

# University of New England



**ABN: 75 792 454 315**  
**Financial Report**  
**for the year ended**  
**31 December 2012**



## INDEPENDENT AUDITOR'S REPORT

### The 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 statements of financial position as at 31 December 2012, 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 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 2012, 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 2012 Reporting Period' (the Guidelines), issued by the Australian Government 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 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

19 April 2013  
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 2012.

**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 - Deputy-Chancellor from October 2012  
Dr James Harris  
Dr Jack Hobbs  
Professor Ellis Magner  
Ms Jan McClelland  
Ms Catherine Millis  
Ms Gae Raby  
Professor Margaret Sims

The following persons were appointed members in 2012 and continue in office at the date of this report:

Mr Ben Crough - appointed 12 October 2012  
Dr Jeannet van der Lee - from 21 August 2012  
Mr John Watkins - from 8 December 2012

The following persons were members in 2012:

Miss Emma Gillogly - term expired 12 October 2012  
Ms Jennifer Miller - term expired 21 August 2012  
Mr Scott Williams - term expired October 2012  
The Hon Dr Richard Torbay MP - Chancellor - resigned 20 March 2013

**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 2012, 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

In 2011, UNE Council approved the University Strategic Plan, "*Learning without Limits*". The Plan is being successfully implemented and has been well received by the Commonwealth Government, which provided funding under the Structural Adjustment Fund to implement the plan.

In December 2012, UNE was awarded \$29.0m under the *Regional Education Investment Fund* for our *Integrated Agriculture Project*. This will extend and sustain UNE's long record of effective world-class education in agricultural and animal sciences, delivering skilled graduates to agribusiness nationally and ongoing education in support of vital regional industries and communities. Construction will commence on its first element - expansion of the animal house facilities - and detailed design work will commence on all other elements of the project. The first tranche of funds, amounting to \$4.8m will be received in 2013 and all works will be complete by 2016.

Under our Strategic Plan, we aspire to be 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. For many years, UNE has not invested in its college infrastructure but the university is now in a financial position to begin remedying that. In 2012, UNE invested some \$7.0m from its own cash flows to improve fire compliance in five of its colleges, having reached agreement with Armidale Dumaresq Council (ADC) and NSW Fire Services on the work required.

Robb College celebrated its 50th anniversary in 2010. At the time of its construction, its architecture was widely acclaimed and the Dining Hall is particularly noteworthy. The residential buildings themselves now present quite a poor appearance and as it was the most pressing, we chose it to be the first college for redevelopment. In 2012, the University commenced planning for a new 220 bed residential college building. It was then proposed to demolish the existing Robb residential buildings and to construct 210 new rooms on that same footprint but to retain the dining hall as a central part of Robb College life. Two development applications were lodged with ADC in November 2012 but a proposal to place Robb College on the NSW Heritage Register by a member of the Armidale community has necessitated a halt to that stage. As a consequence, on 21 January 2013, UNE announced that it had taken the difficult decision to cease using the Robb residences by the start of 2014 because of our fire compliance obligations to ADC.

Work is well advanced on programs funded by the Commonwealth Government's *Structural Adjustment Fund*. 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. Each element of work is well in train, with most initiatives due for completion in 2013. One element, the move to teaching on a trimester calendar, was introduced in 2012, with around 140 units or 10% of all units offered in T3. Student take-up was well above what we had anticipated and further units will be offered in T3 of 2013.

Another SAF project; the "Future Campus" at Parramatta will open in April 2013, giving distance education students access to state-of-the-art learning technologies and opportunities to collaborate with peers and instructors. Another funded element, the redevelopment of UNE courseware for online delivery, is also progressing well. Following tender processes, we will soon let contracts for the redevelopment of the student-facing components of the website. We will also simplify the online processes for new students and concentrate on improving the student experience in this area, with particular focus on improving the application process and request for advanced standing. The balance of SAF funding, \$6.0m, will be received in 2013.

We have been focused on generating positive operating results and our 2012 result continues our outstanding financial improvement over the past 2 years. Concerted efforts to improve our underlying operating performance and cash flow remain the highest priority, with significant emphasis on expenditure control and increasing revenue. Our 2013 budget demonstrates our commitment to financial discipline, with our cost base budgeted to increase at a lower rate than our revenue growth.

In 2013, we expect the number of students to increase over 2012 in response to new courses. We will continue our emphasis on reducing annual leave provisions and our focus on expenditure controls. Our structural result, however, will be diluted by reduced interest income due to lower interest rates, together with a reduction in cash balances as we continue our capital investment program and expenditure of SAF-related funds. Depreciation expense will also increase as a result of our capital investment program.

For 2013, UNE has budgeted for its highest ever capital expenditure of \$49.5m, partly as a result of grants received in previous years for the Tablelands Clinical School and its associated GP Training Practice situated at the Armidale Hospital, the provision of a second fibre optic connection to the IT network operated by AARNET, further progress with the enhancement of fire protection and compliance within the residential college system, as well as further investment in IT and data facilities.

### **Environmental Regulation**

During the year there were no significant changes to 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 Act 2011(amended July 2012)  
Clean Energy Amendment Regulation 2012  
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 (some amendments made in 2008)  
Environmental Planning and Assessment Act 1979  
Environmental Planning and Assessment Amendment Act 2008  
Environmental Planning and Assessment Amendment Act 2012  
Environmental Trust Act 1998 No 82  
Environmentally Hazardous Chemicals Act 1985  
Environmentally Hazardous Chemicals Amendment Act 1996 No 16  
Heritage Act 1977  
Heritage Amendment Act 2011 No 71  
Native Vegetation Act 2003  
Noxious Weeds Amendment Act 2012  
Pesticides Act 1999  
Protection of the Environment Operations Act 1997  
Rural Fires Act 1997  
Soil Conservation Act 1938  
Soil Conservation Amendment Act 1989  
Threatened Species Conservation Act 1995  
Threatened Species Conservation Amendment Act 2002  
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 2012  
Armidale Dumaresq Liquid Trade Waste policy


### **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 \$30,600 for Directors and Officers Insurance covered the period 1 November 2011 to 31 October 2012. Insurance has been renewed for the period 1 November 2012 to 31 October 2013 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 of New England**

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 the Council of the University of New England.

A handwritten signature in black ink, appearing to read 'John Watkins', with a large checkmark-like flourish to the left.

The Hon John Watkins  
Chancellor  
Member of Council of the University of New England  
Sydney NSW  
18 April 2013

### 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 2012, and the numbers of meetings attended by each Council member were:

#### Meetings of committees

Council Member	Council		Infrastructure		Finance		Audit & Risk		* Standing		HDTT		Remuneration		Tender		Nominations	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Professor Jim Barber, Vice-Chancellor (* ex-Officio)	8	8	5	5*	5	6*					1	1*	2	2*	2	3*	1	1*
Mr Archie Campbell	8	8	5	5														
Mr Ben Crough (from 12/10/12)	2	3																
Mr Brian Denman (* from 21/08/12)	6	8			0	1*												
Mr Kevin Dupe'	4	8																
Mr Robert Finch	7	8			6	6	5	5							2	3		
Dr Geoffrey Fox (Deputy-Chancellor from October 2012) (* ex-Officio)	8	8	1	1*	6	6	1	1*			1	1*			1	1*	1	1*
Miss Emma Gillogly (to 12/10/12)	3	5																
Dr James Harris	8	8			6	6	5	5			1	1						
Dr Jack Hobbs	8	8					5	5			1	1						
Dr Jeannet van der Lee (from 21/08/12)	4	4																
Professor Eilis Wagner	7	8	4	5	5	6					1	1				1	1	1
Ms Jan McClelland (leave of absence 28/5/12 - 1/01/13)	2	2					2	2					2	2				
Ms Jennifer Miller (to 21/08/12)	4	4			4	4												
Ms Catherine Millis	8	8																
Ms Gae Raby	4	8	4	5			4	5					0	2	2	3		
Professor Margaret Sims	8	8	5	5														
The Hon Dr Richard Torbay, MP - The Chancellor (* ex-officio)	8	8									1	1*	2	2			1	1*
Mr John Watkins (from 8/12/12)	1	1																
Mr Scott Williams (Deputy-Chancellor to October 2012)(* ex-officio)	6	6	4	5	4	5*	4	5*					2	2*	2	2		

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.

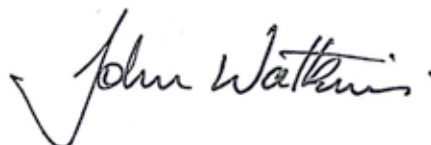
\* Standing Committee of Council - Issues were dealt with via flying minutes.

# 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 2012 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, the Public Finance and Audit Regulations 2010 and the "Financial Statement Guidelines for Australian Higher Education Providers for the 2012 reporting period" issued by the Australian Government Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education;
- 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 John Watkins  
Chancellor



Professor James 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  
Sydney, NSW  
18 April 2013



## Income Statement

For the year ended 31 December 2012

		Consolidated		Parent entity	
	Notes	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Income from continuing operations</b>					
Australian Government financial assistance					
Australian Government grants	3	173,250	124,980	173,250	124,980
HELP - Australian Government payment	3	55,743	44,554	55,743	44,554
State and local Government financial assistance	4	2,981	2,650	2,981	2,650
HECS-HELP - Student Payments		10,665	7,895	10,665	7,895
Fees and charges	5	45,223	44,331	38,803	37,975
Investment revenue	6	6,002	4,085	4,895	3,024
Royalties, trademarks and licences	7	150	243	150	243
Consultancy and contracts	8	717	472	717	472
Other Revenue	9	20,437	17,876	7,501	5,142
Total revenue from continuing operations		315,168	247,086	294,705	226,935
Gains on disposal of assets		-	102	-	101
Other investment income	6	269	-	-	-
Other Income	9	7	25	844	5,490
Total income from continuing operations		315,444	247,213	295,549	232,526
<b>Expenses from continuing operations</b>					
Employee related expenses	10	154,360	140,075	143,598	130,147
Depreciation and amortisation	11	18,458	15,069	17,403	14,354
Repairs and maintenance	12	5,576	4,828	5,244	4,455
Borrowing costs	13	13	11	7	11
Impairment of assets	14	694	249	667	107
Losses on disposal of financial assets		44	-	-	-
Losses on disposal of assets		1,495	-	1,495	-
Investment losses	6	-	289	-	-
Deferred Super expense	10/41	358	521	358	521
Other expenses	15	87,717	73,683	81,456	67,637
Total expenses from continuing operations		268,715	234,725	250,228	217,232
<b>Operating result attributable to members of the University of New England</b>	<b>29(b)</b>	<b>46,729</b>	<b>12,488</b>	<b>45,321</b>	<b>15,294</b>

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

## Statement of Comprehensive Income

For the year ended 31 December 2012

	Consolidated		Parent entity	
Notes	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Operating result for the period</b>	46,729	12,488	45,321	15,294
Gain (loss) on revaluation of property, plant and equipment	-	31,080	-	30,443
Gain (loss) on value of available for sale financial assets	205	(283)	389	826
Impairment of property, plant and equipment	(60)	-	(60)	-
Net Actuarial gains (losses) recognised in respect of Defined Benefit Plans	(192)	(4,044)	(192)	(4,044)
<b>Total comprehensive income attributable to members of the University of New England</b>	<b>46,682</b>	<b>39,241</b>	<b>45,458</b>	<b>42,519</b>

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

## Statement of Financial Position

As at 31 December 2012

		Consolidated		Parent entity	
	Notes	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	16	113,917	65,790	98,626	51,622
Receivables	17	9,716	9,049	7,972	6,680
Inventories	18	375	437	81	121
Other financial assets	19	-	-	37	46
Other non-financial assets	20	7,225	5,869	6,766	5,418
Biological assets	22	557	726	557	726
<b>Total current assets</b>		<b>131,790</b>	<b>81,871</b>	<b>114,039</b>	<b>64,613</b>
<b>Non-current assets</b>					
Receivables	17	248,778	229,158	248,778	229,158
Other financial assets	19	5,054	4,594	4,459	4,108
Property, plant and equipment	23	264,774	261,732	259,999	256,892
Intangible assets	24	4,335	4,147	2,702	3,444
<b>Total non-current assets</b>		<b>522,941</b>	<b>499,631</b>	<b>515,938</b>	<b>493,602</b>
<b>Total assets</b>		<b>654,731</b>	<b>581,502</b>	<b>629,977</b>	<b>558,215</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	25	3,638	5,848	2,655	4,721
Borrowings	26	46	73	46	73
Provisions	27	33,190	31,341	31,257	29,695
Other liabilities	28	24,189	17,303	22,703	15,869
<b>Total current liabilities</b>		<b>61,063</b>	<b>54,565</b>	<b>56,661</b>	<b>50,358</b>
<b>Non-current liabilities</b>					
Borrowings	26	-	46	-	46
Provisions	27	262,244	242,149	261,989	241,942
<b>Total non-current liabilities</b>		<b>262,244</b>	<b>242,195</b>	<b>261,989</b>	<b>241,988</b>
<b>Total liabilities</b>		<b>323,307</b>	<b>296,760</b>	<b>318,650</b>	<b>292,346</b>
<b>Net assets</b>		<b>331,424</b>	<b>284,742</b>	<b>311,327</b>	<b>265,869</b>
<b>EQUITY</b>					
Parent entity interest					
Reserves	29(a)	52,559	52,414	53,195	52,866
Retained earnings	29(b)	278,865	232,328	258,132	213,003
Parent entity interest		331,424	284,742	311,327	265,869
<b>Total equity</b>		<b>331,424</b>	<b>284,742</b>	<b>311,327</b>	<b>265,869</b>

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 2012

	Consolidated		Parent entity	
	Reserves \$'000	Retained earnings \$'000	Total \$'000	Total \$'000
<b>Balance at 1 January 2011</b>	22,561	222,940	245,501	-
Retrospective changes	-	-	-	-
<b>Balance as restated</b>	22,561	222,940	245,501	223,350
Profit or loss	-	12,488	12,488	15,294
Revaluation of land and buildings	31,080	-	31,080	30,443
Gain/(Loss) on available for sale financial assets	(283)	-	(283)	826
Net gain/(loss) on defined benefit superannuation plans	-	(4,044)	(4,044)	(4,044)
Transfers to/(from) reserves	(944)	944	-	-
<b>Total comprehensive income</b>	29,853	9,388	39,241	42,519
Distributions to owners	-	-	-	-
Contributions from owners	-	-	-	-
<b>Balance at 31 December 2011</b>	52,414	232,328	284,742	265,869
<b>Balance at 1 January 2012</b>	52,414	232,328	284,742	265,869
Profit or loss	-	46,729	46,729	45,321
Gain/(Loss) on available for sale financial assets	205	-	205	389
Impairment of property, plant and equipment	(60)	-	(60)	(60)
Net gain/(loss) on defined benefit superannuation plans	-	(192)	(192)	(192)
<b>Total comprehensive income</b>	145	46,537	46,682	45,458
Distributions to owners	-	-	-	-
Contributions from owners	-	-	-	-
<b>Balance at 31 December 2012</b>	52,559	278,865	331,424	311,327

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 2012

		Consolidated		Parent entity	
	Notes	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Cash flows from operating activities</b>					
Australian Government Grants	3i	227,395	169,589	227,395	169,589
OS-Help (net)	3i	(31)	66	(31)	66
State Government Grants		2,981	2,649	2,981	2,649
HECS-HELP - Student payments		9,075	7,895	9,075	7,895
Receipts from student fees and other customers		73,094	60,736	53,211	48,696
Dividends received		153	284	34	164
Interest received		4,627	3,441	3,857	2,653
Payments to suppliers and employees (inclusive of GST)		(248,848)	(214,227)	(230,650)	(203,192)
Interest and other costs of finance		(36)	(40)	(7)	(11)
GST recovered		3,907	3,282	3,725	3,062
<b>Net cash provided by / (used in) operating activities</b>	<b>37</b>	<b>72,317</b>	<b>33,675</b>	<b>69,590</b>	<b>31,571</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		351	144	326	144
Payments for property, plant and equipment		(24,631)	(15,674)	(22,885)	(14,655)
Proceeds from sale of financial assets		799	238	-	-
Payments for financial assets		(636)	(1,090)	-	-
Repayment of loans by related parties		-	-	46	43
<b>Net cash provided by / (used in) investing activities</b>		<b>(24,117)</b>	<b>(16,382)</b>	<b>(22,513)</b>	<b>(14,468)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		-	-	-	-
Repayment of finance leases		(73)	(115)	(73)	(115)
Other inflows/(outflows)		-	-	-	-
<b>Net cash provided by / (used in) financing activities</b>		<b>(73)</b>	<b>(115)</b>	<b>(73)</b>	<b>(115)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>48,127</b>	<b>17,178</b>	<b>47,004</b>	<b>16,988</b>
Cash and cash equivalents at the beginning of the financial year		65,790	48,612	51,622	34,634
<b>Cash and cash equivalents at the end of the financial year</b>		<b>113,917</b>	<b>65,790</b>	<b>98,626</b>	<b>51,622</b>

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



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## 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 of the University and its subsidiaries. They have been prepared on an accrual basis and comply with Australian Accounting Standards.

Additionally the statements have been prepared in accordance with the following statutory requirements:

- Higher Education Support Act 2003 (Financial Statement Guidelines)

The University and its subsidiaries are not-for-profit entities and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the IFRS requirements.

#### *Date of authorisation for issue*

The financial statements were authorised for issue by the members of the University Council on 18 April 2013.

#### *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 2012 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.

Notes to the financial statements  
31 December 2012  
(continued)

**(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 in-kind 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.

**(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 the 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.

If gains or losses on non-monetary items are recognised in other comprehensive income, translation gains or losses are also recognised in other comprehensive income. Similarly, if gains or losses on non-monetary items are recognised in profit and loss, translation gains or losses are also recognised in profit or loss.

**(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 33). 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.

**(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.

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.



Notes to the financial statements  
31 December 2012  
(continued)

**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 2012  
(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) Goodwill**

Goodwill represents the excess of the aggregate of the fair value measurement of the consideration transferred in an acquisition, the amount of any non-controlling interest and any previously held equity interest in the acquire, over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**(iii) 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).

Notes to the financial statements  
31 December 2012  
(continued)

**(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 Industry, Innovation, Science, Research and Tertiary Education (DIISRTE), 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.

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 \$4.0m 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.

Notes to the financial statements  
31 December 2012  
(continued)

**(ii) Annual leave and sick leave**

The liability for long-term employee benefits such as annual leave and accumulated 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 present value of 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.

**(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 withdrawal 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.

Notes to the financial statements  
31 December 2012  
(continued)

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 statements have been rounded off in accordance with Class Order 98/100 as amended by Class Order 04/667 issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts have been rounded off 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 accounting standards and UIG interpretations not yet adopted**

**AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7 - (December 2010)**

(Applies to reporting periods beginning on or after 01 January 2015)

**AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosures of Interest in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 13 Fair Value Measurement - (September 2011)**

**Amendments to Australian Accounting Standards arising from AASB 13**

**[AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 6 - Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 7 - Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 9 Financial Instruments - December 2010 (Principal)**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 13 Fair Value Measurement - September 2011 (Principal)**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010 (Principal)**

(Applies to reporting periods beginning on or after 01 July 2013)



Notes to the financial statements  
31 December 2012  
(continued)

**Note 2. Disaggregated information**

**Geographical [Consolidated Entity]**

	Revenue		Results		Assets	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	314,570	245,977	46,699	12,452	654,731	581,502
Asia	6	36	-	-	-	-
US/Canada	280	526	10	16	-	-
Unallocated	588	674	20	20	-	-
	<u>315,444</u>	<u>247,213</u>	<u>46,729</u>	<u>12,488</u>	<u>654,731</u>	<u>581,502</u>

**Note 3. Australian Government financial assistance including Australian Government loan programs (HELP)**

	Notes	Consolidated		Parent entity	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
<b>(a) Commonwealth Grant Scheme and Other Grants</b>					
	41.1				
Commonwealth Grant Scheme #1		94,073	79,558	94,073	79,558
Indigenous Support Program		1,135	951	1,135	951
Partnership & Participation Program # 2		3,216	2,632	3,216	2,632
Disability Support Program		57	220	57	220
Capital Development Pool		-	4,875	-	4,875
Diversity and Structural Adjustment Fund #3		30,600	1,111	30,600	1,111
Transitional Cost Program		3	145	3	145
Promotion of Excellence in Learning and Teaching		70	-	70	-
Reward Funding		417	-	417	-
Total Commonwealth Grant Scheme and Other Grants		<u>129,571</u>	<u>89,492</u>	<u>129,571</u>	<u>89,492</u>
<b>(b) Higher Education Loan Programs</b>	41.2				
HECS-HELP		49,486	41,008	49,486	41,008
FEE-HELP #4		5,409	3,546	5,409	3,546
SA-HELP		848	-	848	-
Total Higher Education Loan Programs		<u>55,743</u>	<u>44,554</u>	<u>55,743</u>	<u>44,554</u>
<b>(c) Scholarships</b>	41.3				
Australian Postgraduate Awards		2,513	2,304	2,513	2,304
International Postgraduate Research Scholarship		220	229	220	229
Commonwealth Education Cost Scholarships #5		915	615	915	615
Commonwealth Accommodation Scholarships #5		105	51	105	51
Indigenous Access Scholarships		126	82	126	82
Total Scholarships		<u>3,879</u>	<u>3,281</u>	<u>3,879</u>	<u>3,281</u>
<b>(d) DIISRTE - Research</b>	41.4				
Joint Research Engagement Program #6		3,112	2,965	3,112	2,965
Research Training Scheme		6,978	7,076	6,978	7,076
Systemic Infrastructure Initiative		-	-	-	-
Research Infrastructure Block Grants		858	965	858	965
Implementation Assistance Program		-	-	-	-
Commercialisation Training Scheme		-	-	-	-
Sustainable Research Excellence in Universities		859	795	859	795
Total DIISRTE - Research Grants		<u>11,807</u>	<u>11,801</u>	<u>11,807</u>	<u>11,801</u>

Notes to the financial statements

31 December 2012

(continued)

**Note 3. Australian Government financial assistance including Australian Government loan programs (HELP) (continued)**

		Consolidated		Parent entity	
	Notes	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>(e) Voluntary Student Unionism</b>	41.5				
VSU Transition Fund		-	-	-	-
Support for Small Businesses		-	-	-	-
Total VSU		-	-	-	-
<b>(f) Other Capital Funding</b>	41.6				
Better Universities Renewal Funding		-	-	-	-
Teaching and Learning Capital Fund		-	-	-	-
Total Other Capital Funding		-	-	-	-
<b>(g) Australian Research Council</b>	41.7				
<b>(i) Discovery</b>	41.7(a)				
Project		1,175	825	1,175	825
Early Career Researcher Award		127	-	127	-
Total Discovery		1,302	825	1,302	825
<b>(ii) Linkages</b>	41.7(b)				
Projects		359	386	359	386
Future fellowships		287	-	287	-
Total linkages		646	386	646	386
Total ARC		1,948	1,211	1,948	1,211
<b>(h) Other Australian Government financial assistance</b>					
Non-capital					
Co-operative Research Centres		3,757	4,397	3,757	4,397
Other Research Financial Assistance		14,730	9,690	14,730	9,690
Non-Research Financial Assistance		4,058	2,108	4,058	2,108
Total		22,545	16,195	22,545	16,195
Capital					
Non-Research Financial Assistance		3,500	3,000	3,500	3,000
Total		3,500	3,000	3,500	3,000
<b>Total Australian Government financial assistance</b>		<b>228,993</b>	<b>169,534</b>	<b>228,993</b>	<b>169,534</b>

#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**

Australian Government grants [a + c + d + e + f + g + h]	173,250	124,980	173,250	124,980
HECS-HELP payments	49,486	41,008	49,486	41,008
FEE-HELP payments	5,409	3,546	5,409	3,546
SA-HELP	848	-	848	-
<b>Total Australian Government financial assistance</b>	<b>228,993</b>	<b>169,534</b>	<b>228,993</b>	<b>169,534</b>

Notes to the financial statements

31 December 2012

(continued)

**Note 3. Australian Government financial assistance including Australian Government loan programs (HELP) (continued)**

Notes	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(i) <b>Australian Government Grants received - cash basis</b>				
CGS and Other DIIS RTE Grants	130,013	89,100	130,013	89,100
Higher Education Loan Programs	51,449	45,001	51,449	45,001
Scholarships	3,878	3,281	3,878	3,281
DIIS RTE research	11,806	11,801	11,806	11,801
ARC grants - Discovery	1,301	825	1,301	825
ARC grants - Linkages	647	386	647	386
Other Australian Government Grants	28,301	19,194	28,301	19,194
<b>Total Australian Government Grants received - cash basis</b>	<b>227,395</b>	<b>169,588</b>	<b>227,395</b>	<b>169,588</b>
OS-HELP (Net)	(31)	66	(31)	66
<b>Total Australian Government funding received - cash basis</b>	<b>227,364</b>	<b>169,654</b>	<b>227,364</b>	<b>169,654</b>

**Note 4. State and Local Government financial assistance**

Non-capital	2,981	2,650	2,981	2,650
Capital	-	-	-	-
<b>Total State and Local Government financial assistance</b>	<b>2,981</b>	<b>2,650</b>	<b>2,981</b>	<b>2,650</b>

**Note 5. Fees and charges**

**Course fees and charges**

Fee-paying overseas students	14,205	13,209	14,205	13,209
Fee-paying domestic postgraduate students	2,510	2,712	2,510	2,712
Fee-paying domestic undergraduate students	199	311	199	311
Fee-paying domestic non-award students	230	172	230	172
Other domestic course fees and charges	7,726	8,108	1,307	1,752
<b>Total course fees and charges</b>	<b>24,870</b>	<b>24,512</b>	<b>18,451</b>	<b>18,156</b>

**Other non-course fees and charges**

Amenities and service fees	433	479	433	479
Student service fees from students	42	43	42	43
Parking fees	283	240	283	240
Conference income	430	750	429	750
College Residential Rental	12,897	12,690	12,897	12,690
Other Fees and Charges	6,268	5,617	6,268	5,617
<b>Total other fees and charges</b>	<b>20,353</b>	<b>19,819</b>	<b>20,352</b>	<b>19,819</b>

**Total fees and charges**

<b>45,223</b>	<b>44,331</b>	<b>38,803</b>	<b>37,975</b>
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**Note 6. Investment revenue and income**

Interest	5,633	3,789	4,861	2,860
Dividend Income	369	296	34	164
<b>Total investment revenue</b>	<b>6,002</b>	<b>4,085</b>	<b>4,895</b>	<b>3,024</b>

Change in fair value of financial assets	269	(289)	-	-
Change in fair value of financial assets classified as held for trading	-	-	-	-
<b>Total other investment income</b>	<b>269</b>	<b>(289)</b>	<b>-</b>	<b>-</b>

**Note 7. Royalties, trademarks and licences**

Royalties	73	183	73	183
Licences	34	25	34	25
Commission fees	43	35	43	35
<b>Total royalties, trademarks and licences</b>	<b>150</b>	<b>243</b>	<b>150</b>	<b>243</b>

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	Consolidated		Parent entity	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 8. Consultancy and contracts</b>					
Consultancy		367	140	367	140
Contract research		350	332	350	332
<b>Total consultancy and contracts</b>		<b>717</b>	<b>472</b>	<b>717</b>	<b>472</b>
<b>Note 9. Other revenue and income</b>					
<b>Other revenue</b>					
Donations and bequests		1,349	1,014	834	136
Scholarships and prizes		9	7	9	7
Non-government grants		3,917	2,577	3,917	2,577
Sundry trading income		15,162	14,278	2,741	2,422
<b>Total other revenue</b>		<b>20,437</b>	<b>17,876</b>	<b>7,501</b>	<b>5,142</b>
<b>Other Income</b>					
Other income		7	25	844	5,490
<b>Total other income</b>		<b>7</b>	<b>25</b>	<b>844</b>	<b>5,490</b>
<b>Total other revenue and income</b>		<b>20,444</b>	<b>17,901</b>	<b>8,345</b>	<b>10,632</b>
<b>Note 10. Employee related expenses</b>					
<b>Academic</b>					
Salaries		52,393	48,162	52,393	48,162
Contribution to funded superannuation and pension schemes		8,679	7,867	8,679	7,867
Payroll tax		3,699	3,286	3,699	3,286
Worker's compensation		272	291	272	291
Long service leave expense		2,480	1,009	2,480	1,009
Annual leave		4,538	4,008	4,538	4,008
<b>Total academic</b>		<b>72,061</b>	<b>64,623</b>	<b>72,061</b>	<b>64,623</b>
<b>Non-academic</b>					
Salaries		60,069	56,975	50,940	48,436
Contribution to funded superannuation and pension schemes		10,094	8,614	9,212	7,828
Payroll tax		4,151	3,714	3,653	3,286
Worker's compensation		297	323	268	291
Long service leave expense		2,609	1,159	2,449	1,062
Annual leave		4,971	4,550	4,936	4,528
Other (Allowances, penalties and fringe benefits tax)		108	117	79	93
<b>Total non-academic</b>		<b>82,299</b>	<b>75,452</b>	<b>71,537</b>	<b>65,524</b>
<b>Total employee related expenses</b>		<b>154,360</b>	<b>140,075</b>	<b>143,598</b>	<b>130,147</b>
Deferred superannuation expense *	40	358	521	358	521
<b>Total employee related expenses, including deferred government employee benefits for superannuation</b>		<b>154,718</b>	<b>140,596</b>	<b>143,956</b>	<b>130,668</b>
* Includes \$126K (2011: \$244K) of Professorial Superannuation Scheme and \$232K (2011: \$277K) of State Authorities Non-contributory Scheme.					
<b>Note 11. Depreciation and amortisation</b>					
<b>Depreciation</b>					
Buildings		8,015	5,297	7,936	5,213
Infrastructure		740	650	736	640
Furnitures and Fittings		207	212	193	191
Plant and Equipment		1,865	1,733	1,677	1,533
Computer Equipment		1,768	1,842	1,737	1,818
Motor Vehicles		301	636	255	578
Library Collection		3,718	3,101	3,718	3,101
<b>Total depreciation</b>		<b>16,614</b>	<b>13,471</b>	<b>16,252</b>	<b>13,074</b>

Notes to the financial statements  
31 December 2012  
(continued)

	Consolidated		Parent entity	
Notes	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Depreciation and amortisation (continued)</b>				
<b>Amortisation</b>				
Intangibles	1,679	1,242	1,058	966
Leasehold improvements	72	42	-	-
Plant & equipment under finance leases	93	314	93	314
Total amortisation	1,844	1,598	1,151	1,280
<b>Total depreciation and amortisation</b>	<b>18,458</b>	<b>15,069</b>	<b>17,403</b>	<b>14,354</b>
<b>Note 12. Repairs and maintenance</b>				
Buildings	765	610	765	610
Heritage Assets	38	6	38	6
Infrastructure	629	256	629	256
Library Collection	5	13	5	13
Plant/furniture/equipment	1,547	1,268	1,276	1,047
Contracts	1,704	1,934	1,704	1,934
Grounds	414	543	353	391
Computer Service Costs	474	198	474	198
<b>Total repairs and maintenance</b>	<b>5,576</b>	<b>4,828</b>	<b>5,244</b>	<b>4,455</b>
<b>Note 13. Borrowing costs</b>				
Finance lease interest	13	11	7	11
Less : amount capitalised	-	-	-	-
<b>Total borrowing costs expensed</b>	<b>13</b>	<b>11</b>	<b>7</b>	<b>11</b>
<b>Note 14. Impairment of assets</b>				
Bad Debts	130	206	99	171
Doubtful debts	564	(60)	568	(64)
Impairment of Investments	-	103	-	-
<b>Total impairment of assets</b>	<b>694</b>	<b>249</b>	<b>667</b>	<b>107</b>
<b>Note 15. Other expenses</b>				
Scholarships, grants and prizes	9,069	8,783	9,084	8,794
Non-capitalised equipment	3,534	3,456	3,463	3,367
Advertising, marketing and promotional expenses	3,631	4,688	3,262	4,319
Utilities	7,080	6,128	6,581	5,609
Inventory Used	6,292	4,953	4,289	3,305
Postal and Telecommunications	2,067	1,954	1,452	1,424
Travel and Entertainment	7,710	6,131	7,224	5,672
Books, Serials and Other Library Media	3,884	3,530	3,809	3,443
Operating Lease Rental Charges	175	328	51	186
Consultants	13,098	8,515	11,970	7,642
External Contributions	9,322	3,407	9,322	3,895
Catering Services	3,694	4,033	3,680	3,950
Fees for Services	11,236	12,248	8,781	9,814
Asset derecognition	2,039	895	2,039	780
Foreign exchange loss	124	52	124	52
Other Expenditure	4,762	4,582	6,325	5,385
<b>Total other expenses</b>	<b>87,717</b>	<b>73,683</b>	<b>81,456</b>	<b>67,637</b>

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	Consolidated		Parent entity	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 16. Cash and cash equivalents</b>	1(h)				
Cash at bank and on hand		7,524	7,702	4,626	5,622
Deposits at call	1(k)	106,393	58,088	94,000	46,000
<b>Total cash and cash equivalents</b>		<b>113,917</b>	<b>65,790</b>	<b>98,626</b>	<b>51,622</b>

**(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	113,917	65,790	98,626	51,622
Less: Bank Overdrafts	-	-	-	-
Balance per statement of cash flows	<b>113,917</b>	<b>65,790</b>	<b>98,626</b>	<b>51,622</b>

**(b) Cash at bank and on hand**

Cash at bank is interest bearing with the floating rates being determined by the daily balance of funds held in the account.

Cash on hand are non-interest bearing.

**(c) Deposits at call**

The current level of deposits are bearing floating interest rates between 4.45% and 5.23% These deposits have an average maturity of 185 days.

Deposits throughout the year were bearing floating interest rates between 4.45% and 6.11% (2011 - 5.75% and 6.45%) with an average maturity of 147 days (2011: 87 days).

**Note 17. Receivables**

**Current**

Trade and Other Debtors		10,998	9,835	9,216	7,379
Less: Provision for impaired receivables	1(i)	(1,270)	(750)	(1,232)	(663)
OS-HELP Asset from Australian Government		(12)	(36)	(12)	(36)
<b>Total current receivables</b>		<b>9,716</b>	<b>9,049</b>	<b>7,972</b>	<b>6,680</b>

**Non-current**

Deferred government contribution for superannuation

* emerging cost of superannuation		248,778	229,158	248,778	229,158
<b>Total non-current receivables</b>		<b>248,778</b>	<b>229,158</b>	<b>248,778</b>	<b>229,158</b>
<b>Total receivables</b>		<b>258,494</b>	<b>238,207</b>	<b>256,750</b>	<b>235,838</b>

\* 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 2012 was \$245.279 million (2011: \$225.565 million)
- State Authorities Superannuation Scheme for consolidated and parent in 2012 was \$3.499 million (2011: \$3.593 million)

The increase in the asset during 2012 for the State Superannuation Schemes (SSS and SASS) is \$19.62 million (2011: \$67.852 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 2012 current receivables of the group with a nominal value of \$3.603m (2011: \$3.976m) were impaired. The amount of the provision was \$1,270,000 (2011: \$750,000). 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 2012 was \$1,232,000 (2011: \$663,000).



## Receivables (continued)

The ageing of these receivables is as follows:

	Consolidated	
	2012 \$'000	2011 \$'000
3 to 6 months	1,292	1,722
Over 6 months	<u>962</u>	<u>818</u>
	<u>2,254</u>	<u>2,540</u>

As of 31 December 2012, trade receivables of \$0.895m (2011: \$1.655m) 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	
	2012 \$'000	2011 \$'000
3 to 6 months	854	1,577
Over 6 months	<u>225</u>	<u>78</u>
	<u>1,079</u>	<u>1,655</u>

## Movements in the provision for impaired receivables are as follows:

	Consolidated		Parent entity	
Notes	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
As at 1 January	(750)	(770)	(663)	(727)
Provision for impairment recognised during the year	(1,214)	(650)	(1,232)	(663)
Receivables written off during the year as uncollectible	31	(57)	-	-
Unused amount reversed	663	727	663	727
At 31 December	<u>(1,270)</u>	<u>(750)</u>	<u>(1,232)</u>	<u>(663)</u>

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

1(j)

### Current

Printing / binding materials	-	40	-	40
Petrol and oils	5	5	5	5
Motor Pool	7	6	7	6
College larder	5	5	5	5
Fodder and produce	6	7	6	7
Other stocks	<u>352</u>	<u>374</u>	<u>58</u>	<u>58</u>
<b>Total current inventories</b>	<u>375</u>	<u>437</u>	<u>81</u>	<u>121</u>

## Note 19. Other financial assets

1(k)

### Current

Loans and receivables	-	-	37	46
Available for sale	-	-	-	-
<b>Total current other financial assets</b>	<u>-</u>	<u>-</u>	<u>37</u>	<u>46</u>

### Non-current

Loans and receivables	-	-	-	37
Shares in Private Companies	11	11	3,434	3,122
Available for sale	<u>5,043</u>	<u>4,583</u>	<u>1,025</u>	<u>949</u>
<b>Total non-current other financial assets</b>	<u>5,054</u>	<u>4,594</u>	<u>4,459</u>	<u>4,108</u>

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	Consolidated		Parent entity	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 20. Other non-financial assets</b>					
Current					
Accrued Income		3,445	2,101	3,041	1,719
Prepaid Expenses		3,780	3,768	3,725	3,699
<b>Total current other non-financial assets</b>		<b>7,225</b>	<b>5,869</b>	<b>6,766</b>	<b>5,418</b>

**Note 21. Investments accounted for using the equity method**

Name of Entity	Description	Ownership Interest %	
Associates		2012	2011
Remarkspdf Pty Limited	The company trades in Software Development.	30	30

**Note 22. Biological assets**

Trees	5	5	5	5
Livestock	552	721	552	721
<b>Total biological assets</b>	<b>557</b>	<b>726</b>	<b>557</b>	<b>726</b>

**Reconciliation of changes in the carrying amount of biological assets**

<b>Trees - Balance at 31 December</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Livestock - Balance as at 1 January</b>	<b>721</b>	<b>695</b>	<b>721</b>	<b>695</b>
Purchases	55	60	55	60
Natural increases	117	98	117	98
Sales	(173)	(158)	(173)	(158)
Increment/(decrement) in fair value of biological assets	(168)	26	(168)	26
<b>Balance as at 31 December</b>	<b>552</b>	<b>721</b>	<b>552</b>	<b>721</b>
<b>Total biological assets</b>	<b>557</b>	<b>726</b>	<b>557</b>	<b>726</b>

At 31 December 2012 livestock held for sale comprised 92 cattle and 10,156 sheep (2011: 86 cattle and 7,307 sheep.)

Notes to the financial statements  
31 December 2012  
(continued)

## 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
<b>At 1 January 2011</b>											
- 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	<b>18,975</b>	<b>16,931</b>	<b>135,100</b>	<b>15,992</b>	<b>14,509</b>	<b>478</b>	<b>939</b>	<b>19,654</b>	<b>1,769</b>	<b>5,196</b>	<b>229,543</b>
<b>Year ended 31 December 2011</b>											
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 surplus	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
Depreciation charge	(650)	-	(5,297)	-	(4,412)	(53)	(314)	(3,101)	-	-	(13,827)
Closing net book amount	<b>22,217</b>	<b>21,816</b>	<b>169,994</b>	<b>6,182</b>	<b>16,133</b>	<b>495</b>	<b>164</b>	<b>17,314</b>	<b>1,769</b>	<b>5,648</b>	<b>261,732</b>
<b>At 31 December 2011</b>											
- 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	<b>22,217</b>	<b>21,816</b>	<b>169,994</b>	<b>6,182</b>	<b>16,133</b>	<b>495</b>	<b>164</b>	<b>17,314</b>	<b>1,769</b>	<b>5,648</b>	<b>261,732</b>

Notes to the financial statements  
31 December 2012  
(continued)

## 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	Leasehold improvements \$'000	Leased plant & equipment \$'000	Library Collections \$'000	Library rare books \$'000	Other property, plant and equipment ** \$'000	Total \$'000
<b>Consolidated</b>											
<b>Year ended 31 December 2012</b>											
Opening net book amount	22,217	21,816	169,994	6,182	16,133	495	164	17,314	1,769	5,648	261,732
Depreciation written back on disposal	-	-	-	-	3,596	-	330	277	-	-	4,203
Adjustment to accumulated depreciation on revaluation	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	14,820	(14,841)	381	-	-	-	-	(360)	-
Derecognition	-	-	-	-	(3,938)	-	(330)	(1,782)	-	(2,039)	(8,089)
Additions	498	-	119	17,043	3,725	41	-	1,300	-	981	23,707
Depreciation charge	(740)	-	(8,015)	-	(4,141)	(72)	(93)	(3,718)	-	-	(16,779)
Closing net book amount	<b>21,975</b>	<b>21,816</b>	<b>176,918</b>	<b>8,384</b>	<b>15,756</b>	<b>464</b>	<b>71</b>	<b>13,391</b>	<b>1,769</b>	<b>4,230</b>	<b>264,774</b>
<b>At 31 December 2012</b>											
- Cost	498	-	14,938	8,384	45,163	738	2,861	34,014	-	1,285	107,881
- Valuation	22,217	21,816	169,995	-	-	-	-	-	1,769	2,945	218,742
Accumulated depreciation	(740)	-	(8,015)	-	(29,407)	(274)	(2,790)	(20,623)	-	-	(61,849)
Net book amount	<b>21,975</b>	<b>21,816</b>	<b>176,918</b>	<b>8,384</b>	<b>15,756</b>	<b>464</b>	<b>71</b>	<b>13,391</b>	<b>1,769</b>	<b>4,230</b>	<b>264,774</b>

Notes to the financial statements  
31 December 2012  
(continued)

## Note 23. Property, plant and equipment (continued)

### Parent entity

#### At 1 January 2011

	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
- 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

#### 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 surplus	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
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

Notes to the financial statements  
31 December 2012  
(continued)

## Note 23. Property, plant and equipment (continued)

Parent entity	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
<b>Year ended 31 December 2012</b>										
Opening net book amount	22,147	21,416	167,202	6,182	15,049	165	17,313	1,769	5,649	256,892
Depreciation written back on disposal	-	-	-	-	3,592	330	277	-	-	4,199
Transfers	-	-	14,820	(14,841)	381	-	-	-	(360)	-
Derecognition	-	-	-	-	(3,908)	(330)	(1,782)	-	(2,039)	(8,059)
Additions	498	-	28	17,043	3,462	-	1,301	-	980	23,312
Depreciation charge	(736)	-	(7,936)	-	(3,862)	(93)	(3,718)	-	-	(16,345)
Closing net book amount	<b>21,909</b>	<b>21,416</b>	<b>174,114</b>	<b>8,384</b>	<b>14,714</b>	<b>72</b>	<b>13,391</b>	<b>1,769</b>	<b>4,230</b>	<b>259,999</b>
<b>At 31 December 2012</b>										
- Cost	498	-	14,848	8,384	40,892	2,861	34,014	-	1,285	102,782
- Valuation	22,147	21,416	167,202	-	-	-	-	1,769	2,945	215,479
Accumulated depreciation	(736)	-	(7,936)	-	(26,178)	(2,789)	(20,623)	-	-	(58,262)
Net book amount	<b>21,909</b>	<b>21,416</b>	<b>174,114</b>	<b>8,384</b>	<b>14,714</b>	<b>72</b>	<b>13,391</b>	<b>1,769</b>	<b>4,230</b>	<b>259,999</b>

\* Property, plant & equipment includes all operational assets

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

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	Software Development	License	Goodwill	Course Developmnt	Total
<b>Note 24. Intangible assets</b>	1(o)					
<b>Consolidated</b>		\$'000	\$'000		\$'000	\$'000
<b>At 1 January 2011</b>						
Cost		15,335	525	-	913	16,773
Accumulated amortisation and impairment		(10,863)	-	-	(787)	(11,650)
Net book amount		<u>4,472</u>	<u>525</u>	<u>-</u>	<u>126</u>	<u>5,123</u>
<b>Year ended 31 December 2011</b>						
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		<u>3,445</u>	<u>585</u>	<u>-</u>	<u>117</u>	<u>4,147</u>
<b>At 31 December 2011</b>						
Cost		15,375	585	-	964	16,924
Accumulated amortisation and impairment		(11,930)	-	-	(847)	(12,777)
Net book amount		<u>3,445</u>	<u>585</u>	<u>-</u>	<u>117</u>	<u>4,147</u>
<b>Year ended 31 December 2012</b>						
Opening net book amount		3,445	585	-	117	4,147
Additions - Internal development		502	-	-	-	502
Additions - separately acquired		-	-	-	90	90
Additions - Acquisition of subsidiary		-	-	1,269	66	1,335
Impairment		-	(60)	-	-	(60)
Amortisation charge		(1,252)	-	(364)	(63)	(1,679)
Closing net book amount		<u>2,695</u>	<u>525</u>	<u>905</u>	<u>210</u>	<u>4,335</u>
<b>At 31 December 2012</b>						
Cost		15,694	525	1,269	417	17,905
Accumulated amortisation and impairment		(12,999)	-	(364)	(207)	(13,570)
Net book amount		<u>2,695</u>	<u>525</u>	<u>905</u>	<u>210</u>	<u>4,335</u>

		Consolidated		Parent entity	
	Notes	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 25. Trade and other payables</b>					
<b>Current</b>					
Trade Payables	1(q)	3,627	5,841	2,644	4,714
Refundable Receipts		<u>11</u>	<u>7</u>	<u>11</u>	<u>7</u>
<b>Total current trade and other payables</b>		<u>3,638</u>	<u>5,848</u>	<u>2,655</u>	<u>4,721</u>

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:

US Dollar	-	-	-	-
Australian Dollars	<u>3,638</u>	<u>5,848</u>	<u>2,655</u>	<u>4,721</u>
	<u>3,638</u>	<u>5,848</u>	<u>2,655</u>	<u>4,721</u>

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

**Note 26. Borrowings**

**Current**

**Finance Lease (i)**

National Australia Bank	46	73	46	73
<b>Total current borrowings</b>	<u>46</u>	<u>73</u>	<u>46</u>	<u>73</u>



Notes to the financial statements  
31 December 2012  
(continued)  
Parent entity

Notes	Consolidated			
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Non-current</b>				
<b>Finance Lease</b>				
National Australia Bank	-	46	-	46
<b>Total non-current borrowings</b>	-	46	-	46
<b>Total borrowings</b>	46	119	46	119

## (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)

## Current provisions expected to be settled within 12 months

Employee benefits				
Annual Leave	12,933	12,127	11,938	11,249
Long Service Leave	4,043	3,604	3,210	2,895
Staffing	402	2,725	402	2,725
Other	2,877	733	2,873	730
<b>Subtotal</b>	<b>20,255</b>	<b>19,189</b>	<b>18,423</b>	<b>17,599</b>

## Current provisions expected to be settled after more than 12 months

Employee benefits				
Annual Leave	33	27	-	-
Long Service Leave	12,891	12,125	12,834	12,096
Other	11	-	-	-
<b>Subtotal</b>	<b>12,935</b>	<b>12,152</b>	<b>12,834</b>	<b>12,096</b>

## Total current provisions

33,190	31,341	31,257	29,695
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## Non-current provisions

Employee benefits				
Long Service Leave	4,914	4,371	4,659	4,164
Deferred government benefits for superannuation	252,838	232,874	252,838	232,874
Professorial Superannuation	4,492	4,904	4,492	4,904
<b>Total non-current provisions</b>	<b>262,244</b>	<b>242,149</b>	<b>261,989</b>	<b>241,942</b>

## Total provisions

295,434	273,490	293,246	271,637
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## Summary movements employee benefits

Movements in the provision accounts are:

Carrying amount at start of year	273,490	201,362	271,637	199,390
Current year movement in provisions				
- Annual Leave	833	635	688	633
- Staffing	(2,323)	424	(2,323)	424
- Other	2,144	(179)	2,143	(168)
- Long Service Leave - current	1,195	(1,878)	1,053	(1,731)
- Long Service Leave - non current	542	1,261	495	1,224
- Deferred government benefits for superannuation	19,965	68,384	19,965	68,384
- Professorial Superannuation	(412)	3,481	(412)	3,481
<b>Carrying amount at end of year</b>	<b>295,434</b>	<b>273,490</b>	<b>293,246</b>	<b>271,637</b>

Notes to the financial statements  
31 December 2012  
(continued)

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 28. Other Liabilities</b>				
<b>Current</b>				
<b>(i) Accrued Liabilities</b>				
Salary Related	2,771	908	2,729	881
Other Accrued Expenditure	10,179	5,491	9,818	5,183
	<u>12,950</u>	<u>6,399</u>	<u>12,547</u>	<u>6,064</u>
<b>(ii) Monies Received in Advance</b>				
Australian Government Unspent Financial Assistance	-	-	-	-
Financial Assistance in Advance	367	697	367	697
Fees in Advance	7,975	7,922	6,892	6,823
	<u>8,342</u>	<u>8,619</u>	<u>7,259</u>	<u>7,520</u>
<b>(iii) Trust Funds</b>				
Security Deposits	15	10	15	10
Employee Deduction Clearing Accounts	2,149	1,921	2,149	1,921
Associated Entities	12	12	12	12
Other	721	342	721	342
	<u>2,897</u>	<u>2,285</u>	<u>2,897</u>	<u>2,285</u>
<b>Total current other liabilities</b>	<u>24,189</u>	<u>17,303</u>	<u>22,703</u>	<u>15,869</u>
<b>Non Current</b>				
Fees in Advance	-	-	-	-
<b>Total other liabilities</b>	<u>24,189</u>	<u>17,303</u>	<u>22,703</u>	<u>15,869</u>

**Note 29. Reserves and retained earnings**

<b>(a) Reserves</b>				
Revaluation Reserve - Investments	1,106	901	3,203	2,814
Revaluation Reserve - Buildings	27,587	27,633	26,517	26,563
Revaluation Reserve - Land	13,035	13,035	12,715	12,715
Revaluation Reserve - Infrastructure	10,433	10,387	10,362	10,316
Revaluation Reserve - Works of Art	398	398	398	398
Revaluation Reserve - Intangibles	-	60	-	60
<b>Total reserves</b>	<u>52,559</u>	<u>52,414</u>	<u>53,195</u>	<u>52,866</u>
<b>Movements</b>				
Asset revaluation reserve - Investments				
Balance 1 January	901	1,184	2,814	1,988
Prior year adjustment	-	-	-	-
Increment/(decrement) on revaluation	205	(283)	389	826
Balance 31 December	<u>1,106</u>	<u>901</u>	<u>3,203</u>	<u>2,814</u>
Asset revaluation reserve - Buildings				
Balance 1 January	27,633	4,346	26,563	3,112
Increment/(decrement) on revaluation	(46)	24,083	(46)	23,547
Transfer to land revaluation reserves	-	(290)	-	-
Transfer to/(from) retained surplus on disposal	-	(506)	-	(96)
Balance 31 December	<u>27,587</u>	<u>27,633</u>	<u>26,517</u>	<u>26,563</u>
Asset revaluation reserve - Land				
Balance 1 January	13,035	9,051	12,715	9,051
Transfer from buildings revaluation reserves	-	290	-	-
Increment/(decrement) on revaluation	-	3,694	-	3,664
Balance 31 December	<u>13,035</u>	<u>13,035</u>	<u>12,715</u>	<u>12,715</u>

Notes to the financial statements  
31 December 2012  
(continued)

**Reserves and retained earnings -continued**

	Consolidated		Parent entity	
<b>Movements</b>	<b>2012</b>	2011	<b>2012</b>	2011
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Asset revaluation reserve - Infrastructure				
Balance 1 January	10,387	7,582	10,316	7,144
Transfer to/(from) retained surplus on disposal	-	(438)	-	-
Increment/(decrement) on revaluation	46	3,243	46	3,172
Balance 31 December	10,433	10,387	10,362	10,316
Asset revaluation reserve - Works of art				
Balance 1 January	398	398	398	398
Increment on revaluation	-	-	-	-
Balance 31 December	398	398	398	398
Asset revaluation reserve - Intangibles				
Balance 1 January	60	-	60	-
Increment on revaluation	(60)	60	(60)	60
Balance 31 December	-	60	-	60

**(b) Retained earnings**

Movements in retained surplus were as follows:

Retained earnings at 1 January	232,328	222,940	213,003	201,657
Actuarial gain/(loss) on defined benefit superannuation plans	(192)	(4,044)	(192)	(4,044)
Transfer from reserves	-	944	-	96
Net Operating Result for the year	46,729	12,488	45,321	15,294
<b>Retained earnings at 31 December</b>	<b>278,865</b>	<b>232,328</b>	<b>258,132</b>	<b>213,003</b>

**(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.

Notes to the financial statements  
31 December 2012  
(continued)

**Note 30. 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	Dr Jeannet van der Lee - appointed 21/8/2012
Mr Archie Campbell	Professor Ellis Magner
Mr Ben Crough - appointed 12/10/2012	Ms Jan McClelland
Dr Brian Denman	Ms Jennifer Miller - term expired 21/8/2012
Mr Kevin Dupe'	Ms Catherine Millis
Mr Robert Finch	Ms Gae Raby
Dr Geoffrey Fox - Deputy Chancellor	Professor Margaret Sims
Miss Emma Gillogly - term expired 12/10/2012	The Hon Dr Richard Torbay MP - Chancellor - resigned 20/03/2013
Dr James Harris	Mr John Watkins - appointed 8/12/2012
Dr Jack Hobbs	Mr Scott Williams - term expired October 2012

**(b) Remuneration of Council Members and Executive Officers**

	Consolidated		Parent entity	
	2012	2011	2012	2011
	No.	No.	No.	No.
i) Remuneration of Council Members				
Nil to \$9,999	38	36	20	17
	38	36	20	17

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 2012 were \$Nil (2011: \$4,000).

	\$'000	\$'000	\$'000	\$'000
<b>Aggregate remuneration of Council Members</b>				
Total Aggregate Remuneration	7	11	-	4

ii) Remuneration of executive officers	No.	No.	No.	No.
\$130,000 to \$139,999	1	-	-	-
\$140,000 to \$149,999	-	1	-	-
\$150,000 to \$159,999	2	-	-	-
\$160,000 to \$169,999	-	1	-	-
\$170,000 to \$179,999	-	-	-	-
\$190,000 to \$199,999	1	-	1	-
\$220,000 to \$229,999	1	-	-	-
\$230,000 to \$239,999	1	-	1	-
\$260,000 to \$269,999	-	1	-	1
\$270,000 to \$279,999	1	1	1	1
\$280,000 to \$289,999	1	-	1	-
\$290,000 to \$299,999	-	1	-	1
\$320,000 to \$329,999	2	2	2	2
\$330,000 to \$339,999	-	2	-	2
\$350,000 to \$359,999	2	-	2	-
\$420,000 to \$429,999	-	1	-	1
\$470,000 to \$479,999	-	-	-	-
\$580,000 to \$589,999	-	1	-	1
\$600,000 to \$609,999	1	-	1	-
	13	11	9	9

**(c) Key management personnel compensation**

	\$'000	\$'000	\$'000	\$'000
Aggregate Remuneration of executive officers	3,992	3,463	3,012	3,154

Notes to the financial statements  
31 December 2012  
(continued)

**Note 31. 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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Audit and review of the Financial Statements</b>				
Fees paid to The Audit Office of NSW	353	344	253	241
<b>Total remuneration for audit services</b>	<b>353</b>	<b>344</b>	<b>253</b>	<b>241</b>
<b>Other audit and assurance services</b>				
WHK Camerons Audit Services	10	6	-	-
Other audit firms -	116	61	116	61
<b>Total remuneration for audit-related services</b>	<b>126</b>	<b>67</b>	<b>116</b>	<b>61</b>
<b>Total audit fees</b>	<b>479</b>	<b>411</b>	<b>369</b>	<b>302</b>

**Note 32. 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 33. 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	12,236	13,248	12,224	13,248
Later than one year	-	-	-	-
	<b>12,236</b>	<b>13,248</b>	<b>12,224</b>	<b>13,248</b>

**(b) Lease Commitments**

**(i) Operating Leases**

Within one year	167	161	-	-
Between one and five years	156	285	-	-
Later than five years	-	-	-	-
<b>Total operating leases</b>	<b>323</b>	<b>446</b>	<b>-</b>	<b>-</b>

**(ii) Finance Leases**

Within one year	47	80	47	80
Between one and five years	-	47	-	47
Later than five years	-	-	-	-
<b>Total finance leases</b>	<b>47</b>	<b>127</b>	<b>47</b>	<b>127</b>
<b>Total lease commitments</b>	<b>370</b>	<b>573</b>	<b>47</b>	<b>127</b>

No lease arrangements, existing as at 31 December 2012, contain contingent rental payments, purchase options, escalation clauses or restrictions imposed by lease arrangements including dividends, additional debt or further leasing.

Notes to the financial statements  
31 December 2012  
(continued)

**Note 34. 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 30.

**(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.

The following transactions occurred with related parties:

	2012 \$'000	2011 \$'000
Sale of goods and services	2,431	2,027
Purchase of goods and services	1,629	1,297

**(e) Loans to/from related parties**

*Loans to subsidiaries*

Beginning of the year	83	126
Loans advanced		
Loan repayment received	(46)	(43)
Interest charged	4	8
Interest received	(4)	(8)
<b>End of year</b>	<b>37</b>	<b>83</b>

**(f) Outstanding balances**

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

Receivables (sale of goods and services)	210	240
Payables	50	44

**(g) Guarantees**

There have been no guarantees given.

**(h) 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.

Notes to the financial statements  
31 December 2012  
(continued)

**Note 35. Business Combination**

**(a) Summary of acquisitions**

The acquiree is the business known as 'Contracting and Tendering Services', which offers training and consulting services in the field of procurement and contract management.

The acquisition date was 2 July 2012.

100% of the business undertaking, but not the vendors' corporate shell, was acquired on this date.

The business operates in a developing professional discipline and has a complementary client base to the current UNE Partnerships Pty Ltd business. A standard Purchase and Sale of Business contract was developed to enable the transaction to proceed. All relevant approvals from University of New England were obtained during the pre-sale process.

Purchase consideration (refer to (b) below):

	<b>\$'000</b>
Fixed assets at written down value	15
Goodwill, courseware, contracts, records etc	1,135
Contingent consideration	200
Total purchase consideration	<u>1,350</u>
Fair value of net identifiable assets acquired (refer to (c) below)	462
Goodwill (refer to (c) below and note 24).	584

**(b) Purchase consideration**

	Consolidated		Parent	
	2012	2011	2012	2011
Outflow of cash to acquire subsidiary, net of cash acquired	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash consideration	1,350	-	-	-
Less: Balance acquired				
Cash	-	-	-	-
Bank overdraft	-	-	-	-
Outflow of cash	<u>1,350</u>	<u>-</u>	<u>-</u>	<u>-</u>

**(c) Assets acquired and liabilities assumed**

The assets and liabilities arising from the acquisition are as follows:

	<b>Acquiree's carrying amount \$'000</b>	<b>Fair value \$'000</b>
Value of acquired course materials	66	66
Value of contracts and client list	684	321
Office equipment at written down value	15	15
Contingent portion, subject to specific criteria	200	200
Leave liabilities transferred to the buyer	(139)	(139)
Income in advance, other liabilities subsequently settled	(61)	-
Net assets	<u>765</u>	<u>463</u>
Non-controlling interests	-	-
New identifiable assets acquired	<u>765</u>	<u>463</u>
Goodwill arising on acquisition	<u>585</u>	<u>463</u>



Notes to the financial statements  
31 December 2012  
(continued)

**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	
			2012 %	2011 %
UNE Partnerships Pty Limited	Australia	Limited by Shares	100	100
Agricultural Business Research Institute	Australia	Limited by Guarantee	100	100
Services UNE Limited	Australia	Limited by Guarantee	100	100
Sport UNE Limited	Australia	Limited by Guarantee	100	100
UNE Foundation Limited as Trustee for UNE Foundation	Australia	Limited by Guarantee	100	100
UNE Open Pty Limited	Australia	Limited by Shares	100	0
UNE Physician Practice Management Company Pty Limited	Australia	Limited by Shares	100	0

UNE Open Pty Limited and UNE Physician Practice Management Company Pty Limited were registered as new controlled entities of UNE on 16 November 2012. As the entities did not commence operations or trade during the year ended 31 December 2012, the New South Wales Treasury determined, pursuant to section 4 (1A) of the Public Finance and Audit Act 1983, that the first "financial year" of both companies will be extended to cover the period from their date of incorporation, 16 November 2012 to 31 December 2013.

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

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Operating result for the period	46,729	12,488	45,321	15,294
Depreciation and amortisation	18,458	15,069	17,403	14,354
Asset writeoff	-	855	-	741
Asset capitalisation	(634)	-	(634)	-
Impairment of investment	(1)	104	-	-
Provision for impaired receivables	587	(37)	568	(64)
Actuarial gain/(loss) on deferred superannuation	(192)	(4,044)	(192)	(4,044)
Capitalisation & reinvestment of dividend	(193)	(110)	-	-
Net transfer of assets from/to controlled entity	-	-	-	(4,201)
Loss on revaluation/derecognition	1,770	295	2,039	-
Net (gain) / loss on sale of non-current assets	1,541	(117)	1,495	(116)
Increase/(Decrease) in Payables and Prepaid Income	3,836	5,660	4,156	5,384
Increase/(Decrease) in Provision for Employee Entitlements	21,341	71,241	21,101	71,358
Increase/(Decrease) in Provision for Annual Leave	767	193	688	633
Increase/(Decrease) in Other Provisions	25	258	(180)	256
Increase/(Decrease) in Trust Funds	612	931	612	931
(Increase)/Decrease in Receivables and Prepaid Expenses	(22,392)	(69,126)	(22,827)	(69,003)
(Increase)/Decrease in Inventories	63	15	40	48
<b>Net cash provided by / (used in) operating activities</b>	<b>72,317</b>	<b>33,675</b>	<b>69,590</b>	<b>31,571</b>

**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
<b>Financial Assets</b>			
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 4.45% and 5.23%. Average maturity of 185 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	
<b>Financial Liabilities</b>			
Borrowings	26	No borrowings were taken up in 2012.	
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.

Notes to the financial statements  
31 December 2012  
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## Financial risk management - continued

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

31 December 2012	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
<b>Financial Assets</b>							
Cash & cash equivalents	3.29%	7,524					7,524
Investments-Term Deposits	5.37%		106,393				106,393
Receivables						16,941	16,941
Listed Shares						5,043	5,043
Unlisted Shares						11	11
<b>Total Financial Assets</b>		7,524	106,393			21,995	135,912
<b>Financial Liabilities</b>							
Borrowings			46	-			46
Payables						3,638	3,638
Other Amounts Owing						24,189	24,189
<b>Total Financial Liabilities</b>			46	-		27,827	27,873
<b>Net Financial Assets(Liabilities)</b>		7,524	106,347	-		(5,832)	108,039

Comparative figures for the previous year are as follows:

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
<b>Financial Assets</b>							
Cash and cash equivalents	4.17%	7,702					7,702
Investments - Term Deposits	5.99%		58,088				58,088
Receivables						14,918	14,918
Listed Shares						4,584	4,584
Unlisted Shares						11	11
<b>Total Financial Assets</b>		7,702	58,088			19,513	85,303
<b>Financial Liabilities</b>							
Borrowings			119	-			119
Payables						5,848	5,848
Other Amounts Owing						17,303	17,303
<b>Total Financial Liabilities</b>			119	-		23,151	23,270
<b>Net Financial Assets(Liabilities)</b>		7,702	57,969	-		(3,638)	62,033

### (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.

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 declared by fund managers are used to estimate fair value for unlisted unit trusts.

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.

Notes to the financial statements  
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**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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	113,917	65,790	113,917	65,790
Receivables	16,941	14,918	16,941	14,918
Other financial assets	5,054	4,594	5,054	4,594
<b>Total financial assets</b>	<b>135,912</b>	<b>85,302</b>	<b>135,912</b>	<b>85,302</b>
<b>Financial liabilities</b>				
Payables	3,638	5,848	3,638	5,848
Borrowings	46	119	46	119
Other financial liabilities	24,189	17,303	24,189	17,303
<b>Total financial liabilities</b>	<b>27,873</b>	<b>23,270</b>	<b>27,873</b>	<b>23,270</b>

**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 2012	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	
<b>Financial Assets</b>																			
Cash and cash equivalents	7,524	(75)	(75)	75	75	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	106,393	(1,064)	(1,064)	1,064	1,064	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	16,941																		
Receivables - Related Entities	-																		
Listed Shares	5,043																		
Unlisted Shares	11																		
<b>Total Financial Assets</b>	135,912																		
<b>Financial Liabilities</b>																			
Borrowings	46	-	-	-	-														
Payables	3,638																		
Other Amounts Owed	24,189																		
<b>Total Financial Liabilities</b>	27,873																		
<b>Total Increase / (decrease)</b>	108,039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the financial statements  
31 December 2012  
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Financial risk management (continued)

Comparative figures for the previous year are as follows:

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
<b>Financial Assets</b>													
Cash and cash equivalents	7,702	(77)	(77)	77	77	-	-	-	-	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					-	-	-	-				
Listed Shares	4,584												
Unlisted Shares	11												
<b>Total Financial Assets</b>	<b>85,303</b>												
<b>Financial Liabilities</b>													
Borrowings	119	-	-	-	-								
Creditors	5,848												
Other Amounts Owed	17,303												
<b>Total Financial Liabilities</b>	<b>23,270</b>												
<b>Total Increase / (decrease)</b>	<b>62,033</b>	-	-	-	-	-	-	-	-	-	-	-	-



Notes to the financial statements  
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(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 \$0.456 million in 2012, (2011: \$0.422 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):

<b>State schemes (SASS, SANCS, SSS)</b>	<b>2012 (%)</b>	<b>2011 (%)</b>
Discount rate(s)		
Expected return on plan assets	8.3	8.6
Expected rate(s) of salary increase	4.0	2.5
Expected return on reimbursement rights	7.3	7.3
Rate of CPI Increase	2.5	2.5
<b>Professorial Superannuation Fund</b>		
Discount rate (s) (gross of tax)	3.1	3.5
Discount rate (s) (net of tax)	n/a	3.0
Expected return on fund assets	3.1*	6.3
Expected rate (s) of salary increase	4.0	4.0

\*2013 estimates calculated as required under the amended AASB119 standard which is to be implemented from 1 January 2013

Notes to the financial statements  
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(continued)

**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 September 2012 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:

<b>State schemes (SASS, SANCS, SSS)</b>	<b>2012</b>	<b>2011</b>
	<b>(%)</b>	<b>(%)</b>
Australian equities	31.0	32.1
Overseas equities	24.3	29.0
Australian fixed interest securities	6.2	5.6
Overseas fixed interest securities	2.4	2.6
Property	8.7	9.5
Cash	13.4	6.6
Other	14	14.6
Weighted average expected return	8.3	8.3

**Professorial Superannuation Fund**

Australian equities	36.0	37.0
Overseas equities	36.0	37.0
Australian fixed interest securities	5.5	3.0
Overseas fixed interest securities	5.5	3.0
Property	3.0	5.0
Cash	7.0	7.0
Alternative (Growth)	7.0	8.0

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 as follows:

	<b>2012</b>	2011	2010	2009	2008
	<b>\$'000</b>	\$'000	\$'000	\$'000	\$'000
<b>State schemes (SASS, SANCS &amp; SSS)</b>					
Fair value of plan assets	66,147	71,523	88,278	100,156	104,041
Present value of defined benefit obligation	(318,986)	(304,397)	(252,768)	(247,009)	(277,137)
Surplus/(deficit)	(252,839)	(232,874)	(164,490)	(146,853)	(173,096)
Experience adjustments on plan liabilities	(18,466)	(54,010)	(7,129)	(27,665)	62,612
Experience adjustments on plan assets	3,887	7,795	4,703	(1,581)	33,193
<b>Professorial Superannuation Fund</b>					
Fair value of plan assets	(6,999)	(6,900)	(8,471)	(8,004)	(5,119)
Present value of defined benefit obligation	11,491	11,804	9,894	9,947	12,151
Liability (asset) recognised in balance sheet	4,492	4,904	1,423	1,943	7,032
Actuarial liability (gain) loss due to experience adjustments	167	918	533	(131)	920
Actuarial asset (gain) loss due to experience adjustments	(562)	1,213	351	(1,090)	3,258

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

<b>Present value obligations - 2012</b>	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening defined benefit obligation	24,638	4,981	274,777	11,804	316,200
Current service cost	857	203	297	216	1,573
Interest cost	873	173	9,870	318	11,234
Contributions from plan participants	421	0	336	0	757
Actuarial losses/(gains)	2,162	286	16,018	480	18,946
Benefits paid	(2,020)	(449)	(14,437)	(1,327)	(18,233)
Closing defined benefit obligation	<b>26,931</b>	<b>5,194</b>	<b>286,861</b>	<b>11,491</b>	<b>330,477</b>

Notes to the financial statements  
31 December 2012  
(continued)

**Defined Benefit Plans (continued)**
**Present value of plan assets - 2012**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening fair value of plan assets	21,045	1,266	49,212	6,900	78,423
Expected return on plan assets	1,719	144	3,543	408	5,814
Actuarial gains/(losses)	1,303	12	2,572	562	4,449
Contributions from the employer	963	161	356	456	1,936
Contributions from plan participants	421	0	336	0	757
Benefits paid	(2,020)	(449)	(14,437)	(1,327)	(18,233)
Closing fair value of plans assets	<b>23,431</b>	<b>1,134</b>	<b>41,582</b>	<b>6,999</b>	<b>73,146</b>

**Reimbursement rights - 2012**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening value of reimbursement right	3,593	-	225,565	-	229,158
Change in value	(94)	-	19,714	-	19,620
Closing value of reimbursement right	<b>3,499</b>	<b>-</b>	<b>245,279</b>	<b>-</b>	<b>248,778</b>

**Net liability- 2012**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Defined benefit obligation	26,930	5,195	286,861	11,491	330,477
Fair value of plan assets	(23,431)	(1,134)	(41,582)	(6,999)	(73,146)
Total net liability /(asset) in statement of financial position	<b>3,499</b>	<b>4,061</b>	<b>245,279</b>	<b>4,492</b>	<b>257,331</b>

**Expense recognised - 2012**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	857	203	297	216	1,573
Interest on obligation	873	173	9,870	318	11,234
Expected return on plan assets	(1,720)	(144)	(3,543)	(408)	(5,815)
Expense/(income)	<b>10</b>	<b>232</b>	<b>6,624</b>	<b>126</b>	<b>6,992</b>

**Actual returns - 2012**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on plan assets	2,505	156	5,292	970	8,923
Actual return on reimbursement right	-	-	-	-	-

**Other comprehensive income - 2012**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial losses/(gains) on defined benefit	859	274	13,446	(82)	14,497
Actuarial (losses)/gains on plan assets	1,303	-	2,572	-	3,875
Actuarial (losses)/gains on reimbursement rights	(2,162)	-	(16,018)	-	(18,180)
Recognised in other comprehensive income	<b>-</b>	<b>274</b>	<b>-</b>	<b>(82)</b>	<b>192</b>

**Present value obligations - 2011**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'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	<b>24,638</b>	<b>4,981</b>	<b>274,777</b>	<b>11,804</b>	<b>316,200</b>

Notes to the financial statements  
31 December 2012  
(continued)

**Defined Benefit Plans (continued)**

**Present value of plan assets - 2011**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'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	<b>21,045</b>	<b>1,266</b>	<b>49,212</b>	<b>6,900</b>	<b>78,423</b>

**Reimbursement rights - 2011**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'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	<b>3,593</b>	<b>-</b>	<b>225,565</b>	<b>-</b>	<b>229,158</b>

**Net liability- 2011**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'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	<b>3,593</b>	<b>3,716</b>	<b>225,565</b>	<b>4,904</b>	<b>237,778</b>

**Expense recognised - 2011**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'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)	<b>261</b>	<b>277</b>	<b>7,429</b>	<b>244</b>	<b>8,211</b>

**Actual returns - 2011**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'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**

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>PSF</b>	<b>Total</b>
	\$'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	<b>-</b>	<b>385</b>	<b>-</b>	<b>3,659</b>	<b>4,044</b>

Notes to the financial statements  
31 December 2012  
(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 2012 the assets of the DBD in aggregate were estimated to be \$2010.8 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 2012 the assets of the DBD in aggregate were estimated to be \$906.8 million in deficiency 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 15 November 2012 on the actuarial investigation of the DBD as at 30 June 2012. The financial assumptions used were:

	<b>Vested Benefits</b>	<b>Accrued Benefits</b>
Gross of tax investment return – DBD pensions	5.85% p.a.	7.50% p.a.
Gross of tax investment return – commercial rate indexed pensions	3.40% p.a.	3.40% p.a.
Net of tax investment return - non pensioner members	5.25% p.a.	6.70% p.a.
Consumer Price Index	2.75 % p.a.	2.75 % p.a.
Inflationary salary increases short term (1 year)	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 2012 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 both the 31 December 2008 and 30 June 2011 actuarial investigation and it has again been initiated following the 30 June 2012 actuarial investigation.

The actuary currently believes, in respect of the long-term financial condition of the Fund, that assets as at 30 June 2012, together with current contribution rates, are not expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows either the "best estimate" assumptions or the more conservative "funding" assumptions

**Note 41. Acquittal of Australian Government financial assistance**

**41.1 DIIS RTE – CGS and Other DIIS RTE Grants**

	Commonw'lth Grant Scheme #1		Parent entity (University) Only		Indigenous Support Program		Partnership & Participation Program #2		Disability Support Program	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'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 Program)	94,485	79,221	951	951	-	-	3,216	2,632	57	220
Net accrual adjustments	(412)	337	184	-	-	-	-	-	-	-
Revenue for the period	3(a) 94,073	79,558	1,135	951	951	-	3,216	2,632	57	220
Surplus / (deficit) from the previous year	(308)	29	263	188	-	-	2,622	847	259	158
Total revenue including accrued revenue	93,765	79,587	1,398	1,139	-	-	5,838	3,479	316	378
Less expenses including accrued expenses	93,661	79,895	1,284	876	-	-	904	857	84	119
Surplus / (deficit) for reporting period	104	(308)	114	263	-	-	4,934	2,622	232	259

# 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

	Learning & Teaching Performance Fund		Capital Development Pool		Diversity and Structural Adjustment Fund #3		Transitional Cost Program	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'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 Program)	-	-	-	4,875	30,600	1,111	32	89
Net accrual adjustments	-	-	-	-	-	-	(30)	56
Revenue for the period	3(a) -	-	-	4,875	30,600	1,111	2	145
Surplus / (deficit) from the previous year	-	632	4,980	1,337	882	1,083	(29)	26
Total revenue including accrued revenue	-	632	4,980	6,212	31,482	2,194	(27)	171
Less expenses including accrued expenses	-	632	26	1,232	5,146	1,312	(27)	200
Surplus / (deficit) for reporting period	-	-	4,954	4,980	26,336	882	-	(29)

# 3 Includes Collaboration and Structural Adjustment Program.

DIIS RTE - CGS and Other DIIS RTE Grants (continued)	Promotion of Excellence in Learning and Teaching	Reward Funding		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Program)	70	-	-	129,828	89,099
Net accrual adjustments	-	-	-	(258)	393
Revenue for the period	70	-	417	129,570	89,492
Surplus / (deficit) from the previous year	-	-	-	8,670	4,300
Total revenue including accrued revenue	70	-	417	138,240	93,792
Less expenses including accrued expenses	-	-	-	101,078	85,123
Surplus / (deficit) for reporting period	70	-	417	37,162	8,669

41.2 Higher Education Loan Programs (excl OS-HELP)	Parent entity (University) Only		SA-HELP		Total	
	HECS-HELP (Australian Government payments only)	FEE-HELP #4	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash Payable/(Receivable) at beginning of year	433	216	-	-	649	200
Financial assistance received in Cash during the reporting period	48,113	3,368	809	-	52,290	45,002
Cash available for the period	48,546	3,584	809	-	52,939	45,202
Revenue earned	49,486	5,409	848	-	55,743	44,554
Cash Payable/(Receivable) at end of year	(940)	(1,825)	(39)	-	(2,804)	648

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



Notes to the financial statements  
31 December 2012  
(continued)

#### 41.3 Scholarships

##### Parent entity (University) Only

	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships #5		Commonwealth Accommodation Scholarships #5		Indigenous Access Scholarships		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Program)	2,513	2,304	220	229	915	615	105	51	126	82	3,879	3,281
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	2,513	2,304	220	229	915	615	105	51	126	82	3,879	3,281
Surplus / (deficit) from the previous year	741	709	122	68	1,220	863	353	658	46	61	2,482	2,359
Total revenue including accrued revenue	3,254	3,013	342	297	2,135	1,478	458	709	172	143	6,361	5,640
Less expenses including accrued expenses	2,716	2,272	248	175	171	258	171	356	119	97	3,425	3,158
Surplus / (deficit) for reporting period	538	741	94	122	1,964	1,220	287	353	53	46	2,936	2,482

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

#### 41.4 DIIRTE Research

##### Parent entity (University) Only

	Joint Research Engagement #6		Research Training Scheme		Systemic Infrastructure Initiative		Research Infrastructure Block Grants		Regional Protection Scheme		Implementation Assistance Program	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Program)	3,112	2,965	6,978	7,076	-	-	858	965	-	-	-	-
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	3,112	2,965	6,978	7,076	-	-	858	965	-	-	-	-
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	3,112	2,965	6,978	7,076	-	-	858	965	-	-	-	-
Less expenses including accrued expenses	3,112	2,965	6,978	7,076	-	-	858	965	-	-	-	-
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-	-	-	-	-

#6 includes Institutional Grants Scheme

**DIISRTE Research (continued)**

	Australian Scheme for Higher Education Repositories		Commercialisation Training Scheme		Sustainable Research Excellence in Universities		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'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 Program)	-	-	-	-	-	-	-	-
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period	-	-	-	-	859	795	11,807	11,801
					859	795	11,807	11,801
3(d)								
Surplus / (deficit) from the previous year	-	-	-	66	-	-	-	66
Total revenue including accrued revenue	-	-	-	66	859	795	11,807	11,867
Less expenses including accrued expenses	-	-	-	66	859	795	11,807	11,867
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-

**41.5 Voluntary Student Unionism**

	Parent entity (University) Only		Support for Small Businesses		Total	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Program)	-	-	-	-	-	-
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	-	-	-	-	-	-
3(e)						
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	-	-	-	-	-	-
Less expenses including accrued expenses	-	-	-	-	-	-
Surplus / (deficit) for reporting period	-	-	-	-	-	-

#### 41.6 Other Capital Funding

	Parent entity (University) Only				
	Better Universities Renewal Fund		Teaching and Learning Capital Fund		Total
	2012	2011	2012	2011	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Program)	-	-	-	-	-
Net accrual adjustments	-	-	-	-	-
Revenue for the period	-	-	-	-	-
3(f)					
Surplus / (deficit) from the previous year	-	902	2,994	5,821	2,994
Total revenue including accrued revenue	-	902	2,994	5,821	2,994
Less expenses including accrued expenses	-	902	6,490	2,827	6,490
Surplus / (deficit) for reporting period	-	-	(3,496)	2,994	(3,496)
					2,994

#### 41.7 Australian Research Council Grants

	Parent entity (University) Only				
	Projects		ARC Discovery Early Career Researcher Award		Total
	2012	2011	2012	2011	
	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Discovery					
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Program)	1,175	825	127	-	1,302
Net accrual adjustments	-	-	-	-	-
Revenue for the period	1,175	825	127	-	1,302
3(g)(i)					
Surplus / (deficit) from the previous year	389	261	-	-	389
Total revenue including accrued revenue	1,564	1,086	127	-	1,691
Less expenses including accrued expenses	805	697	44	-	849
Surplus / (deficit) for reporting period	759	389	83	-	842
					389

Parent entity (University) Only

(b) Linkages	Projects		ARC Future Fellowships		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Program)	359	386	287	-	646	386
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	359	386	287	-	646	386
3(g)(ii)						
Surplus / (deficit) from the previous year	35	56	-	-	35	56
Total revenue including accrued revenue	394	442	287	-	681	442
Less expenses including accrued expenses	323	407	143	-	466	407
Surplus / (deficit) for reporting period	71	35	144	-	215	35

41.8 OS-HELP

Parent entity (University) Only

Cash Received during the reporting period	2012 \$'000	2011 \$'000
Cash Spent during the reporting period	149	199
Net Cash received	(181)	(133)
Cash Surplus / (deficit) from the previous period	(32)	66
Cash Surplus / (deficit) for the reporting period	43	(23)
	11	43
3(i)		
28		

41.9 Student Services and Amenities Fee

Unspent/(overspent) revenue from previous period	2012 \$'000	2011 \$'000
SA-HELP Revenue Earned	-	-
Student Services Fees direct from Students	848	-
Total revenue expendable in period	1,590	-
Student Services expenses during period	2,438	-
Unspent/(overspent) Student Services Revenue	13	-
	2,425	-
3(b)		
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 2012**



## 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 2012, 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 2012 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 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 other information that 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 4 April 2013, 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

16 April 2013  
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, 2012.

#### **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)	Ian Michael LOCKE
Robert Anthony BARWELL	Barry John PAFF
Morris George MCINNES	Charles Alexander MCDONALD
Geoffrey Bradfield FOX	Murray Charles SCHOLZ

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

Andrew Paul INGLE - appointed March 2012

The following Directors held office from the beginning of the year until the date of their resignation:

Laurie Robert PIPER - resigned March 2012

#### **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.

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 2012.

## **Review of Operations**

The operating surplus of the company was: \$526,490 (2011 = \$529,605) and the surplus after fair value adjustments on the financial assets was \$794,345 (2011 = \$240,806)

The operating surplus is deemed by the Directors to be a satisfactory result in the nineteenth year of trading as a distinct company. During the year ABRI sold for cash, the IP in feed formulations for egg production.

## **Significant Changes in the State of Affairs**

The value of ABRI's share investments appreciated by \$267,855 (2011 = \$(288,799)), this being in line with the all ordinaries index during 2012.

## **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**

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

## **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 \$30,600 for Directors and Officers Insurance covered the period 1 November 2011 to 31 October 2012. Insurance has been renewed for the Group for the period 1 November 2012 to 31 October 2013 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:	<b>Anthony John Traherne COATES (AM) (Grazier)</b>
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:	<b>Laurie Robert PIPER</b>
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, until March 2012

Name and Occupation:	<b>Charles Alexander McDonald</b>
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:	<b>Robert Anthony Barwell (Grazier)</b>
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:	<b>Ian Michael LOCKE (Grazier)</b>
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 Wurruna 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:	<b>Barry John Paff (Dairy/Lucerne Farmer)</b>
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:	<b>Geoffrey Bradfield Fox (Consultant)</b>
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:	<b>Murray Charles Scholz</b>
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:	<b>Morris George McInnes (Dairy Farmer)</b>
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.

Name and Occupation: **Peter John ENLUND**  
Qualifications: Fellow of the Institute of Chartered Accountants  
Experience: Chief Operating Officer of UNE  
Special Responsibilities: IBRS Sub-committee, Finance and Admin Sub-Committee  
Board member since July 2012 until January 2013.

Name and Occupation: **Andrew Paul INGLE**  
Qualifications: Advanced Diploma Agribusiness Marcus Oldham College  
Experience: Andrew has spent many years working on Pastoral properties in Queensland & the Kimberly for AACO and Consolidated Pastoral Company. Current owner of a mixed farming operation in Southern NSW producing commercial Angus cattle & winter cereal crops. He has spent past 10 years working in the Live-export industry in Western/Northern & Southern Australia plus other countries building livestock supply outside of Australia to meet global customer requirements. Currently, General Manager Sales for Landmark Global Exports. Andrew is a board member of the Australian Livestock Exporters Council (ALEC), LIVEAIR Exporters and Landmark Global Exports Pty Ltd.  
Special Responsibilities: ILRIC Sub-Committee  
Board member since July 2012.

## **b) Directors' Meetings**

During the financial year ended 31 December, 2012 four directors' meetings were held. Attendance at the meeting was as follows:

Directors' Name	Directors' Meetings	
	Eligible to	Number
Anthony John Traherne COATES (AM)	4	4
Laurie Robert PIPER	1	0
Charles Alexander MCDONALD	4	3
Robert Anthony BARWELL	4	4
Ian Michael LOCKE	4	3
Barry John PAFF	4	4
Geoffrey Bradfield FOX	4	4
Murray Charles SCHOLZ	4	4
Morris George McInnes	4	4
Peter John ENLUND	3	3
Andrew Paul INGLE	4	4

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 2012, the collective liability of members was \$600 (\$100 per member, maximum number of members 6).

## **Legal proceedings on behalf of the Company**

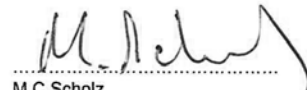
There were no legal proceedings brought against the company during the financial year. At the date of this report, the directors are not aware of any legal proceedings which have arisen since the end of the financial year and up to the date of this report.

**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 2012.

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

9 April 2013



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 2012, I declare, 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
- any applicable code of professional conduct in relation to the audit.

Steven Martin  
Director, Financial Audit Services

4 April 2013  
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 2012;
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



M C Scholz  
Director

9 April 2013

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

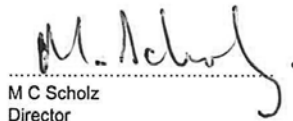
In accordance with a resolution of the directors and pursuant to Section 41C (1B) and 1(C) of the *Public Finance and Audit Act 1983*, we state that:

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 2012 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; 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.



C A McDonald  
Director



M C Scholz  
Director

9 April 2013

## Income Statement

For the year ended 31 December, 2012

	Notes	2012 \$	2011 \$
<b>Revenue from continuing operations</b>			
Investment revenue	2	329,362	371,151
Other revenue	3	8,096,581	7,803,384
Total revenue from continuing operations		8,425,943	8,174,535
Other investment income	2	267,855	-
Gain on sale of assets		450	-
Total revenue and income from continuing operations		8,694,248	8,174,535
<b>Expenses from continuing operations</b>			
Employee related expenses	4	4,988,493	5,000,214
Depreciation and amortisation	5	398,491	373,318
Repairs and maintenance	6	102,036	144,990
Impairment of assets	7	11,753	2,654
Investment losses	2	-	288,799
Other expenses	8	2,399,130	2,123,754
Total expenses from continuing operations		7,899,903	7,933,729
<b>Operating Surplus/(Deficit) attributable to the ABRI</b>	18(b)	794,345	240,806

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

## Statement of Comprehensive Income

For the year ended 31 December, 2012

	2012 \$	2011 \$
<b>Operating Surplus/(Deficit) for the year</b>	794,345	240,806
<b>Other comprehensive income</b>		
Gain (Loss) on revaluation of land, buildings and infrastructure	-	637,195
<b>Other comprehensive income for the year</b>	-	637,195
<b>Total comprehensive income for the year</b>	794,345	878,001

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

## Statement of Financial Position

As at 31 December, 2012

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	5,027,336	4,368,123
Receivables	10	1,349,154	1,555,111
Other assets	12	216,434	203,259
<b>Total current assets</b>		<u>6,592,924</u>	<u>6,126,493</u>
<b>Non-current assets</b>			
Other financial assets	11	2,036,387	1,718,532
Property, plant and equipment	13	3,536,332	3,607,429
Intangible assets	14	491,832	559,858
<b>Total non-current assets</b>		<u>6,064,551</u>	<u>5,885,819</u>
<b>Total assets</b>		<u>12,657,475</u>	<u>12,012,312</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	572,027	871,939
Provisions	16	1,255,927	1,172,921
Other liabilities	17	385,139	353,344
<b>Total current liabilities</b>		<u>2,213,093</u>	<u>2,398,204</u>
<b>Non-current liabilities</b>			
Provisions	16	141,153	105,224
<b>Total non-current liabilities</b>		<u>141,153</u>	<u>105,224</u>
<b>Total liabilities</b>		<u>2,354,246</u>	<u>2,503,428</u>
<b>Net assets</b>		<u>10,303,229</u>	<u>9,508,884</u>
<b>EQUITY</b>			
Retained earnings	18(b)	8,842,889	8,048,544
Asset revaluation reserve	18(a)	1,460,340	1,460,340
<b>Total equity attributable to equity holders of the company</b>		<u>10,303,229</u>	<u>9,508,884</u>

*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, 2012

	Reserves	Retained Earnings	Total
<b>Balance at 1 January 2011</b>	823,145	7,807,738	8,630,883
Retrospective changes	-	-	-
<b>Balance as restated</b>	823,145	7,807,738	8,630,883
Operating surplus	-	240,806	240,806
Revaluation of Land and Buildings	637,195	-	637,195
<b>Total comprehensive income</b>	637,195	240,806	878,001
<b>Balance at 31 December 2011</b>	1,460,340	8,048,544	9,508,884
<b>Balance at 1 January 2012</b>	1,460,340	8,048,544	9,508,884
Operating surplus	-	794,345	794,345
<b>Total comprehensive income</b>	-	794,345	794,345
<b>Balance at 31 December 2012</b>	1,460,340	8,842,889	10,303,229

*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, 2012

	Notes	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		9,087,544	7,466,126
Dividends received		93,124	94,712
Interest received		180,466	290,953
Payments to suppliers and employees (inclusive of GST)		(8,392,554)	(7,639,090)
<b>Net cash provided by / (used in) operating activities</b>	<b>24</b>	968,581	212,701
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		(259,368)	(727,250)
Payments for financial assets		(50,000)	34,233
<b>Net cash provided by / (used in) investing activities</b>		(309,368)	(693,017)
<b>Net increase / (decrease) in cash and cash equivalents</b>		659,213	(480,316)
Cash and cash equivalents at the beginning of the financial year		4,368,123	4,848,439
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9</b>	5,027,336	4,368,123

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

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## 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, 2012 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 2012 was authorised for issue in accordance with a resolution of the Board on 9 April 2013.

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.

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.

## **Note 1. Summary of significant accounting policies (continued)**

### **(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.

The entity subsequently measures investments classified as 'held for trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The company's investments are designated at fair value through profit or loss using the second leg of the fair value option; i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy, and information about these assets is provided internally on that basis to the entity's key management personnel.

The movement in the fair value of the investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

#### **(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.

## **Note 1. Summary of significant accounting policies (continued)**

### **(i) Investments and other financial assets (continued)**

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.

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
Infrastructure - 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(f)).

## **Note 1. Summary of significant accounting policies (Continued)**

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

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.

### **(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 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.

**Note 1. Summary of significant accounting policies (continued)**

**(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 and amending standards AASB 2009-11 / AASB 2010-7 - (December 2010)**

(Applies to reporting periods beginning on or after 01 January 2015)

**AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosures of Interest in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates.**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 13 Fair Value Measurement - (September 2011)**

**Amendments to Australian Accounting Standards arising from AASB 13**

[AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 6 - Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 7 - Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 119 Employee Benefits - (September 2011)**

**AASB 2011-10 - Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010**

(Applies to reporting periods beginning on or after 01 July 2013)



Notes to the financial statements  
(continued)  
31 December 2012

	Notes	2012 \$	2011 \$
<b>Note 2. Investment revenue and income</b>			
Interest		236,238	276,439
Dividend Income		93,124	94,712
<b>Total investment revenue</b>		<u>329,362</u>	<u>371,151</u>
Other investment income (losses)		267,855	(288,799)
<b>Total other investment income</b>		<u>267,855</u>	<u>(288,799)</u>
<b>Note 3. Other revenue</b>			
Fees and charges		8,096,581	7,567,987
Contribution - International Livestock Resource and Information Centre Ltd (ILRIC) - Net Asset		-	235,397
<b>Total other revenue</b>		<u>8,096,581</u>	<u>7,803,384</u>
<b>Note 4. Employee related expenses</b>			
Salaries		4,241,763	4,331,059
Contribution to funded superannuation and pension schemes		375,648	369,147
Payroll tax		229,661	226,786
Worker's compensation		6,722	8,050
Long service leave expense		118,936	57,155
Other (Allowances, penalties and fringe benefits tax)		15,763	8,017
<b>Total employee related expenses</b>		<u>4,988,493</u>	<u>5,000,214</u>
<b>Note 5. Depreciation and amortisation</b>			
<b>Depreciation</b>			
Buildings		78,460	37,850
Infrastructure		4,833	-
Furniture and Fittings		14,672	8,900
Plant and Equipment		70,479	65,006
Motor Vehicles		35,747	44,956
Total depreciation		<u>204,191</u>	<u>156,712</u>
<b>Amortisation</b>			
Intangibles		194,300	216,606
Plant & equipment under finance leases		-	-
Total amortisation		<u>194,300</u>	<u>216,606</u>
<b>Total depreciation and amortisation</b>		<u>398,491</u>	<u>373,318</u>

Notes to the financial statements  
(continued)  
31 December 2012

Notes	2012 \$	2011 \$
<b>Note 6. Repairs and maintenance</b>		
Plant/furniture/equipment	102,036	144,990
<b>Total repairs and maintenance</b>	<u>102,036</u>	<u>144,990</u>
<b>Note 7. Impairment of assets</b>		
Bad Debts	11,753	2,654
<b>Total impairment of assets</b>	<u>11,753</u>	<u>2,654</u>
<b>Note 8. Other expenses</b>		
Non-capitalised equipment	9,334	9,095
Advertising, marketing and promotional expenses	32,561	45,833
Utilities	36,240	39,347
Postal and Telecommunications	550,175	459,524
Travel and Entertainment	195,619	165,171
Operating Lease Rental Charges	26,110	40,414
Consultants	880,445	695,127
Royalties	162,378	105,790
Computer and Office Supplies	151,247	175,913
Other Expenditure	355,022	387,540
<b>Total other expenses</b>	<u>2,399,130</u>	<u>2,123,754</u>
<b>Note 9. Cash and cash equivalents</b>	1(g)	
Cash at bank	801,969	358,057
At call investments	4,225,367	4,010,066
<b>Total cash and cash equivalents</b>	<u>5,027,336</u>	<u>4,368,123</u>

**(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	5,027,336	4,368,123
Less: Bank Overdrafts	-	-
Balance per cash flow statement	<u>5,027,336</u>	<u>4,368,123</u>

**(b) Cash at bank and on hand**

These are non-interest bearing.

- -

**(c) Deposits as call**

The deposits are bearing floating interest rates between 5.12% and 4.55% (2011: 5.7% and 6.3%). These deposits have an average maturity of 245 days.

<b>Note 10. Receivables</b>		
<b>Current</b>		
Trade and Other Debtors	1,366,235	1,571,700
Less: Provision for impaired receivables	1(h) <u>(17,081)</u>	<u>(16,589)</u>
<b>Total current receivables</b>	<u>1,349,154</u>	<u>1,555,111</u>
<b>Non-current</b>		
Trade and Other Debtors	-	-
<b>Total non-current receivables</b>	<u>-</u>	<u>-</u>
<b>Total receivables</b>	<u>1,349,154</u>	<u>1,555,111</u>

**(a) Impaired receivables**

As at 31 December 2012 current receivables of the entity with a nominal value of \$17,081 (2011: \$16,590) were impaired. The amount of the provision was \$17,081 (2011: \$16,590).

The ageing of these receivables is as follows:

3 to 6 months	-	-
Over 6 months	17,081	16,590
	<u>17,081</u>	<u>16,590</u>

Notes to the financial statements  
(continued)  
31 December 2012

**Receivables (continued)**

As of 31 December 2012, trade receivables of \$183,223 (2011: \$182,788) 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	85,609	82,153
Over 6 months	97,614	100,635
	<u>183,223</u>	<u>182,788</u>

Notes	2012	2011
	\$	\$

**Movements in the provision for impaired receivables are as follows:**

As at 1 January	16,590	52,466
Provision for impairment recognised during the year	11,753	2,654
Receivables written off during the year as uncollectible	(11,262)	(38,530)
As at 31 December	<u>17,081</u>	<u>16,590</u>

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 11. Other financial assets**  
**Non-current**

1(i)

Summary of portfolio as at 31 December:

Fair value through profit and loss	2,036,387	1,718,532
<b>Total non-current other financial assets</b>	<u>2,036,387</u>	<u>1,718,532</u>

**Note 12. Other assets**  
**Current**

Accrued Income	211,809	155,121
Prepaid Expenses	4,625	48,138
<b>Total current other non-financial assets</b>	<u>216,434</u>	<u>203,259</u>

**Notes to the financial statements**  
(continued)  
**31 December 2012**

**Note 13. Property, plant and equipment**

	Freehold land \$	Freehold buildings \$	Infrastructure \$	Plant and equipment \$	Motor vehicle \$	Furniture & fittings \$	Total \$
<b>Year ended 31 December 2011</b>							
Opening net book amount	370,000	1,509,672	-	124,281	106,676	17,676	<b>2,128,304</b>
Additions	-	783,983	-	111,992	32,189	70,477	<b>998,641</b>
Revaluation increment/(decrement)	30,000	188,783	70,000	-	-	-	<b>288,783</b>
Adjustment to accumulated depreciation on revaluation	-	348,412	-	-	-	-	<b>348,412</b>
Assets classified as held for sale and other disposals	-	-	-	-	-	-	<b>0</b>
Depreciation charge	-	(37,850)	-	(65,006)	(44,956)	(8,900)	<b>(156,712)</b>
Closing net book amount	<b>400,000</b>	<b>2,793,000</b>	<b>70,000</b>	<b>171,267</b>	<b>93,909</b>	<b>79,253</b>	<b>3,607,429</b>
<b>At 31 December 2011</b>							
- Cost	-	-	-	1,366,799	444,664	203,834	<b>2,015,297</b>
- Valuation	400,000	2,793,000	70,000	-	-	-	<b>3,263,000</b>
Accumulated depreciation	-	-	-	(1,195,532)	(350,755)	(124,581)	<b>(1,670,868)</b>
Net book amount	<b>400,000</b>	<b>2,793,000</b>	<b>70,000</b>	<b>171,267</b>	<b>93,909</b>	<b>79,253</b>	<b>3,607,429</b>
<b>Year ended 31 December 2012</b>							
Opening net book amount	400,000	2,793,000	70,000	171,267	93,909	79,253	<b>3,607,429</b>
Additions	-	90,829	-	34,889	-	7,377	<b>133,095</b>
Revaluation increment/(decrement)	-	-	-	-	-	-	<b>0</b>
Adjustment to accumulated depreciation on revaluation	-	-	-	-	-	-	<b>0</b>
Assets classified as held for sale and other disposals	-	-	-	-	-	-	<b>0</b>
Depreciation charge	-	(78,460)	(4,833)	(70,479)	(35,747)	(14,672)	<b>(204,191)</b>
Closing net book amount	<b>400,000</b>	<b>2,805,369</b>	<b>65,167</b>	<b>135,677</b>	<b>58,162</b>	<b>71,958</b>	<b>3,536,332</b>
<b>At 31 December 2012</b>							
- Cost	-	90,829	-	1,401,688	444,663	211,211	<b>2,148,391</b>
- Valuation	400,000	2,793,000	70,000	-	-	-	<b>3,263,000</b>
Accumulated depreciation	-	(78,460)	(4,833)	(1,266,011)	(386,501)	(139,253)	<b>(1,875,059)</b>
Net book amount	<b>400,000</b>	<b>2,805,369</b>	<b>65,167</b>	<b>135,677</b>	<b>58,162</b>	<b>71,958</b>	<b>3,536,332</b>

Note 14.	Intangible assets	Notes 1(l)	2012 \$	2011 \$
	<b>At 1 January</b>			
	Cost		2,295,384	2,169,110
	Accumulated amortisation and impairment		(1,803,552)	(1,609,252)
	Net book amount		<u>491,832</u>	<u>559,858</u>
	<b>Year ended 31 December</b>			
	Opening net book amount		559,858	611,250
	Additions		126,274	165,214
	Amortisation charge		(194,300)	(216,606)
	Closing net book amount		<u>491,832</u>	<u>559,858</u>
Note 15.	Trade and other payables			
	<b>Current</b>			
	Trade Payables		572,027	871,939
	<b>Total current trade and other payables</b>		<u>572,027</u>	<u>871,939</u>
	<b>a) Foreign currency risk</b>			
	The carrying amounts of the entity's trade and other payables are denominated in the following currencies:			
	Australian Dollars		572,027	871,939
			<u>572,027</u>	<u>871,939</u>
Note 16.	<b>Provisions</b> <b>Current provisions expected to be settled within 12 months</b>	1(n)		
	Employee benefits			
	Annual leave		671,192	599,495
	Long service leave		581,135	569,826
	Make good provision		3,600	3,600
	<b>Total Current Provision</b>		<u>1,255,927</u>	<u>1,172,921</u>
	<b>Current provisions expected to be settled after more than 12 months</b>			
	Employee benefits			
	Annual leave		-	-
	Long service leave		-	-
	<b>Subtotal</b>		<u>-</u>	<u>-</u>
	<b>Total Current Provision</b>		<u>1,255,927</u>	<u>1,172,921</u>

Notes to the financial statements  
(continued)  
31 December 2012

**Provisions (continued)**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current provisions</b>		
Employee benefits		
Long service leave	141,153	105,224
<b>Total non-current provision</b>	<u>141,153</u>	<u>105,224</u>
<b>Total provisions</b>	<u>1,397,080</u>	<u>1,278,145</u>

**Summary movements in provisions**

Movements in the Provision Account are:

Carrying amount at start of year	1,278,145	1,562,524
Current year movement in provision		
- Annual Leave	71,697	(101,064)
- Long Service Leave - current	11,309	(174,068)
- Long Service Leave - non current	35,929	(9,247)
<b>Carrying amount at end of year</b>	<u>1,397,080</u>	<u>1,278,145</u>

**Note 17. Other Liabilities**

**Current**

**Accrued Liabilities**

Fees in Advance	385,139	353,344
<b>Total current other liabilities</b>	<u>385,139</u>	<u>353,344</u>

**Note 18. Reserves and retained earnings**

**a) Reserves**

Revaluation Reserve		
- Land	320,000	320,000
- Buildings	1,070,340	1,070,340
- Infrastructure	70,000	70,000
	<u>1,460,340</u>	<u>1,460,340</u>

Movements in reserves were as follows:

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

**2012**                      **2011**  
**\$**                              **\$**

**Reserves and retained earnings - continued**

**b) Retained earnings**

Movements in retained earnings were as follows:

Retained earnings at 1 January	8,048,544	7,807,738
Net Operating Result for the year	794,345	240,806
<b>Retained Earnings at 31 December</b>	<b>8,842,889</b>	<b>8,048,544</b>
<b>Total Equity</b>	<b>10,303,229</b>	<b>9,508,884</b>

**Note 19. 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 Mr Murray Scholz in his capacity as Chief Managing Director of ABRI.

	<b>No.</b>	<b>No.</b>
Nil to \$9,999	8	9
	<u>8</u>	<u>9</u>

**Aggregate Remuneration of Board Members**

	<b>\$</b>	<b>\$</b>
Total Aggregate Remuneration	7,200	8,000

**Remuneration of executive officers**

	<b>No.</b>	<b>No.</b>
\$100,000 to \$119,999	4	4
\$120,000 to \$139,999	-	1
\$140,000 to \$169,999	1	-
	<u>5</u>	<u>5</u>

**Aggregate Remuneration of executive officers**

Total Aggregate Remuneration	621,170	587,948
------------------------------	---------	---------

**Note 20. 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 and review of the Financial**

Fees paid to the Audit Office of NSW:	21,900	21,900
<b>Total remuneration for audit services</b>	<b>21,900</b>	<b>21,900</b>

**Note 21 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.

Notes to the financial statements  
(continued)  
31 December 2012

**Note 22. Commitments**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Leases</b>		
Within one year	10,670	-
Later than one year but not later than five years	-	21,493
Later than five years	-	-
<b>Total operating leases</b>	<u>10,670</u>	<u>21,493</u>

No lease arrangements, existing as at 31 December 2012, contain contingent rental payments, purchase options, escalation clauses or restrictions imposed by lease arrangements including dividends, additional debt or further leasing.

**Note 23. 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 19.

**(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	6,235	-
Payments made	402,123	365,908
Net	<u>(395,888)</u>	<u>(365,908)</u>

**Outstanding balances**

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

**University of New England**

Payables	44,427	47,279
----------	--------	--------

**(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.



Notes to the financial statements  
(continued)  
31 December 2012

**Note 24. Reconciliation of operating result after income tax to net cash flows from operating activities**

	<b>2012</b>	2011
	<b>\$</b>	\$
Operating result for the period	794,345	240,806
Depreciation and amortisation	398,491	373,318
Impairment of investment	-	-
Provision for impaired receivables	491	(35,875)
(Gain)/Loss on revaluation	(267,855)	294,930
Gain on sale	-	-
Increase/(Decrease) in Payables and Prepaid Income	(268,249)	373,198
Increase/(Decrease) in Provision for Employee Entitlements	47,239	(284,379)
Increase/(Decrease) in Provision for Annual Leave	71,697	(436,607)
Increase/(Decrease) in Other Provisions	-	-
(Increase)/Decrease in Receivables and Prepaid Expenses	192,422	-
(Increase)/Decrease in Inventories	-	(312,690)
<b>Net cash provided by / (used in) operating activities</b>	<b>968,581</b>	<b>212,701</b>

**Note 25. Events subsequent to reporting period**

There are no reportable events occurring after balance date.

**Note 26. 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
<b>Financial Assets</b>			
Receivables and Accrued Income	10 & 12	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days
Deposits as Call	9(c)	Term Deposits are stated at cost	Bank Call Deposits interest rate is determined by the official Money Market
Term Deposits	9(c)	Term Deposits are stated at cost	Term deposits are for a period of up to one year. Interest rates are between 5.12% and 4.55%. Average maturity of 245 days.
Listed Shares	11	Listed Shares are carried at bid price	
<b>Financial Liabilities</b>			
Creditors and Accruals	15 & 17	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 there under. 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

Notes to the financial statements  
(continued)  
31 December 2012

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 2012	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash & cash equivalents	3.78	801,969					801,969
Investments-Term Deposits	4.83		4,225,367				4,225,367
Receivables						1,349,154	1,349,154
Listed Shares						2,036,386	2,036,386
Accrued Income						211,810	211,810
<b>Total Financial Assets</b>		801,969	4,225,367			3,597,350	8,624,686
<b>Financial Liabilities</b>							
Borrowings			-	-			0
Payables						572,027	572,027
Other Amounts Owing						385,139	385,139
<b>Total Financial Liabilities</b>			-	-		957,166	957,166
<b>Net Financial Assets(Liabilities)</b>		801,969	4,225,367	-	-	2,640,184	7,667,520

Comparative figures for the previous year are as follows:

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash and cash equivalents	4.30	358,057					358,057
Investments - Term Deposits	5.90		4,010,066				4,010,066
Receivables	-					1,555,111	1,555,111
Listed Shares	-					1,718,532	1,718,532
Accrued Income	-					155,121	155,121
<b>Total Financial Assets</b>		358,057	4,010,066			3,428,764	7,796,887
<b>Financial Liabilities</b>							
Borrowings	-		-	-			-
Payables	-					871,939	871,939
Other Amounts Owing	-					353,344	353,344
<b>Total Financial Liabilities</b>			-	-		1,225,283	1,225,283
<b>Net Financial Assets(Liabilities)</b>		358,057	4,010,066	-	-	2,203,481	6,571,604

(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.

Notes to the financial statements  
(continued)  
31 December 2012

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	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	5,027,336	4,368,123	5,027,336	4,368,123
Receivables	1,560,964	1,710,232	1,560,964	1,710,232
Other financial assets	2,036,386	1,718,532	2,036,386	1,718,532
<b>Total financial assets</b>	<b>8,624,686</b>	<b>7,796,887</b>	<b>8,624,686</b>	<b>7,796,887</b>
<b>Financial liabilities</b>				
Payables	572,027	871,939	572,027	871,939
Borrowings	0	0	0	0
Other financial liabilities	385,139	353,344	385,139	353,344
<b>Total financial liabilities</b>	<b>957,166</b>	<b>1,225,283</b>	<b>957,166</b>	<b>1,225,283</b>

Fair value measurements recognised in the balance sheet are categorised into the following levels by valuation method:

**Level 1** - quoted prices(unadjusted) in active markets for identical assets or liabilities

**Level 2**- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3**- inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 Dec 2012	Level 1	Level 2	Level 3
	\$	\$	\$	\$
<b>Financial assets</b>				
Other financial assets	2,036,386	2,036,386	0	0
<b>Total</b>	<b>2,036,386</b>	<b>2,036,386</b>	<b>0</b>	<b>0</b>
<b>Financial liabilities</b>				
Borrowings	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	31 Dec 2011	Level 1	Level 2	Level 3
	\$	\$	\$	\$
<b>Financial assets</b>				
Other financial assets	1,718,532	1,718,532	0	0
<b>Total</b>	<b>1,718,532</b>	<b>1,718,532</b>	<b>0</b>	<b>0</b>
<b>Financial liabilities</b>				
Borrowings	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes to the financial statements  
(continued)  
31 December 2012

# 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 2012	Carrying amount	Interest rate risk						Foreign exchange risk						Other price risk					
		-1%		+1%		-10%		+10%		-1%		+1%		-1%		+1%		-1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>																			
Cash and cash equivalents	801,969	(8,020)	(8,020)	8,020	8,020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	4,225,367	(42,254)	(42,254)	42,254	42,254	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	1,349,154																		
Listed Shares	2,036,386																		
Accrued Income	211,810																		
<b>Total Financial Assets</b>	<b>8,624,686</b>																		
<b>Financial Liabilities</b>																			
Borrowings	-																		
Payables	572,027																		
Other Amounts Owning	385,139																		
<b>Total Financial Liabilities</b>	<b>957,166</b>																		
<b>Total Increase / (decrease)</b>	<b>7,667,520</b>																		

Comparative figures for the previous year are as follows:																			
31 December 2011	Carrying amount	Interest rate risk						Foreign exchange risk						Other price risk					
		-1%		+1%		-10%		+10%		-1%		+1%		-1%		+1%		-1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>																			
Cash and cash equivalents	368,057	(3,581)	(3,581)	3,581	3,581	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments - Term Deposits	4,010,066	(40,101)	(40,101)	40,101	40,101	N/A	N/A	N/A	N/A	N/A	N/A	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																		
<b>Total Financial Assets</b>	<b>7,796,887</b>																		
<b>Financial Liabilities</b>																			
Borrowings	-																		
Creditors	871,939																		
Other Amounts Owning	353,344																		
<b>Total Financial Liabilities</b>	<b>1,225,283</b>																		
<b>Total increase / (decrease)</b>	<b>6,571,604</b>																		

END OF AUDITED FINANCIAL STATEMENTS



**Services UNE Ltd**



**ABN: 29 065 648 419**  
**Annual Financial Report**  
**for the year ended**  
**31 December 2012**



## 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 2012, 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.

### 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 2012 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 control as the directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and 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 Company'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 company'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 other information that 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, the *Corporations Act 2001* and 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 4 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.



Steven Martin  
Director, Financial Audit Services

16 April 2013  
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 2012 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  
Sue Nelson

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

Jennifer Miller	Resigned 24th September 2012
Peter Enlund	Resigned 1st February 2013

### Information on Directors

<i>Geoff Allen</i>	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
<i>Roderick Watt</i>	
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
<i>Peter Enlund</i>	
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. Resigned 1st February 2013
Special Responsibilities	Nil
<i>Sue Nelson</i>	
Qualifications	Certificate in small business
Experience	Over 25 years experience in the retail industry. Joined the Board in October 2010.
Special Responsibilities	Nil
<i>Jenny Miller</i>	
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. Resigned 24th September 2012.
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:

Director	Board Meetings	
	A	B
Geoff Allen	3	5
Roderick Watt	4	5
Peter Enlund	5	5
Sue Nelson	3	5
Jennifer Miller	3	4

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 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.

## Performance measures

The following measures are used within the Company to monitor performance:

- Monthly financial reporting.
- Management analysis.
- Action plans with individual managers.

## 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

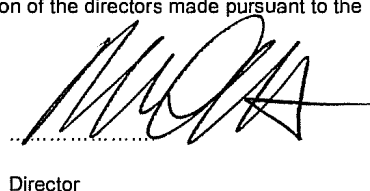
The company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company. At 31 December 2012 the collective liability of the members was \$1 (2011: \$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 2012.

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

  
Director  
11 April 2013

  
Director



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 2012, I declare, 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
- any applicable code of professional conduct in relation to the audit.

Steven Martin  
Director, Financial Audit Services

4 April 2013  
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 2012;
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 20 - Economic Dependency.

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

  
.....  
Director  
11 April 2013

  
.....  
Director  
11 APR 2013

## 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 2012 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.

  
.....  
Director  
11 April 2013

  
.....  
Director  
11 APR 2013

## Income Statement

For the year ended 31 December 2012

	Notes	2012 \$	2011 \$
<b>Revenue from continuing operations</b>			
Trading income	2	4,132,488	3,572,493
Investment revenue	3	106,905	122,713
Other Revenue	4	560,379	634,202
Total revenue and income from continuing operations		<u>4,799,772</u>	<u>4,329,408</u>
<b>Expenses from continuing operations</b>			
Employee related expenses	5	1,959,048	1,782,361
Depreciation and amortisation	6	129,132	136,054
Repairs and maintenance	7	100,255	118,754
Impairment of assets	8	-	505
Other expenses	9	2,591,905	2,212,130
Total expenses from continuing operations		<u>4,780,340</u>	<u>4,249,804</u>
<b>Operating surplus / (deficit) attributable to the Entity</b>	19	<u>19,432</u>	<u>79,604</u>

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

## Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	2012 \$	2011 \$
<b>Operating surplus / (deficit) for the period</b>		19,432	79,604
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<u>19,432</u>	<u>79,604</u>

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

## Statement of Financial Position

As at 31 December 2012

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	2,199,503	2,172,436
Receivables	11	70,801	70,256
Inventories	12	243,561	266,947
Other assets	14	10,924	1,238
<b>Total current assets</b>		<u>2,524,789</u>	<u>2,510,877</u>
<b>Non-current assets</b>			
Other financial assets	13	500	500
Property, plant and equipment	15	611,053	613,819
Intangible assets	16	25,000	25,000
<b>Total non-current assets</b>		<u>636,553</u>	<u>639,319</u>
<b>Total assets</b>		<u>3,161,342</u>	<u>3,150,196</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	252,828	270,848
Provisions	18	133,190	118,049
<b>Total current liabilities</b>		<u>386,018</u>	<u>388,897</u>
<b>Non-current liabilities</b>			
Provisions	18	-	5,407
<b>Total non-current liabilities</b>		<u>-</u>	<u>5,407</u>
<b>Total liabilities</b>		<u>386,018</u>	<u>394,304</u>
<b>Net assets</b>		<u>2,775,324</u>	<u>2,755,892</u>
<b>EQUITY</b>			
Retained surplus	19	2,775,324	2,755,892
<b>Total equity</b>		<u>2,775,324</u>	<u>2,755,892</u>

*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 2012

	Reserves	Retained Earnings	Total
<b>Balance at 1 January 2011</b>	-	2,676,288	2,676,288
Retrospective changes	-	-	-
<b>Balance as restated</b>	-	2,676,288	2,676,288
Surplus or (Deficit)	-	79,604	79,604
<b>Total comprehensive income</b>	-	79,604	79,604
<b>Balance at 31 December 2011</b>	-	2,755,892	2,755,892
<b>Balance at 1 January 2012</b>	-	2,755,892	2,755,892
Surplus or (Deficit)	-	19,432	19,432
<b>Total comprehensive income</b>	-	19,432	19,432
<b>Balance at 31 December 2012</b>	-	2,775,324	2,775,324

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 2012

	Notes	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		5,121,750	4,621,444
Interest received		106,905	122,713
Payments to suppliers and employees (inclusive of GST)		(5,051,730)	(4,468,105)
Interest and other costs of finance		(23,492)	(28,592)
<b>Net cash provided by / (used in) operating activities</b>	<b>26</b>	<b>153,433</b>	<b>247,460</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(126,366)	(148,868)
<b>Net cash provided by / (used in) investing activities</b>		<b>(126,366)</b>	<b>(148,868)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>27,067</b>	<b>98,592</b>
Cash and cash equivalents at the beginning of the financial year		2,172,436	2,073,844
<b>Cash and cash equivalents at the end of the financial year</b>		<b>2,199,503</b>	<b>2,172,436</b>

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



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## 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 2012, 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 2012 were authorised for issue in accordance with a resolution of the Board on 11 April 2013.

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.

#### (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 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.

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 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 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.

### **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) Plant and Equipment**

Plant and equipment is stated at historical cost less depreciation. Historical costs includes expenditure that is directly attributable to the acquisition of the items. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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.

### **(k) 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).

### **(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) 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.

### **(n) 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.

**(o) 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.

**(p) 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.

**(q) New accounting standards and UIG interpretations not yet adopted.**

**AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7 - (December 2010)**  
(Applies to reporting periods beginning on or after 01 January 2015)

**AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]**  
(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosures of Interest in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates.**  
(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 13 Fair Value Measurement - (September 2011)**  
**Amendments to Australian Accounting Standards arising from AASB 13**  
**[AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]**  
(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**  
(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 6 - Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]**  
(Applies to reporting periods beginning on or after 01 July 2013)

Notes to the financial statements  
31 December 2012

(continued)

(q) New accounting standards and UIG interpretations not yet adopted (continued)

**AASB 2011 - 7 - Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 119 Employee Benefits - (September 2011)**

**AASB 2011-10 - Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.**

(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010**

(Applies to reporting periods beginning on or after 01 July 2013)

	Notes	2012 \$	2011 \$
<b>Note 2. Trading income</b>			
Sale of goods		3,863,655	3,302,881
Rendering of services		268,833	269,612
		<u>4,132,488</u>	<u>3,572,493</u>
<b>Note 3. Investment revenue and income</b>			
Interest		106,905	122,713
<b>Total investment revenue</b>		<u>106,905</u>	<u>122,713</u>
<b>Note 4. Other revenue</b>			
UNE Fees		329,629	314,560
Rent		172,078	275,386
Other revenue		58,672	44,256
		<u>560,379</u>	<u>634,202</u>
<b>Note 5. Employee related expenses</b>			
Salaries		1,674,160	1,545,352
Contribution to funded superannuation and pension schemes		176,927	148,447
Payroll tax		85,898	73,814
Worker's compensation		6,849	14,777
Annual & long service leave		10,165	(11,431)
Other (Allowances, penalties and fringe benefits tax)		5,049	11,402
<b>Total employee related expenses</b>		<u>1,959,048</u>	<u>1,782,361</u>
<b>Note 6. Depreciation and amortisation</b>			
<b>Depreciation</b>			
Plant and Equipment		68,117	91,466
Motor Vehicles		1,047	3,047
<b>Total depreciation</b>		<u>69,164</u>	<u>94,513</u>
<b>Amortisation</b>			
Leasehold improvements		59,968	41,541
<b>Total amortisation</b>		<u>59,968</u>	<u>41,541</u>
<b>Total depreciation and amortisation</b>		<u>129,132</u>	<u>136,054</u>
<b>Note 7. Repairs and maintenance</b>			
Plant/furniture/equipment		100,255	118,754
<b>Total repairs and maintenance</b>		<u>100,255</u>	<u>118,754</u>
<b>Note 8. Impairment of assets</b>			
Bad Debts		-	1,293
Doubtful debts		-	(788)
<b>Total impairment of assets</b>		<u>-</u>	<u>505</u>

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<b>Note 9. Other expenses</b>			
Inventory Used		1,819,265	1,459,480
Cleaning and materials		63,428	68,476
Advertising		35,558	49,327
Security		35,620	39,208
Utilities		179,118	167,561
Rent		97,461	97,230
Insurance		35,204	31,728
Other Expenditure		326,251	299,120
<b>Total other expenses</b>		<b>2,591,905</b>	<b>2,212,130</b>

<b>Note 10. Cash and cash equivalents</b>	1(g)		
Cash on hand		15,910	11,760
Cash at bank		319,565	298,995
At call investments		1,864,028	1,861,681
<b>Total cash and cash equivalents</b>		<b>2,199,503</b>	<b>2,172,436</b>

**(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	2,199,503	2,172,436
Less: Bank Overdrafts	-	-
Balance per cash flow statement	<b>2,199,503</b>	<b>2,172,436</b>

**(b) Cash on hand**

These are non-interest bearing.

15,910 11,760

**(c) Deposits as call**

The deposits at call and at investment terms of less than 12 months are bearing floating and fixed interest rates between 4.0% and 4.65% (2011 - 4.27% and 6.5%). These deposits have an average maturity of 298 days.

**Note 11. Receivables**

**Current**

Trade and Other Debtors		70,801	71,404
Less: Provision for impaired receivables	1(h)	-	(1,148)
<b>Total receivables</b>		<b>70,801</b>	<b>70,256</b>

**(a) Impaired receivables**

As at 31 December 2012 current receivables of the entity with a nominal value of \$NIL (2011: \$1,148) were impaired. The amount of the provision was \$NIL (2011: \$1,148).

The ageing of these receivables is as follows:

3 to 6 months	-	1,148
Over 6 months	-	-
	<b>-</b>	<b>1,148</b>

As of 31 December 2012, trade receivables of \$9,111 (2011: \$3,703) 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	9,111	3,703
Over 6 months	-	-
	<b>9,111</b>	<b>3,703</b>

**Movements in the provision for impaired receivables are as follows:**

As at 1 January	1,148	1,935
Provision for impairment recognised during the year	(1,148)	(787)
Receivables written off during the year as uncollectible	-	-
As at 31 December	<b>-</b>	<b>1,148</b>

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<p>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.</p> <p>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.</p>			
<b>Note 12. Inventories</b>	1(i)		
<b>Current</b>			
Stock on hand		247,550	271,166
Less: Provision for stock write-down		(3,989)	(4,219)
<b>Total current inventories</b>		<u>243,561</u>	<u>266,947</u>
<b>Note 13. Other financial assets</b>			
<b>Non-current</b>			
Available for sale		500	500
<b>Total non-current other financial assets</b>		<u>500</u>	<u>500</u>
<b>Note 14. Other non-financial assets</b>			
<b>Current</b>			
Accrued Income		-	-
Prepaid Expenses		10,924	1,238
<b>Total current other non-financial assets</b>		<u>10,924</u>	<u>1,238</u>
<b>Note 15. Property, plant and equipment</b>			
Plant and equipment - At cost		1,340,913	1,256,194
Less: Accumulated depreciation		(1,166,972)	(1,098,856)
		<u>173,941</u>	<u>157,338</u>
Motor Vehicles – At cost		35,278	35,278
Less: Accumulated depreciation		(35,278)	(34,231)
		<u>-</u>	<u>1,047</u>
Leasehold improvements - At cost		623,375	581,729
Less: Accumulated depreciation		(186,263)	(126,295)
		<u>437,112</u>	<u>455,434</u>
<b>Total Property Plant &amp; Equipment</b>		<u>611,053</u>	<u>613,819</u>
<b>Reconciliation</b>			
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:			
<b>Plant and Equipment</b>			
Carrying amount at beginning of year		157,338	170,169
Additions		84,720	78,635
Disposals		-	-
Depreciation		(68,117)	(91,466)
Carrying amount at end of year		<u>173,941</u>	<u>157,338</u>
<b>Motor vehicles</b>			
Carrying amount at beginning of year		1,047	4,094
Additions		-	-
Disposals		-	-
Depreciation		(1,047)	(3,047)
Carrying amount at end of year		<u>-</u>	<u>1,047</u>



Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<b>Property, plant and equipment (continued)</b>			
<b>Leasehold improvements</b>			
Carrying amount at beginning of year		455,434	426,741
Additions		41,646	70,234
Disposals		-	-
Depreciation		(59,968)	(41,541)
Carrying amount at end of year		437,112	455,434
<b>Note 16. Intangible assets</b>			
	1(k)		
Australia Post Licence – At cost		25,000	25,000
<b>Note 17. Trade and other payables</b>			
<b>Current</b>			
Trade Payables		252,828	270,848
<b>Total current trade and other payables</b>		252,828	270,848
<b>Note 18. Provisions</b>			
	1(m)		
<b>Current provisions expected to be settled within 12 months</b>			
Employee benefits			
Annual leave		86,286	76,143
Long service leave		22,358	18,488
<b>Subtotal</b>		108,644	94,631
<b>Current provisions expected to be settled after more than 12 months</b>			
Employee benefits			
Annual leave		2,675	5,483
Long service leave		21,871	17,935
<b>Subtotal</b>		24,546	23,418
<b>Total Current Provision</b>		133,190	118,049
<b>Non-current provisions</b>			
Employee benefits			
Long service leave		-	5,407
<b>Total non-current provision</b>		-	5,407
<b>Total provisions</b>		133,190	123,456
<b>Employee Leave Provisions</b>			
Carrying amount at start of year		123,456	130,496
Annual Leave		7,335	(3,723)
Long services leave - current		7,806	253
Long services leave - non current		(5,407)	(3,570)
Balance at 31 December		133,190	123,456
<b>Note 19. Reserves and retained surplus</b>			
<b>Retained surplus</b>			
Movements in retained surplus were as follows:			
Retained surplus at 1 January		2,755,892	2,676,288
Net operating surplus / (deficit) for the year		19,432	79,604
<b>Retained Surplus at 31 December</b>		2,775,324	2,755,892

Notes to the financial statements  
31 December 2012  
(continued)

**Note 20. Economic Dependency**

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

**Note 21. 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 with the exception of Peter Enlund and Jennifer Miller did not receive benefits and fees from a related body corporate who received remuneration in their capacity of employees of the University of New England.

**Remuneration of Board Members**

	2012	2011
	No.	No.
Nil to \$9,999	5	5
	\$'000	\$'000
<b>Aggregate Remuneration of Board Members</b>		
Total Aggregate Remuneration	-	-

**Remuneration of executive officers**

	No.	No.
\$130,000 to \$139,999	1	
\$140,000 to \$149,999	-	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	135,864	144,539

**Note 22. 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 and review of the Financial Statements**

Fees paid to The Audit Office of NSW:	23,600	22,640
<b>Total remuneration for audit services</b>	23,600	22,640

**Note 23. 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.

Notes to the financial statements  
31 December 2012  
(continued)

<b>2012</b>	<b>2011</b>
<b>\$</b>	<b>\$</b>

**Note 24. Commitments**

**(a) Capital Commitments**

The entity had commitments for Capital Expenditure at 31 December 2012 of \$11,924, (2011: Nil).

**(b) Lease Commitments**

**(i) Operating Leases**

Within one year	111,592	108,096
Between one and five years	130,456	233,850
Later than five years	-	-
<b>Total operating leases</b>	<b>242,048</b>	<b>341,946</b>

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 2012, (2011: Nil).

Total commitments	<b>242,048</b>	<b>341,946</b>
-------------------	----------------	----------------

No lease arrangements, existing as at 31 December 2012, contain 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 workplace agreements.

Notes to the financial statements  
31 December 2012  
(continued)

**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:

	2012 \$	2011 \$
<i>Transactions during the period</i>		
<b>University of New England</b>		
UNE - Commercial transactions	200,737	225,508
UNE Support	351,758	346,016
Payments made	(190,043)	(202,035)
Net	362,452	369,489
<b>With other related parties</b>		
Income received	28,023	25,446
Payments made	(11,238)	(15,074)
Net	16,785	10,372

**Outstanding balances**

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

<b>University of New England</b>		
Receivables	35,109	20,733
Payables	611	33,237
<b>With other related parties</b>		
Receivables	535	1,704
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 26. Reconciliation of operating result after income tax to net cash flows from operating activities**

Operating surplus / (deficit) for the period	19,432	79,604
Depreciation and amortisation	129,132	136,054
Provision for impaired receivables and inventory	(1,378)	(1,663)
Net (gain) / loss on sale of non-current assets	-	-
Increase/(Decrease) in Payables and Prepaid Income	(18,020)	50,816
Increase/(Decrease) in Provision for Employee Entitlements	9,734	(7,040)
(Increase)/Decrease in Receivables and Prepaid Expenses	(9,083)	12,428
(Increase)/Decrease in Inventories	23,616	(22,739)
<b>Net cash provided by / (used in) operating activities</b>	<b>153,433</b>	<b>247,460</b>

## Note 27. Events subsequent to reporting period

There are no reportable events occurring after balance date.

## 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	Balance Sheet Note	Accounting Policies	Terms and Conditions
<b>Financial Assets</b>			
Receivables	11	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days
Deposits At Call	10	Deposits at Call 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 one year. Interest rates are between 4.50% and 4.65%. Average maturity of 298 days.
<b>Financial Liabilities</b>			
Borrowings		No borrowings were taken up in 2012.	
Creditors and Accruals	17	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 there under. 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

Notes to the financial statements  
31 December 2012  
(continued)

**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 2012	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash & cash equivalents	4.00%	319,565				15,910	335,475
Investments-Term Deposits	4.50%		1,864,028				1,864,028
Receivables & other non-financial assets						70,801	70,801
Unlisted shares						500	500
<b>Total Financial Assets</b>		319,565	1,864,028			87,211	2,270,804
<b>Financial Liabilities</b>							
Borrowings			-	-			-
Payables						252,828	252,828
Other Amounts Owing						-	-
<b>Total Financial Liabilities</b>			-	-		252,828	252,828
<b>Net Financial Assets(Liabilities)</b>		319,565	1,864,028	-		(165,617)	2,017,976

**Comparative figures for the previous year are as follows:**

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

**(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.

Notes to the financial statements  
31 December 2012  
(continued)

**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	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2,199,503	2,172,435	2,199,503	2,172,435
Receivables	70,801	70,256	70,801	70,256
Other financial assets	500	500	500	500
<b>Total financial assets</b>	<b>2,270,804</b>	<b>2,243,191</b>	<b>2,270,804</b>	<b>2,243,191</b>
<b>Financial liabilities</b>				
Payables	252,828	270,848	252,828	270,848
<b>Total financial liabilities</b>	<b>252,828</b>	<b>270,848</b>	<b>252,828</b>	<b>270,848</b>

Notes to the financial statements  
31 December 2012  
(continued)

### 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 2012	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	335,475	(3,355)	3,355	3,355	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments-Term Deposits	1,864,028	(18,640)	18,640	18,640	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	70,801				-	-	-	-	-				
Listed Shares	500												
Total Financial Assets	2,270,804												
Financial Liabilities													
Borrowings	-	-	-	-									
Payables	252,828												
Other Amounts Owning	-												
Total Financial Liabilities	252,828												
Total increase / (decrease)	2,017,976	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

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	-												
Creditors	270,848												
Other Amounts Owning	-												
Total Financial Liabilities	270,848												
Total increase / (decrease)	1,972,344	-	-	-	-	-	-	-	-	-	-	-	-

END OF THE AUDITED FINANCIAL STATEMENTS





**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2012**



## 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 statement of financial position as at 31 December 2012, the statements of comprehensive income, the statement 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 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 2012 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 11 April 2013, 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

16 April 2013  
SYDNEY

## UNE FOUNDATION LIMITED

### Directors Report

The Directors present their report for the financial year ended 31 December 2012 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  
Mr Geoff Gorrie  
Ms Kerrie Murphy  
Ms Caroline Ralph  
Ms Janine Wilson

The following director held office during the year until the date of his resignation:

Mr Matthew Irwin - resigned 13 February 2013

### 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 whose professional experience encompasses more than 35 years designing, implementing and monitoring programs and policies to support balanced rural development strategies in developing and transition economies.

During a 27 year career at the World Bank, culminating as Director, Environment and Natural Resources for the East Asia-Pacific region, he developed and delivered more than 70 rural development investment projects totalling US\$6billion in more than 25 countries. He was recognised as a highly skilled advisor to governments on formulating policies and programs to achieve equitable growth in the rural sector, an enabling environment for private sector development, sustainable natural resources management, and social development and poverty reduction.

In 2001, he joined Australia's aid agency, AusAID, as Principal Rural Development Advisor to focus on rural property and program development, enhancing the implementation effectiveness of AusAID's rural development program, and as a member of the Principal Advisor multi-sectoral team supporting AusAID management to implement Australia's overseas aid program.

Geoff is a strategic, visionary thinker, adept at analysing and synthesizing disparate technical, economic, environmental, governance and cross-sectional information to strengthen the economic and financial viability of public and private rural enterprises. This longstanding international, domestic and community experience using outstanding problem-solving skills has delivered a track record of revitalising dysfunctional programs and projects to improve implementation and goals achievement.

He joined the University of New England Council in August 2010, and became Deputy Chancellor in October 2012. In addition to his membership of the Standing Committee, the main committees of Council on which he serves are: Finance; Audit & Risk; Infrastructure and Remuneration. Since 2008, Geoff has served as Chairman of the UNE Foundation. In July 2011, he was appointed to the Board of ABRI, a UNE-linked agri-business research institute. From 2001-2008, he was also an Adjunct Professor of Rural Science at UNE.

Geoff owns and manages a cattle property near Armidale.

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 holds a PhD in experimental Psychology. He 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. He is chairman of Australia 21, a non-profit company dedicated to stimulating research and development on issues of strategic importance to Australia in the 21st century, and deputy chairman of the Co-operative Research Centre (CRC) on Advanced Composite Structures.

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

**Special responsibilities :** None

**Mr Matthew Irwin**

*MCom(Finance) BAgEc(Hons) UNE*

Matthew is Head of Finance and Administration for Leighton Offshore based in Kuala Lumpur. Leighton Offshore undertakes complex oil and gas engineering work in the Asian and Middle East regions. Prior to this role, Matthew was 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. Matthew has also held senior roles with Transfield Services, including Chief Executive, Investments, Chief Financial Officer and 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. Resigned on 13 February 2013.

**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. 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

**Ms Kerrie Murphy**

*BA DipEd (USyd) MEd (UNE)*

Kerrie Murphy was in the education sector for many years. In 2001, Kerrie became the Principal of the International Grammar School in Sydney until her retirement at the end of 2010. In 2011 Kerrie was appointed as a director on the Young and Well CRC Board. She served as Co-Chair of the NSW Reconciliation Council in 2011 and 2012. Kerrie also works as an Official Visitor, appointed by the Minister, under the Mental Health Act 2007.

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, Strategic Projects for the Australian Red Cross Blood Service (ARCBS), for whom she has worked since 2005. She established the first national Customer Service function which facilitates the consistent service to over 300 recipients of blood components and products in 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.

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

Dr Geoffrey Fox  
 Professor James Barber  
 Mr Paul Barratt  
 Mr Geoff Gorrie  
 Mr Matthew Irwin  
 Ms Kerrie Murphy  
 Ms Caroline Ralph  
 Ms Janine Wilson

### Board Meetings

A	B
4	5
3	5
5	5
5	5
4	5
4	5
3	5
5	5

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 2012, the company continued to operate as trustee of UNE Foundation and had no financial results.

## Significant Changes in the State of Affairs

The Chief Executive Officer of UNE Foundation resigned in August 2012.

#### **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'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**

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 2012, the collective liability of members was \$800 (\$100 per member, maximum number of members is 8).

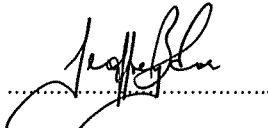
#### **Legal proceedings on behalf of the Company**

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**

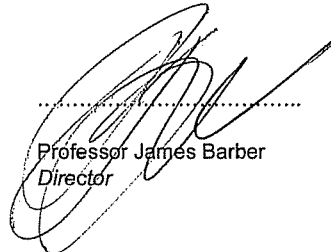
The Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on the next page and forms part of the directors' report for the financial year ended 31 December 2012.

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 Geoffrey Fox  
Chair - Director

15 April 2013



Professor James Barber  
Director





To the Directors  
UNE Foundation

### **Auditor's Independence Declaration**

As auditor for the audit of the financial statements of UNE Foundation and UNE Foundation Limited for the year ended 31 December 2012, I declare, 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
- any applicable code of professional conduct in relation to the audit.

Steven Martin  
Director, Financial Audit Services

11 April 2013  
SYDNEY

## Directors' Declaration

The Directors declare that:

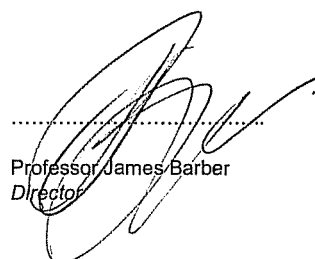
- (1) the financial statements and notes comply with Australian Accounting Standards (including Australian Accounting Interpretations);
- (2) the financial statements and notes give a true and fair view of the financial position and performance of the company for the financial year ended 31 December 2012;
- (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 Geoffrey Fox  
Chair - Director

15 April 2013



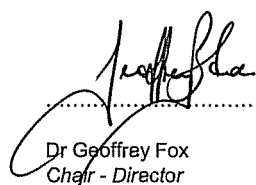
Professor James Barber  
Director

## 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:

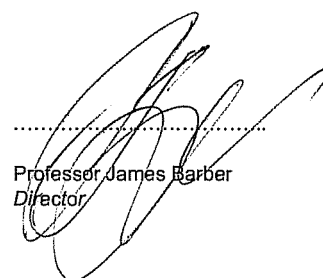
1. The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 31 December 2012 and the results of its operations and transactions of the Company for the year then ended;
2. The financial statements and notes have 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.



Dr Geoffrey Fox  
Chair - Director

15 April 2013



Professor James Barber  
Director

**Income Statement**  
For the year ended 31 December 2012

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Revenue from continuing operations	-	-
Expenses from continuing operations	-	-
Operating surplus / (deficit) 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 2012

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
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 2012

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Current assets	-	-
Non-current assets	-	-
Total assets	-	-
<b>LIABILITIES</b>		
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net assets	-	-
<b>EQUITY</b>		
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 2012

	Reserves	Retained Earnings	Total
Balance as 1 January 2011	-	-	-
<b>Total comprehensive income</b>			
Surplus / (deficit)	-	-	-
Revaluation of Buildings	-	-	-
Gain on Avail-for-sale Fin Assets	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	-	-
Distribution to owners	-	-	-
Contribution from owners	-	-	-
<b>Balance at 31 December 2011</b>	-	-	-
<b>Balance at 1 January 2012</b>	-	-	-
Surplus / (deficit)	-	-	-
Revaluation of Buildings	-	-	-
Gain on Avail-for -sale Fin Assets	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	-	-
Distribution to owners	-	-	-
Contribution from owners	-	-	-
<b>Balance at 31 December 2012</b>	-	-	-

*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 2012

	2012 \$	2011 \$
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

Note		Page
1	Summary of significant accounting policies	220
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3	Right to indemnify out of the Trust assets	220
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11	Economic Dependency	221

## 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 2012 were authorised for issue in accordance with a resolution of the Board on 15 April 2013.

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 2012 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.

Notes to the financial statements  
31 December 2012  
(continued)

**7.0 Commitments**

The entity has not identified material commitments at 31 December 2012 (2011: Nil).

**8.0 Contingent assets and liabilities**

The Company is not aware of any contingent assets or liabilities existing at 31 December 2012 (2011: 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 2012 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 2012**



## 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 2012, 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.

### 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 2011 financial statements was similarly qualified.

### 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 2012, 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 2012.

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

### 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 Foundation 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 2012.

## **Basis for Qualified Auditor's Opinion**

Refer to the qualification paragraph on the financial statements.

### **Qualified Auditor's Opinion**

In my opinion:

- the Foundation has properly kept the ledgers and associated records during the year ended 31 December 2012 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 2012 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.

### **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 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 (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

16 April 2013  
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 2012 was a surplus of \$498,361 (2011 \$545,179).

Investment revenue was \$489,463 in 2012 (2011: \$417,795). This is a 17.15 percent increase on the 2011 financial year. It was contributed by the increase in the unrealised gain in market value of investments in equity instruments.

**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.

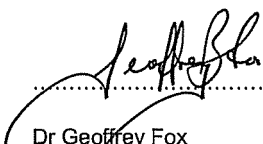
**Insurance of Officers**

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.

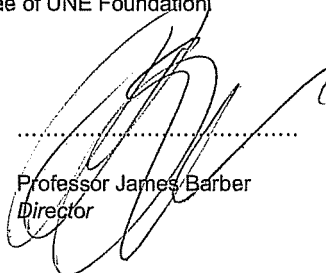
**Legal proceedings on behalf of the Trust**

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



Dr Geoffrey Fox  
Chair Director



Professor James Barber  
Director

15 April 2013

## STATEMENT BY TRUSTEE

In the opinion of the Trustees of UNE Foundation:

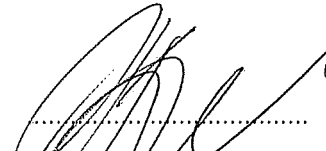
1. The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Trust at 31 December 2012 and the results of its operations and transactions of the Trust for the year then ended;
2. The financial statements and notes have been 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 15 April 2013.

Signed in accordance with a resolution of the Board of UNE Foundation Limited, as Trustee for UNE Foundation



Dr Geoffrey Fox  
Chair - Director



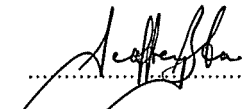
Professor James Barber  
Director

15 April 2013

## DECLARATION BY CHAIRMAN OF THE TRUSTEE IN RESPECT OF FUNDRAISING APPEALS

I, Geoffrey Fox, being 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.



Dr Geoffrey Fox  
Chair of the Trustee  
UNE Foundation Limited

15 April 2013

**Income Statement**  
For the year ended 31 December 2012

	Notes	2012 \$	2011 \$
<b>Revenue from continuing operations</b>			
Donations and fundraising	2	944,465	949,905
Investment income	3	467,114	407,306
Other revenue	4	22,349	10,489
Total revenue from continuing operations		1,433,928	1,367,700
<b>Expenses from continuing operations</b>			
Administrative expenses	5	48,175	39,357
Other expenditures	6	43,662	103,953
Total expenses from continuing operations		91,837	143,310
<b>Operating result from continuing operations before distributions to UNE</b>		1,342,091	1,224,390
<b>Less distribution to UNE</b>	7	843,730	679,211
<b>Operating surplus / (deficit) for the year after distribution to UNE</b>		498,361	545,179

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

**Statement of Comprehensive Income**  
For the year ended 31 December 2012

	Notes	2012 \$	2011 \$
<b>Operating surplus/ (deficit) for the year after distribution to UNE</b>		498,361	545,179
<b>Other comprehensive income</b>			
Changes in fair value of available for sale financial assets	12 (a)	127,856	-
<b>Other comprehensive income for the period</b>		127,856	-
<b>Total comprehensive income for the period</b>		626,217	545,179

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



**Statement of Financial Position**  
As at 31 December 2012

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	4,826,936	4,218,386
Trade and other debtors	9	130,452	167,824
<b>Total current assets</b>		<u>4,957,388</u>	<u>4,386,210</u>
<b>Non-current assets</b>			
Other financial assets	10	1,980,472	1,915,896
<b>Total non-current assets</b>		<u>1,980,472</u>	<u>1,915,896</u>
<b>Total assets</b>		<u>6,937,860</u>	<u>6,302,106</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	25,921	16,384
<b>Total current liabilities</b>		<u>25,921</u>	<u>16,384</u>
<b>Total liabilities</b>		<u>25,921</u>	<u>16,384</u>
<b>Net assets</b>		<u>6,911,939</u>	<u>6,285,722</u>
<b>EQUITY</b>			
Reserves	12 (a)	127,856	-
Retained earnings	12 (b)	6,784,083	6,285,722
<b>Total equity</b>		<u>6,911,939</u>	<u>6,285,722</u>

*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 2012

	Reserves	Retained earnings	Total
<b>Balance at 1 January 2011</b>	-	5,740,543	5,740,543
Retrospective changes	-	-	-
<b>Balance as restated</b>	-	5,740,543	5,740,543
Operating surplus	-	545,179	545,179
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	545,179	545,179
<b>Balance at 31 December 2011</b>	-	6,285,722	6,285,722
<b>Balance at 1 January 2012</b>	-	6,285,722	6,285,722
Operating surplus	-	498,361	498,361
Changes in fair value of available for sale financial assets	127,856	-	127,856
<b>Total comprehensive income</b>	127,856	498,361	626,217
<b>Balance at 31 December 2012</b>	127,856	6,784,083	6,911,939

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 2012

	Notes	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Fundraising		945,265	949,730
Dividends received		26,010	25,814
Interest received		308,290	223,777
Other inflows		4,342	13,741
Payments to suppliers		(51,948)	(43,141)
Distribution to beneficiary		(836,252)	(723,712)
<b>Net cash provided by / (used in) operating activities</b>	<b>17</b>	<b>395,707</b>	<b>446,210</b>
<b>Cash flows from investing activities</b>			
Purchase of financial assets		(585,866)	(1,090,000)
Proceeds from sale of financial assets		798,709	203,783
<b>Net cash provided by / (used in) investing activities</b>		<b>212,843</b>	<b>(886,217)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>608,550</b>	<b>(440,007)</b>
Cash and cash equivalents at the beginning of the financial year		4,218,386	4,658,394
<b>Cash and cash equivalents at the end of the financial year</b>	<b>8</b>	<b>4,826,936</b>	<b>4,218,386</b>

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

## Contents of the notes to the Financial Statements

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## 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 2012 were authorised for issue by the Trustee on 15 April 2013.

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) 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.

#### (d) 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.

#### (e) 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.

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.

## **Investments and other financial assets (continued)**

### ***Subsequent measurement***

Available-for-sale financial assets are carried at fair value.

### ***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.

## **(f) 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.

## **(g) 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.

## **(h) 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.

## **(i) 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.

## **(j) 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.

## **(k) New accounting standards and UIG interpretations not yet adopted.**

**AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7 - (December 2010)**  
(Applies to reporting periods beginning on or after 01 January 2015)

**AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]**  
(Applies to reporting periods beginning on or after 01 July 2013)

Notes to the financial statements  
31 December 2012  
(continued)

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosures of Interest in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates**  
(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 13 Fair Value Measurement - (September 2011)**  
**Amendments to Australian Accounting Standards arising from AASB 13**  
**[AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]**  
(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**  
(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 6 - Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]**  
(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 7 - Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]**  
(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 119 Employee Benefits - (September 2011)**  
**AASB 2011-10 - Amendments to Australian Accounting Standards arising from AASB 119 (September 2011 and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements**  
(Applies to reporting periods beginning on or after 01 January 2013)

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

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<b>2.0 Donation and fundraising</b>			
Donations and fundraising		<b>944,465</b>	<b>949,905</b>
<b>3.0 Investment income</b>			
Interest		248,076	265,446
Dividend		219,038	141,860
<b>Total investment income</b>		<b>467,114</b>	<b>407,306</b>
<b>4.0 Other revenue</b>			
Net surplus on disposal of units		300	1,274
Franking credits		22,049	9,182
Other		-	33
<b>Total other revenue</b>		<b>22,349</b>	<b>10,489</b>
<b>5.0 Administrative Expenses</b>			
Consultancy fees		47,863	39,243
Bank fees		312	114
<b>Total administrative expenses</b>		<b>48,175</b>	<b>39,357</b>
<b>6.0 Other expenditures</b>			
Loss on impairment of available for sale financial assets		-	103,953
Loss on disposal of available for sale financial assets - Myer Family Company		43,662	-
<b>Total other expenditure</b>		<b>43,662</b>	<b>103,953</b>
<b>7.0 Distribution to beneficiary</b>			
University of New England - scholarships and prizes	1(j)	<b>843,730</b>	<b>679,211</b>
<b>8.0 Cash and cash equivalents</b>			
Cash at bank		1,087,641	162,845
At call investments		3,739,295	4,055,541
<b>Total cash and cash equivalents</b>		<b>4,826,936</b>	<b>4,218,386</b>

**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	4,826,936	4,218,386
Less: Bank Overdrafts	-	-
<b>Balance per statement of cash flows</b>	<b>4,826,936</b>	<b>4,218,386</b>

The deposits are bearing floating interest rates between 4.60% and 6.61% (2011 - 5.78% and 6.61%). These deposits have an average maturity of 214 days.

Notes to the financial statements  
31 December 2012  
(continued)

2012  
\$

2011  
\$

## 9.0 Trade and other debtors

Trade Debtors	-	-
Less: Provision for impaired receivables	-	-
<b>Total trade debtors</b>	<b>-</b>	<b>-</b>

### Impaired trade debtors

As at 31 December 2012 current receivables of the entity with a nominal value of \$100 (2011: \$Nil) were not impaired.

### Other debtors

Other accrued income	41,657	1,931
GST Input Tax Credit	1,492	-
Accrued Interest	87,303	165,893
<b>Total other debtors</b>	<b>130,452</b>	<b>167,824</b>

<b>Total trade and other debtors</b>	<b>130,452</b>	<b>167,824</b>
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## 10.0 Other financial assets

### Non-current

#### Available for sale financial assets - At fair value

Unit Trust and Domestic Equity	1,841,147	1,822,479
Australian listed equity securities	139,325	93,417
<b>Total non-current other financial assets</b>	<b>1,980,472</b>	<b>1,915,896</b>

#### Movement of shares are as follows:

Shares as at 1 January	1,915,896	109,628
Acquired through purchase, dividend reinvestment and capital distribution	778,791	1,200,023
Transferred from current asset	-	912,707
Disposed	(842,071)	(202,509)
Impairment loss	-	(103,953)
Asset revaluation reserves	127,856	-
Fair value of investment at 31 December	<b>1,980,472</b>	<b>1,915,896</b>

## 11.0 Trade and other payables

Accrued expense for scholarships, prizes and consultancy fees	25,921	16,384
<b>Total trade and other payables</b>	<b>25,921</b>	<b>16,384</b>

### Foreign currency risk

The carrying amounts of the Trust trade and other payables are denominated in the following currencies:

US Dollar	-	-
Australian Dollars	25,921	16,384
	<b>25,921</b>	<b>16,384</b>

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 2012  
(continued)

	2012 \$	2011 \$
<b>12.0 Reserves and retained earnings</b>		
<b>(a) Reserves</b>		
Revaluation Reserve - Investments	<b>127,856</b>	-
<b>Movements</b>		
Asset revaluation reserve - Investments		
Balance 1 January	-	-
Increment/(decrement) on revaluation	127,856	-
Balance 31 December	<b>127,856</b>	-
<b>(b) Retained earnings</b>		
Movements in retained earnings were as follows:		
Retained earnings at 1 January	6,285,722	5,740,543
Net Operating Result for the year	498,361	545,179
<b>Retained earnings at 31 December</b>	<b>6,784,083</b>	<b>6,285,722</b>

**(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 2012 was \$9,700 (2011: \$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 2012 (2011: Nil).

**Capital Commitments**

There was no capital expenditure contracted for at the reporting date. (2011: 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  
Mr Geoff Gorrie  
Mr Matthew Irwin  
Ms Kerrie Murphy  
Ms Caroline Ralph  
Ms Janine Wilson

**(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.

Notes to the financial statements  
31 December 2012  
(continued)

**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:

	2012 \$	2011 \$
<i>Transactions during the period</i>		
<b>University of New England</b>		
Income received	20,184	11,478
Payments made	(836,255)	(679,211)
Net	<b>(816,071)</b>	<b>(667,733)</b>
<b>With other related parties</b>		
Income received - UNEP	200,000	50,000
Income received - Services UNE	10,000	10,000
Payments made	-	-
Net	<b>210,000</b>	<b>60,000</b>

**Outstanding balances**

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

<b>University of New England</b>		
Receivables	275	975
Payables	13,376	5,900

**17.0 Reconciliation of operating result after income tax to net cash flows from operating activities**

Operating result for the period	498,361	545,179
<b>Add non cash expenditures</b>		
Net (Gain)/Loss on impairment of Units	-	103,953
<b>Less non cash revenue</b>		
Capitalisation and reinvestment of dividend	(192,925)	(110,022)
Net (Gain)/Loss on sale of Units	43,362	(1,274)
Decrease (increase) in trade and other debtors	37,372	(46,216)
Increase (decrease) in payables	9,537	(45,410)
<b>Net cash provided by / (used in) operating activities</b>	<b>395,707</b>	<b>446,210</b>

**18.0 Charitable Fundraising Appeals**

**Results of Fundraising Appeals**

Donations	944,465	949,905
<b>Gross Proceeds from Fundraising Appeals</b>	<b>944,465</b>	<b>949,905</b>
Cost of Fundraising Appeals *	38,172	46,192
<b>Net Surplus obtained from Fundraising Appeals</b>	<b>906,293</b>	<b>903,713</b>

\* 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 2012  
(continued)

Total cost of services complies with the Charitable Fundraising Regulation 2008.

	2012	2011
<b>Ratios</b>		
(a) Total cost of fundraising/gross income from fundraising	38,172	46,192
	944,465	949,905
	4.04%	4.86%
(b) Net surplus from fundraising / gross income from fundraising	906,293	903,713
	944,465	949,905
	95.96%	95.14%
(c) Total cost of services / total expenditure	843,730	679,211
	935,567	822,521
	90.18%	82.58%
(d) Total cost of services / total income received	843,730	679,211
	1,433,928	1,367,700
	58.84%	49.66%

**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 occurring 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
<b>Financial Assets</b>			
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 4.60% and 6.61%. Average maturity of 214 days.
Other Financial Assets	10	Unit trust and domestic equity carried at market value	
Listed Shares	10	Listed Shares are carried at bid price	
<b>Financial Liabilities</b>			
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 except for reimbursements to the University of New England which are settled twice per year.

##### (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 its 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.

Notes to the financial statements  
31 December 2012  
(continued)

Financial risk management - continued

31 December 2012	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash & cash equivalents	4.22%	-	1,087,641				1,087,641
Investments	5.55%		3,739,295				3,739,295
Receivables						130,452	130,452
Available for sale						1,841,147	1,841,147
Listed Shares						139,325	139,325
<b>Total Financial Assets</b>		-	4,826,936	-		2,110,924	6,937,860
<b>Financial Liabilities</b>							
Borrowings			-	-			-
Payables						25,921	25,921
Other Amounts Owing						-	-
<b>Total Financial Liabilities</b>			-	-		25,921	25,921
<b>Net Financial Assets(Liabilities)</b>		-	4,826,936	-		2,085,003	6,911,939

Comparative figures for the previous year are as follows:

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash & cash equivalents	4.42%	-	162,845				162,845
Investments - Term Deposits	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
<b>Total Financial Assets</b>		-	4,218,386	-		2,083,720	6,302,106
<b>Financial Liabilities</b>							
Borrowings	-		-	-			-
Payables	-					16,384	16,384
Other Amounts Owing	-					-	-
<b>Total Financial Liabilities</b>			-	-		16,384	16,384
<b>Net Financial Assets(Liabilities)</b>		-	4,218,386	-		2,067,336	6,285,722

(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	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Financial assets</b>				
Other financial assets	1,980,472	1,915,896	1,980,472	1,915,896
<b>Total financial assets</b>	1,980,472	1,915,896	1,980,472	1,915,896

Fair value measurements recognised in the statement of financial position are categorised into the following levels:

	31 Dec 2012	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Other financial assets	1,980,472	139,325	1,841,147	0
<b>Total</b>	1,980,472	139,325	1,841,147	0
	31 Dec 2011	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Other financial assets	1,915,896	93,417	1,822,479	0
<b>Total</b>	1,915,896	93,417	1,822,479	0

Notes to the financial statements  
31 December 2012  
(continued)

**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 2012	Carrying amount	Interest rate risk						Foreign exchange risk						Other price risk					
		-1%		+1%		-10%		+10%		-1%		+1%		-1%		+1%			
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>																			
Cash and cash equivalents	1,087,641	(10,876)	(10,876)	10,876	10,876	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments - Term Deposits	3,739,295	(37,393)	(37,393)	37,393	37,393	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	130,452																		
Other financial assets	1,841,147	(18,411)	(18,411)	18,411	18,411	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Listed Shares	139,325																		
<b>Total Financial Assets</b>	6,937,860																		
<b>Financial Liabilities</b>																			
Borrowings	-	-	-	-	-														
Payables	25,921	N/A	N/A	N/A	N/A														
Other Amounts Owning	-																		
<b>Total Financial Liabilities</b>	25,921																		
<b>Total increase / (decrease)</b>	6,911,939	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

31 December 2011	Carrying amount	Interest rate risk						Foreign exchange risk						Other price risk					
		-1%		+1%		-10%		+10%		-1%		+1%		-1%		+1%			
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>																			
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	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	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																		
<b>Total Financial Assets</b>	6,302,106																		
<b>Financial Liabilities</b>																			
Borrowings	-	-	-	-	-														
Creditors	16,384	N/A	N/A	N/A	N/A														
Other Amounts Owning	-																		
<b>Total Financial Liabilities</b>	16,384																		
<b>Total increase / (decrease)</b>	6,285,722	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

END OF AUDITED FINANCIAL STATEMENTS

# UNE Partnerships



**ABN: 74 003 099 125**  
**Annual Financial Report**  
**for the year ended**  
**31 December 2012**



## 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 2012, 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.

### 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 2012 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 control as the directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and 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 Company'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 company'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 other information that 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, the *Corporations Act 2001* and 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 UNE Partnerships Pty Ltd on 4 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.



Steven Martin  
Director, Financial Audit Services

16 April 2013  
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 2012 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, Chairman  
Professor Alison NETHERY  
Richard J DOYLE  
Philip M ATTARD

The following director was appointed during the year:  
Angela N Green, appointed 17 January 2012

The following directors held office until the date of their resignation:  
Angela N Green, resigned 16 July 2012  
Gary P Smith, resigned 15 February 2013

### Company Secretary

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

Name and Occupation: Richard J DOYLE, managing director  
Qualifications: BA (ANU), DipEd (Canberra CAE), GradDipEdSt (Riverina-Murray IHE), MEd (CSU), GAICD

### 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:

#### Directors

Dr James HARRIS, Chairman  
Philip M ATTARD  
Richard J DOYLE  
Angela N GREEN  
Professor A NETHERY  
Gary P Smith

Board Meetings		Remuneration & Nominations Cttee	
A	B	A	B
9	9	7	7
8	9	7	7
9	9	7	7
4	5	-	-
9	9	5	7
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 the design, development and delivery of education and training programs.

The nature of the activities of the entity during the year did not change. In July 2012 the company purchased the business activities known as 'Contracting and Tendering Services' in order to broaden the range of services which are relevant to the ongoing clients of the company.

### Review of Operations

The profit of the company for the financial year was \$194266 (2011: \$1,109,777).

The company cannot pay dividends due to its status as a tax-exempt body.

During the year, each of the four 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 were impacted by general economic conditions. This year saw a continuation of strong trading conditions. 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**

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

#### **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 \$30,600 for Directors and Officers Insurance covered the period 1 November 2011 to 31 October 2012. Insurance has been renewed for the Group for the period 1 November 2012 to 31 October 2013 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.

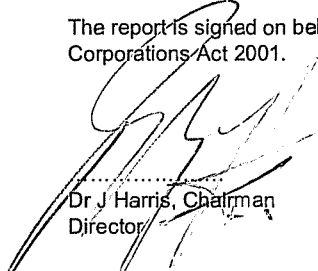
#### **Legal proceedings on behalf of the Company**

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 2012.

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  
Director

9 April 2013



Mr Richard J Doyle  
Director



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 2012, I declare, 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
- any applicable code of professional conduct in relation to the audit.

Steven Martin  
Director, Financial Audit Services

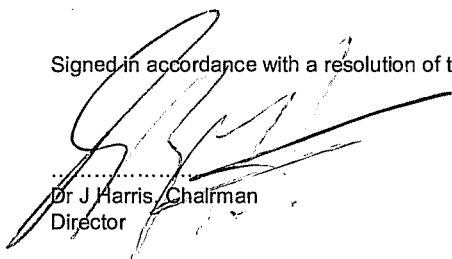
4 April 2013  
SYDNEY

## Directors' Declaration

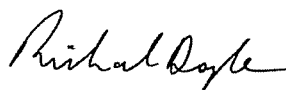
The directors declare that:

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 2012;
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  
Director



Mr Richard J Doyle  
Director

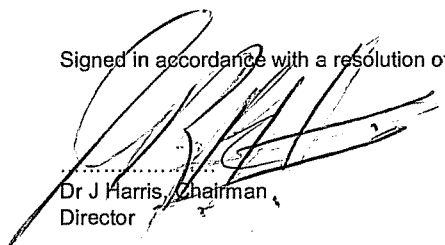
9 April 2013

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

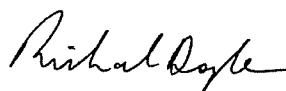
In accordance with a resolution of the directors and pursuant to Section 41C (1B) and 1(C) of the Public Finance and Audit Act 1983, we state that:

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 2012 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  
Director



Mr Richard J Doyle  
Director

9 April 2013

## Income Statement

For the year ended 31 December 2012

	Notes	2012 \$	2011 \$
<b>Revenue from continuing operations</b>			
Sales revenue	2	6,590,819	6,745,714
Investment revenue	3	169,952	136,966
Gain on disposal of assets		-	50
Total revenue from continuing operations		<u>6,760,771</u>	<u>6,882,730</u>
<b>Expenses from continuing operations</b>			
Employee related expenses	4	2,494,175	1,996,195
Depreciation and amortisation	5	470,435	97,304
Repairs and maintenance	6	3,136	2,695
Impairment of assets	7	9,878	21,413
Other expenses	8	3,588,881	3,655,346
Total expenses from continuing operations		<u>6,566,505</u>	<u>5,772,953</u>
<b>Operating surplus attributable to UNE Partnerships Pty Limited</b>	18(b)	<u>194,266</u>	<u>1,109,777</u>

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

## Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	2012 \$	2011 \$
<b>Operating surplus for the period</b>		194,266	1,109,777
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<u>194,266</u>	<u>1,109,777</u>

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

## Statement of Financial Position

As at 31 December 2012

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	3,130,484	3,204,696
Receivables	10	538,216	910,055
Inventories	11	42,747	31,166
Other non-financial assets	12	106,116	84,755
<b>Total current assets</b>		<b>3,817,563</b>	<b>4,230,672</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	107,959	113,911
Intangible assets	14	1,114,952	117,176
<b>Total non-current assets</b>		<b>1,222,911</b>	<b>231,087</b>
<b>Total assets</b>		<b>5,040,474</b>	<b>4,461,759</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	201,054	77,103
Provisions	16	426,683	266,401
Other liabilities	17	1,019,756	935,896
<b>Total current liabilities</b>		<b>1,647,493</b>	<b>1,279,400</b>
<b>Non-current liabilities</b>			
Provisions	16	86,961	70,605
<b>Total non-current liabilities</b>		<b>86,961</b>	<b>70,605</b>
<b>Total liabilities</b>		<b>1,734,454</b>	<b>1,350,005</b>
<b>Net assets</b>		<b>3,306,020</b>	<b>3,111,754</b>
<b>EQUITY</b>			
Issued capital	18(a)	1,198,937	1,198,937
Retained earnings	18(b)	2,107,083	1,912,817
<b>Total equity attributable to equity holders of the company</b>		<b>3,306,020</b>	<b>3,111,754</b>
<b>Total equity</b>		<b>3,306,020</b>	<b>3,111,754</b>

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

## Statement of Comprehensive Income

For the year ended 31 December 2012

	Issued Capital	Reserves	Retained Earnings	Total
<b>Balance at 1 January 2011</b>	1,198,937	-	803,040	2,001,977
Retrospective changes	-	-	-	-
<b>Balance as restated</b>	<u>1,198,937</u>	<u>-</u>	<u>803,040</u>	<u>2,001,977</u>
Surplus for the year	-	-	1,109,777	1,109,777
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>	<u>1,109,777</u>	<u>1,109,777</u>
<b>Balance at 31 December 2011</b>	<u>1,198,937</u>	<u>-</u>	<u>1,912,817</u>	<u>3,111,754</u>
<b>Balance at 1 January 2012</b>	1,198,937	-	1,912,817	3,111,754
Surplus for the year	-	-	194,266	194,266
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>	<u>194,266</u>	<u>194,266</u>
<b>Balance at 31 December 2012</b>	<u>1,198,937</u>	<u>-</u>	<u>2,107,083</u>	<u>3,306,020</u>

*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 2012

	Notes	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Receipts from student fees and other customers		7,054,646	6,874,125
Interest received		158,169	136,966
Payments to suppliers and employees (inclusive of GST)		(6,359,271)	(5,820,667)
GST recovered/paid		181,677	220,052
<b>Net cash provided by / (used in) operating activities</b>	<b>24</b>	<u>1,035,221</u>	<u>1,410,476</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant, equipment & intangibles		(112,260)	(95,959)
Net cash outflow for goodwill and contracts purchased		(997,173)	-
<b>Net cash provided by / (used in) investing activities</b>		<u>(1,109,433)</u>	<u>(95,959)</u>
<b>Net cash provided by / (used in) financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		(74,212)	1,314,517
Cash and cash equivalents at the beginning of the financial year		<u>3,204,696</u>	<u>1,890,179</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9</b>	<u><u>3,130,484</u></u>	<u><u>3,204,696</u></u>

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

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## 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 2012 was authorised for issue in accordance with a resolution of the Board on 9 April 2013.

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.

Notes to the financial statements  
31 December 2012  
(continued)

**Revenue recognition (continued)**

**(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 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 (e.g. goodwill) 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.

Intangible assets with a definite useful life (e.g. contracts transferred during an acquisition) are subject to individual amortisation on a straight line basis over the minimum life of the contract.

**(i) Business combinations**

The acquisition method shall be applied to account for each business combination.

The acquisition method requires identification of the acquirer, determining the acquisition date and recognising and measuring the identifiable assets acquired, liabilities assumed, any goodwill or gain from a bargain purchase and any non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree shall be recognised separately from goodwill as of the acquisition date. Intangible assets acquired in a business combination are recognised separately from goodwill if they are separable, but only together with a related contract, identifiable asset or liability. Acquisition related costs are expensed in the periods in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Contingent liabilities assumed are recognised as part of the acquisition if there is a present obligation arising from past events and the fair value can be reliably measured. The excess at the acquisition date of the aggregate of the consideration transferred, the amount of any non-controlling interest and any previously held equity interest in the acquiree, over the net amounts of identifiable assets acquired and liabilities assumed is recognised as goodwill (refer to note 1(k)).

Consideration transferred in a business combination shall be measured at fair value.

**(ii) Other assets**

Other assets are reviewed for impairment whenever events or changes in circumstances indicate 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.

Notes to the financial statements  
31 December 2012  
(continued)

**(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 7. 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 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) 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: 2 - 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.

**(k) 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.

Notes to the financial statements  
31 December 2012  
(continued)

**(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).

**(iii) Goodwill**

Goodwill represents the excess of the aggregate of the fair value measurement of the consideration transferred in an acquisition, over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition.

Goodwill is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**(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) 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.

**(n) 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.

**(o) Goods and Services Tax**

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.

Notes to the financial statements  
31 December 2012  
(continued)

**(p) 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.

**(q) New accounting standards and UIG interpretations not yet adopted.**

**AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7 - (December 2010)**

(Applies to reporting periods beginning on or after 1 January 2015)

**AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosures of Interest in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates.**

(Applies to reporting periods beginning on or after 1 January 2013)

**AASB 13 Fair Value Measurement - (September 2011)**

Amendments to Australian Accounting Standards arising from AASB 13

[AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

(Applies to reporting periods beginning on or after 1 January 2013)

**AASB 2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 6 - Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]**

(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 7 - Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]**

(Applies to reporting periods beginning on or after 1 January 2013)

**AASB 119 Employee Benefits - (September 2011)**

**AASB 2011-10 - Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.**

(Applies to reporting periods beginning on or after 1 January 2013)

**AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010**

(Applies to reporting periods beginning on or after 1 July 2013)

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<b>Note 2.</b>	<b>Sales revenue</b>		
	Education services	5,441,523	6,273,256
	Workshops	687,790	205,325
	Consultancy	424,575	215,706
	Product sales	36,931	51,427
	<b>Total sales revenue</b>	<b>6,590,819</b>	<b>6,745,714</b>
<b>Note 3.</b>	<b>Investment revenue and income</b>		
	Interest	169,952	136,966
	<b>Total investment revenue</b>	<b>169,952</b>	<b>136,966</b>
<b>Note 4.</b>	<b>Employee related expenses</b>		
	Salaries	2,132,938	1,673,018
	Contribution to funded superannuation and pension schemes	186,694	145,068
	Payroll tax	119,255	96,366
	Worker's compensation	14,553	9,517
	Long service leave expense	25,751	33,942
	Annual leave	11,641	34,131
	Other (Allowances, penalties and fringe benefits tax)	3,343	4,153
	<b>Total employee related expenses</b>	<b>2,494,175</b>	<b>1,996,195</b>
<b>Note 5.</b>	<b>Depreciation and amortisation</b>		
	<b>Depreciation</b>		
	Furniture and Fittings	13,325	14,043
	Computer Equipment	30,251	23,001
	<b>Total depreciation</b>	<b>43,576</b>	<b>37,044</b>
	<b>Amortisation</b>		
	Intangibles	426,859	60,260
	<b>Total amortisation</b>	<b>426,859</b>	<b>60,260</b>
	<b>Total depreciation and amortisation</b>	<b>470,435</b>	<b>97,304</b>
<b>Note 6.</b>	<b>Repairs and maintenance</b>		
	Plant/furniture/equipment	3,136	2,695
	<b>Total repairs and maintenance</b>	<b>3,136</b>	<b>2,695</b>
<b>Note 7.</b>	<b>Impairment of assets</b>		
	Bad Debts	9,878	21,413
	<b>Total impairment of assets</b>	<b>9,878</b>	<b>21,413</b>



Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<b>Note 8. Other expenses</b>			
Non-capitalised equipment		20,516	10,443
Advertising, marketing and promotional expenses		234,327	213,318
Utilities		88,944	61,816
Inventory Used		86,008	86,044
Postal and Telecommunications		56,443	59,360
Travel and Entertainment		279,647	266,600
Books, Serials and Other Library Media		75,045	73,536
Consultants		247,904	177,328
Catering Services		14,698	14,084
Scholarships Grants & Prizes		203,250	50,420
Fees for Services		2,264,263	2,609,661
Interest Expense		6,150	-
Other Expenditure		11,686	32,736
<b>Total other expenses</b>		<b>3,588,881</b>	<b>3,655,346</b>

<b>Note 9. Cash and cash equivalents</b>	1(g)		
Cash on hand		921	400
Cash at bank		565,378	1,043,619
At call investments		2,564,185	2,160,677
<b>Total cash and cash equivalents</b>		<b>3,130,484</b>	<b>3,204,696</b>

**(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	3,130,484	3,204,696
Less: Bank Overdrafts	-	-
Balance per cash flow statement	<b>3,130,484</b>	<b>3,204,696</b>

**(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 4.3% and 4.9% (2011 - 5.55% and 6.10%). These deposits have an average maturity of 75 days. 'At call investments' includes an amount of \$200,000 which is the deferred portion of the payment for purchase of Contracting and Tendering Services (refer Note 26). This amount is held in a Controlled Money Account operated by the company's solicitor and is lodged with National Australia Bank.

<b>Note 10. Receivables</b>			
<b>Current</b>			
Trade and Other Debtors		557,342	974,212
Less: Provision for impaired receivables	1(h)	(19,126)	(64,157)
<b>Total receivables</b>		<b>538,216</b>	<b>910,055</b>

**(a) Impaired receivables**

As at 31 December 2012 current receivables of the entity with a nominal value of \$186,833 (2011: \$225,391) were impaired. The amount of the provision was \$19,126 (2011: \$64,157). 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 to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
The ageing of these receivables is as follows:			
3 to 6 months		-	-
Over 6 months		186,333	225,391
		<u>186,333</u>	<u>225,391</u>

As of 31 December 2012, trade receivables of \$162,952 (2011: \$136,643) 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	35,874	58,494
Over 6 months	127,078	78,149
	<u>162,952</u>	<u>136,643</u>

**Movements in the provision for impaired receivables are as follows:**

As at 1 January	64,157	70,553
Provision for impairment recognised during the year	(29,423)	10,457
Receivables written off during the year as uncollectible	(15,608)	(16,853)
As at 31 December	<u>19,126</u>	<u>64,157</u>

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.

<b>Note 11. Inventories</b>	1(i)		
<b>Current</b>			
Other stocks		42,747	31,166
<b>Total current inventories</b>		<u>42,747</u>	<u>31,166</u>
<b>Note 12. Other non-financial assets</b>			
<b>Current</b>			
Accrued Income		67,220	65,803
Prepaid Expenses		38,896	18,952
<b>Total current other non-financial assets</b>		<u>106,116</u>	<u>84,755</u>
<b>Note 13. Plant and equipment:</b>			
Plant and equipment:			
At cost		45,208	45,208
Accumulated depreciation		(37,627)	(36,039)
		<u>7,581</u>	<u>9,169</u>
Computer cost			
At cost		212,292	201,013
Accumulated depreciation		(139,097)	(135,191)
		<u>73,195</u>	<u>65,822</u>
Leasehold Improvements			
At cost		115,219	115,219
Accumulated depreciation		(88,036)	(76,299)
		<u>27,183</u>	<u>38,920</u>
<b>Total Plant &amp; equipment</b>		<u>107,959</u>	<u>113,911</u>

### 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	Leasehold Improv.	Total
Balance at 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
Balance at 31 December 2011	9,169	65,822	38,920	113,911
Balance 1 January 2012	9,169	65,822	38,920	113,911
Additions	-	22,593	-	22,593
Acquisitions through business combinations		15,031		15,031
Depreciation expense	(1,588)	(30,251)	(11,737)	(43,576)
Derecognition	-	-	-	-
Depreciation written back on disposal	-	-	-	-
Carrying amount at 31 December 2012	7,581	73,195	27,183	107,959

Notes	2012 \$	2011 \$
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### Note 14. Intangible assets

#### Course Development Expenses

Cost	416,550	964,511
Accumulated amortisation	(206,721)	(847,335)
Net carrying value	209,829	117,176

#### Reconciliation of course development expenses

Balance at the beginning of year	117,176	126,185
Additions	155,556	51,251
Amortisation charge	(62,903)	(60,260)
Closing carrying value at 31 December	209,829	117,176

#### Acquisition Expenses

Goodwill at cost (incl contingent portion)	584,504	-
Accumulated impairment losses	-	-
Value of contracts and client relationships, at cost	684,575	-
Accumulated amortisation	(363,956)	-
Net carrying value	905,123	-

#### Reconciliation of acquisition outlays

Balance as at the beginning of year	-	-
Additions	1,269,079	-
Amortisation charge	(363,956)	-
	905,123	-

#### Total net carrying value

1,114,952	117,176
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### Note 15. Trade and other payables

#### Current

Trade Payables	201,054	77,103
Total current trade and other payables	201,054	77,103

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 27.

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<b>Note 16. Provisions</b>	1(m)		
<b>Current provisions expected to be settled within 12 months</b>			
Employee benefits			
Annual leave		202,828	150,911
Long service leave		223,855	115,490
<b>Subtotal</b>		<b>426,683</b>	<b>266,401</b>
<b>Current provisions expected to be settled after more than 12 months</b>			
Employee benefits			
Annual leave		-	-
Long service leave		-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>
<b>Total Current Provision</b>		<b>426,683</b>	<b>266,401</b>
<b>Summary movements current provisions</b>			
Movements in the Provision Account are:			
Carrying amount at start of year		266,401	221,992
Current year movement in provision			
- Annual Leave		51,916	34,131
- Long Service Leave		108,366	10,278
<b>Carrying amount at end of year</b>		<b>426,683</b>	<b>266,401</b>
<b>Non-current provisions</b>			
Employee benefits			
Long service leave		86,961	70,605
<b>Total non-current provision</b>		<b>86,961</b>	<b>70,605</b>
<b>Total provisions</b>		<b>513,644</b>	<b>337,006</b>
<b>Summary movements employee benefits</b>			
Movements in the Provision Account are:			
Carrying amount at start of year		70,605	46,941
Current year movement in provision			
- Long Service Leave		16,356	23,664
<b>Carrying amount at end of year</b>		<b>86,961</b>	<b>70,605</b>
<b>Note 17. Other Liabilities</b>			
<b>Current</b>			
<b>Accrued Liabilities</b>			
Salary Related		41,482	27,640
Other Accrued Expenditure		294,065	212,060
Income received in advance		684,209	696,196
<b>Total current other liabilities</b>		<b>1,019,756</b>	<b>935,896</b>
<b>Note 18. Reserves and retained earnings</b>			
<b>(a) Issued Capital</b>			
1,198,937 ordinary shares @ \$1.00 each fully paid		(1,198,937)	(1,198,937)
<b>(b) Retained earnings</b>			
Movements in retained earnings were as follows:			
Retained earnings at 1 January		1,912,817	803,040
Net Operating Result for the year		194,266	1,109,777
<b>Retained earnings at 31 December</b>		<b>2,107,083</b>	<b>1,912,817</b>

**Note 19. 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 (resigned 15 February 2013)  
Richard J DOYLE  
Philip M ATTARD  
Angela N GREEN (appointed 17 January 2012; resigned 16 July 2012)

**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 K Hogan  
Mr GJ Kendall  
Ms M Michell  
Mr RG Nadarajah  
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.

	2012	2011
	No.	No.
Nil to \$9,999	5	6
	5	6
<b>Aggregate Remuneration of Board Members</b>	\$	\$
Total Aggregate Remuneration	-	-
<b>Remuneration of executive officers</b>	No.	No.
\$160,000 to \$174,999	-	1
\$220,000 to \$229,999	1	-
	1	1
<b>Aggregate Remuneration of executive officers</b>	\$	\$
Total Aggregate Remuneration	223,419	164,082

**Note 20. 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:

	2012 \$	2011 \$
<b>Audit and review of the Financial Statements</b>		
Fees paid to The Audit Office of NSW:	27,420	25,000
<b>Total remuneration for audit services</b>	<u>27,420</u>	<u>25,000</u>
<b>Other audit and assurance services</b>		
Fees paid to: WHK Camerons Audit Services	10,000	5,850
<b>Total remuneration for non-audit services</b>	<u>10,000</u>	<u>5,850</u>

Services relate to internal reviews of financial systems and controls;  
and also to the overall assessment of IT systems and related security.

**Note 21. 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 22. Commitments**

**(a) Capital Commitments**

There were no commitments for capital expenditure at 31 December 2012, (2011: Nil).

**(b) Lease Commitments**

**Operating Leases**

Within one year	39,474	43,429
Between one and five years	25,140	25,140
Later than five years	-	-
<b>Total operating leases</b>	<u>64,614</u>	<u>68,569</u>
<b>Total lease commitments</b>	<u>64,614</u>	<u>68,569</u>

No lease arrangements, existing as at 31 December 2012, contain contingent rental payments, purchase options, escalation clauses or restrictions imposed by lease arrangements including dividends, additional debt or further leasing.

**(c) Remuneration commitments**

The Managing Director is compensated in part via a bonus plan reflecting the performance of the business. The liability for 2012 will be recommended by the Remuneration and Nominations Committee of the Board and will be recognised as an expense in 2013 when the amount has been determined. The bonus earned for the 2011 year is recognised in 'Employee related expenses' for 2012.

**Note 23. 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 19.

**(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:

	2012 \$	2011 \$
<i>Transactions during the period</i>		
<b>University of New England</b>		
Income received	8,582	11,000
Payments made	272,268	305,114
Net	(263,686)	(294,114)
<b>UNE Foundation Limited</b>		
Payments made	200,000	50,000
Net	(200,000)	(50,000)
<b>ServicesUNE</b>		
Income received	1,238	4,613
Net	1,238	4,613
<b>With other related parties:</b> A company controlled by Mr GP Smith, a director of UNE Partnerships Pty Limited.		
Payments made	40,467	69,509
Net	(40,467)	(69,509)

**Outstanding balances**

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

<b>University of New England</b>		
Payables	12,170	2,693

**(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 24. Reconciliation of operating result after income tax to net cash flows from operating activities**

	2012	2011
	\$	\$
Operating result for the period	194,266	1,109,777
Depreciation and amortisation	470,435	97,304
Provision for impaired receivables	19,126	64,157
Increase/(Decrease) in Payables and Prepaid Income	7,812	(216,451)
Increase/(Decrease) in Provision for Employee Entitlements	23,811	68,073
(Increase)/Decrease in Interest Receivable	(11,783)	-
(Increase)/Decrease in Receivables and Prepaid Expenses	343,133	284,766
(Increase)/Decrease in Inventories	(11,579)	2,850
<b>Net cash provided by / (used in) operating activities</b>	<b>1,035,221</b>	<b>1,410,476</b>

**Note 25. Events subsequent to reporting period**

There are no reportable events occurring after balance date.

**Note 26. Business Combination**

(a) Summary of acquisitions

The acquiree is the business known as 'Contracting and Tendering Services', which offers training and consulting services in the field of procurement and contract management.

The acquisition date was 2 July 2012.

100% of the business undertaking, but not the vendors' corporate shell, was acquired on this date.

The acquiree operates in a developing professional discipline and has a complementary client base to the current UNE Partnerships Pty Ltd activity. A standard Purchase and Sale of Business contract was developed to enable the transaction to proceed. All relevant approvals from University of New England were obtained during the pre-acquisition process.

Goodwill arises from the benefits anticipated from offering a wider range of services to the combined client bases of both entities. Potential exists to increase the revenue of the acquired business and our pre-existing business by leveraging the relationships and training materials acquired. Goodwill is the residual value after apportioning values to (1) Contracts and Client Relationships, and (2) Intellectual Property acquired in the purchase.

Total value of goodwill deductible for tax purposes: Nil, as UNE Partnerships P/L is endorsed as a tax-exempt charitable institution.

Purchase consideration (refer to (b) below):	\$
Fixed assets at written down value	\$15,030
Intellectual property	\$65,891
Contracts and client relationships	\$684,575
Goodwill (incl \$200,000 contingent portion)	\$584,504
Total purchase consideration	\$1,350,000

Fair value of net identifiable assets acquired (refer to (c) below)	\$388,003
Goodwill (refer to (c) below).	\$584,505

(b) Purchase consideration

	Entity	
	2012	2011
Outflow of cash to acquire subsidiary, net of cash acquired		
Total consideration	1,350,000	0
Less:		
Deferred portion	-200,000	0
Liabilities assumed by buyer	-152,826	0
Outflow of cash in the financial year	997,174	0



**Note 26. Business Combination (continued)**

(c) Assets acquired and liabilities assumed

The assets and liabilities arising from the acquisition are as follows:

	Entity's carrying amount	Fair value 31-Dec-12
Value of acquired course materials	65,891	55,019
Value of contracts and client list	684,575	320,619
Office equipment at written down value	15,030	12,365
Leave liabilities transferred to the buyer	-139,245	-139,245
Settlement adjustments for prepaid expenses or trading liabilities assumed	-13,582	0
Net assets	612,669	248,758
Non-controlling interests	0	0
New identifiable assets acquired	612,669	388,003
Goodwill arising on acquisition	384,505	384,505
Goodwill, subject to one year's ongoing service from, and employment of, the Key Transferring Employees of the acquiree. The range of possible settlement amounts are: \$nil; \$50,000; \$100,000; \$150,000; and \$200,000.	200,000	200,000
Actual cash outlaid	1,197,174	
Liability owing to vendors at year-end	-200,000	
No reimbursement from other parties to UNE Partnerships Pty Ltd is anticipated.		

(d) Revenue and profit

Revenue generated by the acquiree since acquisition	422,111
Trading Profit generated by the acquiree since acquisition	51,050
Revenue of the combined entity as though acquisition date was 1 Jan 2012	7,646,634
Profit of the combined entity as though acquisition date was 1 Jan 2012	481,943

(e) Reconciliation of the carrying amount of Goodwill

Notes	Goodwill \$	Impairment Losses \$	Total \$
Goodwill			
At 1 January 2012	0	0	0
Acquisitions, at cost	584,505	0	584,505
Accumulated impairment	0	0	0
Net book amount	584,505	0	584,505
Year ended 31 December 2012			
Opening net book amount	0	0	0
Additions: acquisition	584,505	0	584,505
Additions: additional recognised in the year	0	0	0
Adjustments: subsequent recognition of deferred tax asse	0	0	0
Goodwill de-recognised	0	0	0
Impairment losses during the accounting period	0	0	0
Net exchange rate differences	0	0	0
Any other change during the year	0	0	0
Amortisation charge	0	0	0
Closing net book amount	584,505	0	584,505

## 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
<b>Financial Assets</b>			
Receivables	10	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	9	Term Deposits are stated at cost	Bank Call Deposits interest rate is determined by the official Money Market
Term Deposits	9	Term Deposits are stated at cost	Term deposits are for a period of up to seven months. Interest rates are between 4.3% and 4.9%. Average maturity of 75 days.
<b>Financial Liabilities</b>			
Creditors and Accruals	15 & 17	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.

#### (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.

Notes to the financial statements  
31 December 2012  
(continued)

**Note 27. Financial risk management (continued)**

31 December 2012	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash & cash equivalents	3.63	565,378				921	566,299
Investments-Term Deposits	4.78		2,564,185				2,564,185
Receivables						644,332	644,332
<b>Total Financial Assets</b>		565,378	2,564,185			645,253	3,774,816
<b>Financial Liabilities</b>							
Payables						201,054	201,054
Other Amounts Owing						1,019,756	1,019,756
<b>Total Financial Liabilities</b>			-	-		1,220,810	1,220,810
<b>Net Financial Assets(Liabilities)</b>		565,378	2,564,185	-		(575,557)	2,554,006

Comparative figures for the previous year are as follows:

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash and cash equivalents	4.25	1,043,619				400	1,044,019
Investments - Term Deposits	5.81		2,160,677				2,160,677
Receivables	-					994,810	994,810
<b>Total Financial Assets</b>		1,043,619	2,160,677			995,210	4,199,506
<b>Financial Liabilities</b>							
Payables	-					77,103	77,103
Other Amounts Owing	-					935,896	935,896
<b>Total Financial Liabilities</b>			-	-		1,012,999	1,012,999
<b>Net Financial Assets(Liabilities)</b>		1,043,619	2,160,677	-		(17,789)	3,186,507

**(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.

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

	Carrying Amount		Fair Value	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	3,130,484	3,204,696	3,130,484	3,204,696
Receivables	644,332	994,810	644,332	994,810
<b>Total financial assets</b>	3,774,816	4,199,506	3,774,816	4,199,506
<b>Financial liabilities</b>				
Payables	201,054	77,103	201,054	77,103
Other financial liabilities	1,019,756	935,896	1,019,756	935,896
<b>Total financial liabilities</b>	1,220,810	1,012,999	1,220,810	1,012,999

Notes to the financial statements  
31 December 2012  
(continued)

**Note 27. 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 2012	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>													
Cash and cash equivalents	566,298	(5,663)	(5,663)	5,663	5,663	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investments- Term Deposits	2,564,185	(25,642)	(25,642)	25,642	25,642	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Receivables	644,333					-	-	-	-				
<b>Total Financial Assets</b>	3,774,816												
<b>Financial Liabilities</b>													
Payables	201,054												
Other Amounts Owing	1,019,756												
<b>Total Financial Liabilities</b>	1,220,810												
<b>Total increase/(decrease)</b>	2,554,006	-	-	-	-	-	-	-	-	-	-	-	-

Comparative figures for the previous year are as follows:

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>													
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					-	-	-	-				
<b>Total Financial Assets</b>	4,199,506												
<b>Financial Liabilities</b>													
Payables	77,103												
Other Amounts Owing	935,896												
<b>Total Financial Liabilities</b>	1,012,999												
<b>Total increase / (decrease)</b>	3,186,507	-	-	-	-	-	-	-	-	-	-	-	-

END OF AUDITED FINANCIAL STATEMENTS

**Sport UNE  
Limited**



**ABN: 73 138 308 899  
Annual Financial Report  
for the year ended  
31 December 2012**



## 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 2012, 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 2012 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 control as the directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and 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 Company'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 company'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 other information that 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, the *Corporations Act 2001* and 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 4 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.



Steven Martin  
Director, Financial Audit Services

16 April 2013  
SYDNEY

## **Directors Report**

The Directors of Sport UNE Limited present their report with the financial report for the financial year ended 31 December 2012 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

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

Jayne Heagney - appointed 3rd April 2012

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

Bradley Smith - resigned 3rd April 2012  
 Peter Enlund - resigned 1st February 2013  
 Emma Gillogly - resigned 2nd January 2013

### **Information on Directors**

David Schmude

**Qualifications** Significant sport administration and people management skills and Masters in International Sports Management (ongoing) .  
**Experience** Current Chief Executive Officer of Sport UNE with extensive experience in the sports sector.  
**Special Responsibilities** Chief Executive Officer

John Hobbs

**Qualifications** B.Sc., Cert.Ed., M.Sc., Ph.D., J.P.  
**Experience** Member of Sport UNE since 1965. Extensive experience with Sport UNE 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

Jayne Heagney

**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 11 years to current. Extensive experience in banking and public policy. Current member of UNE Council. Joined Board in 2009, and Chairman of Future Staff (RTO) for 11 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, Australian Women's Rugby Sevens representative 2012.

**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

Bradley Smith

**Qualifications** Current Undergraduate at University of New England.

**Experience** Student Representative.

**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:

Director	Ordinary Meetings	
	A	B
David Schmude	6	6
John Hobbs	6	6
Bradley Smith	0	2
Jayne Heagney	3	4
Claire Parker	5	6
Emma Gillogly	5	6
Peter Enlund	3	6
Kevin Dupe`	5	6
David Munday	6	6

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
- Maintain and enhance the Universities sports marketing projects to allow for the use of sport as a business conduit

**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

**Performance measures**

The following measures are used within the Company to monitor performance:

- Membership numbers are regularly reviewed with a focus on retention
- Number of new enrolments for the University attributed to the Focus on Sports Business
- Student and Community participant numbers in organised sporting events
- Visitors to the centre per annum

**Review of Operations**

The operating deficit of the company for the financial year was \$215,524 (2011: \$321,717 surplus from 1 July 2011 - 31 December 2011). The deficit can be attributed to the creation of the Sports Business Development Unit that is housed within Sport UNE. The funding of this unit, including wages, was from the operational accounts of Sport UNE. 2013 will see additional funding obtained to cover the costs of operating this Unit for the University.

## **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**

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

## **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 Act 2011(amended July 2012)  
Clean Energy Amendment Regulation 2012  
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 (some amendments made in 2008)  
Environmental Planning and Assessment Act 1979  
Environmental Planning and Assessment Amendment Act 2008  
Environmental Planning and Assessment Amendment Act 2012  
Environmental Trust Act 1998 No 82  
Environmentally Hazardous Chemicals Act 1985  
Environmentally Hazardous Chemicals Amendment Act 1996 No 16  
Heritage Act 1977  
Heritage Amendment Act 2011 No 71  
Native Vegetation Act 2003  
Noxious Weeds Amendment Act 2012  
Pesticides Act 1999  
Protection of the Environment Operations Act 1997  
Rural Fires Act 1997  
Soil Conservation Act 1938  
Soil Conservation Amendment Act 1989  
Threatened Species Conservation Act 1995  
Threatened Species Conservation Amendment Act 2002  
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**

Armidale Dumaresq Local Environmental Plan 2012  
Armidale Dumaresq Liquid Trade Waste Policy

## **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 \$30,600 for Directors and Officers Insurance covered the period 1 November 2011 to 31 October 2012. Insurance has been renewed for the Group for the period 1 November 2012 to 31 October 2013 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. At 31 December 2012, the collective liability of members was \$1 (2011: \$1).

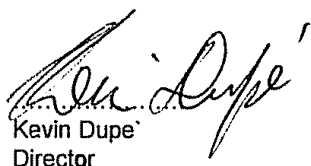
### **Legal proceedings on behalf of the Company**

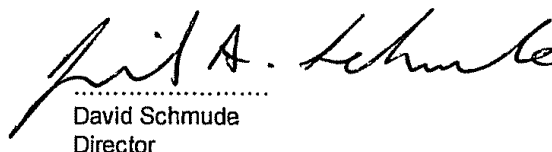
There were no legal proceedings brought against the company during the financial year. At the date of this report, the directors are not aware of any legal proceedings which have arisen since the end of the financial year and up to the date of this report.

### **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 2012.

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

9 April 2013



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 2012, I declare, 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
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "S. Martin".

Steven Martin  
Director, Financial Audit Services

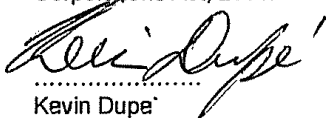
4 April 2013  
SYDNEY

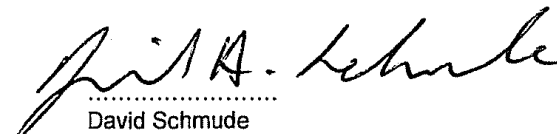
## Directors' Declaration

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 2012;
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

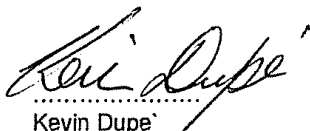
9 April 2013

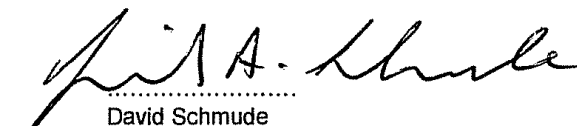
## Directors' Statement Pursuant to Section 41C(1B) and (1C) of the Public Finance and Audit Act 1983

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 2012 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

9 April 2013

## Income Statement

For the year ended 31 December 2012

	Notes	2012 \$	2011 \$
<b>Revenue from continuing operations</b>			
Trading Income	2	2,141,320	1,080,107
Investment revenue and income	3	11,874	5,550
Other Revenue	4	-	389,957
Total revenue from continuing operations		<u>2,153,194</u>	<u>1,475,614</u>
<b>Expenses from continuing operations</b>			
Employee related expenses	5	1,320,687	607,044
Depreciation and amortisation	6	56,543	21,334
Repairs and maintenance	7	127,110	64,118
Impairment of assets	8	5,645	16,972
Other expenses	9	858,733	444,429
Total expenses from continuing operations		<u>2,368,718</u>	<u>1,153,897</u>
<b>Operating surplus/(deficit) attributable to Sport UNE Limited</b>	18	<u>(215,524)</u>	<u>321,717</u>

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

## Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	2012 \$	2011 \$
<b>Operating surplus/(deficit) for the year</b>		(215,524)	321,717
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<u>(215,524)</u>	<u>321,717</u>

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

## Statement of Financial Position

As at 31 December 2012

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	106,894	204,358
Receivables	11	34,185	114,667
Inventories	12	7,871	18,055
<b>Total current assets</b>		<u>148,950</u>	<u>337,080</u>
<b>Non-current assets</b>			
Plant, equipment & motor vehicle	13	519,542	504,671
<b>Total non-current assets</b>		<u>519,542</u>	<u>504,671</u>
<b>Total assets</b>		<u>668,492</u>	<u>841,751</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	177,178	171,106
Borrowings	15	36,942	46,127
Provisions	16	117,398	88,167
Other liabilities	17	204,781	151,758
<b>Total current liabilities</b>		<u>536,299</u>	<u>457,158</u>
<b>Non-current liabilities</b>			
Borrowings	15	-	36,876
Provisions	16	26,000	26,000
<b>Total non-current liabilities</b>		<u>26,000</u>	<u>62,876</u>
<b>Total liabilities</b>		<u>562,299</u>	<u>520,034</u>
<b>Net assets</b>		<u>106,193</u>	<u>321,717</u>
<b>EQUITY</b>			
Retained earnings	18	106,193	321,717
<b>Total equity</b>		<u>106,193</u>	<u>321,717</u>

*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 2012

	Reserves	Retained Earnings	Total
<b>Balance at 1 January 2011</b>	-	-	-
Retrospective changes	-	-	-
<b>Balance as restated</b>	-	-	-
Surplus/(deficit) for the year	-	321,717	321,717
<b>Total comprehensive income</b>	-	321,717	321,717
<b>Balance at 31 December 2011</b>	-	321,717	321,717
<b>Balance at 1 January 2012</b>	-	321,717	321,717
Surplus/(deficit) for the year	-	(215,524)	(215,524)
<b>Total comprehensive income</b>	-	(215,524)	(215,524)
<b>Balance at 31 December 2012</b>	-	106,193	106,193

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 2012

	Notes	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,422,701	838,981
Interest received		11,874	5,550
Payments to suppliers and employees (inclusive of GST)		(2,412,694)	(842,089)
<b>Net cash provided by / (used in) operating activities</b>	<b>25</b>	<b>21,881</b>	<b>2,442</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equipment		24,545	-
Payment for property, plant & equipment		(97,829)	-
<b>Net cash provided by / (used in) financing activities</b>		<b>(73,284)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Commencement Proceeds from UNE		-	223,806
Repayment of loans		(46,061)	(21,890)
<b>Net cash provided by / (used in) financing activities</b>		<b>(46,061)</b>	<b>201,916</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(97,464)</b>	<b>204,358</b>
Cash and cash equivalents at the beginning of the financial year		204,358	-
<b>Cash and cash equivalents at the end of the financial year</b>		<b>106,894</b>	<b>204,358</b>

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

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## **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 UNE Drive, Armidale NSW 2351, Australia.

The financial report for the year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Board on 9 April 2013.

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 2001, 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 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.

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 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) Property, 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.

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as follows:

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)).

**Property, plant and equipment (continued)**

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

**(k) 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.

**(l) 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 Entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(m) 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.

**(n) Employee benefits**

Employees of the University of New England work within the Entity. For the purpose of the financial statements, these employees have been treated as employees of the Entity. Expenses and liabilities relating to UNE employees are considered employee expenses and provisions for employee benefits of the Entity.

**(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.

**(o) 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.

**(p) 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.

**(q) New accounting standards and UIG interpretations not yet adopted.**

**AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7 - (December 2010)**  
(Applies to reporting periods beginning on or after 01 January 2015)

**AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]**  
(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosures of Interest in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates**  
(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 13 Fair Value Measurement - (September 2011)**  
**Amendments to Australian Accounting Standards arising from AASB 13**  
**[AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]**  
(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**  
(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 6 - Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]**  
(Applies to reporting periods beginning on or after 01 July 2013)

**AASB 2011 - 7 - Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]**  
(Applies to reporting periods beginning on or after 01 January 2013)

**AASB 119 Employee Benefits - (September 2011)**  
**AASB 2011-10 - Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements**  
(Applies to reporting periods beginning on or after 01 January 2013)

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

**(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 2012  
(continued)

	2012 \$	2011 \$
<b>Note 2. Trading income</b>		
University contribution	800,000	290,000
Membership fees	695,441	369,689
Facility fees & equipment hire	292,388	143,387
Vacation Care	1,138	17,057
Café sales	166,693	78,221
Twilight Sports & Sports camps	78,983	17,587
University sporting programs	47,086	111,834
Commercial programs & events	56,163	46,450
Sundry	3,428	5,882
<b>Total trading income</b>	<u>2,141,320</u>	<u>1,080,107</u>
<b>Note 3. Investment revenue and income</b>		
Interest	11,874	5,550
<b>Total investment revenue</b>	<u>11,874</u>	<u>5,550</u>
<b>Note 4. Other revenue</b>		
Contribution - University of New England - Net Assets	-	389,957
<b>Total other revenue</b>	<u>-</u>	<u>389,957</u>
<b>Note 5. Employee related expenses</b>		
Employees of the University of New England working at Sport UNE have been treated as employees of the Entity for financial reporting purposes.		
Salaries	1,080,262	506,006
Contribution to funded superannuation and pension schemes	143,268	64,985
Payroll tax	64,012	30,618
Fringe Benefits Tax	4,124	-
Long service leave	15,000	(799)
Annual leave	14,021	6,234
<b>Total employee related expenses</b>	<u>1,320,687</u>	<u>607,044</u>
<b>Note 6. Depreciation and amortisation</b>		
Plant and Equipment	47,352	17,145
Motor Vehicles	9,191	4,189
<b>Total depreciation</b>	<u>56,543</u>	<u>21,334</u>
<b>Note 7. Repairs and maintenance</b>		
Infrastructure/Plant & Equipment	65,449	26,836
Grounds	61,661	37,282
<b>Total repairs and maintenance</b>	<u>127,110</u>	<u>64,118</u>
<b>Note 8. Impairment of assets</b>		
Bad Debts	3,857	13,655
Doubtful debts	1,788	3,317
<b>Total impairment of assets</b>	<u>5,645</u>	<u>16,972</u>
<b>Note 9. Other expenses</b>		
Non-capitalised equipment	40,883	4,464
Advertising, marketing and promotional expenses	66,350	28,573
Motor Vehicles and Utilities	296,166	149,483
Inventory Used	97,480	47,204
Interest Expense	4,511	3,703
Postal and Telecommunications	8,151	5,560
Travel and Entertainment	10,614	10,332
Software & Computer expenses	16,141	58,392
Camps & University Sporting Programs	117,217	73,019
Office Expenses	13,061	12,129
Subscriptions & Associations	20,176	9,255
Scholarships & Donations	4,958	4,000
Sports Business	81,354	-
Insurance	13,741	2,247
Audit	18,000	12,250
Loss on disposal of asset	1,871	-
Other Expenditure	48,059	23,818
<b>Total other expenses</b>	<u>858,733</u>	<u>444,429</u>

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<b>Note 10. Cash and cash equivalents</b>	1(g)		
Cash on hand		1,150	1,150
Cash at bank		105,744	203,208
<b>Total cash and cash equivalents</b>		<u>106,894</u>	<u>204,358</u>

**(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	106,894	204,358
Less: Bank Overdraft	-	-
Balance per cash flow statement	<u>106,894</u>	<u>204,358</u>

**(b) Cash on hand**

These are non-interest bearing.	1,150	1,150
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**Note 11. Receivables**

**Current**

Trade Debtors		33,457	118,867
Less: Provision for impaired receivables	1(h)	(1,788)	(4,200)
GST Receivable		2,516	-
<b>Total current receivables</b>		<u>34,185</u>	<u>114,667</u>
<b>Total receivables</b>		<u>34,185</u>	<u>114,667</u>

**Impaired receivables**

As at 31 December 2012 the entity held provisions of \$1,788 (2011: \$4,200) for impaired receivables. The amount of the provision is reviewed annually to ensure adequacy.

The ageing of these receivables is as follows:

Current	-	-
3 to 6 months	30	-
Over 6 months	1,758	4,200
	<u>1,788</u>	<u>4,200</u>

As at 31 December 2012, trade receivables of \$22,568 (2011: \$62,790) 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	11,877	9,919
Over 6 months	10,691	52,871
	<u>22,568</u>	<u>62,790</u>

**Movements in the provision for impaired receivables are as follows:**

At 1 January	4,200	2,503
Provision for impairment recognised during the year	1,788	3,317
Receivables written off during the year as uncollectible	(4,200)	(1,620)
At 31 December	<u>1,788</u>	<u>4,200</u>

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 12. Inventories**

1(i)

Other stocks	7,871	18,055
<b>Total current inventories</b>	<u>7,871</u>	<u>18,055</u>



Notes to the financial statements  
31 December 2012  
(continued)

Notes	2012 \$	2011 \$
<b>Note 13. Plant, Equipment &amp; Motor Vehicle</b>		
<b>Plant &amp; Equipment:</b>		
At cost	518,657	467,815
Accumulated depreciation	(64,497)	(17,145)
At cost - 31 December	<u>454,160</u>	<u>450,670</u>
<b>Motor Vehicle</b>		
At cost	75,447	58,190
Accumulated depreciation	(10,065)	(4,189)
At cost - 31 December	<u>65,382</u>	<u>54,001</u>
<b>Total plant, equipment &amp; motor vehicle</b>	<u><u>519,542</u></u>	<u><u>504,671</u></u>

**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	<u>450,670</u>	<u>54,001</u>	<u>504,671</u>
Balance 1 January 2012	450,670	54,001	504,671
Additions	50,842	46,988	97,830
Depreciation expense	(47,352)	(9,191)	(56,543)
Disposals	-	(29,731)	(29,731)
Depreciation written back on disposal	-	3,315	3,315
Carrying amount at 31 December 2012	<u><u>454,160</u></u>	<u><u>65,382</u></u>	<u><u>519,542</u></u>

Notes	2012 \$	2011 \$
<b>Note 14. Trade and other payables</b>		
Trade Payables	177,178	171,106
<b>Total current trade and other payables</b>	<u><u>177,178</u></u>	<u><u>171,106</u></u>

Refer note 23 for disclosure of amount owing to the University of New England

**Note 15. Borrowings**

**Current**

Commercial Loan with the University of New England	36,942	46,127
	<u><u>36,942</u></u>	<u><u>46,127</u></u>

**Non-Current**

Commercial Loan with the University of New England	-	36,876
	<u><u>-</u></u>	<u><u>36,876</u></u>

Notes to the financial statements  
31 December 2012  
(continued)

	Notes	2012 \$	2011 \$
<b>Note 16. Provisions</b>	1(o)		
Employees of the University of New England working at Sport UNE have been treated as employees of the Entity for financial reporting purposes.			
<b>Current provisions expected to be settled within 12 months</b>			
Employee benefits			
Annual leave		35,082	26,060
Long service leave		6,000	5,000
<b>Subtotal</b>		<u>41,082</u>	<u>31,060</u>
<b>Current provisions expected to be settled after more than 12 months</b>			
Employee benefits			
Annual leave		30,000	25,000
Long service leave		35,000	21,000
Club money held		11,316	11,107
<b>Subtotal</b>		<u>76,316</u>	<u>57,107</u>
<b>Total Current Provision</b>		<u>117,398</u>	<u>88,167</u>
<b>Non-current provisions</b>			
Employee benefits			
Long service leave		26,000	26,000
<b>Total non-current provision</b>		<u>26,000</u>	<u>26,000</u>
<b>Total provisions</b>		<u>143,398</u>	<u>114,167</u>
<b>Summary movements employee benefits</b>			
Movements in the Provision Account are:			
Carrying amount at start of year		114,167	-
Current year movement in provision			
- Annual leave		14,022	51,060
- Long Service Leave - current		15,000	26,000
- Club money held		209	11,107
- Long Service Leave - non-current		-	26,000
<b>Carrying amount at end of year</b>		<u>143,398</u>	<u>114,167</u>
<b>Note 17. Other Liabilities</b>			
Members subscriptions in advance		121,387	49,096
Other Accrued Expenditure		67,329	82,890
GST Payable		-	730
PAYG Payable		16,065	19,042
<b>Total current other liabilities</b>		<u>204,781</u>	<u>151,758</u>
<b>Note 18. Retained Earnings</b>			
Movements in retained earnings were as follows:			
Retained earnings at 1 January		321,717	-
Transfer from Reserves		-	-
Net operating surplus/(deficit) for the year		(215,524)	321,717
<b>Retained Earnings at 31 December</b>		<u>106,193</u>	<u>321,717</u>
<b>Note 19. Key management personnel disclosures</b>			
<b>(a) Names of responsible persons</b>			
The following persons were responsible persons and executive officers of Sport UNE Limited from the beginning of the year to the reporting dates:			
<b>Directors</b>			
Mr David Schmude			
Mr John Hobbs			
Ms Claire Parker			

**Key management personnel disclosures (continued)**

**(a) Names of responsible persons**

**Directors**

Mr Kevin Dupe`  
Mr David Munday

The following person was appointed to the board during the year:  
Ms Jayne Heagney

The following persons resigned from the board during the year:  
Mr Bradley Smith  
Mr Peter Enlund  
Ms Emma Gillogly

**Chief Executive Officer**

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:

- 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 David Schmude in his capacity as Chief Executive Officer of Sport UNE Limited.

	No.	No.
Nil to \$9,999	9	9
	9	9
<b>Aggregate Remuneration of Board Members</b>	<b>\$</b>	<b>\$</b>
Total Aggregate Remuneration	-	-
<b>Remuneration of executive officers</b>	<b>No.</b>	<b>No.</b>
\$125,000 to \$149,999	-	1
\$150,000 to \$175,999	1	-
	1	1
<b>Aggregate Remuneration of executive officers</b>		
Total Aggregate Remuneration	174,604	130,065

**Note 20. 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:

	2012 \$	2011 \$
<b>Audit and review of the Financial Statements</b>		
Fees paid to The Audit Office of NSW:	18,000	12,250
<b>Total remuneration for audit services</b>	18,000	12,250

Notes to the financial statements  
31 December 2012  
(continued)

**Note 21. 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 22. Commitments**

**(a) Capital Commitments**

There were no commitments for capital expenditure at 31 December 2012 (2011:Nil).

**(b) Lease Commitments**

	2012 \$	2011 \$
<b>(i) Operating Leases</b>		
Within one year	4,786	9,574
Between one and five years	-	4,786
Later than five years	-	-
<b>Total operating leases</b>	<u>4,786</u>	<u>14,360</u>
<b>Total lease commitments</b>	<u>4,786</u>	<u>14,360</u>

No lease arrangements existing as at 31 December 2012 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 23. 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 19.

**(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:

	2012 \$	2011 \$
<i>Transactions during the period</i>		
<b>University of New England</b>		
Income received	942,450	707,118
Payments made	1,627,705	709,089
Net	<u>(685,255)</u>	<u>(1,971)</u>
<b>Services UNE</b>		
Income received	-	-
Payments made	28,023	13,097
Net	<u>(28,023)</u>	<u>(13,097)</u>

**Outstanding balances**

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

<b>University of New England</b>		
Receivables	14,712	22,156
Payables	139,335	151,077
<b>Services UNE</b>		
Receivables	-	-
Payables	-	1,525

**(e) Guarantees**

There have been no guarantees given.

## Related parties (continued)

### (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 24. Events subsequent to reporting period

There are no reportable events occurring after balance date.

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

	2012 \$	2011 \$
Operating surplus/(deficit) for the period	(215,524)	321,717
Depreciation and amortisation	56,543	21,334
Asset Contribution from UNE	-	(389,957)
Net (gain) / loss on sale of non-current assets	1,871	-
Increase/(Decrease) in Payables and Prepaid Income	59,096	(27,512)
Increase/(Decrease) in Provision for Employee Entitlements	29,021	5,435
Increase/(Decrease) in Other Provisions	(2,204)	1,835
(Increase)/Decrease in Receivables and Prepaid Expenses	82,895	58,478
(Increase)/Decrease in Inventories	10,183	11,112
<b>Net cash provided by / (used in) operating activities</b>	<b>21,881</b>	<b>2,442</b>

## Note 26. 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
<b>Financial Assets</b>			
Receivables	11	Receivables are carried at nominal amounts due less any provision for impairment	Accounts Receivable credit terms are 30 days
Deposits At Call	10	Deposits are stated at cost	Bank Call Deposits interest rate is determined by the official Money Market
<b>Financial Liabilities</b>			
Borrowings	15	Borrowings are carried at present value.	Minimum repayments are required on a quarterly basis with an option for additional repayments
Creditors and Accruals	14 & 17	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.

Notes to the financial statements  
31 December 2012  
(continued)

**Financial risk management (continued)**

**(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 there under. 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.

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

31 December 2012	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash & cash equivalents	2.10%	105,744				1,150	106,894
Receivables						34,185	34,185
<b>Total Financial Assets</b>		105,744	-	-	-	35,335	141,079
<b>Financial Liabilities</b>							
Borrowings	6.38%		36,942	-			36,942
Payables						177,178	177,178
Other Amounts Owing						204,781	204,781
<b>Total Financial Liabilities</b>		-	36,942	-	-	381,959	418,901
<b>Net Financial Assets(Liabilities)</b>		105,744	(36,942)	-	-	(346,624)	(277,822)

Comparative figures for the previous year are as follows:

31 December 2011	Average Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash and cash equivalents	4.25%	203,208				1,150	204,358
Receivables						114,667	114,667
<b>Total Financial Assets</b>		203,208	-	-	-	115,817	319,025
<b>Financial Liabilities</b>							
Borrowings	6.72%		46,127	36,876			83,003
Payables						171,106	171,106
Other Amounts Owing						151,758	151,758
<b>Total Financial Liabilities</b>		-	46,127	36,876	-	322,864	405,867
<b>Net Financial Assets(Liabilities)</b>		203,208	(46,127)	(36,876)	-	(207,047)	(86,842)

**(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.

Notes to the financial statements  
31 December 2012  
(continued)

**Financial risk management (continued)**

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	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	106,894	204,358	106,894	204,358
Receivables	34,185	114,667	34,185	114,667
<b>Total financial assets</b>	<u>141,079</u>	<u>319,025</u>	<u>141,079</u>	<u>319,025</u>
<b>Financial liabilities</b>				
Payables	177,178	171,106	177,178	171,106
Borrowings	36,942	83,003	36,942	83,003
Other liabilities	204,781	151,758	204,781	151,758
<b>Total financial liabilities</b>	<u>418,901</u>	<u>405,867</u>	<u>418,901</u>	<u>405,867</u>

# 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 2012	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	
<b>Financial Assets</b>																			
Cash and cash equivalents																			
Receivables		(1,069)	(1,069)		1,069	1,069		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A	
<b>Total Financial Assets</b>																			
<b>Financial Liabilities</b>																			
Borrowings		(369)	(369)		369	369		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 liabilities								N/A	N/A		N/A	N/A							
<b>Total Financial Liabilities</b>																			
<b>Total increase / (decrease)</b>		-	-		-	-		-	-		-	-		-	-		-	-	

Comparative figures for the previous year are as follows:

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	
<b>Financial Assets</b>																			
Cash and cash equivalents																			
Receivables		(2,044)	(2,044)		2,044	2,044		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A	
<b>Total Financial Assets</b>																			
<b>Financial Liabilities</b>																			
Borrowings		(830)	(830)		830	830													
Payables																			
Other liabilities																			
<b>Total Financial Liabilities</b>																			
<b>Total increase / (decrease)</b>		-	-		-	-		-	-		-	-		-	-		-	-	

END OF AUDITED FINANCIAL STATEMENTS