University of New England

ABN: 75 792 454 315
Financial Report
for the year ended
31 December 2011

INDEPENDENT AUDITOR'S REPORT

University of New England

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the University of New England (the University), which comprise the statement of financial position as at 31 December 2011, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the University and the consolidated entity, as at 31 December 2011, and of the financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010
- comply with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2011 Reporting Period' (the DEEWR Guidelines), issued by the Australian Government Department of Education, Employment and Workplace Relations (now administered by the Department of Industry, Innovation, Science, Research and Tertiary Education), 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.

University Council's Responsibility for the Financial Statements

The Council of the University is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the DEEWR Guidelines, and for such internal control as the Council determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the University or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

Steven Martin
Director, Financial Audit Services

20 April 2012
SYDNEY

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 2011.

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:

Professor James Barber - Vice Chancellor
Mr Archie Campbell
Dr Brian Denman
Mr Kevin Dupe'
Mr Robert Finch
Dr Geoffrey Fox
Miss Emma Gillogly
Dr James Harris
Dr Jack Hobbs
Professor Eilis Magner
Ms Jan McClelland
Ms Jennifer Miller
Ms Catherine Millis
Ms Gae Raby
Professor Margaret Sims
The Hon Dr Richard Torbay MP - Chancellor
Mr Scott Williams - Deputy Chancellor

Meetings of Members

The number of meetings of the members of the University of New England's Council, the Standing Committee of Council and other relevant Committees reporting to Council held during the year ended 31 December 2011, and the number of meetings attended by each member is attached.

Principal Activities

During the year the principal continuing activities of the consolidated entity 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 consolidated entity 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 consolidated entity, the results of those operations, or the state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The University's new Strategic Plan "Learning Without Limits" was adopted by Council during 2011, setting clear direction and focus. Two of its key tenets are to improve the quality of our courseware and deliver more of it to the growing online market and to re-invest in the Armidale on-campus experience and in research.

In December 2011, the Commonwealth Government awarded the University $36.6 million from its Structural Adjustment Fund. The funding, over three years, is aimed at assisting universities make the transition to the new student-demand-driven system to be introduced in 2012. It provides both capital and operational income to assist in delivering the imperatives of arresting years of decline in our market share and driving up our enrolments. Two key projects to be progressed under this funding are the establishment of a "Future Campus" at Parramatta to give students studying by distance education access to state-of-the-art learning technologies and opportunities to collaborate with peers and instructors; and, secondly, the redevelopment of UNE courseware for online delivery. Funding of $28.2 million is anticipated to flow in 2012.

Concerted efforts to improve the underlying operating performance and cash flow remain the highest priority; with significant emphasis on expenditure control and lifting revenues. The number of students is expected to again increase over 2011 as many new courses have been recently introduced and levels of enrolment for 2012 indicate that students have continued to respond very positively to them. We will continue the emphasis on reducing staff annual leave provisions and the focus on expenditure controls.

A major development thrust is underway to enhance growth in off campus students, as well as in higher degree by research fields. Commercial arrangements entered into in 2011 with Pearson Australia Group Pty Ltd are expected to lead to an increase in off-campus domestic students. Pearson will deliver a considerable increase in sales and marketing expenditure for UNE and further enhance our student retention performance. Pearson and UNE staff are also working collaboratively to further redevelop UNE courseware for on-line delivery.

An extensive capital works program is underway and the major projects are the Tablelands Clinical School and its associated GP Training Practice situated at the Armidale Hospital; the provision of a second fibre optic connection the IT network operated by AARNET; expansion of the animal house facilities; further progress with the enhancement of fire protection and compliance within the residential college system, as well as further investment to develop the IT network and data facilities.

Our desire is to distinguish ourselves as the nation's pre-eminent collegiate university, with the majority of our on-campus students residing in or affiliated with our unique residential college system. Five parties have submitted proposals for the redevelopment of Robb College, with the aim of constructing modern accommodation of 400 beds. We aim to conclude the commercial negotiations and commence work in 2012.

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:

COMMONWEALTH
National Greenhouse and Energy Reporting Act 2007
Clean Energy (Consequential Amendments) Act 2011
Carbon Credits (Consequential Amendments) Act 2011
Acts Interpretation Amendment Act 2011
National Greenhouse and Energy Reporting Amendment Act 2009
National Greenhouse and Energy Reporting Amendment Act 2008
Environment Protection and Biodiversity Conservation Act 1999

STATE – New South Wales
Catchment Management Authorities Act 2003
Contaminated Land Management Act 1997
Environmental Planning and Assessment Act 1979
Environmental Planning and Assessment Amendment Act 2008
Environmental Trust Act 1998 No 82
Environmentally Hazardous Chemicals Act 1985
Heritage Act 1977
Native Vegetation Act 2003
Noxious Weeds Act 1993

Environmental Regulation (continued)

Pesticides Act 1999
Protection of the Environment Operations Act 1997
Rural Fires Act 1997
Soil Conservation Act 1938
Threatened Species Conservation Act 1995
Waste Avoidance and Resource Recovery Act 2001
Water Management Act 2000
Water Management Amendment Act 2008
Water Management Amendment Act 2010
Water Management (General) Regulation 2011

LOCAL – Armidale Dumaresq Council
Armidale Dumaresq Local Environmental Plan 2008
Armidale Dumaresq DRAFT Liquid Trade Waste 2009

Insurance of Officers

The University obtains commercial insurance to indemnify persons who serve on University Boards and Committees and on Boards and Committees of all entities in the group. The annual premium of $34,000 for Directors and Officers Insurance covered the period 1 November 2010 to 31 October 2011. Insurance has been renewed for the period 1 November 2011 to 31 October 2012 at a cost of $30,600. Coverage also extends to University appointees who serve on the Boards of other entities, as designated representatives of the University and who are not otherwise indemnified.

Proceedings on behalf of the University

There are no material proceedings 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.

The Hon Dr R Torbay MP
Chancellor
Member of Council of the University of New England
Armidale NSW
19 April 2012

Council Meeting Attendance

The numbers of meetings of the members of the University of New England Council and each of the committee held during the year ended 31 December 2011, and the numbers of meetings attended by each Council member were:

Meetings of committees

Council Member	**Council Meetings**		**Standing ****		**Audit and Risk**		**Infrastructure**		**Finance**	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Professor James Barber	7	7			6	7	4	5	6	7
Mr Archie Campbell	7	7					5	5		
Dr Brian Denman	7	7			5	7				
Mr Kevin Dupe'	6	7								
Mr Robert Finch	6	7			7	7			7	7
Dr Geoffrey Fox	7	7							7	7
Miss Emma Gillogly	4	7								
Dr James Harris	6	7			6	7			6	7
Dr Jack Hobbs	7	7			7	7				
Professor Eilis Magner	7	7					5	5***	6	7****
Ms Jan McClelland	7	7			7	7				
Ms Jennifer Miller	7	7							7	7
Ms Catherine Millis	6	7								
Ms Gae Raby	6	7			6	7	4	5		
Professor Margaret Sims	7	7					4	5		
The Hon Dr Richard Torbay, MP	7	7			0 *	7	0 *	5	0 *	7
Mr Scott Williams	7	7			6	7	4	5	6	7

A = Number of meetings attended
B = Number of meetings held during the time the member held office or was a member of the committee during the year.

* The Chancellor is an ex officio position on all Committee's of Council and the Deputy Chancellor represents in this capacity at Audit and Risk, Infrastructure and Finance Meetings.

** Standing Committee of Council - No meetings were held during 2011. Issues were dealt with via flying minutes (16).

*** Deputy Chair of Academic Board attended as a representative for one of the meetings.

**** Deputy Chair of Academic Board attended as a representative for two of the meetings. No representative was provided for one meeting.

University of New England

FINANCIAL STATEMENT

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

1 The financial reports represent a true and fair view of the consolidated financial position of the University and its controlled entities at 31 December 2011 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 "Financial Statement Guidelines for Australian Higher Education Providers for the 2011 Reporting period" issued by the Australian Government Department of Education, Employment and Workplace Relations;

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 reports to be misleading or inaccurate;

5 There are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;

6 The amount of Commonwealth financial assistance expended during the reporting period was for the purpose(s) for which it was provided; and

7 The University has complied in full with the requirements of various programme guidelines that apply to the Commonwealth financial assistance identified in these financial reports.

The Hon Dr R Torbay MP
Chancellor

Professor J Barber
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
19 April 2012

Income Statement

For the year ended 31 December 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	124,980	106,792	124,980	106,792
HECS-HELP - Australian Government payments	3	41,008	37,070	41,008	37,070
FEE-HELP	3	3,546	2,890	3,546	2,890
State and local Government financial assistance	4	2,650	2,813	2,650	2,813
HECS-HELP - Student Payments		7,895	7,676	7,895	7,676
Fees and charges	5	44,331	40,841	37,975	35,064
Investment revenue	6	4,085	3,669	3,024	2,746
Royalties, trademarks and licences	7	243	87	243	82
Consultancy and contracts	8	472	380	472	380
Other Revenue	9	17,876	18,662	5,142	7,388
Total revenue from continuing operations		247,086	220,880	226,935	202,901
Gains on disposal of assets		102	60	101	60
Gains on disposal of financial assets		-	-	-	4,600
Other investment income	6	-	-	-	339
Other Income	9	25	39	5,490	799
Total income from continuing operations		247,213	220,979	232,526	208,699
Expenses from continuing operations					
Employee related expenses	10	140,075	133,666	130,147	124,316
Depreciation and amortisation	11	15,069	13,690	14,354	12,861
Repairs and maintenance	12	4,828	4,464	4,455	4,234
Borrowing costs	13	11	31	11	31
Impairment of assets	14	249	581	107	510
Losses on disposal of financial assets		-	672	-	-
Investment losses	6	289	210	-	-
Deferred Super expense *	10/40	521	424	521	424
Other expenses	15	73,683	68,058	67,637	63,062
Total expenses from continuing operations		234,725	221,796	217,232	205,438
Operating result attributable to members of the University of New England *	29(b)	12,488	(817)	15,294	3,261

* These results have been restated as a result of a change in accounting policy, refer Note 30.

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

Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	Consolidated		Parent entity	
		2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Operating result for the period		12,488	(817)	15,294	3,261
Gain (loss) on revaluation of property, plant and equipment		31,080	-	30,443	-
Gain (loss) on revaluation of works of art collection		-	210	-	210
Gain (loss) on value of available for sale financial assets,		(283)	37	826	858
Net Actuarial gain (loss) recognised in respect of Defined Benefit Superannuation Plans *		(4,044)	(1,392)	(4,044)	(1,392)
Total comprehensive income attributable to members of the University of New England		39,241	(1,962)	42,519	2,937

* These results have been restated as a result of a change in accounting policy, refer Note 30.

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

Statement of Financial Position
As at 31 December 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
ASSETS					
Current assets					
Cash and cash equivalents	**16**	65,790	48,612	51,622	34,634
Receivables	**17**	9,049	7,479	6,680	5,183
Inventories	**18**	437	452	121	170
Other financial assets	**19**	-	913	46	43
Other non-financial assets	**20**	5,869	6,142	5,418	5,699
Biological assets	**22**	726	700	726	700
Total current assets		81,871	64,298	64,613	46,429
Non-current assets					
Receivables	**17**	229,158	161,307	229,158	161,307
Other financial assets	**19**	4,594	3,400	4,108	3,327
Investments accounted for using the equity method	**21**	-	-	-	-
Property, plant and equipment	**23**	261,732	229,543	256,892	221,824
Intangible assets	**24**	4,147	5,123	3,444	4,361
Total non-current assets		499,631	399,373	493,602	390,819
Total assets		581,502	463,671	558,215	437,248
LIABILITIES					
Current liabilities					
Trade and other payables	**25**	5,848	760	4,721	38
Borrowings	**26**	73	232	73	232
Provisions	**27**	31,341	32,339	29,695	30,537
Other liabilities	**28**	17,303	15,815	15,869	14,237
Total current liabilities		54,565	49,146	50,358	45,044
Non-current liabilities					
Borrowings	**26**	46	1	46	1
Provisions	**27**	242,149	169,023	241,942	168,853
Other liabilities	**28**	-	-	-	-
Total non-current liabilities		242,195	169,024	241,988	168,854
Total liabilities		296,760	218,170	292,346	213,898
Net assets		284,742	245,501	265,869	223,350
EQUITY					
Parent entity interest					
Reserves	**29(a)**	52,414	22,561	52,866	21,693
Retained earnings	**29(b)**	232,328	222,940	213,003	201,657
Parent entity interest		284,742	245,501	265,869	223,350
Total equity		284,742	245,501	265,869	223,350

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 31 December 2011

	Consolidated			Parent entity		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2010	22,415	224,225	246,640	20,625	199,788	220,413
Retrospective changes	-	-	-	-	-	-
Balance as restated	22,415	224,225	246,640	20,625	199,788	220,413
Profit or loss	-	(817)	(817)	-	3,261	3,261
Revaluation of land and buildings	-	-	-	-	-	-
Revaluation of works of art collection	210	-	210	210	-	210
Gain/(Loss) on available for sale financial assets	37	-	37	858	-	858
Net gain/(loss) on defined benefit superannuation plans	-	(1,392)	(1,392)	-	(1,392)	(1,392)
Transfers to/(from) reserves	(101)	101	-	-	-	-
Other comprehensive income	-	823	823	-	-	-
Total comprehensive income	146	(1,285)	(1,139)	1,068	1,869	2,937
Distributions to owners	-	-	-	-	-	-
Contributions from owners	-	-	-	-	-	-
Balance at 31 December 2010	22,561	222,940	245,501	21,693	201,657	223,350
Balance at 1 January 2011	22,561	222,940	245,501	21,693	201,657	223,350
Profit or loss	-	12,488	12,488	-	15,294	15,294
Revaluation of land and buildings	31,080	-	31,080	30,443	-	**30,443**
Revaluation of works of art collection	-	-	-	-	-	-
Gain/(Loss) on available for sale financial assets	(283)	-	(283)	826	-	826
Net gain/(loss) on defined benefit superannuation plans	-	(4,044)	(4,044)	-	(4,044)	**(4,044)**
Transfers to/(from) reserves	(944)	944	-	(96)	96	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	29,853	9,388	39,241	31,173	11,346	42,519
Distributions to owners	-	-	-	-	-	-
Contributions from owners	-	-	-	-	-	-
Balance at 31 December 2011	52,414	232,328	284,742	52,866	213,003	265,869

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

Statement of Cash Flows

For the year ended 31 December 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Cash flows from operating activities					
Australian Government Grants	3i	169,589	143,898	169,589	143,898
OS-Help (net)	3i	66	5	66	5
Superannuation Supplementation	3i	-	-	-	-
State Government Grants		2,649	2,813	2,649	2,813
HECS-HELP - Student payments		7,895	7,676	7,895	7,676
Receipts from student fees and other customers		60,736	70,295	48,696	52,498
Dividends received		284	164	164	51
Interest received		3,441	3,661	2,653	2,939
Payments to suppliers and employees (inclusive of GST)		(214,227)	(224,678)	(203,192)	(208,619)
Interest and other costs of finance		(40)	(63)	(11)	(30)
GST recovered		3,282	3,859	3,062	3,672
Net cash provided by / (used in) operating activities	**37**	33,675	7,630	31,571	4,903
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		144	187	144	187
Payments for property, plant and equipment		(15,674)	(20,554)	(14,655)	(19,618)
Proceeds from sale of financial assets		238	4,600	-	4,600
Payments for financial assets		(1,090)	(973)	-	-
Repayment of loans by related parties		-	-	43	-
Net cash provided by / (used in) investing activities		(16,382)	(16,740)	(14,468)	(14,831)
Cash flows from financing activities					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		-	(13)	-	-
Repayment of finance leases		(115)	(382)	(115)	(382)
Other inflows/(outflows)		-	-	-	-
Net cash provided by / (used in) financing activities		(115)	(395)	(115)	(382)
Net increase / (decrease) in cash and cash equivalents		17,178	(9,505)	16,988	(10,310)
Cash and cash equivalents at the beginning of the financial year		48,612	58,117	34,634	44,944
Cash and cash equivalents at the end of the financial year		65,790	48,612	51,622	34,634

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

Contents of the notes to the financial statements

Notes to and forming part of the Financial Statements

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently applied for all years reported unless otherwise stated. The financial statements include separate statements for the University as the parent entity and the consolidated entity consisting of the University and its subsidiaries.

The principal address of the University is: University of New England, Armidale NSW 2351, Australia.

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards, AASB Interpretations, the requirements of the Department of Education, Employment and Workplace Relations and other State/Australian Government legislative requirements.

Compliance with IFRSs
The financial statements and notes of the University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

Date of authorisation for issue
The financial statements were authorised for issue by the members of the University Council on 19 April 2012.

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.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. There were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(b) Basis of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2011 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in the financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

(b) Basis of consolidation (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(iii) Joint Ventures

Joint Venture Operation
The Group has interests in Cooperative Research Centres (CRC) which requires the Group to contribute in cash and inkind based on the proportion of the interest the Group has in the CRC.

Contributions in cash and in-kind are expensed and included in the income statement. The Group's share of contributions are not included in the statement of financial position.

Joint Venture Entities

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the statement of comprehensive income and the statement of changes in equity. Details relating to the entity are set out in note 21.

(c) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operations ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is University's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Qualifying cash flow hedges and qualifying net investment hedges in a foreign operation shall be accounted for by recognising the portion of the gain or loss determined to be an effective hedge in other comprehensive income and the ineffective portion in profit or loss.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit and loss, are recognised in profit or loss as part of the fair values gain or loss. Translation differences on non-monetary financial assets are included in the fair value reserve in equity.

(d) 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 rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Government grants
The University generally treats operating grants received from Australian Government entities as income in the year of receipt.

Grants from the government are recognised at their fair value where the Group obtains control of the right to receive the grant, it is probable that economic benefits will flow to the Group and it can be reliably measured.

(ii) Student fees and charges
Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as income in advance. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

(iii) Fee paying student
Course income or fees are recognised in the financial statements using the 'Percentage of Completion' method described in AASB 118. At year-end a reliable estimate is made of the future costs to be incurred in the remainder of each student's enrolment term as the indicator of 'Percent Completion'. A corresponding proportion of enrolment fees is transferred to the liability 'Income received in advance'.

(iv) Government funded student
Revenue is recognised when students attain certain milestones or when certain eligibility criteria have been satisfied or the relevant services have been provided, which may coincide with the date of receipt.

(v) Annual enrolment fees
Fees and charges are recognised as income in the year when the relevant fee becomes payable.

(vi) Investment income
Interest income is recognised as it accrues. Dividend income is recognised when the dividend is declared by the investee.

(vii) Other revenue
Represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

(e) Income tax

The University is exempt from income tax under Commonwealth income tax legislation. The University does not anticipate adverse impacts arising from the current review of the taxation status of not-for-profit entities, since it does not deliver 'unrelated trading activities' as defined in the scope of the current review.

(f) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. 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 short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. 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 are 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 34). 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.

The Group does not receive any interest income from operating leases.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For statement of cash flows presentation purposes, 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.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 120 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. 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. Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an expense account and the amount of the loss is recognised in the income statement under note 14. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to Bad Debts Recovered in the income statement.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

(k) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At balance date, the Group held no assets in this category.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

(k) Investments and other financial assets (continued)

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement within other income or other expenses in the period in which they arise.

Fair Value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(l) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the balance date (Level 1). The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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.

Where it is not possible to determine fair value, the asset is recoded at cost.

(m) Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss. Cost to sell includes all cost that would be necessary to sell the assets.

(n) Property, infrastructure, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation which is considered to approximate fair value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the financial statements
31 December 2011
(continued)

(n) Property, infrastructure, plant and equipment (continued)

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.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are firstly recognised in other comprehensive income before reducing the balance of revaluation surpluses in equity, to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land, buildings under construction, rare books, museums/collections and selected Infrastructure assets are not subject to depreciation. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings 3 - 60 yrs,	Furniture and Fittings - 7-20 yrs,
Infrastructure 10 - 60 yrs,	Other Plant and Equipment - 5 - 15 yrs,
Computing Implementation Costs & Software - 10 yrs,	Computing Equipment / Software - 5 - 15 yrs,
Motor Vehicles - 5 yrs,	Biological Assets (NA)
Patents, Trademarks and Licences - 10 yrs,	Water License - Nil
Library Collection - 10 yrs,	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Land controlled by the University was revalued as at 31 December 2011 by Knight Davidson Broun Property Advisory.

Buildings controlled by the University were revalued as at 31 December 2011, by Global Valuation Services.

Infrastructure assets, existing at 31 December 2011, were revalued by Knight Davidson Broun Property Advisory.

Works of Art were revalued at 31 December 2010 by Hardy Fine Art Pty Limited.

The University's Rare Books Collection were revalued based on current market values at 31 December 2010 by Burnet's Books.

(o) Intangible assets

(i) Research and development
Expenditure on research activities is recognised in the income statement as an expense, when it is incurred.

(ii) Licences
Licences have an indefinite useful life and are not amortised. They are assessed for impairment annually and whenever there is an indication that the licences may be impaired, in accordance with note 1(g).

(p) Unfunded superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education, Employment and Workplace Relations (DEEWR), the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Income Statement and the Statement of Financial Position for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the Statement of Financial Position under Provisions have been determined by Pillar Administration and relates to the defined benefit superannuation plan's of State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS), State Authorities Non-Contributory Superannuation Scheme (SANCS) and the UNE Professorial Superannuation Fund. For details relating to methodology of measurement by the actuary and treatment of actuarial gains and losses, refer note 40.

Notes to the financial statements
31 December 2011
(continued)

(p) Unfunded superannuation (continued)

An arrangement exist between the Australian Government and the State Government to meet the unfunded liability for the University's beneficiaries of the State Superannuation Scheme, SSS and SASS, on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Statement of Financial Position under Provisions with a corresponding asset recognised under Receivables. The recognition of both the asset and the liability for these schemes consequently does not affect the year end net asset position of the University and its controlled entities. However , the Australian Government arrangement currently excludes SANCS. At balance date, an unfunded amount of $3.7m exist. The liability for this amount is included in provisions and the expense has been recorded as a superannuation expense.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) 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 removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date and does not expect to settle the liability for at least 12 months after the balance date.

(s) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(t) Employee benefits

(i) Wages and salaries
Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses due to be settled within 12 months after the end of the period are measure at the amount expected to be paid when the liability is settled and recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Annual leave and sick leave
The liability for long-term employee benefits such as annual leave and accumulated sick leave is measured at the amount expected to be paid when the liability is settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements
31 December 2011
(continued)

(t) Employee benefits (continued)

(iv) Retirement benefit obligations

All employees of the Group are entitled to benefits on retirement, disability or death from the Group's superannuation plan. The Group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the Group's plan.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, outside of the income statement, in the statement of comprehensive income.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Contributions to the defined contribution plan are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawl or providing termination benefits as result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(v) Key Management Personnel

For the Group, key management personnel are members of the University Council and persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

(w) Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars.

(x) Comparative amounts

Comparative figures have been reclassified and repositioned in the financial statement, where necessary, to conform with the basis of presentation and classification used in the current year.

(y) New standards and interpretations not yet adopted

AASB 9 Financial Instruments - December 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 13 Fair Value Measurement - September 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2013)

New standards and interpretations not yet adopted (continued)

AASB 1054 Australian Additional Disclosures - May 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments - May 2011 (Compilation)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Note 2. Disaggregated information

Geographical [Consolidated Entity]

	Revenue		Results		Assets	
	2011	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Australia	245,977	219,549	12,452	(852)	581,502	463,613
Asia	36	8	-	-	-	58
US/Canada	526	706	16	17	-	-
Unallocated	674	716	20	18	-	-
	247,213	220,979	12,488	(817)	581,502	463,671

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

	Notes	Consolidated		Parent entity	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
(a) Commonwealth Grant Scheme and Other Grants	41.1				
Commonwealth Grant Scheme #1		79,558	70,503	79,558	70,503
Indigenous Support Program		951	863	951	863
Partnership & Participation Program # 2		2,632	1,499	2,632	1,499
Disability Support Program		220	91	220	91
Capital Development Pool		4,875	306	4,875	306
Diversity and Structural Adjustment Fund #3		1,111	858	1,111	858
Improving the Practical Component of Teacher Education Initiative		-	-	-	-
Transitional Cost Program		145	55	145	55
Graduate Skills Assessment		-	-	-	-
Other		-	-	-	-
Total Commonwealth Grant Scheme and Other Grants		89,492	74,175	89,492	74,175
(b) Higher Education Loan Programs	41.2				
HECS-HELP		41,008	37,070	41,008	37,070
FEE-HELP #4		3,546	2,890	3,546	2,890
Total Higher Education Loan Programs		44,554	39,960	44,554	39,960
(c) Scholarships	41.3				
Australian Postgraduate Awards		2,304	2,050	2,304	2,050
International Postgraduate Research Scholarship		229	224	229	224
Commonwealth Education Cost Scholarships #5		615	(138)	615	(138)
Commonwealth Accommodation Scholarships #5		51	50	51	50
Indigenous Access Scholarships		82	98	82	98
Total Scholarships		3,281	2,284	3,281	2,284
(d) DIISR - Research	41.4				
Joint Research Engagement Program #6		2,965	3,072	2,965	3,072
Research Training Scheme		7,076	7,331	7,076	7,331
Research Infrastructure Block Grants		965	1,250	965	1,250
Implementation Assistance Program		-	45	-	45
Commercialisation Training Scheme		-	66	-	66
Sustainable Research Excellence in Universities		795	773	795	773
Total DIISR - Research Grants		11,801	12,537	11,801	12,537

Notes to the financial statements
31 December 2011
(continued)

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

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
(e) Voluntary Student Unionism	41.5				
VSU Transition Fund		-	-	-	-
Support for Small Businesses		-	-	-	-
Total VSU		-	-	-	-
(f) Other Capital Funding	41.6				
Better Universities Renewal Funding		-	-	-	-
Teaching and Learning Capital Fund		-	-	-	-
Total Other Capital Funding		-	-	-	-
(g) Australian Research Council	41.7				
***(i)* Discovery**	41.7(a)				
Project		825	701	825	701
Total Discovery		825	701	825	701
***(ii)* Linkages**	41.7(b)				
Projects		386	319	386	319
Total linkages		386	319	386	319
Total ARC		1,211	1,020	1,211	1,020
(h) Other Australian Government financial assistance					
Co-operative Research Centres		4,397	4,028	4,397	4,028
Other Research Financial Assistance		9,690	7,937	9,690	7,937
Non-Research Financial Assistance		5,108	4,811	5,108	4,811
Total other Australian Government financial assistance		19,195	16,776	19,195	16,776
Total Australian Government financial assistance		169,534	146,752	169,534	146,752

#1 Includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading , Maths and Science Transition Loading and Full Fee Places Transition Loading.
#2 Includes Equity Support Program.
#3 Includes Collaboration & Structural Adjustment Program.
#4 Program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP.
#5 Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.
#6 Includes Institutional Grants Scheme.

Reconciliation	Consolidated 2011	Consolidated 2010	Parent entity 2011	Parent entity 2010
Australian Government grants [a + c + d + e + f +g+h]	124,980	106,792	124,980	106,792
HECS-HELP payments	41,008	37,070	41,008	37,070
FEE-HELP payments	3,546	2,890	3,546	2,890
Total Australian Government financial assistance	169,534	146,752	169,534	146,752

(i) Australian Government Grants received - cash basis	Consolidated 2011	Consolidated 2010	Parent entity 2011	Parent entity 2010
CGS and Other DEEWR Grants	89,100	71,822	89,100	71,822
Higher Education Loan Programmes	45,001	39,459	45,001	39,459
Scholarships	3,281	2,283	3,281	2,283
DIISR research	11,801	12,537	11,801	12,537
Voluntary Student Unionism	-	-	-	-
Other Capital Funding	-	-	-	-
ARC grants - Discovery	825	701	825	701
ARC grants - Linkages	386	319	386	319
Other Australian Government Grants	19,194	16,776	19,194	16,776
Total Australian Government Grants received - cash basis	169,588	143,897	169,588	143,897
OS-HELP (Net)	66	5	66	5
Superannuation Supplementation	-	-	-	-
Total Australian Government funding received - cash basis	169,654	143,902	169,654	143,902

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Note 4. State and Local Government financial assistance					
State Government Financial Assistance for various purposes were received by the University during the reporting period		2,650	2,813	2,650	2,813
Note 5. Fees and charges					
Course fees and charges					
Fee-paying overseas students		13,209	11,694	13,209	11,694
Fee-paying domestic postgraduate students		2,712	3,021	2,712	3,021
Fee-paying domestic undergraduate students		311	255	311	255
Fee-paying domestic non-award students		172	161	172	161
Other domestic course fees and charges		8,108	7,294	1,752	1,517
Total course fees and charges		24,512	22,425	18,156	16,648
Other non-course fees and charges					
Amenities and service fees		479	408	479	408
Student service fees		43	60	43	60
Parking fees		240	226	240	226
Conference income		750	824	750	824
College Residential Rental		12,690	11,376	12,690	11,376
Other Fees and Charges		5,617	5,522	5,617	5,522
Total other fees and charges		19,819	18,416	19,819	18,416
Total fees and charges		44,331	40,841	37,975	35,064
Note 6. Investment revenue and income					
Interest		929	724	-	-
Investment Income		2,860	2,777	2,860	2,695
Dividend Income		296	168	164	51
Total investment revenue		4,085	3,669	3,024	2,746
Change in fair value of financial assets designated as at fair value through profit & loss		-	-	-	339
Change in fair value of financial assets classified as held for trading		-	-	-	-
Total other investment income		-	-	-	339
Change in fair value of financial assets designated as at fair value through profit & loss		289	210	-	-
Change in fair value of financial assets classified as held for trading		-		-	
Total other investment losses		289	210	-	-
Net investment income		(289)	(210)	-	339
Note 7. Royalties, trademarks and licences					
Royalties		183	64	183	59
Trademarks		-	-	-	-
Licences		25	1	25	1
Commission fees		35	22	35	22
Total royalties, trademarks and licences		243	87	243	82
Note 8. Consultancy and contracts					
Consultancy		140	160	140	160
Contract research		332	220	332	220
Total consultancy and contracts		472	380	472	380

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Note 9. Other revenue and income					
Other revenue					
Donations and bequests		1,014	989	136	102
Scholarships and prizes		7	45	7	45
Non-government grants		2,577	4,884	2,577	4,834
Sundry trading income		14,278	12,744	2,422	2,407
Total other revenue		17,876	18,662	5,142	7,388
Other Income					
Other income *		25	39	5,490	799
Total other income		25	39	5,490	799
Total other revenue and income		17,901	18,701	10,632	8,187

* Other income in the parent entity relates to the net assets of the University of New England Sports Association transfered to UNE on the close of business on 30th June 2011. These was eliminated on consolidation.

Note 10. Employee related expenses

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Academic					
Salaries		48,162	46,649	48,162	46,648
Contribution to funded superannuation and pension schemes		7,867	7,099	7,867	7,099
Payroll tax		3,286	3,204	3,286	3,204
Worker's compensation		291	458	291	458
Long service leave expense		1,009	1,273	1,009	1,273
Annual leave		4,008	2,855	4,008	2,855
Total academic		64,623	61,538	64,623	61,537
Non-academic					
Salaries		56,975	54,890	48,436	46,780
Contribution to funded superannuation and pension schemes		8,614	7,999	7,828	7,291
Payroll tax		3,714	3,638	3,286	3,246
Worker's compensation		323	491	291	469
Long service leave expense		1,159	1,401	1,062	1,290
Annual leave		4,550	3,516	4,528	3,537
Other (Allowances, penalties and fringe benefits tax)		117	193	93	166
Total non-academic		75,452	72,128	65,524	62,779
Total employee related expenses		140,075	133,666	130,147	124,316
Deferred superannuation expense *	40	521	424	521	424
Total employee related expenses, including deferred government employee benefits for superannuation		140,596	134,090	130,668	124,740

* Includes $244K (2010: $153K) of Professorial Superannuation Scheme and $277K (2010: $271K) of State Authorities Non-contributory Scheme.

As a result of the University's change in policy (refer Note 30), superannuation actuarial gains and losses are now recognised in other comprehensive income. Comparative figures for 2010 have been restated to reflect the change in policy. For 2010, the parent and consolidated entity's actuarial gains of $1,392K are now recognised in other comprehensive income.

Note 11. Depreciation and amortisation

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Depreciation				
Buildings	5,297	4,776	5,213	4,648
Infrastructure	650	606	640	579
Furnitures and Fittings	212	234	191	213
Plant and Equipment	1,733	1,429	1,533	1,197
Computer Equipment	1,842	1,371	1,818	1,342
Motor Vehicles	636	157	578	93
Library Collection	3,101	3,308	3,101	3,308
Total depreciation	13,471	11,881	13,074	11,380
Amortisation				
Intangibles	1,242	1,461	966	1,162
Leasehold improvements	42	30	-	-
Plant & equipment under finance leases	314	318	314	319
Total amortisation	1,598	1,809	1,280	1,481
Total depreciation and amortisation	15,069	13,690	14,354	12,861

Notes to the financial statements
31 December 2011
(continued)

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Note 12. Repairs and maintenance					
Buildings		610	1,056	610	1,056
Heritage Assets		6	35	6	35
Infrastructure		256	202	256	202
Library Collection		13	33	13	33
Plant/furniture/equipment		1,268	1,512	1,047	1,388
Contracts		1,934	1,976	1,934	1,976
Grounds		543	362	391	257
Computer Service Costs		198	788	198	787
Release of prior year repairs and maintenance provision		-	(1,500)	-	(1,500)
Total repairs and maintenance		4,828	4,464	4,455	4,234
Note 13. Borrowing costs					
Reconciliation of Finance costs					
Finance lease interest		11	31	11	31
Less : amount capitalised		-	-	-	-
Total borrowing costs expensed		11	31	11	31
Note 14. Impairment of assets					
Bad Debts		206	104	171	48
Doubtful debts		(60)	466	(64)	462
Impairment of Investments		103	11	-	-
Total impairment of assets		249	581	107	510
Note 15. Other expenses					
Scholarships, grants and prizes		8,783	8,085	8,794	8,138
Non-capitalised equipment		3,456	3,370	3,367	3,263
Advertising, marketing and promotional expenses		4,688	3,855	4,319	3,574
Utilities		6,128	5,125	5,609	4,882
Inventory Used		4,953	5,866	3,305	4,217
Postal and Telecommunications		1,954	2,508	1,424	2,010
Travel and Entertainment		6,131	6,173	5,672	5,735
Books, Serials and Other Library Media		3,530	3,329	3,443	3,304
Operating Lease Rental Charges		328	213	186	147
Consultants		8,515	6,891	7,642	6,401
External Contributions		3,407	2,620	3,895	2,620
Catering Services		4,033	3,346	3,950	3,304
Fees for Services		12,248	11,865	9,814	10,038
Asset derecognition		895	126	780	-
Loss on revaluation of asset		-	98	-	98
Foreign exchange loss		52	51	52	51
Other Expenditure		4,582	4,537	5,385	5,280
Total other expenses		73,683	68,058	67,637	63,062

Notes to the financial statements
31 December 2011
(continued)

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Note 16. Cash and cash equivalents	1(h)				
Cash on hand		15	15	2	1
Cash at bank		7,687	13,230	5,620	6,633
At call investments	1(k)	58,088	35,367	46,000	28,000
Total cash and cash equivalents		65,790	48,612	51,622	34,634

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:

Balances as above	65,790	48,612	51,622	34,634
Less: Bank Overdrafts	-	-	-	-
Balance per statement of cash flows	65,790	48,612	51,622	34,634

(b) Cash at bank and on hand

These are non-interest bearing.	15	15	2	1

(c) At call investments

The current level of deposits are bearing floating interest rates between 5.75% and 6.10%. These deposits have an average maturity of 119 days.

Deposits throughout the year were bearing floating interest rates between 5.75% and 6.45% (2010 - 4.12% and 6.80%) with an average maturity of 87 days.

Note 17. Receivables

	Notes	Consolidated 2011	Consolidated 2010	Parent entity 2011	Parent entity 2010
Current					
Trade and Other Debtors		9,835	8,339	7,379	5,915
Less: Provision for impaired receivables	1(i)	(750)	(855)	(663)	(727)
OS-HELP Asset from Australian Government		(36)	(5)	(36)	(5)
Total current receivables		9,049	7,479	6,680	5,183
Associated Entity Debtors		-	-	-	-
Non-current					
Deferred government contribution for superannuation					
* emerging cost of superannuation		229,158	161,307	229,158	161,307
Total non-current receivables		229,158	161,307	229,158	161,307
Total receivables		238,207	168,786	235,838	166,490

* 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.

The amount payable by the Commonwealth Government are in respect of:
- State Superannuation Scheme for consolidated and parent in 2011 was $225.565 million (2010: $160.041 million)
- State Authorities Superannuation Scheme for consolidated and parent in 2011 was $3.593 million (2010: $1.266 million)

The increase in the asset during 2011 for the State Superannuation Schemes (SSS and SASS) is $67.852 million (2010: $17.299 million). This amount has been recorded in the Income Statement as an increase in deferred government contributions with an equivalent increase in deferred government employee benefits for superannuation.

(a) Impaired receivables

As at 31 December 2011 current receivables of the group with a nominal value of $3.976m (2010: $1.09m) were impaired. The amount of the provision was $750,000 (2010: $805,000). The individually impaired receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The impaired receivables for the parent in 2011 was $663,000 (2010:$727,000).

The ageing of these receivables is as follows:

	Consolidated 2011	Consolidated 2010
3 to 6 months	1,722	1,095
Over 6 months	818	338
	2,540	1,433

As of 31 December 2011, trade receivables of $1.655m (2010: $871,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Consolidated 2011	Consolidated 2010
3 to 6 months	1,577	871
Over 6 months	78	304
	1,655	1,175

Receivables (continued)	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Movements in the provision for impaired receivables are as follows:					
As at 1 January		(805)	(339)	(727)	(266)
Provision for impairment recognised during the year		(650)	(716)	(663)	(727)
Receivables written off during the year as uncollectible		(57)	(16)	-	-
Unused amount reversed		727	266	727	266
Total provision		(785)	(805)	(663)	(727)

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

Note 18. Inventories

	Notes	Consolidated 2011	Consolidated 2010	Parent entity 2011	Parent entity 2010
Inventories	1(j)				
Current					
Printing / binding materials		40	91	40	91
Petrol and oils		5	5	5	5
Motor Pool		6	6	6	6
College larder		5	4	5	4
Fodder and produce		7	4	7	4
Other stocks		374	342	58	60
Total current inventories		437	452	121	170

Note 19. Other financial assets

	Notes	Consolidated 2011	Consolidated 2010	Parent entity 2011	Parent entity 2010
Other financial assets	1(k)				
Loans and receivables		-	-	46	43
Available for sale		-	913	-	-
Total current other financial assets		-	913	46	43
Non-current					
Loans and receivables		-	-	37	83
Fair value through Income Statement		1,718	2,048	-	-
Shares in Private Companies *		11	11	3,122	2,012
Available for sale		2,865	1,341	949	1,232
Total non-current other financial assets		4,594	3,400	4,108	3,327
Movement of non-current - Other financial assets are as follows:					
Shares as at 1 January		3,400	3,527	3,327	2,055
Acquired during the year		1,200	5	-	83
Transferred from current assets		912	-	-	-
Disposed during the year		(202)	-	(45)	-
Impairment charged against reserves		-	(18)	-	-
Impairment charged to Income Statement		(433)	(2)	-	-
Reversing prior year impairment loss on Shares in Private Companies recognised in the Income Statement		-	-	-	339
Revaluation of available for sale		(283)	(112)	826	850
Fair value of investment at 31 December		4,594	3,400	4,108	3,327

*Shares and units not traded in the market place

Note 20. Other non-financial assets

	Consolidated 2011	Consolidated 2010	Parent entity 2011	Parent entity 2010
Current				
Accrued Income	2,101	1,724	1,719	1,417
Prepaid Expenses	3,768	4,418	3,699	4,282
Total current other non-financial assets	5,869	6,142	5,418	5,699

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Note 21. Investments accounted for using the equity method					
Investments in jointly controlled entities		-	-	-	-
Total investments accounted for using the equity method		-	-	-	-
Reconciliation					
Balance at 1 January		-	5,272	-	-
Share of profit for the year		-	-	-	-
Decrement in revaluation reserves		-	-	-	-
Disposal of investment		-	(5,272)	-	-
Balance at 31 December		-	-	-	-

Name of Entity	Description	Ownership Interest % 2011	Ownership Interest % 2010
Associates			
Remarkspdf Pty Limited	The company trades in Software Development.	30	30

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Note 22. Biological assets				
Trees	5	5	5	5
Livestock	721	695	721	695
Total biological assets	726	700	726	700
Reconciliation of changes in the carrying amount of biological assets				
Trees - Balance at 31 December	5	5	5	5
Livestock - Balance as at 1 January	695	688	695	688
Purchases	60	10	60	10
Natural increases	98	353	98	353
Sales	(158)	(363)	(158)	(363)
Increment/(decrement) in fair value of biological assets	26	7	26	7
Balance as at 31 December	721	695	721	695
Total biological assets	726	700	726	700

At 31 December 2011 livestock held for sale comprised 86 cattle and 7,307 sheep (2010: 2 cattle and 7,357 sheep.)

Note 23. Property, plant and equipment

Consolidated	Infrastructure $'000	Freehold land $'000	Freehold buildings $'000	Buildings & Infrastructure under construction $'000	Property, plant and equipment * $'000	Leasehold improvements $'000	Leased plant & equipment $'000	Library Collections $'000	Library rare books $'000	Other property, plant and equipment ** $'000	Total $'000
At 1 January 2010											
- Cost	2,391	350	10,438	5,338	36,069	407	4,568	32,490	-	563	**92,614**
- Valuation	18,555	16,581	410,590	-	250	-	-	-	1,867	4,766	**452,609**
Accumulated depreciation	(1,676)	-	(284,136)	-	(24,180)	(108)	(3,306)	(10,998)	-	-	**(324,404)**
Net book amount	**19,270**	**16,931**	**136,892**	**5,338**	**12,139**	**299**	**1,262**	**21,492**	**1,867**	**5,329**	**220,819**
Year ended 31 December 2010											
Opening net book amount	19,270	16,931	136,892	5,338	12,139	299	1,262	21,492	1,867	5,329	**220,819**
Depreciation written back on disposal	11	-	-	-	248	-	31	227	-	-	**517**
Transfers	195	-	691	(887)	358	-	-	-	-	(359)	**(2)**
Derecognition	(137)	-	-	-	(28)	-	-	-	-	-	**(165)**
Revaluation increment/(decrement)	-	-	839	-	-	-	-	-	(98)	210	**951**
Additions	242	20	1,471	11,541	5,260	220	33	1,470	-	16	**20,273**
Assets classified as held for sale and other disposals	-	(20)	-	-	(289)	-	(69)	(227)	-	-	**(605)**
Depreciation charge	(606)	-	(4,793)	-	(3,179)	(41)	(318)	(3,308)	-	-	**(12,245)**
Closing net book amount	**18,975**	**16,931**	**135,100**	**15,992**	**14,509**	**478**	**939**	**19,654**	**1,769**	**5,196**	**229,543**
At 31 December 2010											
- Cost	2,829	20	13,504	15,992	41,365	627	4,532	33,733	-	213	**112,815**
- Valuation	18,418	16,911	410,590	-	250	-	-	-	1,769	4,983	**452,921**
Accumulated depreciation	(2,272)	-	(288,994)	-	(27,106)	(149)	(3,593)	(14,079)	-	-	**(336,193)**
Net book amount	**18,975**	**16,931**	**135,100**	**15,992**	**14,509**	**478**	**939**	**19,654**	**1,769**	**5,196**	**229,543**

Note 23. Property, plant and equipment (continued)

Consolidated	Infrastructure $'000	Freehold land $'000	Freehold buildings $'000	Buildings & Infrastructure under construction $'000	Property, plant and equipment * $'000	Leasehold improvements $'000	Leased plant & equipment $'000	Library Collections $'000	Library rare books $'000	Other property, plant and equipment ** $'000	Total $'000
Year ended 31 December 2011											
Opening net book amount	18,975	16,931	135,100	15,992	14,509	478	939	19,654	1,769	5,196	**229,543**
Depreciation written back on disposal	61	-	712	-	3,475	-	-	-	-	-	**4,248**
Adjustment to accumulated depreciation on revaluation	-	-	348	-	-	-	-	-	-	-	**348**
Transfers	(917)	-	10,599	(15,258)	1,185	-	(680)	-	-	-	**(5,071)**
Derecognition	(50)	-	(647)	-	(3,749)	-	-	(518)	-	-	**(4,964)**
Revaluation increment/(decrement)	3,242	3,695	23,735	-	-	-	-	-	-	-	**30,672**
Additions	1,556	1,190	5,444	5,448	5,125	70	219	1,279	-	452	**20,783**
Assets classified as held for sale and other disposals	-	-	-	-	-	-	-	-	-	-	**-**
Depreciation charge	(650)	-	(5,297)	-	(4,412)	(53)	(314)	(3,101)	-	-	**(13,827)**
Closing net book amount	**22,217**	**21,816**	**169,994**	**6,182**	**16,133**	**495**	**164**	**17,314**	**1,769**	**5,648**	**261,732**
At 31 December 2011											
- Cost	-	-	-	6,182	45,038	698	3,190	34,496	-	665	**90,269**
- Valuation	22,217	21,816	169,994	-	-	-	-	-	1,769	4,983	**220,779**
Accumulated depreciation	-	-	-	-	(28,905)	(203)	(3,026)	(17,182)	-	-	**(49,316)**
Net book amount	**22,217**	**21,816**	**169,994**	**6,182**	**16,133**	**495**	**164**	**17,314**	**1,769**	**5,648**	**261,732**

Note 23. Property, plant and equipment (continued)

	Infrastructure $'000	Freehold land $'000	Freehold buildings $'000	Buildings & Infrastructure under construction $'000	Property, plant and equipment * $'000	Leased plant & equipment $'000	Library collections $'000	Library rare books $'000	Other property, plant & equipment ** $'000	Total $'000
Parent entity										
At 1 January 2010										
- Cost	2,378	-	9,565	5,338	32,796	4,569	32,491	-	563	**87,700**
- Valuation	17,434	16,581	406,990	-	-	-	-	1,867	4,766	**447,638**
Accumulated depreciation	(1,648)	-	(283,854)	-	(21,477)	(3,306)	(10,999)	-	-	**(321,284)**
Net book amount	**18,164**	**16,581**	**132,701**	**5,338**	**11,319**	**1,263**	**21,492**	**1,867**	**5,329**	**214,054**
Year ended 31 December 2010										
Opening net book amount	18,164	16,581	132,701	5,338	11,319	1,263	21,492	1,867	5,329	**214,054**
Depreciation written back on disposal	-	-	-	-	220	31	227	-	-	**478**
Transfers	196	-	691	(887)	358	-	-	-	(358)	**-**
Revaluation increment/(decrement)	-	-	-	-	-	-	-	(98)	210	**112**
Additions	243	-	1,421	11,541	4,761	34	1,469	-	16	**19,485**
Assets classified as held for sale and other disposals	-	(20)	-	-	(289)	(70)	(227)	-	-	**(606)**
Depreciation charge	(579)	-	(4,648)	-	(2,845)	(319)	(3,308)	-	-	**(11,699)**
Closing net book amount	**18,024**	**16,561**	**130,165**	**15,992**	**13,524**	**939**	**19,653**	**1,769**	**5,197**	**221,824**
At 31 December 2010										
- Cost	2,817	-	11,677	15,992	37,621	4,532	33,733	-	214	**106,586**
- Valuation	17,434	16,561	406,990	-	-	-	-	1,769	4,983	**447,737**
Accumulated depreciation	(2,227)	-	(288,502)	-	(24,097)	(3,593)	(14,080)	-	-	**(332,499)**
Net book amount	**18,024**	**16,561**	**130,165**	**15,992**	**13,524**	**939**	**19,653**	**1,769**	**5,197**	**221,824**

Note 23. Property, plant and equipment (continued)

	Infrastructure $'000	Freehold land $'000	Freehold buildings $'000	Buildings & Infrastructure under construction $'000	Property, plant and equipment * $'000	Leased plant & equipment $'000	Library collections $'000	Library rare books $'000	Other property, plant & equipment ** $'000	Total $'000
Parent entity										
Year ended 31 December 2011										
Opening net book amount	18,024	16,561	130,165	15,992	13,524	939	19,653	1,769	5,197	**221,824**
Depreciation written back on disposal	5	-	486	-	3,346	-	-	-	-	**3,837**
Transfers	82	-	14,239	(15,258)	1,617	(680)	-	-	-	**-**
Derecognition	(45)	-	(647)	-	(3,563)	-	(518)	-	-	**(4,773)**
Revaluation increment/(decrement)	3,172	3,665	23,546	-	-	-	-	-	-	**30,383**
Additions	1,549	1,190	4,626	5,448	4,245	220	1,279	-	452	**19,009**
Assets classified as held for sale and other disposals	-	-	-	-	-	-	-	-	-	**-**
Depreciation charge	(640)	-	(5,213)	-	(4,120)	(314)	(3,101)	-	-	**(13,388)**
Closing net book amount	**22,147**	**21,416**	**167,202**	**6,182**	**15,049**	**165**	**17,313**	**1,769**	**5,649**	**256,892**
At 31 December 2011										
- Cost	-	-	-	6,182	40,957	3,191	34,495	-	666	**85,491**
- Valuation	22,147	21,416	167,202	-	-	-	-	1,769	4,983	**217,517**
Accumulated depreciation	-	-	-	-	(25,908)	(3,026)	(17,182)	-	-	**(46,116)**
Net book amount	**22,147**	**21,416**	**167,202**	**6,182**	**15,049**	**165**	**17,313**	**1,769**	**5,649**	**256,892**

Items changed from original submission.

* Property, plant & equipment includes all operational assets

** Other Property, plant & equipment includes non-operational assets such as Museum & Collections, Artworks & MIS WIP.

Note 24. Intangible assets

	Notes	Software Development	License	Course Development	Total
Intangible assets	1(o)				
Consolidated		$'000	$'000	$'000	$'000
At 1 January 2010					
Cost		15,119	525	840	16,484
Accumulated amortisation and impairment		(9,492)	-	(700)	(10,192)
Net book amount		5,627	525	140	6,292
Year ended 31 December 2010					
Opening net book amount		5,627	525	140	6,292
Additions - Internal development		216	-	75	292
Disposals		-	-	-	-
Impairment losses		-	-	-	-
Amortisation charge		(1,371)	-	(89)	(1,461)
Closing net book amount		4,472	525	126	5,123
At 31 December 2010					
Cost		15,335	525	913	16,773
Accumulated amortisation and impairment		(10,863)	-	(787)	(11,650)
Net book amount		4,472	525	126	5,123
Year ended 31 December 2011					
Opening net book amount		4,472	525	126	5,123
Additions - Internal development		166	-	51	217
Disposals		(11)	-	-	(11)
Revaluation increment		-	60	-	60
Amortisation charge		(1,182)	-	(60)	(1,242)
Closing net book amount		3,445	585	117	4,147
At 31 December 2011					
Cost		15,375	585	964	16,924
Accumulated amortisation and impairment		(11,930)	-	(847)	(12,777)
Closing Net book amount		3,445	585	117	4,147

Note 25. Trade and other payables

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Current					
Trade Payables		5,841	759	4,714	37
Refundable Receipts		7	1	7	1
Total current trade and other payables		5,848	760	4,721	38

a) Foreign currency risk

The carrying amounts of the Group's and parent entity's trade and other payables are denominated in the following currencies:

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
US Dollar	-	-	-	-
Australian Dollars	5,848	760	4,721	38
	5,848	760	4,721	38

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 39.

Note 26. Borrowings

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Finance Lease (i)				
Other	-	-	-	-
National Australia Bank	73	59	73	59
Westpac Banking Corporation (Honeywell)	-	173	-	173
Total finance lease	73	232	73	232
Total current borrowings	73	232	73	232

Notes to the financial statements
31 December 2011
(continued)

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Finance Lease					
Other		-	-	-	-
Westpac Banking Corporation (Honeywell)		-	-	-	-
National Australia Bank		46	1	46	1
Total finance lease		46	1	46	1
Total non-current borrowings		46	1	46	1
Total borrowings		119	233	119	233

(i) Secured by the assets leased (note 23)

The following facilities are available as at balance date:
- Master lease agreements - $2.5million
- Credit card facility - $1.5million
- Business lending bank guarantees - $0.2million

Defaults or breaches

During the current and prior years there were no defaults or breaches on any of the borrowings

Note 27. Provisions 1(s)

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual Leave	12,127	11,507	11,249	10,616
Long Service Leave	3,604	4,219	2,895	3,352
Deferred government benefits for superannuation	-	-	-	-
Staffing	2,725	2,301	2,725	2,301
Other	733	912	730	898
Subtotal	19,189	18,939	17,599	17,167
Current provisions expected to be settled after more than 12 months				
Employee benefits				
Annual Leave	27	12	-	-
Long Service Leave	12,125	13,388	12,096	13,370
Deferred government benefits for superannuation	-	-	-	-
Other	-	-	-	-
Subtotal	12,152	13,400	12,096	13,370
Total current provision	31,341	32,339	29,695	30,537
Summary movements current provisions				
Movements in the Provision Account are:				
Carrying amount at start of year	32,339	32,269	30,537	30,577
Current year movement in provision				
- Annual Leave	635	134	633	89
- Long Service Leave	(1,878)	(191)	(1,731)	(256)
- Staffing	424	1,801	424	1,801
- Other	(179)	(1,674)	(168)	(1,674)
Carrying amount at end of year	31,341	32,339	29,695	30,537
Non-current provisions				
Employee benefits				
Long Service Leave	4,371	3,110	4,164	2,940
Deferred government benefits for superannuation	232,874	164,490	232,874	164,490
Professorial Superannuation	4,904	1,423	4,904	1,423
Other	-	-	-	-
Total non-current provision	242,149	169,023	241,942	168,853
Total provisions	273,490	201,362	271,637	199,390
Summary movements employee benefits				
Movements in the Provision Account are:				
Carrying amount at start of year	169,023	151,611	168,853	151,422
Current year movement in provision				
- Long Service Leave	1,261	296	1,224	315
- Deferred government benefits for superannuation	68,384	17,636	68,384	17,636
- Professorial Superannuation	3,481	(520)	3,481	(520)
Carrying amount at end of year	242,149	169,023	241,942	168,853

Notes to the financial statements
31 December 2011
(continued)

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000

Note 28. Other Liabilities

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
Current				
(i) Accrued Liabilities				
Salary Related	908	497	881	415
Other Accrued Expenditure	5,491	7,106	5,183	6,972
	6,399	7,603	6,064	7,387
(ii) Monies Received in Advance				
Australian Government Unspent Financial Assistance	-	-	-	-
Financial Assistance in Advance	697	790	697	790
Fees in Advance	7,922	6,068	6,823	4,706
	8,619	6,858	7,520	5,496
(iii) Trust Funds				
Security Deposits	10	7	10	7
Employee Deduction Clearing Accounts	1,921	842	1,921	842
Associated Entities	12	12	12	12
Other	342	493	342	493
	2,285	1,354	2,285	1,354
Total current other liabilities	17,303	15,815	15,869	14,237
Non Current				
Fees in Advance	-	-	-	-
Total other liabilities	17,303	15,815	15,869	14,237

Note 29. Reserves and retained earnings

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent entity 2011 $'000	Parent entity 2010 $'000
(a) Reserves				
Revaluation Reserve - Investments	901	1,184	2,814	1,988
Revaluation Reserve - Buildings	27,633	4,346	26,563	3,112
Revaluation Reserve - Land	13,035	9,051	12,715	9,051
Revaluation Reserve - Infrastructure	10,387	7,582	10,316	7,144
Revaluation Reserve - Works of Art	398	398	398	398
Revaluation Reserve - Intangibles	60	-	60	-
Total reserves	52,414	22,561	52,866	21,693
Movements				
Asset revaluation reserve - Investments				
Balance 1 January	1,184	1,147	1,988	1,130
Increment/(decrement) on revaluation	(283)	37	826	858
Balance 31 December	901	1,184	2,814	1,988
Asset revaluation reserve - Buildings				
Balance 1 January	4,346	4,346	3,112	3,112
Increment/(decrement) on revaluation	24,083	-	23,547	-
Transfer to land revaluation reserves	(290)	-	-	-
Transfer to/(from) retained surplus on disposal	(506)	-	(96)	-
Balance 31 December	27,633	4,346	26,563	3,112
Asset revaluation reserve - Land				
Balance 1 January	9,051	9,051	9,051	9,051
Transfer from buildings revaluation reserves	290	-	-	-
Increment/(decrement) on revaluation	3,694	-	3,664	-
Balance 31 December	13,035	9,051	12,715	9,051

Reserves and retained earnings -continued

	Consolidated		Parent entity	
	2011	2010	**2011**	2010
Movements	**$'000**	$'000	**$'000**	$'000
Asset revaluation reserve - Infrastructure				
Balance 1 January	7,582	7,683	7,144	7,144
Transfer to/(from) retained surplus on disposal	(438)	-	-	-
Increment/(decrement) on revaluation	3,243	(101)	3,172	-
Balance 31 December	10,387	7,582	10,316	7,144
Asset revaluation reserve - Works of art				
Balance 1 January	398	188	398	188
Increment on revaluation	-	210	-	210
Balance 31 December	398	398	398	398
Asset revaluation reserve - Intangibles				
Balance 1 January	-	-	-	-
Increment on revaluation	60	-	60	-
Balance 31 December	60	-	60	-

(b) Retained earnings

Movements in retained surplus were as follows:				
Retained earnings at 1 January	222,940	224,225	201,657	199,788
Write off Revaluation Reserve for Demolition of Buildings (AASB 116)	-	-	-	-
Actuarial gain/(loss) on defined benefit superannuation plans	(4,044)	(1,392)	(4,044)	(1,392)
Transfer from Reserves	944	101	96	-
Other movements	-	823	-	-
Net Operating Result for the year	12,488	(817)	15,294	3,261
Retained earnings at 31 December	232,328	222,940	213,003	201,657

(c) Nature and purpose of reserves

(i) Asset revaluation reserve - land, buildings, infrastructure and works of art
The reserve reflects the difference between the valuation assessment amount and the carrying cost. It records increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(n).

(ii) Asset revaluation reserve - Investments
The reserve reflects the difference between the carrying cost and market value of available for sale investments.

Note 30. Change in accounting policy

During the year, University of New England changed its accounting policy with respect to the recognition of Defined Benefit superannuation actuarial gains and losses. Superannuation actuarial gains and losses are now recognised outside of the income statement in other comprehensive income as permitted by AASB 119 Employee Benefits. Previously these gains and losses were recognised in the income statement. The comparative figures for 2010 have been restated to reflect the change in policy.

This change in accounting policy is consistent with the preference expressed by DEEWR in the Financial Statement Guidelines for Australian Higher Education Providers. It has been adopted on the basis that actuarial gains/losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

On a consolidation basis, the change in accounting policy increased the 2011 operating profit from $8.444 million to $12.488 million (2010 reduced operating loss from $2.209 million to $817,000) by excluding from the result the superannuation actuarial losses of 2011 loss of $4.044 million, (2010: loss of $1.392 million).

On a parent basis, the change in accounting policy increased the 2011 operating profit from $11.250 million to $15.294 million (2010 increased operating profit from $1.869 million to $3.261 million) by excluding from the result the superannuation actuarial losses of 2011 loss of $4.044 million, (2010: loss of $1.392 million).

Change in accounting policy - continued

The change in accounting policy affects the following notes to the financial statements:
Employee related expenses (note 10), reserves and retained earnings (note 29) and defined benefits plans (note 40).

Note 31. Key management personnel disclosures

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

Professor James Barber - Vice Chancellor
Mr Archie Campbell
Dr Brian Denman
Mr Kevin Dupe'
Mr Robert Finch
Dr Geoffrey Fox
Miss Emma Gillogly
Dr James Harris
Dr Jack Hobbs
Professor Eilis Magner
Ms Jan McClelland
Ms Jennifer Miller
Ms Catherine Millis
Ms Gae Raby
Professor Margaret Sims
The Hon Dr Richard Torbay MP - Chancellor
Mr Scott Williams - Deputy Chancellor

(b) Remuneration of Council, Board Members and Executives

i) **Remuneration of Council and Board Members**	Consolidated		Parent entity	
	2011	2010	**2011**	2010
	No.	**No.**	**No.**	**No.**
Nil to $9,999	36	49	17	23
	36	49	17	23

Members of staff serving as Members of Council receiving remuneration as per their employment conditions are excluded. Other Members of Council received no remuneration in their capacity as Members of Council except for those that Chair a Committee who were paid a sitting fee. Total fees paid in 2011 were $4,000 (2010: $4,500).

Aggregate Remuneration of Council and Board Members	**$'000**	$'000	**$'000**	$'000
Total Aggregate Remuneration	11	13	4	5

ii) **Remuneration of executive officers**	**No.**	**No.**	**No.**	**No.**
$130,000 to $139,999	-	-	-	-
$140,000 to $149,999	1	1	-	-
$150,000 to $159,999	-	1	-	1
$160,000 to $169,999	1	2	-	1
$170,000 to $179,999	-	1	-	1
$190,000 to $199,999	-	1	-	-
$250,000 to $259,999	-	1	-	1
$260,000 to $269,999	1	1	1	1
$270,000 to $279,999	1	-	1	-
$290,000 to $299,999	1	2	1	2
$320,000 to $329,999	2	1	2	1
$330,000 to $339,999	2	-	2	-
$360,000 to $369,999	-	1	-	1
$420,000 to $429,999	1	-	1	-
$470,000 to $479,999	-	1	-	1
$580,000 to $589,999	1	-	1	-
	11	13	9	10

(c) Key management personnel compensation	**$'000**	$'000	**$'000**	$'000
Aggregate Remuneration of executive officers	3,463	3,575	3,154	2,945

(d) Related party transactions

The University had no material related party transactions for the year ended 31 December, 2011. 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.

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	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'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 *Corporations Act 2001.*	344	348	241	246
Total remuneration for audit services	344	348	241	246
2. Non-audit services				
Audit-related services				
External Audit Services Providers	67	6	61	-
Quality assurance	-	-	-	-
Total remuneration for audit-related services	67	6	61	-

Note 33. Contingencies

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.

Note 34. Commitments

(a) Capital Commitments

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

Property, plant and equipment payable:				
Within one year	13,248	3,515	13,248	3,515
Later than one year but not later than five years	-	-	-	-
Later than five years				
	13,248	3,515	13,248	3,515
(b) Lease Commitments				
(i) Operating Leases				
Within one year	161	152	-	-
Later than one year but not later than five years	285	352	-	-
Later than five years	-	-	-	-
Total operating leases	446	504	-	-
(ii) Finance Leases				
Within one year	80	240	80	240
Later than one year but not later than five years	47	1	47	1
Later than five years	-	-	-	-
Total finance leases	127	241	127	241
Total lease commitments	573	745	127	241

No lease arrangements, existing as at 31 December 2011, 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 2011 Commitments

The value of orders, for goods and services placed, but not filled, as at 31 December 2011, total $6,840,155. (2010: $3,925,769). Expenditure for these orders is expected to occur in 2012.

In addition, during 2011, the University entered into contracts for the following operating expenditures:

	Consolidated		Parent entity	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Within one year	18,474	14,122	17,836	13,212
Later than one year but not later than five years	36,562	28,298	36,562	28,296
Later than five years	-	-	-	-
Total other expenditure commitments	55,036	42,420	54,398	41,508

(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.

Note 35. Related parties

(a) Parent entities

The ultimate parent entity within the group is the University of New England.

(b) Subsidiaries

Interest in subsidiaries are set out in note 36.

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in note 31.

(d) Transactions with related parties

Transactions with related parties are on normal terms no more favourable than those available to other parties unless otherwise stated. These are eliminated in full on consolidation.

	2011	**2010**
The following transactions occurred with related parties:	**$'000**	$'000
Sale of goods and services	2,027	1,863
Purchase of goods and services	1,297	516

Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Receivables	240	394
Payables	44	78

(e) Guarantees

There have been no guarantees given.

(f) Terms and conditions

Related party outstanding balances are unsecured and have been provided on interest-free terms. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 36. 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(b):

Name of entity	Country of incorporation	Class of shares	Equity Holding 2011 %	Equity Holding 2010 %
UNE Partnerships Pty Ltd	Australia	Limited by Shares	100	100
Agricultural Business Research Institute	Australia	Limited by Guarantee	100	100
International Livestock Resources And Information Centre Limited - (i)	Australia	Limited by Guarantee	0	100
Services UNE Limited	Australia	Limited by Guarantee	100	100
UNE Sports Association trading as Sport UNE - (ii)	Australia	Other Unincorporated Entity	0	100
Sport UNE Limited	Australia	Limited by Guarantee	100	100
UNE Foundation Limited as Trustee for UNE Foundation	Australia	Limited by Guarantee	100	100

(i) The assets of the entity were transferred to Agricultural Business Research Institute on 1 July 2011. The company was deregistered on 02 November 2011.

(ii) The association was dissolved on 30 June 2011 and the entity commenced trading as Sport UNE Limited on 1 July 2011. The net assets of the association were transferred to the University of New England on the 1 July 2011 in accordance with the associations constitution.

Note 37. Reconciliation of operating result after income tax to net cash provided by/(used in) operating activities

	Consolidated		Parent entity	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Operating result for the period	12,488	(817)	15,294	3,261
Depreciation and amortisation	15,069	13,690	14,354	12,861
Asset writeoff	855	-	741	-
Impairment of investment	104	-	-	(339)
Provision for impaired receivables	(37)	515	(64)	462
Actuarial gain/(loss) on deferred superannuation	(4,044)	(1,392)	(4,044)	(1,392)
Capitalisation & reinvestment of dividend	(110)	4	-	-
Net transfer of assets from/to controlled entity	-	-	(4,201)	-
Loss on revaluation/derecognition	295	338	-	-
Net (gain) / loss on sale of non-current assets	(117)	710	(116)	(4,562)
Increase/(Decrease) in Payables and Prepaid Income	5,660	(3,694)	5,384	(3,082)
Increase/(Decrease) in Provision for Employee Entitlements	71,241	17,269	71,358	17,174
Increase/(Decrease) in Provision for Annual Leave	193	84	633	88
Increase/(Decrease) in Other Provisions	258	128	256	128
Increase/(Decrease) in Trust Funds	931	(1,916)	931	(1,915)
(Increase)/Decrease in Receivables and Prepaid Expenses	(69,126)	(17,316)	(69,003)	(17,789)
(Increase)/Decrease in Inventories	15	27	48	8
Net cash provided by / (used in) operating activities	33,675	7,630	31,571	4,903

Note 38. Events occurring after the balance date

There are no reportable events occurring after balance date.

Note 39. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

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) Market Risk

(i) 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 impairment	Accounts Receivable credit terms are 30 days
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 5.75% and 6.10%. Average maturity of 119 days.
Listed Shares	19	Listed Shares are carried at bid price	
Unlisted Shares	19	Unlisted Shares are carried at the lower of cost or recoverable amount	
Financial Liabilities			
Borrowings	26	No borrowings were taken up in 2011.	
Finance Leasing	26	The lease liability is accounted for in accordance with AASB 117.	Interest rates per market and schedules. Between 7.41% and 8.37%.
Creditors and Accruals	25 & 28(i)	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

Financial risk management - continued

(ii) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group's functional currency.

The Group undertakes certain transactions denominated in foreign currencies. These transactions expose the Group to exchange rate fluctuations. To minimise the risk, the Group recognises all transactions, assets and liabilities in Australian dollars only. Foreign currency deposits are recorded at cost and revalued at balance date. The parent entity (University) also managed exposure to foreign currency with derivative financial instruments such as foreign exchange contracts.

(iii) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices.
Neither the Group nor the parent entity are exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. For the parent entity, diversification of the portfolio is done in accordance with the limits set by the University Investment Committee.

(iv) Cash flow and fair value interest rate risk

The Group invests in term deposits with various financial institutions and is exposed to interest rate risk arising from normal interest rate variations.

The Group's interest rate risk arises primarily from investments in long term interest bearing financial instruments, due to the potential fluctuation in interest rates. In order to minimise exposure to this risk, the Group invests in a diverse range of financial instruments with varying degrees of potential returns.

(v) Summarised sensitivity analysis

The table at the end of the note summarises the sensitivity of the Group's financial assets and liabilities to interest rate risk.

(b) 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 there under. The Group's maximum exposure, to credit rate risk, is represented by the carrying amounts of the financial assets included in the consolidated statement of financial position.

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

For UNE Partnerships Pty Limited, Agricultural Business Research Institute, Services UNE Limited, Sport UNE Limited, UNE Foundation and UNE Foundation Limited no material exposure exists to any individual creditor or class of financial asset.

(c) Liquidity Risk

Liquidity risk refers to the risk that, as a result of operational liquidity requirements, the Group:
- will not have sufficient funds to settle a transaction on the due date
- will be forced to sell financial assets at a value which is less than their worth
- may be unable to settle or recover a financial asset at all

For the parent entity, the Finance Committee monitors the actual and forecast cash flow of the University on a regular basis, ensuring that sufficient cash reserves are held to meet the ongoing operations and obligations of the University as they fall due.

Financial risk management - continued

The following tables summarise the maturity of the Group's financial assets and financial liabilities:

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$000	$000	$000	$000	$000	$000
Financial Assets							
Cash & cash equivalents	4.17%	7,702					7,702
Investments-Term Deposits	5.99%		58,088				58,088
Receivables						14,918	14,918
Receivable - Commonwealth debtor						229,158	229,158
Listed Shares						4,584	4,584
Unlisted Shares						11	11
Total Financial Assets		7,702	58,088			248,671	314,461
Financial Liabilities							
Borrowings			73	-			73
Payables						5,848	5,848
Other Amounts Owing						17,303	17,303
Total Financial Liabilities			73	-		23,151	23,224
Net Financial Assets(Liabilities)		7,702	58,015	-		225,520	291,237

Comparative figures for the previous year are as follows:

31 December 2010	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$000	$000	$000	$000	$000	$000
Financial Assets							
Cash and cash equivalents	3.81	13,245					13,245
Investments - Term Deposits	5.48		35,366				35,366
Receivables						13,620	13,620
Receivable - Commonwealth debtor						161,307	161,307
Listed Shares						4,302	4,302
Unlisted Shares						11	11
Total Financial Assets		13,245	35,366			179,240	227,851
Financial Liabilities							
Borrowings			233	-			233
Payables						760	760
Other Amounts Owing						15,815	15,815
Total Financial Liabilities			233	-		16,575	16,808
Net Financial Assets(Liabilities)		13,245	35,133	-		162,665	211,043

(d) Fair value estimation

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices exit prices declared by fund managers are used to estimate fair value for unlisted unit trusts. These instruments are included in level 2. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rates swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. 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.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

Financial risk management - continued

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Carrying Amount		Fair Value	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	65,790	48,612	65,790	48,612
Receivables	14,918	13,620	14,918	13,620
Other financial assets	4,594	4,313	4,594	4,313
Total financial assets	85,302	66,545	85,302	66,545
Financial liabilities				
Payables	5,848	760	5,848	760
Borrowings	73	233	73	233
Other financial liabilities	17,303	15,815	17,303	15,815
Total financial liabilities	23,224	16,808	23,224	16,808

Financial risk management - (continued)

Summarised sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 December 2011	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets													
Cash and cash equivalents	7,702	(77)	(77)	77	77	0	0	0	0	N/A	N/A	N/A	N/A
Investments-Term Deposits	58,088	(581)	(581)	581	581	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	14,918												
Receivable - Commonwealth debtor	229,158												
Listed Shares	4,584												
Unlisted Shares	11												
Total Financial Assets	314,461												
Financial Liabilities													
Borrowings	73	-	-	-	-								
Payables	5,848												
Other Amounts Owing	17,303												
Total Financial Liabilities	23,224												
Total increase / (decrease)	291,237	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the financial statements
31 December 2011
(continued)

Financial risk management (continued)

Comparative figures for the previous year are as follows:

31 December 2010	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets													
Cash and cash equivalents	13,245	(132)	(132)	132	132	-	-	-	-	N/A	N/A	N/A	N/A
Investments - Term Deposits	35,366	(354)	(354)	354	354	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	13,620					-	-	-	-				
Receivable - Commonwealth debtor	161,307												
Listed Shares	4,302												
Unlisted Shares	11												
Total Financial Assets	227,851												
Financial Liabilities													
Borrowings	233	-	-	-	-								
Creditors	760												
Other Amounts Owing	15,815												
Total Financial Liabilities	16,808												
Total increase / (decrease)	211,043	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the financial statements
31 December 2011
(continued)

Note 40. Defined Benefit Plans

a) Fund Specific disclosure

All employees are entitled to benefits from the superannuation plan on retirement, disability or death. Superannuation plans have defined benefits sections and defined contribution sections. The defined benefit sections provide lump sum benefits based on years of service and final average salary.

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS),
State Authorities Non-contributory Superannuation (SANCS)
State Superannuation Scheme (SSS).

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

All the Schemes are closed to new members.

Professorial Superannuation Scheme

The fund is closed to new members and provides active members with a combination of accumulation benefits and defined benefits. Pensioner members receive pension payments from the Fund.

The "Defined Benefits Section" of the Fund provides members with an optional voluntary "Voluntary Spouse Pension" (VSP) that allows members to provide an income benefit to their spouse in the event of their death - this benefit is funded by the member and the University; an optional "Additional Contributory Pension" (ACP) payable from age 60 - this benefit is funded by the member and the University; and an unfunded "Non-Contributory Pension" (NCP) payable from age 60.

Previously the benefits provided under the Defined Benefit Section were substantially unfunded with pension payments met by the University on a "Pay-As-You-Go" basis (except as described above). However, in 2006 the University commenced funding the unfunded NCP payable from age 60. This is in addition to previous funding arrangements in relation to the VSP and ACP benefits provided to some members.

Benefits under the "Accumulation Section" of the Fund are provided through endowment assurance policies effected with life assurance companies and managed fund accounts maintained with investment managers. These benefits are fully funded by contributions from Fund members and the University.

The University made a contribution of $0.422 million in 2011, (2010: $1.6 million) to the defined benefit plan during the year.

The principal assumptions used for the purposes of the actuarial valuations were as follows (expressed as weighted averages):

State schemes (SASS, SANCS, SSS)	**2011 (%)**	**2010 (%)**
Discount rate(s)		
Expected return on plan assets	8.6	8.3
Expected rate(s) of salary increase	2.5	4.0
Expected return on reimbursement rights	7.3	7.3
Rate of CPI Increase	2.5	2.5
Professorial Superannuation Fund		
Discount rate (s) (gross of tax)	3.5	5.6
Discount rate (s) (net of tax)	3.0	4.8
Expected return on fund assets	6.3	8.3
Expected rate (s) of salary increase	4.0	4.0

Defined Benefit Plans (continued)
a) Fund Specific disclosure (continued)

State schemes (SASS, SANCS, SSS)
The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Professorial Superannuation Fund
The expected rate of return is based on the asset allocation provided as at 30 June 2011 and the appropriate risk margin for each class in which the defined benefit monies are invested.

The analysis of the plan assets and the expected rate of return at the balance date is as follows:

State schemes (SASS, SANCS, SSS)	**2011 (%)**	**2010 (%)**
Australian equities	32.1	33.7
Overseas equities	29.0	29.3
Australian fixed interest securities	5.6	5.7
Overseas fixed interest securities	2.6	2.9
Property	9.5	9.5
Cash	6.6	6.1
Other	14.6	12.8
Weighted average expected return	8.3	8.3
Professorial Superannuation Fund		
Australian equities	37.0	38.0
Overseas equities	37.0	34.0
Australian fixed interest securities	3.0	4.0
Overseas fixed interest securities	3.0	4.0
Property	5.0	5.0
Cash	7.0	8.0
Alternative (Growth)	8.0	7.0

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The University's assessment of the expected returns is based on historical return trends and actuarial predictions of the market for the asset in the next twelve months.

The history of experience adjustments is a follows:

	2011	2010	2009	2008	2007
State schemes (SASS, SANCS & SSS)	**$'000**	$'000	$'000	$'000	$'000
Fair value of plan assets	71,523	88,278	100,156	104,041	143,688
Present value of defined benefit obligation	(304,397)	(252,768)	(247,009)	(277,137)	(218,590)
Surplus/(deficit)	(232,874)	(164,490)	(146,853)	(173,096)	(74,902)
Experience adjustments on plan liabilities	(54,010)	(7,129)	(27,665)	62,612	(21,285)
Experience adjustments on plan assets	7,795	4,703	(1,581)	33,193	(3,614)
Professorial Superannuation Fund					
Fair value of plan assets	(6,900)	(8,471)	(8,004)	(5,119)	(6,365)
Present value of defined benefit obligation	11,804	9,894	9,947	12,151	9,973
Liability (asset) recognised in balance sheet	4,904	1,423	1,943	7,032	3,608
Actuarial liability (gain) loss due to experience adjustments	918	533	(131)	920	(220)
Actuarial asset (gain) loss due to experience adjustments	1,213	351	(1,090)	3,258	(313)

b) Reconciliation of the present value of the defined benefit obligation

Present value obligations - 2011	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Opening defined benefit obligation	23,098	4,932	224,738	9,894	262,662
Current service cost	819	210	201	345	1,575
Interest cost	1,238	258	12,137	560	14,193
Contributions from plan participants	396	0	437	0	833
Actuarial losses/(gains)	1,118	174	52,718	2,446	56,456
Benefits paid	(2,031)	(593)	(15,454)	(1,441)	(19,519)
Closing defined benefit obligation	**24,638**	**4,981**	**274,777**	**11,804**	**316,200**

Notes to the financial statements
31 December 2011
(continued)

Defined Benefit Plans (continued)

Present value of plan assets - 2011	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Opening fair value of plan assets	21,832	1,749	64,697	8,471	96,749
Expected return on plan assets	1,796	192	4,909	661	7,558
Actuarial gains/(losses)	(1,831)	(211)	(5,753)	(1,213)	(9,008)
Contributions from the employer	883	129	376	422	1,810
Contributions from plan participants	396	0	437	0	833
Benefits paid	(2,031)	(593)	(15,454)	(1,441)	(19,519)
Closing fair value of plans assets	**21,045**	**1,266**	**49,212**	**6,900**	**78,423**

Reimbursement rights - 2011	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Opening value of reimbursement right	1,266	-	160,041	-	161,307
Change in value	2,327	-	65,524	-	67,851
Closing value of reimbursement right	**3,593**	**-**	**225,565**	**-**	**229,158**

Net liability- 2011	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation	24,638	4,982	274,777	11,804	316,201
Fair value of plan assets	(21,045)	(1,266)	(49,212)	(6,900)	(78,423)
Total liability /(asset) in statement of financial position	**3,593**	**3,716**	**225,565**	**4,904**	**237,778**

Expense recognised - 2011	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Current service cost	819	211	201	345	1,576
Interest on obligation	1,238	258	12,137	560	14,193
Expected return on plan assets	(1,796)	(192)	(4,909)	(661)	(7,558)
Expense/(income)	261	277	7,429	244	8,211

Actual returns - 2011	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Actual return on plan assets	(415)	(19)	(1,130)	(552)	(2,116)
Actual return on reimbursement right	-	-	-	-	-

Other comprehensive income - 2011	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Actuarial losses/(gains) on defined benefit	2,949	385	58,471	3,659	65,464
Actuarial (losses)/gains on plan assets	(1,831)	-	(5,753)	-	(7,584)
Actuarial (losses)/gains on reimbursement rights	(1,118)	-	(52,718)	-	(53,836)
Recognised in other comprehensive income	**0**	**385**	**0**	**3,659**	**4,044**

Present value obligations - 2010	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Opening defined benefit obligation	24,748	5,264	216,999	9,947	256,958
Current service cost	889	240	382	457	1,968
Interest cost	1,369	286	12,191	374	14,220
Contributions from plan participants	437	0	498	0	935
Actuarial losses/(gains)	(436)	257	7,308	600	7,729
Benefits paid	(3,909)	(1,115)	(12,640)	(1,484)	(19,148)
Closing defined benefit obligation	**23,098**	**4,932**	**224,738**	**9,894**	**262,662**

Notes to the financial statements
31 December 2011
(continued)

Defined Benefit Plans (continued)

Present value of plan assets - 2010	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Opening fair value of plan assets	24,281	2,418	73,457	8,004	108,160
Expected return on plan assets	1,986	255	5,695	678	8,614
Actuarial gains/(losses)	(1,814)	(184)	(2,705)	(351)	(5,054)
Contributions from the employer	851	375	392	1,624	3,242
Contributions from plan participants	437	0	498	0	935
Benefits paid	(3,909)	(1,115)	(12,640)	(1,484)	(19,148)
Closing fair value of plans assets	**21,832**	**1,749**	**64,697**	**8,471**	**96,749**

Reimbursement rights - 2010	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Opening value of reimbursement right	466	-	143,542	-	144,008
Change in value	800	-	16,499	-	17,299
Closing value of reimbursement right	**1,266**	**-**	**160,041**	**-**	**161,307**

Net liability- 2010	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation	23,098	4,932	224,738	9,894	262,662
Fair value of plan assets	(21,832)	(1,749)	(64,697)	(8,471)	(96,749)
Total liability /(asset) in statement of financial position	**1,266**	**3,183**	**160,041**	**1,423**	**165,913**

Expense recognised - 2010	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Current service cost	889	240	382	457	1,968
Interest on obligation	1,369	286	12,191	374	14,220
Expected return on plan assets	(1,986)	(255)	(5,695)	(678)	(8,614)
Expense/(income)	**272**	**271**	**6,878**	**153**	**7,574**

Actual returns - 2010	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Actual return on plan assets	982	71	3,069	327	4,449
Actual return on reimbursement right	-	-	-	-	-

Other comprehensive income - 2010	**SASS**	**SANCS**	**SSS**	**PSF**	**Total**
	$'000	$'000	$'000	$'000	$'000
Actuarial losses/(gains) on defined benefit	1,378	441	10,013	951	12,783
Actuarial (losses)/gains on plan assets	(1,814)	-	(2,705)	-	(4,519)
Actuarial (losses)/gains on reimbursement rights	436	-	(7,308)	-	(6,872)
Recognised in other comprehensive income	**-**	**(441)**	**-**	**(951)**	**(1,392)**

Notes to the financial statements
31 December 2011
(continued)

Defined Benefit Plans (continued)

c) Financial impact for other funds

UniSuper

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.

The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, as a result of Clause 34 of the UniSuper Trust Deed, a defined contribution plan under Accounting Standard AASB 119.

As at 30 June 2011 the assets of the DBD in aggregate were estimated to be $906.5 million in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.

As at 30 June 2011 the assets of the DBD in aggregate were estimated to be $426.7million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund’s actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 9 November 2011 on the actuarial investigation of the DBD as at 30 June 2011. The financial assumptions used were:

	Vested Benefits	**Accrued Benefits**
Gross of tax investment return	7.25% p.a.	8.50% p.a.
Net of tax investment return	6.75% p.a.	8.00% p.a.
Consumer Price Index	2.75% p.a.	2.75% p.a.
Inflationary salary increases short term (2 years)	5.00 % p.a.	5.00 % p.a.
Inflationary salary increases long term	3.75 % p.a.	3.75 % p.a.

Assets have been included at their net market value, i.e. allowing for realisation costs.

The Defined Benefit Division as at 30 June 2011 is therefore in an "unsatisfactory financial position" as defined by SIS Regulation 9.04. An "unsatisfactory financial position" for a defined benefit fund is defined as when ‘the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'. The Actuary and the Trustee have followed the procedure required by Section 130 of the SIS Act when funds are found to be in an unsatisfactory financial position.

Clause 34 was initiated following the 31 December 2008 actuarial investigation and it has again been initiated following the 30 June 2011 actuarial investigation.

The actuary currently believes, in respect of the long-term financial condition of the Fund, that assets as at 30 June 2011, together with current contribution rates, are expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows the “best estimate” assumptions.

Note 41. Acquittal of Australian Government financial assistance

41.1 DEEWR - CGS and Other DEEWR Grants

Parent entity (University) Only

	Note	Commonw'lth Grant Scheme #1		Indigenous Support Program		Partnership & Participation Program #2		Disability Support Program	
		2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
		$'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)		79,221	68,118	951	863	2,632	1,499	220	91
Net accrual adjustments		337	2,386	-	-	-	-	-	-
Revenue for the period	3(a)	79,558	70,504	951	863	2,632	1,499	220	91
Surplus / (deficit) from the previous year		29	2,414	188	182	850	949	158	97
Total revenue including accrued revenue		79,587	72,918	1,139	1,045	3,482	2,448	378	188
Less expenses including accrued expenses		79,895	72,889	883	857	857	1,598	119	30
Surplus / (deficit) for reporting period		(308)	29	256	188	2,625	850	259	158

 # 1 Includes the basic CGS grant amount, CGS-Regional Loading, CGS-Enabling Loading, Maths and Science Transition Loading and Full Fee Places Transition Loading.

 # 2 Includes Equity Support Program

DEEWR - CGS and Other DEEWR Grants (continued)

	Note	Learning & Teaching Performance Fund		Capital Development Pool		Diversity and Structural Adjustment Fund #3		Transitional Cost Program	
		2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
		$'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)		-	-	4,875	306	1,111	858	89	88
Net accrual adjustments		-	-	-	-	-	-	56	(32)
Revenue for the period	3(a)	-	-	4,875	306	1,111	858	145	56
Surplus / (deficit) from the previous year		632	2,150	1,337	2,280	1,083	1,212	26	(7)
Total revenue including accrued revenue		632	2,150	6,212	2,586	2,194	2,070	171	49
Less expenses including accrued expenses		632	1,518	1,232	1,249	1,312	987	200	23
Surplus / (deficit) for reporting period		-	632	4,980	1,337	882	1,083	(29)	26

 # 3 Includes Collaboration and Structural Adjustment Program.

DEEWR - CGS and Other DEEWR Grants (continued)		**Graduate Skills Assessment**		**Other**		**Total**	
		2011	2010	**2011**	2010	**2011**	2010
		$'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)		-	-	-	-	89,099	71,823
Net accrual adjustments		-	-	-	-	393	2,354
Revenue for the period	3(a)	-	-	-	-	89,492	74,177
Surplus / (deficit) from the previous year		-	-	-	-	4,303	9,277
Total revenue including accrued revenue		-	-	-	-	93,795	83,454
Less expenses including accrued expenses		-	-	-	-	85,130	79,151
Surplus / (deficit) for reporting period		-	-	-	-	8,665	4,303

41.2 Higher Education Loan Programmes

		Parent entity (University) Only					
		HECS-HELP (Australian Government payments only)		**FEE-HELP #4**		**Total**	
		2011	2010	**2011**	2010	**2011**	2010
		$'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)		41,334	36,102	3,668	3,332	45,002	39,434
Net accrual adjustments		(326)	967	(122)	(442)	(448)	525
Revenue for the period	3(b)	41,008	37,069	3,546	2,890	44,554	39,959
Surplus / (deficit) from the previous year		106	1,074	94	(348)	200	726
Total revenue including accrued revenue		41,114	38,143	3,640	2,542	44,754	40,685
Less expenses including accrued expenses		40,682	38,037	3,425	2,448	44,107	40,485
Surplus / (deficit) for reporting period		432	106	215	94	647	200

#4 Program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP.

41.3 Scholarships

Parent entity (University) Only

	Note	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships #5		Commonwealth Accommodation Scholarships #5		Indigenous Access Scholarships		Total	
		2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
		$'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)		2,304	2,050	229	224	615	(138)	51	50	82	98	3,281	2,284
Net accrual adjustments		-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	3(c)	2,304	2,050	229	224	615	(138)	51	50	82	98	3,281	2,284
Surplus / (deficit) from the previous year		709	609	68	25	863	1,408	658	1,349	61	37	2,359	3,428
Total revenue including accrued revenue		3,013	2,659	297	249	1,478	1,270	709	1,399	143	135	5,640	5,712
Less expenses including accrued expenses		2,272	1,950	175	181	258	407	355	741	-	74	3,060	3,353
Surplus / (deficit) for reporting period		741	709	122	68	1,220	863	354	658	143	61	2,580	2,359

#5 Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

41.4 DIISR Research

Parent entity (University) Only

	Note	Joint Research Engagement #6		Research Training Scheme		Research Infrastructure Block Grants		Regional Protection Scheme		Implementation Assistance Programme	
		2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
		$'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)		2,965	3,072	7,076	7,331	965	1,250	-	-	-	45
Net accrual adjustments		-	-	-	-	-	-	-	-	-	-
Revenue for the period	3(d)	2,965	3,072	7,076	7,331	965	1,250	-	-	-	45
Surplus / (deficit) from the previous year		-	-	-	-	-	-	-	-	-	160
Total revenue including accrued revenue		2,965	3,072	7,076	7,331	965	1,250	-	-	-	205
Less expenses including accrued expenses		2,965	3,072	7,076	7,331	965	1,250	-	-	-	205
Surplus / (deficit) for reporting period		-	-	-	-	-	-	-	-	-	-

#6 Includes Institutional Grants Scheme

DIISR Research (continued)

	Note	Australian Scheme for Higher Education Repositories		Commercialisation Training Scheme		Sustainable Research Excellence in Universities		Total	
		2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
		$'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)		-	-	-	66	795	773	11,801	12,537
Net accrual adjustments		-	-	-	-	-	-	-	-
Revenue for the period	3(d)	-	-	-	66	795	773	11,801	12,537
Surplus / (deficit) from the previous year		-	-	67	211	-	-	67	371
Total revenue including accrued revenue		-	-	67	277	795	773	11,868	12,908
Less expenses including accrued expenses		-	-	66	210	795	773	11,867	12,841
Surplus / (deficit) for reporting period		-	-	1	67	-	-	1	67

41.5 Voluntary Student Unionism

Parent entity (University) Only

	Note	VSU Transition Fund		Support for Small Businesses		Total	
		2011	2010	**2011**	2010	**2011**	2010
		$'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)		-	-	-	-	-	-
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	3(e)	-	-	-	-	-	-
Surplus / (deficit) from the previous year		-	3,330	-	-	-	3,330
Total revenue including accrued revenue		-	3,330	-	-	-	3,330
Less expenses including accrued expenses		-	3,330	-	-	-	3,330
Surplus / (deficit) for reporting period		-	-	-	-	-	-

41.6 Other Capital Funding

		Parent entity (University) Only					
		Better Universities Renewal Fund		Teaching and Learning Capital Fund		Total	
		2011	2010	**2011**	2010	**2011**	2010
		$'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)		-	-	-	-	-	-
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	3(f)	-	-	-	-	-	-
Surplus / (deficit) from the previous year		902	3,881	5,821	7,816	6,723	11,697
Total revenue including accrued revenue		902	3,881	5,821	7,816	6,723	11,697
Less expenses including accrued expenses		902	2,979	2,827	1,995	3,729	4,974
Surplus / (deficit) for reporting period		-	902	2,994	5,821	2,994	6,723

41.7 Australian Research Council Grants

		Parent entity (University) Only			
		Projects		Total	
(a) Discovery		**2011**	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		825	701	825	701
Net accrual adjustments		-	-	-	-
Revenue for the period	3(g)(i)	825	701	825	701
Surplus / (deficit) from the previous year		261	293	261	293
Total revenue including accrued revenue		1,086	994	1,086	994
Less expenses including accrued expenses		697	733	697	733
Surplus / (deficit) for reporting period		389	261	389	261

Parent entity (University) Only

(b) Linkages	Note	Projects 2011 $'000	Projects 2010 $'000	Total 2011 $'000	Total 2010 $'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		386	319	386	319
Net accrual adjustments		-	-	-	-
Revenue for the period	3(g)(ii)	386	319	386	319
Surplus / (deficit) from the previous year		56	65	56	65
Total revenue including accrued revenue		442	384	442	384
Less expenses including accrued expenses		407	328	407	328
Surplus / (deficit) for reporting period		35	56	35	56

41.8 OS-HELP

Parent entity (University) Only

	Note	2011 $'000	2010 $'000
Cash Received during the reporting period		199	125
Cash Spent during the reporting period		(133)	(120)
Net Cash received	3(i)	66	5
Cash Surplus / (deficit) from the previous period		(30)	-
Cash Surplus / (deficit) for the reporting period	20/30	36	5

" End of Audited Financial Statements "

Agricultural Business Research Institute

Agricultural Business
Research Institute

ABN: 30 058 555 632
Annual Financial Report for the year ended 31 December 2011

INDEPENDENT AUDITOR'S REPORT

Agricultural Business Research Institute

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

I have audited the accompanying financial statements of Agricultural Business Research Institute (the Company), which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Auditor's Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with *section* 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, *Corporations Act 2001* and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Agricultural Business Research Institute on 26 March 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

Steven Martin
Director, Financial Audit Services

26 March 2012
SYDNEY

Agricultural Business Research Institute

Directors Report

Your Directors submit their report, together with the financial statements of the company for the year ended 31 December, 2011.

Directors
The following persons were Directors of the company during the whole of the year and up to the date of this report:

Anthony John Traherne COATES (AM)
Laurie Robert PIPER
Robert Anthony BARWELL
Morris George MCINNES
Ian Michael LOCKE
Barry John PAFF
Charles Alexander MCDONALD

The following Directors were appointed during the year and continue in office at the date of this report:
Murray Charles SCHOLZ - appointed 18 July 2011
Geoffrey Bradfield FOX - appointed 30 June 2011

The following Directors held office from the beginning of the year until the date of their resignation:
Philip Arthur RICKARDS (OAM) - resigned 18 July 2011
Keith William ENTWISTLE (AM) - resigned 13 April 2011

Company Secretary
The following person held the position of corporate secretary at the end of the financial year:

Name and Occupation:	**Coenraad Hendrik Mouton (Manager/Accountant)**
Qualifications:	B Econ(Accounting), BS (Computer Science)

Company Objectives
The ABRI's Constitution records the objects for which the company was established as:
(a) To promote Australian primary production industries.
(b) To conduct research into Australian primary production industries.
(c) To provide genetic evaluation services aimed at improving the productivity of Australian livestock industries.
(d) To develop software beneficial to members of Australian primary production industries.
(e) To provide seminars, workshops and field days beneficial to members of Australian primary production industries.

Strategy for achieving these objectives

Object (a) – the ABRI provides an office environment that allows industry groups to set up their national headquarters and promote their sector of agriculture. Twenty two organisations have already done this. ABRI is also active in promoting Australia's cattle genetics in overseas countries. ABRI provides a service for accreditation of cattle for export as breeding stock.

Object (b) – ABRI provides research, particularly in beef cattle breeding, that assists beef cattle breeders increase the rate of genetic progress in their herds. ABRI is a Registered Research Agency with the Australian Government's Department of Innovation Industry, Science and Research.

Object (c) - ABRI provides the BREEDPLAN® genetic evaluation to the beef cattle industry nationally. The average weighted production index of cows recorded by ABRI in southern Australia has improved from an index of $10/cow to $55/cow in the time ABRI has been offering a selection system.

Object (d) – ABRI has developed a range of software products to help Australia's primary producers:
ILR2 – new generation breed register software for all species.
BREEDPLAN – beef cattle genetic evaluation system.
Dairy Express – a comprehensive herd recording system for the dairy industry.
HerdMASTER – a PC-based herd management system for beef cattle breeders.
RaceMATE – an advanced PC software system for commercial producers.

Object (e) ABRI has established two projects which provide seminars, workshops and field days to primary producers namely:
Southern Beef Technology Services (in Southern Australia).
Tropical Beef Technology Services (in Northern Australia).
Together these two projects provide a national field extension service.

How entity measures performance
KPI's revolve around:
Rate of genetic progress being achieved,
The number of animals being recorded,
Members participating in the services,
Number of attendees to various workshops and seminars,
Financial returns.

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 2011.

Review of Operations
The operating surplus of the company was: $529,605 (2010 = $387,678) and the surplus after fair value adjustments on the financial assets was $240,806 (2010 = $177,891)

The operating surplus is deemed by the Directors to be a satisfactory result in the eighteenth year of trading as a distinct company. During the year International Livestock Resources and Information Centre Ltd, was wound up and according to it's constitution ABRI received the net net assets as income.

Significant Changes in the State of Affairs
The value of ABRI's share investments depreciated by $288,799, (2010 = $209,787), this being in line with the all ordinaries index during 2011.

Matters Subsequent to the End of the Financial Year
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 and Expected Results of Operations
The company will continue to pursue its principal activities during the year 2012.

Environmental Regulation
The operations of the company are not regulated by any significant environmental regulation under the law of the Commonwealth or of a State or Territory.

Insurance of Officers
The University obtains commercial insurance to indemnify persons who serve on University Boards and Committees and on Boards and Committees of all entities in the Group. The annual premium for the Group of $34,000 for Directors and Officers Insurance covered the period 1 November 2010 to 31 October 2011. Insurance has been renewed for the Group for the period 1 November 2011 to 31 October 2012 at a cost of $30,600. Coverage also extends to the Group's appointees who serve on the Boards of other entities, as designated representative of the University and controlled entities and who are not otherwise indemnified.

Information on Directors

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 35 years of experience in managing agribusiness information projects.
Special Responsibilities	Managing Director
	Board member since 11th January, 1993 until 18th July 2011
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.
Special Responsibilities	Chairman of the Board, IBRS Sub-Committee, Finance and Admin Sub-Committee
	Board member since 11th January, 1993.

Name and Occupation:	**Laurie Robert PIPER**
Qualifications:	BRurSc PhD FTSE FAICD
Experience:	Laurie Piper is an animal breeding consultant, Honorary Research Fellow at CSIRO Livestock Industries and Adjunct Professor of Animal Science at the University of New England. He is a Fellow of the Australian Institute of Company Directors and of the Australian Academy of Technological Sciences and Engineering. His training and expertise is in genetics and animal breeding. He has worked as a research scientist/research manager in the wool and beef industries for 45 years and in more recent times has become involved in aquaculture genetics.
Special Responsibilities	IBRS Sub-Committee Board Member since November 2007
Name and Occupation:	**Charles Alexander McDonald**
Qualifications:	Bachelor of Agricultural Science
Experience:	Mr McDonald worked in research and extension with the Victorian Department of Agriculture for 12 years. He then took up the role of National Coordinator of field services for the National Beef Recording Scheme for three years before coordinating the National Carcase Evaluation Project for three years. Since 1992, Mr McDonald has been General Manager of the Australian Limousin Breeders' Society Ltd. He is a director of the Performance Beef Breeders Association and Chairman of the PBBA's Technical Committee.
Special Responsibilities	IBRS Sub-Committee, ILRIC Sub-Committee Board member since April 15, 2008.
Name and Occupation:	**Robert Anthony Barwell (Grazier)**
Experience:	Mr Barwell is a sheep and cattle producer who 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 Flock care. He has also been the General Manager of a diverse agricultural company with properties throughout rural New South Wales.
Special Responsibilities	IBRS Sub-Committee Board member since 28th May 2004.
Name and Occupation:	**Ian Michael LOCKE (Grazier)**
Qualifications:	Bachelor of Agricultural Economics
Experience:	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.
Special Responsibilities	IBRS Sub-Committee, Finance and Admin Sub-Committee Board member since 3rd June, 2002.
Name and Occupation:	**Keith William Entwistle (AM) (Consultant)**
Qualifications:	Diploma of Animal Husbandry, Honours degree in Veterinary Science, PhD (University of Sydney).
Experience:	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.
Special Responsibilities	IBRS Sub-Committee Board member since 23/08/2005, Resigned 13th April 2011
Name and Occupation:	**Barry John Paff (Dairy/Lucerne Farmer)**
Experience:	Previous experience as a dairy farmer at Raleigh, milking 300 cows for many years and on the Board of Norco Co-operative and Norco Pauls JV Board, prior involvement in NSW Dairy Farmer's Association Dairy Committee, currently a lucerne farmer outside Tamworth.
Special Responsibilities	Dairy Express Sub-Committee Board member since 5th October 2005.

Name and Occupation:	**Geoffrey Bradfield Fox (Consultant)**
Qualifications:	Honours degree and doctorate in Rural Science at the University of New England and a post doctoral Masters of Arts in development economics and rural sociology at the Australian National University.
Experience:	Rural development and natural resource management specialist working in less developed countries for the World Bank (27 years) and AusAID (6 years). Currently, a grazier raising beef cattle. Chairman of the University of New England Foundation, member of the University of New England Council and its Finance Committee.
Special Responsibilities	Finance and Admin Sub-Committee Board member since 30th June 2011

Name and Occupation:	**Murray Charles Scholz**
Qualifications:	Bachelor of Science
Experience:	IT professional with 28 years commercial experience in software development. Played the lead role in the development of ABRI's systems for various livestock species in Australia, and has been instrumental in the development of this software for a world-wide audience. From 1993 to 2011, has served as Associate Director, ABRI, also responsible for the supervision and management of ABRI's 20-person software development team.
Special Responsibilities	Managing Director Board member since 18th July 2011

Name and Occupation:	**Morris George McInnes (Dairy Farmer)**
Qualifications:	Certificate in Animal Husbandry, Emerald College
Experience:	Manages a 450 cow dairy in South East Queensland. Prior experience on local and regional catchment/land care bodies and on Queensland Irrigators Council.
Special Responsibilities	Dairy Express Sub-Committee Board member since 30th November 2009.

b) Directors' Meetings

During the financial year ended 31 December, 2011 four directors' meetings were held. Attendance at the meeting was as follows:

Directors' Name	Directors' Meetings	
	Eligible to	Number
Philip Arthur RICKARDS (OAM)	2	2
Anthony John Traherne COATES (AM)	4	4
Laurie Robert PIPER	4	4
Charles Alexander MCDONALD	4	4
Robert Anthony BARWELL	4	3
Ian Michael LOCKE	4	4
Keith William ENTWISTLE (AM)	0	0
Barry John PAFF	4	3
Geoffrey Bradfield FOX	3	3
Murray Charles SCHOLZ	2	2
Morris George McInnes	4	3

The company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. There is only one class of member who has a $100 liability should the company be wound up. At 31 December 2011, the collective liability of members was $600 ($100 per member, maximum number of members 6).

Legal proceedings on behalf of the Company

There were no legal proceedings brought against the company during the financial year. At the date of this report, the directors are not aware of any legal proceedings which have arisen since the end of the financial year and up to the date of this report.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on the next page and forms part of the directors' report for the financial year ended 31 December 2011.

The report is signed on behalf of the directors in accordance with a resolution of the directors made pursuant to the Corporations Act 2001.

C A McDonald
Director

M C Scholz
Director

20-March-2012

To the Directors
Agricultural Business Research Institute

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Agricultural Business Research Institute for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Steven Martin
Director, Financial Audit Branch

19 March 2012
SYDNEY

Directors' Declaration

The directors declare that:

1. the financial statements and notes comply with Australian Accounting Standards (including Australian Accounting Interpretations);

2. the financial statements and notes give a true and fair view of the financial position and performance of the company for the financial year ended 31 December 2011;

3. the financial statements and notes are in accordance with the Corporations Act 2001; and

4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act, 2001.

C A McDonald
Director
20-March-2012

M C Scholz
Director

Directors' Statement Pursuant to Section 41C(1B) and (1C) of the Public Finance and Audit Act 1983

In accordance with a resolution of the directors and pursuant to Section 41C (1B) and 1(C) of the *Public Finance and Audit Act 1983, we state tha*

1. The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 31 December 2011 and the results of its operations and transactions of the Company for the year then ended;

2. The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010;*

3. The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board;

4. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate;

5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

C A McDonald
Director
20-March-2012

M C Scholz
Director

Income Statement

For the year ended 31 December 2011

	Notes	**2011**	2010
		$	$
Revenue from continuing operations			
Investment revenue	**3**	371,151	366,314
Other Revenue	**4**	7,803,384	6,868,959
Total revenue from continuing operations		8,174,535	7,235,273
Total revenue and income from continuing operations		8,174,535	7,235,273
Expenses from continuing operations			
Employee related expenses	**5**	5,000,214	4,635,305
Depreciation and amortisation	**6**	373,318	362,988
Repairs and maintenance	**7**	24,591	28,388
Impairment of assets	**8**	2,654	40,507
Investment losses	**3**	288,799	209,787
Other expenses	**9**	2,244,153	1,780,407
Total expenses from continuing operations		7,933,729	7,057,382
Operating Surplus/(Deficit) attributable to the ABRI	**19**	240,806	177,891

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

Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	**2011**	2010
		$	$
Operating Surplus/(Deficit) after income tax for the period		240,806	177,891
Other comprehensive income			
Gain (Loss) on revaluation of land, buildings and infrastructure		637,195	-
Gain (Loss) on value of available for sale financial assets		-	-
Other comprehensive income for the period		637,195	-
Total comprehensive income for the period		878,001	177,891

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

Statement of Financial Position

As at 31 December 2011

	Notes	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	**10**	4,368,123	4,848,439
Receivables	**11**	1,555,111	1,171,700
Other assets	**13**	203,259	234,542
Total current assets		6,126,493	6,254,681
Non-current assets			
Other financial assets	**12**	1,718,532	2,047,694
Property, plant and equipment	**14**	3,607,429	2,128,304
Intangible assets	**15**	559,858	611,250
Total non-current assets		5,885,819	4,787,248
Total assets		12,012,312	11,041,929
LIABILITIES			
Current liabilities			
Trade and other payables	**16**	871,939	539,320
Provisions	**17**	1,172,921	1,448,053
Other liabilities	**18**	353,344	309,203
Total current liabilities		2,398,204	2,296,576
Non-current liabilities			
Provisions	**17**	105,224	114,471
Total non-current liabilities		105,224	114,471
Total liabilities		2,503,428	2,411,047
Net assets		9,508,884	8,630,882
EQUITY			
Retained earnings	**19**	8,048,544	7,807,738
Asset revaluation reserve	**19**	1,460,340	823,145
Total equity attributable to equity holders of the company		9,508,884	8,630,883

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2011

	Reserves	Retained Earnings	Total
Balance at 1 January 2010	823,145	7,629,847	8,452,992
Retrospective changes	-	-	-
Balance as restated	823,145	7,629,847	8,452,992
Profit or loss	-	177,891	177,891
Revaluation of Land and Buildings	-	-	-
Total comprehensive income	-	177,891	177,891
Balance at 31 December 2010	823,145	7,807,738	8,630,883
Balance at 1 January 2011	823,145	7,807,738	8,630,883
Profit or loss	-	240,806	240,806
Revaluation of Land, buildings and infrastructure	637,195	-	637,195
Total comprehensive income	637,195	240,806	878,001
Balance at 31 December 2011	1,460,340	8,048,544	9,508,884

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

Statement of Cash Flows

For the year ended 31 December 2011

	Notes	**2011**	2010
		$	$
Cash flows from operating activities			
Receipts from customers		7,466,126	6,762,970
Dividends received		94,712	97,169
Interest received		290,953	269,826
Payments to suppliers and employees (inclusive of GST)		(7,639,090)	(6,363,198)
Net cash provided by / (used in) operating activities	**25**	212,701	766,767
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		(727,250)	(351,521)
Proceeds from sale of financial assets		-	-
Payments for financial assets		34,233	(50,181)
Net cash provided by / (used in) investing activities		(693,017)	(401,702)
Net increase / (decrease) in cash and cash equivalents		(480,316)	365,065
Cash and cash equivalents at the beginning of the financial year		4,848,439	4,483,374
Cash and cash equivalents at the end of the financial year	**10**	4,368,123	4,848,439

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

Contents of the notes to the financial statements

Notes to and forming part of the Financial Statements

Note 1. Summary of significant accounting policies

Agricultural Business Research Institute, a not for profit entity, was incorporated in Australia on 11 January 1993 as a company limited by guarantee and is domiciled in Australia. The amount of the guarantee is limited to $100 per member, which can be called upon in the event of winding up. At December 31, 2011 membership of the company stood at six.

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

The principle address of ABRI is: C/o UNE, The Short Run, Armidale, NSW 2351

The financial report for the year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Board on 20 March 2012.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The Financial Statements are general purpose financial statements that have been prepared on an accrual basis in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulations 2010, and the Corporations Act of 2001.

The Financial Report has been prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(b) Foreign currency translation

(i) Functional and presentation currency
The financial statements are presented in Australian dollars which is the Entity's functional and presentation currency.

(ii) Transactions and balances
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.

(c) 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 rebates and amounts collected on behalf of third parties.

The Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Entity and specific criteria have been met for each of the Entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Other revenue
Revenue from fees and charges, which is predominantly rendering of services, is recognised in proportion to the level of service provided under the sales contract.

(ii) Investment income
Interest income is recognised as it accrues. Dividend income is recognised when the dividend is declared by the investee.

(d) Income tax

Agricultural Business Research Institute has been granted exemption from paying tax under the provisions of Section 50-B of the Income Tax Assessment Act 1997. The company does not anticipate adverse impacts arising from the current review of the taxation status of not-for-profit entities, since the company does not deliver 'unrelated trading activities' as defined in the scope of the current review.

(e) Leases

Leases of property, plant and equipment where the Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. 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 short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. 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 are depreciated over the shorter of the asset's useful life and the lease term.

Note 1. Summary of significant accounting policies (continued)

(e) Leases (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, 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 statement of financial position.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition .

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Entity 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. Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an expense account and the amount of the loss is recognised in the income statement under note 8. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to Bad Debts Recovered in the income statement.

(i) Investments and other financial assets

Classification

The Entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Entity's management has the positive intention and ability to hold to maturity. At balance date, the Entity held no assets in this category.

Note 1. Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement
Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement within other income or other expenses in the period in which they arise.

Fair Value
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, net asset value and option pricing models refined to reflect the issuer's specific circumstances.

Impairment
The Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(j) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Entity is the current bid price.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 Entity for similar financial instruments.

(k) Property, infrastructure, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity 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.

Note 1. Summary of significant accounting policies (Continued)

(k) Property, infrastructure, plant and equipment (continued)

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity, to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not subject to depreciation. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings 3 - 60 yrs,	Furniture and Fittings - 7-20 yrs,
Computing Equipment / Software - 5 - 15 yrs,	Other Plant and Equipment - 5 - 15 yrs,
Motor Vehicles - 5 yrs,	Intangible - 5yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, it is Entity policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Land, Buildings and Infrastructure controlled by the Entity were revalued as at 31 December 2011 by Knight Davidson Broun Property Advisory.

(l) Intangible assets

(i) Research and development
Expenditure on research activities is recognised in the income statement as an expense, when it is incurred.

Expenditure on development activities, relating to the design and testing of new or improved products, are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which varies from 3 to 5 years.

(ii) Licences
Licences have an infinite useful life and are not amortised. They are assessed for impairment annually and whenever there is an indication that the licences may be impaired, in accordance with Note 1(f).

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Entity prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions

Provisions for legal claims and service warranties are recognised when: the Entity has a present legal or constructive obligation as a result of past events; it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

Note 1. Summary of significant accounting policies (continued)

(o) Employee benefits

(i) Wages and salaries
Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses due to be settled within 12 months after the end of the period are measure at the amount expected to be paid when the liability is settled and are recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and is measured at the rates paid or payable.

(ii) Annual leave and sick leave
The liability for long-term employee benefits such as annual leave and accumulating sick leave is measured at the amount expected to be paid when the liability is settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) Comparative amounts

Comparative figures have been reclassified and repositioned in the financial statement, where necessary, to conform with the basis of presentation and classification used in the current year.

(r) New standards and interpretations not yet adopted.

AASB 9 Financial Instruments - December 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 13 Fair Value Measurement - September 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2013)

AASB 1054 Australian Additional Disclosures - May 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments - May 2011 (Compilation)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Note 2. Disaggregated information

Geographical

	Revenue		Results		Assets	
	2011	2010	**2011**	2010	**2011**	2010
	$	$	**$**	$	**$**	$
Australia	6,992,974	5,813,635	204,213	142,938	12,012,312	11,041,930
Asia	-	-	-	-	-	-
US/Canada	526,024	706,055	16,291	17,360	-	-
Unallocated	655,537	715,583	20,302	17,593	-	-
	8,174,535	7,235,273	240,806	177,891	12,012,312	11,041,930

	Notes	2011	2010
		$	$
Note 3. Investment revenue and income			
Interest		276,439	269,145
Dividend Income		94,712	97,169
Total investment revenue		371,151	366,314
Change in fair value of financial assets designated as at fair value through profit & loss		(288,799)	(209,787)
Profit on sale of Assets held for trading		-	-
Net investment income		(288,799)	(209,787)
Note 4. Other revenue			
Fees and charges		7,567,987	6,868,959
Contribution - International Livestock Resource and Information Centre Ltd (ILRIC) - Net Assets		235,397	-
Total other revenue		7,803,384	6,868,959

ILRIC was dissolved on 30 June 2011. In accordance with the terms of the company's constitution all assets and liabilities were transferred to ABRI. The net value has been recorded in ABRI as other revenue

	2011	2010
Note 5. Employee related expenses		
Salaries	4,331,059	3,979,330
Contribution to funded superannuation and pension schemes	369,147	350,412
Payroll tax	226,786	212,691
Worker's compensation	8,050	5,044
Long service leave expense	57,155	71,995
Other (Allowances, penalties and fringe benefits tax)	8,017	15,833
Total employee related expenses	5,000,214	4,635,305
Note 6. Depreciation and amortisation		
Depreciation		
Buildings	37,850	37,850
Furniture and Fittings	8,900	7,669
Plant and Equipment	65,006	57,729
Motor Vehicles	44,956	50,000
Total depreciation	156,712	153,248
Amortisation		
Intangibles	216,606	209,740
Plant & equipment under finance leases	-	-
Total amortisation	216,606	209,740
Total depreciation and amortisation	373,318	362,988
Note 7. Repairs and maintenance		
Plant/furniture/equipment	24,591	28,388
Total repairs and maintenance	24,591	28,388

		Notes	**2011** $	2010 $
Note 8.	**Impairment of assets**			
	Bad Debts		2,654	40,507
	Total impairment of assets		2,654	40,507
Note 9.	**Other expenses**			
	Non-capitalised equipment		9,095	6,052
	Advertising, marketing and promotional expenses		45,833	27,800
	Utilities		39,347	41,340
	Postal and Telecommunications		459,524	421,302
	Travel and Entertainment		165,171	131,097
	Operating Lease Rental Charges		40,414	59,917
	Consultants		695,127	360,502
	Other Expenditure		789,642	732,397
	Total other expenses		2,244,153	1,780,407
Note 10.	**Cash and cash equivalents**	1(g)		
	Cash at bank		358,058	404,373
	At call investments		4,010,065	4,444,066
	Total cash and cash equivalents		4,368,123	4,848,439

(a) Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the year as shown in the cash flow statement as follows:

Balances as above	4,368,123	4,848,439
Less: Bank Overdrafts	-	-
Balance per cash flow statement	4,368,123	4,848,439

(b) Cash at bank and on hand
These are non-interest bearing. - -

(c) Deposits as call
The deposits are bearing floating interest rates between 5.7% and 6.3% (2010 - 5.8% and 6.8%). These deposits have an average maturity of 180 days.

Note 11.	**Receivables**			
	Current			
	Trade and Other Debtors		1,571,701	1,224,166
	Less: Provision for impaired receivables	1(h)	(16,590)	(52,466)
	Total current receivables		1,555,111	1,171,700
	Non-current			
	Trade and Other Debtors		-	-
	Total non-current receivables		-	-
	Total receivables		1,555,111	1,171,700

(a) Impaired receivables

As at 31 December 2011 current receivables of the entity with a nominal value of $1,571,701 (2010: $1,224,166) were impaired. The amount of the provision was $16,590 (2010: $52,466).

The ageing of these receivables is as follows:

3 to 6 months	-	-
Over 6 months	16,590	52,466
	16,590	52,466

Receivables (continued)	Notes	2011 $	2010 $
Movements in the provision for impaired receivables are as follows:			
As at 1 January		52,466	47,102
Provision for impairment recognised during the year		2,654	40,507
Receivables written off during the year as uncollectible		(38,530)	(35,143)
		16,590	52,466

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the Income Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

		Notes	2011 $	2010 $
Note 12.	**Other financial assets**	1(i)		
	Non-current			
	Summary of portfolio as at 31 December:			
	Fair value through profit and loss		1,718,532	2,047,694
	Total non-current other financial assets		1,718,532	2,047,694
Note 13.	**Other assets**			
	Current			
	Accrued Income		155,121	170,174
	Prepaid Expenses		48,138	64,368
	Total current other non-financial assets		203,259	234,542

Note 14. Property, plant and equipment

	Freehold land $	Freehold buildings $	Infrastructure $	Plant and equipment $	Motor vehicle $	Furniture & fittings $	Total $
At 1 January 2010							
- Cost	350,000	1,778,066	-	1,175,787	500,669	131,370	**3,935,892**
- Valuation	-	-	-	-		-	**-**
Accumulated depreciation	-	(272,712)	-	(1,072,797)	(343,993)	(108,011)	**(1,797,513)**
Net book amount	**350,000**	**1,505,354**	**0**	**102,990**	**156,676**	**23,359**	**2,138,379**
Year ended 31 December 2010							
Opening net book amount	350,000	1,505,354	-	102,990	156,676	23,359	**2,138,379**
Additions	20,000	42,168	-	79,020	-	1,986	**143,174**
Depreciation charge	-	(37,850)	-	(57,729)	(50,000)	(7,669)	**(153,248)**
Closing net book amount	**370,000**	**1,509,672**	**0**	**124,281**	**106,676**	**17,676**	**2,128,304**
At 31 December 2010							
- Cost	370,000	1,820,234	-	1,254,807	500,669	133,356	**4,079,066**
- Valuation	-	-	-	-		-	**-**
Accumulated depreciation	-	(310,562)	-	(1,130,526)	(393,993)	(115,680)	**(1,950,761)**
Net book amount	**370,000**	**1,509,672**	**0**	**124,281**	**106,676**	**17,676**	**2,128,304**
Year ended 31 December 2011							
Opening net book amount	370,000	1,509,672	-	124,281	106,676	17,676	**2,128,304**
Additions	-	783,983	-	111,992	32,189	70,477	**998,641**
Revaluation increment/(decrement)	30,000	188,783	70,000	-		-	**288,783**
Adjustment to accumulated depreciation on revaluation	-	348,412	-	-	-	-	**348,412**
Assets classified as held for sale and other disposals	-	-	-	-	-	-	**0**
Depreciation charge	-	(37,850)	-	(65,006)	(44,956)	(8,900)	**(156,712)**
Closing net book amount	**400,000**	**2,793,000**	**70,000**	**171,267**	**93,909**	**79,253**	**3,607,429**
At 31 December 2011							
- Cost	-	-	-	1,366,799	444,664	203,834	**2,015,297**
- Valuation	400,000	2,793,000	70,000	-		-	**3,263,000**
Accumulated depreciation	-	-	-	(1,195,532)	(350,755)	(124,581)	**(1,670,868)**
Net book amount	**400,000**	**2,793,000**	**70,000**	**171,267**	**93,909**	**79,253**	**3,607,429**

Note 15. Intangible assets

	Notes	2011	2010
	1(l)	**$**	$
At 1 January			
Cost		2,169,110	2,003,896
Accumulated amortisation and impairment		(1,609,252)	(1,392,646)
Net book amount		559,858	611,250
Year ended 31 December			
Opening net book amount		611,250	612,642
Additions		165,214	208,347
Amortisation charge		(216,606)	(209,739)
Closing net book amount		559,858	611,250

Note 16. Trade and other payables

		2011	2010
Current			
Trade Payables		871,939	539,320
Total current trade and other payables		871,939	539,320

a) Foreign currency risk

The carrying amounts of the entity's trade and other payables are denominated in the following currencies:

		2011	2010
Australian Dollars		871,939	539,320
		871,939	539,320

Note 17. Provisions

	Notes	2011	2010
Provisions	1(n)		
Current provisions expected to be settled within 12 months			
Employee benefits			
Annual leave		599,495	700,559
Long service leave		569,826	743,894
Make good provision		3,600	3,600
Total Current Provision		1,172,921	1,448,053
Current provisions expected to be settled after more than 12 months			
Employee benefits			
Annual leave		-	-
Long service leave		-	-
Subtotal		-	-
Total Current Provision		1,172,921	1,448,053

Provisions (continued)

	2011 $	2010 $
Non-current provisions		
Employee benefits		
Long service leave	105,224	114,471
Total non-current provision	105,224	114,471
Total provisions	1,278,145	1,562,524

Summary movements in provisions
Movements in the Provision Account are:

	2011	2010
Carrying amount at start of year	1,562,524	1,490,529
Current year movement in provision		
- Annual Leave	(101,064)	31,891
- Long Service Leave - current	(174,068)	40,104
- Long Service Leave - non current	(9,247)	-
Carrying amount at end of year	1,278,145	1,562,524

Note 18. Other Liabilities

Current

Accrued Liabilities

	2011	2010
Fees in Advance	353,344	309,203
Total current other liabilities	353,344	309,203

Note 19. Reserves and retained earnings

Reserves

	2011	2010
Revaluation Reserve		
- Land	320,000	290,000
- Buildings	1,070,340	533,145
- Infrastructure	70,000	-
	1,460,340	823,145

Movements in reserves were as follows:

	2011	2010
Reserves at 1 January - Land	290,000	290,000
Increment/(decrement) on revaluation	30,000	-
Reserves at 31 December	320,000	290,000
Reserves at 1 January - Buildings	533,145	533,145
Increment/(decrement) on revaluation	537,195	-
Reserves at 31 December	1,070,340	533,145
Reserves at 1 January - Infrastructure	-	-
Increment/(decrement) on revaluation	70,000	-
Reserves at 31 December	70,000	-

	2011 $	2010 $
Reserves and retained earnings - continued		
Retained earnings		
Movements in retained earnings were as follows:		
Retained earnings at 1 January	7,807,738	7,629,847
Net Operating Result for the year	240,806	177,891
Retained Earnings at 31 December	8,048,544	7,807,738
Total Equity	9,508,884	8,630,883

Note 20. Key management personnel disclosures

Remuneration of Board Members
The Directors of the company act in an honorary capacity and receives only a nominal amount to cover costs for their services as Directors. The Directors did not receive benefits and fees from a related body corporate except for Dr Rickards in his capacity as Chief Managing Director of ABRI.

	No.	No.
Nil to $9,999	8	9
	8	9

	$	$
Aggregate Remuneration of Board Members		
Total Aggregate Remuneration	7,200	8,000

Remuneration of executive officers	No.	No.
$100,000 to $119,999	4	4
$120,000 to $139,999	1	-
$140,000 to $169,999	-	1
	5	5

Aggregate Remuneration of executive officers

Total Aggregate Remuneration	587,948	618,993

Note 21. Remuneration of auditors
During the year, the following fees were paid for services provided by the auditor of the company, its related practices and non-related audit firms:

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.*	21,900	19,500
Total remuneration for audit services	21,900	19,500

Note 22. Contingencies

At balance date, no legal proceeding had been identified as being progressed against or on behalf of the company.

At balance date, no contingent liabilities or contingent assets of a material nature to the company had been identified.

Note 23. Commitments

	2011 **$**	2010 $
Operating Leases		
Within one year	-	-
Later than one year but not later than five years	21,493	44,940
Later than five years	-	-
Total operating leases	21,493	44,940

No lease arrangements, existing as at 31 December 2011, contain contingent rental payments, purchase options, escalation clauses or restrictions imposed by lease arrangements including dividends, additional debt or further leasing.

(ii) Building Extension		
ABRI have engaged contractors to building an extension to the Saltbush building to be completed by the end of July 2011	-	729,798
	-	729,798

Note 24. Related parties

(a) Parent entities
The ultimate parent entity within the group is the University of New England which is incorporated in Australia.

(b) Subsidiaries
The entity does not have any interest in a subsidiary.

(c) Key management personnel
Disclosures relating to directors and specified executives are set out in note 20.

(d) Transactions with related parties
Transactions with related parties are on normal terms no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Transactions during the period		
University of New England		
Income received	-	-
Payments made	365,908	414,410
Net	(365,908)	(414,410)

Outstanding balances
The following balances are outstanding at the reporting date in relation to transactions with related parties:

University of New England		
Payables	47,279	70,488

(e) Guarantees
There have been no guarantees given.

(f) Terms and conditions
Related party outstanding balances are unsecured and have been provided on interest-free terms.

Note 25. Reconciliation of operating result after income tax to net cash flows from operating activities

	2011	2010
	$	$
Operating result for the period	240,806	177,891
Depreciation and amortisation	373,318	362,988
Impairment of investment	-	-
Provision for impaired receivables	(35,875)	5,363
Loss on revaluation	294,930	209,787
Net (gain) / loss on sale of non-current assets	-	-
Increase/(Decrease) in Payables and Prepaid Income	373,198	114,696
Increase/(Decrease) in Provision for Employee Entitlements	(284,379)	71,995
Increase/(Decrease) in Provision for Annual Leave	(436,607)	-
Increase/(Decrease) in Other Provisions	-	-
(Increase)/Decrease in Receivables and Prepaid Expenses	-	(175,953)
(Increase)/Decrease in Inventories	(312,690)	-
Net cash provided by / (used in) operating activities	212,701	766,767

Note 26. Events subsequent to reporting period

There are no reportable events occuring after balance date.

Note 27. Financial risk management

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) Market Risk

(i) Terms and conditions

Recognised Financial Instruments	Note	Accounting Policies	Terms and Conditions
Financial Assets			
Receivables and Accrued Income	11 & 13	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days
Deposits as Call	10(c)	Term Deposits are stated at cost	Bank Call Deposits interest rate is determined by the official Money Market
Term Deposits	10(c)	Term Deposits are stated at cost	Term deposits are for a period of up to one year. Interest rates are between 5.7% and 6.3%. Average maturity of 180 days.
Listed Shares	12	Listed Shares are carried at bid price	
Financial Liabilities			
Creditors and Accruals	16 & 18	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

(ii) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group's functional currency.

The economic entity undertakes certain transactions denominated in foreign currencies. These transactions expose the economic entity to exchange rate fluctuations. As the company recognises all transactions, assets and liabilities in Australian dollars only, it has minimal exposure to foreign exchange risk.

(iii) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices.

The entity is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the entity's Investment Committee.

(iv) Cash flow and fair value interest rate risk

The economic entity invests in term deposits with various financial institutions and is exposed to interest rate risk arising from normal interest rate variations.

The company interest rate risk arises primarily from investments in long term interest bearing financial instruments, due to the potential fluctuation in interest rates. In order to minimise exposure to this risk, the company invests in a diverse range of financial instruments with varying degrees of potential returns.

(v) Summarised sensitivity analysis

The table on the last page of the financial report summarises the sensitivity of the economic entity's financial assets and liabilities to interest rate risk.

(b) 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 statement of financial position.

(c) Liquidity Risk

Liquidity risk refers to the risk that, as a result of operational liquidity requirements, the company:
- will not have sufficient funds to settle a transaction on the due date
- will be forced to sell financial assets at a value which is less than their worth
- may be unable to settle or recover a financial asset at all

Financial risk management (continued)

The finance committee monitors the actual and forecast cash flow of the economic entity on a regular basis, ensuring that sufficient cash reserves are held to meet the ongoing operations and obligations of the economic entity as they fall due.

The following tables summarise the maturity of the Entity's financial assets and financial liabilities:

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash & cash equivalents	4.30	358,058					358,058
Investments-Term Deposits	5.90		4,010,065				4,010,065
Receivables						1,555,111	1,555,111
Listed Shares						1,718,532	1,718,532
Accrued Income						155,121	155,121
Total Financial Assets		358,058	4,010,065			3,428,764	7,796,887
Financial Liabilities							
Borrowings			-	-			0
Payables						871,939	871,939
Other Amounts Owing						353,344	353,344
Total Financial Liabilities			-	-		1,225,283	1,225,283
Net Financial Assets(Liabilities)		358,058	4,010,065	-		2,203,481	6,571,604

Comparative figures for the previous year are as follows:

31 December 2010	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	6.19	404,373					404,373
Investments - Term Deposits	6.70		4,444,066				4,444,066
Receivables	-					1,171,700	1,171,700
Listed Shares	-					2,047,694	2,047,694
Accrued Income	-					170,174	170,174
Total Financial Assets		404,373	4,444,066			3,389,568	8,238,007
Financial Liabilities							
Borrowings	-		-	-			-
Payables	-					539,320	539,320
Other Amounts Owing	-					309,203	309,203
Total Financial Liabilities			-	-		848,523	848,523
Net Financial Assets(Liabilities)		404,373	4,444,066	-		2,541,045	7,389,484

(d) Net Fair Values of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market exit prices declared by fund managers are used to estimate fair value for unlisted unit trusts.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. 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 Entity for similar financial instruments.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Carrying Amount		Fair Value	
	2011	2010	2011	2010
	$	$	$	$
Financial assets				
Cash and cash equivalents	4,368,123	4,848,439	4,368,123	4,848,439
Receivables	1,710,232	1,341,874	1,710,232	1,341,874
Other financial assets	1,718,532	2,047,694	1,718,532	2,047,694
Total financial assets	7,796,887	8,238,007	7,796,887	8,238,007
Financial liabilities				
Payables	871,939	539,320	871,939	539,320
Borrowings	0	0	0	0
Other financial liabilities	353,344	309,203	353,344	309,203
Total financial liabilities	1,225,283	848,523	1,225,283	848,523

Financial risk management (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Entity's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 December 2011	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		**+1%**		**-10%**		**+10%**		**-1%**		**+1%**	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	358,058	(3,581)	(3,581)	3,581	3,581	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	4,010,065	(40,101)	(40,101)	40,101	40,101	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	1,555,111					-	-	-	-				
Listed Shares	1,718,532												
Accrued Income	155,121												
Total Financial Assets	7,796,887												
Financial Liabilities													
Borrowings	-	-		-	-								
Payables	871,939												
Other Amounts Owing	353,344												
Total Financial Liabilities	1,225,283												
Total increase / (decrease)	6,571,604	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

31 December 2010	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		**+1%**		**-10%**		**+10%**		**-1%**		**+1%**	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	404,373	(4,044)	(4,044)	4,044	4,044	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments - Term Deposits	4,444,066	(44,441)	(44,441)	44,441	44,441	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	1,171,700					-	-	-	-				
Listed Shares	2,047,694												
Accrued Income	170,174												
Total Financial Assets	8,238,007												
Financial Liabilities													
Borrowings	-	-		-	-								
Creditors	539,320												
Other Amounts Owing	309,203												
Total Financial Liabilities	848,523												
Total increase / (decrease)	7,389,484	-	-	-	-	-	-	-	-	-	-	-	-

END OF AUDITED FINANCIAL STATEMENTS

Services UNE Ltd

ABN: 29 065 648 419
Annual Financial Report for the year ended 31 December 2011

INDEPENDENT AUDITOR'S REPORT

Services UNE Ltd

To Members of the New South Wales Parliament and Members of Services UNE Ltd.

I have audited the accompanying financial statements of Services UNE Ltd (the Company), which comprise the statement of financial position as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, *Corporations Act 2001* and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 23 March 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

Steven Martin
Director Financial Audit Services

2 April 2012
SYDNEY

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 2011 and the Auditors' Report thereon.

Directors

The following persons were directors of the company during the whole of the year and up to the date of this report:

Roderick Watt
Geoff Allen
Peter Enlund
Sue Nelson
Jennifer Miller

Information on Directors

Geoff Allen	Chairman
Qualifications	Bachelor of Financial Administration, Member of the Institute of Chartered Accountants and Registered Company Auditor.
Experience	Over 20 years of audit and management experience. Appointed Chairman at the same time as he joined the Board in May 2009.
Special Responsibilities	Chairman
Roderick Watt	
Qualifications	Diploma in Law (SAB)
Experience	Over 30 years experience as a solicitor. Has served on numerous committees and at community events. Joined the Board in September 2005.
Special Responsibilities	Nil
Peter Enlund	
Qualifications	Fellow of the Institute of Chartered Accountants.
Experience	Chief Operating Officer of UNE. Extensive experience in the education sector. Joined the Board in October 2010.
Special Responsibilities	Nil
Sue Nelson	
Qualifications	Certificate in small business
Experience	Over 25 years experience in the retail industry. Joined the Board in October 2010.
Special Responsibilities	Nil
Jenny Miller	
Qualifications	BA DipEd MEdStudies (NE)
Experience	Substantial experience as a high school and TAFE teacher and is currently the University of New England's Alumni Relations Officer. Joined the Board in December 2010.
Special Responsibilities	Nil

Directors Meetings

The number of directors meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year are:

	Board Meetings	
Director	A	B
Geoff Allen	6	7
Roderick Watt	5	7
Peter Enlund	2	7
Sue Nelson	5	7
Jennifer Miller	6	7

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the year

The entity's short term objectives are to:
Develop a commercially focused and financially viable university services organisation. To achieve an overall financial break-even result for all commercial operations;

The entity's medium term objectives are to:
Generate sufficient surplus profits from commercial operations and rental income to fund essential services for the university community;

The entity's long term objectives are to:
Continue medium term objectives whilst seeking further opportunities to convert vacant space on campus into commercial rental income, to expand activities on or off campus in a financially responsible manner, so as to become financially independent of UNE funding.

To achieve these objectives, the entity has adopted the following strategies:
- Maintaining a well balanced board with relevant experience. The board currently comprises three independent directors including a local solicitor, accountant and retail businesswoman together with a UNE Council representative and the UNE Chief Operating Officer.
- Maintain bi-monthly board meetings with a focus on strong financial management and attention to services that will benefit the entire University community.
- Introduction of management reports with particular emphasis on timely accurate reporting.
- Monthly meeting with the Chief Operating Officer to discuss current issues.
- Attracting and retaining quality staff who are committed to providing excellent customer service.

Principal Activities

The principal activity of the Company is the provision of non-academic student services at the University of New England. There were no significant changes in the nature of the activities of the entity during the year.

Limited by Guarantee

The company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligations of the company. At 31 December 2011 the collective liability of the members was $1 (2010: $1).

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on the next page and forms part of the directors' report for the financial year ended 31 December 2011.

The report is signed on behalf of the directors in accordance with a resolution of the directors made pursuant to the Corporations Act 2001.

Jennifer Miller
....

Director

....

Director

28 March 2012

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
Services UNE Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Services UNE Ltd for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Steven Martin
Director, Financial Audit Services

23 March 2012
SYDNEY

Directors' Declaration

The directors declare that:

1. the financial statements and notes comply with Australian Accounting Standards (including Australian Accounting Interpretations);

2. the financial statements and notes give a true and fair view of the financial position and performance of the company for the financial year ended 31 December 2011;

3. the financial statements and notes are in accordance with the Corporations Act 2001; and

4. 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 4 the directors have taken into account the matters outlined in Note 21 - Economic Dependency.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act, 2001.

Jennifer Miller

Director

Director

28 March 2012

Directors' Statement Pursuant to Section 41C(1B) and (1C) of the Public Finance and Audit Act 1983

In accordance with a resolution of the directors and pursuant to Section 41C (1B) and 1(C) of the *Public Finance and Audit Act 1983*, we state that:

1. The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 31 December 2011 and the results of its operations and transactions of the Company for the year then ended;

2. The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983,* Public Finance and Audit Regulations 2010;

3. The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board;

4. We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and

5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Jennifer Miller

Director

Director

28 March 2012

Income Statement

For the year ended 31 December 2011

	Notes	2011 $	2010 $
Revenue from continuing operations			
Trading income	3	3,572,493	3,658,445
Investment revenue	4	122,713	108,734
Other Revenue	5	634,202	607,231
Total revenue and income from continuing operations		4,329,408	4,374,410
Expenses from continuing operations			
Employee related expenses	6	1,782,361	1,772,356
Depreciation and amortisation	7	136,054	177,755
Repairs and maintenance	8	118,754	75,696
Impairment of assets	9	505	1,935
Other expenses	10	2,212,130	2,239,282
Total expenses from continuing operations		4,249,804	4,267,024
Operating surplus / (deficit) attributable to the Entity	20	79,604	107,386

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

Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 $	2010 $
Operating surplus / (deficit) for the period		79,604	107,386
Other comprehensive income		-	-
Total comprehensive income for the period		79,604	107,386

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

Statement of Financial Position

As at 31 December 2011

	Notes	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	**11**	2,172,436	2,073,845
Receivables	**12**	70,256	47,795
Inventories	**13**	266,947	243,332
Other assets	**15**	1,238	35,340
Total current assets		2,510,877	2,400,312
Non-current assets			
Other financial assets	**14**	500	500
Property, plant and equipment	**16**	613,819	601,004
Intangible assets	**17**	25,000	25,000
Total non-current assets		639,319	626,504
Total assets		3,150,196	3,026,816
LIABILITIES			
Current liabilities			
Trade and other payables	**18**	270,848	220,032
Provisions	**19**	118,049	121,519
Total current liabilities		388,897	341,551
Non-current liabilities			
Provisions	**19**	5,407	8,977
Total non-current liabilities		5,407	8,977
Total liabilities		394,304	350,528
Net assets		2,755,892	2,676,288
EQUITY			
Retained surplus	**20**	2,755,892	2,676,288
Total equity		2,755,892	2,676,288

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2011

	Reserves	Retained Earnings	Total
Balance at 1 January 2010	-	2,568,902	2,568,902
Retrospective changes	-	-	-
Balance as restated	-	2,568,902	2,568,902
Profit or loss	-	107,386	107,386
Total comprehensive income	-	107,386	107,386
Balance at 31 December 2010	-	2,676,288	2,676,288
Balance at 1 January 2011	-	2,676,288	2,676,288
Profit or loss	-	79,604	79,604
Total comprehensive income	-	79,604	79,604
Balance at 31 December 2011	-	2,755,892	2,755,892

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

Statement of Cash Flows

Statement of Comprehensive Income

	Notes	2011 $	2010 $
Cash flows from operating activities			
Receipts from customers		4,621,444	4,989,971
Interest received		122,713	108,734
Payments to suppliers and employees (inclusive of GST)		(4,468,105)	(4,566,968)
Interest and other costs of finance		(28,592)	(29,029)
Net cash provided by / (used in) operating activities	27	247,460	502,708
Cash flows from investing activities			
Payments for property, plant and equipment		(148,868)	(315,523)
Net cash provided by / (used in) investing activities		(148,868)	(315,523)
Net increase / (decrease) in cash and cash equivalents		98,592	187,185
Cash and cash equivalents at the beginning of the financial year		2,073,844	1,886,659
Cash and cash equivalents at the end of the financial year		2,172,436	2,073,844

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

Contents of the notes to the Financial Statements

Notes to and forming part of the Financial Statements

Note 1. Summary of significant accounting policies

Services UNE Limited, a not for profit entity, was incorporated in Australia as a company limited by guarantee on 14 July 1994 and is domiciled in Australia.

The principal address of Services UNE is:
Madgwick Hall, Union Road
University of New England, NSW 2351

If the Company is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligation of the Company. At 31 December 2011, the number of members is 1 (one).

The company is a controlled entity of the University of New England 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 statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board on 28 March 2012.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared on an accrual basis in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulations 2010 and the Corporations Act 2001.

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(b) Foreign currency translation

(i) Functional and presentation currency
The financial statements are presented in Australian dollars which is the Entity's functional and presentation currency.

(c) 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.

The Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Entity and specific criteria have been met for each of the Entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of Goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed.

(ii) Rendering of services

Revenue from rendering of services is recognised when there is unlikely to be any further effort or contribution necessary by the Entity to fulfil the obligations of the sale and the transfer of risk and reward to the customer is complete.

(iii) Interest received

Interest income is recognised as it accrues.

(iv) Other revenue

Represents income from various activities derived from core business and other miscellaneous income which is recognised when it is earned.

(d) 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.

(e) Leases

Leases of property, plant and equipment where the Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. 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 short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. 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 are 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. 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.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, 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 statement of financial position.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition .

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Entity 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an expense account and the amount of the loss is recognised in the income statement under note 10. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to Bad Debts Recovered in the income statement.

(i) Inventories

Stocks on hand are valued at the lower of cost and net realisable value. 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) Investments and other financial assets

Classification

The Entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Entity's management has the positive intention and ability to hold to maturity. At balance date, the Entity held no assets in this category.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting date.

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement within other income or other expenses in the period in which they arise.

Fair Value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, net asset value and option pricing models refined to reflect the issuer's specific circumstances.

Impairment

The Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Entity is the current bid price.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 Entity for similar financial instruments.

(l) Plant and Equipment

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

Leasehold Improvements - 5 - 50 yrs,
Plant & Equipment - 2 - 10 yrs,
Motor Vehicle - 3 - 7 yrs,

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, it is Entity policy to transfer the amounts included in other reserves in respect of those assets to retained surplus.

(m) Intangible assets

(i) Licences

Licences have an infinite useful life and are not amortised. They are assessed for impairment annually and whenever there is an indication that the licences may be impaired, in accordance with note 1(f).

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Entity prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

(o) Borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) Provisions

Provisions for legal claims and service warranties are recognised when: the Entity has a present legal or constructive obligation as a result of past events; it is probable 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 deficits.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(q) Employee benefits

(i) Wages and salaries

Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled and are recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and is measured at the rates paid or payable.

(ii) Annual leave and sick leave

The liability for employee benefits such as annual leave are measured at the amount expected to be paid when the liability is settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Comparative amounts

Comparative figures have been reclassified and repositioned in the financial statement, where necessary, to conform with the basis of presentation and classification used in the current year.

Accounting policy - continued

(t) New standards and interpretations not yet adopted.

AASB 9 Financial Instruments - December 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 13 Fair Value Measurement - September 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2013)

AASB 1054 Australian Additional Disclosures - May 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments - May 2011 (Compilation)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Note 2. Disaggregated information

Geographical

	Revenue		Results		Assets	
	2011	2010	**2011**	2010	**2011**	2010
	$	$	**$**	$	**$**	$
Australia	4,329,408	4,374,410	79,604	107,385	3,150,196	3,026,816
Asia	-	-	-	-	-	-
US/Canada	-	-	-	-	-	-
Unallocated	-	-	-	-	-	-
	4,329,408	4,374,410	79,604	107,385	3,150,196	3,026,816

	Notes	2011	2010
		$	$
Note 3. Trading income			
Sale of goods		3,302,881	3,405,097
Rendering of services		269,612	253,348
		3,572,493	3,658,445
Note 4. Investment revenue and income			
Interest		122,713	108,734
Total investment revenue		122,713	108,734
Note 5. Other revenue			
UNE Fees		314,560	314,579
Rent		275,386	258,709
Other revenue		44,256	33,943
		634,202	607,231
Note 6. Employee related expenses			
Salaries		1,545,352	1,573,059
Contribution to funded superannuation and pension schemes		148,447	139,813
Payroll tax		73,814	74,817
Worker's compensation		14,777	13,526
Annual & long service leave		(11,431)	(37,797)
Other (Allowances, penalties and fringe benefits tax)		11,402	8,938
Total employee related expenses		1,782,361	1,772,356

		Notes	2011	2010
			$	$
Note 7.	**Depreciation and amortisation**			
	Depreciation			
	Plant and Equipment		91,466	144,296
	Motor Vehicles		3,047	3,048
	Total depreciation		94,513	147,344
	Amortisation			
	Leasehold improvements		41,541	30,411
	Total amortisation		41,541	30,411
	Total depreciation and amortisation		136,054	177,755
Note 8.	**Repairs and maintenance**			
	Plant/furniture/equipment		118,754	75,696
	Total repairs and maintenance		118,754	75,696
Note 9.	**Impairment of assets**			
	Bad Debts		1,293	-
	Doubtful debts		(788)	1,935
	Total impairment of assets		505	1,935
Note 10.	**Other expenses**			
	Inventory Used		1,459,480	1,544,646
	Cleaning and materials		68,476	64,432
	Advertising		49,327	30,438
	Security		39,208	37,220
	Utilities		167,561	131,301
	Rent		97,230	99,398
	Insurance		31,728	33,548
	Other Expenditure		299,120	298,299
	Total other expenses		2,212,130	2,239,282
Note 11.	**Cash and cash equivalents**	1(g)		
	Cash on hand		11,760	12,160
	Cash at bank		298,995	202,826
	At call investments		1,861,681	1,858,859
	Total cash and cash equivalents		2,172,436	2,073,845

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the cash flow statement as follows:

	2011	2010
Balances as above	2,172,436	2,073,845
Less: Bank Overdrafts	-	-
Balance per cash flow statement	2,172,436	2,073,845

(b) Cash on hand

	2011	2010
These are non-interest bearing.	11,760	12,160

(c) Deposits as call

The deposits are bearing floating interest rates between 4.27% and 6.5% (2010 - 3.5% and 6.5%). These deposits have an average maturity of 87 days.

	Notes	2011 $	2010 $
Note 12. Receivables			
Current			
Trade and Other Debtors		71,404	49,730
Less: Provision for impaired receivables	1(h)	(1,148)	(1,935)
Total receivables		70,256	47,795

(a) Impaired receivables

As at 31 December 2011 current receivables of the entity with a nominal value of $1,148 (2010: $1,935) were impaired. The amount of the provision was $1,148 (2010: $1,935).

The ageing of these receivables is as follows:

	2011	2010
3 to 6 months	1,148	1,935
Over 6 months	-	-
	1,148	1,935

As of 31 December 2011, trade receivables of $3,703 (2010: $4,639) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	2011	2010
3 to 6 months	3,703	2,509
Over 6 months	-	2,130
	3,703	4,639

Movements in the provision for impaired receivables are as follows:

	2011	2010
As at 1 January	1,935	4,968
Provision for impairment recognised during the year	(787)	(3,033)
Receivables written off during the year as uncollectible	-	-
	1,148	1,935

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

	Notes	2011	2010
Note 13. Inventories	1(i)		
Current			
Stock on hand		271,166	248,427
Less: Provision for stock write-down		(4,219)	(5,095)
Total current inventories		266,947	243,332
Note 14. Other financial assets	1(j)		
Non-current			
Available for sale		500	500
Total non-current other financial assets		500	500

	Notes	2011 $	2010 $
Note 15. Other non-financial assets			
Current			
Accrued Income		-	-
Prepaid Expenses		1,238	35,340
Total current other non-financial assets		1,238	35,340
Note 16. Property, plant and equipment			
Plant and equipment - At cost		1,256,194	1,177,559
Less: Accumulated depreciation		(1,098,856)	(1,007,390)
		157,338	170,169
Motor Vehicles – At cost		35,278	35,278
Less: Accumulated depreciation		(34,231)	(31,184)
		1,047	4,094
Leasehold improvements - At cost		581,729	511,495
Less: Accumulated depreciation		(126,295)	(84,754)
		455,434	426,741
Total Property Plant & Equipment		613,819	601,004

Reconciliation

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

	2011 $	2010 $
Plant and Equipment		
Carrying amount at beginning of year	170,169	217,792
Additions	78,635	96,673
Disposals	-	-
Depreciation	(91,466)	(144,296)
Carrying amount at end of year	157,338	170,169
Motor vehicles		
Carrying amount at beginning of year	4,094	7,142
Additions	-	-
Disposals	-	-
Depreciation	(3,047)	(3,048)
Carrying amount at end of year	1,047	4,094
Leasehold improvements		
Carrying amount at beginning of year	426,741	238,302
Additions	70,234	218,850
Disposals	-	-
Depreciation	(41,541)	(30,411)
Carrying amount at end of year	455,434	426,741

	Notes	2011 $	2010 $
Note 17. Intangible assets	1(m)		
Australia Post Licence – At cost		25,000	25,000
Note 18. Trade and other payables			
Current			
Trade Payables		270,848	220,032
Total current trade and other payables		270,848	220,032

	Notes	2011 $	2010 $
Note 19. Provisions	1(q)		
Current provisions expected to be settled within 12 months			
Employee benefits			
Annual leave		76,143	73,692
Long service leave		18,488	18,484
Subtotal		94,631	92,176
Current provisions expected to be settled after more than 12 months			
Employee benefits			
Annual leave		5,483	11,657
Long service leave		17,935	17,686
Subtotal		23,418	29,343
Total Current Provision		118,049	121,519
Summary movements current provisions			
Movements in the Provision Account are:			
Carrying amount at start of year		121,519	159,192
Current year movement in provision			
- Annual Leave		(3,723)	(4,306)
- Long Service Leave		253	(33,367)
Carrying amount at end of year		118,049	121,519
Non-current provisions			
Employee benefits			
Long service leave		5,407	8,977
Total non-current provision		5,407	8,977
Summary movements non-current provisions			
Movements in the Provision Account are:			
Carrying amount at start of year		8,977	9,101
Current year movement in provision			
- Long Service Leave		(3,570)	(124)
Carrying amount at end of year		5,407	8,977
Total provisions		123,456	130,496
Employee Leave Provisions			
Opening balance at 1 January		130,496	168,293
Additional provisions raised during the year		-	83,381
Amounts used		(7,040)	(121,178)
Unused amounts reversed during the year		-	-
Balance at 31 December		123,456	130,496
Note 20. Reserves and retained surplus			
Retained surplus			
Movements in retained surplus were as follows:			
Retained surplus at 1 January		2,676,288	2,568,902
Net operating surplus / (deficit) for the year		79,604	107,386
Retained Surplus at 31 December		2,755,892	2,676,288

Note 21. Economic Dependency

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

Note 22. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons and executive officers for all or part of the year to the reporting dates:

Directors

Roderick Watt
Geoff Allen
Peter Enlund
Sue Nelson
Jennifer Miller

Executive Officers

Simon Paul - Chief Executive Officer

(b) Remuneration of Board Members and Executives

The Directors of the company act in an honorary capacity and receive no benefits or fees for their services as Directors.
The Directors did not receive benefits and fees from a related body corporate.

Remuneration of Board Members	**2011**	2010
	No.	**No.**
Nil to $9,999	5	5
	$'000	$'000
Aggregate Remuneration of Board Members		
Total Aggregate Remuneration	-	-
Remuneration of executive officers	**No.**	**No.**
$140,000 to $149,999	1	1
	1	1

The totals of remuneration paid to key management personnel (KMP) of the Company during the year are as follows:

	$	$
Key Management Personnel Compensation	144,539	147,038

Note 23. Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor.

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 *Public Finance and Audit Act, 1983* and the *Corporations Act 2001.*	22,640	22,500
Total remuneration for audit services	22,640	22,500

Note 24. Contingencies

At balance date, no contingent liabilities or contingent assets of a material nature to Services UNE Limited had been identified other than a Bank Guarantee from the National Australia Bank for $20,000 in favour of Road Show Film Distributors for deposit for supply of films.

Note 25. Commitments

(a) Capital Commitments

There were no commitments for Capital Expenditure at 31 December 2011, (2010: Nil).

(b) Lease Commitments

	2011 $	2010 $
(i) Operating Leases		
Within one year	108,096	105,482
Later than one year but not later than five years	233,850	333,090
Later than five years	-	-
Total operating leases	341,946	438,572

On 3 February 2010 the company exercised an option over the lease of the cinema for a further five years. The operating lease commitments associated with this option have been included above.

(ii) Finance Leases

There were no commitments for Finance Leases at 31 December 2011, (2010: Nil).

	2011 $	2010 $
Total lease commitments	341,946	438,572

No lease arrangements, existing as at 31 December 2011, 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

Any outstanding orders as at 31 December 2011 have been taken up as an accrual, where the goods or services were received prior to 31 December 2011.

The Entity had no outstanding contracts for operating expenditure at 31 December 2011.

(d) Remuneration commitments

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

Note 26. Related parties

(a) Parent entities
The ultimate parent entity within the group is the University of New England.

(b) Subsidiaries
The entity does not have any interest in a subsidiary.

(c) Key management personnel
Disclosures relating to directors and specified executives are set out in note 22.

(d) Transactions with related parties
Transactions with related parties are on normal terms no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2011	2010
Transactions during the period	$	$
University of New England		
UNE - Commercial transactions	225,508	115,868
UNE Support	346,016	346,016
Payments made	(202,035)	(260,911)
Net	369,489	200,973
With other related parties		
Income received	25,446	8,629
Payments made	(15,074)	-
Net	10,372	8,629

Outstanding balances
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2011	2010
University of New England		
Receivables	20,733	17,950
Payables	33,237	15,619
With other related parties		
Receivables	1,704	1,395
Payables	-	-

(e) Guarantees
There have been no guarantees given.

(f) Terms and conditions
Related party outstanding balances are unsecured and have been provided on interest-free terms.

(g) 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.

Note 27. Reconciliation of operating result after income tax to net cash flows from operating activities

	2011	2010
	$	$
Operating surplus / (deficit) for the period	79,604	107,385
Depreciation and amortisation	136,054	177,755
Provision for impaired receivables and inventory	(1,663)	(3,565)
Net (gain) / loss on sale of non-current assets	-	-
Increase/(Decrease) in Payables and Prepaid Income	50,816	(47,569)
Increase/(Decrease) in Provision for Employee Entitlements	(7,040)	(37,797)
(Increase)/Decrease in Receivables and Prepaid Expenses	12,428	294,144
(Increase)/Decrease in Inventories	(22,739)	12,355
Net cash provided by / (used in) operating activities	247,460	502,708

Note 28. Events subsequent to reporting period

There are no reportable events occuring after balance date.

Note 29. Financial risk management

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) Market Risk

(i) Terms and conditions

Recognised Financial Instruments	Balance Sheet Note	Accounting Policies	Terms and Conditions
Financial Assets			
Receivables	12	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days
Deposits At Call	11	Term Deposits are stated at cost	Bank Call Deposits interest rate is determined by the official Money Market
Term Deposits	11	Term Deposits are stated at cost	Term deposits are for a period of up to one year. Interest rates are between 4.27% and 6.5%. Average maturity of 87 days.
Financial Liabilities			
Borrowings		No borrowings were taken up in 2011.	
Creditors and Accruals	18	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

(ii) Foreign exchange risk

The economic entity undertakes certain transactions denominated in foreign currencies. These transactions expose the economic entity to exchange rate fluctuations.

The entity recognises all transactions, assets and liabilities in Australian dollars only, it has minimal exposure to foreign exchange risk.

(ii) Price risk

The economic entity has no direct exposure to equity securities or commodity price risk.

(iv) Cash flow and fair value interest rate risk

The economic entity invests in term deposits with various financial institutions and is exposed to interest rate risk arising from normal interest rate variations.

The entity interest rate risk arises primarily from investments in long term interest bearing financial instruments, due to the potential fluctuation in interest rates. In order to minimise exposure to this risk, the entity invests in a diverse range of financial instruments with varying degrees of potential returns.

(v) Summarised sensitivity analysis

The table on the last page summarises the sensitivity of the economic entity's financial assets and liabilities to interest rate risk.

(b) 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 statement of financial position.

(c) Liquidity Risk

Liquidity risk refers to the risk that, as a result of operational liquidity requirements, the entity:
- will not have sufficient funds to settle a transaction on the due date

Financial risk management (continued)

- will be forced to sell financial assets at a value which is less than their worth
- may be unable to settle or recover a financial asset at all

The Board monitors the actual and forecast cash flow of the economic entity on a regular basis, ensuring that sufficient cash reserves are held to meet the ongoing operations and obligations of the economic entity as they fall due.

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash & cash equivalents	4.69	298,995				11,760	310,755
Investments-Term Deposits	5.65		1,861,681				1,861,681
Receivables & other non-financial assets						70,256	70,256
Unlisted shares						500	500
Total Financial Assets		298,995	1,861,681			82,516	2,243,192
Financial Liabilities							
Borrowings			-	-			-
Payables						270,848	270,848
Other Amounts Owing						-	-
Total Financial Liabilities			-	-		270,848	270,848
Net Financial Assets(Liabilities)		298,995	1,861,681	-		(188,332)	1,972,344

Comparative figures for the previous year are as follows:

31 December 2010	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	4.33	202,826				12,160	214,986
Investments - Term Deposits	5.59		1,858,859				1,858,859
Receivables		-				47,795	47,795
Unlisted shares						500	500
Total Financial Assets		202,826	1,858,859			60,455	2,122,140
Financial Liabilities							
Borrowings	-		-	-			-
Payables	-					220,032	220,032
Other Amounts Owing	-					-	-
Total Financial Liabilities			-	-		220,032	220,032
Net Financial Assets(Liabilities)		202,826	1,858,859	-		(159,577)	1,902,108

(d) Net Fair Values of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. 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 Entity for similar financial instruments.

Financial risk management (continued)

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history, it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Carrying Amount		Fair Value	
	2011	2010	2011	2010
	$	$	$	$
Financial assets				
Cash and cash equivalents	2,172,436	2,073,844	2,172,436	2,073,844
Receivables	70,256	47,795	70,256	47,795
Other financial assets	500	500	500	500
Total financial assets	2,243,192	2,122,139	2,243,192	2,122,139
Financial liabilities				
Payables	270,848	220,032	270,848	220,032
Total financial liabilities	270,848	220,032	270,848	220,032

Financial risk management (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Entity's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 December 2011	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	310,755	(3,108)	(3,108)	3,108	3,108	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	1,861,681	(18,617)	(18,617)	18,617	18,617	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	70,256					-	-	-	-				
Listed Shares	500												
Total Financial Assets	2,243,192												
Financial Liabilities													
Borrowings	-	-		-	-								
Payables	270,848												
Other Amounts Owing	-												
Total Financial Liabilities	270,848												
Total increase / (decrease)	1,972,344	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

31 December 2010	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	214,987	(2,150)	(2,150)	2,150	2,150	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments - Term Deposits	1,858,859	(18,589)	(18,589)	18,589	18,589	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	47,795					-	-	-	-				
Listed Shares	500												
Total Financial Assets	2,122,141												
Financial Liabilities													
Borrowings	-	-		-	-								
Creditors	220,032												
Other Amounts Owing	-												
Total Financial Liabilities	220,032												
Total increase / (decrease)	1,902,109	-	-	-	-	-	-	-	-	-	-	-	-

END OF THE AUDITED FINANCAIL STATEMENTS

UNE Foundation Ltd

ABN: 77 094 834 107
Annual Financial Report for the year ended 31 December 2011

INDEPENDENT AUDITOR'S REPORT

UNE Foundation Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of UNE Foundation Limited (the Company), which comprise the statements of financial position as at 31 December 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the director's declaration.

Auditor's Opinion

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 14 March 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

Steven Martin
Director Financial Audit Services

23 March 2012
SYDNEY

UNE FOUNDATION LIMITED

Directors Report

The Directors present their report for the financial year ended 31 December 2011 and the Auditors Report thereon.

Directors

The following persons were Directors of the Company during the whole of the years and up to the date of this report:

Dr Geoffrey Fox (Chairman)
Professor James Barber
Mr Paul Barratt
Dr Laurie Piper
Mr Geoff Gorrie
Mr Matthew Irwin
Ms Kerrie Murphy

The following Directors were appointed during the year and continues in office at the date of this report:

Ms Caroline Ralph - appointed 27 September 2011
Ms Janine Wilson - appointed 27 September 2011

The following directors held office during the year until the date of their resignation:

Mrs Margaret Roberts - resigned 28 April 2011
Professor Deborah Ralston - resigned 01 April 2011

Information on Directors

Dr Geoffrey Fox (Chairman)
BRurSc (Hons) (UNE) MA (ANU) PhD (UNE)

Dr Geoffrey Fox has served as Chairman of the Board since 27 August 2008.

Geoff is an agricultural economist with thirty-six years' experience in international development in East Asia/Pacific and countries of Eastern Europe and the former Soviet Union. He worked for the World Bank for 27 years, culminating his career as Director of Rural Development and Natural Resource Management for the East Asia and Pacific Region. His work focused on the formulation of rural policy and strategy, program development and project implementation.

Upon returning to Australia in 2000, he consulted for Australia's overseas aid agency, AusAID; and then joined the staff full-time in 2004 as Principal Adviser, Rural Development and the Environment. As a member of the Principal Advisers' multi-sectoral team, he supported AusAID management developing and implementing Australia's overseas aid program.

Since 2008, he has been raising cattle on his property close to Armidale. In August 2010 he was appointed a member of the the University of New England Council. In 2011 he was appointed a Director of the Agricultural Business Research Institute.

Appointed a Director of UNE Foundation Ltd on 26 February 2008.

Special responsibilities : Chairman of the Board since 27 August 2008 ; Chairman of Investment Committee.

Professor James Barber
BSocSc (RMIT) BA(Hons) PhD (Adelaide)

Professor Barber is Vice-Chancellor and CEO of the University of New England and took up this position in February 2010. Previously he was Deputy-Vice Chancellor at the Royal Melbourne Institute of Technology (RMIT) University in Melbourne and was also interim President and Chief Executive Officer of RMIT Vietnam in 2009.

He has been a Company Director on a number of national bodies, including Open Universities Australia (Australia's leading provider of fee-paying online degree programs), Jesuit Social Services Australia and Graduate Careers Australia.

Professor Barber has held senior executive positions in the higher education sector, as well as that of Reader and then Professor of Social Work (La Trobe University and the University of Tasmania), Professor of Social Administration (Flinders University) and Dean of Social Work and Chair of Single Department Faculties (University of Toronto).

Professor Barber has significant education experience in Australia and overseas. He is committed to continuing the important contribution of UNE as a regional university in providing access to education, and also in driving economic prosperity and enhancing the morale, culture and identity of this region. Throughout his career his research interests have focussed on experimental psychology, drug addiction, child welfare and evidence-based social policy.

Appointed a Director of UNE Foundation Ltd on 4 February 2010.

Special responsibilities : None

Mr Paul Barratt
BSc (Hons) (UNE) BA (ANU) FAICD FCDA

Paul Barratt joined the Department of Defence in 1966. He spent the next 25 years of his career in the Commonwealth Public Service, mainly in areas relating to resources, energy and international trade, becoming Deputy Secretary of the Department of Trade and Resources (1978-85); Special Trade Representative for North Asia (1985-88); and Deputy Secretary in the Department of Foreign Affairs and Trade (1988-91).

In 1992 he became Executive Director of the Business Council of Australia, a body consisting of the Chief Executive Officers of about 90 of the 100 largest companies in Australia.

In 1996 he returned to the Public Service, becoming Secretary to the Departments of Primary Industries and Energy (1996-98) and Defence (1998-99).

In 1997 he received a Distinguished Alumni Award from the University of New England. In 1999 he was made an Officer in the General Division of the Order of Australia for service to public administration, public policy development, business and international trade.

He now runs his own consulting business, and is a director of Australia 21, a non-profit company dedicated to stimulating research and development on issues of strategic importance to Australia in the 21st century.

Appointed a Director of UNE Foundation Ltd on 5 September 2006.

Special responsibilities : None

Dr Laurie Piper
BRurSc (UNE) PhD (Edin) FAICD FTSE

Dr Piper is an animal breeding consultant and Honorary Research Fellow at CSIRO Livestock Industries. He is a Fellow of the Australian Institute of Company Directors, the Australian Academy of Technological Sciences and Engineering, the Australasian Association for Animal Breeding and Genetics and the Australian Society of Animal Production. Previous appointments include Board membership of Merinotech Australia Pty Ltd, the Queensland Sheep and Wool Institute and CEO of the Cooperative Research Centre for Premium Quality Wool, the University of New England Council and Agribusiness Research Institute.

His training and expertise is in genetics and animal breeding. He has worked as a research scientist/research manager in the wool and beef industries for the last 49 years and in more recent times has become involved in aquaculture genetics.

Appointed a Director of UNE Foundation Ltd 25 March 2009.

Special responsibilities : None

Mr Matthew Irwin
MCom(Finance) BAgEc(Hons) UNE

Matthew is Group Business Reviews Manager for Leighton Holdings, reviewing the financial performance of all projects in the Leighton Group to ensure consistency with the Group's core values. Prior to this, Matthew held senior roles with Transfield Services, including Chief Executive, Investments and Chief Financial Officer. Matthew has also been a Director of Transfield Services Infrastructure Fund. He has over 20 years experience in senior positions in finance, administration and banking.

Appointed a Director of UNE Foundation Ltd on 12 May 2009.

Special responsibilities : Member of the Investment Committee

Professor Deborah Ralston
BEc, DipFinMgmt, MEc (UNE), PhD (Bond), FAICD, FAIBF, FCPA

Deborah Ralston is a Professor of Finance at Monash University and is the Director of the Australian Centre for Financial Studies. She was formerly Pro Vice-Chancellor and Professor of Finance at the University of Canberra and has held a number of other senior appointments.

Deborah's research interests include financial regulation, the strategy and management of financial institutions and regional economic development. She has published widely in these areas. Deborah is a Fellow of the Financial Services Institute of Australasia (Finsia), the Australian Institute of Company Directors, and CPA Australia. She is also a Director of the listed mortgage broking company, Mortgage Choice.

Appointed a Director of the Company on 12 May 2009.

Ceased as a director on 01 April 2011

Special responsibilities : Member of the Investment Committee

Mr Geoff Gorrie
BEc BA (ANU) BSc DipEd (UNE) PSM

Geoff Gorrie has a long history in agricultural policy and programs, food policy, regional development and natural resources management at Australian Government level as well as extensive experience in change management and administration. He was involved in the implementation of food regulation reforms, water reform policies, water management in the Murray Darling Basin, the establishment of the Regional Forest Agreements and the Decade of Landcare which led into the establishment of the Natural Heritage Trust.

Geoff is Chair of the Boards of Seafood Services Ltd and Australian Forestry Standard Ltd. He is a Director of Australia 21 and is a member of the Serco Advisory Board. He has held directorships with Safe Food Production Queensland, the Australian Wine and Brandy Corporation, the Australian Wheat Board, AWB Ltd, the Wheat Export Authority, Landcare Australia Ltd, the Forests and Wood Products Research and Development Corporation, the Australian Wool Research and Promotion Organisation and the Woolmark Company. He was Commonwealth Commissioner on the Murray Darling Basin Commission between 1994 and 1998, Chair of the National Land and Water Resources Audit Advisory Council between 2003 and 2008, and a Director of the Co-operative Research Centre on Biosecurity.

Geoff has a very high affinity with rural Australia - he was born in Gulgong, grew up in Binnaway and then attended high school in Bathurst and went on to university in Armidale and Canberra. From the mid 1970s Geoff's public sector work dealt with aspects of rural and regional Australia.

Geoff was awarded the Public Service Medal on Australia Day 2002. He retired as Deputy Secretary of the Australian Government Department of Agriculture, Fisheries and Forestry in January 2003.

Appointed a Director of UNE Foundation Ltd on 12 May 2009.

Special responsibilities : None

Mrs Margaret Roberts

Muswellbrook Country Women's Association (CWA) president Mrs Margaret Roberts was the first Upper Hunter woman appointed to the top job - the CWA State President. At the time of her election in 2007, she was in the unprecedented position of holding three CWA posts: that of Muswellbrook branch president, Hunter River Group president and State president. Margaret has been a member of the Country Women’s Association (CWA) of NSW since 1968 and during that time has held most positions at Branch and Group level.

In recognition of her commitment, Margaret was awarded Life Membership of the CWA of NSW in 2004, and inducted into the Muswellbrook Shire Hall of Fame in 2007.

Margaret grew up in the Gunnedah area and was both School Captain and Sports Captain in her final year of High School. She trained as a teacher in Sydney and taught in schools in NSW, England and Scotland. She now lives on a cattle-fattening property in Muswellbrook having lived previously on cattle and sheep properties in the Monaro and Northern Tablelands.

Appointed a Director of the Company on 12 May 2009.

Ceased as a director on 28 April 2011

Special responsibilities : None

Ms Kerrie Murphy
BA DipEd (USyd) MEd (UNE)

Kerrie Murphy has been in the education sector for many years, including Head of Department, Director of Curriculum and, for four years, Deputy Principal at St Catherine’s School Waverly. In 2001, Kerrie became the Principal of the International Grammar School in Sydney until her retirement at the end of 2010.

She brings extensive industry experience to the Board together with proven leadership, strategic development and communication skills.

Kerrie has completed the Director’s Training Course through the Australian Institute of Company Directors and has the ambition for the development of youth, driving culture change and building a climate of spirit and optimism.

Appointed a Director of UNE Foundation Ltd on 24 November 2010.

Special responsibilities : None

Ms Caroline Ralph
BComm BA Grad Dip Applied Finance (Finsia)

Caroline is an Investment Manager at New Zealand Trade & Enterprise, promoting investment opportunities, exports and trade across the Tasman. Prior to joining NZTE, Caroline worked at JPMorgan for six years as a relationship banker, looking after resources companies in Perth, superannuation funds in Melbourne and the New Zealand client base. Between 2000 and 2004, she was the research analyst for the JBWere Private Equity Fund.

Caroline has been involved in student mentoring through the Australian Business and Community Network. She completed an Advice Bank project with the Victorian State Library foundation and has been an active member of the Committee of Convocation at Melbourne University. She founded the Wine & Philosophy Club at Melbourne Business School.

Appointed a Director of UNE Foundation Ltd on 27 September 2011.

Special responsibilities : None

Janine Wilson
BSc (La Trobe), MBA (Melb.)

Janine is the Executive Director, Donor Services for the Australian Red Cross Blood Service (ARCBS), for whom she has worked since 2005. In this role, she manages about 2,000 staff in more than 100 blood donor centres across Australia, as well as leading the organisation's marketing function. She established the first national Customer Service function for ARCBS, which facilitates the consistent provision of blood components and products to over 300 Australian hospitals. Her leadership in marketing raised public awareness and education during the 2009 “Year of the Blood Donor”.

Prior to joining the ARCBS, she worked at the New York Blood Centre in the area of Business Strategy and Development, as well as with McKinsey & Company as an Associate/Engagement Manager. Additionally, Janine spent four years in the field of Physiotherapy, based in Melbourne and London.

Janine has completed the Company Directors Course through the Australian Institute of Company Directors.

Appointed a Director of the Company on 27 September 2011.

Special responsibilities : None

Directors Meetings

The number of Directors Meetings and number of meetings attended by each of the directors of the company during the financial year are:

Board of Directors	**Board Meetings**	
	A	**B**
Dr Geoffrey Fox	5	5
Professor James Barber	3	5
Mr Paul Barratt	5	5
Dr Laurie Piper	4	5
Mr Geoff Gorrie	3	5
Mr Matthew Irwin	4	5
Professor Deborah Ralston	2	2
Mrs Margaret Roberts	2	2
Ms Kerrie Murphy	5	5
Ms Janine Wilson	1	1
Ms Caroline Ralph	1	1

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the year

The entity's objectives are:

Short-term
To raise funds to be applied in the provision of money, property or benefits to the University in accordance with subclause (a); (as the objects of its constitution).

Long-term
To provide money, property or benefits to the University (being a fund, authority or institution covered by an Item in a table in Subdivision 30-B of the Tax Act):

(i) for any purposes set out in the Item in the table in Subdivision 30-B of the Tax Act applicable to the University; or

(ii) where the Item in the table in Subdivision 30-B of the Tax Act applicable to the University does not set out specific purposes, for purposes within the objects, functions and powers of the University, including but without limitation the provision of money, property or benefits to the University in or towards:

(a) the provision of scholarships;
(b) research;
(c) teaching and learning

And to act as trustee of a charitable trust to be known as UNE Foundation or such other name as may from time to time be determined by the Company to be established to carry out and give effect to these objects

To achieve these objectives, the entity has adopted the following strategies:

- to actively seek donations through annual appeals and targeted personal visits to potential donors to fund scholarships, research and teaching & learning at UNE.
- to meet with or provide advice to persons making inquiry about leaving a bequest to UNE.
- to meet as a board of Directors to act as trustees of the UNE Foundation and, by a decision of quorum, administer or dispense of funds held in trust for particular donative purposes.

The board implemented an investment policy by engaging Myer Family Company to manage invested funds in two investment pools namely “Immediate” and “Perpetual”. The Board receives reports on these investments at every meeting. The financial statements include cash flow narrative and, twice per annum, the University of New England seeks reimbursement of funds paid out on behalf of UNE Foundation for specific scholarship, prize or other purposes for which the funds were donated.

Income and expenditure is measured on year to date and total year data for the current and previous years. These financial statements presented to the Board include comprehensive explanatory notes against performance indicators.

Principal Activities

The principal activity of the company during the year was the provision of trustee services.

Review of Operations

During 2011, the company continued to operate as trustee of UNE Foundation and had no financial results.

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

The company is not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs in future financial years.

Likely Developments and Expected Results of Operations

There are no significant developments or changes in the Company’s operations which have been proposed for the immediate future.

Environmental Regulation

The company is not subject to any significant Commonwealth, State or Local Government statutes and requirements related to environmental matters.

Insurance of Officers

Directors and Officers insurance is provided for directors and officers under the University of New England global policies and no premium is apportioned to or paid by the UNE Foundation Limited.

Limited by Guarantee
The company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. There is only one class of member who has $100 liability should the company be wound up. At 31 December 2011, the collective liability of members was $900 ($100 per member, maximum number of members is 9).

Legal proceedings on behalf of the Company

There were no legal proceedings brought against the company during the financial year. At the date of this report, the directors are not aware of any legal proceedings which have arisen since the end of the financial year and up to the date of this report.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on the next page and forms part of the directors' report for the financial year ended 31 December 2011.

The report is signed on behalf of the directors in accordance with a resolution of the directors made pursuant to the Corporations Act 2001.

....	....
Mr Paul Barratt	Professor James Barber
Acting Chair - Director	*Director*
16 March 2012	

To the Directors
UNE Foundation Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Steven Martin
Director, Financial Audit Services

14 March 2012
SYDNEY

Directors' Declaration

The Directors declare that:

(1) the financial statements and notes comply with Australian Accounting Standards (including Australian Accounting Interpretations);

(2) the financial statements and notes give a true and fair view of the financial position and performance of the company for the financial year ended 31 December 2011;

(3) the financial statements and notes are in accordance with the Corporations Act 2001; and

(4) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act, 2001.

....

Mr Paul Barratt
Acting Chair - Director

16 March 2012

....

Professor James Barber
Director

Directors' Statement Pursuant to Section 41C(1B) and (1C) of the Public Finance and Audit Act 1983

In accordance with a resolution of the Directors of UNE Foundation Limited and pursuant to Section 41C (1B) and (1C) *of the Public Finance and Audit Act 1983 and the Corporations Act 2001*, we state that:

1. The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 31 December 2011 and the results of its operations and transactions of the Company for the year then ended;

2. The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010 and the Corporations Act 2001;*

3. The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board;

4. We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and

5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board in accordance with a resolution of the Directors.

....

Mr Paul Barratt
Acting Chair - Director

16 March 2012

....

Professor James Barber
Director

Income Statement
For the year ended 31 December 2011

	2011 **$**	2010 $
Revenue from continuing operations	-	-
Expenses from continuing operations	-	-
Operating result from continuing operations	-	-

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

Statement of Comprehensive Income
For the year ended 31 December 2011

	2011 **$**	2010 $
Operating result from continuing operations	-	-
Other comprehensive income	-	-
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	-	-

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

Statement of Financial Position
As at 31 December 2011

	2011 **$**	2010 $
ASSETS		
Current assets	-	-
Non-current assets	-	-
Total assets	-	-
LIABILITIES		
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net assets	-	-
EQUITY	-	-
Total equity	-	-

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 31 December 2011

	Reserves	Retained Earnings	Total
Balance as 1 January 2010	-	-	-
Total comprehensive income			
Profit or loss	-	-	-
Revaluation of Buildings	-	-	-
Gain on Avail-for-sale Fin Assets	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Distribution to owners	-	-	-
Contribution from owners	-	-	-
Balance at 31 December 2010	-	-	-
Balance at 1 January 2011	-	-	-
Profit or loss	-	-	-
Revaluation of Buildings	-	-	-
Gain on Avail-for -sale Fin Assets	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Distribution to owners	-	-	-
Contribution from owners	-	-	-
Balance at 31 December 2011	-	-	-

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

Statement of Cash Flows
For the year ended 31 December 2011

	2011 $	2010 $
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the financial year	-	-
Cash and cash equivalents at the end of the financial year	-	-

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

Contents of the notes to the Financial Statements

Notes to and forming part of the Financial Statements

1.0 Summary of significant accounting policies

1(a) Reporting Entity

UNE Foundation Limited, a not for profit entity, was incorporated in Australia as a company limited by guarantee on 23 October 2000 and is domiciled in Australia.

The company is deemed to be a controlled entity of the University of New England for the purposes of meeting the requirements of the Australian Accounting Standards, AASB 127 "Consolidated and Separate Financial Statements" and UIG 112 "Special Purpose Entities".

The principal address of UNE Foundation Limited is: University of New England, Armidale NSW 2351, Australia.

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board on 16 March 2012.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

1(b) Basis of preparation

The Financial Statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulations 2010.

The Financial Statements have been prepared in accordance with the historical cost convention. All amounts are expressed in Australian dollars.

2.0 Auditors remuneration

The audit fee for the Company is paid by the University of New England and is included with the fees for UNE Foundation.

3.0 Right to indemnify out of the Trust assets

The assets of the Trusts as at 31 December 2011 are sufficient to meet the Trustee's rights of indemnity out of trust assets for liabilities incurred on behalf of the trust, as and when they fall due.

4.0 Directors remuneration

The Directors act in an honorary capacity and do not receive remuneration in connection with the management of the affairs of the Company.

5.0 Employee benefits

The company did not employ any staff during the year. The University of New England provided and paid for all administrative support.

6.0 Related parties

University of New England provided the company with a range of administrative support services. These services have been provided at no charge to the Company and comprised the provision of:

- office accommodation facilities
- accounting and administrative services
- electricity and other utility services
- personnel services

The value of these services has not been quantified or reported in the financial statements.

7.0 Commitments

The entity has not identified material commitments at 31 December 2011 (2010: Nil).

8.0 Contingent assets and liabilities

The Company is not aware of any contingent assets or liabilities existing at 31 December 2011 (2010: Nil).

9.0 Events subsequent to reporting period

There are no reportable events occurring after balance date.

10.0 New standards and interpretations not yet adopted

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2011 reporting period.

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

11.0 Economic Dependency

The Company's operations are dependent upon the ongoing financial and other support of the University of New England.

END OF AUDITED FINANCIAL STATEMENTS

UNE Foundation

ABN: 42 536 278 085
Annual Financial Report for the year ended 31 December 2011

INDEPENDENT AUDITOR'S REPORT

UNE Foundation

To Members of the New South Wales Parliament

Report on the Financial Statements

I have audited the accompanying financial statements of UNE Foundation (the Foundation), which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Qualified Auditor's Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the completeness of income from voluntary donations, the financial statements:

- give a true and fair view of the financial position of the Foundation as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2010
- are in accordance with the *Charitable Fundraising Act 1991* (CF Act) and the Charitable Fundraising Regulation 2008 (CF Regulation), including showing a true and fair view of the Foundation's financial result of fundraising appeals for the year ended 31 December 2011.

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

Basis for Qualified Auditor's Opinion

As is common for entities that have donations and fundraising as sources of revenue, it is impractical for the Foundation to maintain an effective system of internal controls over revenue from voluntary donations it receives until their initial entry in the financial records. Accordingly, as the evidence available to me regarding revenue from this source was limited, my audit procedures with respect to revenue from voluntary donations were restricted to the amounts recorded in the financial records. I am therefore unable to express an opinion on whether all revenue from voluntary donations received by the Foundation has been recorded in its financial records. My opinion on the 2010 financial statements was similarly qualified.

The Trustee's Responsibility for the Financial Statements

The Trustee is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the CF Act, and for such internal control as the Trustee determine(s) is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. Except as discussed in the qualification paragraph, I conducted my audit in accordance with Australian Auditing Standards. Those Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Foundation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- that the [abbreviated name] has complied with requirements and conditions of the CF Act, and CF Regulation that do not relate to the preparation of the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Report on Other Aspects of the *Charitable Fundraising Act 1991*

In addition, I have audited the Foundation's operations in order to express an opinion on the matters specified at sections 24(2)(b), 24(2)(c) and 24(2)(d) of the CF Act for the year ended 31 December 2011.

Qualified Auditor's Opinion

In my opinion:

- the Foundation has properly kept the ledgers and associated records during the year ended 31 December 2011 in accordance with the CF Act and CF Regulation (section 24(2)(b) of the CF Act)
- the Foundation has, in all material respects, properly accounted for and applied money received as a result of fundraising appeals conducted during the year ended 31 December 2011 in accordance with the CF Act and the CF Regulation (section 24(2)(c) of the CF Act)
- there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report (section 24(2)(d) of the CF Act).

My opinion should be read in conjunction with the rest of this report, including the inherent limitations.

Basis for Qualified Auditor's Opinion

Refer to the qualification paragraph on the financial statements.

The Trustee's Responsibility under the CF Act

The Trustee is responsible for complying with the requirements and conditions of the CF Act and CF Regulation. This responsibility includes establishing and maintaining internal control over the conduct of all fundraising appeals; ensuring all assets obtained during, or as a result of, a fundraising appeal are safeguarded and properly accounted for; and maintaining proper books of account and records.

The Trustee is also responsible for ensuring that the Foundation will be able to pay its debts as and when they fall due.

Auditor's Responsibility

My responsibility is to express an opinion on the matters specified at sections 24 (2)(b), 24 (2)(c), and 24 (2)(d) of the CF Act. I conducted my audit in accordance with applicable Australian Auditing Standards and Standards on Assurance Engagements to obtain reasonable assurance whether the Foundation has, in all material respects, complied with specific requirements of the CF Act and CF Regulation, and whether there are reasonable grounds to believe the Foundation will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report (future debts).

This audit involved performing procedures to obtain audit evidence about the Foundation's compliance with the CF Act and CF Regulation and its ability to pay future debts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material breaches of compliance and inability to pay future debts. In making those risk assessments, the auditor considers relevant internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

My procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting the Foundation's compliance with specific requirements of the CF Act and CF Regulation, and assessing the reasonableness and appropriateness of management's assessment regarding the Foundation]'s ability to pay future debts.

Inherent Limitations

Because of inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance with the CF Act may occur and not be detected. My procedures have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered all requirements of the CF Act and CF Regulation.

Any projection of the evaluation of compliance with the CF Act to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Whilst evidence is available to support the Foundation's ability to pay future debts, such evidence is future orientated and speculative in nature. As a consequence, actual results are likely to be different from the information on which the opinion is based, since anticipated events frequently do not occur as expected or assumed and the variations between the prospective opinion and the actual outcome may be significant.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, Standards on Assurance Engagements and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

Steven Martin
Director Financial Audit Services

23 March 2012
SYDNEY

UNE FOUNDATION

TRUSTEE'S REPORT

The Trust was established by deed dated 6 December 2000. Under that deed the UNE Foundation Limited was appointed as Trustee.

Principal Activities

The principal activities of the Trust during the course of the financial year were to provide money, property or benefits to the University of New England towards the provision of scholarships, research and teaching and learning.

Review of Operations

The operating result for the Trust for the year ended 31 December 2011 was a surplus of $545,179 (2010 $463,715).

Investment revenue was $417,795 in 2011 (2010: $330,802). This is an 26.3 percent increase on the 2010 financial year. It was contributed by increase in interest rates (2011 averaged 6.12 percent while 2010 averaged 5.84 percent) and the investment strategies of the funds manager (Myer Family Company).

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

The Trustee is not aware of any matter or circumstances that have arisen since the end of the financial year and that have significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs in future financial years.

Likely Developments and Expected Results of Operations

There are no significant developments or changes in the Trust's operations which have been proposed for the immediate future.

Environmental Regulation

The Trust is not subject to any significant Commonwealth, State or Local Government statutes and requirements related to environmental matters.

Insurance of Officers

Insurance coverage is provided for directors and officers of the Trustee under the University of New England global policies and no premium is apportioned to or paid by the Trust.

Legal proceedings on behalf of the Trust

There were no legal proceedings brought against the Trust during the financial year. At the date of this report, the Trustees are not aware of any legal proceedings which have arisen since the end of the financial year and up to the date of this report.

By resolution of the Board of the UNE Foundation Limited, as Trustee of UNE Foundation.

Mr Paul Barratt
Acting Chair - Director

Professor James Barber
Director

16 March 2012

STATEMENT BY TRUSTEE

In the opinion of the Trustees of UNE Foundation:

1. The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Trust at 31 December 2011 and the results of its operations and transactions of the Trust for the year then ended;

2. The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*;

3. The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board;

4. We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate; and

5. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This statement is in accordance with a resolution of the Trustee made on 16 March 2012.

Signed in accordance with a resolution of the Board of UNE Foundation Limited, as Trustee for UNE Foundation

....

Mr Paul Barratt
Acting Chair - Director

....

Professor James Barber
Director

16 March 2012

DECLARATION BY ACTING CHAIRMAN OF THE TRUSTEE IN RESPECT OF FUNDRAISING APPEALS

I, Paul Barratt, being Acting Chair of the UNE Foundation Limited, corporate trustee of UNE Foundation, declare that in my opinion:

(1) The financial statements and notes give a true and fair view of all income and expenditure of the Trust with respect to fundraising appeals;

(2) The statement of financial position gives a true and fair view of the state of affairs of the Trust with respect to fundraising appeals;

(3) The provision of the *Charitable Fundraising Act 1991* and the Regulations under that Act and the conditions attached to the authority have been complied with, and

(4) The internal controls exercised by the Trust are appropriate and effective in accounting for all income received and applied by the Trust from any of its fundraising appeals, except for voluntary donations. It is impracticable for the Trust to maintain an effective system of internal controls over voluntary donations prior to their initial entry into the accounting records.

....

Mr Paul Barratt
Acting Chair of the Trustee
UNE Foundation Limited

16 March 2012

Income Statement
For the year ended 31 December 2011

	Notes	2011 $	2010 $
Revenue from continuing operations			
Donations and fundraising	**2**	949,905	906,635
Investment income	**3**	407,306	329,862
Other revenue	**4**	10,489	940
Total revenue from continuing operations		1,367,700	1,237,437
Expenses from continuing operations			
Administrative expenses	**5**	39,357	34,021
Other expenditures	**6**	103,953	10,973
Total expenses from continuing operations		143,310	44,994
Operating result from continuing operations before distributions to UNE		1,224,390	1,192,443
Less distribution to UNE	**7**	679,211	728,728
Operating result for the year after distribution to UNE		545,179	463,715

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

Statement of Comprehensive Income
For the year ended 31 December 2011

	Notes	2011 $	2010 $
Operating result for the year after distribution to UNE		545,179	463,715
Other comprehensive income			
Gain (Loss) on value of available for sale financial assets	**12 (a)**	-	(17,499)
Other comprehensive income for the period		-	(17,499)
Total comprehensive income for the period		545,179	446,216

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

Statement of Financial Position
As at 31 December 2011

	Notes	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	**8**	4,218,386	4,658,394
Trade and other debtors	**9**	167,824	121,608
Other financial assets	**10**	-	912,707
Total current assets		4,386,210	5,692,709
Non-current assets			
Other financial assets	**10**	1,915,896	109,628
Total non-current assets		1,915,896	109,628
Total assets		6,302,106	5,802,337
LIABILITIES			
Current liabilities			
Trade and other payables	**11**	16,384	61,794
Total current liabilities		16,384	61,794
Total liabilities		16,384	61,794
Net assets		6,285,722	5,740,543
EQUITY			
Reserves	**12 (a)**	-	-
Retained earnings	**12 (b)**	6,285,722	5,740,543
Total equity		6,285,722	5,740,543

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 31 December 2011

	Reserves	Retained earnings	Total
Balance at 1 January 2010	17,499	5,276,828	5,294,327
Retrospective changes	-	-	-
Balance as restated	17,499	5,276,828	5,294,327
Profit or loss	-	463,715	463,715
Loss on Available for sale Financial Assets	(17,499)	-	(17,499)
Total comprehensive income	(17,499)	463,715	446,216
Balance at 31 December 2010	-	5,740,543	5,740,543
Balance at 1 January 2011	-	5,740,543	5,740,543
Profit or loss	-	545,179	545,179
Total comprehensive income	-	545,179	545,179
Balance at 31 December 2011	-	6,285,722	6,285,722

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

Statement of Cash Flows
For the year ended 31 December 2011

	Notes	**2011 $**	2010 $
Cash flows from operating activities			
Fundraising		949,730	912,035
Dividends received		25,814	16,446
Interest received		223,777	227,280
Other inflows		13,741	-
Payments to suppliers		(43,141)	(24,279)
Distribution to beneficiary		(723,712)	(769,790)
Net cash provided by / (used in) operating activities	**17**	446,210	361,692
Cash flows from investing activities			
Purchase of financial assets		(1,090,000)	(922,521)
Proceeds from sale of financial assets		203,783	-
Net cash provided by / (used in) investing activities		(886,217)	(922,521)
Net increase / (decrease) in cash and cash equivalents		(440,007)	(560,829)
Cash and cash equivalents at the beginning of the financial year		4,658,394	5,219,223
Cash and cash equivalents at the end of the financial year	**8**	4,218,386	4,658,394

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

Contents of the notes to the Financial Statements

Notes to and forming part of the Financial Statements

1.0 Summary of significant accounting policies

UNE Foundation, a not for profit entity, was established by deed of settlement on 6 December 2000 and is domiciled in Australia.

UNE Foundation Limited acts as Trustee to the Trust. The Trust is for the benefit of the University of New England. The Trust holds authority CFA 17330 to fund raise under the provision of the Charitable Fundraising Act 1991.

The principal address of UNE Foundation Trust is: University of New England, Armidale NSW 2351

The financial statements for the year ended 31 December 2011 were authorised for issue by the Trustee on 16 March 2012.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The Financial Statements are general purpose financial statements that have been prepared on an accrual basis in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations, the *Public Finance and Audit Act 1983 and the Public Finance and Audit Regulations 2010*.

The Financial Statements have been prepared in accordance with the historical cost convention except for available for sale financial assets which have been measured at fair value. All amounts are in Australian currency.

(b) Revenue recognition

The Trust receives all donations by way of cheques, direct deposits and electronic funds transfer. All donations are recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the Trust.

Interest income is recognised on an accrual basis. Dividends and distributions are recognised as revenue when the Trust's right to receive payment is established. Refunds of imputation credits arising from investment income received, are recognised as revenue when the application for refund is lodged with the Australian Taxation Office.

Gains and losses on realisation of investments are taken to the income statement when the investment is disposed of. The gain or loss is the difference between the net proceeds of disposal and the carrying value of the investment.

(c) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition.

(d) Investments and other financial assets

Classification

The Trust classifies its investments as available-for-sale financial assets. Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Trust commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets are carried at fair value.

Investments and other financial assets (continued)

Fair Value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Trust establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, net asset value and option pricing models refined to reflect the issuer's specific circumstances.

Impairment
The Trust assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Trust is the current bid price.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 Trust for similar financial instruments.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of financial year, which are unpaid.

(g) Comparative amounts

Comparative figures have been reclassified and repositioned in the financial statement, where necessary, to conform with the basis of presentation and classification used in the current year.

(h) Income Tax

The Trust is exempt from Income Tax. The Trust does not anticipate adverse impacts arising from the current review of the taxation status of not-for-profit entities, since the Trust does not deliver 'unrelated trading activities' as defined in the scope of the current review.

(i) Distributions

In accordance with the Trust Deed, the Trust fully distributes by cash or reinvests its distributable income. Any funds remaining on hand are held available for distribution to the University of New England.

(j) New standards and interpretations not yet adopted.

AASB 9 Financial Instruments - December 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 13 Fair Value Measurement - September 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2013)

New standards and interpretations not yet adopted (continued)

AASB 1054 Australian Additional Disclosures - May 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments - May 2011 (Compilation)
(Applies to reporting periods beginning on or after 01 Jul 2011)

		Notes	**2011** **$**	2010 $
2.0	**Donation and fundraising**			
	Donations and fundraising		**949,905**	**906,635**
3.0	**Investment income**			
	Interest		378,920	310,271
	Dividend		28,386	19,591
	Total investment income		**407,306**	**329,862**
4.0	**Other revenue**			
	Net surplus on disposal of shares		1,274	-
	Franking credits		9,182	940
	Other		33	-
	Total other revenue		**10,489**	**940**
5.0	**Administrative Expenses**			
	Consultancy fees		39,243	33,636
	Bank fees		114	385
	Total administrative expenses		**39,357**	**34,021**
6.0	**Other expenditures**			
	Loss on impairment of financial assets		**103,953**	**10,973**
	Loss on impairment of financial assets at 31 December charged to Income Statement relates to:			
	- Maiben Davies Investments		7,325	2,473
	- Myer Family Company		96,628	8,500
			103,953	**10,973**

These are unrealised losses on financial assets categorised as available-for-sale investments. These financial assets are invested on a long term basis and with no remaining reserves, the losses are recorded in the Income Statement and not the Statement of Comprehensive Income.

		Notes	2011 $	2010 $
7.0	**Distribution to beneficiary**			
	University of New England - scholarships and prizes	1(i)	**679,211**	**728,728**
8.0	**Cash and cash equivalents**			
	Cash at bank		162,845	406,181
	At call investments		4,055,541	4,252,213
	Total cash and cash equivalents		**4,218,386**	**4,658,394**

Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:

	2011 $	2010 $
Balances as above	4,218,386	4,658,394
Less: Bank Overdrafts	-	-
Balance per statement of cash flows	**4,218,386**	**4,658,394**

The deposits are bearing floating interest rates between 5.78% and 6.61% (2010 - 3.12% and 4.98%). These deposits have an average maturity of 213 days.

		2011 $	2010 $
9.0	**Trade and other debtors**		
	Trade Debtors	-	400
	Less: Provision for impaired receivables	-	-
	Total trade debtors	**-**	**400**

Impaired trade debtors
As at 31 December 2011 current receivables of the entity with a nominal value of $Nil (2010: $400) were not impaired.

	2011 $	2010 $
Other debtors		
Other accrued income	1,931	13,520
GST Input Tax Credit	-	1,651
Accrued Interest	165,893	106,037
Total other debtors	**167,824**	**121,208**
Total trade and other debtors	**167,824**	**121,608**

		2011 $	2010 $
10.0	**Other financial assets**		
	Current		
	Unit Trust and Domestic Equity	-	912,707
	Total current other financial assets	**-**	**912,707**
	Non-current		
	Available for sale financial assets - At fair value		
	Unit Trust and Domestic Equity	1,822,479	-
	Australian listed equity securities	93,417	109,628
	Total non-current other financial assets	**1,915,896**	**109,628**

In 2011, the Trustee reviewed the position regarding the perpetual pool funds deemed available for sale financial assets held in Unit Trust and Domestic Equity. As these funds are held to perpetuity, they have been moved to non-current assets.

Movement of shares are as follows:

	2011 $	2010 $
Shares as at 1 January	109,628	124,201
Acquired through purchase, dividend reinvestment and capital distribution	1,200,023	5,398
Transferred from current asset	912,707	
Disposed	(202,509)	-
Impairment charged against reserves	-	(17,498)
Impairment loss charged to Income Statement at 31 December	(103,953)	(2,473)
Fair value of investment at 31 December	**1,915,896**	**109,628**

		2011 $	2010 $
11.0	**Trade and other payables**		
	Accrued expense for scholarships, prizes and consultancy fees	16,384	61,794
	Total trade and other payables	**16,384**	**61,794**

Foreign currency risk

The carrying amounts of the Trust trade and other payables are denominated in the following currencies:

	2011 $	2010 $
US Dollar	-	-
Australian Dollars	16,384	61,794
	16,384	**61,794**

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 20.

Notes to the financial statements
31 December 2011
(continued)

		2011	2010
		$	$
12.0	**Reserves and retained earnings**		
(a)	**Reserves**		
	Revaluation Reserve - Investments	**-**	**-**
	Movements		
	Asset revaluation reserve - Investments		
	Balance 1 January	-	17,499
	Increment/(decrement) on revaluation	-	(17,499)
	Balance 31 December	**-**	**-**
(b)	**Retained earnings**		
	Movements in retained earnings were as follows:		
	Retained earnings at 1 January	5,740,543	5,276,828
	Net Operating Result for the year	545,179	463,715
	Retained earnings at 31 December	**6,285,722**	**5,740,543**

(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.

13.0 Remuneration of auditors

The audit fee payable by the University of New England, in respect of the audit of the financial reports for the Trust to the Audit Office of NSW for the financial year ended 31 December 2011 was $9,200 (2010: $9,200).

14.0 Contingencies

At balance date, no legal proceedings had been identified as being progressed on behalf of or against the Trust.

At balance date, no contingent liabilities or contingent assets of a material nature to the Trust had been identified.

15.0 Commitments

The entity has not identified material commitments at 31 December 2011 (2010: Nil).

Capital Commitments
There was no capital expenditure contracted for at the reporting date. (2010: Nil).

16.0 Related parties

(a) Corporate Trustee

Directors of the Corporate Trustee
Directors who held office at any time during the financial year were:-

Dr Geoffrey Fox (Chairman)
Professor James Barber
Mr Paul Barratt
Dr Laurie Piper
Mr Geoff Gorrie
Mr Matthew Irwin
Ms Kerrie Murphy
Ms Caroline Ralph - appointed 27 September 2011
Ms Janine Wilson - appointed 27 September 2011
Professor Deborah Ralston - resigned 01 April 2011
Mrs Margaret Roberts - resigned 28 April 2011

(b) Controlling entity
For the purposes of meeting the requirements of the Australian Accounting Standards (AAS), the University of New England is deemed to be the controlling entity of the Trust and its Corporate Trustee, UNE Foundation Limited.

16.0 Related parties (continued)

(c) Related Party Transactions

University of New England provided the Trust with a range of administrative support services. These services have been provided at no charge to the Trust and comprised the provision of:

- office accommodation facilities
- accounting and administrative services
- electricity and other utility services
- personnel services

The value of these services has not been quantified or reported in the financial statements.

The following transactions occurred with related parties:

	2011	2010
Transactions during the period	**$**	$
University of New England		
Income received	11,478	19,535
Payments made	(679,211)	(728,728)
Net	**(667,733)**	**(709,193)**
With other related parties		
Income received - UNEP	50,000	25,000
Income received - Services UNE	10,000	-
Payments made	-	-
Net	60,000	25,000

Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

University of New England		
Receivables	975	400
Payables	5,900	29,401
With other related parties		
Receivables	-	-
Payables	-	21,000

17.0 Reconciliation of operating result after income tax to net cash flows from operating activities

Operating result for the period	545,179	463,715
Add non cash expenditures		
Loss on impairment of shares	103,953	10,973
Less non cash revenue		
Capitalisation and reinvestment of dividend	(110,022)	(4,085)
Gain on sale of shares	(1,274)	-
Decrease (increase) in trade and other debtors	(46,216)	(79,242)
Increase (decrease) in payables	(45,410)	(29,669)
Net cash provided by / (used in) operating activities	**446,210**	**361,692**

18.0 Charitable Fundraising Appeals

Results of Fundraising Appeals		
Donations	949,905	906,635
Gross Proceeds from Fundraising Appeals	949,905	906,635
		-
Cost of Fundraising Appeals *	46,192	44,334
Net Surplus obtained from Fundraising Appeals	903,713	862,301

* Cost of fundraising appeals relates only to an estimate of Postages and Printing costs which were paid by the University. Other costs relating to University staff time spent in fundraising activities have not been quantified and are not included in the cost of fundraising.

Comparisons of certain monetary figures and percentages in accordance with the requirements of the Charitable Fundraising Act, 1991 are set out below with clarifications.

Notes to the financial statements
31 December 2011
(continued)

Total cost of services complies with the Charitable Fundraising Regulation 2008.

Ratios

(a) Total cost of fundraising/gross income from fundraising	46,192	44,334
	949,905	906,635
	4.8628%	4.8900%
(b) Net surplus from fundraising / gross income from fundraising	903,713	862,301
	949,905	906,635
	95.14%	95.11%
(c) Total cost of services / total expenditure	679,211	728,728
	822,521	773,722
	82.58%	94.18%
(d) Total cost of services / total income received	679,211	728,728
	1,367,700	1,237,437
	49.66%	58.89%

Statement of how funds were received and applied for charitable purposes:

Funds were received from annual appeals, special appeals, donations, bequests and sponsorships.
The net surplus that has not been applied to charitable purposes during the current year and has been taken to retained profits for future needs. Some scholarships and other activities have been paid out through the University of New England during the current year. These will be reimbursed to the University at a later date.

19.0 Events subsequent to reporting period

There are no reportable events occuring after balance date.

20.0 Financial risk management

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) Market Risk

(i) Terms and conditions

Recognised Financial Instruments	Note	Accounting Policies	Terms and Conditions
Financial Assets			
Receivables	9	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days
Deposits At Call	8	Term Deposits are stated at cost	Term deposits are for a period of up to one year. Interest rates are between 5.78% and 6.61%. Average maturity of 213 days.
Other Financial Assets	10	Unit trust and domestic requity carried at market value	
Listed Shares	10	Listed Shares are carried at bid price	
Financial Liabilities			
Creditors and Accruals	11	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

(ii) Foreign exchange risk

UNE Foundation Trust recognises all transactions, assets and liabilities in Australian currency only and is not exposed to foreign exchange risk.

(iii) Price risk

The Trust is exposed to Price Risk through is Investments classified as available for sale financial assets. The risk is managed through diversification of the portfolio.

(iv) Cash flow and fair value interest rate risk

The entity invests in term deposits with various financial institutions and is exposed to interest rate risk arising from normal interest rate variations.

The entity interest rate risk arises primarily from investments in long term interest bearing financial instruments, due to the potential fluctuation in interest rates.

(v) Summarised sensitivity analysis

The table at the end of the note summarises the sensitivity of the economic entity's financial assets and liabilities to interest rate risk.

(b) 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 there under. The entity's maximum exposure, to credit rate risk, is represented by the carrying amounts of the financial assets included in the statement of financial position.

(c) Liquidity Risk

Liquidity risk refers to the risk that, as a result of operational liquidity requirements, the entity :

- will not have sufficient funds to settle a transaction on the due date
- will be forced to sell financial assets at a value which is less than their worth
- may be unable to settle or recover a financial asset at all

The Trustee monitors the actual and forecast cash flow of the entity on a regular basis, ensuring that sufficient cash reserves are held to meet the ongoing operations and obligations of the entity as they fall due.

Financial risk management - continued

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash & cash equivalents	4.42%	-	162,845				162,845
Investments	6.12%		4,055,541	-			4,055,541
Receivables						167,824	167,824
Available for sale				1,822,479			1,822,479
Listed Shares						93,417	93,417
Total Financial Assets		-	4,218,386	1,822,479		261,241	6,302,106
Financial Liabilities							
Borrowings			-	-			-
Payables						16,384	16,384
Other Amounts Owing						-	-
Total Financial Liabilities			-	-		16,384	16,384
Net Financial Assets(Liabilities)		-	4,218,386	1,822,479		244,857	6,285,722

Comparative figures for the previous year are as follows:

31 December 2010	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	4.25%	-	406,181				406,181
Investments - Term Deposits	5.84%		4,252,213			-	4,252,213
Receivables	-					121,608	121,608
Available for sale				912,707			912,707
Listed Shares	-					109,628	109,628
Total Financial Assets		-	4,658,394	912,707		231,236	5,802,337
Financial Liabilities							
Borrowings	-		-	-			-
Payables	-					61,794	61,794
Other Amounts Owing	-					-	-
Total Financial Liabilities			-	-		61,794	61,794
Net Financial Assets(Liabilities)		-	4,658,394	912,707		169,442	5,740,543

(d) Net Fair Values of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Trust is the current bid price.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. 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 Entity for similar financial instruments.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The Trust uses various methods in estimating the fair value of a financial instrument. The methods comprise;

Level 1 - the fair value is calculated using quoted prices in active markets
Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	Carrying Amount		**Fair Value**	
	2011	2010	2011	2010
	$	$	$	$
Financial assets				
Other financial assets	1,915,896	1,022,335	1,915,896	1,022,335
Total financial assets	1,915,896	1,022,335	1,915,896	1,022,335

Fair value measurements recognised in the statement of financial position are categorised into the following levels:

	31 Dec 2011	Level 1	Level 2	Level 3
Financial assets				
Other financial assets	1,915,896	93,417	0	1,822,479
Total	1,915,896	93,417	0	1,822,479

	31 Dec 2010	Level 1	Level 2	Level 3
Financial assets				
Other financial assets	1,022,335	109,628	0	912,707
Total	1,022,335	109,628	0	912,707

Financial risk management - continued

Summarised sensitivity analysis

The following table summarises the sensitivity of the Trust's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 December 2011	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		**+1%**		**-10%**		**+10%**		**-1%**		**+1%**	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	162,845	(1,628)	(1,628)	1,628	1,628	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	4,055,541	(40,555)	(40,555)	40,555	40,555	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	167,824					-	-	-	-				
Other financial assets	1,822,479	(18,225)	(18,225)	18,225	18,225								
Listed Shares	93,417		-										
Total Financial Assets	6,302,106												
Financial Liabilities													
Borrowings	-	-	-	-	-								
Payables	16,384	N/A	N/A	N/A	N/A								
Other Amounts Owing	-												
Total Financial Liabilities	16,384												
Total increase / (decrease)	6,285,722	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

31 December 2010	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		**+1%**		**-10%**		**+10%**		**-1%**		**+1%**	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	406,181	(4,062)	(4,062)	4,062	4,062	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments - Term Deposits	4,252,213	(42,522)	(42,522)	42,522	42,522	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	121,608					-	-	-	-				
Other financial assets	912,707	(9,127)	(9,127)	9,127	9,127								
Listed Shares	109,628												
Total Financial Assets	5,802,337												
Financial Liabilities													
Borrowings	-	-		-	-								
Creditors	61,794	N/A	N/A	N/A	N/A								
Other Amounts Owing	-												
Total Financial Liabilities	61,794												
Total increase / (decrease)	5,740,543	-	-	-	-	-	-	-	-	-	-	-	-

END OF AUDITED FINANCIAL STATEMENTS

UNE Partnerships

ABN: 74 003 099 125
Annual Financial Report for the year ended 31 December 2011

INDEPENDENT AUDITOR'S REPORT

UNE Partnerships Pty Ltd

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

I have audited the accompanying financial statements of UNE Partnerships Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, *Corporations Act 2001* and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 23 March 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

Steven Martin
Director Financial Audit Services

2 April 2012
SYDNEY

UNE Partnerships Pty Limited

Directors Report

The directors of UNE Partnerships Pty Limited present their report with the financial report for the financial year ended 31 December 2011 and the auditor's report thereon.

Directors

The following persons were directors of the company during the whole of the year and up to the date of this report:

Dr James HARRIS
Professor Alison NETHERY
Gary P SMITH
Richard J DOYLE
Philip M ATTARD

The following director held office from the beginning of the year until the date of his resignation:
Christopher M PATTON - resigned 25 November 2011

Directors Meetings

The number of directors meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year are:

	Board Meetings	
Directors	**A**	**B**
Dr James HARRIS	7	7
Professor Alison NETHERY	5	7
Gary P SMITH	6	7
Richard J DOYLE	7	7
Christopher M PATTON	7	7
Philip M ATTARD	5	7

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the year

Principal Activities

The principal activities of the entity during the course of the financial year were the design, development and delivery of education and training programs.

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

Review of Operations

The profit of the company for the financial year was $1,109,777 (2010: $1,142,019).

The company cannot pay dividends due to its status as a tax-exempt body.

During the year, each of the three major education-delivery programs of the company traded profitably.

Close attention was paid to marketing and various support functions to ensure that they complemented the education delivery in a cost-effective manner.

Significant Changes in the State of Affairs

The company's activities are impacted by general economic conditions; 2011 saw the company benefit from ongoing economic recovery. The company achieved a balance between government-funded enrolments and client-funded training.

Matters Subsequent to the End of the Financial Year

There has not been any matter or circumstance subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs in future financial years.

Likely Developments and Expected Results of Operations

There are no significant developments or changes in the Company's operations which have been proposed for the immediate future.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance of Officers

The University obtains commercial insurance to indemnify persons who serve on University Boards and Committees and on Boards and Committees of all entities in the Group. The annual premium for the Group of $34,000 for Directors and Officers Insurance covered the period 1 November 2010 to 31 October 2011. Insurance has been renewed for the Group for the period 1 November 2011 to 31 October 2012 at a cost of $30,600. Coverage also extends to the Group's appointees who serve on the Boards of other entities, as a designated representative of the University and controlled entities and who are not otherwise indemnified.

Legal proceedings on behalf of the Company

There were no legal proceedings brought against the company during the financial year. At the date of this report, the directors are not aware of any legal proceedings which have arisen since the end of the financial year and up to the date of this report.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on the next page and forms part of the directors' report for the financial year ended 31 December 2011.

The report is signed on behalf of the directors in accordance with a resolution of the directors made pursuant to the Corporations Act 2001.

....	....
Dr J Harris, Chairman	Mr Richard J Doyle
Director	Director

27 March 2012

To the Directors
UNE Partnerships Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UNE Partnerships Pty Ltd for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Steven Martin
Director, Financial Audit Services

23 March 2012
SYDNEY

Directors' Declaration

The directors declare that:

1. the financial statements and notes comply with Australian Accounting Standards (including Australian Accounting Interpretations);

2. the financial statements and notes give a true and fair view of the financial position and performance of the company for the financial year ended 31 December 2011;

3. the financial statements and notes are in accordance with the Corporations Act 2001; and

4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.

....	....
Dr J Harris, Chairman	Mr Richard J Doyle
Director	Director

27 March 2012

Directors' Statement Pursuant to Section 41C(1B) and (1C) of the Public Finance and Audit Act 1983

In accordance with a resolution of the directors and pursuant to Section 41C (1B) and 1(C) of the Public Finance and Audit Act 1983, we state that:

1. The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 31 December 2011 and the results of its operations and transactions of the Company for the year then ended;

2. The financial statements and notes have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010;

3. The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board;

4. We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and

5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

....	....
Dr J Harris, Chairman	Mr Richard J Doyle
Director	Director

27 March 2012

Income Statement

For the year ended 31 December 2011

	Notes	2011 $	2010 $
Revenue from continuing operations			
Sales revenue	3	6,745,714	6,114,643
Investment revenue	4	136,966	81,802
Gain on disposal of assets		50	1,651
Total revenue from continuing operations		6,882,730	6,198,096
Expenses from continuing operations			
Employee related expenses	5	1,996,195	1,978,194
Depreciation and amortisation	6	97,304	128,323
Repairs and maintenance	7	2,695	2,433
Impairment of assets	8	21,413	17,505
Other expenses	9	3,655,346	2,929,622
Total expenses from continuing operations		5,772,953	5,056,077
Operating surplus attributable to UNE Partnerships Pty Limited	19(b)	1,109,777	1,142,019

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

Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 $	2010 $
Operating suplus for the period		1,109,777	1,142,019
Other comprehensive income		-	-
Total comprehensive income for the period		1,109,777	1,142,019

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

Statement of Financial Position

As at 31 December 2011

	Notes	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	**10**	3,204,696	1,890,179
Receivables	**11**	910,055	1,279,629
Inventories	**12**	31,167	34,013
Other non-financial assets	**13**	84,755	64,103
Total current assets		4,230,673	3,267,924
Non-current assets			
Property, plant and equipment	**14**	113,911	106,251
Intangible assets	**15**	117,176	126,185
Total non-current assets		231,087	232,436
Total assets		4,461,760	3,500,360
LIABILITIES			
Current liabilities			
Trade and other payables	**16**	77,103	73,409
Provisions	**17**	266,401	221,992
Other liabilities	**18**	935,896	1,156,040
Total current liabilities		1,279,400	1,451,441
Non-current liabilities			
Provisions	**17**	70,605	46,941
Total non-current liabilities		70,605	46,941
Total liabilities		1,350,005	1,498,382
Net assets		3,111,755	2,001,978
EQUITY			
Issued capital	**19(a)**	1,198,937	1,198,937
Retained earnings	**19(b)**	1,912,818	803,041
Total equity attributable to equity holders of the company		3,111,755	2,001,978
Total equity		3,111,755	2,001,978

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2011

	Issued Capital	Reserves	Retained Earnings	Total
Balance at 1 January 2010	1,198,937	-	(338,978)	859,959
Retrospective changes	-	-	-	-
Balance as restated	1,198,937	-	**(338,978)**	859,959
Profit or loss	-	-	1,142,019	1,142,019
Total comprehensive income	-	-	1,142,019	1,142,019
Balance at 31 December 2010	1,198,937	-	803,041	2,001,978
Balance at 1 January 2011	1,198,937	-	803,041	2,001,978
Profit or loss	-	-	1,109,777	1,109,777
Total comprehensive income	-	-	1,109,777	1,109,777
Balance at 31 December 2011	1,198,937	-	1,912,818	3,111,755

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

Statement of Cash Flows

For the year ended 31 December 2011

	Notes	**2011** $	2010 $
Cash flows from operating activities			
Receipts from student fees and other customers		6,874,125	6,923,358
Interest received		136,966	81,802
Payments to suppliers and employees (inclusive of GST)		(5,820,667)	(6,112,717)
GST recovered/paid		220,052	187,674
Net cash provided by / (used in) operating activities	**25**	1,410,476	1,080,117
Cash flows from investing activities			
Payments for property, plant, equipment & intangibles		(95,959)	(124,057)
Net cash provided by / (used in) investing activities		(95,959)	(124,057)
Cash flows from financing activities			
Repayment of borrowings		-	(2,560)
Net cash provided by / (used in) financing activities		-	(2,560)
Net increase / (decrease) in cash and cash equivalents		1,314,517	953,500
Cash and cash equivalents at the beginning of the financial year		1,890,179	936,679
Cash and cash equivalents at the end of the financial year	**10**	3,204,696	1,890,179

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

Contents of the notes to the financial statements

Notes to and forming part of the Financial Statements

Note 1. Summary of significant accounting policies

UNE Partnerships Pty Limited, a not for profit entity, was incorporated in Australia as a company limited by shares on 15 May 1986 and is domiciled in Australia.

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

The principal address of UNE Partnerships Pty Limited is: 122-132 Mossman St, Armidale, NSW.

The financial report for the year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Board on 27 March 2012.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The Financial Report is a general purpose financial report that has been prepared on an accrual basis in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations, the Public Finance and Audit Act 1983 and the Public Finance and Audit Act Regulations 2010 and the Corporations Act 2001.

The Financial Report has been prepared in accordance with the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(b) Foreign currency translation

(i) Functional and presentation currency
The financial reports are presented in Australian dollars which is the Entity's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) 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, rebates and amounts collected on behalf of third parties.

The Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Entity and specific criteria have been met for each of the Entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Fee paying student

Course income or fees are recognised in the financial statements using the 'Percentage of Completion' method described in AASB 118 - Revenue. At year-end a reliable estimate is made of the future costs to be incurred in the remainder of each student's enrolment term as the indicator of 'Percent Completion'. A corresponding proportion of enrolment fees is transferred to the liability 'Income received in advance'.

(ii) Government funded student
Revenue is recognised when students attain certain milestones or when certain eligibility criteria have been satisfied or the relevant services have been provided, which may coincide with the date of receipt.

(iii) Annual enrolment and administration fees
Fees and charges are recognised as income in the year when the relevant fee becomes payable.

(iv) Investment income
Interest income is recognised as it accrues.

(v) Other revenue
Represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

(d) Income tax

UNE Partnerships Pty Limited has been granted exemption from paying tax under the provisions of Subdivision 50-B of the Income Tax Assessment Act 1997. The company does not anticipate adverse impacts arising from the current review of the taxation status of not-for-profit entities, since the company does not deliver 'unrelated trading activities' as defined in the scope of the current review.

(e) Leases

Leases of property, plant and equipment where the Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. 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 short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. 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 are 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. 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.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, 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 one year 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 statement of financial position.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment of receivables is established when there is objective evidence that the Entity 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an expense account and the amount of the loss is recognised in the income statement under Note 8. When a receivable is uncollectable, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to Bad Debts Recovered in the income statement.

(i) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and current replacement cost. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

(j) Investments and other financial assets

Classification

The Entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Entity's management has the positive intention and ability to hold to maturity. At balance date, the Entity held no assets in this category.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Regular purchases and sales of financial assets are recognised on trade-date: the date on which the Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement
Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement within other income or other expenses in the period in which they arise.

Fair Value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, net asset value and option pricing models refined to reflect the issuer's specific circumstances.

Impairment
The Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Entity is the current bid price.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 Entity for similar financial instruments.

(l) Plant and equipment

Other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity 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 on assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture and Fittings: 3 - 11 yrs,
Other Plant and Equipment: 3 - 10 yrs,
Computing Equipment / Software: 3 - 5 yrs,
Intangibles: 3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 (note 1(f)).

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

(m) Intangible assets

(i) Research and development
Expenditure on research activities is recognised in the income statement as an expense, when it is incurred.

Expenditures on development activities, relating to the design and testing of new or improved products, are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which varies from 3 to 5 years.

(ii) Licences
Licences have an infinite useful life and are not amortised. They are assessed for impairment annually and whenever there is an indication that the licences may be impaired, in accordance with note 1(f).

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Entity prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(p) Provisions

Provisions for legal claims and service warranties are recognised when: the Entity has a present legal or constructive obligation as a result of past events; it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(q) Employee benefits

(i) Wages and salaries

Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled and recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Annual leave and sick leave

The liability for long-term employee benefits such as annual leave and accumulating sick leave is recognised in current provisions for employee benefits as it is not due to be settled within 12 months after the end of the reporting period. It is measured at the amount expected to be paid when the liability is settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquiring the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Comparative amounts

Comparative figures have been reclassified and repositioned in the financial statement, where necessary, to conform with the basis of presentation and classification used in the current year.

(t) New standards and interpretations not yet adopted.

AASB 9 Financial Instruments - December 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 13 Fair Value Measurement - September 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2013)
(annual periods beginning on or after 1 July 2011)

AASB 1054 Australian Additional Disclosures - May 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments - May 2011 (Compilation)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Note 2. Disaggregated information

Geographical

	Revenue		Results		Assets	
	2011	2010	**2011**	2010	**2011**	2010
	$	$	$	$	$	$
Australia	6,843,127	6,188,035	1,109,777	1,142,019	4,461,760	3,500,360
Asia	20,590	8,410	-	-	-	-
US/Canada	-	-	-	-	-	-
Unallocated	18,963	-	-	-	-	-
	6,882,680	6,196,445	1,109,777	1,142,019	4,461,760	3,500,360

	Notes	**2011** $	2010 $
Note 3. Sales revenue			
Education services		6,273,256	5,754,562
Workshops		205,325	103,762
Consultancy		215,706	229,565
Product sales		51,427	26,754
Total sales revenue		6,745,714	6,114,643
Note 4. Investment revenue and income			
Interest		136,966	81,802
Total investment revenue		136,966	81,802
Note 5. Employee related expenses			
Salaries		1,673,018	1,695,208
Contribution to funded superannuation and pension schemes		145,068	123,534
Payroll tax		96,366	98,479
Worker's compensation		9,517	3,850
Long service leave expense		33,942	38,867
Annual leave		34,131	16,913
Other (Allowances, penalties and fringe benefits tax)		4,153	1,343
Total employee related expenses		1,996,195	1,978,194
Note 6. Depreciation and amortisation			
Depreciation			
Furniture and Fittings		14,043	12,660
Computer Equipment		23,001	26,247
Total depreciation		37,044	38,907
Amortisation			
Intangibles		60,260	89,416
Total amortisation		60,260	89,416
Total depreciation and amortisation		97,304	128,323
Note 7. Repairs and maintenance			
Plant/furniture/equipment		2,695	2,433
Total repairs and maintenance		2,695	2,433
Note 8. Impairment of assets			
Bad Debts		21,413	17,505
Total impairment of assets		21,413	17,505

		Notes	2011 $	2010 $
Note 9.	**Other expenses**			
	Non-capitalised equipment		10,443	8,240
	Advertising, marketing and promotional expenses		213,318	227,231
	Utilities		61,816	64,109
	Inventory Used		86,044	35,575
	Postal and Telecommunications		59,360	61,915
	Travel and Entertainment		266,600	282,373
	Books, Serials and Other Library Media		73,536	15,358
	Consultants		177,328	98,802
	Catering Services		14,084	42,019
	Scholarships Grants & Prizes		50,420	25,000
	Fees for Services		2,609,661	2,039,832
	Other Expenditure		32,736	29,168
	Total other expenses		3,655,346	2,929,622
Note 10.	**Cash and cash equivalents**	1(g)		
	Cash on hand		400	400
	Cash at bank		1,043,619	634,716
	At call investments		2,160,677	1,255,063
	Total cash and cash equivalents		3,204,696	1,890,179

(a) **Reconciliation to cash at the end of the year**
The above figures are reconciled to cash at the end of the year as shown in the cash flow statement as follows:

Balances as above	3,204,696	1,890,179
Less: Bank Overdrafts	-	-
Balance per cash flow statement	3,204,696	1,890,179

(b) Cash at bank and on hand
Cash at bank (credit funds) is interest-generating; cash on hand is non interest-bearing.

(c) Deposits at call
The deposits are bearing floating interest rates between 5.55% and 6.10% (2010 - 5.40% and 6.00%). These deposits have an average maturity of 80 days.

		Notes	2011 $	2010 $
Note 11.	**Receivables**			
	Current			
	Trade and Other Debtors		974,212	1,350,182
	Less: Provision for impaired receivables	1(h)	(64,157)	(70,553)
	Total receivables		910,055	1,279,629

(a) Impaired receivables

As at 31 December 2011 current receivables of the entity with a nominal value of $225,391 (2010: $291,750) were impaired. The amount of the provision was $64,157 (2010: $70,553). The individually impaired receivables mainly relate to individual students, who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

	Notes	2011 $	2010 $

The ageing of these receivables is as follows:

3 to 6 months	-	-
Over 6 months	225,391	291,750
	225,391	291,750

As of 31 December 2011, trade receivables of $136,643 (2010: $444,103) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

3 to 6 months	58,494	142,650
Over 6 months	78,149	301,453
	136,643	444,103

Movements in the provision for impaired receivables are as follows:

As at 1 January	70,553	17,910
Provision for impairment recognised during the year	10,457	67,761
Receivables written off during the year as uncollectible	(16,853)	(15,118)
	64,157	70,553

The creation and release of the provision for impaired receivables has been included in 'Impairment of assets' in the Income Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

		Notes	2011 $	2010 $
Note 12.	**Inventories**	1(i)		
	Current			
	Other stocks		31,167	34,013
	Total current inventories		31,167	34,013
Note 13.	**Other non-financial assets**			
	Current			
	Accrued Income		65,803	48,395
	Prepaid Expenses		18,952	15,708
	Total current other non-financial assets		84,755	64,103
Note 14.	**Plant and equipment:**			
	Plant and equipment:			
	At cost		45,208	36,572
	Accumulated depreciation		(36,039)	(33,700)
			9,169	2,872
	Computer cost			
	At cost		201,013	182,398
	Accumulated depreciation		(135,191)	(129,643)
			65,822	52,755
	Leasehold Improvements			
	At cost		115,219	115,219
	Accumulated depreciation		(76,299)	(64,595)
			38,920	50,624
	Total Plant & equipment		113,911	106,251

	Notes	2011 $	2010 $

Movements in Carrying Amounts

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

	Plant & Equip	Computer Equip	Lease Hold Improv.	Total
Balance at 1 January 2010	4,106	31,712	60,831	96,649
Additions	-	47,474	1,219	48,693
Depreciation expense	(1,234)	(26,247)	(11,426)	(38,907)
Derecognition	-	(28,264)	-	(28,264)
Depreciation written back on disposal	-	28,080	-	28,080
Balance at 31 December 2010	2,872	52,755	50,624	106,251
Balance 1 January 2011	2,872	52,755	50,624	106,251
Additions	8,636	44,704	-	53,340
Depreciation expense	(2,339)	(23,001)	(11,704)	(37,044)
Derecognition	-	(26,089)	-	(26,089)
Depreciation written back on disposal	-	17,453	-	17,453
Carrying amount at 31 December 2011	9,169	65,822	38,920	113,911

Note 15. Intangible assets 1(m)

	2011 $	2010 $
Course Development Expenses		
Cost	964,511	913,261
Accumulated impairment losses	(847,335)	(787,076)
Net carrying value	117,176	126,185
Reconciliation of course development expenses		
Balance at the beginning of year	126,185	140,054
Additions	51,251	75,547
Amortisation charge	(60,260)	(89,416)
Closing carrying value at 31 December	117,176	126,185

Note 16. Trade and other payables

	2011 $	2010 $
Current		
Trade Payables	77,103	73,409
Total current trade and other payables	77,103	73,409

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 27.

		Notes	2011 $	2010 $
Note 17.	**Provisions**	1(q)		
	Current provisions expected to be settled within 12 months			
	Employee benefits			
	Annual leave		150,911	116,780
	Long service leave		115,490	105,212
	Subtotal		266,401	221,992
	Current provisions expected to be settled after more than 12 months			
	Employee benefits			
	Annual leave		-	-
	Long service leave		-	-
	Subtotal		-	-
	Total Current Provision		266,401	221,992
	Summary movements current provisions			
	Movements in the Provision Account are:			
	Carrying amount at start of year		221,992	191,130
	Current year movement in provision			
	- Annual Leave		34,131	16,913
	- Long Service Leave		10,278	13,949
	Carrying amount at end of year		266,401	221,992
	Non-current provisions			
	Employee benefits			
	Long service leave		70,605	46,941
	Total non-current provision		70,605	46,941
	Total provisions		337,006	268,933
	Summary movements employee benefits			
	Movements in the Provision Account are:			
	Carrying amount at start of year		46,941	22,023
	Current year movement in provision			
	- Long Service Leave		23,664	24,918
	Carrying amount at end of year		70,605	46,941
Note 18.	**Other Liabilities**			
	Current			
	Accrued Liabilities			
	Salary Related		27,640	81,298
	Other Accrued Expenditure		212,060	93,854
	Income received in advance		696,196	980,888
	Total current other liabilities		935,896	1,156,040
Note 19.	**Reserves and retained earnings**			
(a)	**Issued Capital**			
	1,198,937 ordinary shares @ $1.00 each fully paid		(1,198,937)	(1,198,937)
(b)	**Retained earnings**			
	Movements in retained earnings were as follows:			
	Retained earnings at 1 January		803,041	(338,977)
	Net Operating Result for the year		1,109,777	1,142,018
	Retained earnings at 31 December		1,912,818	803,041

Note 20. Key management personnel disclosures
(a) Names of responsible persons

The following persons were responsible persons and executive officers of UNE Partnerships Pty Limited from the beginning of the year to the reporting date:

Directors
Dr James HARRIS - Chairman
Professor Alison NETHERY
Gary P SMITH
Richard J DOYLE
Christopher M PATTON (resigned 25 November, 2011)
Philip M ATTARD

Executive Officer
Richard J DOYLE

Other Key Management Personnel
The following persons also had authority and responsibility for planning, directing and controlling the activities of UNE Partnerships Pty Limited during the financial year:

Mr RJ Doyle
Mr I Brown
Ms M Michell
Ms K Hogan
Ms S Rudaz
Ms D Swanson
Ms D Yeomans

(b) Remuneration of Board Members and Executives

Remuneration of Board Members
The Directors of the company act in an honorary capacity and receive no benefits or fees for their services as Directors.

	2011	2010
	No.	**No.**
Nil to $9,999	6	6
	6	6
Aggregate Remuneration of Board Members	$	$
Total Aggregate Remuneration	-	-
Remuneration of executive officers	**No.**	**No.**
$160,000 to $174,999	1	-
$190,000 to $199,999	-	1
	1	1
Aggregate Remuneration of executive officers	$	$
Total Aggregate Remuneration	164,082	199,556

Note 21. Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor of UNE Partnerships Pty Ltd, its related practices and non-related audit firms:

	2011 $	2010 $
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 *Public Finance and Audit Act, 1983* and the *Corporations Act 2001*.	25,000	20,400
Total remuneration for audit services	25,000	20,400
2. Non-audit services		
Internal Audit Services Providers	5,850	6,400
Total remuneration for non-audit services	5,850	6,400

Note 22. Contingencies

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

At balance date, no contingent liabilities or contingent assets of a material nature to UNE Partnerships Pty Limited had been identified.

Note 23. Commitments

(a) Capital Commitments

There were no commitments for capital expenditure at 31 December 2011, (2010: Nil).

(b) Lease Commitments

Operating Leases		
Within one year	43,429	36,711
Later than one year but not later than five years	25,140	4,837
Later than five years	-	-
Total operating leases	68,569	41,548
Total lease commitments	68,569	41,548

No lease arrangements, existing as at 31 December 2011, 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 2011 Commitments

The value of orders for goods and services placed, but not filled, as at 31 December 2011 total $Nil. (2010: $Nil).

In addition, during 2011, the Entity entered into contracts for the following operating expenditures:

Within one year	637,712	910,415
Later than one year but not later than five years	-	1,969
Later than five years	-	-
Total other expenditure commitments	637,712	912,384

These commitments relate to teaching costs applicable to currently-enrolled students. Income relating to those students and the future costs will be recognised in accordance with Note 1c(i) and 1c(ii).

(d) Remuneration commitments

The Managing Director is compensated in part via a bonus plan reflecting growth in student numbers, revenue and profit. The liability for 2011 has been accrued to 'Employee related expenses' with a corresponding liability recorded in 'Other liabilities'.

Note 24. Related parties

(a) Parent entities
The ultimate parent entity within the group is the University of New England.

(b) Subsidiaries
The entity does not have any interest in a subsidiary.

(c) Key management personnel
Disclosures relating to directors and specified executives are set out in note 20.

(d) Transactions with related parties
Transactions with related parties are on normal terms no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Transactions during the period	**2011** **$**	2010 $
University of New England		
Income received	11,000	22,924
Payments made	305,114	324,797
Net	(294,114)	(301,873)
UNE Foundation Limited		
Payments made	50,000	25,000
Net	(50,000)	(25,000)
ServicesUNE		
Income received	4,613	-
Net	4,613	-
With other related parties: A company controlled by Mr GP Smith, a director of UNE Partnerships Pty Limited.		
Payments made	69,509	20,273
Net	(69,509)	(20,273)

Outstanding balances
The following balances are outstanding at the reporting date in relation to transactions with related parties:

University of New England		
Payables	2,693	13,190

(e) Guarantees
There have been no guarantees given.

(f) Terms and conditions
Related party outstanding balances are unsecured and have been provided on interest-free terms.

Note 25. Reconciliation of operating result after income tax to net cash flows from operating activities

	2011 $	2010 $
Operating result for the period	1,109,777	1,142,019
Depreciation and amortisation	97,304	128,323
Provision for impaired receivables	64,157	52,643
Increase/(Decrease) in Payables and Prepaid Income	(216,451)	(775,072)
Increase/(Decrease) in Provision for Employee Entitlements	68,073	55,780
(Increase)/Decrease in Receivables and Prepaid Expenses	284,766	475,824
(Increase)/Decrease in Inventories	2,850	600
Net cash provided by / (used in) operating activities	1,410,476	1,080,117

Note 26. Events subsequent to reporting period

There are no reportable events occuring after balance date.

Note 27. Financial risk management

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) Market Risk

(i) Terms and conditions

Recognised Financial Instruments	Note	Accounting Policies	Terms and Conditions
Financial Assets			
Receivables	11	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days; some clients can establish instalment plans spanning 10 months.
Deposits At Call	10	Term Deposits are stated at cost	Bank Call Deposits interest rate is determined by the official Money Market
Term Deposits	10	Term Deposits are stated at cost	Term deposits are for a period of up to seven months. Interest rates are between 5.55% and 6.10%. Average maturity of 80 days.
Financial Liabilities			
Creditors and Accruals	16 & 18	Liabilities are recognised at amounts to be paid for goods and services received, or payable under contract, at year-end.	Creditors are normally settled on 30 day terms

(ii) Foreign exchange risk

The economic entity undertakes certain transactions denominated in foreign currencies. These transactions expose the economic entity to exchange rate fluctuations.

As UNE Partnerships Pty Limited recognises all transactions, assets and liabilities in Australian dollars only, it has no significant exposure to foreign exchange risk.

(iii) Price risk

The economic entity has no direct exposure to equity securities or commodity price risk.

(iv) Cash flow and fair value interest rate risk

The economic entity invests in near-dated term deposits with various financial institutions and is exposed to interest rate risk arising from normal interest rate variations at date of rollover.

Notes to the financial statements
31 December 2011
(continued)

(v) Summarised sensitivity analysis

The table on the last page of the financial report summarises the sensitivity of the economic entity's financial assets and liabilities to interest rate risk.

(b) 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 risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

(c) Liquidity Risk

Liquidity risk refers to the risk that, as a result of operational liquidity requirements, UNE Partnerships Pty Limited:
- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than their worth;
- may be unable to settle or recover a financial asset at all.

The finance personnel monitor the actual and forecast cash flow of the economic entity on a frequent basis, ensuring that sufficient cash reserves are held to meet the ongoing operations and obligations of the economic entity as they fall due.

Financial risk management (continued)

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash & cash equivalents	4.25	1,044,019					1,044,019
Investments-Term Deposits	5.81		2,160,677				2,160,677
Receivables						994,810	994,810
Total Financial Assets		1,044,019	2,160,677			994,810	4,199,506
Financial Liabilities							
Payables						77,103	77,103
Other Amounts Owing						935,896	935,896
Total Financial Liabilities			-	-		1,012,999	1,012,999
Net Financial Assets(Liabilities)		1,044,019	2,160,677	-		(18,189)	3,186,507

Comparative figures for the previous year are as follows:

31 December 2010	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	4.75	635,116					635,116
Investments - Term Deposits	5.70		1,255,063				1,255,063
Receivables	-					1,343,732	1,343,732
Total Financial Assets		635,116	1,255,063			1,343,732	3,233,911
Financial Liabilities							
Payables	-					73,409	73,409
Other Amounts Owing	-					1,156,040	1,156,040
Total Financial Liabilities			-	-		1,229,449	1,229,449
Net Financial Assets(Liabilities)		635,116	1,255,063	-		114,283	2,004,462

(d) Net Fair Values of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. 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 Entity for similar financial instruments.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

Financial risk management (continued)

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Carrying Amount		Fair Value	
	2011	2010	2011	2010
	$	$	$	$
Financial assets				
Cash and cash equivalents	3,204,696	1,890,179	3,204,696	1,890,179
Receivables	994,810	1,343,732	994,810	1,343,732
Total financial assets	4,199,506	3,233,911	4,199,506	3,233,911
Financial liabilities				
Payables	77,103	73,409	77,103	73,409
Other financial liabilities	935,896	1,156,040	935,896	1,156,040
Total financial liabilities	1,012,999	1,229,449	1,012,999	1,229,449

Financial risk management (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Entity's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 December 2011	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	1,044,019	(10,440)	(10,440)	10,440	10,440	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	2,160,677	(21,607)	(21,607)	21,607	21,607	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	994,810					-	-	-	-				
Total Financial Assets	4,199,506												
Financial Liabilities													
Payables	77,103												
Other Amounts Owing	935,896												
Total Financial Liabilities	1,012,999												
Total increase/(decrease)	3,186,507	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

31 December 2010	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	635,116	(6,351)	(6,351)	6,351	6,351	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments - Term Deposits	1,255,063	(12,551)	(12,551)	12,551	12,551	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	1,343,732					-	-	-	-				
Total Financial Assets	3,233,911												
Financial Liabilities													
Payables	73,409												
Other Amounts Owing	1,156,039												
Total Financial Liabilities	1,229,448												
Total increase / (decrease)	2,004,463	-	-	-	-	-	-	-	-	-	-	-	-

END OF AUDITED FINANCIAL STATEMENTS

University of New England Sports Association

ABN: 85 129 428 454
Annual Financial Report for the year ended 30 June 2011

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

University of New England Sports Association

To Members of the New South Wales Parliament and Members of the Association

I have audited the accompanying financial statements of the University of New England Sports Association (the Association), which comprise the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Association.

Auditor's Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the University and the consolidated entity, as at 30 June 2011, and of the financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Members' Responsibility for the Financial Statements

The Members of the Management Committee are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and for such internal control as the Members of the Management Committee determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Association
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

Steven Martin
Director, Financial Audit Services

3 April 2012
SYDNEY

Management Report

The management committee of the University of New England Sports Association present their report with the financial statements for the six months ended 30 June 2011 and the auditors report thereon.

Management Committee

The following persons were members of the management committee during the whole of the year and up to the date of this report:

Mr Kevin Dupe`	President
Mr David Schmude	Executive Officer
Mr Martin Collins	
Dr John Hobbs	
Mr Peter Enlund	
Miss Emma Gillogly	

Committee Meetings

The number of committee meetings attended by each of the management committee of the entity during the financial year are:

	Committee Meetings	
Director	**A**	**B**
Mr Martin Collins	0	1
Dr John Hobbs	1	1
Miss Emma Gillogly	1	1
Mr David Schmude	1	1
Mr Peter Enlund	1	1
Mr Kevin Dupe`	1	1

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the year

Principal Activities

The principal activities of the entity during the course of the financial year were to provide sport and fitness activities by encouraging regular participation in sport and physical recreation through the diverse range of high quality sporting, fitness and recreation facilities to the University and the regional Armidale community.

Cessation of Operations

The University of New England Sports Association ceased operations on 30 June 2011. On this date the net assets of the entity were transferred to the University of New England. This resulted in a deficit for the year of ($4,916,270). Without the asset transfer the deficit for the six months ending 30 June 2011 would have been ($227,940).

Environmental Regulation

The association is not subject to any significant Commonwealth, State or Local Government statutes and requirements related to environmental matters.

Insurance of Officers

The University obtains commercial insurance to indemnify persons who serve on University Boards and Committees and on Boards and Committees of all entities in the Group. The annual premium for the Group of $34,000 for Directors and Officers Insurance covered the period 1 November 2010 to 31 October 2011. Insurance has been renewed for the Group for the period 1 November 2011 to 31 October 2012 at a cost of $30,600. Coverage also extends to the Group's appointees who serve on the Boards of other entities, as designated representative of the University and controlled entities and who are not otherwise indemnified.

Legal proceedings on behalf of the Association

There were no legal proceedings brought against the association during the financial year. At the date of this report, the directors are not aware of any legal proceedings which have arisen since the end of the financial year and up to the date of this report.

MANAGEMENT COMMITTEE'S DECLARATION

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

1. The financial statement has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983.
2. At the date of this statement, there are reasonable grounds to believe that the University of New England Sports Association will be able to pay its debts as and when they fall due noting the factors outlined in Note 1(s) to the financial statements.
3. The financial statement has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The statement is made in accordance with a resolution of the Management Committee and is signed for and on behalf of the Management Committee by:

Mr Kevin Dupe`
President

David Schmude
Executive Director

3 April 2012

Income Statement

For the six months ended 30 June 2011

	Notes	2011 $	2010 $
Revenue from continuing operations			
Trading Income	**3**	1,121,358	1,705,418
Investment revenue and income	**4**	7,965	26,707
Other Revenue	**5**	-	89,416
Total revenue from continuing operations		1,129,323	1,821,541
Gains on disposal of assets		-	-
Total revenue and income from continuing operations		1,129,323	1,821,541
Expenses from continuing operations			
Employee related expenses	**6**	542,101	964,604
Depreciation and amortisation	**7**	87,481	161,189
Repairs and maintenance	**8**	163,311	160,509
Impairment of assets	**9**	-	-
Other expenses	**10**	5,252,700	910,816
Total expenses from continuing operations		6,045,593	2,197,118
Operating surplus/(deficit) attributable to the University of New England Sports Association	**20(b)**	(4,916,270)	(375,577)

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

Statement of Comprehensive Income

For the six months ended 30 June 2011

	Notes	2011 $	2010 $
Operating surplus/(deficit) for the period		(4,916,270)	(375,577)
Other comprehensive income			
Total comprehensive income for the period		(4,916,270)	(375,577)

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

Statement of Financial Position

As at 30 June 2011

	Notes	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	**11**	-	339,931
Receivables	**12**	-	80,146
Inventories	**13**	-	5,233
Other non-financial assets	**14**	-	37,736
Total current assets		-	463,046
Non-current assets			
Property, plant and equipment	**15**	-	4,883,207
Total non-current assets		-	4,883,207
Total assets		-	5,346,253
LIABILITIES			
Current liabilities			
Trade and other payables	**16**	-	192,161
Borrowings	**17**	-	43,084
Provisions	**18**	-	10,835
Other liabilities	**19**	-	100,968
Total current liabilities		-	347,048
Non-current liabilities			
Borrowings	**17**	-	82,935
Total non-current liabilities		-	82,935
Total liabilities		-	429,983
Net assets		-	4,916,270
EQUITY			
Reserves	**20(a)**	-	848,603
Retained earnings	**20(b)**	-	4,067,667
Total equity attributable to equity holders of the entity		-	4,916,270
Minority interest		-	-
Total equity		-	4,916,270

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the six months ended 30 June 2011

	Reserves	Retained Earnings	Total
Balance at 1 January 2010	949,877	4,341,970	5,291,847
Retrospective changes	-	-	-
Balance as restated	**949,877**	**4,341,970**	**5,291,847**
Profit or loss	-	(375,577)	(375,577)
De-recognition of assets	(101,274)	101,274	-
(Transfer from)/to reserves	-	-	-
Total comprehensive income	(101,274)	(274,303)	(375,577)
Balance at 31 December 2010	848,603	4,067,667	4,916,270
Balance at 1 January 2011	848,603	4,067,667	4,916,270
Profit or loss	-	(4,916,270)	(4,916,270)
De-recognition of assets	(848,603)	848,603	-
Total comprehensive income	(848,603)	(4,067,667)	(4,916,270)
Balance at 30 June 2011	**-**	**-**	**-**

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

Statement of Cash Flows

For the six months ended 30 June 2011

	Notes	**2011** **$**	2010 $
Cash flows from operating activities			
Receipts from student fees and other customers		1,106,497	1,914,782
Interest received		7,965	26,707
Payments to suppliers and employees (inclusive of GST)		(1,163,515)	(1,914,472)
Interest and other costs of finance		-	(2,372)
Net cash provided by / (used in) operating activities	**27**	(49,053)	24,645
Cash flows from investing activities			
Payments for property, plant and equipment		(45,947)	(145,370)
Net cash provided by / (used in) investing activities		(45,947)	(145,370)
Cash flows from financing activities			
Cash Transferred to UNE		(223,806)	-
Repayment of loans		(21,125)	(10,314)
Net cash provided by / (used in) financing activities		(244,931)	(10,314)
Net increase / (decrease) in cash and cash equivalents		(339,931)	(131,039)
Cash and cash equivalents at the beginning of the financial year		339,931	470,970
Cash and cash equivalents at the end of the financial period		-	339,931

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

Contents of the notes to the Financial Statements

Notes to and forming part of the Financial Statements

Note 1. Summary of significant accounting policies

University of New England Sports Association, a not for profit entity, is a controlled entity of the University of New England and as such is considered to be a reporting entity as defined in Australian Accounting Standard AASB 127 "Consolidated and Separate Financial Statements".

The principal address of UNE Sports Association is: Sport Une Drive, Armidale NSW 2351, Australia.

The financial statements for the six months ended 30 June 2011 were authorised for issue in accordance with a resolution of the Board on 3 April 2012.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The Financial Statements are general purpose financial statements that have been prepared on an accrual basis in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulations 2010.

The Financial Statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(b) Foreign currency translation

(i) Functional and presentation currency
The financial statements are presented in Australian dollars which is the Entity's functional and presentation currency.

(c) 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 rebates and amounts collected on behalf of third parties.

The Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Entity and specific criteria have been met for each of the Entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Trading income
Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of services is recognised upon the delivery of the service to customers.

(ii) Investment income
Interest income is recognised when the Entity's right to receive payment has been established.

(iii) Other revenue
Represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned or received.

(d) Income tax

University of New England Sports Association has been granted exemption from paying tax under the provisions of Section 50-B of the Income Tax Assessment Act 1997.

(e) Leases

Leases of property, plant and equipment where the Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. 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 short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. 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 are depreciated over the shorter of the asset's useful life and the lease term.

Leases (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, 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 statement of financial position.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition .

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Entity 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. Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an expense account and the amount of the loss is recognised in the income statement under Note 9. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to Bad Debts Recovered in the income statement.

(i) Inventories

(i) Raw materials and stores, work in progress and finished goods
Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

(ii) Construction work in progress
Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

(iii) Contract costs

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and costs that are attributable to contract activity in general and can be allocated to the contract.

(j) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value estimation (continued)

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Entity is the current bid price.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 Entity for similar financial instruments.

(k) Property, infrastructure, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity, to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land and buildings under construction are not subject to depreciation. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings 40 yrs,
Infrastructure 10 - 40 yrs,
Computing Implementation Costs & Software - 10 yrs,
Motor Vehicles - 5 - 7 yrs,
Furniture and Fittings -10 yrs,
Other Plant and Equipment - 10 yrs,
Computing Equipment / Software - 5 yrs,

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 (Note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, it is Entity policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Buildings controlled by the Entity were revalued as at 31 December 2008, by Knight Davidson Property Advisory.

Plant & Equipment assets, existing at 31 December 2010, were revalued by Rushton Valuers as at 20 December 2008 or are carried at cost if purchased subsequent to the revaluation.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Entity prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Provisions

Provisions for legal claims and service warranties are recognised when: the Entity has a present legal or constructive obligation as a result of past events; it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(o) Employee benefits

Wages and salaries, and other employee entitlements
All liabilities for employee entitlements are recognised by the University of New England as it is held that all entitled employees are employees of the University of New England.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) Comparative amounts

Comparative figures have been reclassified and repositioned in the financial statements, where necessary, to conform with the basis of presentation and classification used in the current year.

(r) New Accounting Standards and Interpretations.

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2011 reporting period.

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

(s) Going Concern

These accounts have not been prepared as a going concern as the Entity ceased operations on 30 June 2011. All assets and liabilities were transferred to the University of New England in accordance with the constitution of the University of New England Sports Association.

Notes to the financial statements
30 June 2011
(continued)

Note 2. Disaggregated information

Geographical

	Revenue		Results		Assets	
	2011	2010	**2011**	2010	**2011**	2010
	$	$	**$**	$	**$**	$
Australia	1,129,323	1,821,541	(4,916,270)	(375,577)	-	5,346,253
	1,129,323	1,821,541	(4,916,270)	(375,577)	-	5,346,253

	2011	2010
	$	$
Note 3. Trading Income		
University contribution	327,740	500,000
Membership fees	75,724	193,401
Facility fees & equipment hire	461,217	588,270
Vacation care	23,830	49,014
Scholarship, sponsorship & donations	23,032	26,908
Shop sales	75,786	74,048
Sports camps	90,754	103,715
University sporting programs	8,018	100,941
Commercial programs & events	9,037	54,436
Hockey Carpark contibution	11,309	-
Sundry	14,911	14,685
Total trading income	1,121,358	1,705,418
Note 4. Investment revenue and income		
Interest	7,965	26,707
Total investment revenue	7,965	26,707
Note 5. Other revenue		
Payroll Tax Refund	-	39,416
Grant Income	-	50,000
Total other revenue	-	89,416
Note 6. Employee related expenses		
Salaries & allowances	483,433	862,589
Contribution to funded superannuation and pension schemes	58,668	93,439
Payroll tax	-	5,943
Other	-	2,633
Total employee related expenses	542,101	964,604
Note 7. Depreciation and amortisation		
Buildings	45,472	90,009
Infrastructure	10,270	27,500
Furnitures and Fittings	998	2,017
Plant and Equipment	23,538	28,186
Computer Equipment	1,324	2,663
Motor Vehicles	5,879	10,814
Total depreciation	87,481	161,189
Note 8. Repairs and maintenance		
Infrastructure/Plant & equipment	47,769	54,906
Grounds	115,542	105,603
Total repairs and maintenance	163,311	160,509

Notes to the financial statements
30 June 2011
(continued)

		Notes	2011 $	2010 $
Note 9.	**Impairment of assets**			
	Bad Debts		-	-
	Doubtful debts		-	-
	Total impairment of assets		-	-
Note 10.	**Other expenses**			
	Non-capitalised equipment		6,942	92,836
	Asset de-recogntion*		114,920	125,895
	Advertising, marketing and promotional expenses		32,259	25,972
	Utilities		101,060	137,373
	Inventory Used		55,400	69,631
	Postal and Telecommunications		5,720	12,809
	Travel and Entertainment		16,050	24,326
	Operating Lease Rental Charges		4,362	5,607
	Fees for Services		57,793	125,095
	Books & Subscriptions		13,769	9,742
	Scholarships & Donations		6,045	11,734
	Australian Uni Sport		13,910	57,005
	Sports Camps		84,510	91,133
	Insurance		11,223	16,477
	Contribution - University of New England **		4,688,330	-
	Other Expenditure		40,407	105,181
	Total other expenses		5,252,700	910,816

* Asset derecognition expense of $114,920 relates to derecognising plant and equipment with an original cost less than $5,000 to align with the accounting policy of the University of New England (2010: $125,895 relates solely to the reduction in the main car park. The car park was removed to allow for the construction of new facilities. This saw a reduction of approximately 2/3rds of the main car park.)

** University of New England (UNE) Transfer relates to the net assets of the entity being transfered to UNE on the close of business on 30th June 2011.

		Notes	2011 $	2010 $
Note 11.	**Cash and cash equivalents**	1(g)		
	Cash on hand		-	1,150
	Cash at bank		-	338,781
	Total cash and cash equivalents		-	339,931

(a) Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the year as shown in the cash flow statement as follows:

	2011 $	2010 $
Balances as above	-	339,931
Balance per cash flow statement	-	339,931

(b) Cash on hand

	2011 $	2010 $
These are non-interest bearing.	-	1,150

	Notes	2011 $	2010 $
Note 12. Receivables			
Current			
Trade and Other Debtors		-	82,650
Less: Provision for impaired receivables	1(h)	-	(2,504)
Total current receivables		-	80,146
Non-current			
Trade and Other Debtors		-	-
Total non-current receivables		-	-
Total receivables		-	80,146

(a) Impaired receivables

As at 30 June 2011 the entity held no provisions (2010: $2,504) for impaired receivables. The amount of the provision is reviewed annually to ensure adequacy.

Movements in the provision for impaired receivables are as follows:

	2011 $	2010 $
As at 1 January	2,504	3,237
Provision for impairment recognised during the year	(2,504)	-
Receivables written off during the year as uncollectible	-	(733)
	-	2,504

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

	Notes	2011 $	2010 $
Note 13. Inventories	1(i)		
Other stocks		-	5,233
Total current inventories		-	5,233

	2011 $	2010 $
Note 14. Other non-financial assets		
Prepaid expenses	-	20,371
GST Refundable	-	17,365
Total current other non-financial assets	-	37,736

Note 15. Property, plant and equipment

	Infrastructure $	Freehold buildings $	Plant and equipment $	Motor vehicle $	Computer cost $	Furniture & fittings $	Total $
At 1 January 2010							
- Cost	12,926	7,360	267,860	58,774	6,121	895	**353,936**
- Valuation	984,159	3,600,000	201,804	20,268	7,650	20,170	**4,834,051**
Accumulated depreciation	(45,726)	(180,009)	(53,697)	(14,788)	(5,569)	(4,991)	**(304,780)**
Net book amount	**951,359**	**3,427,351**	**415,967**	**64,254**	**8,202**	**16,074**	**4,883,207**
Year ended 31 December 2010							
Opening net book amount	1,104,754	3,510,000	189,166	55,712	10,865	18,091	**4,888,588**
Accummulated depreciation change on revaluation	-	-	-	-	-	-	**-**
Depreciation written back on disposal	10,947	-	-	-	-	-	**10,947**
Transfers		-	-	-	-	-	**-**
Derecognition *	(136,842)	-	-	-	-	-	**(136,842)**
Revaluation surplus	-	-	-	-	-	-	**-**
Additions	-	7,360	254,987	19,356	-	-	**281,703**
Assets included in a disposal group classified as held for sale and other disposals	-	-	-	-	-	-	**-**
Depreciation charge	(27,500)	(90,009)	(28,186)	(10,814)	(2,663)	(2,017)	**(161,189)**
Closing net book amount	**951,359**	**3,427,351**	**415,967**	**64,254**	**8,202**	**16,074**	**4,883,207**
At 31 December 2010							
- Cost	12,926	7,360	267,860	58,774	6,121	895	**353,936**
- Valuation	984,159	3,600,000	201,804	20,268	7,650	20,170	**4,834,051**
Accumulated depreciation	(45,726)	(180,009)	(53,697)	(14,788)	(5,569)	(4,991)	**(304,780)**
Net book amount	**951,359**	**3,427,351**	**415,967**	**64,254**	**8,202**	**16,074**	**4,883,207**

* The $136,842 derecognition in infrastructure relates to the partial removal of the main car park.

Note 15. Property, plant and equipment (continued)

	Infrastructure $	Freehold buildings $	Plant and equipment $	Motor vehicle $	Computer cost $	Furniture & fittings $	Total $
Six months ended 30 June 2011							
Opening net book amount	951,359	3,427,351	415,967	64,254	8,202	16,074	**4,883,207**
Depreciation written back on disposal	55,995	225,481	77,235	20,667	6,893	5,989	**392,260**
Transfers	(999,044)	(3,640,147)	(352,908)	(78,742)	-	-	**(5,070,841)**
Derecognition *	(4,680)	-	(123,276)	(300)	(13,771)	(21,065)	**(163,092)**
Revaluation surplus	-	-	-	-	-	-	**-**
Additions	6,640	32,787	6,520	-	-	-	**45,947**
Assets classified as held for sale and other disposals	-	-	-	-	-	-	**-**
Depreciation charge	(10,270)	(45,472)	(23,538)	(5,879)	(1,324)	(998)	**(87,481)**
Closing net book amount	**0**	**0**	**0**	**0**	**0**	**0**	**0**
At 30 June 2011							
- Cost	-	-	-	-	-	-	**-**
- Valuation	-	-	-	-	-	-	**-**
Accumulated depreciation	-	-	-	-	-	-	**-**
Net book amount	**0**	**0**	**0**	**0**	**0**	**0**	**0**

* Relates to assets written off with an original costs of less than $5,000 to comply with the University policy.

Note 15. Property, plant and equipment (continued)

The Association enjoyed the use and benefits of the following assets owned and recorded by the University of New England

	30-June-2011 Current Written Down Value	2010 Current Written Down Value $
Bellevue Oval Grandstand	2,071,205.61	2,095,033.35
Bellevue Oval Access Road	73,320.84	73,947.67
UNE Sports Irrigation	114,950.65	121,777.00
VSU Multi Purpose Hall	5,657,564.64	5,465,681.44
VSU Pool Refurbishment		234,727.74
20 x Integrity Stealth Spin Cycle	9,876.23	11,758.64
Treadmill 93Ti Life Fitness	17,215.70	20,098.86
Crosstrainer 93X Life Fitness	9,383.79	10,955.33
Upright Cycle 93C (X2)	2,541.84	2,967.51
Summit Trainer 95Li (X2)	5,982.00	6,983.82
GYM Strength Equipment	97,620.25	108,101.41
C2 Model E Indoor Rower with PM4 Monitor	4,402.43	4,832.74
Total Value of Assets in Use		**8,156,865.51**

No compensation was paid to the University for the use of these assets.

		Notes	2011 $	2010 $
Note 16.	**Trade and other payables**			
	Trade Payables		-	192,161
	Total current trade and other payables		-	192,161

Refer note 25 for disclosure of amount owing to the University of New England

		Notes	2011 $	2010 $
Note 17.	**Borrowings**			
	Current			
	Commercial Loan with the University of New England		-	43,084
			-	43,084
	Non-Current			
	Commercial Loan with the University of New England		-	82,935
			-	82,935

The borrowings from the University of New England was to finance the upgrade of cardio equipment in the fitness gym and is on commercial terms

		Notes	2011 $	2010 $
Note 18.	**Provisions**	1(n)		
	Current provisions expected to be settled within 12 months			
	Employee benefits			
	Annual leave		-	-
	Long service leave		-	-
	Other		-	10,835
	Subtotal		-	10,835
	Current provisions expected to be settled after more than 12 months			
	Employee benefits			
	Annual leave		-	-
	Long service leave		-	-
	Subtotal		-	-
	Total Current Provision		-	10,835
	Summary movements in current provisions			
	Movements in the Provision Account are:			
	Carrying amount at start of year		10,835	10,540
	Current year movement in provision			
	- Annual Leave		-	-
	- Long Service Leave		-	-
	- Other		(10,835)	295
	Carrying amount at end of year		-	10,835
	Non-current provisions			
	Employee benefits			
	Long service leave		-	-
	Other		-	-
	Total non-current provision		-	-
	Total provisions		-	10,835
	Summary movements in employee benefits			
	Movements in the Provision Account are:			
	Carrying amount at start of year		-	-
	Current year movement in provision			
	- Long Service Leave		-	-
	Carrying amount at end of year		-	-
Note 19.	**Other Liabilities**			
	Members subscriptions in advance		-	71,428
	Other Accrued Expenditure		-	29,540
	Total current other liabilities		-	100,968
Note 20.	**Reserves and retained earnings**			
(a)	**Reserves**			
	Revaluation Reserve - Buildings		-	410,858
	Revaluation Reserve - Infrastructure		-	437,745
	Total reserves		-	848,603

Reserves and retained earnings (continued)

	2011 $	2010 $
(a) Reserves		
Revaluation Reserve - Buildings	-	410,858
Revaluation Reserve - Infrastructure	-	437,745
Total reserves	-	848,603
Movements		
Asset revaluation reserve - Buildings		
Balance 1 January	410,858	410,858
Increment/(decrement) on revaluation	-	-
Transfer to/(from) retained surplus on disposal	(410,858)	-
Balance 30 June 2011 /31 December 2010	-	410,858
Asset revaluation reserve - Infrastructure		
Balance 1 January	437,745	539,019
Increment/(decrement) on de-recognition	-	(101,274)
Transfer to/(from) retained surplus on disposal	(437,745)	-
Balance 30 June 2011 /31 December 2010	-	437,745
(b) Retained earnings		
Movements in retained earnings were as follows:		
Retained earnings at 1 January	4,067,667	4,341,970
Transfer from Reserves	848,603	101,274
Net operating surplus/(deficit) for the year	(4,916,270)	(375,577)
Balance 30 June 2011 /31 December 2010	-	4,067,667

(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(k).

Note 21. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons and executive officers of the University of New England Sports Association from the beginning of the year to the reporting dates:

Management Committee
Mr Kevin Dupe`
Mr Martin Collins
Dr John (Jack) Hobbs
Miss Emma Gillogly
Mr Peter Enlund

Executive Officers
Mr David Schmude

Other Key Management Personnel
The following persons also had authority and responsibility for planning, directing and controlling the activities of the University of New England Sports Association during the financial year:

Mr David Schmude
Mrs Kathie Hunt
Mr Ashley Clee

(b) Remuneration of Management Committee and Executives

Remuneration of the Management Committee
The Management Committee of the entity act in an honorary capacity and receives no benefits or fees for their services.
The Management Committee did not receive benefits and fees from a related body corporate except for
Mr D Schmude in his capacity as Executive Officer of University of New England Sports Association

	2011	2010
Remuneration of executive officers	**No.**	**No.**
$110,000 to $119,999	-	1
	-	1

No other benefits were received during the year.

Note 22. Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor of the University of New England Sports Association, its related practices and non-related audit firms:

	2011 **$**	2010 $
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	12,250	24,500
Total remuneration for audit services	12,250	24,500
2. Non-audit services		
Audit-related services		
Fees paid to The Audit Office of NSW:		
External Audit Services Providers	-	-
Quality assurance	-	-
Total remuneration for audit-related services	-	-

Note 23. Contingencies

At balance date, no proceeding had been identified as being progressed on behalf of University of New England Sports Association.

At balance date, no contingent liabilities or contingent assets of a material nature to the University of New England Sports Association had been identified.

Note 24. Commitments

(a) Capital Commitments

There were no commitments for capital expenditure at 30 June 2011 (2010: Nil).

(b) Lease Commitments

(i) Operating Leases

Within one year	-	9,574
Later than one year but not later than five years	-	14,360
Later than five years	-	-
Total operating leases	-	23,934
Total lease commitments	-	23,934

The operating lease commitments relates to a photocopier.

No lease arrangements existed as at 30 June 2011 that contained contingent rental payments, purchase options, escalation clauses or restrictions imposed by lease arrangements including dividends, additional debt or further leasing.

(c) 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.

Note 25. Related parties

(a) Parent entities
The ultimate parent entity within the group is the University of New England.

(b) Subsidiaries
The entity does not have any interest in a subsidiary.

(c) Key management personnel
Disclosures relating to directors and specified executives are set out in Note 21.

(d) Transactions with related parties
Transactions with related parties are on normal terms no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	2011	2010
Transactions during the period	**$**	$
University of New England		
Income received	398,723	695,847
Payments made	5,524,724	1,550,135
Net	(5,126,001)	(854,288)
Services UNE		
Income received	-	-
Payments made	11,228	4,888
Net	(11,228)	(4,888)
UNE Foundation		
Income received	9,000	21,000
Payments made		-
Net	9,000	21,000

Outstanding balances
The following balances are outstanding at the reporting date in relation to transactions with related parties:

University of New England		
Receivables	-	5,298
Payables	-	156,137
borrowings	-	126,019
Services UNE		
Receivables	-	-
Payables	-	1,191
UNE Foundation		
Receivables	-	21,000
Payables	-	-

(e) Guarantees

There have been no guarantees given.

(f) Terms and conditions
Related party outstanding balances are unsecured and have been provided on interest-free terms. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 26. Events subsequent to reporting period

The University of New England Sports Association ceased operations on 30 June 2011. From the 1st of July 2011 all operations were conducted as Sport UNE Limited

Note 27. Reconciliation of operating result after income tax to net cash flows from operating activities

	2011	2010
	$	$
Operating surplus/(deficit) for the period	(4,916,270)	(375,577)
Depreciation and amortisation	87,481	161,189
Loss on transfer to UNE/loss on de-recognition	4,688,330	125,895
Assets Written Off	114,920	-
Increase/(Decrease) in Payables and Prepaid Income	59,019	95,293
Increase/(Decrease) in Other Provisions	135	(438)
(Increase)/Decrease in Receivables and Prepaid Expenses	(58,734)	12,802
(Increase)/Decrease in Inventories	(23,934)	5,481
Net cash provided by / (used in) operating activities	(49,053)	24,645

Note 28. Financial risk management

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) Market Risk

(i) Terms and conditions

Recognised Financial Instruments	Note	Accounting Policies	Terms and Conditions
Financial Assets			
Receivables	12	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days
Deposits At Call	11	Deposits are stated at cost	Bank Call Deposits interest
Financial Liabilities			
Borrowings	17	Borrowings are carried at present value.	Minimum repayments are required on a quarterly basis with an option for additional repayments
Creditors and Accruals	16 & 19	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

(ii) Foreign exchange risk

As University of New England Sports Association recognises all transactions, assets and liabilities in Australian dollars only, it has minimal exposure to foreign exchange risk.

(iii) Price risk

The economic entity has no direct exposure to equity securities or commodity price risk.

(iv) Cash flow and fair value interest rate risk

The economic entity invests in term deposits with various financial institutions and is exposed to interest rate risk arising from normal interest rate variations.

(v) Summarised sensitivity analysis

An attached table summarises the sensitivity of the economic entity's financial assets and liabilities to interest rate risk.

(b) 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 Statement of Financial Position.

The Association 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) Liquidity Risk

Liquidity risk refers to the risk that, as a result of operational liquidity requirements, University of New England Sports Association:
- will not have sufficient funds to settle a transaction on the due date
- will be forced to sell financial assets at a value which is less than their worth
- may be unable to settle or recover a financial asset at all

The finance committee monitors the actual and forecast cash flow of the economic entity on a regular basis, ensuring that sufficient cash reserves are held to meet the ongoing operations and obligations of the economic entity as they fall due.

Financial risk management (continued)

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash & cash equivalents	0.00%	-	-	-	-	-	-
Receivables	0.00%	-	-	-	-	-	-
Total Financial Assets		-	-			-	-
Financial Liabilities							
Borrowings	0.00%		-	-	-		-
Payables	0.00%	-	-	-	-	-	-
Other Amounts Owing	0.00%	-	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-	-
Net Financial Assets(Liabilities)		-	-	-		-	-

Comparative figures for the previous year are as follows:

31 December 2010	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	5.50%	339,931	-	-	-	-	339,931
Receivables	0.00%	-	-	-	-	117,882	117,882
Total Financial Assets		339,931	-			117,882	457,813
Financial Liabilities							
Payables	0.00%	-	-	-	-	192,161	192,161
Borrowings	6.95%		43,084	82,935			126,019
Other Amounts Owing	2.50%	10,835	-	-	-	90,133	100,968
Total Financial Liabilities		10,835	43,084	82,935		282,294	419,148
Net Financial Assets(Liabilities)		329,096	(43,084)	(82,935)		(164,412)	38,665

(d) Fair Values of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. 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 Entity for similar financial instruments.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

Financial risk management (continued)

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Carrying Amount		Fair Value	
	2011	2010	2011	2010
	$	$	$	$
Financial assets				
Cash and cash equivalents	0	339,931	0	339,931
Receivables	0	117,882	0	117,882
Other financial assets	0	0	0	0
Total financial assets	0	457,813	0	457,813
Financial liabilities				
Payables	0	192,161	0	192,161
Borrowings	0	126,019	0	126,019
Other financial liabilities	0	100,968	0	100,968
Total financial liabilities	0	419,148	0	419,148

Financial risk management (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Entity's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

30 June 2011	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		**+1%**		**-10%**		**+10%**		**-1%**		**+1%**	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	-	-		-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	-					N/A	N/A	N/A	N/A				
Total Financial Assets	-												
Financial Liabilities													
Borrowings	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payables	-					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Amounts Owing	-					N/A	N/A	N/A	N/A				
Total Financial Liabilities	-												
Total increase / (decrease)	-	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

31 December 2010	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		**+1%**		**-10%**		**+10%**		**-1%**		**+1%**	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	339,931	(3,399)	(3,399)	3,399	3,399	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments - Term Deposits	-	-		-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	117,882					N/A	N/A	N/A	N/A				
Total Financial Assets	457,813												
Financial Liabilities													
Borrowings	126,019	N/A	N/A	N/A	N/A								
Creditors	192,161												
Other Amounts Owing	100,968												
Total Financial Liabilities	419,148												
Total increase / (decrease)	38,665	-	-	-	-	-	-	-	-	-	-	-	-

END OF AUDITED FINANCIAL STATEMENTS

Sport UNE Limited

ABN: 73 138 308 899
Annual Financial Report for the year ended 31 December 2011

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Sport UNE Limited

To Members of the New South Wales Parliament and Members of Sport UNE Limited

I have audited the accompanying financial statements of Sport UNE Limited (the Company), which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Auditor's Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, *Corporations Act 2001* and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Sport UNE Limited on 27 March 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

Steven Martin
Director, Financial Audit Services

3 April 2012
SYDNEY

Directors Report

The Directors of Sport UNE Limited present their report with the financial report for the financial year ended 31 December 2011 and the Auditors Report thereon.

Directors

The following Directors were Directors of the entity during the whole year and continue in office at the date of this report:

David Schmude
John Hobbs
Claire Parker
Kevin Dupe`
David Munday
Emma Gillogly
Peter Enlund

The following Directors were appointed during the year and continue in office at the date of this report:

Bradley Smith (appointed 10th May 2011)

The following Directors held office during the year until the date of their resignation:

Norma Abbey (resigned 10th May 2011)

Information on Directors

David Schmude

Qualifications	Significant sport administration and people management skills and Masters in International Sports Management (ongoing) .
Experience	Current Executive Director of SportUNE with extensive experience in the sports sector.
Special Responsibilities	Executive Director

John Hobbs

Qualifications	B.Sc., Cert.Ed., M.Sc., Ph.D., J.P.
Experience	Member of SportUNE since 1965. Extensive experience with SportUNE clubs and committees, including as President. Also extensive experience in UNE management and administration as Head of Department and Associate Dean and Acting Dean of Arts. Current member of UNE Council.
Special Responsibilities	Deputy-Chairman

Bradley Smith

Qualifications	Current Undergraduate at University of New England.
Experience	Student Representative.
Special Responsibilities	Nil

Claire Parker

Qualifications	PhD [Sports Studies], M.A [Sports Studies] B.Ed Hons [Physical Education]
Experience	Course Coordinator for Bachelor Sports Studies UNE, extensive experience in working in tertiary and secondary education sector in sport and physical education programs.
Special Responsibilities	Nil

Kevin Dupe`

Qualifications	Bachelor of Economics (ANU); Advanced Management Diploma (INSEAD); Fellow AICD; Fellow AMI.
Experience	CEO of the Community Mutual Group for 10 years to current. Extensive experience in banking and public policy.Current member of UNE Council. Joined Board in 2009, and Chairman of FutureStaff (RTO) for 10 years prior.
Special Responsibilities	Chairman

Information on Directors (continued)

David Munday	
Qualifications	Bachelor Commerce (UNE), Post Graduate Degree Applied Corporate Governance (Institute Chartered Secretaries Australia) – Chartered Secretary, Bachelor Law (part completed).
Experience	Executive Manager Legal, Compliance and Corporate Services and Company Secretary Community Mutual Group. Extensive experience in the Credit Union sector, providing a broad knowledge of company secretarial, legal, compliance and corporate governance processes and practices.
Special Responsibilities	Nil
Emma Gillogly	
Qualifications	Bachelor General Studies/Teaching. Currently studying Bachelor Sport Science
Experience	University of New England Council - Undergraduate representative 2007-2010 College sport, 2010 UNE touch football president.
Special Responsibilities	Nil
Peter Enlund	
Qualifications	Fellow of the Institute of Chartered Accountants.
Experience	Chief Operating Officer of UNE. Extensive experience in the education sector. Joined Board October 2010.
Special Responsibilities	Nil
Norma Abbey	
Qualifications	Project Management (Prince 2) Graduate Certificate in Management (UNE).
Experience	Along with Norma's involvement in various community based committees and activities, she has held Board appointed positions, as Deputy Chair for Sport UNE and Board Member (NSW Government Ministerial Appointment) for the Northern Inland Regional Development Board. Throughout her career, she has held positions in Marketing, Relationship Management, Project and Program Management.
Special Responsibilities	Deputy Chair (until resignation)

Directors Meetings

The number of Directors meetings (including meetings of committees of directors) and number of meetings attended by each of the Directors of the company during the financial year are:

	Ordinary Meetings	
Director	**A**	**B**
David Schmude	9	9
John Hobbs	9	9
Bradley Smith	5	7
Norma Abbey	1	2
Claire Parker	8	9
Emma Gillogly	8	9
Peter Enlund	7	9
Kevin Dupe`	9	9
David Munday	7	9

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the year

Principal Activities

The principal activities of the entity during the course of the financial year were to provide sport and fitness activities by encouraging regular participation in sport and physical recreation through the diverse range of high quality sporting, fitness and recreation facilities to the University and the regional Armidale community.

The entity's short term objectives are to:

- Enhance the reputation and profile of the University through maintaining and marketing first-rate facilities in sport and healthy lifestyle;
- Add value to the educational experience of students through the development of their 'life skills' via club and committee involvement, and participation in sports administration, coaching, refereeing and other accreditation courses;
- Work closely with the wider University to enhance facilities for academic programs; and
- Cooperate with the local community to further develop sports facilities and programs that benefit the wider region

The entity's long term objectives are to:

- Work with the University to integrate the Exercise & Sports Science programs with the creation of the Centre of Excellence for Elite Athletes;
- Distinguish ourselves by the quality of our on-campus experience;
- Lead the nation in the innovative use of educational technology for distance education;
- Set the standard for social inclusiveness and access for all to higher education;
- Achieve international distinction in all our specialist fields of research; and
- Foster business processes that maximise efficiency, promote a service culture and meets the needs of students and staff.

Strategy for achieving those objectives;

Students
- Assist students to maintain a healthy lifestyle
- Develop and provide students with programs, resources and tools to promote and increase participation in sport
- Build, promote and maintain participation pathways that include grassroots, through to high performance opportunities
- Continue to grow our Club participation

Teaching and Research Support
- Develop strong partnerships with academic departments to facilitate delivery of sport related undergraduate and postgraduate programs
- Provide a range of opportunities for students to develop their educational portfolio through meaningful student internships
- Co-develop proposal for Centre of Sport Excellence in Education and sports delivery

Review of Operations

The operating surplus of the company from 1 July to 31 December 2011 was $321,717. This was mainly attributed to the start up net capital of $389,957 from the University of New England.

Significant Changes in the State of Affairs

The entity commenced trading as Sport UNE Limited on 1 July 2011, and offer all facilities that were conducted by the University of New England Sports Association which ceased on 30 June 2011.

Upon the wind up of the University of New England Sports Association, all assets and liabilities were transferred to the University of New England in accordance with its constitution. As at 1 July 2011, plant and equipment and certain other current assets and liabilities were contributed to Sport UNE Limited as start up equity by the University of New England. A further contribution of Gym equipment was transferred from the University of New England to Sport UNE Limited on 1 December 2011.

All business activities carried out by the University of New England Sports Association continue to be conducted by Sport UNE Limited trading as Sport UNE.

Matters Subsequent to the End of the Financial Year

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 and Expected Results of Operations

There are no significant developments or changes in the Company's operations which have been proposed for the immediate future.

Environmental Regulation

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

COMMONWEALTH
National Greenhouse and Energy Reporting Act 2007
Clean Energy (Consequential Amendments) Act 2011
Carbon Credits (Consequential Amendments) Act 2011
Acts Interpretation Amendment Act 2011
National Greenhouse and Energy Reporting Amendment Act 2009
National Greenhouse and Energy Reporting Amendment Act 2008
Environment Protection and Biodiversity Conservation Act 1999

Environmental Regulation (continued)

STATE - New South Wales
Catchment Management Authorities Act 2003
Contaminated Land Management Act 1997
Environmental Planning and Assessment Act 1979
Environmental Planning and Assessment Amendment Act 2008
Environmental Trust Act 1998 No 82
Environmentally Hazardous Chemicals Act 1985
Heritage Act 1977
Native Vegetation Act 2003
Noxious Weeds Act 1993
Pesticides Act 1999
Protection of the Environment Operations Act 1997
Rural Fires Act 1997
Soil Conservation Act 1938
Threatened Species Conservation Act 1995
Waste Avoidance and Resource Recovery Act 2001
Water Management Act 2000
Water Management Amendment Act 2008
Water Management Amendment Act 2010
Water Management (General) Regulation 2011

LOCAL - Armidale Dumaresq Council
Armidale Dumaresq Local Environmental Plan 2008
Armidale Dumaresq DRAFT Liquid Trade Waste 2009

Insurance of Officers

The University obtains commercial insurance to indeminify persons who serve on University Boards and Committees and on Boards and Committees of all entities in the Group. The annual premium for the Group of $34,000 for Directors and Officers Insurance covered the period 1 November 2010 to 31 October 2011. Insurance has been renewed for the Group for the period 1 November 2011 to 31 October 2012 at a cost of $30,600. Coverage also extends to the Group's appointees who serve on the Boards of other entities, as designated representative of the University and controlled entities and who are not otherwise indemnified.

Limited by Guarantee

The company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. There is only one class of member who has **$1.00** liability should the company be wound up.

Legal proceedings on behalf of the Company

There were no legal proceedings brought against the company during the financial year. At the date of this report, the directors are not aware of any legal proceedings which have arisen since the end of the financial year and up to the date of this report.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on the next page and forms part of the directors' report for the financial year ended 31 December 2011.

The report is signed on behalf of the directors in accordance with a resolution of the directors made pursuant to the Corporations Act 2001.

....
Kevin Dupe`
Director

....
David Schmude
Director

3 April 2012

To the Directors
Sport UNE Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Sport UNE Limited for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Steven Martin
Director, Financial Audit Services

27 March 2012
SYDNEY

Directors' Declaration

The Directors declare that:

1. the financial statements and notes comply with Australian Accounting Standards (including Australian Accounting Interpretations);

2. the financial statements and notes give a true and fair view of the financial position and performance of the company for the financial year ended 31 December 2011;

3. the financial statements and notes are in accordance with the Corporations Act 2001; and

4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act, 2001.

....
Kevin Dupe`
Director

....
David Schmude
Director

3 April 2012

Directors' Statement Pursuant to Section 41C(1B) and (1C) of the Public Finance and Audit Act 1983

In accordance with a resolution of the directors and pursuant to Section 41C (1B) and 1(C) of the *Public Finance and Audit Act 1983*, we state that:

1. The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 31 December 2011 and the results of its operations and transactions of the Company for the year then ended;

2. The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983,* Public Finance and Audit Regulation 2010;

3. The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board;

4. We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and

5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

....
Kevin Dupe`
Director

....
David Schmude
Director

3 April 2012

Income Statement

For the period ended 31 December 2011

	Notes	2011 $	2010 $
Revenue from continuing operations			
Trading Income	3	1,080,107	-
Investment revenue and income	4	5,550	-
Other Revenue	5	389,957	-
Total revenue from continuing operations		1,475,614	-
Expenses from continuing operations			
Employee related expenses	6	607,044	-
Depreciation and amortisation	7	21,334	-
Repairs and maintenance	8	64,118	-
Impairment of assets	9	16,972	-
Other expenses	10	444,429	-
Total expenses from continuing operations		1,153,897	-
Operating surplus/(deficit) attributable to Sport UNE Limited	19	321,717	-

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

Statement of Comprehensive Income

For the period ended 31 December 2011

	Notes	2011 $	2010 $
Operating surplus/(deficit) after income tax for the period		321,717	-
Other comprehensive income		-	-
Total comprehensive income for the period		321,717	-

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

Statement of Financial Position

As at 31 December 2011

	Notes	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	**11**	204,358	-
Receivables	**12**	114,667	-
Inventories	**13**	18,055	-
Total current assets		337,080	-
Non-current assets			
Plant, equipment & motor vehicle	**14**	504,671	-
Total non-current assets		504,671	-
Total assets		841,751	-
LIABILITIES			
Current liabilities			
Trade and other payables	**15**	171,106	-
Borrowings	**16**	46,127	-
Provisions	**17**	88,167	-
Other liabilities	**18**	151,758	-
Total current liabilities		457,158	-
Non-current liabilities			
Borrowings	**16**	36,876	-
Provisions	**17**	26,000	
Total non-current liabilities		62,876	-
Total liabilities		520,034	-
Net assets		321,717	-
EQUITY			
Retained earnings	**19**	321,717	-
Total equity		321,717	-

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 31 December 2011

	Reserves	Retained Earnings	Total
Balance at 1 January 2010	-	-	-
Retrospective changes	-	-	-
Balance as restated	**0**	**0**	**0**
Profit or loss	-	-	-
Total comprehensive income	-	-	-
Balance at 31 December 2010	-	-	-
Balance at 1 January 2011	-	-	-
Profit or loss	-	321,717	321,717
Total comprehensive income	-	321,717	321,717
Balance at 31 December 2011	**-**	**321,717**	**321,717**

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

Statement of Cash Flows

For the period ended 31 December 2011

	Notes	**2011** **$**	2010 $
Cash flows from operating activities			
Receipts from customers		838,981	-
Interest received		5,550	-
Payments to suppliers and employees (inclusive of GST)		(842,089)	-
Net cash provided by / (used in) operating activities	**26**	2,442	-
Cash flows from financing activities			
Commencement Proceeds from UNE		223,806	-
Repayment of loans		(21,890)	-
Net cash provided by / (used in) financing activities		201,916	-
Net increase / (decrease) in cash and cash equivalents		204,358	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the financial		204,358	-

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

Contents of the notes to the Financial Statements

Notes to and forming part of the Financial Statements

Note 1. Summary of significant accounting policies

Sport UNE Limited, a not for profit entity, was incorporated in Australia as a company limited by guarantee on 15 July 2009 and is domiciled in Australia.

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

The principal address of Sport UNE Limited is: Sport's Union Road, Armidale NSW 2351, Australia.

The financial report for the year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Board on 3 April 2012.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The Financial Report is a general purpose financial report that has been prepared on an accrual basis in accordance with the Corporations Act 2011, Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulations 2010.

The Financial Report has been prepared in accordance with the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(b) Foreign currency translation

(i) Functional and presentation currency
The financial reports are presented in Australian dollars which is the Entity's functional and presentation currency.

(c) 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 rebates and amounts collected on behalf of third parties.

The Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Entity and specific criteria have been met for each of the Entity’s activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Trading income
Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of services is recognised upon the delivery of the service to customers.

(ii) Investment income
Interest income is recognised when the Entity's right to receive payment has been established.

(iii) Other revenue
Represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned or received.

(d) Income tax

Sport UNE Limited has been granted exemption from paying tax under the provisions of Section 50-B of the Income Tax Assessment Act 1997. The company does not anticipate adverse impacts arising from the current review of the taxation status of not-for-profit entities, since the company does not deliver 'unrelated trading activities' as defined in the scope of the current review.

(e) Leases

Leases of property, plant and equipment where the Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. 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 short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. 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 are depreciated over the shorter of the asset’s useful life and the lease term.

Leases (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For statement of cash flow presentation purposes, 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 statement of financial position.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Entity 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. Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an expense account and the amount of the loss is recognised in the income statement under Note 9. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to Bad Debts Recovered in the income statement.

(i) Inventories

Raw materials and stores, work in progress and finished goods
Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

(j) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Entity is the current bid price.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 Entity for similar financial instruments.

(k) Property, infrastructure, plant and equipment

Land, buildings and infrastructure currently utilised by the entity are owned by the University of New England. These assets are utilised and maintained by Sport UNE Limited under an agreement.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity 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.

Other Plant and Equipment - 10 yrs,
Motor Vehicles - 7 yrs,

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 (Note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, it is Entity policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Entity prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Provisions

Provisions for legal claims and service warranties are recognised when: the Entity has a present legal or constructive obligation as a result of past events; it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(o) Employee benefits

(i) Wages and salaries

Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled and are recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and is measured at the rates paid or payable.

(ii) Annual leave and sick leave

The liability for employee benefits such as annual leave are measured at the amount expected to be paid when the liability is settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Employee benefits (continued)

(iii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) Comparative amounts

Comparative figures have been reclassified and repositioned in the financial statement, where necessary, to conform with the basis of presentation and classification used in the current year.

(r) New Accounting Standards and Interpretations.

AASB 9 Financial Instruments - December 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 13 Fair Value Measurement - September 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jan 2013)

AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2013)
(annual periods beginning on or after 1 July 2011)

AASB 1054 Australian Additional Disclosures - May 2011 (Principal)
(Applies to reporting periods beginning on or after 01 Jul 2011)

Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments - May 2011 (Compilation)
(Applies to reporting periods beginning on or after 01 Jul 2011)

(s) Going Concern

The financial statements have been prepared on a going concern basis. On this basis, the Entity is expected to be able to pay its debts as and when they become due and payable and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations.

The Board believe the going concern basis of accounting is appropriate as:

- The Entity presently has no external borrowings;

- University of New England has undertaken to support the Entity to ensure it can operate as a "going concern".

Notes to the financial statements
31 December 2011
(continued)

Note 2. Disaggregated information

Geographical

	Revenue		Results		Assets	
	2011	2010	**2011**	2010	**2011**	2010
	$	$	**$**	$	**$**	$
Australia	1,475,614	-	321,717	-	841,751	-
	1,475,614	-	321,717	-	841,751	-

	2011	2010
	$	$
Note 3. Trading income		
University contribution	290,000	-
Membership fees	369,689	-
Facility fees & equipment hire	143,387	-
Vacation Care	17,057	-
Café sales	78,221	-
Twilight Sports & Sports camps	17,587	-
University sporting programs	111,834	-
Commercial programs & events	46,450	-
Sundry	5,882	-
Total trading income	1,080,107	-
Note 4. Investment revenue and income		
Interest	5,550	-
Total investment revenue	5,550	-
Note 5. Other revenue		
Contribution - University of New England - Net Assets	389,957	-
Total other revenue	389,957	-

UNE Sports Association trading as Sport UNE was dissolved on 30 June 2011. In accordance with the terms of the Association's constitution, all assets and liabilities were transferred to the University of New England. On 1 July 2011, the University of New England transfered these assets and liabilities except land, buildings and infrastructures to Sport UNE Limited. The entity commenced trading as Sport UNE on 1 July 2011. The net value of the assets and liabilities were treated as other revenue in the accounts of Sport UNE Limited. On 1 December 2011 a further contribution of Gym equipment was transferred from the University of New England to Sport UNE Limited.

	2011	2010
Note 6. Employee related expenses		
Salaries	506,006	-
Contribution to funded superannuation and pension schemes	64,985	-
Payroll tax	30,618	-
Long service leave expense	(799)	-
Annual leave	6,234	-
Total employee related expenses	607,044	-
Note 7. Depreciation and amortisation		
Plant and Equipment	17,145	-
Motor Vehicles	4,189	-
Total depreciation	21,334	-
Note 8. Repairs and maintenance		
Infrastructure/Plant & Equipment	26,836	-
Grounds	37,282	-
Total repairs and maintenance	64,118	-

		Notes	2011 $	2010 $
Note 9.	**Impairment of assets**			
	Bad Debts		13,655	-
	Doubtful debts		3,317	-
	Total impairment of assets		16,972	-
Note 10.	**Other expenses**			
	Non-capitalised equipment		4,464	-
	Advertising, marketing and promotional expenses		28,573	-
	Motor Vehicles and Utilities		149,483	-
	Inventory Used		47,204	-
	Interest Expense		3,703	-
	Postal and Telecommunications		5,560	-
	Travel and Entertainment		10,332	-
	Software		58,392	-
	University Sporting Progams		73,019	-
	Subscriptions & Associations		9,255	-
	Scholarships & Donations		4,000	-
	Other Expenditure		50,444	-
	Total other expenses		444,429	-
Note 11.	**Cash and cash equivalents**	1(g)		
	Cash on hand		1,150	-
	Cash at bank		203,208	-
	At call investments		-	-
	Total cash and cash equivalents		204,358	-

(a) Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the year as shown in the cash flow statement as follows:

Balances as above	203,208	-
Less: Bank Overdraft	-	-
Balance per cash flow statement	203,208	-

(b) Cash on hand

These are non-interest bearing.	1,150	-

		Notes	2011 $	2010 $
Note 12.	**Receivables**			
	Current			
	Trade and Other Debtors		118,867	-
	Less: Provision for impaired receivables	1(h)	(4,200)	-
	Total current receivables		114,667	-
	Total receivables		114,667	-

Impaired receivables

As at 31 December 2011 the entity held provisions of $4,200 for impaired receivables. The amount of the provision is reviewed annually to ensure adequacy.

	Notes	2011 $	2010 $
The ageing of these receivables is as follows:			
Current		51,799	-
3 to 6 months		9,919	-
Over 6 months		57,071	-
		118,789	-

Movements in the provision for impaired receivables are as follows:

		2011 $	2010 $
As at 1 July - Provision transferred from University of New England		2,503	-
Provision for impairment recognised during the year		3,317	-
Receivables written off during the year as uncollectible		(1,620)	-
		4,200	-

The creation and release of the provision for impaired receivables has been included in 'Other Expenses' in the Income Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

Note 13. Inventories

	Notes	2011 $	2010 $
Inventories	1(i)		
Other stocks		18,055	-
Total current inventories		18,055	-

Note 14. Plant, Equipment & Motor Vehicle

		2011 $	2010 $
Plant & Equipment:			
At cost - 1 January		-	-
Additions		467,815	-
Accumulated depreciation		(17,145)	-
At cost - 31 December		450,670	-
Motor Vehicle			
At cost - 1 January		-	-
Additions		58,190	-
Accumulated depreciation		(4,189)	-
At cost - 31 December		54,001	-
Total plant, equipment & motor vehicle		504,671	-

Movements in Carrying Amounts

Movement in the carrying amounts plant and equipment between the beginning and the end of the current financial year:

	Plant & Equip	Motor Vehicle	Total
Balance 1 January 2011	-	-	-
Additions	467,815	58,190	526,005
Depreciation expense	(17,145)	(4,189)	(21,334)
Derecognition	-	-	-
Depreciation written back on disposal	-	-	-
Carrying amount at 31 December 2011	450,670	54,001	504,671

	Notes	2011 $	2010 $
Note 15. Trade and other payables			
Trade Payables		171,106	-
Total current trade and other payables		171,106	-

Refer note 25 for disclosure of amount owing to the University of New England

	Notes	2011 $	2010 $
Note 16. Borrowings			
Current			
Commercial Loan with the University of New England		46,127	-
		46,127	-
Non-Current			
Commercial Loan with the University of New England		36,876	-
		36,876	-

	Notes	2011 $	2010 $
Note 17. Provisions	1(o)		
Current provisions expected to be settled within 12 months			
Employee benefits			
Annual leave		51,060	-
Long service leave		5,000	-
Subtotal		56,060	-
Current provisions expected to be settled after more than 12 months			
Employee benefits			
Annual leave		-	-
Long service leave		21,000	-
Club money held		11,107	-
Subtotal		32,107	-
Total Current Provision		88,167	-
Summary movements current provisions			
Movements in the Provision Account are:			
Carrying amount at start of year		-	-
Current year movement in provision			
- Annual Leave		51,060	-
- Long Service Leave		26,000	-
Carrying amount at end of year		77,060	-
Non-current provisions			
Employee benefits			
Long service leave		26,000	-
Total non-current provision		26,000	-
Total provisions		114,167	-
Summary movements employee benefits			
Movements in the Provision Account are:			
Carrying amount at start of year		-	-
Current year movement in provision			
- Long Service Leave		26,000	-
Carrying amount at end of year		26,000	-

		2011 $	2010 $
Note 18.	**Other Liabilities**		
	Members subscriptions in advance	49,096	-
	Other Accrued Expenditure	82,890	-
	GST Payable	730	
	PAYG Payable	19,042	
	Total current other liabilities	151,758	-

Note 19. Retained Earnings

	2011 $	2010 $
Movements in retained earnings were as follows:		
Retained earnings at 1 January	-	-
Transfer from Reserves	-	-
Net operating surplus/(deficit) for the year	321,717	-
Retained Earnings at 31 December	321,717	-

Note 20. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons and executive officers of Sport UNE Limited from the beginning of the year to the reporting dates:

Directors

David Schmude
John (Jack) Hobbs
Claire Parker
Emma Gillogly
Peter Enlund
Kevin Dupe`
David Munday

The following person was appointed to the board during the year
Bradley Smith (appointed 10th May 2011)

The following person resigned from the board during the year
Norma Abbey (resigned 10th May 2011)

Executive Officers

Mr David Schmude

Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of Sport UNE Limited during the financial year:

Mr David Schmude
Mrs Kathie Hunt
Mr Ashley Clee

(b) Remuneration of Directors and Executives

Remuneration of Directors

The Directors of the entity act in an honorary capacity and receives no benefits or fees for their services.
The Directors did not receive benefits and fees from a related body corporate except for
Mr D Schmude in his capacity as Executive Officer of Sport UNE Limited

Note 21. Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor of Sport UNE Limited, its related practices and non-related audit firms:

	2011 **$**	2010 $
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 *Public Finance and Audit Act, 1983* and the *Corporations Act 2001.*	12,250	-
Total remuneration for audit services	12,250	-

Note 22. Contingencies

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

At balance date, no contingent liabilities or contingent assets of a material nature to Sport UNE Limited had been identified.

Note 23. Commitments

(a) Capital Commitments

There were no commitments for capital expenditure at 31 December 2011 (2010:Nil).

(b) Lease Commitments

(i) Operating Leases		
Within one year	9,574	-
Later than one year but not later than five years	4,786	-
Later than five years	-	-
Total operating leases	14,360	-
Total lease commitments	14,360	-

No lease arrangements existing as at 31 December 2010 that contains contingent rental payments, purchase options, escalation clauses or restrictions imposed by lease arrangements including dividends, additional debt or further leasing.

(c) 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.

Note 24. Related parties

(a) Parent entities
The ultimate parent entity within the group is the University of New England.

(b) Subsidiaries
The entity does not have any interest in a subsidiary.

(c) Key management personnel
Disclosures relating to directors and specified executives are set out innote 21.

(d) Transactions with related parties
Transactions with related parties are on normal terms no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	2011	2010
Transactions during the period	**$**	$
University of New England		
Income received	707,118	-
Payments made	709,089	-
Net	(1,971)	-
Services UNE		
Income received	-	-
Payments made	13,097	-
Net	(13,097)	-

Outstanding balances
The following balances are outstanding at the reporting date in relation to transactions with related parties:

University of New England		
Receivables	22,156	-
Payables	151,077	-
Services UNE		
Receivables	-	-
Payables	1,525	-

(e) Guarantees

There have been no guarantees given.

(f) Terms and conditions
Related party outstanding balances are unsecured and have been provided on interest-free terms. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 25. Events subsequent to reporting period

There are no reportable events occuring after balance date.

Note 26. Reconciliation of operating result after income tax to net cash flows from operating activities

	2011	2010
	$	$
Operating surplus/(deficit) for the period	321,717	-
Depreciation and amortisation	21,334	-
Asset Contribution from UNE	(389,957)	-
Net (gain) / loss on sale of non-current assets	-	-
Increase/(Decrease) in Payables and Prepaid Income	(27,512)	-
Increase/(Decrease) in Provision for Employee Entitlements	5,435	-
Increase/(Decrease) in Other Provisions	1,835	-
(Increase)/Decrease in Receivables and Prepaid Expenses	58,478	-
(Increase)/Decrease in Inventories	11,112	-
Net cash provided by / (used in) operating activities	2,442	-

Note 27. Financial risk management

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) Market Risk

(i) Terms and conditions

Recognised Financial Instruments	Note	Accounting Policies	Terms and Conditions
Financial Assets			
Receivables	12	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days
Deposits At Call	11	Deposits are stated at cost	Bank Call Deposits interest rate is determined by the official Money Market
Financial Liabilities			
Borrowings	16	Borrowings are carried at present value.	Minimum repayments are required on a quarterly basis with an option for additional repayments
Creditors and Accruals	15 & 18	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

(ii) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group's functional currency.

As Sport UNE Limited recognises all transactions, assets and liabilities in Australian dollars only, it has minimal exposure to foreign exchange risk.

(iii) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices. The economic entity has no direct exposure to equity securities or commodity price risk.

(iv) Cash flow and fair value interest rate risk

The economic entity invests in term deposits with various financial institutions and is exposed to interest rate risk arising from normal interest rate variations.

(v) Summarised sensitivity analysis

An attached table summarises the sensitivity of the economic entity's financial assets and liabilities to interest rate risk.

(b) 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 Statement of Financial Position.

Sport UNE 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) Liquidity Risk

Liquidity risk refers to the risk that, as a result of operational liquidity requirements, Sport UNE Limited:
- will not have sufficient funds to settle a transaction on the due date
- will be forced to sell financial assets at a value which is less than their worth
- may be unable to settle or recover a financial asset at all

The company monitors the actual and forecast cash flow of the economic entity on a regular basis, ensuring that sufficient cash reserves are held to meet the ongoing operations and obligations of the economic entity as they fall due.

Financial risk management (continued)

The following tables summarise the maturity of the Entity's financial assets and financial liabilities:

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash & cash equivalents	4.25%	204,358					204,358
Investments - term deposits	0.00%		-	-			-
Receivables						114,667	114,667
Total Financial Assets		204,358	-	-	-	114,667	319,025
Financial Liabilities							
Borrowings	6.72%		46,127	36,876			83,003
Payables						171,106	171,106
Other Amounts Owing						151,758	151,758
Total Financial Liabilities		-	46,127	36,876	-	322,864	405,867
Net Financial Assets(Liabilities)		204,358	(46,127)	(36,876)	-	(208,197)	(86,842)

Comparative figures for the previous year are as follows:

31 December 2010	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents							-
Receivables							-
Total Financial Assets		-	-			-	-
Financial Liabilities							
Payables							-
Other Amounts Owing							-
Total Financial Liabilities			-	-		-	-
Net Financial Assets(Liabilities)		-	-	-		-	-

(d) Fair Values of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market exit prices declared by fund managers are used to estimate fair value for unlisted unit trusts.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. 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 Entity for similar financial instruments.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Carrying Amount		Fair Value	
	2011	2010	2011	2010
	$	$	$	$
Financial assets				
Cash and cash equivalents	204,358	0	204,358	0
Receivables	114,667	0	114,667	0
Total financial assets	319,025	0	319,025	0
Financial liabilities				
Payables	171,106	0	171,106	0
Borrowings	83,003	0	83,003	0
Other liabilities	151,758	0	151,758	0
Total financial liabilities	405,867	0	405,867	0

Financial risk management (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Entity's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 December 2011	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	204,358	(2,044)	(2,044)	2,044	2,044	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	114,667					N/A	N/A	N/A	N/A				
Total Financial Assets	319,025												
Financial Liabilities													
Borrowings	83,003	(830)	(830)	830	830	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payables	171,106					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other liabilities	151,758					N/A	N/A	N/A	N/A				
Total Financial Liabilities	405,867												
Total increase / (decrease)	(86,842)	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

31 December 2010	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments - Term Deposits	-	-		-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	-					N/A	N/A	N/A	N/A				
Total Financial Assets	-												
Financial Liabilities													
Borrowings	-	N/A	N/A	N/A	N/A								
Payables	-												
Other liabilities	-												
Total Financial Liabilities	-												
Total increase / (decrease)	-	-	-	-	-	-	-	-	-	-	-	-	-

END OF AUDITED FINANCIAL STATEMENTS