scientist since 1962, with local and international expertise in beef and sheep genetics reproduction and meat science. Since 1992 Bernie has been the foundation CEO of the CRC for Cattle and Beef Quality.

Board member appointed 2/07/2002

Name: Hans Ulrich GRASER

Qualifications: Graduate degree in Agricultural Science (German) and postgraduate Training to the level of PhD (German, DrSciAg, Hohenheim)

Experience: Director, Animal Genetics and Breeding Unit (AGBU), University of New England. AGBU is a joint Unit of NSW Agriculture and the University of New England. More than 25 years work as a researcher in the Animal Breeding field with extended working periods in Germany and Australia. Technical Director of AGBU from 1992 to 1998, Director AGBU since July 1998. Research interests in the genetic evaluation of livestock, variance component estimation and the design of livestock breeding programs. Co-responsible for a number of successfully commercialised genetic prediction software in Germany and Australia.

Board member appointed 2/07/2002

Name: John THOMPSON

Experience: Dr John Thompson is a Professor in UNE's Division of Animal Science. He has been instrumental in developing the Meat Science program of the Meat Quality CRC at Armidale and also the teaching program in Meat Science. More recently Professor Thompson has had a large input into the Meat Standards Australia meat-grading scheme being developed by Meat and Livestock Australia. As part of the latter program Professor Thompson undertakes the meat science training of graders as part of the MSA scheme. Professor Thompson has close links with industry with several large co-operative research programs with commercial partners (eg ACC/Coles, CMG, VIASCAN).

Board member appointed 14/02/2003

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

DIRECTORS' REPORT (Continued)

a) Qualifications and Experience Continued.

Name: **Graham Carl TRUSCOTT**

Experience:

has over 10 years experience in the beef industry. He is an executive member of the Australian Registered Cattle Breeders Association (ARCBA) and represents ARCBA on the ILRIC Board. Mr Truscott is the General Manager of the Angus Society of Australia and is the foundation General Manager of the Australian Beef Industry Foundation formed to inspire careers in the Australian beef industry. His former appointments in the beef industry have included: Executive Director Finance and Administration for Certified Australian Angus Beef Pty Ltd and CEO of Angus & Murray Grey Research Pty Ltd. Mr Truscott has 15 experience in the information technology industry, the later four years as an executive with Queensland Department of Primary Industries and the Australian Customs Service.

Board member appointed 01/11/2003

Name: **Guillaume John STASSEN**

Experience:

Over 25 years experience as a senior executive in local and International Investment Banking, Telecommunication, Mining and Manufacturing industries and in the past 17 years holding the position of Chief Executive Officer. He has worked extensively overseas including the USA, Bermuda, Europe, Hong Kong and most parts of Asia.

Board member appointed 10/06/2003

b) Directors' Meetings

During the financial year ended 30 June, 2005 five directors' meetings were held. Attendance at the meetings was as follows:

Directors' Name	Directors' Meetings	
	Eligible to Attend	Attended
Phillip Arthur RICKARDS (OAM)	4	4
Lancelot Peter LLOYD	4	4
James Baber ROWE	4	3
Bruce James STANDEN	4	4
Bruce Francis CHICK	4	2
Graeme Allan DENNEHY	4	2
Bernard Michael BINDON	4	4
Hans Ulrich GRASER	4	4
John THOMPSON	4	2
Graham Carl TRUSCOTT	4	1
Guillaume John STASSEN	4	4

DIRECTORS' BENEFITS

No director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the company, or a related body corporate with the director, a firm in which the director is a member, or an entity in which the director has a substantial interest. This statement excludes a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors and shown in the company's accounts, or the fixed salary of a full-time employee of the company, or a related body corporate.

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.

ABN: 62 101 200 515

DIRECTORS' REPORT (Continued)

INDEMNIFYING OFFICER OR AUDITOR

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, or auditor including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer, or auditor for the costs of expenses to defend legal proceedings.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received the following declaration from the auditor of International Livestock Resources and Information Centre Ltd:

Auditor's Independence Declaration to the Directors of International Livestock Resources and Information Centre Ltd

In relation to our audit of the financial report of International Livestock Resources and Information Centre Ltd for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ron Hegarty FCA
Director
Auditor General of New South Wales, Sydney.
21 October 2005

NON-AUDIT SERVICES

There were no non-audit services provided by the company's auditor, The Audit Office of New South Wales. The Directors are therefore satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

Signed in accordance with a resolution of the board of directors:



Phillip Arthur RICKARDS (OAM)

27/10/2005
Dated



Guillaume John STASSEN

27/10/2005
Dated

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

Directors' Statement

**STATEMENT MADE IN ACCORDANCE WITH SECTION 41C (1B) AND (1C) OF THE PUBLIC FINANCE AND
AUDIT ACT, 1983**

In accordance with a resolution of the Board of Directors of the International Livestock Resource and Information Centre Ltd we state that:

- (a) the financial statements and notes thereon exhibit a true and fair view of the financial position and transactions of the company for the year ended 30 June 2005;
- (b) financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit (General) Regulations 2000; and
- (c) we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.


Phillip Arthur RICKARDS (OAM)


Guillaume John STASSEN

27/10/2005
Date

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

DIRECTORS' DECLARATION

In the opinion of the directors, the financial statements set out in the Statement of Financial Position, Statement of Financial Performance and Statement of Cash Flows and notes to the financial statements:

- (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) give a true and fair view of the company's financial position as at 30 June, 2005 and its performance, as represented by the results of its operations and cash flows for the year ended on that date; and

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company 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 directors.


Phillip Arthur RICKARDS (OAM)

27/10/2005
Dated


Guillaume John STASSEN

27/10/2005
Dated

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>NOTE</u>	30-Jun-05 (\$)	30-Jun-04 (\$)
Revenue from ordinary activities	2	1,709,545	1,071,229
Employee expenses		213,326	167,278
Consultancy and contractor costs		72,043	40,682
Motor vehicle expenses		9,587	11,055
Project Claims		865,424	720,599
Travel and accommodation		35,889	4,375
Other expenses from ordinary activities		84,252	16,747
Total expenses		1,280,522	960,735
Net Profit attributable to members	8,3	429,023	110,493

The Statement of Financial Performance is to be read in conjunction with the Notes to
the Financial Statements.

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2005**

	NOTE	30-Jun-05 (\$)	30-Jun-04 (\$)
CURRENT ASSETS			
Cash assets	11	808,394	379,293
Receivables	4	96,816	73,467
Total Current Assets		905,210	452,760
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	58,604	19,927
Total Non-current Assets		58,604	19,927
TOTAL ASSETS		963,814	472,687
CURRENT LIABILITIES			
Payables	6	229,825	172,776
Provisions	7	17,828	12,773
Total Current Liabilities		247,653	185,549
TOTAL LIABILITIES		247,653	185,549
NET ASSETS		716,161	287,138
EQUITY			
Retained Profits	8	716,161	287,138
TOTAL EQUITY		716,161	287,138

The Statement of Financial Position is to be read in conjunction with the Notes to
the Financial Statements

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>NOTE</u>	30-Jun-05 (\$)	30-Jun-04 (\$)
<u>Cash Flows from Operating Activities</u>			
Cash receipts from customers		1,725,790	1,032,963
Cash payments to suppliers and employees		(1,274,534)	(930,649)
		451,256	102,314
Interest received		27,899	23,458
Net cash provided by operating activities	11	479,155	125,772
<u>Cash Flows from Investing Activities</u>			
Payments for property, plant and equipment		(50,053)	(19,334)
Net cash used in investing activities		(50,053)	(19,334)
Net increase in cash held		429,101	106,438
Cash at the beginning of the financial period	11	379,293	272,855
Cash at the end of the financial period	11	808,394	379,293

The Statement of Cash Flows is to be read in conjunction with the Notes to
the Financial Statements

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.

ABN: 62 101 200 515

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

Note 1. Summary of Significant Accounting Policies

The following summary explains the significant accounting policies that have been adopted in the preparation of these financial reports. Unless otherwise stated, such accounting policies are consistent with those used in the previous year.

a) Basis of Preparation

The company is a controlled entity of the University of New England, Armidale and as such is considered to be a reporting entity as defined in Australian Accounting Standard AASB 1025.

This report is a general purpose financial report and has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001, the requirements of the Public Finance and Audit Act 1983 and the Finance and Audit Regulations 2000. It is prepared on a going concern basis under the historical cost convention and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The accounting policies adopted are consistent with those of the previous year.

b) Employee Benefits

The company has adopted the following policies in order to comply with the requirements of Accounting Standard AASB 1028 "Accounting for Employee Entitlements".

Current Employee Entitlements

The amounts expected to be paid to employees for their entitlement to leave expected to be paid within the next twelve months, are provided at pay rates the company expects to pay in the coming year (including on costs) in accordance with statutory requirements and award conditions and disclosed as current liabilities.

Sick Leave

The economic entity has not made provision for non-vesting sick leave as the directors believe it is not probable that payment will be required.

Superannuation

ILRIC Ltd contributes to two employee superannuation funds. Contributions to these funds are charged against income.

c) Property, Plant and Equipment

Acquisition

All acquisitions of assets are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to acquisition.

Recoverable Amount

The carrying amounts of all non-current assets are reviewed annually and are not stated at amounts in excess of their recoverable amount.

Depreciation

Depreciation and amortisation are calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to the economic entity. Assets are depreciated from the date of acquisition.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20% - 25%
Furniture and Fixtures	20% - 25%

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.

ABN: 62 101 200 515

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

Note 1. Summary of Significant Accounting Policies (continued)

d) Income Tax

The Australian Taxation Office has advised that the company is exempt from income tax in accordance with Section 50-40 of the Income Tax Assessment Act, 1997.

e) Cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank, a cash management account and other investments which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

f) Revenue Recognition

In general, revenue is recognised, where it can be reliably measured, in the period to which it relates.

However, where there is not an established pattern of income flow, revenue is recognised on a cash receipts basis.

Grant income

Grant income is recognised when it is received.

Interest Income

Interest Income is recognised as it accrues.

g) Receivables

The terms of trade are 30 days from the date of invoice. Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised where doubt as to collection exists and debts which are known to be uncollectible are written off.

h) Trade Creditors

Trade creditors represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are normally paid within 30 days of recognition.

In accordance with AAS 33 (AASB 1033) "Presentation and Disclosure of Financial Instruments" information is disclosed in Note 12, in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried in the accounts at net fair value unless otherwise stated. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments all recorded at cost comprise cash, receivables and creditors.

All financial instruments including revenue, expenses or other cash flows arising from instruments are recognised on an accrual basis.

i) Goods and Services Tax

Revenues, 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). In these circumstances the GST is recognised as part of the acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

Note 1. Summary of Significant Accounting Policies (continued)

	30-Jun-05 (\$)	30-Jun-04 (\$)
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j) Company details

The company is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter. At June 30, 2005 there were eleven members.

k) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the adjustment of the 2005 comparatives for the financial report for the year ended 30 June 2006.

The Company's management and Board has assessed the significance of these changes and are preparing for their implementation.

The Directors are of the opinion that there is no material impact on the Company's financial statements that will arise from the adoption of IFRS

Note 2. Revenue from ordinary activities

Description		
Grant Income	1,473,000	877,000
Partners Contributions	200,499	166,944
Misc. Income	5,975	
Interest Income	30,071	27,285
Total Revenues	<u>1,709,545</u>	<u>1,071,229</u>

Note 3. Profit from ordinary activities

Operating profit is determined after charging as expenses;

Depreciation property plant and equipment	11,376	2,955
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Amounts set aside to Provisions:-

Annual Leave	5,055	11,735
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Note 4. Receivables

Current

Trade Debtors - General	20,270	46,141
Less: Provision for Doubtful Debts	<u>-</u>	<u>-</u>
	<u>20,270</u>	<u>46,141</u>
Accrued Income	76,547	6,881
GST Receivable	<u>-</u>	<u>20,445</u>
Total Current Receivables	<u>96,816</u>	<u>73,467</u>

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.

ABN: 62 101 200 515

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

	30-Jun-05 (\$)	30-Jun-04 (\$)
<u>Note 5. Property, Plant and Equipment</u>		
Plant and Equipment - at cost	72,935	22,882
Less: Accumulated Depreciation	14,332	2,955
Total Property, Plant and Equipment	58,604	19,927

Reconciliations

Reconciliation of the carrying amounts for each class of property, plant and equipment are set below;

Plant and Equipment

Carrying amount at beginning of period	19,927	3,549
Additions	50,053	19,334
Disposals	-	-
Depreciation	11,376	2,955
Carrying amount at end of period	58,604	19,927

Note 6. Payables

Current

Creditors and Accruals	213,142	172,776
GST Payable	16,682	-
Total Payables	229,825	172,776

Note 7. Provisions

Current

Employee benefits	17,828	12,773
Total Current Provisions	17,828	12,773

Number of employees

Number of employees at year end	4	2
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Note 8. Retained Profits

Retained profits at the beginning of the period	287,138	176,645
Net profit attributed to members	429,023	110,493
Retained profits at the end of the period	716,161	287,138

Note 9. Auditor's Remuneration

Amount due and paid to the auditor of the company for audit of the accounts	6,250	5,000
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Note 10. Remuneration of Directors

a) In respect of the year ending 30 June, 2005, less than \$20,000 was paid to Directors to meet the cost of attending board meetings.

b) Total remuneration received or receivable, in the period by all directors of the company, from the company, or any related bodies corporate was \$142,247 (2004:\$133,053)

c) The number of Directors whose income was received from the company or any related bodies corporate was within the following bands:

Band:	\$0 - \$10,000	Number of Directors:	Ten
	\$140,000 - \$150,000		One

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

	30-Jun-05 (\$)	30-Jun-04 (\$)
<u>Note 11. Reconciliation of Cash</u>		
(i) Reconciliation of Cash		
Cash as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash at Bank and Cash Management Account	808,394	379,293
Total	808,394	379,293
(ii) Reconciliation of net cash provided by operating activities to profit from ordinary activities		
Profit from ordinary activities	429,023	110,493
Add / (less) non-cash items:		
Movement in Employee Provisions	5,055	11,735
Depreciation	11,376	2,955
Net cash provided by (or used in) operating activities before changes in assets and liabilities	445,454	122,228
Change in assets and liabilities during the financial year		
(Increase) / Decrease in receivables	(23,349)	(14,808)
Increase / (Decrease) in payables	57,049	15,396
Net cash provided by operating activities	479,154	125,771

Note 12. Financial Instruments

(a) Interest Rate Risk

Interest Rate Risk Exposures

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates.

The company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

2005		Fixed Interest Maturing in:					
Financial Assets	Weighted Average Interest Rate	Floating Interest Rate	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non-Interest Bearing	Total
Cash	5.67%	808,394	0	0	0	0	808,394
Receivables		0	0	0	0	96,816	96,816
Financial Liabilities							
Payables		0	0	0	0	229,825	229,825
2004							
Cash	5.00%	379,293	0	0	0	0	379,293
Receivables		0	0	0	0	73,467	73,467
Financial Liabilities							
Payables		0	0	0	0	172,776	172,776

(b) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

On-balance sheet financial instruments

The credit risk on financial assets, excluding investments, of the company which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Note 13. Related Party Transactions

Directors

The names of each person holding the position of director of the Company during the financial year are Messrs PA Rickards (OAM), LP Lloyd, JB Rowe, BJ Standen, BF Chick, GA Dennehy, BM Bindon, HU Graser, J Thompson, GJ Stassen and GC Truscott.

Other related parties

All transactions with related parties are on normal terms and conditions. The following information is provided in relation to transactions that occurred in the period.

Agricultural Business Research Institute Ltd ("ABRI")

Payments for Secretarial and Consultancy services \$27,617 (2004:\$20,907) and Project Claims \$299,969 (2005:246,289).

Cash contributions to the Company \$59,806 (2004:\$55,000).

Total Payable to related party as at 30 June 2005 \$0 (2004:\$15,125).

Total receivable from related party as at 30 June \$1,854 (2004:\$26,220).

The Cooperative Research Centre for Beef and Beef Quality ("Beef CRC")

Payments for Project Claims \$0 (2004:\$20,453).

Total Payable to related party as at 30 June 2005 \$0 (2004:\$0).

The Australian Sheep Industry Cooperative Research Centre ("Sheep CRC")

Payments for Project Claims \$0 (2004:\$91,753).

Total Payable to related party as at 30 June \$0 (2004:\$91,753).

University of New England

Payments for Secretarial and Consultancy services \$93,607 (2004:\$11,056, and Project Claims \$273,215 (2004:\$277,139).

Total Payable to related party as at 30 June 2005 \$125,096 (2004 \$0).

Cash contributions to the Company \$107,493 (2004:\$58,500).

Total receivable from related party as at 30 June 2005 \$0 (2004:\$25,730).

Veterinary Health Research Pty Ltd ("VHR")

Payments for Project Claims \$6,988 (2004:\$17,488).

Cash contributions to the Company \$2,200 (2004: \$1,100).

Total receivable from related party as at 30 June 2005 \$2,420 (2004: \$2,420).

Animal Genetics and Breeding Unit ("AGBU")

Payments for Project Claims \$153,839 (2004:\$45,000).

Cash contributions to the Company \$29,000 (2004:\$50,117).

Total receivable from related party as at 30 June \$15,950 (2004:\$28,569).

Ultimate Parent Entity

The ultimate parent entity of the Company is the University of New England.

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD.
ABN: 62 101 200 515

**ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

	30-Jun-05 (\$)	30-Jun-04 (\$)
Income		
Grant Income	1,473,000	877,000
Partners Contributions	200,499	166,944
Misc Income	5,975	-
Interest Income	30,071	27,285
Total Income	1,709,545	1,071,229
Expenditure		
Accounting	11,441	8,767
Audit Fees	6,250	10,350
Administration Charges	285	1,558
Cleaning Service	1,800	642
Capital Items - Small(Less Than\$750)	694	799
Computer Costs - Maint. & Cons	5,496	424
Consultant Fees	41,236	18,653
Depreciation	11,376	2,955
Functions & Seminars	5,955	280
Gas & Electric	600	227
General Expense	3,181	1,734
Graphic Design	7,335	930
Legal Expenses	1,830	-
Licenses & Fees	9,233	-
Motor Vehicle Expense	9,588	11,056
Office Supplies	3,971	2,690
Partners Project Claims	865,424	720,599
Photocopying	15,103	291
Postage & Freight	333	17
Printing & Advertising	9,301	1,809
Rent Expense	7,646	-
Repairs & Maintenance	98	80
Superannuation	16,747	13,168
Telecommunication	7,786	3,927
Travel - Air	21,767	2,868
Accommodation & Meals	11,157	1,402
Travel Other	2,965	105
Wages & Salaries	191,524	142,374
Wages Oncosts	5,344	1,296
Provision For Rec. Leave	5,055	11,736
	1,280,522	960,735
Net Operating Profit Transferred	429,023	110,493

The additional information does not form part of the audited Financial Statements

SERVICES UNE LIMITED

ABN: 29 065 648 419

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2005**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

SERVICES UNE LIMITED

To Members of the New South Wales Parliament and Members of Services UNE Limited

Audit Opinion

In my opinion, the financial report of Services UNE Limited (the Company) is in accordance with:

- the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2005 and financial performance for the year ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983 (PF & A)* and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of recognised income and expense, cash flow statement, directors' declaration and accompanying notes to the financial statements for the company, for the year ended 31 December 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.


My opinion does *not* provide assurance:

- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The PF & A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



R Hegarty FCA
Director, Financial Audit Services

SYDNEY
27 April 2006

SERVICES UNE LIMITED

ABN: 29 065 648 419

DIRECTORS' REPORT

The directors have pleasure in presenting their report, together with the financial report of Services UNE Limited for the year ended 31 December 2005 and the Auditors' Report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report the following:

Directors

The names of the Directors in office at the date of this report are:

Director	Position	Occupation	Commenced	Meetings attended during financial year
Ann Maurer	Director	Accountant	9 Sep 2005	6/6
Roderick Watt	Director	Solicitor	9 Sep 2005	5/6
Adrian Robinson	Director	CFO	5 Dec 2005	2/2

The following Directors ceased office during the period:

Director	Position Held	Occupation	Cessation Date	Meetings attended during financial year
Wade McInerney	President	Student	9 Sep 2005	4/4
Dayne Rosolen	Vice President	Student	9 Sep 2005	4/4
Frank-Peter Szary	Treasurer	Retired	9 Sep 2005	4/4
Samantha Aber	Director	Student	9 Sep 2005	3/4
Charles Bush	Director	Student	9 Sep 2005	2/5
Benjamin Clifton	Director	Student	3 May 2005	0/2
Jennifer Crew	Director	Retired	9 Sep 2005	3/4
Joanna Crook	Director	Student	7 Mar 2005	0/1
Glen Crosland	Director	Student	7 Mar 2005	0/1
Kathy Hooke	Director	Retail Manager	9 Sep 2005	2/4
Charles Hollingworth	Director	Student	7 Feb 2005	0/0
Jennifer Mitchell	Director	Student	9 Sep 2005	1/4
Rachael Russell	Director	Student	9 Sep 2005	3/4
Curtis Samuels	Director	Lecturer	9 Sep 2005	3/4
Kellie Scharf	Director	Student	9 Sep 2005	1/4
Tim Fisher (Fm 18/2/05)	Director	Student	9 Sep 2005	2/3
Andrew Murray (Fm 9/9/05)	Director	Director	28 Jan 2006	6/6

Principal Activities

From midnight 30 September 2005, the Company acquired the assets, liabilities and operations of the UNE Union through a Deed of Company Arrangement. Prior to this date, the Company did not trade in its own right, but acted as trustee for the UNE Union. Since that date, the company has continued to provide non-academic student services.

Results Of Operations

The Company recorded an operating surplus of \$1 224 974 for the year ended 31 December 2005, including a gain on the acquisition of UNE Union of \$1 227 523.

Events Subsequent to Balance Date

Settlement on sale of the Tattersalls Hotel took place 31 January 2006.

Likely Developments

The company will continue to pursue its principal activities in 2006. The Higher Education Support Amendment (Abolition of Compulsory Up-Front Student Union Fees) Bill 2005 passed the Senate during December 2005. Management are continuing their review of all operations to assess and ameliorate the effects of this legislation.

SERVICES UNE LIMITED

ABN: 29 065 648 419

Dividends

The company cannot pay dividends due to its status as a not-for-profit entity under its constitution.

Directors' Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit by reason of a contract made by the Company, controlled entity or a related body corporate with the Director, a firm of which the Director is a member or an entity in which the Director has a substantial financial interest except as disclosed at note 14.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the Company's accounts or the fixed salary of a full-time employee of the parent entity, controlled entity or related body corporate.

Directors' Meetings

During the financial year, eleven meetings of Directors was held. The number of meetings attended by each Director is stated in this report.

Directors and Auditors Indemnification

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- ☐ indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- ☐ paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

with the exception of the following matters.


During or since the financial year the University of New England has paid premiums on behalf of the Company to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was included in a bulk insurance charge by the University.

As part of the Deed of Company Arrangement made on the 17th August 2005, the University of New England indemnifies the Company in respect of all debts of the Company incurred by the Board after all of its Directors have been appointed by the University, in its management of the affairs of the Company and in pursuance of the objects of the Company, with the exclusion of the purchase of real property, for a period of 5 months from the commencement of the Deed.

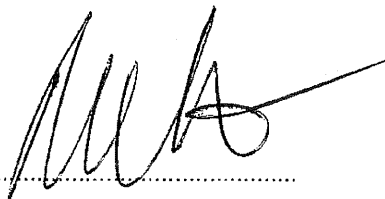
Auditors Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows.

Signed in accordance with a resolution of directors made pursuant to Section 298(2) of the Corporations Act 2001.



Director



Director

Dated at Armidale NSW
20th April 2006

DIRECTORS' STATEMENT

**STATEMENT MADE IN ACCORDANCE WITH SECTION 41C (1B) AND (1C) OF THE PUBLIC FINANCE
AND AUDIT ACT, 1983.**

In accordance with a resolution of the Board of Directors of Services UNE Ltd we state that:

- a) the financial statements and notes thereon exhibit a true and fair view of the financial position and transactions for the year ended 31 December 2005;
- b) financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, Public Finance and Audit Regulation 2000; and
- c) we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Director



Director

Dated at Armidale NSW
20th April 2006

DIRECTORS' DECLARATION

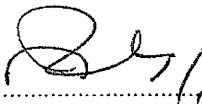
In the opinion of the directors of Services UNE Ltd:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, and:
 - (i) comply with Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position as at 31 December 2005 and of the performance for the year ended on that date of the Company and
- (b) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

In arriving at their opinion in paragraph b) the directors have taken into account the following matters:

- (i) The loss of General Service Fee income from July 2006.
- (ii) The sale of Tattersalls Hotel effective 31 January 2006.

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



Director



Director

Dated at Armidale NSW
20th April 2006

SERVICES UNE LIMITED**ABN: 29 065 648 419****BALANCE SHEET**
AS AT 31 DECEMBER 2005

	<u>NOTE</u>	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	4	560,465	-
Receivables	5	189,885	-
Inventory	6	323,286	-
Other	7	<u>14,908</u>	<u>-</u>
		<u>1,088,544</u>	<u>-</u>
Non-current assets classified as held for sale	21	<u>1,005,557</u>	<u>-</u>
TOTAL CURRENT ASSETS		<u>2,094,101</u>	<u>-</u>
<u>NON-CURRENT ASSETS</u>			
Land and buildings	8	-	883,298
Leasehold improvements	8	380,804	-
Motor Vehicles	8	148,295	-
Plant and equipment	8	687,054	-
Loan Receivable	10	-	700,000
Intangible Assets	9	<u>25,000</u>	<u>71,330</u>
		<u>1,241,153</u>	<u>1,654,628</u>
TOTAL ASSETS		<u>3,335,254</u>	<u>1,654,628</u>
<u>CURRENT LIABILITIES</u>			
Payables	10	753,288	-
Provisions	11	307,314	-
Secured Bank Loan	10	700,000	200,000
Lease Liabilities	16	<u>34,486</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>1,795,088</u>	<u>200,000</u>
<u>NON CURRENT LIABILITIES</u>			
Provisions	11	219,853	-
Creditors and Borrowings		-	1,454,628
Secured bank loan	10	-	-
Lease liabilities	16	<u>95,339</u>	<u>-</u>
TOTAL NON CURRENT LIABILITIES		<u>315,192</u>	<u>1,454,628</u>
TOTAL LIABILITIES		<u>2,110,280</u>	<u>1,654,628</u>
NET ASSETS		<u>1,224,974</u>	<u>-</u>
<u>EQUITY</u>			
Retained earnings		<u>1,224,974</u>	<u>-</u>
TOTAL EQUITY		<u>1,224,974</u>	<u>-</u>

SERVICES UNE LIMITED

ABN: 29 065 648 419

STATEMENT OF RECOGNISED INCOME AND EXPENSE

EQUITY

Net income recognised directly in Equity	-	-
Profit for the period	<u>1,224,974</u>	<u>-</u>
Total recognised income and expense for the period	1,224,974	-

ATTRIBUTABLE TO

Equity Holders	1,224,974	-
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The Statement of Recognised Income and Expense is to be read in conjunction with the notes to the financial statements.

SERVICES UNE LIMITED**ABN: 29 065 648 419****INCOME STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>NOTE</u>	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
Revenue from Operational Activities	2	1,811,674	13,714
Business Combination	22	<u>1,227,523</u>	<u>-</u>
Total revenue		<u>3,039,197</u>	<u>13,714</u>
Cost of goods sold		668,631	-
Employee expenses		782,578	-
Depreciation expense		68,846	-
Lease expense		1,987	-
Finance costs		1,360	-
Other expenses		<u>290,821</u>	<u>13,714</u>
Total expenses		<u>1,814,223</u>	<u>13,714</u>
Profit/(Loss) from Ordinary Activities before Income Tax Expense	3	<u>1,224,974</u>	<u>-</u>
Income Tax Expense relating to Ordinary Activities		<u>-</u>	<u>-</u>
Net Profit from Ordinary Activities After Income Tax Expenses		<u>1,224,974</u>	<u>-</u>

The Income Statement is to be read in conjunction
with the notes to the financial statements

SERVICES UNE LIMITED**ABN: 29 065 648 419****CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>NOTE</u>	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
Cash Flows from Operating Activities			
Cash receipts from membership fees		313,148	-
Receipts from customers		1,448,604	-
Interest received		3,070	-
Payments to suppliers and employees		(1,250,944)	-
Bank charges and interest expense		(19,064)	-
Grants		<u>(9,599)</u>	<u>-</u>
Net Cash provided by Operating Activities	17	<u>485,215</u>	<u>-</u>
Cash Flows from Investing Activities			
Acquisition of UNE Union - net cash acquired		154,658	-
Payments for property plant and equipment		<u>(70,799)</u>	<u>-</u>
Net Cash used in Investing Activities		83,859	-
Cash Flows from Financing Activities			
Proceeds/(repayments) Finance Leases		<u>(8,609)</u>	<u>-</u>
Net Cash by Finance Activities		<u>(8,609)</u>	<u>-</u>
Net Increase/(Decrease) in Cash Held		560,465	-
Cash at Beginning of the Reporting Period	17	<u>-</u>	<u>-</u>
Cash at End of the Reporting Period	17	<u><u>560,465</u></u>	<u><u>-</u></u>

**The Cash Flow Statement is to be read in conjunction with the notes
to the financial statements.**

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

Note 1. Summary of significant accounting policies

The company, Services UNE Limited, was incorporated on 14 July 1994 and operates in the state of New South Wales.

The company is a controlled entity of the University of New England, Armidale and as such is considered to be a reporting entity as defined in Australian Accounting Standard AASB 124

The Company is limited by guarantee. If the Company is wound up, the articles of association state that each member is required to contribute a maximum of \$1 each toward meeting any outstanding obligations of the Company. At 31 December 2005 the number of members was 1 (one).

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, and other State/Australian Government legislative requirements.

Compliance with IFRSs

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). A statement of compliance with International Financial reporting standards cannot be made due to the company applying the not for profit sector requirements contained in AIFRS.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Services UNE Limited financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Services UNE Limited until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Services UNE Limited 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. Services UNE Limited has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Services UNE Limited's equity and its net income are given in note 23.

Early adoption of standard

Services UNE Limited has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(c) Income tax

Services UNE Limited has been granted exemption from paying tax under the provisions of Section 50-B of the Income tax assessment Act 1997.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

(d) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 16). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 16). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(e) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(i) Inventories

Stocks on hand are valued at the lower of cost or net realisable value. Cost is assigned to stock using the First in First Out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A Provision for stock write down has been created to cover possible non-realisation of cost price for some stock. The amount of the provision is recognised in the income statement.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

(j) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(k) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings	2.00%
- Leasehold improvements	2.00 – 20.00%
- Vehicles	15.00 – 27.00%
- Furniture, fittings and equipment	10.00 – 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

(l) Intangible assets

(i) Liquor Licence

The value of the Tattersall's Hotel license is valued in the accounts at cost of acquisition. The balance is reviewed annually and any balance representing future benefits for which realisation is considered to be no longer probable is written off.

(ii) Australia Post Licence

The value of the Australia Post license is valued in the accounts at cost of acquisition. The balance is reviewed annually and any balance representing future benefits for which realisation is considered to be no longer probable is written off.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(p) Provisions

Provisions for legal claims and service warranties are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Employee benefits

Wages and salaries, annual leave and sick leave

Provision is made for the company's liability for employee benefits arising from services rendered by the employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount including related on-costs. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements including related on-costs.

Contributions are made by the Company to employee super funds and are charged as expenses when incurred.

(q) Comparative Figures

Where necessary certain comparatives have been adjusted in order to comply with the current year's presentation.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
NOTE 2. REVENUE FROM OPERATING ACTIVITIES		
Sale of Goods	1,346,378	-
Rendering of Services	12,229	-
General Service Fees	449,997	-
Interest Received	3,070	-
Other Revenue	-	13,714
	<u>1,811,674</u>	<u>13,714</u>

NOTE 3. PROFIT FOR THE YEAR

Profit from ordinary activities has been arrived at after charging/(crediting) the following items:

Depreciation expense	68,846	13,714
Provision for employee entitlements	44,783	-
Provision for Annual Leave	35,625	-
Provision for Long Service Leave	8,027	-
	<u>157,281</u>	<u>13,714</u>

NOTE 4. CASH ASSETS

Cash on Hand	29,814	-
Cash at Bank	<u>530,651</u>	<u>-</u>
	<u>560,465</u>	<u>-</u>

NOTE 5. RECEIVABLES

CURRENT

Trade Debtors	192,311	-
Less: Provision for Doubtful Debts	(2,426)	-
Other Debtors	-	-
	<u>189,885</u>	<u>-</u>

NOTE 6: INVENTORIES

Stock on hand – At cost	327,711	-
Less: Provision for stock write-down	<u>(4,425)</u>	<u>-</u>
	<u>323,286</u>	<u>-</u>

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
NOTE 7. OTHER ASSETS		
CURRENT		
Shares	200	-
Other Receivables	11,236	-
Prepaid Expenses	<u>3,472</u>	-
	<u>14,908</u>	<u>-</u>
NON CURRENT		
Other Financial Assets	<u>-</u>	<u>-</u>

NOTE 8. PROPERTY, PLANT & EQUIPMENT

NON CURRENT

Land and Buildings – at cost	-	1,006,844
Less: Accumulated depreciation	<u>-</u>	<u>123,546</u>
	-	883,298
Plant and equipment - At cost	728,387	-
Less: Accumulated depreciation	<u>41,333</u>	-
	687,054	<u>-</u>
Leasehold improvements at cost	389,086	-
Less: Accumulated depreciation	<u>8,282</u>	-
	380,804	<u>-</u>
Motor Vehicles	157,593	-
Less: Accumulated depreciation	<u>9,298</u>	-
	148,295	<u>-</u>

RECONCILIATIONS

Reconciliations of the carrying amounts for each class of property, Plant and equipment are set out below:

Land and Buildings

Carrying amount at beginning of year:	883,298	883,298
Business combination	-	-
Other Additions	-	-
Depreciation	<u>9,933</u>	<u>-</u>
Carrying amount at end of year included as "for sale"	<u>873,365</u>	<u>883,298</u>

Plant and Equipment

Carrying amount at beginning of year	-	-
Business combination	723,364	-
Other Additions	5,023	-
Depreciation	<u>41,333</u>	<u>-</u>
Carrying amount at end of year	<u>687,054</u>	<u>-</u>

SERVICES UNE LIMITED**ABN: 29 065 648 419****NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>2005</u> (<u>\$</u>)	<u>2004</u> (<u>\$</u>)
Leasehold improvements		
Carrying amount at beginning of year	-	-
Business Combination	355,719	-
Other Additions	33,367	-
Depreciation	<u>8,282</u>	<u>-</u>
Carrying amount at end of year	<u>380,804</u>	<u>-</u>
Motor vehicles		
Carrying amount at beginning of year	-	-
Business Combination	157,593	-
Other Additions	-	-
Depreciation	<u>9,298</u>	<u>-</u>
Carrying amount at end of year	<u>148,295</u>	<u>-</u>
NOTE 9. INTANGIBLES		
Hotel Licence at cost	-	71,330
Australia Post Licence	25,000	-
NOTE 10. PAYABLES		
CURRENT		
Trade Creditors and Accruals	753,288	-
NAB Market Rate Facility	200,000	200,000
NAB Secured Interest Only Loan	<u>500,000</u>	<u>-</u>
	<u>1,453,288</u>	<u>200,000</u>
NON CURRENT		
NAB Secured Interest Only Loan	-	500,000
Loan to related body corporate	<u>-</u>	<u>955,628</u>
	<u>-</u>	<u>1,455,628</u>
NOTE 11. PROVISIONS		
CURRENT		
Provision for Stamp Duty	32,676	-
Provision for Payroll Tax	37,342	-
Provision for Employee Entitlements	44,782	-
Provision for Annual Leave	137,183	-
Provision for Long Service Leave	<u>55,331</u>	<u>-</u>
	<u>307,314</u>	<u>-</u>
NON CURRENT		
Provision for Long Service Leave	<u>219,853</u>	<u>-</u>
Number of Employees		
Number of employees at year-end	<u>94</u>	<u>-</u>

SERVICES UNE LIMITED
ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u>	<u>2004</u>
	(\$)	(\$)

NOTE 12. AUDITOR'S REMUNERATION

Amount received or due and receivable by the auditor of the company for:

Audit of the Accounts	7,500	1,000
Other Services	<u>-</u>	<u>-</u>
	<u>7,500</u>	<u>1,000</u>

NOTE 13. REMUNERATION OF DIRECTORS

Income paid or payable to all directors of the entity
by the entity and any related parties

	<u>14,147</u>	<u>15,522</u>
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Number of directors whose income was within the following bands:

\$0 - \$9,999	20	21
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NOTE 14. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

i) Parent Entities

University of New England (excluding General Service Fees)

Income Received	47,569	-
Payments Made	<u>294,666</u>	<u>-</u>
Net	<u>247,097</u>	-

Balance Sheet

Receivables	14,567	-
Payables	239,862	-

ii) Other Related Parties

Agricultural Business Research Institute

Income Received	-	-
Payments Made	<u>2,200</u>	<u>-</u>
Net	<u>2,200</u>	<u>-</u>

Balance Sheet

Payables	1,466	-
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Watson McNamara and Watt

Watson McNamara and Watt have undertaken work for the Company as the continuing appointed solicitor. Mr R. J. Watt, a Director of Services UNE Ltd is a partner with that firm.

SERVICES UNE LIMITED
ABN: 29 065 648 419
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Ultimate Controlling Entity

The Company is ultimately controlled by the University of New England.

NOTE 15. ECONOMIC DEPENDENCY

Under the present structure, the company is dependent upon the continued existence of the University of New England.

NOTE 16. CAPITAL AND LEASING COMMITMENTS

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
(i) Capital Commitments	-	-
(ii) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable		
- not later than one year	81,760	81,550
- later than one year but not later than two years	81,760	81,756
- later than two years, but not later than five years	<u>177,147</u>	<u>252,081</u>
	<u>340,667</u>	<u>415,387</u>
(iii) Finance Lease Commitments		
Non-cancellable Finance leases contracted for and capitalised in the financial statements		
Payable		
- not later than one year	34,486	-
- later than one year but not later than two years	34,682	-
- later than two years, but not later than five years	<u>60,657</u>	<u>-</u>
	<u>129,825</u>	<u>-</u>

NOTE 17. NOTES TO THE STATEMENT OF CASH FLOWS

i) Reconciliation of Cash

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Cash on Hand	29,814	-
Cash at Bank	<u>530,651</u>	<u>-</u>
	<u>560,465</u>	<u>-</u>

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
ii) Reconciliation of profit after income tax to net cash provided by operating activities.		
Profit (Loss) from ordinary activities	1,224,974	-
Add/(less) non-cash items:		
Depreciation	68,846	-
Provision for Doubtful Debts	346	-
Business Combination	(1,227,523)	-
Provision for Employee Entitlements	<u>88,435</u>	-
Net cash provided by operating activities before changes in assets and liabilities	155,078	-
Change in assets and liabilities during the financial year.		
(Increase)/Decrease in Prepayments	21,199	-
(Increase)/Decrease in debtors	(156,709)	-
Increase/(Decrease) in trade creditors and accruals	410,259	-
Decrease/(Increase) in inventories	<u>55,388</u>	-
Net Cash Used in Operating Activities	<u>485,215</u>	-

iii) Financing Facility

A Bill facility of up to \$800,000 was available at the reporting date. As at that date, \$700,000 of the facility was in use.

iv) Property, Plant and Equipment

During the period, the Company acquired property, plant and equipment, in addition to the business combination (note 22), with an aggregate cost of \$38,120 by cash payments.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 18. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effectiveness weighted average interest rate on those financial assets and financial liabilities is set out below:

2005

Financial Assets	Weighted Average Interest Rate	Floating interest rate	Fixed interest maturing in:			Non- interest bearing	Total
			1 year or less	over 1 to 5 years	More than 5 years		
Cash	4.7%	530,651	-	-	-	29,814	560,465
Receivables	0%	-	-	-	-	49,225	49,225
Financial Liabilities							
Payables	0%	-	-	-	-	777,207	777,207
Commercial Mortgage	7.45%	300,000	-	-	-	-	300,000
Commercial Mortgage	7.65%	-	-	500,000	-	-	500,000

2004

Financial Assets	Weighted Average Interest Rate	Floating interest rate	Fixed interest maturing in:			Non- interest bearing	Total
			1 year or less	over 1 to 5 years	More than 5 years		
Cash	4.75%	119,599	-	-	-	35,059	154,658
Receivables	0%	-	-	-	-	64,047	64,047
Financial Liabilities							
Payables	0%	-	-	-	-	457,829	457,829
Commercial Mortgage	7.24%	300,000	-	-	-	-	300,000
Commercial Mortgage	7.65%	-	-	500,000	-	-	500,000

b) Credit risk exposures

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, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(c) Net fair values of financial assets and liabilities

On-balance sheet financial instruments

The company's financial assets and liabilities included in current and non-current assets and liabilities in the balance sheet are considered to be carried at amounts that approximate net fair value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the accounts.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 19. CONTINGENT LIABILITIES

The company is negotiating the transfer of a liability with the State Superannuation Fund to UNE. The account is in respect to past service liability for common employees who have ceased. A provision is carried in the Balance Sheet and interest is charged to the Income Statement in the period incurred.

NOTE 20. EVENTS SUBSEQUENT TO BALANCE DATE

Settlement on the sale of Tattersalls Hotel is set down for 31 January 2006 – see note 22.

NOTE 21. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Board of Directors in September 2005 adopted a recommendation from the Receiver Manager to dispose of Tattersalls Hotel. In December 2005, a tender for \$2.65million was accepted with settlement set down for 31 January 2006. The assets have been recorded at written down value as follows:

	<u>2005</u> <u>(\$)</u>	<u>2004</u> <u>(\$)</u>
Tattersalls Hotel		
Land	550,000	-
Buildings	323,365	-
Plant and Equipment	60,862	-
Licence	<u>71,330</u>	<u>-</u>
	<u>1,005,557</u>	<u>-</u>

Full details of final disposal costs are unavailable, with staff separation entitlements under negotiation.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 22. BUSINESS COMBINATIONS

Subsequent to a Deed of Company Arrangement dated 17th August 2005 between UNE Union Limited, the University of New England, UNE Union and the Administrator UNE Union, On 9 September 2005, the Board of UNE Union Ltd agreed to a change to the constitution and a change of name to Services UNE Ltd. This included the transferring the assets and operations of UNE Union to Services UNE Ltd, under the control of the University of New England from 1 October 2005.

A ruling is being obtained on liability to stamp duty on the transfer and at balance date it was considered possible that Services UNE Limited will incur stamp duty of \$32,676.00. This will be the only cost of the transfer and has been recognised in the fair value acquired.

(i) Details of the fair value of the assets and liabilities acquired are as follows:

Cash and Cash Equivalents	154,658
Trade debtors	63,385
Receivable – Services UNE Ltd	944,696
Inventory	378,674
Other Current Assets	6,242
Plant and equipment	1,307,740
Intangible – Licence	25,000
Payables	(457,828)
Loan Payable – Services UNE Ltd	(700,000)
Provisions	(356,609)
Operating Lease Liabilities	(138,434)
Net	\$1,227,523
Consideration	-
Gain on acquisition	<u>\$1,227,523</u>

Direct costs relating to the acquisition:

Provision for Stamp Duty	<u>\$32,676</u>
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(ii) Financial performance of the combined entity:

	From Acquisition	Full Year
Revenue	\$1,811,674	\$7,511,525
Profit/(Loss)	(\$2,549)	(\$207,045)

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 23. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reconciliation of Equity at 1 January 2004

	Note	Previous GAAP at 1 January 2004	Adjustment	AIFRS at 1 January 2004
Economic Entity		\$	\$	\$
CURRENT ASSETS				
Land and Buildings		883,298		883,298
Intangible Assets	(a)	72,330	(1,000)	71,330
Loan Receivable UNE Union		700,000		700,000
TOTAL CURRENT ASSETS		1,655,628	(1,000)	1,654,628
CURRENT LIABILITIES				
Borrowings		200,000		200,000
TOTAL CURRENT LIABILITIES		200,000	-	200,000
NON-CURRENT LIABILITIES				
Creditors and Borrowings	(a)	1,455,628	(1,000)	1,454,628
TOTAL NON-CURRENT LIABILITIES		1,455,628	(1,000)	1,454,628
TOTAL LIABILITIES		1,655,628	-	1,654,628
NET ASSETS		-	-	-

Notes to the reconciliations of equity at 1 January 2004.

(a) All internally generated intangible assets recognised under GAAP have been reversed. Internally generated intangible assets amounting to \$1,000 have been reversed at 1 January 2004.

NOTE 24. COMPANY DETAILS

The registered office of the Company is:

Services UNE Ltd
University of New England
Armidale NSW 2351

The principal place of business is:

University of New England
Armidale NSW 2351