

UNIVERSITY OF NEW ENGLAND



FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006



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 (defined below) financial position as at 31 December 2006 and their performance for the year ended on that date, in accordance with Accounting Standards (including Australian Accounting Interpretations), 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 2006 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 2006. The consolidated entity comprises the University and the entities it controlled during the financial year.

The Council of the University are 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 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, FCPA
Director, Financial Audit Services

SYDNEY
23 April 2006

University of New England

Report by the Members of the Council

The members of the Council present their report on the consolidated entity consisting of the University of New England and the entities it controlled at the end of, or during, the year ended 31 December 2006.

Members

The following persons were members of the Council of the University of New England during the whole of the year and up to the date of this report:

Associate Professor Herman Beyersdorf
Mr John Cassidy
Professor Majella Franzmann
Ms Fiona Giuseppe
Mr James Harris
Ms Ann Maurer
Ms Jan McClelland
Mr Richard Torbay MP
Mr Scott Williams

The following persons were appointed members in 2006 and continue in office at the date of this report:

Ms Kay Hemsall (elected 19 August 2006)
Ms Jill Hickson (appointed 16 August 2006)
The Hon William Lloyd Lange (appointed 6 June 2006)
Associate Professor Jeanne Madison (elected 19 August 2006)
Professor Alan Pettigrew - Vice-Chancellor (appointed 27 February 2006)
Dr Laurie Piper (elected 18 August 2006)
Rev Judy Redman (elected 5 October 2006)
Mr Leslie Wells (elected 29 September 2006)

The following persons were members in 2006:

Professor David Cottle (resigned 19 August 2006)
Mrs Jennifer Crew (resigned 18 August 2006)
Ms Kristy Ford (resigned 5 October 2006)
Mr Peter Mathew (resigned 19 August 2006)
Professor Ingrid Moses - Vice-Chancellor (resigned 6 January 2006)
Mrs Jillian Oppenheimer OAM (resigned 16 August 2006)
Professor Robin Pollard - Acting Vice-Chancellor (appointed 7 January 2006, resigned 26 February 2006)
Mr Philip Schubert (resigned 29 September 2006)
Mr Edward Wright AM (resigned 16 August 2006)

Meetings of Members

The numbers of meetings of the members of the University of New England's Council and each Committee of Council and Committee reporting to Council held during the year ended 31 December 2006, and the numbers of meetings attended by each member is attached.

Principal Activities

During the year the principal continuing activities of the University consisted of:

- (a) the provision of facilities for education and research;
- (b) the provision of courses of study across a range of disciplines;
- (c) the conferring of degrees at Bachelor, Master and Doctoral levels as well as the awarding of other diplomas and certificates;
- (d) the encouragement, dissemination and advancement of knowledge through free enquiry;
- (e) participation in public discourse;
- (f) administration in support of teaching, learning and research activities; and
- (g) community engagement in cultural, sporting professional, technical and vocational services.

There were no significant changes in the nature of the activities of the University during the year.

Review of Operations

A review of the operations of the University of New England during the year is provided in the Vice Chancellor's report.

Significant Changes in the State of Affairs

No significant changes in the nature of the activities of the consolidated entity occurred during the year.

Matters Subsequent to the End of the Financial Year

There has not been any matter or circumstance, other than that referred to in the financial statements and notes following, that has arisen, significantly affected, or may significantly affect, the operations of the University, the results of those operations, or the state of affairs in future financial years.

Likely Developments and Expected Results of Operations

In 2006, the University, following extensive consultation, announced plans for the restructuring of UNE's Academic Organisational Structure and released its Strategic Plan for 2007 - 2010, Achieving Regional and Global Impact.

In July 2006, the Prime Minister announced the establishment of a joint medical programme between the University of New England and the University of Newcastle in conjunction with Hunter New England NSW Health. The Commonwealth approved funding for 80 student places, 20 at the University of Newcastle and 60 at the University of New England, with planned admissions to commence at the beginning of the 2008 academic year.

The New South Wales Government approved upgrades to hospitals within the Hunter New England NSW Health region to teaching standards. The University of New England is proceeding with its capital upgrade programme for the Rural Medical School.

Environmental regulation

During the year there were no significant environmental regulations of the University other than that referred to in the financial statements and notes following.

The significant environmental regulations to which the University is subject are as follows:

- Environmental Planning and Assessment Act 1979 No 203
- Environmental Planning and Assessment (Affordable Housing) Act 2000 No 29
- Environmental Planning and Assessment (Infrastructure and Other Planning Reform) Act 2005 No 43
- Environmental Trust Act 1998 No 82
- Environmental Hazardous Chemicals Act 1985 No 14
- Heritage Act 1977 No 136

Insurance of officers

In 2006, the University held comprehensive insurance policies in relation to Directors and Officers, Industrial Special Risk (including machinery breakdown), Professional Indemnity, Motor Vehicle, Personal Accident (including travel), Goods in Transit, Marine and Workers' Compensation.

The annual premium of \$37,024 for Directors and Officers Insurance covered the period 1 November 2005 to 31 October 2006. Insurance has been renewed for the period 1 November 2006 to 31 October 2007 at a cost of \$40,250.

Proceedings on behalf of the University

There are no material matters resulting in claims against the university that are required to be reported in this Report or in the financial report.

This report is made in accordance with a resolution of the members of Council of the University of New England.

Mr J.M.Cassidy
Chancellor
Member of Council of the University of New England
Armidale NSW
23 April 2007

Council Meeting Attendance

In 2006, there were seven Council meetings. Attendance was as follows:

Council Member	No of Meetings Attended	
	Possible	Actual
Associate Professor Herman Beyersdorf	7	6
Mr John Cassidy	7	7
Professor David Cottle	4	4
Mrs Jennifer Crew, (OAM)	4	4
Ms Kristy Ford	4	2
Professor Majella Franzmann	7	7
Ms Fiona Giuseppe	7	4
Mr James Harris	7	7
Ms Kay Hemsall	3	3
Ms Jill Hickson	3	3
The Hon William Lloyd Lange	3	2
Associate Professor Jeanne Madison	3	3
Mr Peter Mathew	4	4
Ms Ann Maurer	7	5
Ms Jan McClelland	7	6
Mrs Jillian Oppenheimer, OAM	4	4
Professor Alan Pettigrew	7	7
Dr Laurie Piper	3	3
Rev Judy Redman	3	3
Mr Philip Schubert	4	4
Mr Richard Torbay, MP	7	5
Mr Leslie Wells	3	3
Mr Scott Williams	7	7
Mr Edward Wright, AM	4	4

Standing Committee of Council - Attendance Record

Committee Member	No of Meetings Attended (out of 3 unless otherwise indicated) #
Mr John Cassidy	2
Professor Majella Franzmann	3
Mr James Harris	2 (out of 2)
Professor Alan Pettigrew	2 (out of 2)
Dr Laurie Piper	0 (out of 1)
Rev Judy Redman	1 (out of 1)
Mr Philip Schubert	2 (out of 2)
Mr Scott Williams	2 (out of 2)
Mr Edward Wright, AM	1 (out of 1)

Audit and Compliance Committee - Attendance Record

Committee Member	No of Meetings Attended (out of 6 unless otherwise indicated) #
Mr John Cassidy	5
Mrs Jennifer Crew, (OAM)	4 (out of 4)
Ms Fiona Giuseppi	6
Mr James Harris	5
The Hon William Lloyd Lange	1 (out of 2)
Ms Ann Maurer	5
Professor Alan Pettigrew	5 (out of 5)
Professor Robin Pollard	1 (out of 1)
Mr Scott Williams	5

Buildings and Grounds Committee - Attendance Record

Committee Member	No of Meetings Attended (out of 6 unless otherwise indicated) #
Associate Professor Herman Beyersdorf	4 (out of 4)
Mr John Cassidy	5
Professor Majella Franzmann	4
Mr James Harris	6
Ms Kay Hemsall	2 (out of 2)
Ms Jill Hickson	1 (out of 2)
Mrs Jillian Oppenheimer, OAM	4 (out of 4)
Professor Alan Pettigrew	5 (out of 5)
Dr Laurie Piper	2 (out of 2)
Professor Robin Pollard	1 (out of 1)
Mr Edward Wright, AM	4 (out of 4)

Finance Committee - Attendance Record

Committee Member	No of Meetings Attended (out of 6 unless otherwise indicated) #
Associate Professor Herman Beyersdorf	1 (out of 2)
Mr John Cassidy	5
Professor Majella Franzmann	4
Ms Fiona Giuseppi	5
Mr James Harris	6
Mr Peter Mathew	4 (out of 4)
Professor Alan Pettigrew	5 (out of 5)
Professor Robin Pollard	1 (out of 1)
Mr Scott Williams	6
Mr Edward Wright, AM	3 (out of 4)

Data for Council members only

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 report represent a true and fair view of the consolidated financial position of the University and its controlled entities at 31 December 2006 and the result of their operations and transactions of the economic entity 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 2006 Reporting period;
- 3 The financial reports have been prepared in accordance with Australian Accounting Standards, including the Australian Accounting 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 report 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 University has complied in full with the requirements of various programme guidelines that apply to the Commonwealth financial assistance identified in these financial report.



Mr J.M. Cassidy
Chancellor



Professor A. Pettigrew
Vice-Chancellor

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

University of New England
Armidale, NSW
23 April 2007

Income statement

For the year ended 31 December 2006

		Consolidated		Parent entity	
	Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	91,418	86,501	91,418	84,563
HECS-HELP - Australian Government payments	3	30,997	29,797	30,997	29,797
FEE-HELP	3	1,878	2,203	1,878	2,203
State and local Government financial assistance	4	1,324	989	1,324	989
HECS-HELP - Student Payments		6,600	6,927	6,600	6,927
Fees and charges	5	45,209	46,449	34,689	36,494
Investment income	6	2,721	2,216	2,191	1,860
Royalties, trademarks and licences	7	299	305	299	305
Consultancy and contracts	8	586	719	586	719
Other Revenue	9	10,225	9,150	6,728	7,462
Gains / (losses) on disposal of assets		(252)	(19)	(272)	(19)
Shares of net results of associates and joint venture partnership accounted for using the equity method		7	845	-	-
Other Income	9	-	15	-	-
Subtotal		191,012	186,097	176,438	171,300
Deferred Government Superannuation Contributions		-	-	-	-
Total revenue from continuing operations		191,012	186,097	176,438	171,300
Expenses from continuing operations					
Employee benefits and on costs	10	86,190	104,700	77,800	98,444
Depreciation and amortisation	11	11,810	10,837	11,044	10,277
Repairs and maintenance	12	3,933	2,754	3,770	2,707
Finance costs	13	155	306	116	305
Bad and doubtful debts	14	(261)	756	(306)	756
Other expenses	15	60,468	67,394	54,513	61,967
Subtotal		162,295	186,747	146,937	174,456
Deferred Employee Benefits for Superannuation	10	27,123	384	27,123	384
Total expenses from continuing operations		189,418	187,131	174,060	174,840
Operating result before income tax		1,594	(1,034)	2,378	(3,540)

		Consolidated		Parent entity	
	Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Income tax expense		-	-	-	-
Operating result from continuing operations		1,594	(1,034)	2,378	(3,540)
Operating result from discontinued operations		1,619	-	-	-
Operating result after income tax for the period		3,213	(1,034)	2,378	(3,540)
Operating result attributable to minority interest		-	-	-	-
Operating result attributable to members of the University of New England	30(b)	3,213	(1,034)	2,378	(3,540)

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

Balance sheet

As at 31 December 2006

		Consolidated		Parent entity	
	Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	16	36,594	32,798	28,960	25,444
Trade and other receivables	17	7,091	8,468	5,066	5,593
Inventories	18	998	928	672	531
Non-current assets classified as held for sale	19	-	1,015	-	-
Other non-financial assets	21	5,875	3,725	5,598	3,469
Biological assets	23	769	1,228	769	1,228
Total current assets		51,327	48,162	41,065	36,265
Non-current assets					
Trade and other receivables	17	96,693	123,724	96,602	123,724
Other financial assets	20	2,313	1,104	2,096	1,993
Investments accounted for using the equity method	22	6,999	6,187	-	-
Property, plant and equipment	24	213,939	208,550	211,453	206,032
Intangible assets	25	8,164	8,518	7,481	7,893
Total non-current assets		328,108	348,083	317,632	339,642
Total assets		379,435	396,245	358,697	375,907
LIABILITIES					
Current liabilities					
Trade and other payables	26	2,262	2,592	897	956
Interest bearing liabilities	27	692	2,965	634	2,210
Provisions	28	27,270	24,722	26,193	23,755
Other liabilities	29	17,931	15,821	17,083	14,730
Total current liabilities		48,155	46,100	44,807	41,651
Non-current liabilities					
Interest bearing liabilities	27	339	856	228	684
Provisions	28	106,705	135,687	106,006	134,752
Total non-current liabilities		107,044	136,543	106,234	135,436
Total liabilities		155,199	182,643	151,041	177,087
Net assets		224,236	213,602	207,656	198,820
EQUITY					
Parent entity interest					
Reserves	30(a)	27,743	21,468	27,743	21,468
Retained surplus / (deficit)	30(b)	196,493	192,134	179,913	177,352
Total equity		224,236	213,602	207,656	198,820

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

Statement of changes in equity

For the year ended 31 December 2006

	Consolidated		Parent entity	
Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Total equity at the beginning of the financial year	213,602	211,684	198,820	199,409
Gain on revaluation of land and buildings, net of tax	6,518	2,730	6,354	2,730
Share of revaluation of land and buildings by joint venture, net of tax	-	-	-	-
Available-for-sale financial assets, net of tax	104	222	104	222
Net income recognised directly in equity	7,427	2,952	6,458	2,952
Operating result for the period	3,207	(1,034)	2,378	(3,540)
Total recognised income and expense for the period	10,634	1,918	8,836	(588)
Total equity at the end of the financial year	224,236	213,602	207,656	198,820

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 2006

		Consolidated		Parent entity	
	Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash flows from operating activities					
Australian Government Grants received		127,785	119,748	127,587	118,560
State Government Grants received		1,324	989	1,324	989
HECS-HELP - Student payments		6,600	6,927	6,600	6,927
Receipts from student fees and other customers		63,265	63,782	48,731	52,517
Dividends received		46	37	46	37
Interest received		2,491	2,146	1,981	1,828
Payments to suppliers and employees (inclusive of goods and services tax)		(185,948)	(179,359)	(171,048)	(167,991)
Interest and other costs of finance paid		(193)	(391)	(163)	(372)
Net cash provided by / (used in) operating activities					
	ii)	15,370	13,880	15,058	12,495
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		3,390	1,103	712	949
Payments for property, plant and equipment		(10,869)	(12,909)	(10,222)	(12,173)
Payments for financial assets		(1,304)	-	-	-
Net cash provided by / (used in) investing activities					
		(8,783)	(11,806)	(9,510)	(11,224)
Cash flows from financing activities					
Proceeds from interest bearing liabilities		-	98	-	-
Repayment of interest bearing liabilities		(1,905)	(2,045)	(1,181)	(2,036)
Repayment of lease liabilities		(886)	(613)	(851)	(613)
Net cash provided by / (used in) financing activities					
		(2,791)	(2,560)	(2,032)	(2,649)
Net increase / (decrease) in cash and cash equivalents					
		3,796	(486)	3,516	(1,378)
Cash and cash equivalents at the beginning of the financial year		32,798	33,284	25,444	26,822
Cash and cash equivalents at the end of the financial year	i)	36,594	32,798	28,960	25,444

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

Notes to the Cash Flow Statement

i) Components of cash

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

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash	4,892	4,887	3,757	2,494
Deposits at Call	31,702	27,911	25,203	22,950
Cash as at end of reporting period	16	36,594	28,960	25,444

ii) Reconciliation of operating result after income tax to net cash flow provided by / (used in) operating activities

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Operating result for the period	3,213	(1,035)	2,378	(3,540)
Depreciation and amortisation	11,810	10,837	11,044	10,277
Provision for Doubtful Debts	(473)	(350)	(463)	(363)
Deferred Superannuation Contribution Income	(27,123)	(384)	(27,123)	(384)
Deferred Superannuation Contribution Expense	27,123	384	27,123	384
Share in Operating Result of Joint Venture	(7)	(69)	-	-
Other Significant Non Cash Revenue Items	-	(893)	-	-
Net (gain) / loss on sale of non-current assets	(1,361)	1,655	271	1,655
Movements in Financial Position items				
Increase/(Decrease) in Payables and Prepaid Income	1,321	4,942	2,124	5,036
Increase/(Decrease) in Provision for Employee Entitlements	(29,662)	(1,223)	(29,362)	(1,322)
Increase/(Decrease) in Provision for Annual Leave	(131)	(123)	(175)	(161)
Increase/(Decrease) in Other Provisions	3,225	800	3,228	797
Increase/(Decrease) in Trust Funds	170	(677)	170	(678)
(Increase)/Decrease in Receivables and Prepaid Expenses	27,335	77	25,984	897
(Increase)/Decrease in Inventories	(70)	(61)	(141)	(103)
Net cash provided by / (used in) operating activities	15,370	13,880	15,058	12,495

Notes to the financial statements

For the year ended 31 December 2006

University of New England
2006 Financial Report

Notes to and forming part of the financial statements

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Notes to and forming part of the Financial Report

Note 1. Summary of Significant Accounting Policies

(a) Basis of Accounting

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 is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2005.

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 the 2006 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 Consolidated Financial Report of the University of New England has been prepared in accordance with the historical cost convention and, except where indicated, do not reflect current valuations of non-monetary assets. It has been prepared on a full accrual accounting basis.

The consolidated financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards, including Australian Accounting Interpretations. Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with international Financial Reporting Standard requirements.

Report Format

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

Academic means members of staff, whether full-time or part-time, who are employed wholly or principally in teaching and/or 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.

BOTPLS means Bridging for Overseas-Trained Professional Loan Scheme.

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.

PELS means Postgraduate Education Loan Scheme.

Remuneration has the same meaning as defined in paragraph Aus 9.1 of Australian Accounting Standard AASB 124 "Related Party Disclosures".

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.)

(b) 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.

(c) Authorisation of the Financial Report

The consolidated financial report for the year ended 31 December 2006 was authorised for issue in accordance with a resolution of the Council on 23 April 2007.

(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 2006.

(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.

(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 2006 by L.M.Knight AAPI, DURP a registered Land Valuer.

The value determined herein is the Fair Value of the Asset for accounting (Financial reporting) purposes in accordance with AASB 1041 "Revaluation of Non-Current Assets" and AASB 116 "Property, Plant and Equipment". The concept of "Fair Value" is founded on the belief that market measurement of the highest and best use of an asset is consistent with rational economic behaviour, being that the seller will always seek the best price and the buyer that offers the best price will always be the buyer that has the highest and best use of the asset. This determination proceeds on that basis.

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)

In accordance with AASB 141 "Agriculture" UNE has classified Livestock as a Biological Asset net of point-of-sale 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 2006, 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 2006, have been recognised in the accounts following an independent valuation.

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 2006, 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 2003.

The report was prepared for Financial Reporting purposes having regard to the requirements of AASB 1041 "Revaluation of Non-Current Assets" and AASB 116 "Property, Plant and Equipment". The carrying amount identified herein is considered to represent the Fair Value determined for the Infrastructure items being the current replacement cost less accumulated depreciation.

(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 Statement 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 2006, the University had total investments under management of \$27,298,982 (2005: \$24,943,552).

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 Statement, in which case, the increment is credited to the Income Statement. Decreases in the value of non-current asset investments are charged as investment losses, in the Income Statement, 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 Statement as investment losses.

(m) Employee Entitlements

The 2006 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 23 January 2007 UNE received an actuarial valuation of the accrued long service leave liability as at 31 December 2006 from KPMG Actuaries Pty Ltd Sydney. The actuarial estimate of the long service leave liability amounted to \$18.526m (comprised of \$15.932m current and \$2.594m non-current liability). The estimate was calculated on the basis of a \$17.091m net liability plus superannuation and on-costs of \$1.435m. 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 Statement.

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 2006, was for UNE Parent \$462,709 (2005: \$926,188).

(p) Cash

For the purposes of the Cash Flow Statement, 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 37.0, 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) New Australian Accounting Standards issued but not effective

(i) The University did not early adopt any new accounting standards that are not yet effective.

(ii) The following new Accounting Standards have not been adopted and are not yet effective:

AASB 7 Financial Instruments: Disclosures (1 January 2007)

AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)

UIG Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies (1 March 2006)

UIG Interpretation 8 Scope of AASB 2 (1 May 2006)

UIG Interpretation 9 Reassessment of Embedded Derivatives (1 June 2006)

AASB Interpretation 10 Interim Financial Reporting and Impairment (1 November 2006)

The University has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

(s) Joint Ventures and Co-operative Research Centres

The University uses the equity method prescribed under AASB 131 "Interest in Joint Ventures", 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 Statement. Further information is disclosed in note 36.0.

(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 Statement.

For 2006, the interest expense associated with Finance Leases was \$97,253 (2005: \$150,066).

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

Notes to the financial statements
31 December 2006
(continued)

Note 2. Disaggregated information
Geographical [Consolidated Entity]

	Revenue		Results		Assets	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Australia	187,625	182,085	769	(1,824)	378,744	395,252
Asia	2,226	3,088	591	615	573	907
US/Canada	677	734	137	137	70	68
Other	484	190	97	38	48	18
	<u>191,012</u>	<u>186,097</u>	<u>1,594</u>	<u>(1,034)</u>	<u>379,435</u>	<u>396,245</u>

Note 3. Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes

		Consolidated		Parent entity	
	Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Commonwealth Grants Scheme and Other					
Grants	38.1				
Commonwealth Grants Scheme#		50,055	50,361	50,055	50,361
Indigenous Support Fund		706	661	706	661
Equity Programmes+		546	541	546	541
Workplace Reform Programme		785	753	785	753
Workplace Productivity Programme		589	-	589	-
Learning & Teaching Performance Fund		2,218	-	2,218	-
Capital Development Pool		1,065	1,319	1,065	1,319
Collaboration and Structural Reform Programme		375	60	375	60
Total Commonwealth Grants Scheme and Other Grants		56,339	53,695	56,339	53,695
(b) Higher Education Loan Programmes					
HECS-HELP	38.2	30,997	29,797	30,997	29,797
FEE-HELP		1,878	2,203	1,878	2,203
Total Higher Education Loan Programmes		32,875	32,000	32,875	32,000
(c) Scholarships					
Australian Postgraduate Awards	38.3	1,259	1,301	1,259	1,301
International Postgraduate Research Scholarship		251	266	251	266
Commonwealth Education Cost Scholarships		487	284	487	284
Commonwealth Accommodation Scholarships		541	274	541	274
Total Scholarships		2,538	2,125	2,538	2,125
(d) DEST - Research					
Institutional Grants Scheme	38.4	3,478	3,592	3,478	3,592
Research Training Scheme		8,201	8,471	8,201	8,471
Systemic Infrastructure Initiative		2,570	-	2,570	-
Research Infrastructure Block Grants		2,095	2,182	2,095	2,182
Regional Protection Scheme		510	394	510	394
Total DEST - Research Grants		16,854	14,639	16,854	14,639
(e) Australian Research Council					
(i) Discovery	38.5(a)				
Project		1,607	1,701	1,607	1,701
Total Discovery		1,607	1,701	1,607	1,701
(ii) Linkages	38.5(b)				
Infrastructure		175	130	175	130
Projects		906	744	906	744
Total linkages		1,081	874	1,081	874

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

Includes the basic CGS grant amount, CGS - Regional Loading and CGS - Enabling Loading.

**Note 3. Australian Government financial assistance including HECS-HELP
and other Australian Government loan programmes (continued)**

Notes to the financial statements
31 December 2006
(continued)

	Consolidated		Parent entity	
Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(f) Other Australian Government financial assistance				
Co-operative Research Centres	3,289	3,513	3,289	3,513
Other Research Financial Assistance	8,714	7,233	8,714	7,233
Non-Research Financial Assistance	795	784	795	783
International Livestock Research Centre	-	1,938	-	-
Graduate Skills Assessment	200	-	200	-
Total other Australian Government financial assistance	12,998	13,468	12,998	11,529
Total Australian Government financial assistance	124,292	118,502	124,292	116,563
Reconciliation				
Australian Government grants [a + c + d + e + f]	91,417	86,502	91,417	84,563
HECS-HELP - Australian Government payments	30,997	29,797	30,997	29,797
Other Australian Government loan programmes [FEE-HELP]	1,878	2,203	1,878	2,203
Total Australian Government financial assistance	124,292	118,502	124,292	116,563
(g) Australian Government Grants received - cash basis				
CGS and Other DEST Grants	58,338	53,893	58,338	52,705
Higher Education Loan Programmes	34,205	32,575	34,205	32,575
Scholarships	2,531	2,124	2,531	2,124
DEST Research	16,854	14,640	16,854	14,639
ARC grants - Discovery	1,615	1,701	1,615	1,701
ARC grants - Linkages	1,082	874	1,082	874
Other Australian Government Grants	13,194	13,921	12,996	13,921
Total Australian Government Grants received - cash basis	127,819	119,728	127,621	118,539
OS-HELP (Net)	(34)	20	(34)	20
Total Australian Government funding received - cash basis	127,785	119,748	127,587	118,559
Note 4. State and Local Government financial assistance				
State Government Financial Assistance for various purposes were received by the University during the reporting period	1,324	989	1,324	989
Note 5. Fees and charges				
Course fees and charges				
Fee-paying overseas students	11,246	12,204	11,246	12,204
Continuing education	-	-	-	-
Fee-paying domestic postgraduate students	2,645	1,761	2,645	1,761
Fee-paying domestic undergraduate students	2,290	1,360	2,290	1,360
Fee-paying domestic non-award students	231	351	231	351
Other domestic course fees and charges	4,923	4,304	498	169
Total course fees and charges	21,335	19,980	16,910	15,845
Other non-course fees and charges				
Amenities and service fees	555	1,374	555	1,375
Student service fees	1,675	3,288	1,675	3,288
Parking fees	205	203	205	203
Conference income	598	700	598	700
College Residential Rental	11,530	11,042	11,530	11,042
Other Fees and Charges	9,311	9,862	3,216	4,041
Total other fees and charges	23,874	26,469	17,779	20,649
Total fees and charges	45,209	46,449	34,689	36,494
Note 6. Investment income				
Investment Income	2,675	2,179	2,145	1,823
Dividend Income	46	37	46	37
Total investment income	2,721	2,216	2,191	1,860
Note 7. Royalties, trademarks and licences				
	299	305	299	305
Note 8. Consultancy and contracts				
Consultancy	329	498	329	498
Contract research	257	221	257	221
Total consultancy and contracts	586	719	586	719

Notes to the financial statements
31 December 2006
(continued)

	Notes	Consolidated		Parent entity	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Note 9. Other revenue and income					
Other revenue					
Donations and bequests		832	1,061	832	1,061
Scholarships and prizes		53	14	53	14
Non-government grants		2,429	1,856	2,429	1,856
Sundry trading income		6,911	6,202	3,414	4,514
Foreign exchange gains		-	17	-	17
Total other revenue		10,225	9,150	6,728	7,462
Other income					
Other revenue		-	15	-	-
Total other income		-	15	-	-
Expenses from continuing operations					
Note 10. Employee related expenses	Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Employee benefits and on costs					
Academic					
Salaries		39,027	36,273	39,027	36,273
Contribution to superannuation and pension schemes:		7,550	5,921	7,550	5,921
Payroll tax		2,923	2,816	2,923	2,816
Worker's compensation		222	704	222	704
Long service leave expense		1,151	1,227	1,151	1,227
Annual leave		2,525	2,065	2,525	2,065
Other (Allowances, penalties and fringe benefits tax)		-	-	-	-
Total academic		53,398	49,006	53,398	49,006
Non-academic					
Salaries		44,870	41,028	37,920	36,026
Contribution to superannuation and pension schemes:		6,425	6,173	5,713	5,694
Payroll tax		3,221	2,993	2,804	2,673
Worker's compensation		261	775	202	668
Long service leave expense		1,092	1,279	1,104	1,173
Annual leave		3,597	3,468	3,381	3,296
Other (Allowances, penalties and fringe benefits tax)		449	362	401	290
Total non-academic		59,915	56,078	51,525	49,820
Total employee benefits & on costs		113,313	105,084	104,923	98,826
Deferred government employee benefits for superannuation		(27,123)	(384)	(27,123)	(384)
Total employee related expenses, including deferred government employee benefits for superannuation		86,190	104,700	77,800	98,442
Note 11. Depreciation and amortisation					
Depreciation					
Buildings		4,489	4,438	4,469	4,408
Infrastructure		364	329	364	329
Furnitures and Fittings		163	177	149	158
Plant and Equipment		1,168	868	796	704
Computer Equipment		670	542	647	502
Motor Vehicles		132	91	71	60
Library Collection		2,554	2,146	2,554	2,146
Total depreciation		9,540	8,591	9,050	8,307
Amortisation					
Intangibles		1,351	1,161	1,096	917
Leasehold improvements		21	33	-	-
Plant & equipment under finance leases		898	1,053	898	1,053
Total amortisation		2,270	2,247	1,994	1,970
Total depreciation and amortisation		11,810	10,838	11,044	10,277
Note 12. Repairs and maintenance					
Buildings		836	344	836	344
Heritage Assets		54	10	54	10
Infrastructure		46	368	46	368
Library Collection		4	5	4	5
Plant/furniture/equipment		848	390	723	370
Contracts		1,664	1,348	1,664	1,348
Grounds		125	95	125	95
Computer Service Costs		318	168	318	167
Other		38	26	-	-
Total repairs and maintenance		3,933	2,754	3,770	2,707

Notes to the financial statements
31 December 2006
(continued)

Expenditure Continued

Notes	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Note 13. Finance costs	155	306	116	305
Note 14. Bad and doubtful debts				
Bad Debts	194	1,119	157	1,119
Doubtful debts	(455)	(363)	(463)	(363)
Total bad and doubtful debts	(261)	756	(306)	756
Note 15. Other expenses				
Scholarships, grants and prizes	6,795	6,814	6,792	6,797
Non-capitalised equipment	2,848	2,887	2,740	2,749
Advertising, marketing and promotional expenses	1,625	953	1,259	943
Utilities	4,871	5,015	4,710	4,923
Inventory Used	5,471	4,244	3,567	3,583
Postal and Telecommunications	2,794	3,685	2,209	3,100
Travel and Entertainment	5,671	5,425	4,894	5,021
Books, Serials and Other Library Media	1,954	1,363	1,943	1,348
Operating Lease Rental Charges	3,087	3,419	2,981	3,397
Consultants	3,027	2,603	2,119	2,016
External Contributions	2,449	2,377	2,450	2,376
Catering Services	4,145	4,129	4,145	4,129
Fees for Services	12,147	12,190	11,707	11,147
Net Losses on revaluation of assets	-	1,665	-	1,635
Foreign exchange loss	3	-	3	-
Other Expenditure	3,581	10,625	2,994	8,803
Total other expenses	60,468	67,394	54,513	61,967
Note 16. Cash and cash equivalents 1(p)				
Cash on hand	23	38	8	8
Cash at bank	4,869	4,849	3,749	2,486
At call investments 1(l)	31,702	27,911	25,203	22,950
Total cash and cash equivalents	36,594	32,798	28,960	25,444
Note 17. Trade and other receivables				
Current				
Trade and Other Debtors	7,614	9,465	5,529	6,519
Less: Provision for Doubtful Debts 1(o)	(523)	(996)	(463)	(926)
Total current receivables	7,091	8,469	5,066	5,593
Non-current				
Trade and Other Debtors	91	-	-	-
Deferred government contribution for superannuation				
* emerging cost of superannuation	96,602	123,724	96,602	123,724
Total non-current receivables	96,693	123,724	96,602	123,724
Total trade and other receivables	103,784	132,193	101,668	129,317

* 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 to the financial statements
31 December 2006
(continued)

Notes	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Note 18. Inventories 1(i)				
Printing / binding materials	182	200	93	126
Petrol and oils	15	19	15	19
Central stores - Motor Pool	3	167	3	167
College stores	3	7	3	7
Fodder and produce	484	149	484	149
Other stocks	311	386	74	63
Total inventories	998	928	672	531
Note 19. Non-current assets classified as held for sale				
Buildings	-	873	-	-
Plant & Equipment	-	71	-	-
Licence	-	71	-	-
Total non-current asset classified as held for sale	-	1,015	-	-
Note 20. Other financial assets 1(l)				
Non-current				
Summary of portfolio as at 31 December:				
Shares in Private Companies *	1,426	122	1,209	1,209
Other Long Term Investments	-	198	-	-
Available for sale	887	784	887	784
Total non-current other financial assets	2,313	1,104	2,096	1,993
* Shares and units not traded in the market place				
Note 21. Other non-financial assets				
Current				
Accrued Income				
Interest	377	191	315	151
Other	1,057	789	1,032	726
Prepaid Expenses	4,441	2,744	4,251	2,592
Total current other non-financial assets	5,875	3,724	5,598	3,469
Note 22. Investments accounted for using the equity method				
Interest in joint venture entity - NMSC	6,999	6,187	-	-
Total investments accounted for using the equity method	6,999	6,187	-	-
Note 23. Biological assets				
Trees	5	5	5	5
Livestock	764	1,223	764	1,223
Total biological assets	769	1,228	769	1,228

Notes to the financial statements
31 December 2005
(continued)

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	Museums & collections at valuations \$'000	Works of Arts \$'000	MIS Works in Progress \$'000	Total \$'000
At 1 January 2005																
- Cost	1,773	60	942	1,502	11,456	1,378	5,324	2,450	-	4,738	25,335	-	71	6	-	55,035
- Valuation	11,741	15,466	334,752	-	-	-	-	-	-	-	-	1,867	3,768	998	-	368,592
Accumulated depreciation	(291)	-	(199,899)	-	(9,001)	(1,100)	(4,378)	(1,619)	-	(1,349)	-	-	-	-	-	(217,637)
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
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)
Depreciation written back on disposal	-	-	2,466	-	478	216	1,060	122	-	472	71	-	-	-	-	4,885
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Assets included in a disposal group classified as held for sale and other disposals	-	-	-	-	(487)	(85)	(1,060)	(123)	-	(1,353)	(114)	-	-	-	-	(3,222)
Depreciation change	(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

Notes to the financial statements
31 December 2006
(continued)

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 equipment \$'000	Furniture & fixtures \$'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
Year ended 31 December 2006																	
Opening 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
Accumulated depreciation change on revaluation	1,001	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,001
Depreciation written back on disposal	14	-	176	-	14	9	29	(8)	-	448	90	-	-	-	-	-	772
Transfers	408	-	(245)	(163)	477	(24)	(53)	-	-	(207)	-	-	-	-	-	-	193
Revaluation	2,289	3,064	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,353
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	1,242	-	625	2,551	1,089	277	1,202	120	-	369	2,160	-	-	-	-	698	10,333
Assets classified as held for sale and other disposals	(218)	-	(270)	-	(14)	(60)	(33)	-	-	(1,118)	(90)	-	-	-	-	-	(1,803)
Depreciation charge	(364)	-	(4,489)	-	(1,168)	(132)	(670)	(153)	(21)	(898)	(2,554)	-	-	-	-	-	(10,459)
Closing net book amount	17,493	18,590	132,260	2,984	5,098	469	1,659	679	348	2,668	24,256	1,867	3,866	1,004	698	-	213,939
At 31 December 2006																	
- Cost	59	60	1,569	2,984	16,571	1,692	6,085	2,498	382	5,047	26,720	-	-	98	6	698	64,469
- Valuation	17,434	18,530	377,505	-	-	-	-	-	-	-	-	1,867	3,768	998	-	-	420,102
Accumulated depreciation	-	-	(246,814)	-	(11,473)	(1,223)	(4,426)	(1,819)	(34)	(2,379)	(2,464)	-	-	-	-	-	(270,632)
Net book amount	17,493	18,590	132,260	2,984	5,098	469	1,659	679	348	2,668	24,256	1,867	3,866	1,004	698	-	213,939

Notes to the financial statements
31 December 2006
(continued)

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	IMS Works in Progress \$'000	Total \$'000
At 1 January 2005																
- Cost	1,773	-	-	1,502	11,195	1,057	5,107	2,300	-	4,738	25,335	-	71	6	-	53,084
- Valuation	11,741	15,466	334,753	-	-	-	-	-	-	-	-	1,867	3,768	988	-	368,593
Accumulated depreciation	(291)	-	(199,813)	-	(9,001)	(839)	(4,208)	(1,518)	-	(1,349)	-	-	-	-	-	(217,019)
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
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)
Depreciation written back on disposal	-	-	2,456	-	478	51	1,060	122	-	472	71	-	-	-	-	4,710
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	206	(1,502)	112	-	-	-	-	1,184	-	-	-	-	-	-
Revaluation	-	-	43,771	-	-	-	-	-	-	-	(999)	-	-	-	-	42,772
Derecognition	-	-	(3,475)	-	-	-	-	-	-	-	-	-	-	-	-	(3,475)
Additions	227	-	2,796	596	2,480	-	697	54	-	1,228	2,503	-	27	-	-	10,608
Assets included in a disposal group 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	988	-	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

Notes to the financial statements
31 December 2006
(continued)

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 2006																
Opening net book amount	13,121	15,466	135,627	596	4,072	123	1,094	678	-	3,868	24,650	1,867	3,866	1,004	-	206,032
Accumulated depreciation change on revaluation	1,001	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,001
Depreciation written back on disposal	14	-	176	-	14	9	29	-	-	448	90	-	-	-	-	781
Transfers	408	-	(245)	(163)	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	2,289	3,064	-	-	-	-	-	-	-	-	-	-	-	-	-	5,353
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	1,242	-	624	2,551	867	194	1,179	116	-	368	2,160	-	-	-	697	9,998
Assets classified as held for sale and other disposals	(218)	-	(270)	-	(14)	(25)	(29)	-	-	(1,118)	(90)	-	-	-	-	(1,764)
Depreciation charge	(364)	-	(4,469)	-	(796)	(71)	(647)	(149)	-	(898)	(2,554)	-	-	-	-	(9,948)
Closing net book amount	17,493	18,530	131,443	2,984	4,143	230	1,626	645	-	2,668	24,256	1,867	3,866	1,004	697	211,453
At 31 December 2006																
- Cost	59	-	624	2,984	14,151	1,140	5,894	2,350	-	5,046	26,720	-	98	6	697	59,770
- Valuation	17,434	18,530	377,505	-	-	-	-	-	-	-	-	1,867	3,768	998	-	420,103
Accumulated depreciation	-	-	(246,686)	-	(10,008)	(910)	(4,268)	(1,705)	-	(2,379)	(2,464)	-	-	-	-	(268,420)
Net book amount	17,493	18,530	131,443	2,984	4,143	230	1,626	645	-	2,667	24,256	1,867	3,866	1,004	697	211,453

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Notes to the financial statements
31 December 2006
(continued)
Consolidated Parent entity

Note 27. Interest bearing liabilities

Current

Commercial Loan Liabilities

Other	58	21	-	-
Treasury Corporation	-	1,180	-	1,180
National Australia Bank	-	700	-	-
Total commercial loan liabilities	58	1,901	-	1,180

Finance Lease Liabilities (i)

Other	-	34	-	-
National Australia Bank	589	954	589	954
Macquarie Bank	-	38	-	38
Westpac Banking Corporation	45	37	45	37
Total finance lease liabilities	634	1,063	634	1,029

Total current interest bearing liabilities

692	2,964	634	2,209
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Non-current

Commercial Loan Liabilities

Other	50	77	-	-
Treasury Corporation	-	-	-	-
National Australia Bank	-	-	-	-
Total commercial loan liabilities	50	77	-	-

Finance Lease Liabilities

Other	61	95	-	-
National Australia Bank	228	628	228	627
Macquarie Bank	-	-	-	-
Westpac Banking Corporation	-	56	-	56
Total finance lease liabilities	289	779	228	683

Total non-current interest bearing liabilities

339	856	228	683
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Total interest bearing liabilities

1,031	3,820	862	2,892
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(i) Secured by the assets leased (note 24)

Note 28. Provisions 1(m)

Current

Annual leave

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

Balance brought forward from prior year	7,179	7,191	6,411	6,572
Add : Current Year Provision	6,047	5,678	5,905	5,362
Less : Payments from Fund	(6,199)	(5,690)	(6,080)	(5,523)
Balance as at 31 December	7,027	7,179	6,236	6,411

Long service leave

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

Balance brought forward from prior year	16,686	2,260	16,547	2,200
Add : Current Year Provision	2,419	16,426	2,254	16,304
Less : Payments from Fund	(2,887)	(2,000)	(2,869)	(1,957)
Balance as at 31 December	16,218	16,686	15,932	16,547

Staffing

During 2006 the Vice-Chancellor announced proposed changes to the academic organisation and operation of the University. These changes will strengthen the role of the Heads of schools and seek better arrangements for Centres and Institutes at UNE and provide better for the further development and implementation of the UNE 2006-2008 Strategic Plan. These changes are to be implemented during mid to late 2007.

2,757	797	2,757	797
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Other

Contracts for printing equipment are now inappropriate to requirements. Changes to photocopier contracts have been negotiated to eliminate ongoing liability. Payouts are to be made in early 2007.

1,268	60	1,268	-
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Total Current Provision

27,270	24,722	26,193	23,755
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Notes to the financial statements
31 December 2006
(continued)
Consolidated Parent entity

Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual Leave	6,535	6,673	5,744	5,905
Long service leave	3,346	2,782	3,060	2,643
Redundancy	2,757	797	2,757	797
Other	1,268	60	1,268	-
Subtotal	13,906	10,312	12,829	9,345
Current provisions expected to be settled after more than 12 months				
Employee benefits				
Annual Leave	492	506	492	506
Long service leave	12,872	13,904	12,872	13,904
Subtotal	13,364	14,410	13,364	14,410
Total current provisions	27,270	24,722	26,193	23,755
Summary movements current provisions				
Movements in the Provision Account are:				
Balance brought forward from prior year	24,722	9,409	23,755	8,772
Current year movement in provision				
- Annual Leave	(152)	16	(175)	(161)
- Long Service Leave	(468)	14,440	(615)	14,347
- Redundancy	1,960	797	1,960	797
- Other	1,208	60	1,268	-
Total Current Provisions	27,270	24,722	26,193	23,755
Non-current Provisions				
Employee benefits				
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	3,628	3,651	2,693	2,949
Add : Current Year Provision	(229)	234	-	-
Less : Payments from Fund	(105)	(258)	(98)	(256)
Balance as at 31 December	3,294	3,627	2,595	2,693
Deferred government benefits for superannuation				
State Superannuation Scheme				
Liability	201,473	199,775	201,473	199,775
Less : Equity	(103,457)	(78,133)	(103,457)	(78,133)
	98,016	121,642	98,016	121,642
State Authorities Superannuation Scheme				
Liability	24,031	15,438	24,031	15,438
Less : Equity	(26,877)	(16,109)	(26,877)	(16,109)
	(2,846)	(671)	(2,846)	(671)
State Authorities Non-Contributory Scheme				
Liability	6,123	6,890	6,123	6,890
Less : Equity	(4,692)	(4,137)	(4,692)	(4,137)
	1,431	2,753	1,431	2,753
Total deferred government benefits for superannuation	96,601	123,724	96,601	123,724
Accrued Liability Professorial Superannuation	6,810	8,335	6,810	8,335
Total Superannuation Liability	103,411	132,059	103,411	132,059
Total Non-current provisions	106,705	135,687	106,006	134,752
Summary movements employee benefits				
Movements in the Provision Account are:				
Balance brought forward from prior year	135,687	137,219	134,752	150,420
Current year movement in provision				
- Professorial Superannuation	(1,525)	(1,124)	(1,525)	(1,124)
- Other Superannuation	(27,123)	(384)	(27,123)	(384)
- Long Service Leave	(334)	(24)	(98)	(14,160)
Total Provision for Employee Benefits	106,705	135,687	106,006	134,752

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) 7.6% for 2006; 7.6% thereafter
- Rate of salary increases 4.0% for 2006 to June 2008; 3.5% thereafter
- Rate of increase in the Consumer Price Index (all groups) 2.5% for 2006; 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.

Trustees of Australian Prudential Regulation Authority ("APRA") regulated superannuation funds were required to be licensed by 30 June 2006. As UNE Professorial Superannuation Pty Limited ("the former trustee") decided not to apply for a licence, it undertook the process of outsourcing the Fund's trusteeship to an external trustee.

The former trustee signed a Deed of Retirement and Appointment dated 7 June 2006, therefore retiring as the trustee of the University of New England Professorial Superannuation Fund on that day.

Following a due diligence process, the former trustee recommended the appointment of Corporate Combined Superannuation Pty Ltd ("CCSL") to the University, which accepted the former trustee's recommendation. Due to unforeseen circumstances, the appointment of CCSL was not able to take place by 30 June 2006. In order to facilitate the interim operation of the Fund, the former trustee provided an undertaking to APRA which enabled it to continue to manage the Fund members until CCSL's appointment on 28 September 2006.

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 2006, 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.

Notes to the financial statements

31 December 2006

(continued)

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Note 29. Other Liabilities				
Current				
(i) Accrued Liabilities				
Salary Related	3,099	2,652	3,099	2,652
Other Accrued Expenditure	4,450	4,178	4,450	4,179
	7,549	6,830	7,549	6,831
(ii) Monies Received in Advance				
Australian Government Unspent Financial Assistance	-	-	-	-
Financial Assistance in Advance	5,580	2,049	5,580	2,049
Unspent Monies	-	2,315	-	2,315
Fees in Advance	4,290	4,285	3,442	3,194
	9,870	8,649	9,022	7,558
(iii) Trust Funds				
Security Deposits	5	14	5	14
Employee Deduction Clearing Accounts	39	30	39	30
Associated Entities	134	127	134	127
Other	334	172	334	172
	512	343	512	343
Total current other liabilities	17,931	15,822	17,083	14,732
Total other liabilities	17,931	15,822	17,083	14,732
Note 30. Reserves and retained surpluses				
(a) Reserves				
Revaluation Reserve - Investments	769	665	769	665
Revaluation Reserve - Buildings	8,642	8,714	8,642	8,714
Revaluation Reserve - Land	11,000	7,935	11,000	7,935
Revaluation Reserve - Infrastructure	7,144	3,966	7,144	3,966
Revaluation Reserve - Works of Art	188	188	188	188
Revaluation Reserve - Library Collection	-	-	-	-
Total reserves	27,743	21,468	27,743	21,468
Movements				
Asset revaluation reserve - Investments				
Balance 1 January 2006	665	443	665	443
Increment on revaluation	104	222	104	222
Balance 31 December 2006	769	665	769	665
Asset revaluation reserve - Buildings				
Balance 1 January 2006	8,714	5,602	8,714	5,602
Transfer to retained surplus on disposal	(72)	3,112	(72)	3,112
Balance 31 December 2006	8,642	8,714	8,642	8,714

Notes to the financial statements
31 December 2006
(continued)

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Reserves Continued				
Movements				
Asset revaluation reserve - Land				
Balance 1 January 2006	7,936	7,936	7,936	7,936
Increment on revaluation	3,064	-	3,064	-
Balance 31 December 2006	11,000	7,936	11,000	7,936
Asset revaluation reserve - Infrastructure				
Balance 1 January 2006	3,966	3,966	3,966	3,966
Increment on disposal of assets	3,178	-	3,178	-
Balance 31 December 2006	7,144	3,966	7,144	3,966
Asset revaluation reserve - Works of art				
Balance 1 January 2006	188	188	188	188
Increment on revaluation	-	-	-	-
Balance 31 December 2006	188	188	188	188
Asset revaluation reserve - Library Collection				
Balance 1 January 2006	-	382	-	382
Increment/(Decrement) on revaluation	-	(382)	-	(382)
Balance 31 December 2006	-	-	-	-
(b) Retained surplus				
Movements in retained surplus were as follows:				
Retained surplus at 1 January	192,133	193,168	177,352	180,893
Write off Revaluation Reserve for Demolition of Buildings (AASB 116)	342	-	183	-
Share of revaluation of land and buildings by joint venture entity	805	-	-	-
Net Operating Result for the year	3,213	(1,034)	2,378	(3,540)
Retained Surplus at 31 December	196,493	192,134	179,913	177,353

(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).

Notes to the financial statements
31 December 2006
(continued)

Note 31. Key management personnel disclosures

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

Associate Professor H Beyersdorf	The Hon W L Lange (appointed 6/6/06)
Mr J M Cassidy (Chancellor)	Ms J Hickson (appointed 16/8/06)
Professor D Cottle (expiry of term 19/8/06)	Mr P Mathew (expiry of term 19/8/06)
Mrs J Crew OAM (expiry of term 18/8/06)	Ms A Maurer
Ms K Ford (expiry of term 5/10/06)	Ms J McClelland
Professor M Franzmann	Dr L Piper (appointed 18/8/06)
Ms F Giuseppe	Rev J Redman (appointed 5/10/06)
Mr J Harris	Mr P Schubert (expiry of term 29/9/06)
Ms K Hemsall (appointed 19/8/06)	Mr R Torbay MP
Associate Professor J Madison (appointed 19/8/06)	Mr L Wells (appointed 29/9/06)
Professor I Moses (Vice-Chancellor) expiry of term 6/1/06)	Mr S Williams
Mrs J Oppenheimer OAM (expiry of term 16/8/06)	Mr E Wright AM (expiry of term 16/8/06)
Professor A Pettigrew (Vice-Chancellor) (appointed 27/2/06)	
Professor R Pollard (Acting Vice-Chancellor) (appointed 7/1/06, expiry of term 26/2/06)	

(b) Remuneration of Board Members and Executives

	Consolidated		Parent entity	
	2006	2005	2006	2005
	No.	No.	No.	No.
Nil to \$9,999	32	55	26	22
\$10,000 to \$19,999	-	-	-	-
	32	55	26	22
	\$'000	\$'000	\$'000	\$'000
Aggregate Remuneration of Board Members				
Total Aggregate Remuneration	3	31	3	4
	No.	No.	No.	No.
Remuneration of Executives				
\$130,000 to \$139,999	1	1	-	-
\$150,000 to \$159,999	1	2	-	2
\$160,000 to \$169,999	1	-	1	-
\$170,000 to \$179,999	1	2	1	2
\$180,000 to \$189,999	2	-	2	-
\$190,000 to \$199,999	-	-	1	-
\$200,000 to \$209,999	1	-	1	-
\$210,000 to \$219,999	-	4	-	4
\$230,000 to \$239,999	3	-	3	-
\$360,000 to \$369,999	1	-	1	-
\$370,000 to \$379,999	-	1	-	1
\$400,000 to \$409,999	1	-	1	-
	12	10	11	9
	\$'000	\$'000	\$'000	\$'000
Aggregate Remuneration of Executives				
Total Aggregate Remuneration	2,870	2,132	2,584	1,906

Notes to the financial statements
31 December 2006
(continued)

(c) **Related party transactions**

The University had no material related party transactions for the year ended 31 December, 2006. 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 2006, the University paid sitting fees to University Council Members totalling \$3,400.

Note 32. 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:

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Assurance services				
1. 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> .	218	187	161	142
Total remuneration for audit services	218	187	161	142
2. Other assurance services				
Fees paid to The Audit Office of NSW:				
Quality assurance	4	-	-	-
Total remuneration for assurance services	4	-	-	-

Note 33. Contingent liabilities and contingent assets

At balance date, no proceeding had been identified as being progressed on behalf of UNE.

At balance date, no contingent liabilities or contingent assets of a material nature to the university or its controlled entities had been identified.

Notes to the financial statements
31 December 2006
(continued)

Note 34. Commitments

(a) Capital Commitments

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

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Property, Plant and Equipment Payable:				
Within one year	2,061	2,896	2,061	2,896
Later than one year but not later than five years	-	-	-	-
Later than five years				
Total capital commitments	2,061	2,896	2,061	2,896
(b) Lease Commitments				
(i) Operating Leases				
Within one year	277	337	150	205
Later than one year but not later than five years	244	343	12	109
Later than five years	95	170	-	-
Total operating leases	616	850	162	314
(ii) Finance Leases				
Within one year	707	1,152	673	1,109
Later than one year but not later than five years	280	795	246	713
Later than five years	27	80	-	-
Total finance leases	1,014	2,027	919	1,822
Total lease commitments	1,630	2,877	1,081	2,136

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 2006 Commitments

The value of orders, for goods and services placed, but not filled, as at 31 December 2006, total \$1,807,639. (2005: \$2,477,132). Expenditure for these orders is expected to occur in 2007.

In addition, during 2006, the University entered into contracts for the following operating expenditures:

Within one year	14,234	13,973	14,234	13,973
Later than one year but not later than five years	19,106	19,665	19,106	19,665
Later than five years	1,505	-	1,505	-
Total	34,845	33,638	34,845	33,638

(d) Remuneration commitments

There are no remuneration commitments for senior executives other than the normal employment contract provisions available to general staff under work place agreements.

Notes to the financial statements
31 December 2006
(continued)

Note 35. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a):

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 2006, 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 public 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 public 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.

Notes to the financial statements
31 December 2006
(continued)

Note 36. Interest in 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

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	
	2006 \$'000	2005 \$'000
Share of partnership's assets and liabilities		
Current assets	901	478
Non-current assets	6,560	5,927
Total assets	7,461	6,405
Current liabilities	461	218
Non-current liabilities	-	-
Total liabilities	461	218
Net Assets	6,999	6,187
Share of partnership's revenues, expenses and results		
Revenue	1,375	1,283
Expenses	1,368	1,214
Net operating result before income tax	7	69
Retained earnings attributable to National Marine Science Centre Pty Limited:		
As at beginning of the financial year	6,187	6,119
Share in operating result for the current year	7	69
Share of increment on revaluation of property	805	-
At the end of the financial year	6,999	6,187
Movement in the carrying amount of investment in National Marine Science Centre Pty Limited:		
Carrying amount at beginning of financial year	6,187	6,119
Purchase of Shares	-	-
Share of net operating result	7	69
Share of increment on revaluation of property	805	-
Distributions received	-	-
Carrying amount at end of financial year	6,999	6,187

Notes to the financial statements
31 December 2006
(continued)

Note 37. 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 5.18% and 6.56%. Average maturity of 60 days.
Listed Shares	20	Listed Shares are carried at the lower of cost or recoverable amount	
Unlisted Shares	20	Unlisted Shares are carried at the lower of cost or recoverable amount	
Financial Liabilities			
Bank Borrowing	27	Borrowings are carried at cost. Interest paid on the borrowing is capitalised into the cost of the construction project.	These borrowings were paid out in full in 2006. The term of borrowing was 10 years. The interest rate was at 8.91%.
Finance Leasing	27	The lease liability is accounted for in accordance with AASB 117.	Interest rates per market and schedules. Between 6.20% and 7.63%.
Creditors and Accruals	26 & 29.1	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

Notes to the financial statements
31 December 2006
(continued)

Note 37. 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			
2006							
		Consolidated					
		\$000	\$000	\$000	\$000	\$000	%
<u>Financial Assets</u>							
Cash	4,892					4,892	5.28%
Investments-Term Deposits		31,702	-			31,702	5.88%
Receivables					12,966	12,966	
Receivable - Commonwealth debtor					96,602	96,602	
Receivables - Related Entities					91	91	
Listed Shares					887	887	
National Marine Science Centre					6,999	6,999	
Unlisted Shares					1,426	1,426	
Total Financial Assets	4,892	31,702	-	-	118,971	155,565	
<u>Financial Liabilities</u>							
Borrowings		692	339	-		1,031	8.09%
Creditors					2,262	2,262	
Other Amounts Owing					17,931	17,931	
Total Financial Liabilities	-	692	339	-	20,193	21,224	
Net Financial Assets(Liabilities)	4,892	31,010	(339)	-	98,778	134,341	

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			
2005							
		Consolidated					
		\$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 Owing					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	

Notes to the financial statements
31 December 2006
(continued)

Reconciliation of Net Financial Assets to Net Assets

	Consolidated	
	2006	2005
	\$000	\$000
Net Financial Assets as above	134,341	153,773
Non-Financial Assets and Liabilities		
Inventories	998	928
Biological	769	1,228
Property, Plant and Equipment	213,939	208,551
Non current assets classified as held for sale	-	1,015
Other Assets	8,164	8,518
Current Provisions	(27,270)	(24,722)
Non-Current Provisions	(106,705)	(135,689)
Total Net Assets	224,236	213,602

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.

Notes to the financial statements
31 December 2006
(continued)

Note 38. Acquittal of Australian Government financial assistance

Parent entity (University) Only

38.1 DEST - CGS and Other DEST Grants

	Commonwealth Grants Scheme#		Indigenous Support Fund		Equity Programmes*		Workplace Reform Programme		Workplace Productivity Programme		Learning & Teaching Performance Fund		Capital Development Pool		Collaboration & Structural Reform Programme		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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)	52,053	49,371	706	661	546	541	785	753	589	-	2,218	-	1,065	1,319	375	60	58,337	52,705
Net accrual adjustments	(1,998)	990	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,998)	990
Revenue for the period	50,055	50,361	706	661	546	541	785	753	589	-	2,218	-	1,065	1,319	375	60	56,339	53,695
Surplus/ (deficit) from the previous year	-	990	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,174	2,805
Total revenue including accrued revenue	50,055	51,351	706	661	546	541	785	753	589	-	2,218	-	1,065	1,319	375	60	58,513	56,500
Less expenses including accrued expenses	48,057	51,351	633	661	267	541	785	753	4	-	669	-	2,691	960	-	60	53,106	54,326
Surplus (deficit) for reporting period	1,998	-	73	-	279	-	-	-	585	-	1,549	-	548	2,174	375	-	5,407	2,174

Includes the basic CGS grant amount, CGS-Regional Loading and CGS-Enabling Loading.

*Includes HE Disability Support programme and HE Equity Support Programme.

Parent entity (University) Only

38.2 Higher Education Loan Programmes

	HECS-HELP (Australian Government payments only)		FEE-HELP		OS-HELP		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'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)	32,727	29,971	1,478	2,605	(34)	20	34,171	32,596
Net accrual adjustments	(1,730)	(174)	400	(401)	34	(20)	(1,296)	(595)
Revenue for the period	30,997	29,797	1,878	2,204	-	-	32,875	32,001
Surplus/ (deficit) from the previous year	646	471	420	18	20	-	1,086	489
Total revenue including accrued revenue	31,643	30,268	2,298	2,222	20	-	33,961	32,490
Less expenses including accrued expenses	29,267	29,622	2,278	1,802	34	(20)	31,579	31,404
Surplus (deficit) for reporting period	2,376	646	20	420	(14)	20	2,382	1,086

Parent entity (University) Only

38.3 Scholarships

	Australian Postgraduate Awards				International Postgraduate Research Scholarships				Commonwealth Education Costs Scholarships				Commonwealth Accommodation Scholarships				Total			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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)	1,259	1,301	1,301	245	266	284	487	284	541	274	541	274	541	274	541	274	541	274	541	274
Net accrual adjustments	-	-	-	6	-	-	487	284	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	1,259	1,301	1,301	251	266	284	487	284	541	274	541	274	541	274	541	274	541	274	541	274
Surplus/ (deficit) from the previous year	103	18	18	7	-	2	14	2	17	-	17	-	17	-	17	-	17	-	17	-
Total revenue including accrued revenue	1,362	1,319	1,319	258	266	286	501	286	558	274	558	274	558	274	558	274	558	274	558	274
Less expenses including accrued expenses	1,183	1,216	1,216	258	259	272	367	272	437	257	437	257	437	257	437	257	437	257	437	257
Surplus/(deficit) for reporting period	179	103	103	-	7	14	134	14	121	17	121	17	121	17	121	17	121	17	121	17

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)

Net accrual adjustments

Revenue for the period

3(c)

Surplus/ (deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

Parent entity (University) Only

38.4 DEST Research

	Institutional Grants Scheme				Research Training Scheme				Systemic Infrastructure Initiative				Research Infrastructure Block Grants				Regional Protection Scheme				Total			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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)	3,478	3,592	3,592	8,201	8,471	8,471	2,570	-	2,570	-	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	3,478	3,592	3,592	8,201	8,471	8,471	2,570	-	2,570	-	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182
Surplus/ (deficit) from the previous year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	3,478	3,592	3,592	8,201	8,471	8,471	2,570	-	2,570	-	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182
Less expenses including accrued expenses	3,478	3,592	3,592	8,201	8,471	8,471	63	-	63	-	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182	2,095	2,182
Surplus/(deficit) for reporting period	-	-	-	-	-	-	2,507	-	2,507	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)

Net accrual adjustments

Revenue for the period

3(d)

Surplus/ (deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

38.5 Australian Research Council Grants		Parent entity (University) Only					
		Projects		Indigenous Researchers Development		Total	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a)	Discovery						
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	1,615	1,701	-	-	1,615	1,701
	Net accrual adjustments	(7)	-	-	-	(7)	-
	Revenue for the period	1,608	1,701	-	-	1,608	1,701
	Surplus/ (deficit) from the previous year	576	602	11	25	587	627
	Total revenue including accrued revenue	2,184	2,303	11	25	2,195	2,328
	Less expenses including accrued expenses	1,704	1,727	11	14	1,715	1,741
	Surplus / (deficit) for reporting period	480	576	-	11	480	587

Parent entity (University) Only

(b) Linkages		Parent entity (University) Only					
		Infrastructure		Projects		Total	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	175	130	907	744	1,082	874
	Net accrual adjustments	-	-	(1)	-	(1)	-
	Revenue for the period	175	130	906	744	1,081	874
	Surplus/ (deficit) from the previous year	-	-	394	367	394	367
	Total revenue including accrued revenue	175	130	1,300	1,111	1,475	1,241
	Less expenses including accrued expenses	175	130	1,006	717	1,181	847
	Surplus / (deficit) for reporting period	-	-	294	394	294	394

* Including Workplace Reform Program and superannuation contribution

" End of Audited Financial Statements "

Additional Information

Budgetary Income Statement For the year ended 31 December 2006

	Actual 2006 \$'000	University Budget 2006 \$'000	Variance 2006 \$'000	Budget 2007 \$'000
Income from continuing operations				
Australian Government financial assistance	91,418	81,665	9,753	90,323
State and local Government financial assistance	1,324	1,599	(275)	1,500
Higher Education Contribution Scheme				
FEE-HELP	1,878	6,810	(4,932)	2,203
Commonwealth Payments	30,997	32,785	(1,788)	30,093
Superannuation - deferred government contributions	-	2,800	(2,800)	2,140
HECS-HELP - Student Payments	6,600	1,200	5,400	2,203
Fees and charges	34,689	35,785	(1,096)	35,283
Investment income	2,191	1,625	566	1,563
Royalties, trademarks and licences	299	622	(323)	500
Consultancy and contracts	586	800	(214)	700
Other Revenue	6,728	5,865	863	5,392
Gains / (losses) on disposal of assets	(272)	-	(272)	-
Total revenue from continuing operations	176,438	171,556	4,882	171,900
Expenses from continuing operations				
Employee benefits and on costs	104,923	105,704	(781)	107,553
Superannuation - deferred government contributions	27,123	-	27,123	2,740
Depreciation and amortisation	11,044	10,500	544	11,700
Bad and doubtful debts	(306)	250	(556)	250
Finance costs	116	65	51	300
Other expenses	58,283	52,102	6,181	51,943
Expenses before deferred items	201,183	168,621	32,562	174,486
Deferred government employee benefits for superannuation	(27,123)	2,800	(29,923)	(2,740)
Total expenses from continuing operations	174,060	171,421	2,639	171,746
Operating result	2,378	135	2,243	154
Retained Earnings at beginning of financial year	177,352	231,684	(54,332)	177,334
Adjustments to Opening Retained Earnings	183		183	-
Retained Earnings at End of financial year	179,913	231,819	(51,906)	177,488

Budgetary Balance Sheet As at 31 December 2006

	University			
	Actual	Budget	Variance	Budget
	2006	2006	2006	2007
	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS				
Cash and cash equivalents	28,960	20,726	8,234	17,946
Trade and other receivables	5,066	5,625	(559)	7,806
Inventories	672	1,200	(528)	1,200
Other non-financial assets	5,598	-	5,598	-
Biological assets	769	-	769	-
Total current assets	41,065	27,551	13,514	26,952
Non-current assets				
Trade and other receivables	96,602	87,894	8,708	121,967
Other financial assets	2,096	1,741	355	1,828
Property, plant and equipment	211,453	260,542	(49,089)	213,549
Intangible assets	7,481	-	7,481	7,893
Total non-current assets	317,632	350,177	(32,545)	345,237
Total assets	358,697	377,728	(19,031)	372,189
Current liabilities				
Trade and other payables	897	768	129	1,006
Interest bearing liabilities	634	2,654	(2,020)	-
Provisions	26,193	8,773	17,420	10,344
Other liabilities	17,083	10,574	6,509	14,092
Total current liabilities	44,807	22,769	22,038	25,442
Non-current liabilities				
Interest bearing liabilities	228	3,746	(3,518)	-
Provisions	106,006	106,239	(233)	155,949
Total non-current liabilities	106,234	109,985	(3,751)	155,949
Total liabilities	151,041	132,754	18,287	181,391
Net assets	207,656	244,974	(37,318)	190,798
EQUITY				
Reserves	27,743	13,155	14,588	13,156
Retained surplus / (deficit)	179,913	231,819	(51,906)	177,642
Total equity	207,656	244,974	(37,318)	190,798

Budgetary Cash Flow Statement for the year ended 31 December 2006

	Actual 2006 \$'000	University Budget 2006 \$'000	Variance 2006 \$'000	Budget 2007 \$'000
Cash flows from operating activities				
Australian Government Grants received	127,587	107,260	20,327	103,152
State Government Grants received	1,324	-	1,324	-
HECS-HELP - Student payments	6,600	-	6,600	-
Receipts from student fees and other customers	48,731	62,671	(13,940)	69,184
Dividends received	46	-	46	-
Interest received	1,981	1,625	356	1,563
Payments to suppliers and employees (inclusive of GST)	(171,048)	(160,671)	(10,377)	(161,135)
Interest and other costs of finance paid	(163)	(65)	(98)	(300)
Net cash inflow (outflow) from operating activities	15,058	10,820	4,238	12,464
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	712	-	712	-
Payments for property, plant and equipment	(10,222)	(16,685)	6,463	(20,925)
Net cash inflow (outflow) from investing activities	(9,510)	(16,685)	7,175	(20,925)
Cash flows from financing activities				
Proceeds from interest bearing liabilities	-	5,000	-	-
Repayment of interest bearing liabilities	(1,181)	(1,181)	-	-
Repayment of lease liabilities	(851)	-	(851)	-
Net cash inflow (outflow) from financing activities	(2,032)	3,819	(851)	-
Net increase (decrease) in cash and cash equivalents	3,516	(2,046)	10,562	(8,461)
Cash and cash equivalents at the beginning of the financial year	25,444	22,772	2,672	26,407
Cash and cash equivalents at the end of the financial year	28,960	20,726	13,234	17,946

UNE PARTNERSHIPS PTY LTD
ABN: 74 003 099 125

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2006



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 2006 and its performance for the year ended on that date, and
 - complying with Accounting Standards in Australia (including Australian Accounting Interpretations) and the Corporations Regulations 2001,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) 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, accompanying notes to the financial statements and directors' declaration for the Company, for the year ended 31 December 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with both 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 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.

My Declaration of Independence dated 29 March 2007 would have been made on the same terms if it had been made at the date of this report.


R Hegarty FCPA
Director, Financial Audit Services

SYDNEY
4 April 2007

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 2006 and the Auditors' Report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report the following:

Registered Office

The Registered Office of the company is:
CB Newling Building, 122-132 Mossman Street,
Armidale, N.S.W. 2350

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
Mr R Doyle	Director since 22 December 2006, Appointed 22 December 2006
Prof M Macklin	Director since 16 August 2002
Mr Gary Smith	Director since 26 May 2004
Prof R Pollard	Director since 26 May 2004
Mrs L P Henschke	Director since 1 April 1999, Retired 22 December 2006

Principal Activities

The commercialisation and delivery of education and training programs.

Results Of Operations

The Company recorded an operating surplus of \$65,543 for the year ended 31 December 2006. (2005: profit \$111,999).

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 2007.

Dividends

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

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;

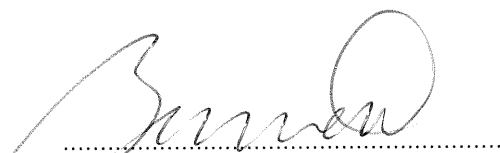
with the exception of the following matters.

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.

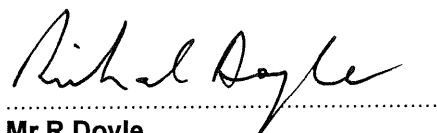
Signed in accordance with a resolution of directors made pursuant to Section 298(2) of the Corporations Act 2001.

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



Mr R Doyle
Director

Dated at Armidale NSW
29 March 2007



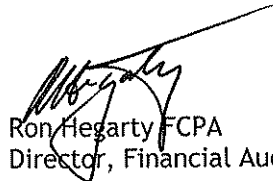
GPO BOX 12
Sydney NSW 2001

To the Directors
UNE Partnerships Pty Limited

Auditor's Independence Declaration

As auditor for the audit of UNE Partnerships Pty Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.



Ron Hegarty FCPA
Director, Financial Audit Services

29 March 2007
SYDNEY

DIRECTORS' STATEMENT

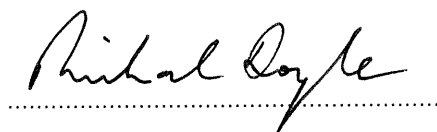
STATEMENT MADE IN ACCORDANCE WITH SECTION 41C (1B) AND (1C) OF THE PUBLIC FINANCE
AND AUDIT ACT, 1983.

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 2006;
- 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



Mr R Doyle
Director


Dated at Armidale NSW
24 March 2007

DIRECTORS' DECLARATION

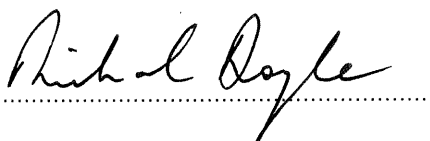
In the opinion of the directors of UNE Partnerships Pty Limited:

- (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 2006 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



Mr R Doyle
Director

Dated at Armidale NSW
29 March 2007

UNE PARTNERSHIPS PTY LIMITED
ABN: 74 003 099 125

BALANCE SHEET

AS AT 31 DECEMBER 2006

	<u>NOTE</u>	<u>2006</u> (\$)	<u>2005</u> (\$)
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	4	539,811	616,957
Trade and other receivables	5	1,083,923	1,311,307
Inventories	6	<u>89,016</u>	<u>73,673</u>
TOTAL CURRENT ASSETS		1,712,750	2,001,937
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	7	135,163	150,522
Other receivables	5	91,280	197,863
Intangible assets	8	<u>208,294</u>	<u>217,571</u>
TOTAL NON-CURRENT ASSETS		<u>434,737</u>	<u>565,956</u>
TOTAL ASSETS		<u>2,147,487</u>	<u>2,567,893</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Trade and other payables	9	916,282	1,341,012
Provisions	10	<u>183,422</u>	<u>128,727</u>
TOTAL CURRENT LIABILITIES		1,099,704	1,469,739
<u>NON CURRENT LIABILITIES</u>			
Trade and other payables	9	50,320	74,200
Provisions	10	<u>28,480</u>	<u>120,514</u>
TOTAL NON-CURRENT LIABILITIES		<u>78,800</u>	<u>194,714</u>
TOTAL LIABILITIES		<u>1,178,504</u>	<u>1,664,453</u>
NET ASSETS		<u>968,983</u>	<u>903,440</u>
<u>EQUITY</u>			
Issued capital	11	1,198,937	1,198,937
Accumulated Losses		<u>(229,954)</u>	<u>(295,497)</u>
TOTAL EQUITY		<u>968,983</u>	<u>903,440</u>

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

UNE PARTNERSHIPS PTY LIMITED**ABN: 74 003 099 125****INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
<u>Continuing Operations</u>			
<u>Revenue</u>			
Revenue from rendering of services	2	4,662,253	4,484,301
Other income	2	<u>220,657</u>	<u>171,536</u>
Total revenue		<u>4,882,910</u>	<u>4,655,837</u>
Employee expenses		(1,758,979)	(1,607,408)
Student services – Marking		(1,142,855)	(1,423,965)
Education course expenditure		(275,070)	(259,147)
Consultancy services		(413,758)	(218,110)
Travel and hospitality		(243,565)	(189,554)
Office expenses		(217,834)	(206,501)
Marketing		(300,508)	(244,628)
Depreciation and Amortisation	7,8	(136,260)	(135,457)
Other expenses from ordinary activities		<u>(328,538)</u>	<u>(259,068)</u>
Total expenses		<u>(4,817,367)</u>	<u>(4,543,838)</u>
Net surplus attributable to members	3,12	<u>65,543</u>	<u>111,999</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 2006

	<u>NOTE</u>	<u>2006</u>	<u>2005</u>
		<u>(\$)</u>	<u>(\$)</u>
<u>Issued capital</u>			
Balance beginning and end of year	11	<u>1,198,937</u>	<u>1,198,937</u>
<u>Accumulated losses</u>			
Accumulated losses at beginning of year		<u>(295,497)</u>	<u>(407,497)</u>
Net profit attributable to members		<u>65,543</u>	<u>111,999</u>
Accumulated losses at end of year		<u>(229,954)</u>	<u>(295,497)</u>
Total Equity at the End of Financial Year		<u>968,983</u>	<u>903,440</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 2006

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
<u>Cash Flows from Operating Activities</u>			
Cash receipts in the course of operations		4,842,263	4,676,978
Cash payments in the course of operations		<u>(4,824,545)</u>	<u>(4,532,362)</u>
		17,718	144,616
Interest received		<u>42,568</u>	<u>32,254</u>
Net Cash provided by Operating Activities	17(ii)	<u>60,286</u>	<u>176,870</u>
Cash Flows from Investing Activities			
Payments for establishment of courses		(91,067)	(120,743)
Payments for property plant and equipment	7	(24,296)	(146,471)
Proceeds from sale of property, plant and equipment	2	1,810	-
Proceeds from other financial assets		-	-
Net Cash Used in Investing Activities		<u>(113,553)</u>	<u>(267,214)</u>
Net Cash provided by Financing Activities			
Proceeds from Borrowings		(23,880)	98,080
Net Cash provided by Financing Activities		<u>(23,880)</u>	<u>98,080</u>
Net Increase in Cash Held		(77,147)	7,736
Cash at Beginning of the Financial Year	17(i)	<u>616,957</u>	<u>609,221</u>
Cash at End of the Financial Year	17(i)	<u>539,810</u>	<u>616,957</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 2006

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, other mandatory financial reporting requirements, 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 company has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from January 1, 2005. There is 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.

The financial report for the year ended 31st December 2006 was authorised for issue in accordance with a resolution of the Board on 21st March 2007.

B) 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.

C) NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

- (i) The company did not adopt any new accounting standards that are not yet effective.
- (ii) The following new Accounting Standards have not been adopted and are not yet effective:
 - (a) AASB 7 Financial Instruments: Disclosures (1 January 2007)
 - (b) AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
 - (c) Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies (1 March 2006)
 - (d) Interpretation 8 Scope of AASB 2 (1 May 2006)
 - (e) Interpretation 9 Reassessment of Embedded Derivatives (1 June 2006)
 - (f) AASB Interpretation 10 Interim Financial Reporting and Impairment (1 November 2006)

The company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

D) 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.

E) 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.

(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.

UNE PARTNERSHIPS PTY LIMITED
ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

F) 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 or 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.

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.

G) 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.

H) 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.

I) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

J) 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.

K) 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.

L) 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.

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 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.

UNE PARTNERSHIPS PTY LIMITED
ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

NOTE 2. REVENUE

	<u>2006</u> (\$)	<u>2005</u> (\$)
Rendering of services revenue from operating activities		
Course enrolment fees	4,662,253	4,484,301
Other revenues		
Interest received – Other parties	42,568	32,254
Gain on disposal of plant and equipment	(1,921)	(422)
Other revenue	<u>180,010</u>	<u>139,705</u>
Other Income	<u>220,657</u>	<u>171,537</u>
	<u>4,882,910</u>	<u>4,655,838</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	1,559	1,576
Office equipment	22,957	25,271
Leasehold Improvements	11,400	7,600
Amortisation	<u>100,344</u>	<u>101,010</u>
	<u>136,260</u>	<u>135,457</u>

Movements in provisions

Amounts credited/(debited) to Provision for Annual Leave	(4,373)	21,782
Amount credited/(debited) to Provision for Doubtful Debts	8,250	(2,826)
Amounts credited/(debited) to Provision for Long Service Leave	<u>(32,967)</u>	<u>34,492</u>
Net expense resulting from Movement in Provisions	<u>(29,090)</u>	<u>53,448</u>

(b) Revenue and net gains

Net Profit/(Loss) on disposal of plant & equipment	(1,921)	(422)
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UNE PARTNERSHIPS PTY LIMITED
ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>2006</u> (\$)	<u>2005</u> (\$)
NOTE 4. CASH ASSETS AND CASH EQUIVALENTS		
Cash on Hand	400	205
Cash at Bank	<u>539,411</u>	<u>616,752</u>
	<u>539,811</u>	<u>616,957</u>
 NOTE 5. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors	506,436	466,834
Less: Provision for impairment of receivables	<u>(9,338)</u>	<u>(1,089)</u>
Other Debtors	398,768	714,004
Prepaid Expenses	<u>188,057</u>	<u>131,558</u>
	<u>1,083,923</u>	<u>1,311,307</u>
 NON-CURRENT		
Other Debtors	<u>91,280</u>	<u>197,863</u>
 NOTE 6: INVENTORIES		
Stock on hand – At cost	<u>89,016</u>	<u>73,673</u>

UNE PARTNERSHIPS PTY LIMITED
ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>2006</u> (\$)	<u>2005</u> (\$)
NOTE 7. PROPERTY, PLANT & EQUIPMENT		
NON CURRENT		
Furniture & Fittings - At cost	34,919	33,378
Less: Accumulated depreciation	<u>(27,726)</u>	<u>(26,166)</u>
	<u>7,193</u>	<u>7,212</u>
Office Equipment - At Cost	190,765	187,958
Less: Accumulated depreciation	<u>(157,795)</u>	<u>(151,047)</u>
	<u>32,970</u>	<u>36,911</u>
Leasehold Improvements – At Cost	114,000	114,000
Less: Accumulated depreciation	<u>(19,000)</u>	<u>(7,600)</u>
	<u>95,000</u>	<u>106,400</u>
	<u>135,163</u>	<u>150,522</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:	7,212	4,604
Additions	1,541	5,261
Disposals	-	(1,077)
Depreciation	<u>(1,559)</u>	<u>(1,576)</u>
Carrying amount at end of year	<u>7,193</u>	<u>7,212</u>

Office Equipment

Carrying amount at beginning of year:	36,911	33,990
Additions	22,755	28,192
Disposals	(3,739)	-
Depreciation	<u>(22,957)</u>	<u>(25,271)</u>
Carrying amount at end of year	<u>32,970</u>	<u>36,911</u>

Leasehold Improvements

Carrying amount at beginning of year:	106,400	-
Additions	-	114,000
Depreciation	<u>(11,400)</u>	<u>(7,600)</u>
Carrying amount at end of year	<u>95,000</u>	<u>106,400</u>

UNE PARTNERSHIPS PTY LIMITED
ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>NOTE</u>	<u>2006</u> (\$)	<u>2005</u> (\$)
NOTE 8. INTANGIBLE ASSETS			
Course Development - At Cost		1,251,469	1,160,402
Less: Accumulated Amortisation		<u>(1,043,175)</u>	<u>(942,831)</u>
		<u>208,294</u>	<u>217,571</u>
Reconciliation of the carrying amount is set out below			
Carrying amount beginning of year		217,571	197,837
Additions		91,067	120,744
Amortisation		<u>(100,344)</u>	<u>(101,010)</u>
Carrying amount at end of year		<u>208,294</u>	<u>217,571</u>

As at 31 December 2006 course development assets were tested for impairment and no impairment loss was charged to surpluses in the 2006 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 9. TRADE AND OTHER PAYABLES

CURRENT

Trade Creditors and Accruals	306,948	609,777
Unearned income	585,454	707,355
Related party payables:		
Loan – Shareholder (UNE)	<u>23,880</u>	<u>23,880</u>
	<u>916,282</u>	<u>1,341,012</u>

NON CURRENT

Related party payables:		
Loan – Shareholder (UNE)	<u>50,320</u>	<u>74,200</u>

NOTE 10. PROVISIONS

CURRENT

Provision for Annual Leave	98,507	102,880
Provision for Long Service Leave	<u>84,915</u>	<u>25,847</u>
	<u>183,422</u>	<u>128,727</u>

	Annual Leave	Long Service Leave	Total
Opening balance at 1 January 2006	102,880	25,847	128,727
Additional provisions raised during the year	114,040	76,682	190,922
Amounts used	<u>(118,413)</u>	<u>(17,614)</u>	<u>(136,027)</u>
Balance at 31 December 2006	<u>98,507</u>	<u>84,915</u>	<u>183,422</u>

UNE PARTNERSHIPS PTY LIMITED
ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

		<u>2006</u> (\$)	<u>2005</u> (\$)
NOTE 10. PROVISIONS			
NON CURRENT			
Provision for Long Service Leave		<u>28,480</u>	<u>120,514</u>
	Annual Leave	Long Service Leave	Total
Opening balance at 1 January 2006	-	120,514	120,514
Additional provisions raised during the year	-	(86,523)	(86,523)
Amounts used	-	<u>(5,511)</u>	<u>(5,511)</u>
Balance at 31 December 2006	-	<u>28,480</u>	<u>28,480</u>

NOTE 11. CONTRIBUTED EQUITY

PAID-UP CAPITAL

1,198,937 Ordinary Shares of \$1-00 each fully paid	<u>1,198,937</u>	<u>1,198,937</u>
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NOTE 12. AUDITOR'S REMUNERATION

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

Audit of the Accounts	<u>16,610</u>	<u>16,170</u>
Other External Audit Service Providers – Quality Assurance etc.	<u>4,045</u>	<u>4,130</u>

NOTE 13. REMUNERATION OF DIRECTORS

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

- short term employee benefits	77,871	92,292
- post employment benefits	93,973	8,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

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

Dr P W Bennett
 Mr J Harris
 Mrs L Henschke (Managing Director)(retired 22/12/2006)
 Prof M J Macklin
 Mr G Smith
 Prof R Pollard
 Mr R J Doyle (appointed 22/12/2006)

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

Mr R J Doyle (Managing Director)
 Ms M Michell
 Mr P L Schaefer
 Ms D Yeomans
 Ms S Rudaz
 Ms D Swanson

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.

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
Directors:			
G Smith – trading entity:– Promed Solutions			
Retainer, Presentation Fees & Assessor Fees		<u>88,852</u>	<u>54,121</u>
Shareholder Entities:			
University of New England			
Income Received		53,805	114,083
Payments Made		<u>(335,993)</u>	<u>(354,244)</u>
Net		<u>(282,188)</u>	<u>(240,161)</u>
<u>Balance Sheet:</u>			
Receivables		29,175	13,957
Prepaid expenses		7,206	12,972
Payables – loans and creditors		90,032	132,619
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.

UNE PARTNERSHIPS PTY LIMITED
ABN: 74 003 099 125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Ultimate Controlling Entity

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

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. 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

	<u>2006</u> (\$)	<u>2005</u> (\$)
Payable		
not later than one year	44,976	50,076
later than 1 year but not later than 5 years	149,920	152,470

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

NOTE 17. 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	400	205
Cash at Bank	<u>539,410</u>	<u>616,752</u>
	<u>539,810</u>	<u>616,957</u>

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

Profit from ordinary activities	65,543	111,999
Add/(less) non-cash items:		
Amortisation	100,344	101,010
Depreciation	35,916	34,447
Movement in employee provisions	(37,340)	53,744
Loss/(Profit) on sale of non-current assets	<u>1,921</u>	<u>90</u>
Net cash provided by operating activities before changes in assets and liabilities	166,384	301,290
Change in assets and liabilities during the financial year.		
(Increase)/Decrease in prepayments	(56,491)	(50,420)
(Increase)/Decrease in debtors	390,466	(190,674)
Increase/(Decrease) in trade creditors	(424,730)	129,044
Decrease/(Increase) in inventories	<u>(15,343)</u>	<u>(12,370)</u>
Net Cash Used in Operating Activities	<u>60,286</u>	<u>176,870</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

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:

2006

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	5.63%	326,392	213,019	-	-	400	539,811
Receivables	0%	-	-	-	-	987,146	987,146
Total Financial Assets		326,392	213,019	-	-	987,546	1,526,957
Financial Liabilities							
Payables	0%	-	-	-	-	966,602	966,602
Total Financial Liabilities		-	-	-	-	966,602	966,602

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	4.92%	414,533	202,219	-	-	205	616,957
Receivables	0%	-	-	-	-	1,375,077	1,375,077
Total Financial Assets		414,533	202,219	-	-	1,375,282	1,992,034
Financial Liabilities							
Payables	0%	-	-	-	-	1,426,437	1,426,437
Total Financial Liabilities		-	-	-	-	1,426,437	1,426,437

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 2006 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 19. 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 20. 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 21. 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 2006

	<u>2006</u> (\$)	<u>2005</u> (\$)
<u>INCOME</u>		
Course Enrolment Fees	4,660,753	4,394,915
Production & Ancillary Services	171,859	119,475
Interest Received	42,568	32,254
Sundry Income	9,651	20,230
Profit/(Loss) on Sale of Assets	<u>(1,921)</u>	<u>(422)</u>
	<u>4,882,910</u>	<u>4,566,452</u>
<u>EXPENSES</u>		
Refer to attached schedule	<u>4,817,367</u>	<u>4,454,453</u>
Net Operating Surplus/(Deficit) transferred to Statement of Financial Performance	<u>65,543</u>	<u>111,999</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 2006

	<u>2006</u> (\$)	<u>2005</u> (\$)
<u>EXPENSES</u>		
Salaries	1,758,979	1,607,408
Consultancy Services	413,758	218,110
Boardroom Expenses	6,806	3,824
Audit	28,345	16,660
Accountancy	33,142	5,996
Office Expenses	217,834	206,501
Finance Costs	36,507	28,641
Property Expenses	62,306	69,641
Materials and Equipment	15,748	26,422
Depreciation	35,916	34,447
Travel and Hospitality	243,565	189,554
Royalties, Commissions & Fees	189,940	119,435
Legal Fees	5,124	9,689
Miscellaneous Expenses	35,517	24,025
Education Course Expenditure – Authors' Fees	6,350	15,760
Production Printing	126,676	142,838
Textbooks	10,824	15,384
Student Services - Marking	1,142,855	1,334,574
Other Course related costs	146,667	140,916
Marketing	<u>300,508</u>	<u>244,628</u>
	<u>4,817,367</u>	<u>4,454,453</u>

This statement does not form part of the audited financial statements

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
ACN: 058 555 632

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Agricultural Business Research Institute

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

Audit Opinion

In my opinion, the financial report of the 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 2006 and its 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* (the PF&A Act) 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, accompanying notes to the financial statements and directors' declaration for the Company, for the year ended 31 December 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with both 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 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.

My Declaration of Independence dated 5 April 2007 would have been made on the same terms if it had been made at the date of this report.



Ron Hegarty FCPA
Director, Financial Audit Services

SYDNEY
12 April 2007



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, 2006.

REGISTERED OFFICE

c/ University of New England
Armidale, NSW 2351

DIRECTORS

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

Philip Arthur RICKARDS (OAM)	Peter John SPEERS
Anthony John Traherne COATES (AM)	Ian Michael LOCKE
Edward Owen Delpratt WRIGHT (AM)	Keith William ENTWISTLE (AM)
Robert Anthony BARWELL	Barry John PAFF
Daniel Howard HOLMES	

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 2006.

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, 2006.

REVIEW OF OPERATIONS

The operating profit of the company was : \$389,054 (2005 = \$649,226)

The operating profit is deemed by the directors to be a satisfactory result in the fourteenth 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 2007.

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:	Anthony John Traherne COATES (AM) (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. Resigned November 28, 2006
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:	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
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a) Qualifications and Experience Continued.

- 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 (AM) (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, previous 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.
- Name and Occupation: **Daniel Howard Holmes (Dairy Farmer)**
Experience: Bachelor of Business (Accounting), University of Southern Queensland
Part owner and manager of mixed dairy and grain farming operation at Brookstead on the Darling Downs. State President of Holstein-Friesian Association of Australia, active in breeding and showing of stud cattle, previously had seven years of experience in National Australia Ban. Board member since 28/05/06.

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
Anthony John Traherne COATES (AM)	3	3
Edward Owen Delpratt WRIGHT (AM)	3	3
Peter John SPEERS	3	3
Robert Anthony BARWELL	3	3
Ian Michael LOCKE	3	3
Keith William ENTWISTLE (AM)	3	2
Barry John PAFF	3	3
Daniel Howard HOLMES	3	3

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.

INDEMNIFYING OFFICER OR AUDITOR

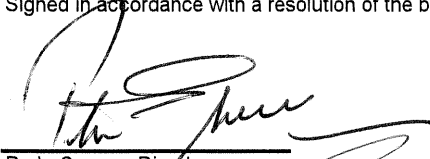
The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

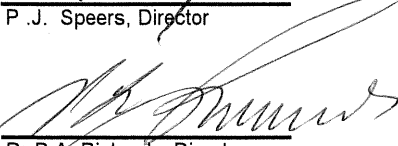
- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, or auditor including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer,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


P.J. Speers, Director Dated 10/4/07


Dr P.A. Rickards, Director Dated 5/4/07




GPO BOX 12
Sydney NSW 2001

To the Directors
Agricultural Business Research Institute

Auditor's Independence Declaration

As auditor for the audit of the Agricultural Business Research Institute for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the independence requirements of the *Corporations Act 2001* in relation to the audit, and
- any applicable code of professional conduct in relation to the audit.


Ron Hegarty FCPA
Director, Financial Audit Services

5 April 2007
SYDNEY

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 2006;
- (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.



P .J. Speers, Director

Dr P.A. Rickards, Director

Date 65/04/07

AGRICULTURAL BUSINESS RESEARCH INSTITUTE
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DIRECTORS' DECLARATION

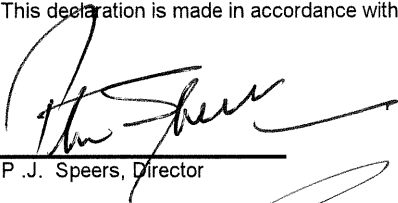
In the opinion of the directors, the financial report set out in the Balance Sheet, Income Statement and Cash Flow Statement, Statement of Changes in Equity and notes to the financial statements:

- (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, 2006 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.



P.J. Speers, Director

10/4/07

Dated



Dr P.A. Rickards, Director

5/04/07

Dated

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

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>NOTE</u>	31-Dec-06	31-Dec-05
Continuing operations		(\$)	(\$)
Revenue from ordinary activities	2	6,965,025	6,739,476
Employee expenses		3,940,098	3,697,357
Depreciation and amortization expenses	3	343,746	337,785
Postage and freight expenses		355,595	335,178
Consultancy and contractor costs		493,151	385,684
Computer costs		94,725	96,121
Royalties		105,271	94,223
Share price adjustment		-	29,457
Travel and accommodation		252,801	178,692
Telecommunication		120,892	137,029
Other expenses		869,692	798,724
Total expenses		6,575,971	6,090,250
Net Profit	3,10	389,054	649,226

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, 2006

	<u>NOTE</u>	31-Dec-06	31-Dec-05
ASSETS		(\$)	(\$)
CURRENT ASSETS			
Cash and cash equivalents	15	4,614,803	5,063,525
Trade and other receivables	4	1,227,058	1,393,132
Total Current Assets		5,841,861	6,456,657
NON-CURRENT ASSETS			
Other financial assets	5	1,415,618	111,960
Property, plant and equipment	6	1,496,895	1,516,524
Intangible assets	7	449,866	382,279
Total Non-current Assets		3,362,379	2,010,763
TOTAL ASSETS		9,204,240	8,467,421
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	1,217,984	939,939
Provisions	9	645,008	582,329
Total Current Liabilities		1,862,992	1,522,269
NON-CURRENT LIABILITIES			
Provisions	9	661,394	654,353
Total Non-current Liabilities		661,394	654,353
TOTAL LIABILITIES		2,524,386	2,176,622
NET ASSETS		6,679,853	6,290,799
EQUITY			
Retained Profits	10	6,679,853	6,290,799
TOTAL EQUITY		6,679,853	6,290,799

The accompanying notes form part of these financial statements.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2006**

	31-Dec-06 (\$)	31-Dec-05 (\$)
Retained profits at the beginning of the year	6,290,799	5,641,572
Net profit attributed to members	<u>389,054</u>	<u>649,226</u>
Total Equity	<u>6,679,853</u>	<u>6,290,799</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, 2006

	<u>NOTE</u>	31-Dec-06	31-Dec-05
		(\$)	(\$)
<u>Cash Flows from Operating Activities</u>			
Cash receipts from customers		6,804,487	6,259,907
Cash payments to suppliers and employees		(5,850,523)	(5,869,200)
		953,964	390,706
Interest received		294,829	247,550
Net cash provided by operating activities	15	1,248,793	638,257
<u>Cash Flows from Investing Activities</u>			
Payments for Investments		(1,303,658)	29,457
Payments for property, plant and equipment		(174,798)	(195,110)
Payments for intangibles		(219,060)	(150,000)
Net cash used in investing activities		(1,697,516)	(315,653)
Net increase in cash held		(448,723)	352,061
Cash at the beginning of the financial year	15	5,063,525	4,711,464
Cash at the end of the financial period	15	4,614,803	5,063,525

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, 2006**

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 2006, membership of the company stood at eight.

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 on accrual basis in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, other mandatory financial reporting requirements, 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 financial report for the year ended 31 December 2006 was authorised for issue in accordance with a resolution of the Board on 12th April 2007.

b) Statement of compliance

The financial report complies with Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

c) New Australian accounting standards issued but not yet effective

(i) The company did not adopt any new accounting standards that are not yet effective.

(ii) The following new accounting standards have not been adopted and are not yet effective.

a) AASB 7 Financial Instruments: Disclosures (1 January 2007)

b) AASB 1049 FINANCIAL Reporting of general government sectors by governments (1 July 2008)

c) Interpretation 7 Applying the Restatement Approach under AASB 129 Financial reporting in hyperinflationary economies (1 March 2006)

d) Interpretation 8 Scope of AASB 2 (1 May 2006)

e) Interpretation 9 Reassessment of embedded derivatives (1 June 2006)

e) Interpretation 10 Interim financial reporting and impairment (1 November 2006)

The company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Note 1. Summary of significant accounting policies (continued)

d) 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.

e) 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.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and 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.

AGRICULTURAL BUSINESS RESEARCH INSTITUTE

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

Note 1. Summary of significant accounting policies (continued)

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%

f) 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.

g) 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 bank overdrafts.

h) 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 income statement. Balances existing at balance date have been translated at the exchange rates ruling at that date.

i) Intangible assets

Intangible assets have been amortised on a prime cost basis where there is estimated to be a useful life. The amortisation rates used for intangible assets 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.

j) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable.

Fees and charges

Revenue from fees and charges, which is predominantly 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.

k) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

Note 1. Summary of significant accounting policies (continued)

l) Trade and other payables

Trade payables 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.

m) Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss (FVTPL)

A financial asset is classified in this category where the financial asset is either held for trading or it is designated a FVTPL within the requirements of AASB139: 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 except for short term receivables where the recognition of interest would be immaterial.

Financial liabilities

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

n) 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 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 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, 2006**

	31-Dec-06 (\$)	31-Dec-05 (\$)
<u>Note 2. Revenue from ordinary activities</u>		
Description		
Fees and Charges	6,618,999	6,455,545
Interest Earned	308,395	273,611
Dividends Received	7,266	8,120
Profit on sale/revaluation of assets	30,365	2,200
Total Revenues	<u>6,965,025</u>	<u>6,739,476</u>
<u>Note 3. Profit from ordinary activities</u>		
Operating profit is determined after charging as expenses;		
Audit Fee	15,220	12,500
Bad & Doubtful Debts	34,731	44,710
Depreciation and Amortisation:-		
Motor Vehicles	36,756	24,432
Herd Recording Equipment	18,819	29,059
Plant, Furniture and Equipment	110,113	114,826
Buildings	26,585	26,585
Intangibles	151,473	142,884
	<u>343,746</u>	<u>337,786</u>
Amounts set aside to Provisions:-		
Annual Leave	48,265	3,928
Long Service Leave	21,454	62,494
Doubtful Debt	(17,791)	12,165
Net Foreign exchange loss	18,751	10,164
<u>Note 4. Trade and other receivables</u>		
Current		
Trade Debtors - General	1,043,553	1,122,073
Trade Debtors - Dairy Express (NSW)	101,692	122,341
Trade Debtors - Dairy Express (QLD)	75,605	80,502
Contractor Advances - NSW	5,600	5,600
Contractor Advances - QLD	1,992	1,992
Less: Provision for Impairment of Receivables	(48,834)	(66,625)
	<u>1,179,608</u>	<u>1,265,882</u>
Accrued Income	47,450	97,025
Prepayments	-	30,226
Total Current Receivables	<u>1,227,058</u>	<u>1,393,132</u>

AGRICULTURAL BUSINESS RESEARCH INSTITUTE**A.C.N. 058 555 632****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	31-Dec-06 (\$)	31-Dec-05 (\$)
<u>Note 5. Other financial assets</u>		
Investments	1,249,263	-
Commercial Stock Portfolio	166,355	111,960
Total other financial assets	1,415,618	111,960
<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	83,579	74,245
Total	383,130	392,465
Capitalised Lease Asset - Land and Buildings	289,789	289,789
Less: Accumulated Amortisation	53,639	47,843
Total	236,150	241,946
Building Improvements	476,382	476,382
Less: Accumulated Amortisation	44,087	32,632
Total	432,295	443,750
Plant and Equipment - at cost	1,022,491	934,727
Less: Accumulated Depreciation	838,653	738,202
Total	183,838	196,525
Herd Recording Equipment - at cost	319,246	319,246
Less: Accumulated Depreciation	308,388	289,569
Total	10,858	29,677
Furniture & Fittings	113,106	110,334
Less: Accumulated Depreciation	86,058	74,242
Total	27,048	36,092
Motor Vehicles - at cost	442,087	357,825
Less: Accumulated Depreciation	278,513	241,757
Total	163,575	116,069
Total Property, plant and equipment	1,496,895	1,516,524

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	392,465	401,799
Depreciation	9,334	9,334
Carrying amount at end of year	383,131	392,465
Leased Asset - Land & Buildings		
Carrying amount at beginning of year	241,945	247,741
Amortisation	5,796	5,796
Carrying amount at end of year	236,149	241,945
Building Improvements		
Carrying amount at beginning of year	443,749	454,413
Additions	-	792
Amortisation	11,455	11,455
Carrying amount at end of year	432,294	443,749

AGRICULTURAL BUSINESS RESEARCH INSTITUTE**A.C.N. 058 555 632****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006****Note 6. Property, Plant and Equipment (Continued)**

	31-Dec-06 (\$)	31-Dec-05 (\$)
Plant and Equipment		
Carrying amount at beginning of year	196,524	202,384
Additions	87,764	96,915
Depreciation	100,451	102,775
Carrying amount at end of year	183,837	196,524
Herd recording Equipment		
Carrying amount at beginning of year	29,678	58,737
Depreciation	18,819	29,059
Carrying amount at end of year	10,859	29,678
Furniture and fittings		
Carrying amount at beginning of year	36,092	31,852
Additions	2,772	16,291
Depreciation	11,816	12,051
Carrying amount at end of year	27,048	36,092
Motor vehicles		
Carrying amount at beginning of year	116,068	59,389
Additions	84,262	81,112
Depreciation	36,756	24,432
Carrying amount at end of year	163,574	116,068
<u>Note 7. Intangible assets</u>		
a) Saltbush Windows Software Development		
Development of Windows Products - at cost	358,796	308,796
Less: Accumulated Amortisation	231,024	188,923
Total Windows Software Development	127,772	119,873
b) ABRI Platform Development (ILR2)		
Development of new ABRI platform - at cost	509,227	409,227
Less: Accumulated Amortisation	258,081	183,012
Total ABRI Platform Development	251,146	226,215
c) Dairy Express NSW & QLD		
At Cost	186,200	186,200
Less: Accumulated Amortisation	186,200	158,270
Total Dairy Express	-	27,930

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	31-Dec-06 (\$)	31-Dec-05 (\$)
<u>Note 7. Intangible assets(Continued)</u>		
d) MISDI Development		
At Cost	83,662	14,602
Less: Accumulated Amortisation	12,714	6,341
Total MISDI Development	70,948	8,261
 Total Intangible assets	 449,866	 382,279
Reconciliations		
Reconciliation of the carrying amounts for each intangible with a book value		
Saltbush Windows Software Development		
Carrying amount at beginning of year	119,873	108,916
Additions	50,000	50,000
Depreciation	42,101	39,043
Carrying amount at end of year	127,772	119,873
 ABRI Platform Development (ILR2)		
Carrying amount at beginning of year	226,215	184,494
Additions	100,000	100,000
Depreciation	75,069	58,280
Carrying amount at end of year	251,146	226,215
 Dairy Express NSW & QLD		
Carrying amount at beginning of year	27,930	65,170
Depreciation	27,930	37,240
Carrying amount at end of year	-	27,930
 MISDI Development		
Carrying amount at beginning of year	8,261	11,182
Additions	69,060	-
Depreciation	6,373	2,920
Carrying amount at end of year	70,948	8,261

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	31-Dec-06 (\$)	31-Dec-05 (\$)
<u>Note 8. Trade and other payables</u>		
Current		
Creditors and Accruals	890,391	488,945
GST Payable(Net)	65,316	67,374
Pre-payments - ACIAR Project Philippines	-	90,350
Pre-payments - Dairy Express (NSW)	180,817	209,111
Pre-payments - Dairy Express (QLD)	56,461	59,160
Pre-payments - Other	-	
Pre-payments - Membership	25,000	25,000
Total Payables	<u>1,217,984</u>	<u>939,939</u>

Note 9. Provisions

Current		
Annual Leave	573,586	525,321
Long Service Leave	71,422	57,008
Total Current Provisions	<u>645,008</u>	<u>582,329</u>

Non-current

Long Service Leave	661,394	654,353
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Leave provisions	Annual leave	Long service leave	Total
Opening balance at 1 January 2006	525,321	711,361	1,236,683
Additional provisions raised during the year	<u>48,265</u>	<u>21,454</u>	<u>69,719</u>
Ending Balance at December 31, 2006	<u>573,586</u>	<u>732,816</u>	<u>1,306,402</u>

Note 10. Retained profits

Retained profits at the beginning of the year	6,290,799	5,641,572
Net profit attributed to members	389,054	649,226
Retained profits at the end of the year	<u>6,679,853</u>	<u>6,290,799</u>

Note 11. Auditor's remuneration

Amount due and paid to the auditor of the company for Audit of the accounts	15,500	12,500
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Note 12. Remuneration of directors

a) In respect of the year ending December 31, 2006, less than \$10,000 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 \$153,700

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
A.C.N. 058 555 632

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	31-Dec-06 (\$)	31-Dec-05 (\$)
<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	557,794	413,381
Balance Sheet Items;		
Trade Creditor (Parent Entity)	30,830	79,878
<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.		
<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	349,319	305,391
Term Deposits and Bank Bills	4,265,483	4,758,134
Total	<u>4,614,803</u>	<u>5,063,525</u>
(ii) Reconciliation of net cash flow provided by operating activities to profit from ordinary activities.		
Profit from ordinary activities	389,054	649,226
Add / (less) non-cash items:		
Depreciation and Amortisation	343,746	337,785
Movement in Employee Provisions	69,719	66,422
Increase / (Decrease) in Provision for Doubtful Debts	(17,792)	12,165
Net cash provided by operating activities before changes in assets and liabilities	<u>784,728</u>	<u>1,065,598</u>
Change in assets and liabilities during the financial year		
(Increase) / Decrease in Receivables	183,866	(241,309)
Increase / (Decrease) in Payables	283,132	(159,508)
Increase / (Decrease) in Other Provisions	(2,932)	2,932
(Increase) / Decrease in Share price adjustment	-	(29,457)
Net cash provided by operating activities	<u>1,248,793</u>	<u>638,257</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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		
2006						
Cash	5.74%	1,561,359	3,053,444			4,614,803
Receivables					1,227,058	1,227,058
Other financial assets					166,355	166,355
Financial Liabilities						
Payables					1,217,984	1,217,984
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

(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) 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 fair value approximates their carrying value.

The aggregate 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 2006 (nil 2005).

End of audited financial report

AGRICULTURAL BUSINESS RESEARCH INSTITUTE**A.C.N. 058 555 632****ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

	31-Dec-06	31-Dec-05
Income		
Fees and Charges	6,618,999	6,455,545
Interest Earned	308,395	273,611
Profit on sale/revaluation of assets	30,365	2,200
Dividends Received	7,266	8,120
Total Income	6,965,025	6,739,476
Expenditure		
Administration	30,000	59,903
Assets <\$750	13,998	42,207
Analysis Machine	31,356	58,389
Audit Charges	15,220	12,500
Bad Debts and Provisions for Bad Debts	34,731	44,710
Bank Charges	7,712	7,430
Bottles, Caps etc.	22,894	21,493
Computer Costs	94,725	96,121
Consultant Costs	455,237	336,858
Contractors	37,914	48,826
EID Costs	17,568	10,887
Data Purchases	150	-
Depreciation and Amortisation	343,746	337,785
Directors Fees	6,800	4,800
Egg Sample Testing	156	-
Foreign Ex. - Losses / (Gains)	18,751	10,164
Functions and Seminars	28,844	14,833
Gas and Electricity	36,280	33,416
General Expenses	31,511	47,729
Insurance	14,449	18,680
Lab Expenses	27,790	5,552
Legal Costs (incl. provision)	21,647	12,833
Motor Vehicle Expenses	80,333	68,467
Office and Lab Rental	44,693	39,066
Office Supplies	74,736	54,127
Office & Lab Cleaning	11,653	11,194
Photocopying	45,363	37,174
Postage and Freight	355,595	335,178
Printing - Forms	56,138	39,049
Printing - Promotional Items	4,964	971
Promotion and Advertising	75,956	68,429
Provisions - Leave Entitlements	69,719	66,241
Rebate - Dairy Express	40,435	18,117
Repairs and Maintenance	21,882	20,507
Repairs HR Equipment	44,199	25,720
Royalties	105,271	94,223
Superannuation (incl. provision)	360,616	287,534
Telecommunications	120,892	137,029
Travel and Accommodation	252,801	178,692
Wages - Payroll Tax	210,302	193,324
Wages - Workers Compensation	34,570	35,214
Wages and Salaries	3,256,021	3,106,932
Wages Fringe Benefits Tax	8,870	8,112
Water / Waste Rates	9,483	10,377
Loss on sale/revaluation of assets	-	29,457
	6,575,971	6,090,250
Net Operating Profit Transferred	389,054	649,226

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

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2006**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

INTERNATIONAL LIVESTOCK RESOURCES AND INFORMATION CENTRE LTD

To Members of the New South Wales Parliament

Audit Opinion

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

- the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 30 June 2006 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* (the PF&A Act) 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 30 June 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with both 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 FCPA
Director, Financial Audit Services

SYDNEY

20 October 2006

DIRECTORS' REPORT

Your directors submit their report, together with the financial report of the company for the year ended 30 June, 2006

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
Warren CLARK

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 \$153,341 (2005:\$429,023)
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 2006/2007.

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

Resigned effective Sept 05

Name: **Bruce James STANDEN**
Qualifications: MAgEc (UNE), 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

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

Resigned effective June 06

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

Resigned effective Sept 05

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

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 years 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

Resigned effective Jan 06

Name:

Warren CLARK

Experience:

Warren Clark has many years experience in the Beef industry being involved in most levels of the production chain. Representing the Australian Registered Cattle Breeders Association (ARCBA) on the ILRIC Board, Mr Clark is the GM of the Australian Poll Hereford Society. He is a Chartered Accountant and has been involved in the Finance & Accounting sectors for over 20 years. He has extensive experience in the areas of small/medium business and the public practice sector.

Board member appointed 16/2/2006

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 2006 three directors' meetings were held. Attendance at the meetings was as follows:

Directors' Name	Directors' Meetings	
	Eligible to Attend	Attended
Phillip Arthur RICKARDS (OAM)	3	3
Lancelot Peter LLOYD	3	2
James Baber ROWE	0	0
Bruce James STANDEN	3	3
Bruce Francis CHICK	3	2
Graeme Allan DENNEHY	3	3
Bernard Michael BINDON	0	0
Hans Ulrich GRASER	3	3
John THOMPSON	3	1
Graham Carl TRUSCOTT	1	0
Warren CLARK	2	1
Guillaume John STASSEN	3	3

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:

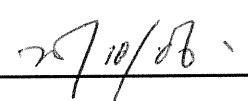
- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, or auditor including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer,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

AUDITOR INDEPENDENCE DECLARATION


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

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


Phillip Arthur RICKARDS (OAM)


Dated


Guillaume John STASSEN


Dated



GPO BOX 12
Sydney NSW 2001

To the Directors
International Livestock Resources and Information Centre Ltd

Auditor's Independence Declaration

As auditor for the audit of International Livestock Resources and Information Centre Ltd for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

R Hegarty FCPA
Director, Financial Audit Services

20 October 2006
SYDNEY

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 2006;
- (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.



Phillip Arthur RICKARDS (OAM)

Guillaume John STASSEN

Date

DIRECTORS' DECLARATION

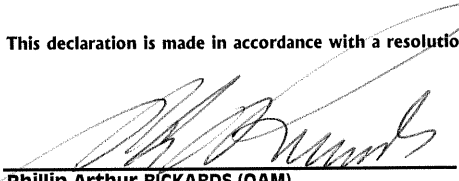
In the opinion of the directors, the financial statements set out in the Statement of Financial Position, Statement of Financial Performance and Statement of Cash Flows and notes to the financial statements:

- (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, 2006 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)


Dated


Guillaume John STASSEN


Dated

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

**INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2006**

	NOTE	30-Jun-06 (\$)	30-Jun-05 (\$)
Revenue from continuing activities	2	1,719,697	1,709,545
Employee expenses		227,586	213,326
Consultancy and contractor costs		47,153	72,043
Motor vehicle expenses		13,165	9,587
Project Claims		1,150,227	873,784
Travel and accommodation		28,585	27,528
Other expenses from continuing activities		99,639	84,252
Total expenses		1,566,355	1,280,522
Net Profit from continuing activities attributable to members	8,3	153,341	429,023

The Income Statement 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

**BALANCE SHEET
AS AT JUNE 30, 2006**

	NOTE	30-Jun-06 (\$)	30-Jun-05 (\$)
CURRENT ASSETS			
Cash and cash equivalents	11	923,129	808,394
Trade and other receivables	4	15,050	96,816
Total Current Assets		938,178	905,210
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	53,178	58,604
Total Non-current Assets		53,178	58,604
TOTAL ASSETS		991,356	963,814
CURRENT LIABILITIES			
Trade and other payables	6	97,253	229,825
Provisions	7	24,601	17,828
Total Current Liabilities		121,854	247,653
TOTAL LIABILITIES		121,854	247,653
NET ASSETS		869,502	716,161
EQUITY			
Retained Profits	8	869,502	716,161
TOTAL EQUITY		869,502	716,161

The Balance Sheet is to be read in conjunction with the Notes to
the Financial Statements

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2006**

	NOTE	30-Jun-06 (\$)	30-Jun-05 (\$)
<u>Cash Flows from Operating Activities</u>			
Cash receipts from customers		1,698,511	1,725,790
Cash payments to suppliers and employees		(1,603,125) 95,386	(1,274,534) 451,256
Interest received		34,783	27,899
Net cash provided by operating activities	11	130,169	479,155
<u>Cash Flows from Investing Activities</u>			
Payments for property, plant and equipment		(15,434)	(50,053)
Net cash used in investing activities		(15,434)	(50,053)
Net increase in cash held		114,735	429,101
Cash at the beginning of the financial period	11	808,394	379,293
Cash at the end of the financial period	11	923,129	808,394

The Cash Flow Statements 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 CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2006**

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2004	287,138	287,138
Profit attributable to members of entity	429,023	429,023
Balance at 30 June 2005	716,161	716,161
Profit attributable to members of entity	153,341	153,341
Balance at 30 June 2006	869,502	869,502

**The Cash Flow Statements is to be read in conjunction with the Notes to
the Financial Statements**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2006

Note 1. Summary of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, the requirements of the Public Finance and Audit Act 1983 and the Finance and Audit Regulations 2000.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in its entirety.

This financial report has been authorised for issue by the Board on September 27, 2006.

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

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

International Livestock Resources and Information Centre Ltd has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of International Livestock Resources and Information Centre Ltd to be prepared in accordance with AIFRS.

The accounting policies set out below have been consistently applied to all years presented. 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 profit for 30 June 200

b) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related oncosts. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. The company has presently not made any provision for long service leave as the directors believe it is not probable that payment will be required at balance date due to current length of service of employees.

Sick Leave

The company 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

Each class of property, plant and equipment is carried at cost, any accumulated depreciation and impairment losses.

Plant and 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 for non-for-profit-entities is assessed on the basis of the current replacement cost discounted to current asset condition.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. 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%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

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 the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of plant and equipment for non-for-profit entities is the current replacement cost discounted to current asset condition.

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 and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

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 and partner contribution income

Grant and partner contribution 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.

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.

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, 2006 there were eleven members.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2006**

Note 1. Summary of Significant Accounting Policies (continued)

	30-Jun-06 (\$)	30-Jun-05 (\$)
<i>Note 2. Revenue from ordinary activities</i>		
Description		
Grant Income	1,466,000	1,473,000
Partners Contributions	138,865	200,499
Misc. Income	78,366	5,975
Interest Income	36,466	30,071
Total Revenues	<u>1,719,697</u>	<u>1,709,545</u>

Note 3. Profit from ordinary activities

Operating profit is determined after charging as expenses;

Depreciation property plant and equipment	20,860	11,376
Amounts set aside to Provisions:-		
Annual Leave	6,773	5,055

Note 4. Receivables

Current

Trade Debtors - General	6,486	20,270
Less: Provision for Doubtful Debts	-	-
	<u>6,486</u>	<u>20,270</u>
Accrued Income	8,564	76,547
GST Receivable	-	-
Total Current Receivables	<u>15,050</u>	<u>96,816</u>

Note 5. Property, Plant and Equipment

Plant and Equipment - at cost	88,369	72,935
Less: Accumulated Depreciation	35,192	14,332
Total Property, Plant and Equipment	<u>53,178</u>	<u>58,604</u>

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	58,604	19,927
Additions	15,434	50,053
Disposals	-	-
Depreciation	20,860	11,376
Carrying amount at end of period	<u>53,178</u>	<u>58,604</u>

Note 6. Payables

Current

Creditors and Accruals	95,757	213,142
GST Payable	1,496	16,682
Total Payables	<u>97,253</u>	<u>229,825</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2006**

	30-Jun-06 (\$)	30-Jun-05 (\$)
<i>Note 7. Provisions</i>		
Current		
Employee benefits	24,601	17,828
Total Current Provisions	<u>24,601</u>	<u>17,828</u>
Number of employees		
Number of employees at year end	4	4
Movements in Provisions		
Employee benefits - opening balance at 1 July 2005	17,828	
Additional provisions raised during the year	6,773	
Amounts used	<u>-</u>	
Employee benefits - balance at 30 June 2006	<u>24,601</u>	
<i>Note 8. Retained Profits</i>		
Retained profits at the beginning of the period	716,161	287,138
Net profit attributed to members	<u>153,341</u>	<u>429,023</u>
Retained profits at the end of the period	<u>869,502</u>	<u>716,161</u>
<i>Note 9. Auditor's Remuneration</i>		
Amount due and paid to the auditor of the company for audit of the accounts	<u>5,500</u>	<u>6,250</u>
<i>Note 10. Remuneration of Directors</i>		
a) In respect of the year ending 30 June, 2006, less than \$20,000 was paid to Directors to meet the cost of attending board meetings.		
b) Key Management Personnel Compensation		
	Short-term Benefits	
	Salary & Fees	Superannuation
	\$	\$
2006		
Total compensation	144,977	13,048
2005		
Total compensation	130,502	11,745
<i>Note 11. Reconciliation of Cash</i>		
(i) Reconciliation of Cash		
Cash as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as		
Cash at Bank and Cash Management Account	923,129	808,394
Total	<u>923,129</u>	<u>808,394</u>
(ii) Reconciliation of net cash provided by operating activities to profit from ordinary activities		
Profit from ordinary activities	153,341	429,023
Add / (less) non-cash items:		
Movement in Employee Provisions	6,773	5,055
Depreciation	20,860	11,376
Net cash provided by (or used in) operating activities before changes in assets and liabilities	<u>180,974</u>	<u>445,454</u>
Change in assets and liabilities during the financial year		
(Increase) / Decrease in receivables	81,766	(23,349)
Increase / (Decrease) in payables	<u>(132,572)</u>	<u>57,049</u>
Net cash provided by operating activities	<u>130,168</u>	<u>479,154</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2006

30-Jun-06
(\$)

30-Jun-05
(\$)

Note 12. Financial Instruments

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the company's operations.

The company does not have any derivative instruments at 30 June 2006.

(i) Treasury Risk

The Board and Executive of the company do not believe they have any significant treasury risk. Cash is held in bank accounts and not diversified.

(ii) Financial Risks

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The company does not have any borrowings. Cash is held in bank accounts, which the Company believes has an acceptable interest rate.

Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash balances are maintained.

Credit risk

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

The company has credit risk exposure with regard to trade debtors owed by related parties of the company. The company believes these debtors are collectable and the related parties have sufficient funds to meet debt obligations.

Price risk

The company is not exposed to any material commodity price risk.

(b) 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:

2006		Fixed Interest Maturing in:					Total
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	
Cash and cash equivalents	5.80%	923,129	0	0	0	0	923,129
Trade and other receivables		0	0	0	0	15,050	15,050
Financial Liabilities							
Trade and other payables		0	0	0	0	97,253	97,253
2005							
Cash and cash equivalents	5.67%	808,394	0	0	0	0	808,394
Trade and other receivables		0	0	0	0	96,816	96,816
Financial Liabilities							
Trade and other payables		0	0	0	0	229,825	229,825

(c) Net Fair Values

For assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2006

30-Jun-06
(\$)

30-Jun-05
(\$)

Note 13. Related Party Transactions

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 \$11,874 (2005: \$27,617) and Project Claims \$355,349 (2005: \$ 299,969).

Cash contributions to the Company \$60,000 (2005: \$59,806).

Total Payable to related party as at 30 June 2006 \$32,983 (2005: \$0).

Total receivable from related party as at 30 June 2006 \$20,000 (2005: \$1,854).

University of New England

Payments for Secretarial, Consultancy services and other services \$36,493 (2005: \$93,607).

Total Payable to related party as at 30 June 2006 \$1,757 (2005: \$125,096).

Cash contributions to the Company \$41,636 (2005: \$107,493).

Total receivable from related party as at 30 June 2006 \$18,500 (2005: \$ 0).

Veterinary Health Research Pty Ltd ("VHR")

Payments for Project Claims \$6,988 (2005: \$6,988).

Cash contributions to the Company \$4,446 (2005: \$2,200).

Total receivable from related party as at 30 June 2006 \$4,891 (2005: \$2,420).

Animal Genetics and Breeding Unit ("AGBU")

Payments for Project Claims \$89,146 (2005: \$153,839).

Cash contributions to the Company \$29,000 (2005: \$29,000).

Ultimate Parent Entity

The ultimate parent entity of the Company is the University of New England.

Note 14. Change In Accounting Policy

The following Australian Accounting Standards issued or amended but are not yet effective and which are applicable to the company have not been adopted

AASB Amendment	AASB Standard Affected	In Accounting Policy and Impact	Application Date of the Standard	Application Date for the Group
2005-5	AASB 1: First-time adoption of AIFRS	No change, no impact	1 January 2006	1 July 2006
	AASB 139: Financial Instruments: Recognition and Measurement			
2005-06	AASB 3: Business Combinations	No change, no impact	1 January 2006	1 July 2006
2005-9	AASB 132: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2006	1 July 2006
	AASB 139: Financial Instruments: Disclosure and Presentation	No change, no impact	1 January 2006	1 July 2006
2005-10	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2007	1 July 2007
	AASB 101: Presentation of Financial Statements			
	AASB 114: Segment Reporting			
	AASB 117: Leases			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2006

Note 14. Change In Accounting Policy (Continued)

AASB Amendment	AASB Standard Affected	in Accounting Policy and Impact	Application Date of the Standard	Application Date for the Group
	AASB 133: Earnings per share			
	AASB 1: First-time adoption of AIFRS			
	AASB 4: Insurance Contracts			
	AASB 1023: General Insurance Contracts			
	AASB 1038: Life Insurance Contracts			
New Standard	AASB 7: Financial Instruments: Disclosure	No change, no impact	1 January 2007	1 July 2007

All other pending standards issued between the previous financial report and the current reporting dates have no application to the company.

AASB Amendment	AASB Standard Affected
2004-3	AASB 1: First-time adoption of AIFRS
	AASB 101: Presentation of Financial Statements
	AASB 124: Related Party Disclosures
2005-1	AASB 139: Financial Instruments: Recognition and Measurement
2005-2	AASB 1023: General Insurance Contracts
2005-4	AASB 139: Financial Instruments: Recognition and Measurement
	AASB 132: Financial Instruments: Disclosure and Presentation
2005-9	AASB 4: Insurance Contracts
	AASB 1023: General Insurance Contracts
2006-1	AASB 121: The Effects of Changes in Foreign Exchange Rates
New Standard	AASB 119: Employee Benefits: December 2004

Note 15. Contingent Liabilities

There are no known contingent liabilities that would impact on the state of affairs of the Company or have a material impact on the financial report.

Note 16. After balance Date Events

There are no known after balance date events that would impact on the state of affairs of the Company or have a material impact on the financial report.

END OF AUDITED FINANCIAL STATEMENTS

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

**ADDITIONAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2006**

	30-Jun-06 (\$)	30-Jun-05 (\$)
Income		
Grant Income	1,466,000	1,473,000
Partners Contributions	138,865	200,499
Misc Income	78,366	5,975
Interest Income	36,466	30,071
Total Income	<u>1,719,697</u>	<u>1,709,545</u>
Expenditure		
Accounting	10,359	11,441
Audit Fees	5,500	6,250
Administration Charges	580	285
Cleaning Service	1,440	1,800
Capital Items - Small(Less Than\$750)	1,243	694
Computer Costs - Maint. & Cons	5,040	5,496
Consultant Fees	22,814	41,236
Depreciation	20,860	11,376
Functions & Seminars	1,473	5,955
Gas & Electric	500	600
General Expense	5,124	3,181
Graphic Design	2,860	7,335
Legal Expenses	6,851	1,830
Licenses & Fees	2,906	9,233
Motor Vehicle Expense	13,165	9,588
Office Supplies	1,851	3,971
Partners Project Claims	1,150,227	873,784
Photocopying	11,919	15,103
Postage & Freight	370	333
Printing & Advertising	19,352	9,301
Rent Expense	7,273	7,646
Repairs & Maintenance	380	98
Superannuation	22,162	16,747
Telecommunication	14,294	7,786
Travel - Air	9,555	13,407
Accommodation & Meals	15,982	11,157
Travel Other	3,048	2,965
Wages & Salaries	198,652	191,524
Wages Oncosts	3,803	5,344
Provision For Rec. Leave	6,773	5,055
	<u>1,566,355</u>	<u>1,280,522</u>
Net Operating Profit Transferred	<u>153,341</u>	<u>429,023</u>

The additional information does not form part of the audited Financial Statements

SUMMARY OF INCOME, COSTS AND MARGINS FOR ILRIC LTD
FOR THE PERIOD ENDED JUNE 30, 2006

		Jun-06	Jun-05
		\$	\$
RECEIPTS			
INTEREST INCOME		36,466	30,071
DEPT OF EDUCATION, SCIENCE & TRAINING		1,466,000	1,473,000
SUNDRY INCOME		78,366	2,635
REIMBURSED EXPENSE			3,340
PARTNERS CASH CONTRIBUTION :			
ABRI	60,000		
AGBU	29,000		
ANF	1,000		
IRF	2,783		
UNE	41,636		
VHR	4,446	138,865	200,499
		<hr/>	<hr/>
Total Receipts		1,719,697	1,709,545
Expenditure Type			
Accounting		10,359	11,441
Auditing		5,500	6,250
Administration Charges		580	285
Capital Items - Small(Less Than\$750)		1,243	694
Computer Costs - Maint. & Cons		5,040	5,496
Chairman - Travel		675	909
Cleaning Service		1,440	1,800
Consultant Fees		22,814	41,236
Depreciation		20,860	11,376
Functions & Seminars		1,473	5,955
Gas & Electric		500	600
General Expense		5,124	3,181
Graphic Design		2,860	7,335
Legal Expenses		6,851	1,830
Licenses & Fees		2,906	9,233
Motor Vehicle Expense		13,165	9,588
Office Supplies		1,851	3,971
Partners Project Claims			
ABRI	355,349		
AGBU	89,146		
ANF	0		
IRF	0		
Knowledge Warehouse	71,434		
Sirion	264,463		
UNE	362,848		
VHR	6,988	1,150,227	873,784
		<hr/>	<hr/>
Photocopying		11,919	15,103
Postage & Freight		370	333
Printing		427	2,078
Advertising/Sponsorships		18,925	7,223
Repairs & Maintenance		380	98
Rent Expense		7,273	7,646
Superannuation		22,162	16,747
Telecommunication		14,294	7,786
Travel - Air		8,880	12,498
Accommodation & Meals		15,982	11,157
Travel Other		3,048	2,965
Wages & Salaries		198,652	191,524
Wages Oncost		3,803	5,344
Provision For Rec. Leave		6,773	5,055
Total Expenses		<hr/> 1,566,355 <hr/>	<hr/> 1,280,522 <hr/>
Net Result - Profit / (Loss)		<hr/> 153,341 <hr/>	<hr/> 429,023 <hr/>

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 2006



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 2006 and its 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* (the PF&A Act) 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, accompanying notes to the financial statements and directors' declaration for the Company, for the year ended 31 December 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with both 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 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:

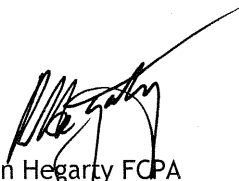
- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

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.

My Declaration of Independence dated 2 April 2007 would have been made on the same terms if it had been made at the date of this report.



Ron Hegarty FCPA
Director, Financial Audit Services

SYDNEY
9 April 2007

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 2006 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	Chair	Retired Accountant	9 September 2005	17/19
Roderick Watt	Director	Solicitor	9 September 2005	19/19
Adrian Robinson	Director	CFO	5 December 2005	17/19
Christopher Cull	Director	Consultant	21 September 2006	6/6
Catherine Millis	Director	Student	26 October 2006	4/4

The following Directors ceased office during the period and up to the date of this report:

Director	Position	Occupation	Cessation	Meetings attended during financial year
Andrew Murray	Director	Director	28 January 06	1/2
Amos Young	Director	Student	23 January 2007	3/4

Principle Activities

The principle activity of the Company is the provision of non-academic student services at the University of New England.

Results Of Operations

The Company recorded an operating surplus of \$1,649,324 for the year ended 31 December 2006, including a gain on the sale of Tattersall's Hotel of \$1,644,848. Excluding the gain on the sale of Tattersall's Hotel, the Company recorded an operating surplus of \$30,292.

Events Subsequent to Balance Date

Subsequent to the 31 December 2006, the Company entered into a lease agreement in relation to some of the food operations on campus.

Likely Developments

The company will continue to pursue its principal activities in 2007.

Dividends

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

SERVICES UNE LIMITED

ABN: 29 065 648 419

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 15.

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, nineteen meetings of Directors were 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;

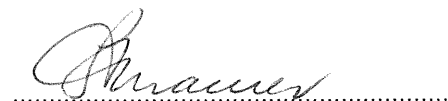
with the exception of the following matters.

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.

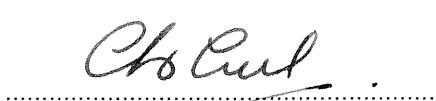
Auditors Independence Declaration

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

2nd Day of April 2007



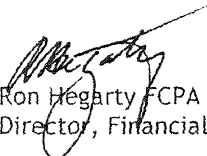
GPO BOX 12
Sydney NSW 2001

To the Directors
Services UNE Limited

Auditor's Independence Declaration

As auditor for the audit of Services UNE Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the independence requirements of the *Corporations Act 2001* in relation to the audit, and
- any applicable code of professional conduct in relation to the audit.



Ron Hegarty FCPA
Director, Financial Audit Services

2 April 2007
SYDNEY

SERVICES UNE LIMITED

ABN: 29 065 648 419

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 2006;
- b) financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, 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.



Director



Director

Dated at Armidale NSW
2ND Day of APRIL 2007

SERVICES UNE LIMITED

ABN: 29 065 648 419

DIRECTORS' DECLARATION

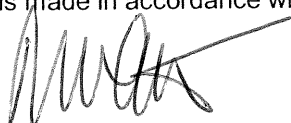
In the opinion of the directors of Services UNE Ltd:

- (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 2006 and of the performance for the year ended on that date of the Company; 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.

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) Cash reserves from the sale of Tattersall's Hotel effective 31 January 2006.
- (iii) UNE financial and in-kind support for non-commercial student services.

This declaration is made in accordance with a resolution of the directors.



Director



Director

Dated at Armidale NSW

.....Day of *June*..... 2007

SERVICES UNE LIMITED

ABN: 29 065 648 419

BALANCE SHEET **AS AT 31 DECEMBER 2006**

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	4	2,015,117	560,465
Trade and other receivables	5	142,711	204,593
Inventory	6	237,159	323,286
Other financial assets	7	<u>200</u>	<u>200</u>
		<u>2,395,187</u>	<u>1,088,544</u>
Non-current assets classified as held for sale	22	<u>0</u>	<u>1,005,557</u>
<u>TOTAL CURRENT ASSETS</u>		<u>2,395,187</u>	<u>2,094,101</u>
<u>NON-CURRENT ASSETS</u>			
Leasehold improvements	8	254,328	380,804
Motor vehicles	8	75,060	148,295
Plant and equipment	8	713,028	687,054
Intangible assets	9	<u>25,000</u>	<u>25,000</u>
		<u>1,067,416</u>	<u>1,241,153</u>
<u>TOTAL ASSETS</u>		<u>3,462,603</u>	<u>3,335,254</u>
<u>CURRENT LIABILITIES</u>			
Trade and other payables	10	259,147	753,288
Provisions	11	223,917	443,696
Secured bank loan	10	0	700,000
Lease liabilities	17	<u>34,437</u>	<u>34,486</u>
		<u>517,501</u>	<u>1,931,470</u>
<u>TOTAL CURRENT LIABILITIES</u>		<u>517,501</u>	<u>1,931,470</u>
<u>NON CURRENT LIABILITIES</u>			
Provisions	11	9,853	83,471
Lease liabilities	17	<u>60,951</u>	<u>95,339</u>
		<u>70,804</u>	<u>178,810</u>
<u>TOTAL NON CURRENT LIABILITIES</u>		<u>70,804</u>	<u>178,810</u>
<u>TOTAL LIABILITIES</u>		<u>588,305</u>	<u>2,110,280</u>
<u>NET ASSETS</u>		<u>2,874,298</u>	<u>1,224,974</u>
<u>EQUITY</u>			
Retained earnings		<u>2,874,298</u>	<u>1,224,974</u>
<u>TOTAL EQUITY</u>		<u>2,874,298</u>	<u>1,224,974</u>

The balance sheet is to be read in conjunction with the
notes to the financial statements.

SERVICES UNE LIMITED

ABN: 29 065 648 419

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
Retained Earnings		
Balance at beginning of year	1,224,974	0
Net profit attributable to members	1,649,324	1,224,974
Balance at 31 December	<u>2,874,298</u>	<u>1,224,974</u>

**The Statement of Changes in Equity 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 2006

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
Revenue from continuing operations	2	5,516,033	1,432,394
Business Combination		<u>0</u>	<u>1,227,523</u>
Total revenue		<u>5,516,033</u>	<u>2,659,917</u>
Cost of goods sold		1,903,894	442,164
Employee expenses		2,338,456	674,655
Depreciation expense		265,756	57,306
Lease expense		7,950	1,987
Finance costs		1,960	1,360
Other expenses		<u>967,725</u>	<u>233,395</u>
Total expenses		<u>5,485,741</u>	<u>1,410,867</u>
Profit/(Loss) from continuing operations before Income Tax Expense		<u>30,292</u>	<u>1,249,050</u>
Income Tax Expense relating to continuing operations	1(c)	<u>0</u>	<u>0</u>
Net Profit from continuing operations After Income Tax Expenses		<u>30,292</u>	<u>1,249,050</u>
Discontinued Operations			
Gain/(Loss) from discontinued operation	23	<u>1,619,032</u>	<u>(24,076)</u>
Net Profit attributable to members		<u>1,649,324</u>	<u>1,224,974</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 2006

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
Cash Flows from Operating Activities			
Cash receipts from membership fees		935,190	313,148
Receipts from customers		4,989,326	1,448,604
Interest received		132,588	3,070
Payments to suppliers and employees		(6,385,531)	(1,250,944)
Bank charges and interest expense		(27,580)	(19,064)
Grants		<u>(3,099)</u>	<u>(9,599)</u>
Net Cash provided by Operating Activities	18	<u>(359,106)</u>	<u>485,215</u>
Cash Flows from Investing Activities			
Acquisition of UNE Union - net cash acquired		0	154,658
Proceeds from sale of assets		2,675,825	
Payments for property plant and equipment		<u>(127,630)</u>	<u>(70,799)</u>
Net Cash used in Investing Activities		<u>2,548,195</u>	<u>83,859</u>
Cash Flows from Financing Activities			
Proceeds/(repayments) of borrowings		(700,000)	0
Proceeds/(repayments) Finance Leases		<u>(34,437)</u>	<u>(8,609)</u>
Net Cash by Finance Activities		<u>(734,437)</u>	<u>(8,609)</u>
Net Increase/(Decrease) in Cash Held		1,454,652	560,465
Cash at Beginning of the Reporting Period	18	<u>560,465</u>	<u>0</u>
Cash at End of the Reporting Period	18	<u>2,015,117</u>	<u>560,465</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 THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

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 2006 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.

Authorisation of the Financial Report

The financial report for the year ended 31 December 2006 was authorised for issue in accordance with a resolution of the Board on 29 March 2007.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Standards, other authoritative pronouncements of the Australian Accounting Standards Board, other State/Australian Government legislative requirements and the Public Finance and Audit Act 1983.

Compliance with IFRSs

The financial report has been prepared in accordance with Australian Standards, including Australian Accounting Interpretations. Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with international Financial Reporting Standard requirements.

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 THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

(d) Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases (note 17). 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 17). 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).

The recoverable amount of property, plant and equipment for non-for-profit entities is the current replacement cost discounted to current asset condition.

(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.

SERVICES UNE LIMITED
ABN: 29 065 648 419
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

(h) Trade and other 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.

(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

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.

Depreciation of property, plant and equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Leasehold improvements	2.00 – 20.00%
- Vehicles	15.00 – 27.00%
- Plant 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.

SERVICES UNE LIMITED
ABN: 29 065 648 419
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(l) Intangible assets

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 are expensed as incurred.

(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.

(q) 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.

(r) Comparative Figures

Where necessary certain comparatives have been adjusted in order to comply with the current year's presentation. Comparatives for 31 December 2005 were based on the period of operation from 1 October 2005 until December 2005, and therefore represent a 3 month operating period only.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
NOTE 2. REVENUE FROM CONTINUING OPERATIONS		
Sale of Goods	4,203,184	967,098
Rendering of Services	247,626	12,229
General Service Fees	935,190	449,997
Interest Received	132,588	3,070
Other revenue	2,272	0
Gain/(Loss) on sale of property plant & equipment	<u>(4,827)</u>	<u>0</u>
	<u>5,516,033</u>	<u>1,432,394</u>
NOTE 3. PROFIT FOR THE YEAR		
Profit from continuing operations has been arrived at after charging/(crediting) the following items:		
Depreciation expense	266,185	68,846
Provision for employee entitlements	0	44,783
Provision for Annual Leave	(42,482)	35,625
Provision for Long Service Leave	<u>(136,115)</u>	<u>8,027</u>
	<u>87,588</u>	<u>157,281</u>
NOTE 4. CASH AND CASH EQUIVALENTS		
Cash on Hand	14,573	29,814
Cash at Bank	195,274	530,651
Short Term Deposits	<u>1,805,270</u>	<u>0</u>
	<u>2,015,117</u>	<u>560,465</u>
NOTE 5. TRADE AND OTHER RECEIVABLES		
Trade Receivables	49,138	192,311
Allowance for Impairment Loss	(1,902)	(2,426)
Other Receivables	17,985	11,236
Prepaid Expenses	1,530	3,472
Other Accruals	<u>75,960</u>	<u>0</u>
	<u>142,711</u>	<u>204,593</u>
NOTE 6: INVENTORIES		
Stock on hand – At cost	241,584	327,711
Less: Provision for stock write-down	<u>(4,425)</u>	<u>(4,425)</u>
	<u>237,159</u>	<u>323,286</u>

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
NOTE 7. OTHER FINANCIAL ASSETS		
Unlisted shares - At cost	<u>200</u>	<u>200</u>

NOTE 8. PROPERTY, PLANT & EQUIPMENT

Plant and equipment - At cost	986,604	728,387
Less: Accumulated depreciation	<u>273,576</u>	<u>41,333</u>
	<u>713,028</u>	<u>687,054</u>
Leasehold improvements - At cost	269,090	389,086
Less: Accumulated depreciation	<u>14,762</u>	<u>8,282</u>
	<u>254,328</u>	<u>380,804</u>
Motor Vehicles – At cost	109,147	157,593
Less: Accumulated depreciation	<u>34,087</u>	<u>9,298</u>
	<u>75,060</u>	<u>148,295</u>

RECONCILIATIONS

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

Plant and Equipment

Carrying amount at beginning of year	687,054	0
Business combination	0	723,364
Other Additions	127,630	5,023
Re-classification of assets	130,587	0
Disposals	0	0
Depreciation	<u>(232,243)</u>	<u>(41,333)</u>
Carrying amount at end of year	<u>713,028</u>	<u>687,054</u>

SERVICES UNE LIMITED**ABN: 29 065 648 419****NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 (\$)	2005 (\$)
Leasehold improvements		
Carrying amount at beginning of year	380,804	0
Business Combination	0	355,719
Other Additions	0	33,367
Re-classification of assets	(117,324)	0
Depreciation	<u>(9,152)</u>	<u>(8,282)</u>
Carrying amount at end of year	<u>254,328</u>	<u>380,804</u>
Motor vehicles		
Carrying amount at beginning of year	148,295	0
Business Combination	0	157,593
Other Additions	0	0
Re-classification of assets	(13,263)	0
Disposals	(35,183)	0
Depreciation	<u>(24,789)</u>	<u>(9,298)</u>
Carrying amount at end of year	<u>75,060</u>	<u>148,295</u>

NOTE 9. INTANGIBLES

Australia Post Licence – At cost	<u>25,000</u>	<u>25,000</u>
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NOTE 10. TRADE AND OTHER PAYABLES

Trade Creditors and Accruals	259,147	753,288
NAB Market Rate Facility	0	200,000
NAB Secured Interest Only Loan	<u>0</u>	<u>500,000</u>
	<u>259,147</u>	<u>1,453,288</u>

NOTE 11. PROVISIONS**CURRENT**

Provision for Stamp Duty	0	32,676
Provision for Payroll Tax	0	37,342
Provision for Employee Entitlements	0	44,782
Provision for Annual Leave	94,701	137,183
Provision for Long Service Leave	<u>129,216</u>	<u>191,713</u>

	<u>223,917</u>	<u>443,696</u>
--	----------------	----------------

NON CURRENT

Provision for Long Service Leave	<u>9,853</u>	<u>83,471</u>
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Number of Employees

Number of employees at year-end	<u>59</u>	<u>94</u>
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SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
--	--	--

NOTE 12. AUDITOR'S REMUNERATION

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

Audit of the Accounts	11,900	7,500
Other Services	<u>0</u>	<u>0</u>
	<u>11,900</u>	<u>7,500</u>

NOTE 13. REMUNERATION OF DIRECTORS

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

<u>0</u>	<u>14,147</u>
----------	---------------

Number of directors whose income was within the following bands:

\$0 - \$9,999	6	20
---------------	---	----

NOTE 14. KEY MANAGEMENT PERSONNEL COMPENSATION

	Salary	Superannuation	Total
--	--------	----------------	-------

Compensation paid to key management personnel:

2006			
Total Compensation	105,092	14,908	120,000
2005			
Total Compensation	105,092	14,908	120,000

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.

i) Controlling Entities

University of New England (excluding General Service Fees)

Income Received	215,921	47,569
Payments Made	<u>(441,443)</u>	<u>(294,666)</u>
Net	<u>(225,522)</u>	<u>(247,097)</u>

Balance Sheet

Receivables	27,162	14,567
Payables	3,551	239,862

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

ii) Other Related Parties

Agricultural Business Research Institute

Income Received	-	-
Payments Made	<u>(8,000)</u>	<u>(2,200)</u>
Net	<u>(8,000)</u>	<u>(2,200)</u>
Balance Sheet		
Payables	667	1,466

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.

Ultimate Controlling Entity

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

NOTE 16. ECONOMIC DEPENDENCY

Under the present structure, the company is dependent upon the continued existence of the University of New England.

NOTE 17. CAPITAL AND LEASING COMMITMENTS

	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
(i) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable		
- not later than one year	93,416	81,760
- later than one year but not later than two years	95,284	81,760
- later than two years, but not later than five years	<u>105,303</u>	<u>177,147</u>
	<u>294,003</u>	<u>340,667</u>
(ii) Finance Lease Commitments		
Non-cancellable Finance leases contracted for and capitalised in the financial statements		
Payable		
- not later than one year	34,437	34,486
- later than one year but not later than two years	34,437	34,682
- later than two years, but not later than five years	<u>26,514</u>	<u>60,657</u>
	<u>95,388</u>	<u>129,825</u>

NOTE 18. 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	14,573	29,814
Cash at Bank	195,274	530,651
Short Term Deposits	<u>1,805,270</u>	<u>0</u>
	<u>2,015,117</u>	<u>560,465</u>

SERVICES UNE LIMITED
ABN: 29 065 648 419
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>2006</u> (\$)	<u>2005</u> (\$)
ii) Reconciliation of profit after income tax to net cash provided by operating activities.		
Net Profit/(Loss) attributable to members	1,649,324	1,224,974
Adjustment for:		
Depreciation	266,185	68,846
Impairment	(525)	346
Business Combination	0	(1,227,523)
Loss/(Gain) on disposal of Plant & Equipment	<u>(1,635,085)</u>	<u>0</u>
 Net cash provided by operating activities before changes in assets and liabilities	 (12,974)	 155,078
 Change in assets and liabilities during the financial year.		
(Increase)/Decrease in other assets	(4,203)	21,199
(Increase)/Decrease in trade and other receivables	66,610	(156,709)
(Increase)/Decrease in inventories	<u>86,127</u>	<u>55,388</u>
Increase/(Decrease) in trade and other payables	(494,141)	410,259
Increase/(Decrease) in provisions	<u>(293,398)</u>	<u>88,435</u>
 Net Cash Used in Operating Activities	 <u>(359,106)</u>	 <u>485,215</u>

iii) Financing Facility

A Bill facility of up to \$800,000, of which \$700,000 was in use at the start of the reporting period, was released on 1 February 2006.

NOTE 19. FINANCIAL INSTRUMENTS

a(i) Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 31 December 2006.

(i) Treasury Risk Management

The Company's Board does not believe they have any significant treasury risks.

(ii) Financial Risks

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Company's interest rate risk is limited to movements in interest rates on its cash and fixed term investments. The Company does not have any interest risk policies.

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, 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 receivable or group of receivables under financial instruments entered into by the company.

Price risk

The Company is not exposed to any material commodity price risk.

(ii) 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 effective weighted average interest rate on those financial assets and financial liabilities is set out below:

2006

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%	195,274	0	0	0	14,573	209,847
Term Deposits	6.1%	0	1,805,270	0	0	0	1,805,270
Receivables	0%	0	0	0	0	123,800	123,800
Financial Liabilities							
Payables	0%	0	0	0	0	259,147	259,147

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	0	0	0	29,814	560,465
Receivables	0%	0	0	0	0	189,885	189,885
Financial Liabilities							
Payables	0%	0	0	0	0	753,288	753,288
Commercial Mortgage	7.45%	200,000	0	0	0	0	200,000
Commercial Mortgage	7.65%	0	0	500,000	0	0	500,000

SERVICES UNE LIMITED
ABN: 29 065 648 419
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

(b) 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. CONTINGENT LIABILITIES

The company is currently negotiating the redundancy of 3 employees.

NOTE 21. EVENTS SUBSEQUENT TO BALANCE DATE

Services UNE has secured a Lease Agreement in relation to some of the food operations on campus.

NOTE 22. 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 at 31 January 2006. The assets have been recorded at written down value as follows:

	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
Tattersalls Hotel		
Land	0	550,000
Buildings	0	323,365
Plant and Equipment	0	60,862
Licence	<u>0</u>	<u>71,330</u>
	<u>0</u>	<u>1,005,557</u>

NOTE 23. DISCONTINUED OPERATION

On 31 January 2006, Services UNE Limited disposed of Tattersall's Hotel. The business of Tattersall's Hotel has been operating at a loss for the past 3 years, and the management made the decision in 2005 to sell Tattersall's in order to raise capital, allowing Services UNE to repay debts and fund core business activities. At 31 December 2005, Tattersall's Hotel was classified as an asset held for sale.

The results of Tattersall's Hotel for the period until disposal are presented below:

	<u>2006</u>	<u>2005</u>
Revenue from operations	55,609	379,280
Gain on disposal of Tattersall's Hotel	1,644,848	0
Expenses	<u>81,425</u>	<u>403,356</u>
Gross Profit/(Loss)	<u>1,619,032</u>	<u>(24,076)</u>

SERVICES UNE LIMITED

ABN: 29 065 648 419

NOTES TO AND FORMING PART OF THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 24. NEW AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

The following Australian Accounting Standards issued or amended which are applicable to the Company but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amend-ment	AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application Date of the Standard	Application Date for the Company
2005–10	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2007	1 July 2007
	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2007	1 July 2007
	AASB 114: Segment Reporting	No change, no impact	1 January 2007	1 July 2007
	AASB 117: Leases	No change, no impact	1 January 2007	1 July 2007
	AASB 133: Earnings per Share	No change, no impact	1 January 2007	1 July 2007
	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 January 2007	1 July 2007
	AASB 4: Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 1023: General Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 1038: Life Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 7: Financial Instruments: Disclosure	No change, no impact	1 January 2007	1 July 2007
New Standard				

SERVICES UNE LIMITED
ABN: 29 065 648 419
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

All other pending Standards issued between the previous financial report and the current reporting date have no application to the Company.

AASB

Amendment AASB Standard Affected

2004-3	AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards AASB 101: Presentation of Financial Statements AASB 124: Related Party Disclosures
2005-1	AASB 139: Financial Instruments: Recognition and Measurement
2005-2	AASB 1023: General Insurance Contracts
2005-4	AASB 139: Financial Instruments: Recognition and Measurement AASB 132: Financial Instruments: Disclosure and Presentation
2005-9	AASB 4: Insurance Contracts AASB 1023: General Insurance Contracts
2006-1	AASB 121: The Effects of Changes in Foreign Exchange Rates
New Standard	AASB 119: Employee Benefits: December 2004

NOTE 25. 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

END OF AUDITED FINANCIAL STATEMENTS

NATIONAL MARINE SCIENCE CENTRE PTY LTD
ACN: 092 754 222

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2006



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 the National Marine Science Centre Pty Ltd

Audit Opinion

In my opinion the financial report of the 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 2006 and its 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* (the PF&A Act) 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, accompanying notes to the financial statements and directors' declaration for the Company, for the year ended 31 December 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with both 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 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, FCPA
Director, Financial Audit Services

SYDNEY
27 April 2007

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 2006 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:

Professor P Clark
Professor H Ford
Professor J Graham
Mr W Grimshaw
Professor P Harrison
Councillor I Ovens
Professor A Pettigrew
Professor M Sedgley
Professor 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 recorded an operating profit of \$13,578 for the year ended 31 December 2006, (2005: profit \$137,599).

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 2006.

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 2007.

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/she has a substantial interest, with the exception of payments made to Directors in their occupations.

Directors and Auditors Indemnification

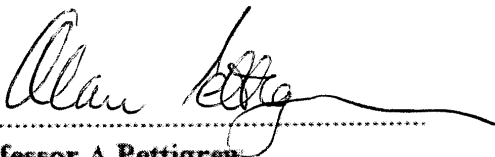
The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- 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.



Professor A Pettigrew
Director

26/4/2007



Professor J Graham
Director

26/4/2007




GPO BOX 12
Sydney NSW 2001

To the Directors
National Marine Science Centre Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the National Marine Science Centre Pty Ltd for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the independence requirements of the *Corporations Act 2001* in relation to the audit, and
- any applicable code of professional conduct in relation to the audit.


Ron Hegarty FCPA
Director, Financial Audit Services

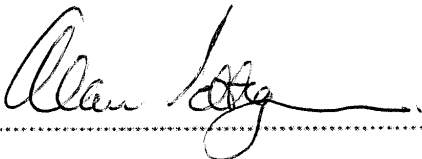
26 April 2007
SYDNEY

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of National Marine Science Centre Pty Ltd, 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 2006 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 and other mandatory professional reporting requirements;
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.



Professor A Pettigrew
Director
26/4/2007



Professor J Graham
Director
26/4/2007

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
<u>REVENUES FROM ORDINARY ACTIVITIES</u>			
Grant income		310,642	55,045
Contracted teaching		2,251,803	2,260,825
Interest received		25,090	16,772
Rental income		91,206	70,172
Trading & other income		70,747	163,239
Total revenue	14	<u>2,749,488</u>	<u>2,566,053</u>
<u>EXPENSES FROM ORDINARY ACTIVITIES</u>			
Administrative costs		32,045	46,605
Consumables		68,846	54,283
Depreciation		269,493	281,625
Publicity		21,589	20,979
Repairs and maintenance		102,267	89,299
Services		2,077,237	1,801,617
Travel and accommodation		83,946	53,697
Utilities		80,487	80,349
Total expenses	14	<u>2,735,910</u>	<u>2,428,454</u>
Operating result from ordinary activities before income tax		13,578	137,599
Income tax expense		<u>-</u>	<u>-</u>
Net operating result for the year	14	<u>13,578</u>	<u>137,599</u>

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

BALANCE SHEET

AS AT 31 DECEMBER 2006

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
<u>CURRENT ASSETS</u>			
Cash assets	2	1,475,322	340,996
Trade and other receivables	3	153,481	228,430
Financial assets	4	-	300,000
Other assets	5	<u>173,425</u>	<u>89,719</u>
TOTAL CURRENT ASSETS		<u>1,802,228</u>	<u>959,145</u>
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	6a	11,769,194	10,354,173
Investment properties	6b	<u>1,350,000</u>	<u>1,500,000</u>
TOTAL NON-CURRENT ASSETS		<u>13,119,194</u>	<u>11,854,173</u>
<u>TOTAL ASSETS</u>		<u>14,921,422</u>	<u>12,813,318</u>
<u>CURRENT LIABILITIES</u>			
Trade and other payables	7	<u>922,454</u>	<u>438,446</u>
TOTAL CURRENT LIABILITIES		<u>922,454</u>	<u>438,446</u>
<u>TOTAL LIABILITIES</u>		<u>922,454</u>	<u>438,446</u>
<u>NET ASSETS</u>		<u>13,998,968</u>	<u>12,374,872</u>
<u>EQUITY</u>			
Contributed equity	9	4	4
Retained earnings	9	10,962,566	10,948,988
Reserves	9	<u>3,036,398</u>	<u>1,425,880</u>
<u>TOTAL EQUITY</u>		<u>13,998,968</u>	<u>12,374,872</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 2006

	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
Total equity at the beginning of the financial year	<u>12,374,872</u>	<u>12,237,273</u>
Reserves	-	-
Gain on revaluation of land and buildings, net of tax	1,585,577	-
Gain on revaluation of infrastructure, net of tax	<u>24,941</u>	<u>-</u>
Net income recognised directly in equity	1,610,518	-
Operating result for the year	<u>13,578</u>	<u>137,599</u>
Total recognised income and expense for the year	1,624,096	137,599
Transactions with equity holders in their capacity as equity holders	<u>-</u>	<u>-</u>
Total equity at the end of the financial year	<u>13,998,968</u>	<u>12,374,872</u>
Total recognised income and expense for the year is attributable to:		
University of New England		
Income	1,374,744	1,283,027
Expenditure	1,367,955	1,214,227
Southern Cross University		
Income	1,374,744	1,283,027
Expenditure	1,367,955	1,214,227

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 2006

	<u>NOTE</u>	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		2,826,797	2,371,030
Cash payments in the course of operations		(1,638,678)	(2,239,744)
Interest received		<u>18,886</u>	<u>16,362</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	12(ii)	<u>1,207,005</u>	<u>147,648</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		7,863	39,839
Payments for property plant and equipment		<u>(80,542)</u>	<u>(109,138)</u>
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(72,679)</u>	<u>(69,298)</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		1,134,326	78,350
Cash and cash equivalents at the beginning of the financial year		<u>340,996</u>	<u>262,646</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	12(i)	<u><u>1,475,322</u></u>	<u><u>340,996</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 2006

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 Accounting Standards, 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.

Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with International Financial Standards requirements

The financial report for the year ended 31 December 2006 was authorised for issue in accordance with a resolution of the Board on 26 April 2007.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the Financial Report. The accounting policies have been consistently applied, unless otherwise stated.

C) COMPARATIVES

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

D) CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash at bank and in hand and short term 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 Property”. The independent valuation in December 2006 reported a \$150,000 write down to the fair value of the Units which was recorded in the income statement.

(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 2006 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 Statement 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) GST

Revenues, expenses and assets are recognised net of the amount of GST except: when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

L) NEW AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

- (i) The Company did not early adopt any new accounting standards that are not yet effective.
- (ii) The following new Accounting Standards have not been adopted and are not yet effective:
 - AASB 7 Financial Instruments: Disclosures (1 January 2007)
 - AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
 - Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies (1 March 2006)
 - Interpretation 8 Scope of AASB 2 (1 May 2006)
 - Interpretation 9 Reassessment of Embedded Derivatives (1 June 2006)
 - AASB Interpretation 10 Interim Financial Reporting and Impairment (1 November 2006)

The Company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

2006 **2005**

(\$) (\$)

NOTE 2. CASH ASSETS

Cash at bank	1,474,722	340,021
Cash on hand	<u>600</u>	<u>975</u>
	<u><u>1,475,322</u></u>	<u><u>340,996</u></u>

NOTE 3. TRADE AND OTHER RECEIVABLES

CURRENT

Trade Debtors	153,481	228,430
Less: Provision for doubtful debts	<u>-</u>	<u>-</u>
	<u><u>153,481</u></u>	<u><u>228,430</u></u>

NOTE 4. FINANCIAL ASSETS

CURRENT

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

NOTE 5. OTHER ASSETS

CURRENT

Accrued interest income	9,034	4,257
Other accrued income	<u>164,391</u>	<u>85,462</u>
	<u><u>173,425</u></u>	<u><u>89,719</u></u>

	<u>2006</u>	<u>2005</u>
	(\$)	(\$)
NOTE 6A. PROPERTY, PLANT & EQUIPMENT		
NON-CURRENT		
Land – At original cost	-	-
- At independent valuation	<u>1,500,000</u>	<u>1,500,000</u>
	<u>1,500,000</u>	<u>1,500,000</u>
Buildings – At original cost	-	-
- At independent valuation	9,639,000	8,363,151
Less: Accumulated depreciation	<u>-</u>	<u>(163,212)</u>
	<u>9,639,000</u>	<u>8,199,939</u>
Infrastructure- At independent valuation	246,000	236,849
Less: Accumulated depreciation	<u>-</u>	<u>(7,895)</u>
	<u>246,000</u>	<u>228,954</u>
Computer equipment - At original cost	197,801	149,223
Less: Accumulated depreciation	<u>(155,066)</u>	<u>(128,412)</u>
	<u>42,735</u>	<u>20,811</u>
Furniture & fittings – At original cost	171,480	168,405
Less: Accumulated depreciation	<u>(73,298)</u>	<u>(56,217)</u>
	<u>98,182</u>	<u>112,188</u>
Motor vehicle – At original cost	83,052	81,425
Less: Accumulated depreciation	<u>(17,972)</u>	<u>(11,489)</u>
	<u>65,080</u>	<u>69,936</u>
Plant & equipment – At original cost	391,985	383,572
Less: Accumulated depreciation	<u>(225,611)</u>	<u>(167,519)</u>
	<u>166,374</u>	<u>216,053</u>
Library collection – At original cost	8,332	8,332
Less: Accumulated Depreciation	<u>(2,873)</u>	<u>(2,040)</u>
	<u>5,459</u>	<u>6,292</u>
Works of Art – At Valuation	6,364	-
Total property, plant & equipment	<u>11,769,194</u>	<u>10,354,173</u>

<u>2006</u>	<u>2005</u>
(\$)	(\$)

NOTE 6B. INVESTMENT PROPERTIES

Investment units at independent valuation	1,500,000	1,500,000
Less: write down value of Units	(150,000)	-
	<u>1,350,000</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.

2006	Freehold Land	Buildings	Infrastructure	*Property, plant and equipment	Total	Investment Units
	\$	\$	\$	\$	\$	\$
Balance at beginning of the year	1,500,000	8,199,939	228,953	425,280	10,354,172	1,500,000
Additions	-	-	-	80,541	80,541	-
Dep. Write back on disp.	-	-	-	(6,407)	(6,407)	-
Adjustments	-	-	-	(137)	(137)	-
Revaluation adjustment	-	1,275,849	9,151	-	1,285,000	-
Write back Acc dep. on revaluation	-	309,727	15,790	-	325,517	(150,000)
Depreciation Expense	-	(146,515)	(7,894)	(115,083)	(269,492)	-
Carrying amount at end of the year	1,500,000	9,639,000	246,000	384,194	11,769,194	1,350,000

NATIONAL MARINE SCIENCE CENTRE PTY LTD
ACN. 092 754 222

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

2005	Freehold Land \$	Buildings \$	Infrastruct ure \$	* Property, plant and equipment \$	Total \$	Investment Units \$
Balance at beginning of the year	1,500,000	8,363,151	236,849	455,858	10,555,858	1,500,000
Additions	-	-	-	109,138	109,138	-
Disposals	-	-	-	29,199	29,199	-
Depreciation expense	-	(163,212)	(7,896)	(110,518)	(281,626)	-
Carrying amount at end of the year	1,500,000	8,199,939	228,953	425,280	10,354,172	1,500,000

*Property, plant and equipment includes all operational assets.

2006
(\$)

2005
(\$)

NOTE 7. TRADE AND OTHER PAYABLES

CURRENT

Trade creditors	192,988	171,980
Accrued expenses	729,451	262,740
Goods and services tax	15	3,726
	<u>922,454</u>	<u>438,446</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.

	<u>2006</u>	<u>2005</u>	
	(\$)	(\$)	
NOTE 9. EQUITY			
CONTRIBUTED EQUITY			
Ordinary Shares of \$ 1 fully paid :			
- 2 UNE Class	2	2	
- 2 SCU Class	<u>2</u>	<u>2</u>	
	<u><u>4</u></u>	<u><u>4</u></u>	
RETAINED EARNINGS			
Retained Earnings at beginning of the financial year	10,948,988	10,811,389	
Net Operating Result	<u>13,578</u>	<u>137,599</u>	
Retained Earnings at end of the financial year	<u><u>10,962,566</u></u>	<u><u>10,948,988</u></u>	
RESERVES			
Revaluation Reserve – Land	545,000	545,000	
Revaluation Reserve – Buildings	2,429,872	844,295	
Revaluation Reserve – Infrastructure	<u>61,526</u>	<u>36,585</u>	
Retained Earnings at end of the financial year	<u><u>3,036,398</u></u>	<u><u>1,425,880</u></u>	
MOVEMENTS IN RESERVES			
	Land	Buildings	Infrastructure
Balance at beginning of financial year	545,000	844,295	36,585
Increment/(decrement) in reserve	<u>-</u>	<u>1,585,577</u>	<u>24,941</u>
Balance at end of the financial year	<u><u>545,000</u></u>	<u><u>2,429,872</u></u>	<u><u>61,526</u></u>

NOTE 10. AUDITOR'S REMUNERATION

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

Audit services:

Fees paid to The Audit Office of NSW

- Audit and review of financial reports and other audit work under the *Public Finance and Audit Act, 1983 and the Corporations Act 2001*.

- IFRS Audit

Fees paid to David Knox May - Internal Audit Fees

9,200	8,850
770	-
<u>4,240</u>	<u>-</u>
<u><u>14,210</u></u>	<u><u>8,850</u></u>

Note 11. Remuneration of directors

In respect of the year ending 31 December 2006, no income was 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:

Professor P Clark
 Professor H Ford
 Professor J Graham
 Mr W Grimshaw
 Professor P Harrison
 Professor I Moses (resigned 07/01/06)
 Mr G Nehl (resigned 16/05/06)
 Councillor I Ovens
 Professor A Pettigrew (appointed 09/03/06)
 Professor M Sedgley
 Professor B Thom

<u>2006</u>	<u>2005</u>
(\$)	(\$)

NOTE 12. 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 at bank	1,474,722	340,021
Cash on hand	<u>600</u>	<u>975</u>
	<u><u>1,475,322</u></u>	<u><u>340,996</u></u>

	<u>2006</u>	<u>2005</u>
	(\$)	(\$)
ii) Reconciliation of operating profit after income tax to net cash provided by operating activities.		
Operating profit/(loss) for the year	13,578	137,599
<i>Add/(less) non-cash items:</i>		
Depreciation	269,493	281,625
Loss on disposal of fixed assets	-	4,813
Decrement on revaluation of fixed assets	150,000	-
Surplus on disposal of assets	(1,457)	(15,454)
Write back adjustment on asset	137	-
<i>Change in assets and liabilities during the financial year:</i>		
(Increase)/decrease in trade debtors	74,949	(151,878)
(Increase)/decrease in financial assets	300,000	(300,000)
Increase/(decrease) in GST payable	(3,710)	9,852
(Increase)/decrease in accrued income	(83,706)	(85,872)
Increase/(decrease) in trade creditors	21,008	24,372
Increase/(decrease) in accrued expenses	466,711	242,592
Net cash provided by operating activities	<u>1,207,005</u>	<u>147,648</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 2006

	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		
Financial Assets							
Cash	5.75%	1,475,322	-	-	-	-	<u>1,475,322</u>
Receivables	0%	-	-	-	-	153,481	<u>153,481</u>
	5.75 %	1,475,322	-	-	-	153,481	<u>1,628,803</u>
Financial Liabilities							
Payables	0%	-	-	-	-	922,454	<u>922,454</u>
Net Financial Assets	5.75 %	1,475,322	-	-	-	(768,973)	<u>706,349</u>

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	-	-	-	-	-	228,430	228,430
Financial Liabilities	5.00%	340,996	-	-	-	228,430	569,426
Payables	0%	-	-	-	-	438,446	438,446
Net Financial Assets	5.00%	340,996	-	-	-	(210,016)	130,980

(b) Credit risk exposures

The maximum exposure to credit risk 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 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 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 14. DETAILED INCOME STATEMENT

INCOME

	<u>2006</u> <u>(\$)</u>	<u>2005</u> <u>(\$)</u>
Grants		
Grant income	61,000	55,045
Other commonwealth grant	120,000	-
Research consultancy	<u>129,642</u>	<u>-</u>
	<u>310,642</u>	<u>55,045</u>
Contracted teaching		
Teaching component	2,162,469	2,168,940
Facility income higher degree students	13,750	55,000
Reimbursement received	<u>75,584</u>	<u>36,885</u>
	<u>2,251,803</u>	<u>2,260,825</u>
Interest		
Interest received	25,090	16,772
Rental		
Rental Income	91,206	70,172
Trading and other income		
Conference income	12,147	10,468
Donations & bequest	182	-
Photocopying	2,183	3,052
Prizes	12,000	12,000
Surplus on disposal of assets	1,457	15,454
Telephone revenue	6,370	5,518
Misc income	<u>36,408</u>	<u>116,747</u>
	<u>70,747</u>	<u>163,239</u>
Total revenue	<u>2,749,488</u>	<u>2,566,053</u>

	<u>2006</u> (\$)	<u>2005</u> (\$)
<u>EXPENSES</u>		
Administrative costs		
Insurance	1,342	7,902
Management fees	1,013	7,770
Post & telecommunications	<u>29,690</u>	<u>30,933</u>
	<u>32,045</u>	<u>46,605</u>
Consumables		
Computer equipment/software	5,855	8,220
Minor consumables	23,981	13,400
Minor equipment	30,594	25,750
Stationery	<u>8,416</u>	<u>6,913</u>
	<u>68,846</u>	<u>54,283</u>
Depreciation	269,493	281,625
Publicity		
Advertising & marketing	13,565	13,316
Entertainment	2,024	1,663
Prizes awarded	<u>6,000</u>	<u>6,000</u>
	<u>21,589</u>	<u>20,979</u>
Repairs & maintenance	102,267	89,299
Services		
Audit fees	14,210	8,850
Bank fees & taxes	391	250
Catering	13,945	20,235
Computer service costs	38,218	19,064
Conferences	8,641	2,692
Contract cleaning	26,886	26,002
Contract salaries - general	586,492	417,403
Hiring charges	8,401	9,744
Loss on disposal of fixed assets	-	4,813
Motor vehicle	24,361	17,518
Photocopying & equipment lease	16,720	18,240
Printing costs	5,130	3,280
Security services	4,192	3,927
Other misc expenses	6,422	10,368
Service, training & consultancy	58,533	20,561
Teaching costs	1,114,695	1,218,670
Write off in market value of the units for the year	<u>150,000</u>	<u>-</u>
	<u>2,077,237</u>	<u>1,801,617</u>

	<u>2006</u> (<u>\$</u>)	<u>2005</u> (<u>\$</u>)
Travel & accommodation	83,946	53,697
Utilities		
Electricity	58,155	57,634
Rates	8,481	10,559
Strata levy	<u>13,851</u>	<u>12,156</u>
	<u>80,487</u>	<u>80,349</u>
 Total expenses	 <u>2,735,910</u>	 <u>2,428,454</u>
 Net surplus/(deficit) transferred to balance sheet	 <u>13,578</u>	 <u>137,599</u>

NOTE 15. RELATED PARTY TRANSACTIONS

The following information is provided in relation to transactions that occurred with related parties in accordance with AASB 124 – 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>2006</u> (<u>\$</u>)	<u>2005</u> (<u>\$</u>)
University of New England		
Revenues and Expenses		
Income	906,233	1,131,213
Expenses	<u>456,604</u>	<u>584,346</u>
Net	<u>449,629</u>	<u>546,867</u>
 Balance Sheet		
Receivables	23,740	74,223
Payables	1,818	9,200
Share Capital	2	2

	<u>2006</u>	<u>2005</u>
	(\$)	(\$)

Southern Cross University

Revenues and Expenses

Income	1,222,050	1,150,949
Expenses	<u>1,240,540</u>	<u>1,025,210</u>
Net	<u>(18,490)</u>	<u>125,739</u>

Balance Sheet

Receivables	76,792	101,718
Payables	99,792	-
Share Capital	2	2

NOTE 16. CAPITAL AND OTHER COMMITMENTS

In addition, during 2006, NMSC entered into contracts for the following operating expenditures:

Not later than one year	1,548	-
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Capital commitments

As at 31 December 2006, NMSC had the following Capital Commitments:

Not later than one year	56,799	-
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End of Audited Financial Statements

