

ANNUAL REPORT 2017

The Year in Review

Volume 2

###### Financial Statements and Independent Audit Reports

Western Sydney University

Western Sydney University Enterprises Pty Limited trading as Western Sydney University The College Western Unlimited Ltd

Western Sydney University Early Learning Limited Whitlam Institute within Western Sydney University Limited Whitlam Institute within Western Sydney University Trust

###### Supporting data

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# Western Sydney University

## Consolidated Financial Statements

###### For the year ended 31 December 2017

**Western Sydney University**

**Statement by the Members of the Board of Trustees**

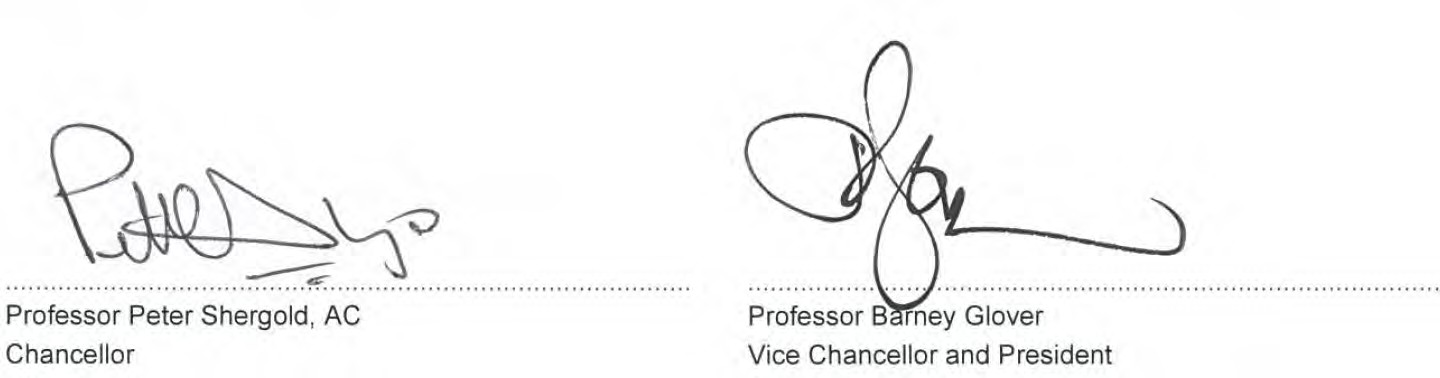
**For the year ended 31 December 2017**

In accordance with a resolution of the Board of Trustees of Western Sydney University dated 4 April 2018 and pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge and belief:

1. The financial statements for Western Sydney University and its controlled entities (the Group) present a true and fair view of the Group's financial position as at 31 December 2017 and the financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and Regulation, the *Australian Charities and Not-for-profits Commission Act 2012* and Regulation and the *Financial Statement Guidelines for the Australian Higher Education Providers for the 2017 Reporting Period* issued by the Department of Education and Training.
3. The financial statements have been prepared in accordance with applicable Australian Accounting Standards and other mandatory authoritative pronouncements and interpretations of the Australian Accounting Standards Board, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.
4. The amount of Australian Government financial assistance expended during the period was for the purposes for which it was intended and Western Sydney University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.
5. Western Sydney University charged Student Services and Amenities Fees strictly in accordance with the Higher Education Support Act 2003 (the Act) and the Administration Guidelines made under the Act. Revenue from the fees were spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.
6. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
7. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Professor Peter Shergold, AC Professor Barney Glover

Chancellor Vice Chancellor and President





This page is unaudited

Dated at Sydney 4 April 2018

###### Western Sydney University

**Responsible Entities Declaration**

**For the year ended 31 December 2017**

The responsible persons declare that in the responsible person's opinion:

* 1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
  2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

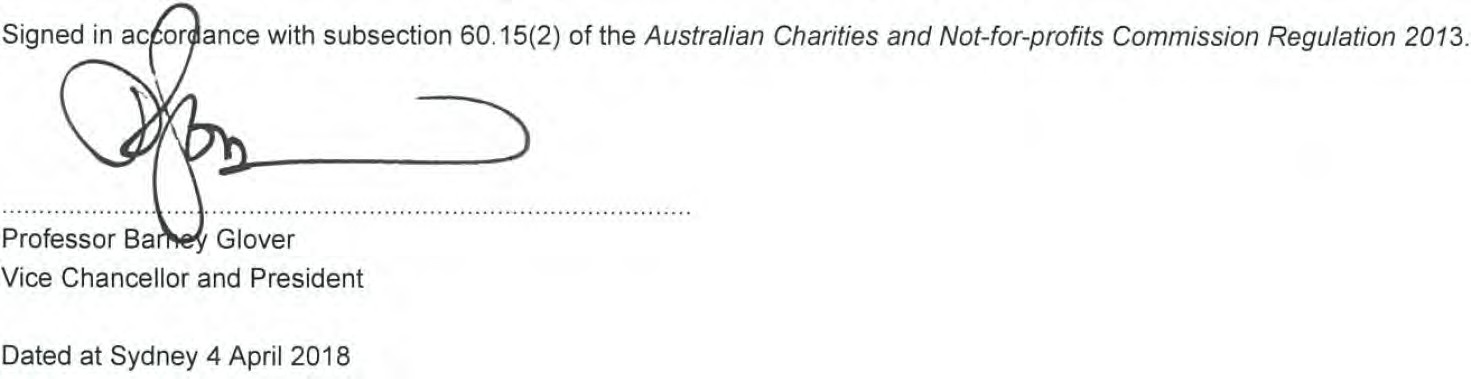
Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 201*3.

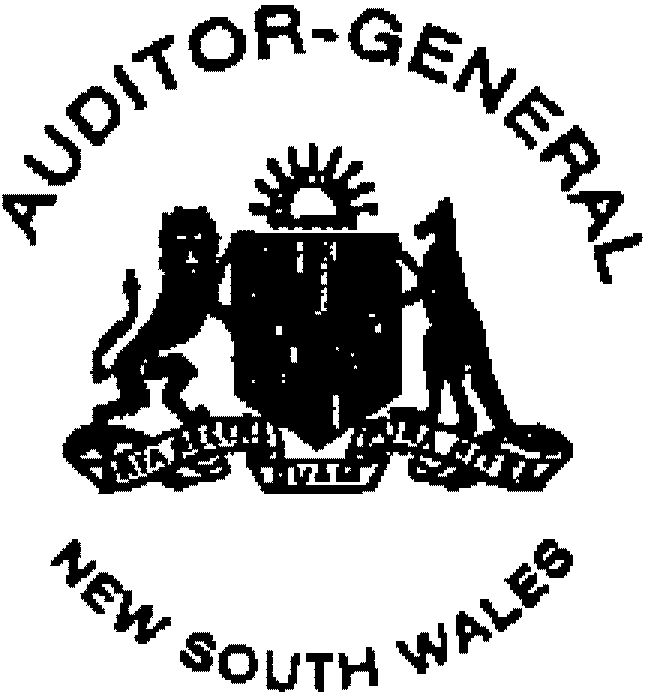
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Professor Barney Glover

Vice Chancellor and President

Dated at Sydney 4 April 2018





To the Vice Chancellor Western Sydney University

**Auditor's Independence Declaration**

As auditor for the audit of the financial statements of Western Sydney University for the year ended 31 December 2017, I declare, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit



Ian Goodwin

Acting Auditor-General of NSW

0..>April 2018 SYDNEY

**Level 15, 1 Margaret Straet, Sydney NSW 2000** I GPO Box 12, Sydney **NSW** 2001 I **t** 02 9275 7101 I **f** 02 9275 7179 I e [mail@audit.nsw.gov.au](mailto:mail@audit.nsw.gov.au) I **audit.nsw.gov.au**

###### Western Sydney University

**Income Statement**

**For the Year Ended 31 December 2017**

Consolidated Parent

**Income from continuing operations**

Australian Government financial assistance

Notes

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Australian Government grants HELP - Australian Government | 2 | **334,413** | 345,493 | **334,413** | 345,493 |
| payments | 2(b) | **218,750** | 223,757 | **218,750** | 223,757 |
| State and Local Government financial assistance | 3 | **19** | 6 | **19** | 6 |
| HECS-HELP - student payments |  | **13,700** | 14,594 | **13,700** | 14,594 |
| Fees and charges | 4 | **115,291** | 96,688 | **106,600** | 87,660 |
| Investment revenue | 5 | **14,047** | 8,535 | **13,939** | 8,456 |
| Royalties, Trademarks and Licences | 6 | **263** | 262 | **260** | 262 |
| Consultancy and contracts | 7 | **23,074** | 17,927 | **23,068** | 17,923 |
| Share of net profit or loss on |  |  |  |  |  |
| investments accounted for using the equity method | 8 | **(834)** | (1,052) | **-** | - |
| Other income | 9 | **44,359** | 55,433 | **53,800** | 52,674 |
| Gain on disposal of assets | 10 | **36,023** | 13,191 | **35,940** | 12,842 |
| **Total income from continuing** |  |  | | | |
| **operations** |  | **799,105** 774,834 **800,489** 763,667 | | | |
| **Expenses from continuing** |  |  | | | |
| **operations** |  |  | | | |
| Employee related expenses | 11 | **444,098** | 466,003 | **404,032** | 420,814 |
| Depreciation and amortisation | 12 | **50,525** | 43,874 | **48,835** | 42,580 |
| Repairs and maintenance | 13 | **25,561** | 27,107 | **25,351** | 26,844 |
| Borrowing costs | 14 | **4,276** | 2,558 | **4,476** | 2,689 |
| Impairment of assets | 15 | **(62)** | (183) | **3,872** | (214) |
| Other expenses | 16 | **222,643** | 200,638 | **265,461** | 234,936 |
| **Total expenses from continuing** |  |  |  |  |  |
| **operations** | | **747,041** 739,997 **752,027** 727,649 | | | |
| **Net result from continuing** | |  | | | |
| **operations** | | **52,064** 34,837 **48,462** 36,018 | | | |

The accompanying notes form part of these financial statements.

###### Western Sydney University

**Statement of Comprehensive Income**

**For the Year Ended 31 December 2017**

Consolidated Parent

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Notes** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| **Net result for the period** |  | **52,064** | 34,837 | **48,462** | 36,018 |
| *Items that will be reclassified to Income* |  |  |  |  |  |
| *Statement* |  |  |  |  |  |
| Gain / (loss) on revaluation of available- for-sale financial assets | 29(b) | **2,733** | 4,724 | **2,733** | 4,724 |
| **Total** |  | **2,733** | 4,724 | **2,733** | 4,724 |
| *Items that will not be reclassified to* |  |  |  |  |  |
| *Income Statement* |  |  |  |  |  |
| Gain / (loss) on revaluation of land and buildings | 29(b) | **200,303** | 18,900 | **200,303** | 18,879 |
| Gain / (loss) on revaluation of art collection | 29(b) | **(3)** | 986 | **(3)** | 986 |
| Gain / (loss) on revaluation of livestock | 29(b) | **48** | (214) | **48** | (214) |
| Net actuarial gains / (losses) recognised in respect of Defined Benefit Plans | 29(b) | **(1,447)** | (366) | **(1,447)** | (366) |
| **Total** |  | **198,901** | 19,306 | **198,901** | 19,285 |
| **Total other comprehensive income** |  | **201,634** | 24,030 | **201,634** | 24,009 |
| **Comprehensive result** |  | **253,698** | 58,867 | **250,096** | 60,027 |
| **Total comprehensive income** |  |  |  |  |  |
| **attributable to members of the** |  |  |  |  |  |
| **University** |  | **253,698** | 58,867 | **250,096** | 60,027 |

The accompanying notes form part of these financial statements.

###### Western Sydney University

**Statement of Financial Position**

**As at 31 December 2017**

Consolidated Parent

**Notes**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **ASSETS**  **Current assets** |  | | | | |
| Cash and cash equivalents | 17 | **221,748** | 139,225 | **219,554** | 136,397 |
| Receivables | 18 | **56,069** | 61,525 | **54,395** | 64,151 |
| Inventories | 19 | **58** | 15 | **-** | - |
| Other non-financial assets | 24 | **1,196** | 244 | **1,196** | 244 |
| Non-current assets held for sale | 20 | **40,358** | 85,460 | **40,358** | 85,330 |
| **Total current assets** |  | **319,429** | 286,469 | **315,503** | 286,122 |
| **Non-current assets** |  |  |  |  |  |
| Receivables | 18 | **388,045** | 353,345 | **388,045** | 353,345 |
| Investments accounted for using the equity method | 8 | **-** | - | **-** | - |
| Property, plant and equipment | 21 | **1,841,078** | 1,600,066 | **1,835,517** | 1,593,034 |
| Intangible assets | 22 | **14,788** | 10,294 | **14,788** | 10,140 |
| Other financial assets | 23 | **107,897** | 98,175 | **107,897** | 98,175 |
| Other non-financial assets | 24 | **5,281** | 1,002 | **5,281** | 1,002 |
| **Total non-current assets** |  | **2,357,089** | 2,062,882 | **2,351,528** | 2,055,696 |
| **Total assets** |  | **2,676,518** | 2,349,351 | **2,667,031** | 2,341,818 |
| **LIABILITIES** |  |  |  |  |  |
| **Current liabilities** |  |  |  |  |  |
| Trade and other payables | 25 | **56,403** | 47,695 | **55,911** | 47,297 |
| Borrowings | 26 | **-** | 72,000 | **9,201** | 79,228 |
| Employee benefit provisions | 27 | **72,881** | 68,421 | **69,727** | 65,819 |
| Other liabilities | 28 | **50,524** | 48,850 | **48,757** | 47,052 |
| **Total current liabilities** |  | **179,808** | 236,966 | **183,596** | 239,396 |
| **Non-current liabilities** |  |  |  |  |  |
| Trade and other payables | 25 | **3,520** | - | **3,520** | - |
| Borrowings | 26 | **163,500** | 83,000 | **163,500** | 83,000 |
| Employee benefit provisions | 27 | **359,821** | 349,713 | **358,911** | 348,513 |
| Provisions | 27 | **826** | 707 | **826** | 707 |
| Other liabilities | 28 | **49,125** | 12,745 | **49,125** | 12,745 |
| **Total non-current liabilities** |  | **576,792** | 446,165 | **575,882** | 444,965 |
| **Total liabilities** |  | **756,600** | 683,131 | **759,478** | 684,361 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Net assets** |  | **1,919,918** | 1,666,220 | **1,907,553** | 1,657,457 |
| **EQUITY**  Reserves | 29 | **865,790** | 708,004 | **861,541** | 703,755 |
| Retained earnings | 29 | **1,054,128** | 958,216 | **1,046,012** | 953,702 |
| **Total equity** |  | **1,919,918** | 1,666,220 | **1,907,553** | 1,657,457 |

The accompanying notes form part of these financial statements.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 January 2017** |  | **703,755** | **953,702** | **1,657,457** |
| Net result | 29(c) | **-** | **48,462** | **48,462** |
| Gain / (loss) on revaluation of property, plant and equipment | 29(b) | **200,303** | **-** | **200,303** |
| Gain / (loss) on revaluation of available-for-sale financial assets | 29(b) | **2,733** | **-** | **2,733** |
| Gain / (loss) on revaluation of art collection | 29(b) | **(3)** | **-** | **(3)** |
| Gain / (loss) on revaluation of livestock | 29(b) | **48** | **-** | **48** |
| Remeasurements of Defined Benefit Plans | 29(b) | **(1,447)** | **-** | **(1,447)** |
| **Other comprehensive income** |  | **201,634** | **48,462** | **250,096** |
| **Total comprehensive income** |  | **905,389** | **1,002,164** | **1,907,553** |
| Transfer from property plant and equipment reserve on disposal of assets | 29(c) | **(43,848)** | **43,848** | **-** |
| **Balance at 31 December 2017** |  | **861,541** | **1,046,012** | **1,907,553** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | |  | **Parent Retained** |  |
| **Reserves** | **Earnings** | **Total** |
|  | **Notes** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 January 2016** |  | 680,286 | 917,144 | 1,597,430 |
| Net result | 29(c) | - | 36,018 | 36,018 |
| Gain / (loss) on revaluation of property, plant and equipment | 29(b) | 18,879 | - | 18,879 |
| Gain / (loss) on revaluation of available-for-sale financial assets | 29(b) | 4,724 | - | 4,724 |
| Gain / (loss) on revaluation of art collection | 29(b) | 986 | - | 986 |
| Gain / (loss) on revaluation of livestock | 29(b) | (214) | - | (214) |
| Remeasurements of Defined Benefit Plans | 29(b) | (366) | - | (366) |
| **Other comprehensive income** | 29(b) | 24,009 | - | 24,009 |
| **Total comprehensive income** |  | 704,295 | 953,162 | 1,657,457 |
| Transfer from property plant and equipment reserve on disposal of assets | 29(c) | (540) | 540 | - |
| **Balance at 31 December 2016** |  | 703,755 | 953,702 | 1,657,457 |

The accompanying notes form part of these financial statements.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 January 2017** |  | **708,004** | **958,216** | **1,666,220** |
| Net Result | 29(c) | **-** | **52,064** | **52,064** |
| Gain / (loss) on revaluation of property, plant and equipment | 29(b) | **200,303** | **-** | **200,303** |
| Gain / (loss) on revaluation of available-for-sale financial assets | 29(b) | **2,733** | **-** | **2,733** |
| Gain / (loss) on revaluation of art collection | 29(b) | **(3)** | **-** | **(3)** |
| Gain / (loss) on revaluation of livestock | 29(b) | **48** | **-** | **48** |
| Remeasurements of Defined Benefit Plans | 29(b) | **(1,447)** | **-** | **(1,447)** |
| **Other comprehensive income** |  | **201,634** | **-** | **201,634** |
| **Total comprehensive income** |  | **909,638** | **1,010,280** | **1,919,918** |
| Transfer from property plant and equipment reserve on disposal of assets | 29(c) | **(43,848)** | **43,848** | **-** |
| **Balance at 31 December 2017** |  | **865,790** | **1,054,128** | **1,919,918** |

Consolidated

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Reserves** | **Retained Earnings** | **Total** |
| **Notes** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 January 2016** |  | 684,514 | 922,839 | 1,607,353 |
| Net result | 29(c) | - | 34,837 | 34,837 |
| Gain / (loss) on revaluation of property, plant and equipment | 29(b) | 18,900 | - | 18,900 |
| Gain / (loss) on revaluation of available-for-sale financial assets | 29(b) | 4,724 | - | 4,724 |
| Gain / (loss) on revaluation of art collection | 29(b) | 986 | - | 986 |
| Gain / (loss) on revaluation of livestock | 29(b) | (214) | - | (214) |
| Remeasurements of Defined Benefit Plans | 29(b) | (366) | - | (366) |
| **Other comprehensive income** |  | 24,030 | - | 24,030 |
| **Total comprehensive income** |  | 708,544 | 957,676 | 1,666,220 |
| Transfer from property plant and equipment reserve on disposal of assets | 29(c) | (540) | 540 | - |
| **Balance at 31 December 2016** |  | 708,004 | 958,216 | 1,666,220 |

The accompanying notes form part of these financial statements.

Consolidated Parent

**Notes**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CASH FLOWS FROM OPERATING ACTIVITIES** |  | | | | |
| Australian Government Grants |  | **547,900** | 567,636 | **547,900** | 567,636 |
| State Government Grants |  | **19** | 6 | **19** | 6 |
| HECS-HELP - Student payments |  | **13,700** | 14,594 | **13,700** | 14,594 |
| Receipts from student fees and other customers |  | **233,131** | 167,926 | **233,461** | 156,864 |
| Dividends received |  | **2,041** | 1,258 | **2,041** | 1,258 |
| Interest received |  | **11,389** | 6,968 | **11,105** | 6,690 |
| Payments to suppliers and employees (inclusive of GST) |  | **(714,378)** | (740,153) | **(716,398)** | (730,058) |
| Interest and other costs of finance |  | **(4,276)** | (2,558) | **(4,277)** | (2,550) |
| GST recovered |  | **27,766** | 27,821 | **27,766** | 27,821 |
| **Net cash provided by operating activities** | 39 | **117,292** | 43,498 | **115,317** | 42,261 |
| **CASH FLOWS FROM INVESTING** |  |  |  |  |  |
| **ACTIVITIES** |  |  |  |  |  |
| Proceeds from sale of property, plant and equipment |  | **95,076** | 25,796 | **94,841** | 25,306 |
| Payments for property, plant and equipment |  | **(131,356)** | (134,198) | **(131,268)** | (132,566) |
| Payments for financial assets |  | **(6,989)** | (7,915) | **(6,989)** | (7,915) |
| Loans to related parties |  | **-** | - | **(450)** | (841) |
| Repayment of loans by related parties |  | **-** | - | **1,432** | 1,191 |
| **Net cash used in investing activities** |  | **(43,269)** | (116,317) | **(42,434)** | (114,825) |
| **CASH FLOWS FROM FINANCING** |  |  |  |  |  |
| **ACTIVITIES** |  |  |  |  |  |
| Proceeds from borrowings |  | **437,500** | 493,500 | **448,159** | 498,572 |
| Repayment of borrowings |  | **(429,000)** | (414,000) | **(437,885)** | (419,664) |
| **Net cash provided by financing activities** | 26 | **8,500** | 79,500 | **10,274** | 78,908 |
| **Net increase in cash and cash equivalents** |  | **82,523** | 6,681 | **83,157** | 6,344 |
| Cash and cash equivalents at beginning of the financial year |  | **139,225** | 132,544 | **136,397** | 130,053 |
| **Cash and cash equivalents at end of financial year** | 17 | **221,748** | 139,225 | **219,554** | 136,397 |

The accompanying notes form part of these financial statements.

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years reported, unless otherwise stated. The financial statements include the separate financial statements for Western Sydney University as the parent entity (the 'University') and the consolidated entity consisting of Western Sydney University and its subsidiaries (the 'Group').

The principal place of business for Western Sydney University is Great Western Highway Kingswood NSW 2747.

1. Basis of preparation

The annual financial statements represent the audited general purpose financial statements of Western Sydney University. They have been prepared on an accrual basis and comply with the Australian Accounting Standards.

The University applies Tier 1 reporting requirements.

Additionally the statements have been prepared to comply with the following statutory requirements:

* *Public Finance and Audit Act 1983* and Regulation;
* *Higher Education Support Act 2003* (Financial Statement Guidelines for Australian Higher Education Providers for the 2017 Reporting Period);

*-* The *Australian Charities and Not-for-profits Commission Act* and Regulation*.*

Western Sydney University is a not-for-profit entity and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with IFRS requirements.

Date of authorisation for issue

The financial statements were authorised for issue by the members of Western Sydney University on 4 April 2018.

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, and certain classes of property, plant and equipment.

1 Summary of Significant Accounting Policies (continued)

1. **Basis of preparation (continued)**

**Critical accounting estimates and significant judgements**

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 Western Sydney University’s accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis.The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

* 1. Management has elected to measure land and buildings at fair value as determined by licensed valuers being Australian Valuations who have performed an independent valuation as at 31 August 2017. Plant and equipment has been measured at the written down historical costs of these assets. The valuation of land, building, plant and equipment is shown in property, plant and equipment (note 21). For further details refer also note 1(p).
  2. Trade debtors (note 18) would generally be measured at amortised cost which will be approximated by the related nominal value. Management has assumed that there are no significant receivables with fair value materially different from nominal value and that there will be no significant delays in collecting outstanding amounts.
  3. The University has entered into a Joint Operation with Urban Growth (note 38). Cost of goods sold has been calculated on a percentage of completion basis, taking into account lot area sold and total costs to completion of the development.

Determining the carrying amount of provisions for employee long service leave entitlements (note 27), provision for annual leave entitlements (note 27), deferred superannuation (note 27), depreciation and useful life of buildings (note 21), and allowance for impaired receivables (note 18(a)) requires estimation of the uncertain future events on those assets and liabilities at the reporting date.

The assumptions made in the assessment of each of the financial assets and liabilities are shown in the relevant notes to the accounts and note 1(j), note 1(m), note 1(o), note 1(p) and note 1(x).

1. Basis of consolidation
2. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Western Sydney University (''parent entity'') as at 31 December 2017 and the results of all subsidiaries for the year then ended. Western Sydney University and its subsidiaries together are referred to in these financial statements as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group has control over an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when the Group has existing rights that give it current ability to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

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

1 Summary of Significant Accounting Policies (continued)

1. **Basis of consolidation (continued)**

Intercompany transactions, balances and unrealised gains on transactions between Group entities 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.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The subsidiaries of the University as at 31 December 2017 are:

* Western Sydney University Enterprises Pty Limited trading as Western Sydney University The College
* Western Unlimited Ltd.
* Whitlam Institute (within Western Sydney University) Limited and Trust
* Western Sydney University Early Learning Limited

Separate financial statements are prepared by the University’s subsidiaries. The Audit Office of NSW audits these financial statements.

1. Joint Arrangements

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Western Sydney University has determined that it has both joint venture and joint operations.

*Joint operations:*

The University's share of assets, liabilities, revenue and expenses of a joint operation have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 38.

*Joint venture:*

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the statement of comprehensive income and the statement of changes in equity. If the venturer's share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses. Details relating to the entity are set out in note 8.

1 Summary of Significant Accounting Policies (continued)

1. **Foreign currency transactions and balances**

Both the functional and presentation currency of the Group is Australian Dollars.

Transactions in foreign currencies are recorded in the functional currency at the exchange rates prevailing at the date of the transaction. 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.

1. 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:

1. ) Government grants

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.

In practice, Western Sydney University treats operating grants received from Australian Government entities as income in the year of receipt.

1. ) HELP payments

Revenue from HELP is categorised into those received from the Australian Government and those received directly from students. Revenue is recognised and measured in accordance with the above disclosure.

1. 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 in liabilities. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

1. Royalties, trademarks and licences

Revenue from royalties, trademarks and licences is recognised as income when earned.

1. Consulting and contracting

Contract revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

1 Summary of Significant Accounting Policies (continued)

1. **Revenue recognition (continued)**
2. Lease income

Lease income from operating leases is recognised as income on a straight-line basis over the lease term.

1. Investment income

Revenue is recognised as the interest accrues using the effective interest method.

Dividend revenue is recognised when the dividend is declared and the right to receive payment is established. All other material revenue is accounted for on an accrual basis.

1. Research grants and contracts

Private (Non Education) research grants and contracts are received by the University in advance of research services being provided and represent reciprocal transfers as specific research services are agreed between the University and the research contractee, with an acquittal process following the provision of the research service. The University treats unspent private research grants as a liability (note 28). In 2017 this amounted to $8.105M (2016: $9.840M). In the 2017 reporting period the $9.840M deferred in the prior year has been treated as income (2016: $7.649M). The net impact on income in 2017 was therefore a decrease of $1.735M (2016: increase of $2.191M).

1. Income Tax exemption

The Group is exempt from income tax under section 50-B of the *Income Tax Assessment Act 1997*.

1. 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.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

1 Summary of Significant Accounting Policies (continued)

1. **Impairment of assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount (note 15). 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 unit).

1. 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 six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1. 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. The Group's standard terms of trade is 14 days from the date of recognition with the exception of the deferred government contribution for superannuation.

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 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. The amount of the movement in the provision is recognised in the income statement.

When a trade receivable is uncollectable the amount of the loss is recognised in the income statement within ‘impairment of assets’. Subsequent recoveries of amounts previously written off are credited to ‘other revenue’ in the income statement.

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

1. Prepayments

Payments for goods and services which are to be provided in future years are recognised as prepayments. Prepayments are recorded in trade and other receivables in the statement of financial position.

1. Inventories

A stocktake of inventories on hand at year end was performed. All inventories are measured at the lower of cost and net realisable value. Textbooks and retail stock are valued at a weighted average price and other stock is valued at last purchase price.

1 Summary of Significant Accounting Policies (continued)

1. **Investments and other financial assets Classification**

The Group classifies its investments in the following categories: held to maturity investments, loans and receivables 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-evaluate this designation at each reporting date.

1. ) 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.

The Group has designated as held-to-maturity investments its investment in a fixed income portfolio managed by JB Were Limited. The investments are included as non-current assets in the statement of financial position (note 23).

1. 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 reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

1. Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are designated in this category.

The Group has designated as available-for-sale:

* units held in Acadian Australian Equity High Yield Fund, a managed investment fund; and
* unlisted securities

The Acadian Australian Equity High Yield Fund units and unlisted securities are included as non-current assets in the statement of financial position (note 23).

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve (note 29(a)).

1. Recognition and derecognition of financial assets

Purchases and sales of investments are recognised on 'trade date' which is 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 and loss. Financial assets carried at fair value through profit and 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.

1 Summary of Significant Accounting Policies (continued)

1. **Investments and other financial assets (continued) Classification (continued)**

When investments 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 sale of available-for-sale financial assets (note 5).

1. Recognition and derecognition of financial assets

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

1. value

The fair values of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Other valuation techniques used are the cost approach and the income approach based on characteristics of the asset and the assumptions made by market participants.

1. value

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.

1. Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs of disposal, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

1 Summary of Significant Accounting Policies (continued)

1. **Fair value measurement**

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities 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 end of the reporting date (Level 1). The quoted market price used for assets held by the Group is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market are 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 assets and liabilities. The level in the fair value hierarchy shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Group considers market participants' use of, or purchase price, of the asset to be in a manner that would be highest and best use.

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.

1. Property, Plant and Equipment

Land, buildings and the art collection are capitalised and 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 carrying amount is restated to the revalued amount of the asset.

Valuation for land and new or refurbished buildings was undertaken as at 31 August 2017 by external experts in accordance with AASB 13. Land and buildings were revalued on the basis of highest and best use.

For non-completed assets, construction costs totalling $7.594M incurred up to the reporting date were capitalised subsequent to the buildings revaluation. The scope of the valuation did not include revaluation of these buildings. The value of these refurbished buildings is based on the 30 September 2016 revaluation by the Valuer plus the construction costs capitalised in 2017.

The Group undertakes a regular review of its land holdings in light of the future academic footprint of the University. Re-evaluation may be undertaken from time to time on land originally designated for educational use with a view to realising monies to fund infrastructure requirements via sale and or joint development, following appropriate rezoning of the land to allow alternate uses.

1 Summary of Significant Accounting Policies (continued)

**(p) Property, Plant and Equipment (continued)**

The fair value of land is the amount for which the land could be exchanged between willing parties in an arms length transaction, based on market prices for similar properties, with similar zoning, in comparable locations and condition. The Group expects that the fair value of land already rezoned to allow for alternate use shall be different to land available for educational use only. Valuers engaged to determine the fair value of the land have taken into account the intended use and ultimate disposal of the land, as applicable.

Due to the specialised nature of buildings and the lack of directly comparable sales evidence, the 31 August 2017 valuation for new and refurbished buildings was undertaken utilising the Summation Valuation approach, whereby the cost to construct improvements as new is estimated and that amount depreciated, after taking into consideration the nature and design of the improvements, their age and the current condition. In determining the value for each building the exterior dimensions of each building were calculated from the detailed room specifications maintained by the University and extrapolated by the valuer's knowledge of current building rates on a square metre basis. The resultant value as at reporting date was then adjusted for the estimated remaining useful life of each building. The depreciated replacement cost of the improvements was then added to the underlying land value, which was derived after analysis of comparable sales evidence.

In valuing the art collection, the Valuer utilised certain historical facts and relevant market data available up to the date of the valuation. The most recent valuation was completed as at 31 December 2016.

All other 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 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 in other comprehensive income and accumulated equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement.

Decreases that reverse previous increases of the same class of asset are firstly recognised in other comprehensive income to the extent of the remaining reserve attributable to the asset. All other decreases are expensed in the income statement.

1 Summary of Significant Accounting Policies (continued)

1. **Property, Plant and Equipment (continued)**

Land and the art collection are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, over their estimated useful lives, as follows:

|  |  |  |
| --- | --- | --- |
| **Life** | **2017** | **2016** |
| Computing (Mainframe & Networking) | 4 years | 4 years |
| Computing (Other) | 3 years | 3 years |
| Vehicles | 6-7 years | 6-7 years |
| Scientific | 10 years | 10 years |
| Audio Visual | 10 years | 10 years |
| Printing | 10 years | 10 years |
| Other | 10-20 years | 10-20 years |
| Buildings (except where a limit of useful life of a building has been identified) | 5-60 years | 5-60 years |
| Library Collection | 5 years | 5 years |
| Leasehold Improvements | 2-6 years | 2-6 years |

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated life of the improvements.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

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

1. Repairs and Maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case, the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses as incurred.

1. Livestock

The University maintains livestock for research, teaching and commercial purposes. Livestock is valued on the fair value basis based on current market price. A stocktake of livestock holdings was undertaken at year end.

1. Intangible Assets
2. Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences across their estimated useful life of 5 years (note 22).

1 Summary of Significant Accounting Policies (continued)

1. **Intangible Assets (continued)**
2. Electronic materials

Electronic materials have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of electronic materials across their estimated useful life of 5 years (note 22).

1. Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year, that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The Group's standard terms of payment are 30 days from date of recognition.

1. 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. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

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 end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

1. Borrowing costs

Borrowing costs are expensed. Finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs are included in the definition of borrowing costs.

1. Provisions

Provisions 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 can be 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 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.

1 Summary of Significant Accounting Policies (continued)

1. **Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. The calculation of employee benefits includes all relevant on-costs and is calculated as follows at reporting date.

1. Wages and salaries

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before twelve months after the end of the reporting period, and is recognised in other payables.

1. Annual leave and sick leave

Annual leave is measured at the amount expected to be paid when the liability is settled.

Sick leave is cumulative but not vesting and therefore is not recognised in employee provisions. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

1. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured at 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 twelve months after the reporting date, in which case it would be classified as a non-current liability.

1. Retirement benefit obligations

Employees of the Group that are members of UniSuper are entitled to benefits on retirement, disability or death from the Group’s superannuation plan. The Group has a defined benefit section and 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.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured at 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. 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.

1 Summary of Significant Accounting Policies (continued)

1. **Employee benefits (continued)**

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the retained earnings in the statement of changes in equity and in the statement of financial position.

Past service costs are recognised in profit or loss immediately.

Contributions to the defined contributions section of Western Sydney University's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

1. Deferred government benefit for superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education (Education), the effects of the unfunded superannuation liabilities of Western Sydney 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 Mercer Human Resource Consulting Ltd and relate to the State Superannuation Scheme, the State Authorities Superannuation Scheme and the State Authorities Non Contributory Scheme. This assessment was based on the full requirements of AASB 119.

Deferred government benefits for superannuation are the amounts recognised as reimbursement rights as they are the amounts expected to be received from the Australian Government for the emerging costs of the superannuation funds for the life of the liability.

Note 41 discloses specific treatment.

1. Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Group recognises the expense and liability for termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB 137 that involves the payment of termination benefits. The expense and liability are recognised when the Group 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 a result of an offer made to encourage voluntary redundancy.

Termination benefits are measured on initial recognition and subsequent changes are measured and recognised in accordance with the nature of the employee benefit. Benefits expected to be settled wholly within twelve months are measured at the undiscounted amount expected to be paid. Benefits not expected to be settled before twelve months after the end of the reporting period are discounted to present value.

1 Summary of Significant Accounting Policies (continued)

1. **Financial guarantee contracts**

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

1. Rounding of amounts

Amounts in the financial statements have been rounded off in accordance with ASIC Corporations (Rounding in Financial /Directors' Reports) Instrument 2016/191 relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

(aa) 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.

The Group, excluding Western Unlimited Ltd and Western Sydney University Early Learning Limited, is a Charitable Institution endorsed to access GST concessions on a range of transactions.

(ab) Insurance

Western Sydney University insures externally for all significant areas of risk exposure and accordingly is not a self insurer and makes no provision in its financial statements for internal coverage.

Workers’ Compensation insurance is currently held with Employers Mutual Insurance. Property and liability protections (including General and Products Liability, Professional Liability, Medical Malpractice, Clinical Trials and Directors and Officers) are arranged with Unimutual.

(ac) Foreign operations

Western Sydney University operates a small number of teaching programs in the Asia region. There are no University entities registered overseas.

1 Summary of Significant Accounting Policies (continued) (ad) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2017 reporting periods. Western Sydney University's assessment of the impact of these new Standards and Interpretations is set out below:

1. *AASB 15 Revenue from contracts with customers; and AASB 1058 Income of not-for-profit entities*

Australian Accounting Standard AASB 15 'Revenue from contracts with customers' and AASB 1058 'Income of not-for- profit entities' are mandatory from 1 January 2019. The standards replace AASB 118 'Revenue', AASB 111 'Construction Contracts' and AASB 1004 'Contributions'.

AASB 15 establishes a single and comprehensive framework which sets out how and when revenue is recognised. The core principle of AASB 15 is that revenue is recognised when transfers of goods or services to customers occurs in exchange for consideration which the vendor expects to be entitled to in exchange for the provision of those goods or services (i.e. fulfilment of performance obligations). Revenue will only be recognised when control over the goods or services is transferred to the customer, which is either over time or at a point in time.

Furthermore, AASB 1058 amends the income recognition requirements that apply to not-for-profit entities and establishes principles for not-for-profit entities that apply to:

1. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives;
2. the receipt of volunteer services; and
3. transfers made to enable an entity to acquire or construct a non-financial asset for its own use.

The University is in the process of assessing the changes, if any, to its revenue recognition policies upon adoption of AASB 15 and AASB 1058. Until management completes that process, the University is unable to reasonably quantify the expected financial impacts of those Standards in future periods.

1. *AASB 16 Lease*s

The Australian Accounting Standard AASB 16 'Leases' is mandatory from 1 January 2019, and replaces AASB 117 'Leases'.

The definition of a lease in AASB 16 is essentially the same as AASB 117. The definition attempts to differentiate between controlling the underlying asset and arrangements that transfer to a lessee the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use (for example, by having exclusive use of the asset throughout that period).

AASB 16 requires all leases to be recognised on balance sheet, as a right of use asset and corresponding liability.

The new standard will have a material impact for the University, with existing arrangements currently recognised through profit and loss as operating leases. The University is in the process of assessing the changes to its lease recognition and measurement policies upon the adoption of AASB 16. Until management completes that process, the University is unable to reasonably quantify the expected financial impacts of the Standard in future periods.

1 Summary of Significant Accounting Policies (continued)

**(ad) New Accounting Standards and Interpretations (continued)**

1. *AASB 9 Financial Instruments*

AASB 9 replaces AASB 139 effective 1 January 2018 and introduces a new classification model for financial assets which is more principles based than current requirements. Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held.

AASB 9 reduces the number of categories of financial assets from 4 to 3 and removes the available for sale and held to maturity categories. The categories of financial assets under AASB 9 are:

1. Amortised cost;
2. Fair value through other comprehensive income;
3. Fair value through profit or loss.

AASB 9 introduces a 3 staged approach to the impairment of financial assets (including trade receivables), based on changes in expected credit losses of a financial instrument.

The University is in the process of assessing the changes to its classification of financial instruments upon adoption of AASB 9. Until management completes that process, the University is unable to reasonably quantify the expected financial impacts of the Standard in future periods.

1. Summary of Significant Accounting Policies (continued) (ae) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in the financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

During the preparation of the current year financial statements, the following items have been adjusted to conform with the current years presentation, resulting in more relevant reliable financial information and classification.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Note** | **2016**  **Reported Consolidated**  **$'000** | **2016**  **Revised Consolidated**  **$'000** | **2016**  **Reported Parent**  **$'000** | **2016**  **Revised Parent**  **$'000** |
| **Note 2 - Australian Government financial** |  |  |  |  |  |
| **assistance including HECS-HELP & other** |  |  |  |  |  |
| **Australian Goverment loan programs** |  |  |  |  |  |
| **Commonwealth Grants Scheme and Other** |  |  |  |  |  |
| **Grants** |  |  |  |  |  |
| Higher Education Participation Fund | 2(a) | 11,625 | - | 11,625 | - |
| Access and Participation Fund | 2(a) | - | 11,494 | - | 11,494 |
| National Priorities Pool | 2(a) | - | 131 | - | 131 |
| Indigenous Support Program | 2(a) | 1,758 | 1,927 | 1,758 | 1,927 |
|  |  | 13,383 | 13,552 | 13,383 | 13,552 |
| **Scholarships** |  |  |  |  |  |
| Australian Postgraduate Awards | 2(c) | 3,361 | - | 3,361 | - |
| International Postgraduate Research Scholarships | 2(c) | 274 | - | 274 | - |
| Commonwealth Education Costs Scholarships | 2(c) | 109 | - | 109 | - |
| Commonwealth Accommodation Scholarships | 2(c) | 21 | - | 21 | - |
| Indigenous Access Scholarships | 2(c) | 39 | - | 39 | - |
|  |  | 3,804 | - | 3,804 | - |
| **Education Research** |  |  |  |  |  |
| Joint Research Engagement Program | 2(c) | 3,813 | - | 3,813 | - |
| Research Training Scheme | 2(c) | 7,070 | - | 7,070 | - |
| Research Infrastructure Block Grants | 2(c) | 1,896 | - | 1,896 | - |
| Sustainable Research Excellence in Universities | 2(c) | 1,753 | - | 1,753 | - |
| Research Training Program | 2(c) | - | 10,705 | - | 10,705 |
| Research Support Program | 2(c) | - | 7,462 | - | 7,462 |
|  |  | 14,532 | 18,167 | 14,532 | 18,167 |
|  |  | 31,719 | 31,719 | 31,719 | 31,719 |

1. Australian Government financial assistance including HECS-HELP and other Australian Government loan programs
   1. Commonwealth Grants Scheme and Other Grants

Consolidated Parent

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Note** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| Commonwealth Grants Scheme #1 |  | **286,995** | 297,511 | **286,995** | 297,511 |
| Access and Participation Fund |  | **10,231** | 11,494 | **10,231** | 11,494 |
| Disability Performance Funding #2 |  | **970** | 924 | **970** | 924 |
| Indigenous Student Success |  |  |  |  |  |
| Program #3 |  | **2,643** | 1,927 | **2,643** | 1,927 |
| National Priorities Pool |  | **100** | 131 | **100** | 131 |
| Promotion of Excellence in |  |  |  |  |  |
| Learning and Teaching |  | **31** | 155 | **31** | 155 |
| **Total Commonwealth Grants** |  |  |  |  |  |
| **Scheme and Other Grants** | 40(a) | **300,970** | 312,142 | **300,970** | 312,142 |
| (b) | Higher Education Loan Programs |  |  |  |  |  |
|  | HECS - HELP |  | **199,580** | 204,836 | **199,580** | 204,836 |
|  | FEE - HELP #4 |  | **12,286** | 11,862 | **12,286** | 11,862 |
|  | SA - HELP |  | **6,884** | 7,059 | **6,884** | 7,059 |
|  | **Total Higher Education Loan** |  |  |  |  |  |
| **Programs** 40(b) **218,750** | | | | 223,757 | **218,750** | 223,757 |

1. Education Research

Research Training Program **10,632** 10,705 **10,632** 10,705

Research Support Program **7,623** 7,462 **7,623** 7,462

**Total Education Research** 40(c) **18,255** 18,167 **18,255** 18,167

1. Australian Research Council

Consolidated Parent

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| Discovery |  | **5,857** | 5,423 | **5,857** | 5,423 |
| Linkages |  | **1,028** | 1,146 | **1,028** | 1,146 |
| Networks and Centres |  | **1,161** | 1,136 | **1,161** | 1,136 |
| Special Research Initiatives |  | **249** | - | **249** | - |
| **Total ARC** | 40(d) | **8,295** | 7,705 | **8,295** | 7,705 |

**2 Australian Government financial assistance including HECS-HELP and other Australian Government loan programs (continued)**

1. Other Australian Government Financial Assistance

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Non-capital**  Department of Health | **3,715** | 3,649 | **3,715** | 3,649 |
| Away-from-base assistance | **387** | 404 | **387** | 404 |
| Indigenous Tutorial Assistance Scheme | **-** | 480 | **-** | 480 |
| Study overseas short term mobility project | **1,773** | 1,877 | **1,773** | 1,877 |
| Other | **321** | 319 | **321** | 319 |
| **Total Non-capital** | **6,196** | 6,729 | **6,196** | 6,729 |
| **Capital** |  |  |  |  |
| Horticulture Innovation Australia | **697** | 750 | **697** | 750 |
| **Total Capital** | **697** | 750 | **697** | 750 |
| **Total Other Australian** |  |  |  |  |
| **Government Financial** |  |  |  |  |
| **Assistance** | **6,893** | 7,479 | **6,893** | 7,479 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total Australian Government Financial** |  | | | |
| **Assistance** | **553,163** | 569,250 | **553,163** | 569,250 |

#1 Includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading, CGS - Medical Student Loading, Allocated Places, Non Designated Courses and CGS - Special Advances from Future Years.

#2 Disability Performance Funding includes Additional Support for Students with Disabilities and Australian Disability Clearing.

#3 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017. Prior year programs have been combined and reported in Indigenous Student Success Program for 2016.

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

2 Australian Government financial assistance including HECS-HELP and other Australian Government loan programs (continued)

**Consolidated Parent**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reconciliation**  Australian Government Grants |  | | | |
| (Note 2: a + c + d + e ) | **334,413** | 345,493 | **334,413** | 345,493 |
| Higher Education Loan Programs (2b) | **218,750** | 223,757 | **218,750** | 223,757 |
| **Total Australian Government Financial** |  |  |  |  |
| **Assistance** | **553,163** | 569,250 | **553,163** | 569,250 |

1. Australian Government Grants received - cash basis

Consolidated Parent

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Notes** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| CGS and Other Education Grants | 40(a) | **301,161** | 312,940 | **301,161** | 312,940 |
| Higher Education Loan Programmes | 40(b) | **215,418** | 222,891 | **215,418** | 222,891 |
| Education Research | 40(c) | **18,255** | 16,589 | **18,255** | 16,589 |
| ARC Grants - Discovery | 40(d) | **5,484** | 5,133 | **5,484** | 5,133 |
| ARC Grants - Linkages | 40(d) | **583** | 1,146 | **583** | 1,146 |
| ARC Grants - Networks and Centres | 40(d) | **-** | 1,136 | **-** | 1,136 |
| Other Australian Government Grants | 2(e) | **6,893** | 7,479 | **6,893** | 7,479 |
| **Total Australian Government** |  |  |  |  |  |
| **Grants received - cash basis**  **547,794** 567,314 **547,794** 567,314 | | | | | |
| OS-Help (Net) | 40(e) | **106** | 322 | **106** | 322 |
| **Total Australian Government** |  |  |  |  |  |
| **funding received - cash basis** |  | **547,900** | 567,636 | **547,900** | 567,636 |

1. **State and local government financial assistance**

Government grants were received during the reporting period for the following purposes:

Consolidated Parent

**Non-capital**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

NSW Department of Primary Industries **19** 6 **19** 6

Total Non-capital 19 6 19 6

Total State and Local Government Financial

Assistance 19 6 19 6

1. **Fees and charges**

**Consolidated Parent**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Course Fees and Charges**  Fee-paying onshore overseas students | **97,191** | 79,643 | **96,362** | 77,728 |
| Fee-paying offshore overseas students | **746** | 1,099 | **598** | 822 |
| Fee-paying domestic postgraduate students | **2,674** | 2,771 | **2,674** | 2,771 |
| Fee-paying domestic undergraduate students | **443** | 454 | **333** | 291 |
| Fee-paying domestic non-award students | **1,011** | 868 | **840** | 730 |
| Continuing education | **4,007** | 3,044 | **67** | 9 |
| Other domestic course fees and charges | **47** | (25) | **47** | (25) |
| **Total Course Fees and Charges** | **106,119** | 87,854 | **100,921** | 82,326 |
| **Other Non-Course Fees and Charges**  Student services fees from students | **3,176** | 2,781 | **3,176** | 2,781 |
| Deferral fees | **(2)** | 144 | **(2)** | 144 |
| Library fines | **180** | 215 | **180** | 215 |
| Student accommodation | **817** | 824 | **817** | 824 |
| Academic transcripts | **250** | 261 | **250** | 261 |
| Graduation fees | **389** | 385 | **389** | 385 |
| Academic dress hire | **357** | 367 | **357** | 367 |
| Student test fees | **3,266** | 3,311 | **-** | - |
| Other | **739** | 546 | **512** | 357 |
| **Total Other Fees and Charges** | **9,172** | 8,834 | **5,679** | 5,334 |
| **Total Fees and Charges** | **115,291** | 96,688 | **106,600** | 87,660 |

1. **Investment revenue and other investment income**

**Consolidated Parent**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| **Interest income**  Bank deposits | **3,888** | 3,634 | **3,850** | 3,555 |
| Other loans and receivables | **600** | 438 | **530** | 438 |
| **Distribution from managed funds**  Available-for-sale financial assets | **6,631** | 2,947 | **6,631** | 2,947 |
| Held-to-maturity investments | **387** | 258 | **387** | 258 |
| Dividends received | **2,541** | 1,258 | **2,541** | 1,258 |
| **Total investment income** | **14,047** | 8,535 | **13,939** | 8,456 |

1. **Royalties, trademarks and licences**

**Consolidated Parent**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

Royalties and intellectual property **263** 262 **260** 262

Total royalties, trademarks and

**licences 263** 262 **260** 262

1. **Consultancy and contracts**

**Consolidated Parent**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Consultancy | **2017**  **$'000**  **2,881** | **2016**  **$'000**  4,230 | **2017**  **$'000**  **2,875** | **2016**  **$'000**  4,226 |
| Contract research | **20,193** | 13,697 | **20,193** | 13,697 |
| **Total consultancy and contracts** | **23,074** | 17,927 | **23,068** | 17,923 |

1. **Investments accounted for using the equity method**
   1. Restrictions

The Group has nil restrictions from the joint venture with Navitas Ltd.

* 1. Individually immaterial joint venture or associate

Aggregate carrying amount of interests in joint ventures and associates accounted for using the equity method that is not individually material in the consolidated financial statements:

Consolidated Joint Ventures

|  |  |  |
| --- | --- | --- |
| Profit/(loss) from continuing operations | **2017**  **$'000**  **(834)** | **2016**  **$'000**  (1,052) |
| Profit/(loss) from continuing operations after income tax | **(834)** | (1,052) |
| Other comprehensive income | **-** | - |
| **Total comprehensive income** | **(834)** | (1,052) |

Contingent liabilities arising from the Group's interests in associates and joint arrangements, and capital commitments arising from the Group's interests in joint arrangements are disclosed in notes 32 and 33 respectively.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **9** | **Other revenue and income** |  | **Consolidated** | | **Parent** |  |
|  |  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
|  | Sale of goods |  | **4,694** | 15,584 | **924** | 993 |
|  | Parking fees |  | **3,437** | 4,048 | **3,437** | 4,049 |
|  | Donations and bequests |  | **4,537** | 7,283 | **4,382** | 7,153 |
|  | Commercial leases and other rental income |  | **10,799** | 5,778 | **10,577** | 5,536 |
|  | Salary recoveries |  | **4,863** | 4,288 | **4,839** | 4,461 |
|  | Childcare centre fees and grants |  | **6,720** | 5,972 | **-** | - |
|  | Non-salary recoveries |  | **1,160** | 4,200 | **1,139** | 4,186 |
|  | Scholarships and prizes |  | **1,268** | 1,587 | **1,259** | 1,587 |
|  | Commission income |  | **859** | 715 | **834** | 715 |
|  | Service income | 34(d) | **705** | 651 | **23,027** | 20,170 |
|  | Non-government grants |  | **62** | 260 | **62** | 260 |
|  | Conference and seminar income |  | **282** | 604 | **258** | 604 |
|  | Other |  | **4,973** | 4,463 | **3,062** | 2,960 |
|  | **Total other revenue and income** |  | **44,359** | 55,433 | **53,800** | 52,674 |

10 Gain on disposal of assets

**Consolidated Parent**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Proceeds from sale | **95,076** | 25,771 | **94,841** | 25,306 |
| Carrying amount of assets sold | **(59,053)** | (12,580) | **(58,901)** | (12,464) |
| **Total gain on disposal of assets** | **36,023** | 13,191 | **35,940** | 12,842 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **11** | **Employee related expenses** | **Consolidated** | | **Parent** |  |
|  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** |
|  | **Academic** |  |  |  |  |
|  | Salaries | **186,204** | 191,081 | **166,257** | 170,181 |
|  | Contribution to superannuation |  |  |  |  |
|  | & pension schemes - funded | **26,576** | 26,771 | **24,488** | 24,734 |
|  | Payroll tax | **11,447** | 11,554 | **10,160** | 10,229 |
|  | Worker's compensation | **993** | 783 | **920** | 699 |
|  | Long service leave expense | **2,483** | 5,194 | **2,211** | 5,032 |
|  | Annual leave | **809** | 1,012 | **754** | 949 |
| **Total academic 228,512** | | | 236,395 | **204,790** | 211,824 |
| **Non-academic** | |  |  |  |  |
| Salaries | | **175,782** | 187,058 | **161,484** | 169,125 |
| Contribution to superannuation | |  |  |  |  |
| & pension schemes - funded | | **24,884** | 25,359 | **23,543** | 23,821 |
| Payroll tax | | **9,964** | 10,363 | **9,670** | 9,993 |
| Worker's compensation | | **923** | 940 | **810** | 651 |
| Long service leave expense | | **3,412** | 5,391 | **3,116** | 5,158 |
| Annual leave | | **621** | 497 | **619** | 242 |
| **Total non-academic** | | **215,586** | 229,608 | **199,242** | 208,990 |
| **Total employee related** | |  |  |  |  |
| **expenses** | | **444,098** | 466,003 | **404,032** | 420,814 |
| **Total employee related** | |  |  |  |  |
| **expenses, including deferred** | |  |  |  |  |
| **Government Employee Benefits** | |  |  |  |  |
| **for Superannuation** | | **444,098** | 466,003 | **404,032** | 420,814 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **12** | **Depreciation and amortisation** | | **Consolidated** | | **Parent** |  |
|  |  | | **2017** | **2016** | **2017** | **2016** |
|  |  | | **$'000** | **$'000** | **$'000** | **$'000** |
|  | **Depreciation** | |  |  |  |  |
|  | Buildings and Infrastructure | | **26,358** | 25,924 | **26,358** | 25,924 |
|  | Plant and equipment | | **11,994** | 10,974 | **11,878** | 10,826 |
|  | Library collection | | **2,569** | 2,945 | **2,569** | 2,945 |
|  | **Total depreciation** | | **40,921** | 39,843 | **40,805** | 39,695 |
|  | **Amortisation** | |  |  |  |  |
|  | Leasehold property | | **7,136** | 2,828 | **5,716** | 1,803 |
|  | Intangible assets | | **2,468** | 1,203 | **2,314** | 1,082 |
|  | **Total amortisation** | | **9,604** | 4,031 | **8,030** | 2,885 |
|  | **Total depreciation and amortisation** | | **50,525** | 43,874 | **48,835** | 42,580 |
| **13** | **Repairs and maintenance** | |  |  |  |  |
| **Consolidated Parent** | | | | | | |
|  |  | | **2017** | **2016** | **2017** | **2016** |
|  |  | | **$'000** | **$'000** | **$'000** | **$'000** |
|  | Buildings | | **19,836** | 21,692 | **19,788** | 21,616 |
|  | Plant and equipment | | **5,116** | 4,784 | **5,029** | 4,676 |
|  | Information technology | | **45** | 34 | **45** | 32 |
|  | Motor vehicles | | **564** | 597 | **489** | 520 |
|  | **Total repairs and maintenance** | | **25,561** | 27,107 | **25,351** | 26,844 |
| **14** | **Borrowing costs** | |  |  |  |  |
| **Consolidated Parent** | | | | | | |
|  |  |  | **2017 2016** | | **2017** | **2016** |
|  |  |  | **$'000 $'000** | | **$'000** | **$'000** |
|  | Interest expense |  | **4,276** 2,558 | | **4,476** | 2,689 |
|  | **Total borrowing costs expensed** |  | **4,276** 2,558 | | **4,476** | 2,689 |
| **15** | **Impairment of assets** |  |  | |  |  |
|  |  |  | **Consolidated** | | **Parent** |  |
|  |  |  | **2017 2016** | | **2017** | **2016** |
|  |  |  | **$'000 $'000** | | **$'000** | **$'000** |
|  | Bad debts | 34(e) | **(205)** 127 | | **3,722** | 112 |
|  | Doubtful debts |  | **143** (310) | | **150** | (326) |
|  | **Total impairment of assets** |  | **(62)** (183) | | **3,872** | (214) |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **16** | **Other expenses** |  | **Consolidated** | | **Parent** |  |
|  |  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
|  | Fees for service #1 | 31  34(d) | **84,023** | 74,121 | **132,088** | 122,796 |
|  | Consumables & supplies |  | **19,293** | 28,032 | **16,735** | 16,729 |
|  | Scholarships, grants and prizes |  | **22,868** | 20,243 | **22,445** | 20,176 |
|  | Overheads |  | **14,789** | 12,006 | **14,782** | 12,012 |
|  | Advertising, marketing and promotional expenses |  | **13,682** | 13,708 | **13,253** | 13,737 |
|  | Minimum lease payments on operating leases |  | **27,235** | 12,309 | **26,838** | 11,844 |
|  | Non-capitalised equipment |  | **3,151** | 4,456 | **3,021** | 4,165 |
|  | Travel and entertainment |  | **7,931** | 7,516 | **7,841** | 7,288 |
|  | Cleaning and waste removal |  | **8,830** | 9,059 | **8,582** | 8,780 |
|  | Student education support |  | **3,689** | 445 | **3,689** | 445 |
|  | Communication costs |  | **2,775** | 3,370 | **2,681** | 3,169 |
|  | Staff development |  | **2,097** | 2,703 | **2,007** | 2,509 |
|  | Security costs |  | **3,965** | 3,570 | **3,906** | 3,524 |
|  | Student service fees |  | **404** | 297 | **3** | 9 |
|  | Other expenses |  | **7,911** | 8,803 | **7,590** | 7,753 |
|  | **Total other expenses** |  | **222,643** | 200,638 | **265,461** | 234,936 |

#1 Audit remuneration included in amount and disclosed under note 31.

17 Cash and cash equivalents

**Consolidated Parent**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cash at bank and on hand | **124,030** | 51,125 | **122,246** | 48,697 |
| Short-term deposits | **97,718** | 88,100 | **97,308** | 87,700 |
| **Total cash and cash equivalents** | **221,748** | 139,225 | **219,554** | 136,397 |

1. 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 | **221,748** | 139,225 | **219,554** | 136,397 |
| **Balance per statement of cash flows** | **221,748** | 139,225 | **219,554** | 136,397 |
| (b) | Cash at bank and on hand |  |  |  |  |

The average interest rate during 2017 on bank accounts included in cash at bank and on hand was 2.05% (2016: 2.11%).

(c) Short term deposits

The deposits are at fixed interest rates ranging between 2.20% and 2.60%.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **18** | **Receivables** |  | **Consolidated** | | **Parent** |  |
|  |  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **Notes** | **$'000** | **$'000** | **$'000** | **$'000** |
|  | **Current** |  |  |  |  |  |
|  | Student fees |  | **4,496** | 2,326 | **4,345** | 2,186 |
|  | Trade receivables |  | **22,330** | 21,494 | **20,845** | 24,284 |
|  | Less Provision for impaired receivables |  | **(770)** | (618) | **(738)** | (586) |
|  |  |  | **26,056** | 23,202 | **24,452** | 25,884 |
|  | Other |  | **8,357** | 14,624 | **8,357** | 14,624 |
|  | Prepayments |  | **21,656** | 23,699 | **21,586** | 23,643 |
|  | **Total current receivables** |  | **56,069** | 61,525 | **54,395** | 64,151 |
|  | **Non-current** |  |  |  |  |  |
|  | Deferred government benefit for superannuation | 41 | **345,703** | 332,281 | **345,703** | 332,281 |
|  | Finance lease receivables | 18(c) | **18,115** | 17,673 | **18,115** | 17,673 |
|  | Prepayments |  | **24,227** | 3,391 | **24,227** | 3,391 |
|  | **Total non-current receivables** |  | **388,045** | 353,345 | **388,045** | 353,345 |
|  | **Total receivables** |  | **444,114** | 414,870 | **442,440** | 417,496 |

(a) Impaired receivables

As at 31 December 2017 current receivables of the Group with a nominal value of $0.770M (2016: $0.618M) were impaired. The amount of the provision was $0.770M (2016: $0.618M). The individually impaired receivables mainly relate to individual debtors with balances aged greater than 180 days.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| The ageing of these receivables is as follows: | **Consolidated** |  | **Parent** |  |
|  | **2017 2016** |  | **2017** | **2016** |
|  | **$'000 $'000** |  | **$'000** | **$'000** |
| 0 to 3 months | **-** | - | **-** | - |
| 3 to 6 months | **-** | - | **-** | - |
| Over 6 months | **(770)** | (618) | **(738)** | (586) |
| **Total current impaired** |  |  |  |  |

**receivables**  **(770)** (618) **(738)** (586)

18 Receivables (continued)

1. Impaired receivables (continued)

As at 31 December 2017 trade receivables of the Group totalling $5.380M (2016: $10.575M) were past due but not impaired. These relate to a number of individual customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Trade Receivables**  0 to 3 months | **4,280** | 7,554 | **3,959** | 7,118 |
| 3 to 6 months | **784** | 2,473 | **737** | 1,855 |
| Over 6 months | **316** | 548 | **307** | 501 |
| **Total past due but not impaired** |  |  |  |  |

**receivables**  **5,380** 10,575 **5,003** 9,474

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Movements in the provision for impaired receivables are as follows:** |  | | | |
| At 1 January | **618** | 1,176 | **586** | 897 |
| Provision for impairment |  |  |  |  |
| recognised / (reversed) during the year | **118** | (685) | **4,061** | (423) |
| Receivables written off / |  |  |  |  |
| (reversed) during the year as uncollectable | **34** | 127 | **26** | 112 |
| Related party loan forgiven | **-** | - | **(3,935)** | - |
| **At 31 December** | **770** | 618 | **738** | 586 |

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.

1. Leasing Arrangements

The University, as lessor, has entered into a lease with Campus Living Villages Pty Limited to manage student residence accommodation for a period of 40 years.

18 Receivables (continued)

1. Amounts receivable under finance leases

Minimum lease payments Present value of minimum lease

**payments**

**2017**

**2016**

**2017**

**2016**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Not later than 1 year | **$'000**  **-** | **$'000**  - | **$'000**  **-** | **$'000**  - |
| Later than 1 year and not later than 5 years | **-** | - | **-** | - |
| Later than 5 years | **42,990** | 42,990 | **18,115** | 17,673 |
| **Amounts receivable under** |  |  |  |  |
| **finance leases**  **42,990** 42,990 **18,115** 17,673 | | | | |
| Less unearned finance income | **(24,875)** | (25,317) | **-** | - |
| Present value of minimum lease |  |  |  |  |
| payments receivable | **18,115** | 17,673 | **18,115** | 17,673 |
| Allowance for uncollectable lease payments | **-** | - | **-** | - |
| **Finance lease receivable** | **18,115** | 17,673 | **18,115** | 17,673 |

Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at $42.990M (2016: $42.990M).

Contingent rents of $0.773M (2016: $0.810M) have been recognised as income in the year.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

1. Inventories

**Consolidated Parent**

**Current**

At cost:

2017

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

Stock on hand **58** 15 **-** -

Total inventories 58 15 - -

1. **Non-current assets classified as held for sale ('NCA')**

**Consolidated Parent**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current**  Land | **39,671** | 85,330 | **39,671** | 85,330 |
| Buildings | **687** | - | **687** | - |
| Subway Franchise | **-** | 130 | **-** | - |
| **Total non-current assets or disposal groups classified as held for sale** | **40,358** | 85,460 | **40,358** | 85,330 |

NCAs (or disposal groups) held for sale are carried at the lower of the carrying amount or the fair value less costs to sell. For the fair value of the NCA (or disposal group) see note 36(b).

In 2017, the University entered into a sales agreement to sell land at it's Nirimba campus. Settlement is expected to occur by 1 December 2018. A gain on settlement of $3.8M will be recognised in 2018. A gain on revaluation of $4.5M was recognised in 2017 in the property development reserve and will be transferred to retained earnings in 2018 when the asset is de-recognised.

In 2016, the University entered into a sales agreement to sell land at it's Westmead campus. Settlement of Lot 5 occurred in October 2017, with a gain of $26.4M recognised in the Statement of Comprehensive Income. In 2016 a gain on revaluation of $43.8M was recognised in the property development reserve, once settlement occurred the asset was de-recognised and the reserve was transferred to retained earnings. Settlement of Lot 4 was deferred until January 2018, a gain on settlement of $15.0M will be recognised in 2018. The remaining gain on revaluation of $27.6M recognised in 2016 in the property development reserve will be transferred to retained earnings in 2018 when the asset is de-recognised.

1. Property, plant and equipment

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Construction in Progress** | **Freehold Land** | **Crown Land** | **Buildings** | **Infrastructure** | **Plant and Equipment** | **Leasehold Improvements** | **Library Collection** | **Artwork** | **Total** |
| **Consolidated** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **At 1 January 2016**  - Cost | 62,261 | - | - | 7,929 | 1,637 | 132,831 | 23,242 | 82,713 | - | 310,613 |
| - Valuation | - | 214,596 | 162,335 | 905,781 | 85,557 | - | - | 1,651 | 3,152 | 1,373,072 |
| Accumulated depreciation and impairment | - | - | - | (3,049) | (1,799) | (72,612) | (8,166) | (74,691) | - | (160,317) |
| **Net Book Amount** | 62,261 | 214,596 | 162,335 | 910,661 | 85,395 | 60,219 | 15,076 | 9,673 | 3,152 | 1,523,368 |
| **Year Ended 31 December 2016**  Opening Net Book Amount | 62,261 | 214,596 | 162,335 | 910,661 | 85,395 | 60,219 | 15,076 | 9,673 | 3,152 | 1,523,368 |
| Revaluation Surplus | - | (3,055) | - | 19,722 | 2,203 | - | - | 30 | 986 | 19,886 |
| Additions | 114,688 | 3,950 | - | - | - | 7,182 | - | 2,179 | 66 | 128,065 |
| Disposals | (11,310) | - | - | (758) | - | (284) | - | (228) | - | (12,580) |
| Depreciation Charge | - | - | - | (23,172) | (2,752) | (10,974) | (2,828) | (2,945) | - | (42,671) |
| Non-Cash Adjustments | - | - | - | - | - | - | 28 | - | - | 28 |
| Assets capitalsed from Construction in Progress | (80,595) | - | - | 54,304 | 11,674 | 10,022 | 4,595 | - | - | - |
| Transfers to Held for Sale Assets | - | (10,859) | - | - | (5,171) | - | - | - | - | (16,030) |
| **Closing Net Book Amount** | 85,044 | 204,632 | 162,335 | 960,757 | 91,349 | 66,165 | 16,871 | 8,709 | 4,204 | 1,600,066 |
| **At 31 December 2016**  - Cost | 85,044 | - | - | 47,788 | 2,518 | 148,577 | 27,865 | 81,139 | - | 392,931 |
| - Valuation | - | 204,632 | 162,335 | 920,514 | 90,256 | - | - | 1,712 | 4,204 | 1,383,653 |
| Accumulated depreciation and impairment | - | - | - | (7,545) | (1,425) | (82,412) | (10,994) | (74,142) | - | (176,518) |
| **Net Book Amount** | 85,044 | 204,632 | 162,335 | 960,757 | 91,349 | 66,165 | 16,871 | 8,709 | 4,204 | 1,600,066 |

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Construction**  **in Progress Freehold Land** | | | **Crown Land** | **Buildings** | **Infrastructure** | **Plant and Equipment** | **Leasehold Improvements** | **Library Collection** | **Artwork** | **Total** |
| **Consolidated $'000 $'000** | | | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Year ended 31 December 2017**  Opening Net Book Amount | 85,044 | 204,632 | 162,335 | 960,757 | 91,349 | 66,165 | 16,871 | 8,709 | 4,204 | 1,600,066 |
| Revaluation Surplus | - | 107,122 | 59,405 | 19,269 | 14,507 | - | - | - | - | 200,303 |
| Additions | 91,531 | - | - | - | - | 8,359 | - | 1,991 | 87 | 101,968 |
| Disposals | (6,803) | - | - | - | - | (240) | - | (285) | (13) | (7,341) |
| Depreciation Charge | - | - | - | (23,179) | (3,179) | (11,994) | (7,136) | (2,569) | - | (48,057) |
| Non-Cash Adjustments | - | - | - | - | - | 7 | - | (1) | - | 6 |
| Assets capitalised from Construction in Progress | (88,821) | - | - | 25,364 | 6,358 | 1,369 | 55,598 | - | 132 | - |
| Transfers to Held for Sale Assets | - | (5,180) | - | (687) | - | - | - | - | - | (5,867) |
| **Closing Net Book Amount** | **80,951** | **306,574** | **221,740** | **981,524** | **109,035** | **63,666** | **65,333** | **7,845** | **4,410** | **1,841,078** |
| **At 31 December 2017**  - Cost | 80,951 | - | - | 7,576 | 18 | 147,465 | 82,283 | 77,877 | - | 396,170 |
| - Valuation | - | 306,574 | 221,740 | 983,669 | 110,808 | - | - | 1,742 | 4,410 | 1,628,943 |
| Accumulated depreciation and impairment | - | - | - | (9,721) | (1,791) | (83,799) | (16,950) | (71,774) | - | (184,035) |
| **Net Book Amount** | **80,951** | **306,574** | **221,740** | **981,524** | **109,035** | **63,666** | **65,333** | **7,845** | **4,410** | **1,841,078** |

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Construction**  **in Progress Freehold Land** | | | **Crown Land** | **Buildings** | **Infrastructure** | **Plant and Equipment** | **Leasehold Improvements** | **Library Collection** | **Artwork** | **Total** |
| **Parent $'000 $'000** | | | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **At 1 January 2016**  - Cost | 58,778 | - | - | 7,929 | 1,637 | 131,471 | 18,412 | 82,713 | - | 300,940 |
| - Valuation | - | 214,596 | 162,335 | 905,781 | 85,557 | - | - | 872 | 3,140 | 1,372,281 |
| Accumulated depreciation and impairment | - | - | - | (3,049) | (1,799) | (71,576) | (5,350) | (74,691) | - | (156,465) |
| **Net Book Amount** | 58,778 | 214,596 | 162,335 | 910,661 | 85,395 | 59,895 | 13,062 | 8,894 | 3,140 | 1,516,756 |
| **Year Ended 31 December 2016**  Opening Net Book Amount | 58,778 | 214,596 | 162,335 | 910,661 | 85,395 | 59,895 | 13,062 | 8,894 | 3,140 | 1,516,756 |
| Revaluation Surplus | - | (3,055) | - | 19,722 | 2,203 | - | - | 9 | 986 | 19,865 |
| Additions | 113,124 | 3,950 | - | - | - | 7,080 | - | 2,148 | 66 | 126,368 |
| Disposals | (11,310) | - | - | (758) | - | (168) | - | (228) | - | (12,464) |
| Depreciation Charge | - | - | - | (23,172) | (2,752) | (10,826) | (1,803) | (2,945) | - | (41,498) |
| Non-Cash Adjustments | - | - | - | - | - | 9 | 28 | - | - | 37 |
| Assets capitalised from Construction in Progress | (76,421) | - | - | 54,304 | 11,674 | 9,760 | 683 | - | - | - |
| Transfers to Held for Sale Assets | - | (10,859) | - | - | (5,171) | - | - | - | - | (16,030) |
| **Closing Net Book Amount** | 84,171 | 204,632 | 162,335 | 960,757 | 91,349 | 65,750 | 11,970 | 7,878 | 4,192 | 1,593,034 |
| **At 31 December 2016**  - Cost | 84,171 | - | - | 47,788 | 2,518 | 147,150 | 19,122 | 81,139 | - | 381,888 |
| - Valuation | - | 204,632 | 162,335 | 920,514 | 90,256 | - | - | 881 | 4,192 | 1,382,810 |
| Accumulated depreciation and impairment | - | - | - | (7,545) | (1,425) | (81,400) | (7,152) | (74,142) | - | (171,664) |
| **Net Book Amount** | 84,171 | 204,632 | 162,335 | 960,757 | 91,349 | 65,750 | 11,970 | 7,878 | 4,192 | 1,593,034 |

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Construction**  **in Progress Freehold Land** | | | **Crown Land** | **Buildings** | **Infrastructure** | **Plant and Equipment** | **Leasehold Improvements** | **Library Collection** | **Artwork** | **Total** |
| **Parent $'000 $'000** | | | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Year ended 31 December 2017**  Opening Net Book Amount | 84,171 | 204,632 | 162,335 | 960,757 | 91,349 | 65,750 | 11,970 | 7,878 | 4,192 | 1,593,034 |
| Revaluation Surplus | - | 107,122 | 59,405 | 19,269 | 14,507 | - | - | - | - | 200,303 |
| Additions | 91,528 | - | - | - | - | 8,316 | - | 1,960 | 87 | 101,891 |
| Disposals | (6,803) | - | - | - | - | (223) | - | (285) | (13) | (7,324) |
| Depreciation Charge | - | - | - | (23,179) | (3,179) | (11,878) | (5,716) | (2,569) | - | (46,521) |
| Non-Cash Adjustments | - | - | - | - | - | - | 1 | - | - | 1 |
| Assets capitalised from Construction in Progress | (88,356) | - | - | 25,364 | 6,358 | 1,368 | 55,134 | - | 132 | - |
| Transfers to Held for Sale Assets | - | (5,180) | - | (687) | - | - | - | - | - | (5,867) |
| **Closing Net Book Amount** | **80,540** | **306,574** | **221,740** | **981,524** | **109,035** | **63,333** | **61,389** | **6,984** | **4,398** | **1,835,517** |
| **At 31 December 2017**  - Cost | 80,540 | - | - | 7,576 | 18 | 146,268 | 74,257 | 77,877 | - | 386,536 |
| - Valuation | - | 306,574 | 221,740 | 983,669 | 110,808 | - | - | 881 | 4,398 | 1,628,070 |
| Accumulated depreciation and impairment | - | - | - | (9,721) | (1,791) | (82,935) | (12,868) | (71,774) | - | (179,089) |
| **Net Book Amount** | **80,540** | **306,574** | **221,740** | **981,524** | **109,035** | **63,333** | **61,389** | **6,984** | **4,398** | **1,835,517** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **22** | **Intangible Assets**  **Parent** | **Development** | **Electronic** |  |
|  |  | **costs Licences** | **Materials** | **Total** |
|  |  | **$'000 $'000** | **$'000** | **$'000** |
|  | **At 1 January 2016** |  |  |  |
|  | - Cost | - 250 | 5,264 | 5,514 |
|  | - Accumulated amortisation and impairment | - - | (453) | (453) |
|  | **Net book amount at 1 January 2016** | - 250 | 4,811 | 5,061 |
|  | **Year ended 31 December 2016** |  |  |  |
|  | Opening net book value | - 250 | 4,811 | 5,061 |
|  | Additions | - - | 6,161 | 6,161 |
|  | Amortisation charge | - (29) | (1,053) | (1,082) |
|  | **Net book amount at 31 December 2016** | - 221 | 9,919 | 10,140 |
|  | **At 31 December 2016** |  |  |  |
|  | - Cost | - 250 | 11,425 | 11,675 |
|  | - Accumulated amortisation and impairment | - (29) | (1,506) | (1,535) |
|  | **Net book amount at 31 December 2016** | - 221 | 9,919 | 10,140 |
|  | **Year ended 31 December 2017** |  |  |  |
|  | Opening net book amount | - 221 | 9,919 | 10,140 |
|  | Additions | - - | 6,962 | 6,962 |
|  | Amortisation charge | - (30) | (2,284) | (2,314) |
|  | **Net book amount at 31 December 2017** | **- 191** | **14,597** | **14,788** |
|  | **At 31 December 2017** |  |  |  |
|  | - Cost | - 250 | 18,387 | 18,637 |
|  | - Accumulated amortisation and impairment | - (59) | (3,790) | (3,849) |
|  | **Net book amount at 31 December 2017** | **- 191** | **14,597** | **14,788** |

1. Intangible Assets (continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Consolidated** | **Development**  **costs** | **Licences** | **Electronic**  **Materials** | **Total** |
|  | **$'000** | **$'000** | **$'000** | **$'000** |
| **At 1 January 2016**  - Cost | 263 | 330 | 5,264 | 5,857 |
| - Accumulated amortisation and impairment | - | (70) | (453) | (523) |
| **Net book amount at 1 January 2016** | 263 | 260 | 4,811 | 5,334 |
| **Year ended 31 December 2016**  Opening net book amount | 263 | 260 | 4,811 | 5,334 |
| Additions | - | - | 6,161 | 6,161 |
| Amortisation charge | (110) | (40) | (1,053) | (1,203) |
| Non-Cash Adjustments | 1 | 1 | - | 2 |
| **Net book amount at 31 December 2016** | 154 | 221 | 9,919 | 10,294 |
| **At 31 December 2016**  - Cost | 264 | 331 | 11,425 | 12,020 |
| - Accumulated amortisation and impairment | (110) | (110) | (1,506) | (1,726) |
| **Net book amount at 31 December 2016** | 154 | 221 | 9,919 | 10,294 |
| **Year ended 31 December 2017**  Opening net book amount | 154 | 221 | 9,919 | 10,294 |
| Additions | - | - | 6,962 | 6,962 |
| Amortisation charge | (154) | (30) | (2,284) | (2,468) |
| **Net book amount at 31 December 2017** | **-** | **191** | **14,597** | **14,788** |
| **At 31 December 2017**  - Cost | 264 | 316 | 18,387 | 18,967 |
| - Accumulated amortisation and impairment | (264) | (125) | (3,790) | (4,179) |
| **Net book amount at 31 December 2017** | **-** | **191** | **14,597** | **14,788** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **23** | **Other financial assets** | **Consolidated** | | **Parent** |  |
|  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** |
|  | **Non-Current** |  |  |  |  |
|  | Available for sale (Unlisted securities) | **16,537** | 11,330 | **16,537** | 11,330 |
|  | Available for sale (Listed securities) | **80,299** | 76,143 | **80,299** | 76,143 |
|  | Held to maturity (Amortised cost) | **11,061** | 10,702 | **11,061** | 10,702 |
|  | **Total non-current other financial assets** | **107,897** | 98,175 | **107,897** | 98,175 |

**24 Other non-financial assets**

**Consolidated Parent**

**Current**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

Lease incentives 1,196 244 1,196 244

Total current other non-financial assets 1,196 244 1,196 244

[Non-current](#_TOC_250000)

Livestock holdings 611 490 611 490

Lease incentives 4,670 512 4,670 512

**Total non-current other non-financial**

**assets**  **5,281** 1,002 **5,281** 1,002

Total other non-financial assets 6,477 1,246 6,477 1,246

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **25** | **Trade and other payables** | **Consolidated** | | **Parent** |  |
|  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** |
|  | **Current**  Payables | **56,297** | 47,373 | **55,805** | 46,975 |
|  | OS-HELP liability to Australian Government | **106** | 322 | **106** | 322 |
|  | **Total current payables** | **56,403** | 47,695 | **55,911** | 47,297 |
|  | **Non-current**  Payables | **3,520** | - | **3,520** | - |
|  | **Total non-current payables** | **3,520** | - | **3,520** | - |
|  | **Total trade and other payables** | **59,923** | 47,695 | **59,431** | 47,297 |

1. Foreign currency risk

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

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Australian Dollars | **54,237** | 46,833 | **53,745** | 46,435 |
| US Dollars | **5,213** | 396 | **5,213** | 396 |
| Euro | **211** | 146 | **211** | 146 |
| GB Pounds | **213** | 307 | **213** | 307 |
| Other | **49** | 13 | **49** | 13 |
|  | **59,923** | 47,695 | **59,431** | 47,297 |

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 35.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **26** | **Borrowings** | **Consolidated** | | **Parent** |  |
|  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** |
|  | **Current**  Unsecured bank loans (i) | **-** | 72,000 | **-** | 72,000 |
|  | Unsecured other financial liabilities (ii) | **-** | - | **9,201** | 7,228 |
|  | **Total current borrowings** | **-** | 72,000 | **9,201** | 79,228 |
|  | **Non-Current** |  |  |  |  |
|  | Unsecured bank loans (i) | **163,500** | 83,000 | **163,500** | 83,000 |
|  | **Total non-current borrowings** | **163,500** | 83,000 | **163,500** | 83,000 |
|  | **Total borrowings** | **163,500** | 155,000 | **172,701** | 162,228 |

1. In October 2013 the University received approval from the Treasurer of New South Wales to increase its borrowing facilities by $70 million to a maximum of $198 million for the construction of new facilities and other infrastructure. Such approval was required under Section 22 (l)(e) of the Western Sydney University Act 1997.The additional facilities were finalised with the University's bank in September 2014.

In November 2016 the borrowing facilities were further increased by $100 million to a maximum $298 million and were finalised with the University's bank in November 2016.

The interest rate of the loan is variable being based on the BBSY bid rate plus a margin. The interest rate averaged 2.75% during 2017 and is not benchmarked for liability management performance. The loan facilities are unsecured.

The balance of the loan outstanding as at 31 December 2017 was $163.5 million (2016: $155.0 million).

1. Relates to the transfer of Western Sydney University Enterprises Pty Limited trading as Western Sydney University The College and Western Sydney University Early Learning Limited surplus funds to the University.

The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant. For an analysis of the sensitivity of borrowings to interest rate risk refer to note 35.

The carrying amount of the Group's borrowings is denominated in AUD currency.

1. Borrowings (continued)
   1. Financing arrangements

Unrestricted access was available at reporting date to the following lines of credit:

Consolidated Parent

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| **Credit standby arrangements** |  |  |  |  |
| **Total facilities** |  |  |  |  |
| Bank guarantees | **2,000** | 825 | **2,000** | 825 |
| Credit cards | **4,500** | 4,500 | **4,500** | 4,500 |
| Leasing facilities | **31,000** | 26,000 | **31,000** | 26,000 |
| **Total credit standby arrangements** | **37,500** | 31,325 | **37,500** | 31,325 |
| **Used at balance date** |  |  |  |  |
| Bank guarantees | **1,715** | 708 | **1,715** | 708 |
| Credit cards | **442** | 146 | **442** | 146 |
| Leasing facilities | **17,818** | 15,221 | **17,818** | 15,221 |
| **Total used at balance date** | **19,975** | 16,075 | **19,975** | 16,075 |
| **Unused at balance date** |  |  |  |  |
| Bank guarantees | **285** | 117 | **285** | 117 |
| Credit cards | **4,058** | 4,354 | **4,058** | 4,354 |
| Leasing facilities | **13,182** | 10,779 | **13,182** | 10,779 |
| **Total unused at balance date** | **17,525** | 15,250 | **17,525** | 15,250 |
| **Bank loan facilities** |  |  |  |  |
| Total facilities | **298,000** | 298,000 | **298,000** | 298,000 |
| Used at balance date | **(163,500)** | (155,000) | **(163,500)** | (155,000) |
| **Total unused at balance date** | **134,500** | 143,000 | **134,500** | 143,000 |

1. **Provisions**

**Consolidated Parent**

**Note**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

**Current provisions expected to**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **be settled within 12 months**  Employee benefits |  | | | | |
| Annual leave | | **22,707** | 22,688 | **20,876** | 20,981 |
| Long service leave | | **9,517** | 6,798 | **8,987** | 6,512 |
|  | | **32,224** | 29,486 | **29,863** | 27,493 |
| **Current provisions expected to be settled after more than 12 months** | |  |  |  |  |
| Employee benefits | |  |  |  |  |
| Annual leave | | **6,831** | 5,576 | **6,582** | 5,286 |
| Long service leave | | **33,826** | 33,359 | **33,282** | 33,040 |
|  | | **40,657** | 38,935 | **39,864** | 38,326 |
| **Total current provisions 72,881** | | | 68,421 | **69,727** | 65,819 |
| **Non-current provisions** |  |  | | | |
| Employee benefits |  |  | | | |
| Long service leave |  | **12,026** 16,731 **11,116** 15,531 | | | |
| Defined benefit obligation | 41(d) | **347,795** 332,982 **347,795** 332,982 | | | |
| **Total non-current employee benefit provisions** |  | **359,821** 349,713 **358,911** 348,513 | | | |
| Long-term provisions |  |  | | | |
| Make good on leases |  | **826** 707 **826** 707 | | | |
| **Total non-current long-term**  **provisions**  **826** 707 **826** 707 | | | | | |
| **Total non-current provisions** | | **360,647** | 350,420 | **359,737** | 349,220 |
| **Total provisions** | | **433,528** | 418,841 | **429,464** | 415,039 |

* 1. Annual leave

The following on costs have been used by management in calculating the provision for annual leave:

%

|  |  |
| --- | --- |
| Superannuation | 16.75 |
| Estimate of short term salary increase | 2.10 |
| Payroll tax | 5.45 |
| Workers compensation | 0.34 |

**27 Provisions (continued)**

* 1. Long service leave

In 2017 the University engaged Mercer Consulting (Australia) Pty Ltd to undertake a valuation of the University's long service leave liability at 31 December 2017. Assumptions used in this measurement included:

%

|  |  |
| --- | --- |
| Estimate rate of inflation / salary increase - 2018 | 2.10 |
| Estimate rate of inflation / salary increase - 2019 | 2.00 |
| Estimate rate of inflation / salary increase - 2020 | 2.00 |
| Estimate rate of long term inflation / salary increase | 2.00 |
| Estimate of long service leave taken "in service" | 10.00 |
| Discount for future investment earnings | 2.39 |
| Estimate of AL accrued on LSL taken in service | 3.00 |
| Estimate of LSL accrued on LSL taken in service | 3.90 |
| On costs used in this process were: |  |
| Superannuation (for "in service leave") | 17.00 |
| Payroll tax | 5.45 |
| Workers compensation | 0.34 |

* 1. Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Parent and Consolidated Non-current

**Make good on leases**

**$'000**

**Total**

**$'000**

Carrying amount at start of year **707** **707**

Additional provisions **119** **119**

Carrying amount at end of year 826 826

The University has an obligation to make good on leased premises at the end of certain rental agreements. A provision has been made factoring in the cost of bringing the premises back to the conditions specified in the lease agreements.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **28** | **Other liabilities** | **Consolidated** | | **Parent** |  |
|  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** |
|  | **Current** |  |  |  |  |
|  | Deferred income | **23,052** | 27,411 | **23,028** | 27,285 |
|  | Fees received in advance | **20,924** | 15,197 | **19,744** | 13,946 |
|  | Lease incentives | **2,227** | 588 | **2,227** | 588 |
|  | Other | **4,321** | 5,654 | **3,758** | 5,233 |
|  | **Total current other liabilities** | **50,524** | 48,850 | **48,757** | 47,052 |
|  | **Non-current** |  |  |  |  |
|  | Deferred income | **2,619** | 2,793 | **2,619** | 2,793 |
|  | Lease incentives | **46,506** | 9,952 | **46,506** | 9,952 |
|  | **Total non-current other liabilities** | **49,125** | 12,745 | **49,125** | 12,745 |
|  | **Total other liabilities** | **99,649** | 61,595 | **97,882** | 59,797 |
| **29** | **Reserves and retained earnings** |  |  |  |  |
|  | (a) Reserves |  |  |  |  |
|  |  | **Consolidated** | | **Parent** |  |
|  |  | **2017** | **2016** | **2017** | **2016** |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** |
|  | Deferred superannuation reserve | **(2,093)** | (646) | **(2,093)** | (646) |
|  | Property development revaluation reserve | **32,158** | 71,459 | **32,158** | 71,459 |
|  | Property, plant and equipment revaluation surplus | **813,272** | 617,516 | **813,076** | 617,320 |
|  | Investment revaluation reserve | **19,500** | 16,767 | **15,447** | 12,714 |
|  | Art collection revaluation reserve | **2,417** | 2,420 | **2,417** | 2,420 |
|  | Livestock revaluation reserve | **286** | 238 | **286** | 238 |
|  | Licences revaluation reserve | **250** | 250 | **250** | 250 |
|  | **Total Reserves** | **865,790** | 708,004 | **861,541** | 703,755 |

29 Reserves and retained earnings (continued)

1. Movements in Reserves

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Property development revaluation reserve** |  | | | |
| Balance at 1 January | **71,459** | 63,429 | **71,459** | 63,429 |
| Transfer from property, plant and equipment revaluation surplus | **4,547** | 8,030 | **4,547** | 8,030 |
| Write back on disposal of revalued assets | **(43,848)** | - | **(43,848)** | - |
| **Balance at 31 December** | **32,158** | 71,459 | **32,158** | 71,459 |
| **Property, plant and equipment** |  |  |  |  |
| **revaluation surplus** |  |  |  |  |
| Balance at 1 January | **617,516** | 607,186 | **617,320** | 607,011 |
| Revaluation - gross | **200,303** | 18,900 | **200,303** | 18,879 |
| Write back on disposal of revalued assets | **-** | (540) | **-** | (540) |
| Transfer to assets-held-for-sale reserve | **(4,547)** | (8,030) | **(4,547)** | (8,030) |
| **Balance at 31 December** | **813,272** | 617,516 | **813,076** | 617,320 |
| **State superannuation funds** |  |  |  |  |
| **revaluation reserve** |  |  |  |  |
| Balance at 1 January | **(646)** | (280) | **(646)** | (280) |
| Revaluation - gross | **(1,447)** | (366) | **(1,447)** | (366) |
| **Balance at 31 December** | **(2,093)** | (646) | **(2,093)** | (646) |
| **Investment revaluation reserve** |  |  |  |  |
| Balance at 1 January | **16,767** | 12,043 | **12,714** | 7,990 |
| Revaluation - gross | **2,733** | 4,724 | **2,733** | 4,724 |
| **Balance at 31 December** | **19,500** | 16,767 | **15,447** | 12,714 |
| **Art work revaluation reserve** |  |  |  |  |
| Balance at 1 January | **2,420** | 1,434 | **2,420** | 1,434 |
| Revaluation - gross | **(3)** | 986 | **(3)** | 986 |
| **Balance at 31 December** | **2,417** | 2,420 | **2,417** | 2,420 |
| **Livestock revaluation reserve** |  |  |  |  |
| Balance at 1 January | **238** | 452 | **238** | 452 |
| Revaluation - gross | **48** | (214) | **48** | (214) |
| **Balance at 31 December** | **286** | 238 | **286** | 238 |
| **Licences revaluation reserve** |  |  |  |  |
| Balance at 1 January | **250** | 250 | **250** | 250 |
| **Balance at 31 December** | **250** | 250 | **250** | 250 |
| **Total reserves** | **865,790** | 708,004 | **861,541** | 703,755 |

**29 Reserves and retained earnings (continued)**

1. Movements in retained earnings

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Retained earnings at 1 January | **958,216** | 922,839 | **953,702** | 917,144 |
| Net result for the period | **52,064** | 34,837 | **48,462** | 36,018 |
| Transfer from property, plant and equipment revaluation surplus | **-** | 540 | **-** | 540 |
| Transfer from non-current assets held for sale revaluation surplus | **43,848** | - | **43,848** | - |
| **Retained earnings at 31 December** | **1,054,128** | 958,216 | **1,046,012** | 953,702 |
| (d) | Nature and purpose of reserves |  |  |  |  |

The property development revaluation reserve represents the gain on revaluation of land held for sale at date of transfer. The gain on revaluation will be transferred to retained earnings when the sale is completed, and the asset is de-recognised.

The asset revaluation reserve for property, plant and equipment reflects revaluation of all Group land, buildings and rare library collection. The reserve is the difference between the valuation and the book value as at valuation date.

The deferred superannuation reserve represents an emerging liability for the University in respect of any excess salary component relating to continuing members of SASS or SSS State Superannuation funds. Such a liability will arise where a continuing member of SASS or SSS has received a salary increase that causes their actual salary to be greater than their notional salary. The Commonwealth and State will guarantee to fund the State Superannuation Fund defined benefit obligation of each university, except to the extent that there is an excess salary component.

The investment revaluation reserve is equal to the unrealised gains / (losses) on investments with the University's Fund Managers and unlisted securities for 2017 together with accumulated prior years unrealised gains / (losses).

The asset revaluation reserve for art collection reflects the revaluation of all Group artworks. The reserve is the difference between the valuation and the book value at the valuation date.

The livestock revaluation reserve reflects the revaluation of Group livestock at fair (market) value. The reserve is the difference between the revaluation and the book value at the valuation date. See note 1(r).

The licence revaluation reserve reflects the revaluation of the University's water licence. The reserve is the difference between the valuation and the book value at the valuation date.

30 Key Management Personnel Disclosures

1. Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of Western Sydney University during the financial year:

* 1. Names of Responsible Persons

'Responsible person' is defined to mean a member of the University's Board of Trustees who had authority and responsibility for planning, directing and controlling activities of the University in 2017.

Peter Shergold, AC Barney Glover Paul Wormell Christopher Brown Peeyush Gupta Gabrielle Trainor

Michael Pratt - ceased 31 August 2017

Kerry Stubbs - commenced 1 September 2017 Carmel Hourigan - commenced 1 July 2017 Elizabeth Dibbs

Genevieve Gregor

John Banks - ceased 31 December 2017 Vivienne James - ceased 31 December 2017 Ian Stone - ceased 31 December 2017 MaryAnn Bin-Sallik

Sophie Kobuch - ceased 30 June 2017 Alexandra Coleman - commenced 1 July 2017 Tim Ferraro - ceased 30 June 2017

Ben Etherington

Winnie Jobanputra - ceased 31 December 2017 Jenny Purcell - ceased 31 December 2017

30 Key Management Personnel Disclosures (continued)

1. Names of responsible persons and executive officers (continued)
   1. Names of Executive Officers

'Executive' is defined to mean the Chief Executive Officer plus the members of the Executive Committee of the University. In 2017 these were:

Barney Glover Scott Holmes Denise Kirkpatrick

Sharon Bell - commenced 8 May 2017 Angelo Kourtis

Peter Pickering Deborah Sweeney Linda Taylor

Lisa Jackson-Pulver Simon Barrie

Kevin Bell Michael Burgess

Michael Adams - ceased 30 June 2017 Steven Freeland - commenced 1 July 2017 Annemarie Hennessy

Deborah Hatcher Kevin Dunn Gregory Kolt Michele Simons Peter Hutchings Simeon Simoff Kerry Holling

1. Remuneration of board members and executives

Consolidated Parent

**Remuneration of Board Members**

**2017**

**Number**

**2016**

**Number**

**2017**

**Number**

**2016**

**Number**

Nil to $14,999 **4** 3 **-** -

$15,000 to $29,999 **-** 1 **-** -

$30,000 to $45,999 **1** 1 **1** 1

**5** 5 **1** 1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **30**  (b) | **Key Management Personnel Disclosures (continued)**  Remuneration of board members and executives (continued) |  |  |  | |
|  | **Consolidated** |  | **Parent** |
|  | **2017 2016** |  | **2017** | **2016** |  |
|  | **Number Number** |  | **Number** | **Number** |  |
|  | **Remuneration of executive officers** |  |  |  |  |
|  | $140,000 to $149,999 **-** | 1 | **-** |  | - |
|  | $150,000 to $159,999 **1** | - | **-** |  | - |
|  | $160,000 to $169,999 **-** | 1 | **-** |  | - |
|  | $240,000 to $249,999 **1** | 1 | **1** |  | 1 |
|  | $270,000 to $279,999 **-** | 2 | **-** |  | 1 |
|  | $280,000 to $289,999 **3** | 1 | **3** |  | 1 |
|  | $290,000 to $299,999 **1** | - | **-** |  | - |
|  | $300,000 to $309,999 **1** | 5 | **-** |  | 3 |
|  | $310,000 to $319,999 **2** | - | **2** |  | - |
|  | $320,000 to $329,999 **1** | 1 | **1** |  | 2 |
|  | $330,000 to $339,999 **2** | 2 | **2** |  | 3 |
|  | $340,000 to $349,999 **2** | 1 | **2** |  | 1 |
|  | $350,000 to $359,999 **2** | 1 | **2** |  | 1 |
|  | $380,000 to $389,999 **-** | 2 | **-** |  | 2 |
|  | $390,000 to $399,999 **2** | 1 | **2** |  | 1 |
|  | $400,000 to $409,999 **1** | - | **1** |  | - |
|  | $440,000 to $449,999 **-** | 1 | **-** |  | 1 |
|  | $450,000 to $459,999 **1** | - | **1** |  | - |
|  | $470,000 to $479,999 **-** | 1 | **-** |  | 1 |
|  | $480,000 to $489,999 **1** | - | **1** |  | - |
|  | $490,000 to $499,999 **-** | 1 | **-** |  | 1 |
|  | $510,000 to $520,000 **1** | - | **1** |  | - |
|  | $520,000 to $529,999 **-** | 1 | **-** |  | 1 |
|  | $540,000 to $549,999 **1** | - | **1** |  | - |
|  | $550,000 to $559,999 **1** | - | **1** |  | - |
|  | $570,000 to $579,999 **-** | 1 | **-** |  | 1 |
|  | $870,000 to $879,999\* **-** | 1 | **-** |  | 1 |
|  | $900,000 to $909,999\* **1** | - | **1** |  | - |
|  | **25** | 25 | **22** |  | 22 |

\* The Vice-Chancellor's total remuneration included paid salary, PAYG withholding tax, expense-of-office allowance, employee and employer superannuation contributions, a salary-sacrificed motor vehicle, Fringe Benefits Tax and housing allowance. No additional bonus is payable.

Remuneration is reflective of an annualised total remuneration package for those key management personnel who were members of the Executive for a part of any year.

30 Key Management Personnel Disclosures (continued)

1. Key management personnel compensation

Key management personnel include Board Members and Executives.

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Short-term employee benefits | **8,042** | 7,334 | **7,593** | 7,071 |
| Post-employment benefits | **1,001** | 949 | **963** | 924 |
| Termination benefits | **-** | - | **-** | - |
| **Total key management personnel compensation** | **9,043** | 8,283 | **8,556** | 7,995 |
| (d) | Loans to key management personnel |  |  |  |  |

No loans were made to key management personnel during the financial year (2016: nil).

1. Remuneration of Auditors

During the year, the following fees were paid for services provided by the auditor of the entity:

Consolidated Parent

**Audit and review of the Financial Statements**

Fees paid to the Audit Office of New

2017

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

South Wales **389** 376 **283** 276

Total paid for audit and review 389 376 283 276

Fees shown are exclusive of Goods and Services Tax.

1. Contingencies
   1. Contingent liabilities

The University currently has a jointly controlled operation with Urban Growth at the Campbelltown campus which may result in potential costs to the University from the removal of telecommunication equipment if the lease is terminated with the telecommunication company (costs associated with alternative site).

The University has entered into an Agreement for Lease for Liverpool City Campus with B H Property Holdings Pty Limited as the developer.

The University has executed a Commercial Lease for an initial term of 15 years which is not immediately binding and is held in escrow pending practical completion under the Agreement for Lease as at 31 December 2017. Subject to practical completion under the terms of the Agreement for Lease the Commercial Lease will then become binding on the later of the date of Practical Completion and 1 February 2018. Practical completion has not yet occurred, and therefore the Commercial Lease has not yet commenced. No financial impact has occurred or is recorded in the University's Financial Statements relating to the Agreement for Lease or Commercial Lease for the 2017 period.

It is the University's current policy to provide both Western Unlimited Ltd and Western Sydney University International College Pty Ltd with such support and assistance as may be required to allow them to meet their financial obligations in conformity with generally accepted standards of commercial and financial prudence for the period 1 January 2018 up until approximately twelve months from the date of the signed financial statements to the expected date of the auditor's report for the next annual reporting period.

1. Commitments
   1. Capital commitments

Capital expenditures contracted for at the reporting date but not recognised as liabilities are:

Consolidated Parent

Property, plant and equipment

2017

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

Within one year **54,589** 49,528 **54,567** 49,061 Between one year and five years **-** - **-** -

Later than five years **-** - **-** - Total **54,589** 49,528 **54,567** 49,061

The above amounts included commitments for capital expenditure on joint operations of $8.7M (2016: $11.8M) payable within one year.

* 1. Lease commitments

Operating Leases

The University leases computing equipment, printing equipment and building office space under operating leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Consolidated Parent

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| Within one year | **25,963** | 10,731 | **25,618** | 10,209 |
| Between one year and five years | **84,395** | 11,911 | **83,922** | 11,683 |
| Later than five years | **204,963** | 1,358 | **204,963** | 1,358 |
| Total future minimum lease payments | **315,321** | 24,000 | **314,503** | 23,250 |

In 2017, the University entered into a Commercial Lease agreement for the lease of the Parramatta CBD premises. The lease is for an initial term of 15 years, and the operating lease commitments are included above.

1. Related Parties
   1. Parent entities

The ultimate parent entity within the Group is Western Sydney University.

* 1. Subsidiaries

Interests in subsidiaries are set out in note 37.

* 1. Key management personnel

Disclosures relating to directors and specified executives are set out in note 30.

* 1. Transactions with related parties

The following transactions occurred with related parties:

Consolidated Parent

**Sale of goods and services**

**Note**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

Royalty payments to University 9 **-** - **22,919** 20,092 Expense recoveries from

controlled entities **-** - **108** -

Total sales of goods and

|  |  |  |
| --- | --- | --- |
| **services**  **Purchase of goods** |  | **-** - **23,027** 20,092 |
| Services to University |  | **-** - **1,545** 1,097 |
| Funding to controlled entities | 16 | **-** - **53,256** 53,671 |
| **Total purchase of goods** |  | **-** - **54,801** 54,768 |

**34 Related Parties (continued)**

* 1. Loans to/from related parties

Consolidated Parent

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Note** | **2017**  **$'000** | **2016**  **$'000** | **2017 2016**  **$'000 $'000** |
| **Loans to subsidiaries**  Beginning of the year |  |  | **-** | - **5,619** 5,011 |
| Loans advanced |  |  | **-** | - **450** 1,600 |
| Loan repayment received |  |  | **-** | - **(1,330)** (1,000) |
| Interest charged |  |  | **-** | - **177** 199 |
| Interest received |  |  | **-** | - **(182)** (191) |
| Loans forgiven by Parent |  |  | **-** | - **(3,935)** - |

**End of year** 25 **-** - **799** 5,619

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

**Loans from subsidiaries**

Beginning of the year **-** - **7,228** 7,681

Loans advanced **-** - **10,687** 5,072

Loan repayments paid **-** - **(8,913)** (5,664)

Interest charged **-** - **199** 139

**End of year** 26 **-** - **9,201** 7,228

At 31 December 2017 the University forgave loans outstanding from Western Unlimited Ltd to the value of

$3.935M.

1. Related Parties (continued)
   1. Outstanding balances

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

Consolidated Parent

Current receivables (sale of goods and services)

2017

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

Subsidiaries **-** - **-** 1

Current receivables (loans)

Subsidiaries **-** - **799** 5,619 Current payables (purchase of

goods)

Subsidiaries **-** - **-** 12

Current payables (loans)

Parent entity **-** - **9,201** 6,583 No provision for doubtful debts has been raised in relation to outstanding balances from related parties.

1. Financial Risk Management
2. Introduction

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 Group's principal financial instruments are cash and cash equivalents, as well as investments in units in managed investment funds and held to maturity investments.

The main purposes of the managed investment funds and held to maturity investments are to:

* 1. earn an income stream and provide long term growth to support the Western Sydney University Foundation Fund's objectives, and the University's teaching, learning and research initiatives; and
  2. provide long term capital growth so that the Group can provide sufficient funds to meet longer term liabilities including deferred employee benefits.

The Group also has various other financial instruments such as cash, receivables, payables and finance leases.

35 Financial Risk Management (continued)

1. Introduction (continued)

Treasury Risk Management

The University only invests funds with fund managers that were approved by NSW Treasury under the previous requirements of the Western Sydney University Act or are now approved by the Finance and Investment Committee. Approved fund managers use a wide range of diversified strategic asset allocations. The performance of the fund managers is closely monitored by the University's Finance and Investment Committee. The Finance and Investment Committee has a number of external members with a high level of experience and expertise in funds management. The Committee provides written principles for overall risk management, as well as policies covering specific areas, such as investment of excess liquidity. The Finance and Investment Committee also evaluates Treasury management strategies in the context of the most recent economic conditions and forecasts and the Group’s activities. The Finance and Investment Committee reports regularly to the Board of Trustees.

1. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

* 1. Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.The Group is primarily exposed to foreign exchange risk on purchases that are denominated in a currency other than the Australian dollar (AUD). The Group undertakes a minor level of hedging associated with regular purchases for the Library, and specific one off purchases. The Group also ensures that its exposure is kept to an acceptable level by buying foreign currencies at spot rates when necessary to address any short term imbalances. The Group has no overseas investment operations likely to affect its statement of financial position by movement in exchange rates.

* 1. Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. This arises from investments held by the University and classified on the Statement of Financial Position as available for sale. To manage price risk from investments in managed investment funds the University has contracted out the management of the portfolio to external fund managers. These fund managers are mandated to diversify investments of the portfolio under their management. The quantum of funds under management per external fund manager and the investment objectives of each external fund manager are in accordance with limits / policies set by the Finance and Investment Committee.

* 1. Cash flow and fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in interest rates. The Group's exposure to interest rate risk is relatively small.

35 Financial Risk Management (continued)

1. Market risk (continued)
   1. Summarised sensitivity analysis

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

**31 December 2017**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Carrying amount** | **Interest rate risk**  **-0.25% +0.25%**  **Result Equity Result Equity**  **$'000 $'000 $'000 $'000** | | | | **Foreign exchange risk**  **-10% +10%**  **Result Equity Result Equity**  **$'000 $'000 $'000 $'000** | | | | **Other price risk**  **-10% +10%**  **Result Equity Result Equity**  **$'000 $'000 $'000 $'000** | | | |
| 221,748 | (554) | (554) | 554 | 554 | - | - | - | - | - | - | - | - |
| 444,114 | - | - | - | - | - | - | - | - | - | - | - | - |
| 96,836 | - | - | - | - | - | - | - | - | - | (9,684) | - | 9,684 |
| 11,061 | (28) | (28) | 28 | 28 | - | - | - | - | - | - | - | - |
| 59,923 | - | - | - | - | 569 | 569 | (569) | (569) | - | - | - | - |
| 163,500 | 409 | 409 | (409) | (409) | - | - | - | - | - | - | - | - |
| 99,649 | - | - | - | - | - | - | - | - | - | - | - | - |
|  | (173) | (173) | 173 | 173 | 569 | 569 | (569) | (569) | - | (9,684) | - | 9,684 |

**Financial assets**

Cash and cash equivalents Receivables

Financial assets - available- for-sale

Financial assets - Held to maturity

**Financial liabilities** Trade and other payables Borrowings

Other liabilities

Total increase/(decrease)

**31 December 2016**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Carrying amount** | **Interest rate risk**  **-0.25% +0.25%**  **Result Equity Result Equity**  **$'000 $'000 $'000 $'000** | | | | **Foreign exchange risk**  **-10% +10%**  **Result Equity Result Equity**  **$'000 $'000 $'000 $'000** | | | | **Other price risk**  **-10% +10%**  **Result Equity Result Equity**  **$'000 $'000 $'000 $'000** | | | |
| 139,225 | (348) | (348) | 348 | 348 | - | - | - | - | - | - | - | - |
| 414,870 | - | - | - | - | - | - | - | - | - | - | - | - |
| 87,473 | - | - | - | - | - | - | - | - | - | (8,747) | - | 8,747 |
| 10,702 | (27) | (27) | 27 | 27 | - | - | - | - | - | - | - | - |
| 47,695 | - | - | - | - | 86 | 86 | (86) | (86) | - | - | - | - |
| 155,000 | 388 | 388 | (388) | (388) | - | - | - | - | - | - | - | - |
| 61,595 | - | - | - | - | - | - | - | - | - | - | - | - |
|  | 13 | 13 | (13) | (13) | 86 | 86 | (86) | (86) | - | (8,747) | - | 8,747 |

**Financial assets**

Cash and cash equivalents Receivables

Financial assets - available- for-sale

Financial assets - Held to maturity

**Financial liabilities** Trade and other payables Borrowings

Other liabilities

Total increase/(decrease)

35 Financial Risk Management (continued)

1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from receivables from customers and investment securities.

*Receivables*

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivables are mainly attributable to sales transactions with a single customer. Apart from the Government deferred debtor, the Group does not have any material risk exposure to any other single debtor or group of debtors.

*Investments*

The Group limits its exposure to credit risk through its Credit Risk Policy which establishes eligible counterparties with credit limits based upon counterparty credit ratings and accessible shareholder funds. An eligible counterparty must be rated from Standard and Poors or Moodys at a minimum level equivalent to BBB+ (Standard and Poors long term) or Baa1(Moodys long term), and has accessible shareholder funds of at least

$100M. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. Fund managers are closely monitored to ensure adherence to the Credit Risk Policy.

1. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or reputational risk.

The Group reviews its immediate and short term cash requirements on a daily basis with a three year rolling cash flow forecast regularly provided to management.

###### Western Sydney University

**Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

35 Financial Risk Management (continued)

1. Liquidity risk (continued)

The following table summarises the maturity of the Group’s financial assets and financial liabilities:

**Average Interest**

**rate Variable interest rate Within 1 year 1 - 5 years 5+ years Non Interest Total**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2017**  **%** | **2016**  **%** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| **Financial Assets:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents **2.39** | | 2.73 | **124,030** | 51,125 | **97,718** | 88,100 | **-** | - | **-** | - | **-** | - | **221,748** | 139,225 |
| Receivables (a) **-**  Other Financial Assets: | | - | **-** | - | **-** | - | **-** | - | **-** | - | **92,286** | 77,446 | **92,286** | 77,446 |
| Available-for-sale (Unlisted  securities) **-** | | - | **-** | - | **-** | - | **-** | - | **-** | - | **16,537** | 11,330 | **16,537** | 11,330 |
| Available-for-sale (Listed  securities) **-** | | - | **-** | - | **-** | - | **-** | - | **-** | - | **80,299** | 76,143 | **80,299** | 76,143 |
| Held to maturity **3.40** | | 3.50 | **1,020** | 152 | **-** | 501 | **8,775** | 8,540 | **1,266** | 1,509 | **-** | - | **11,061** | 10,702 |
| **Total Financial Assets** | |  | **125,050** | 51,277 | **97,718** | 88,601 | **8,775** | 8,540 | **1,266** | 1,509 | **189,122** | 164,919 | **421,931** | 314,846 |
| **Financial Liabilities:**  Payables **-** | | - | **-** | - | **-** | - | **-** | - | **-** | - | **(55,636)** | (43,995) | **(55,636)** | (43,995) |
| Borrowings **2.75** | | 2.78 | **-** | - | **-** | (72,000) | **(163,500)** | (83,000) | **-** | - | **-** | - | **(163,500)** | (155,000) |
| Other financial liabilities **-** | | - | **-** | - | **-** | - | **-** | - | **-** | - | **(97,237)** | (58,279) | **(97,237)** | (58,279) |
| **Total Financial Liabilities** | |  | **-** | - | **-** | (72,000) | **(163,500)** | (83,000) | **-** | - | **(152,873)** | (102,274) | **(316,373)** | (257,274) |

* 1. The University's deferred government contribution for superannuation included in note 18 is not included in the above analysis as the timing of the cash flows cannot be determined.

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1. Fair Value Measurement
   1. Fair value measurements

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

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| **Financial assets**  Cash and cash equivalents | **221,748** | 139,225 | **221,748** | 139,225 |
| Receivables | **444,114** | 414,870 | **444,114** | 414,870 |
| Other financial assets  Available-for-sale (Unlisted securities) | **16,537** | 11,330 | **16,537** | 11,330 |
| Available-for-sale (Listed securities) | **80,299** | 76,143 | **80,299** | 76,143 |
| Held-to-maturity investments | **11,061** | 10,702 | **11,231** | 10,767 |
| **Total financial assets** | **773,759** | 652,270 | **773,929** | 652,335 |
| **Financial liabilities**  Payables | **59,923** | 47,695 | **59,923** | 47,695 |
| Borrowings | **163,500** | 155,000 | **163,500** | 155,000 |
| Other financial liabilities | **4,321** | 5,654 | **4,321** | 5,654 |
| **Total financial liabilities** | **227,744** | 208,349 | **227,744** | 208,349 |

The Group measures and recognises the following assets at fair value on a recurring basis:

* + - Available-for-sale financial assets
    - Land and buildings

The Group has also measured non-current assets held for sale at fair value on a non-recurring basis.

36 Fair Value Measurement (continued)

* 1. Fair value hierarchy

Western Sydney University categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurements.

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 or indirectly.

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

1. Recognised fair value measurements

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fair value measurements at 31 December 2017** | **2017** | **Level 1** | **Level 2** | **Level 3** |
| **Notes** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Recurring fair value measurements** |  |  |  |  |
| **Financial assets** |  |  |  |  |
| Available-for-sale financial assets 23 |  |  |  |  |
| Available-for-sale (Unlisted securities) | 16,537 |  | - 16,200 | 337 |
| Available-for-sale (Listed securities) | 80,299 |  | - 80,299 | - |
| **Total financial assets** | **96,836** |  | **- 96,499** | **337** |
| **Non-financial assets** |  |  |  |  |
| Property, plant and equipment 21 |  |  |  |  |
| Land | 528,314 |  | - 980 | 527,334 |
| Buildings | 981,524 |  | - - | 981,524 |
| Infrastructure | 109,035 |  | - - | 109,035 |
| Artwork | 4,410 |  | - 4,410 | - |
| Rare book collection | 1,742 |  | - 1,742 | - |
| **Total non-financial assets** | **1,625,025** |  | **- 7,132** | **1,617,893** |
| **Non-recurring fair value** |  |  |  |  |
| **measurements** |  |  |  |  |
| Non-current assets held for sale 20 | **40,358** |  | - **40,358** | - |
| **Total non-recurring fair value** |  |  |  |  |
| **measurements** | **40,358** |  | **- 40,358** | **-** |

36 Fair Value Measurement (continued)

(b) Fair value hierarchy (continued)

Fair value measurements at 31 December 2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Note** | **2016**  **$'000** | **Level 1**  **$'000** | **Level 2**  **$'000** | **Level 3**  **$'000** |
| **Recurring fair value measurements** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Available-for-sale financial assets | 23 |  |  |  |  |
| Available-for-sale (Unlisted securities) |  | 11,330 | - | 11,027 | 303 |
| Available-for-sale (Listed securities) |  | 76,143 | 76,143 | - | - |
| Total financial assets |  | 87,473 | 76,143 | 11,027 | 303 |
| **Non-financial assets** |  |  |  |  |  |
| Property, plant and equipment | 21 |  |  |  |  |
| Land |  | 366,967 | - | 366,967 | - |
| Buildings |  | 960,757 | - | - | 960,757 |
| Infrastructure |  | 91,349 | - | - | 91,349 |
| Artwork |  | 4,204 | - | 4,204 | - |
| Rare book collection |  | 1,712 | - | 1,712 | - |
| **Total non-financial assets** |  | 1,424,989 | **-** | 372,883 | 1,052,106 |
| **Non-recurring fair value** |  |  |  |  |  |
| **measurements** |  |  |  |  |  |
| Non-current assets held for sale |  | 85,460 | - | 85,460 | - |
| **Total non-recurring fair value** | 20 |  |  |  |  |
| **measurements** |  | 85,460 | - | 85,460 | - |

There were transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements, see (d) below.

Western Sydney University's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

1. Disclosed fair values

The fair value of assets or liabilities traded in active markets (such as available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the reporting date (level 1). This is the most representative of fair value in the circumstances. The fair value of held-to-maturity investments were determined by reference to published price quotations in an active market.

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 (level 3).

36 Fair Value Measurement (continued)

1. Fair value hierarchy (continued)

The fair value of non-current borrowings disclosed in note 26 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments. For the period ending 31 December 2017, the borrowing rates averaged 2.75% during the year. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

1. Valuation techniques used to derive level 2 and level 3 fair values
   1. Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and land, explained in (d) below.

Land and buildings (classified as property, plant and equipment) are calculated independently, at least every three years. At the end of each reporting period, the Group updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The Group determines the property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources, including discounted replacement cost - the cost to construct improvements as new is estimated and that amount depreciated, after taking into consideration the nature and design of the improvements, their age and current condition.

All resulting fair value estimates for properties are included in level 3 except for vacant residential land. The level 2 fair value of vacant land has been derived using the sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

* 1. Non-recurring fair value measurement

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of the reclassification. The fair value of the land was also determined using the sales comparison approach as described in (i) above.

36 Fair Value Measurement (continued)

1. Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of level 3 items for the periods ended 31 December 2017 and 2016.

**Unlisted equity**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Level 3 Fair Value**  **Measurement 2017** | **securities**  **$'000** | | **Buildings Infrastructure**  **$'000 $'000** | | **Land**  **$'000** | **Total**  **$'000** |
| Opening balance |  | 303 | 960,757 | 91,349 | - | 1,052,409 |
| Acquisitions |  | - | 25,364 | 6,358 | - | 31,722 |
| Transfers from level 2 |  | - | - | - | 366,032 | 366,032 |
| Transfer to held for sale assets |  | - | (687) | - | (5,180) | (5,867) |
| Recognised in profit or loss\* |  | - | (23,179) | (3,179) | - | (26,358) |
| Recognised in other comprehensive income |  | 34 | 19,269 | 14,507 | 166,482 | 200,292 |
| **Closing balance** |  | **337** | **981,524** | **109,035** | **527,334** | **1,618,230** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Unlisted equity** |  | | | |
| **Level 3 Fair Value Measurement 2016** | **securities**  **$'000** | **Buildings**  **$'000** | **Infrastructure**  **$'000** | **Land**  **$'000** | **Total**  **$'000** |
| Opening balance | 9,500 | 910,661 | 85,395 |  | - 1,005,556 |
| Acquisitions | - | 54,304 | 11,674 |  | - 65,978 |
| Transfers out of level 3 | (11,027) | - | - |  | - (11,027) |
| Disposals | - | (758) | - |  | - (758) |
| Transfer to held for sale assets | - | - | (5,171) |  | - (5,171) |
| Recognised in profit or loss\* | - | (23,172) | (2,752) |  | - (25,924) |
| Recognised in other comprehensive income | 1,830 | 19,722 | 2,203 |  | - 23,755 |
| **Closing balance** | 303 | 960,757 | 91,349 |  | - 1,052,409 |

\* This includes nil gains / (losses) (2016: Nil) attributable to the change in unrealised gains / (losses) recognised in profit or loss attributable to unlisted securities, and $26.358M (2016: $25.924M) attributable to depreciation recognised in profit or loss.

* 1. Transfers between levels 2 and 3 and changes in valuation techniques

Due to the availability of observable market data, the University transferred the value of one of its investments in unlisted securities from level 3 to level 2 at the end of 2016.

As a result of new valuer being appointed and their position on the recommended fair value hierarchies the University has transferred all land from level 2 to level 3, with the exception of residential land holdings.

36 Fair Value Measurement (continued)

(d) Fair value measurements using significant unobservable inputs (level 3) (continued)

* 1. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (c) above for the valuation techniques adopted.

Unlisted equity

Fair value at 31

**December 2017**

|  |  |  |
| --- | --- | --- |
| **Unobservable inputs\*** | **Range of inputs (probability weighted average)** | **Relationship of unobservable inputs to fair value** |
| \* | \* | \* |
| \* | \* | \* |
| \* | \* | \* |
| \* | \* | \* |

**$'000**

securities 337

Buildings 981,524

Infrastructure 109,035

Land 527,334

\*There were no significant inter-relationships between unobservable inputs that materially affects fair value.

1. 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).

Ownership interest

**Name of Entity**

**Principal place of business**

**2017**

**%**

**2016**

**%**

|  |  |  |  |
| --- | --- | --- | --- |
| Western Sydney University Enterprises Pty Limited trading as Western Sydney University The College (formerly UWS |  | | |
| Enterprises Pty Limited) | Australia | 100 | 100 |
| Western Sydney University Early |  |  |  |
| Learning Limited (formerly UWS Early Learning Limited) | Australia | 100 | 100 |
| Western Unlimited Ltd (formerly uwsconnect Limited) | Australia | 100 | 100 |
| Whitlam Institute (within Western Sydney University) Limited and Trust | Australia | 100 | 100 |

There are no significant restrictions on the group's ability to access or use the assets and settle the liabilities of the group.

1. Joint Operations

Joint operation with Urban Growth at Campbelltown

The project is for the development of a residential subdivision comprising of 966 lots over 122 hectares located on the south west portion of the Campbelltown property. Land sales commenced in 2014 and extended through a number of stages throughout 2018, subject to market demand. The development is located in a desirable south western portion of Campbelltown's Macarthur region, adjacent to the University campus, suburban shopping facilities, parks, and in close proximity to both a railway station and the Hume Highway. The infrastructure being built will also improve access to the University campus with a much needed second major entry road as part of the development.

The University and Urban Growth each have a 50% interest in the operation, and share equally in the costs of development, and proceeds from sale of the developed lots. Due to decision making being shared equally, and the equal sharing of costs and output, the University has determined this to be a jointly controlled operation.

Ownership interest/ voting rights held

**Name of joint operation Nature of relationship Principal place of**

**business**

**2017**

**%**

**2016**

**%**

Campbelltown residential development

Jointly controlled operation with Urban Growth for the

residential subdivision of land. Australia 50 50

The assets and liabilities employed in the above jointly controlled operation, including Western Sydney University's share of any assets and liabilities held jointly, are detailed below. The amounts are included in the financial statements under their respective categories.

Consolidated Parent

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Statement of Financial Position**  Other receivables | **3,004** | 2,083 | **3,004** | 2,083 |
| Construction in Progress | **12,862** | 9,461 | **12,862** | 9,461 |
| Deferred income | **(400)** | (480) | **(400)** | (480) |
| Trade and other payables | **(1,412)** | (1,562) | **(1,412)** | (1,562) |
| **Statement of Comprehensive Income**  Proceeds from sale of assets | **16,775** | 25,173 | **16,775** | 25,173 |
| Carrying amount of assets sold | **(6,803)** | (11,310) | **(6,803)** | (11,310) |
| Gain on disposal of assets | **9,976** | 13,863 | **9,976** | 13,863 |
| Other expenses | **(331)** | (500) | **(331)** | (500) |
| Interest revenue | **27** | 7 | **27** | 7 |

1. **Reconciliation of Net Results to Net Cash Flows From Operating Activities**

**Consolidated Parent**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Net result for the period  Net (gain)/loss on disposal of | **52,064** | 34,837 | **48,462** | 36,018 |
| property, plant and equipment | **(35,805)** | (13,191) | **(35,940)** | (12,842) |
| Superannuation adjustments | **(14,869)** | 2,685 | **(14,869)** | 2,685 |
| Depreciation and amortisation | **50,307** | 43,874 | **48,835** | 42,580 |
| Impairment of receivables | **152** | (558) | **4,087** | (311) |
| Cost of goods sold - livestock | **(73)** | (82) | **(73)** | (82) |
| (Increase)/decrease in trade debtors | **6,182** | (16,431) | **5,565** | (15,540) |
| Increase/(decrease) in other operating liabilities | **37,573** | 7,111 | **37,801** | 6,611 |
| (Increase)/decrease in inventories | **(43)** | 2,873 | **-** | - |
| (Increase)/decrease in other non- financial assets | **(5,110)** | (602) | **(5,110)** | (602) |
| Increase/(decrease) in trade creditors | **12,228** | (10,765) | **12,134** | (10,151) |
| Increase/(decrease) in other provisions | **14,664** | (6,253) | **14,425** | (6,105) |

**Net cash provided by operating**

**activities 117,270** 43,498 **115,317** 42,261

1. Acquittal of Australian Government Financial Assistance
   1. Education - CGS and other Education grants

**Commonwealth Grants Scheme #1**

**Indigenous Student Success Program #3**

**Access and Participation Fund**

**Disability Performance Funding #2**

**National Priorities Pool**

**Promotion of Excellence in Learning**

**& Teaching Total**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Parent Entity (University) Only** | **Note** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** | **2017**  **$'000** | **2016**  **$'000** |
| Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program) |  | 287,192 | 298,324 | 2,643 | 1,927 | 10,231 | 11,494 | 970 | 924 | 100 | 131 | 25 | 140 | 301,161 | 312,940 |
| Net accrual adjustments |  | (197) | (813) | - | - | - | - | - | - | - | - | 6 | 15 | (191) | (798) |
| Revenue for the period | 2(a) | 286,995 | 297,511 | 2,643 | 1,927 | 10,231 | 11,494 | 970 | 924 | 100 | 131 | 31 | 155 | 300,970 | 312,142 |
| Surplus/(deficit) from the previous year |  | - | - | 31 | 27 | 159 | 1,513 | 602 | 787 | 323 | 1,013 | 154 | 461 | 1,269 | 3,801 |
| Total revenue including accrued revenue |  | 286,995 | 297,511 | 2,674 | 1,954 | 10,390 | 13,007 | 1,572 | 1,711 | 423 | 1,144 | 185 | 616 | 302,239 | 315,943 |
| Less expenses including accrued expenses |  | (286,995) | (297,511) | (2,674) | (1,923) | (10,345) | (12,848) | (834) | (1,109) | 35 | (821) | (23) | (462) | (300,836) | (314,674) |
| Surplus/(deficit) for the reporting period |  | - | - | - | 31 | 45 | 159 | 738 | 602 | 458 | 323 | 162 | 154 | 1,403 | 1,269 |

#1 Basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, CGS - Medical Student Loading, Allocated Places, Non Designated Courses and CGS - Special Advances from Future Years.

#2 Disability Performance Funding includes Additional Support for Students with Disabilities and Australian Disability Clearing.

#3 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017. Prior year programs have been combined and reported in Indigenous Student Success Program for 2016.

40 Acquittal of Australian Government Financial Assistance (continued)

* 1. Higher education loan programs (excl OS-HELP)

**HECS-HELP (Aust.**

**Government payments**

**only) FEE-HELP #4 SA-HELP Total**

**Parent Entity (University) Only Note**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Cash Payable/(Receivable) at the beginning of the year |  | 1,416 | 916 | (1,263) | (461) | (520) | 44 | (367) | 499 |
| Financial assistance received in cash during the reporting period |  | 195,631 | 205,336 | 12,805 | 11,060 | 6,982 | 6,495 | 215,418 | 222,891 |
| Cash available for the period |  | 197,047 | 206,252 | 11,542 | 10,599 | 6,462 | 6,539 | 215,051 | 223,390 |
| Revenue earned | 2(b) | 199,580 | 204,836 | 12,286 | 11,862 | 6,884 | 7,059 | 218,750 | 223,757 |
| Cash Payable/(Receivable) at the end of the year |  | (2,533) | 1,416 | (744) | (1,263) | (422) | (520) | (3,699) | (367) |

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **40**  (c) | **Acquittal of Australian Government Financial Assistance (continued)**  Department of Education and Training Research |  | | | | |
|  |  |  | **Research Training Program #5** | **Research Support Program #6** | **Total** |  |
|  |  |  | **2017 2016** | **2017 2016** | **2017** | **2016** |
|  | **Parent Entity (University) Only** | **Note** | **$'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) |  | 10,632 10,705 | 7,623 5,884 | 18,255 | 16,589 |
|  | Net accrual adjustments |  | - - | - 1,578 | - | 1,578 |
|  | Revenue for the period | 2(c) | 10,632 10,705 | 7,623 7,462 | 18,255 | 18,167 |
|  | Total revenue including accrued revenue |  | 10,632 10,705 | 7,623 7,462 | 18,255 | 18,167 |
|  | Less expenses including accrued expenses |  | (10,632) (10,705) | (7,623) (7,462) | (18,255) | (18,167) |
|  | Surplus/(deficit) for reporting period |  | - - | - - | - | - |

#5 Research Training Program has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017. 2016 data for the programs that have been replaced has been reported in the Research Training Program comparatives.

#6 Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017. 2016 data for the programs that have been replaced has been reported in the Research Support Program comparatives.

Total Higher Education Provider Research Training Program expenditure

**Total domestic students**

**$'000**

**Total overseas students**

**$'000**

Research Training Program Fees offsets - - Research Training Program Stipends 3,569 180

Research Training Program Allowances 6,883 -

**Total for all types of support** 10,452 180

40 Acquittal of Australian Government Financial Assistance (continued)

(d) Australian Research Council Grants

**Discovery Linkages Networks and Centres**

**Special Research**

**Initiatives Total**

**Parent Entity (University) Only**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

**2017**

**$'000**

**2016**

**$'000**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program) |  | 5,484 | 5,133 | 583 | 1,146 | - | 1,136 | - | - | 6,067 | 7,415 |
| Net accrual adjustments |  | 373 | 290 | 445 | - | 1,161 | - | 249 | - | 2,228 | 290 |
| Revenue for the period | 2(d) | 5,857 | 5,423 | 1,028 | 1,146 | 1,161 | 1,136 | 249 | - | 8,295 | 7,705 |
| Surplus/(deficit) from the previous year |  | 4,239 | 5,072 | 1,321 | 1,058 | 918 | 1,052 | 20 | 20 | 6,498 | 7,202 |
| Total revenue including accrued revenue |  | 10,096 | 10,495 | 2,349 | 2,204 | 2,079 | 2,188 | 269 | 20 | 14,793 | 14,907 |
| Less expenses including accrued expenses |  | (5,949) | (6,256) | (1,321) | (883) | (1,341) | (1,270) | (57) | - | (8,668) | (8,409) |
| Surplus/(deficit) for reporting period |  | 4,147 | 4,239 | 1,028 | 1,321 | 738 | 918 | 212 | 20 | 6,125 | 6,498 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **40**  (e) | **Acquittal of Australian Government Financial Assistance (continued)**  OS-HELP |  | | |
|  |  |  | **2017** | **2016** |
|  | **Parent Entity (University) Only** | **Note** | **$'000** | **$'000** |
|  | Cash received during the reporting period | 2(f) | 2,099 | 2,658 |
|  | Cash spent during the reporting period |  | (2,315) | (1,772) |
|  | Net cash received |  | (216) | 886 |
|  | Cash surplus/(deficit) from the previous period |  | 322 | (564) |
|  | Cash surplus/(deficit) for reporting period | 25 | 106 | 322 |

|  |  |  |  |
| --- | --- | --- | --- |
| (f) Student Services and Amenities Fee |  | **2017** | **2016** |
| **Parent Entity (University) Only** | **Note** | **$'000** | **$'000** |
| Unspent/(overspent) revenue from previous period SA-HELP revenue earned | 2(b) | - 6,884 | - 7,059 |
| Student Services and Amenities Fees direct from students | 4 | 3,176 | 2,781 |
| Total revenue expendable in period |  | 10,060 | 9,840 |
| Student services expenses during period |  | (10,060) | (9,840) |
| Unspent/(overspent) student services revenue |  | - | - |

1. Defined Benefits Plans
   1. Fund specific disclosure

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes, namely State Authorities Superannuation Scheme (SASS), State Superannuation Scheme (SSS) and State Authorities Non Contributory Superannuation Scheme (SANCS), which are State schemes and subject to reimbursement rights. These three 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.

These unfunded liabilities recorded in the Statement of Financial Position under provisions have been determined by independent actuaries.

During 2015, University of Sydney on behalf of the NSW Universities, led a project to finalise the negotiation of an agreement between the Commonwealth and New South Wales Governments to provide certainty in respect to the funding of the defined benefits superannuation funds managed by the State Authorities Superannuation Trustees Corporation (STC). These discussions have now culminated in a memorandum of understanding being reached between the Commonwealth and the State Governments. This memorandum has now been executed with the effect that the Commonwealth and New South Wales Governments are taking on all of the risk of the liabilities of the three funds (SASS, SANCS and SSS) for the next seventy years.

The significant elements of the agreement are that:

* the agreement allows for funding of the SANCS accounts that were previously not eligible under the scheme;
* in future, the Commonwealth will not contribute to costs associated with excess salary increases. Future fund liabilities deemed to be the result of excess salary increases will be recouped from each relevant university in the form of 'top-up' payments.

The amount receivable from the Commonwealth or State in respect of the three funds as at 31 December 2017 was $345.703M (2016: $332.281M) and this is reflected in Note 18 as Non-current receivables. This receivable is net of the University's accrued and forecasted excess salary liability as at 31 December 2017 totalling

$2.092M (2016: $0.701M) as the liability is treated as a reduction of the Commonwealth and State reimbursement right. The amount owing to members of the three funds as at 31 December 2017 was

$347.982M (2016: $332.982M), including the University's accrued and forecasted excess salary liability, is recognised in the statement of financial position under provisions.

The University expects to make a contribution of $1.21M (2016: $1.48M) to the defined benefit plan during the next financial year.

The weighted average duration of the defined benefit obligation is 11.9 years (2016: 11.9 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Less than 1 year** | **Between 1**  **and 2 years** | **Between 2**  **and 5 years** | **Over 5 years** | **Total** |
| **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Defined benefit obligations  - 31 December 2017 | 24,098 | 24,790 | 71,874 | 422,452 | 543,214 |
| Defined benefit obligations  - 31 December 2016 | 24,435 | 24,643 | 74,836 | 467,758 | 591,672 |

41 Defined Benefits Plans (continued)

* 1. Categories of plan assets

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

2017 (%) 2016 (%)

**No Active No Active**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Equity instruments | **Active Market**  72 | **Market** | - | **Active Market**  66 | **Market** | 3 |
| Property | 4 |  | 5 | 4 |  | 5 |
| Alternatives | 10 |  | 9 | 12 |  | 10 |
| **Total** | **86** |  | **14** | 82 |  | 18 |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | Discount rate(s) | **2017**  **%**  **2.65** | **2016**  **%**  2.78 |
| Expected return on plan assets | **7.40** | 7.40 |
| Expected return on reimbursement rights | **3.16** | 2.97 |
| Expected rate(s) of salary increase | **2.50** | 2.50 |
| Expected rate of CPI increase | **2.50** | 2.50 |
| (c) | Actuarial assumptions and sensitivity |  |  |

The sensitivity of the defined benefit obligation to change in the significant assumptions is:

Change in

**assumption Impact on defined benefit obligation**

|  |  |  |  |
| --- | --- | --- | --- |
| Discount rate | **%**  1.00 | **Increase in assumption**  Decrease by 10.7% | **Decrease in assumption**  Increase by 12.9% |
| Salary growth rate | 0.50 | Increase by 0.2% | Decrease by 0.2% |

The above sensitivity analyses are based on a change in an assumption while holding all the other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in the preparation of the sensitivity analysis did not change compared to the prior period.

41 Defined Benefits Plans (continued)

(d) Statement of financial position amounts

**Amounts recognised in the statement**

**of financial position - 2017 Note**

**$'000**

**SASS**

**$'000**

**SANCS**

**$'000**

**SSS**

**$'000**

**Total**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities**  Provision for deferred government | 27 |  | | | |
| benefits for superannuation |  | 12,641 | 4,244 | 330,910 | 347,795 |
| **Total liabilities recognised in the** |  |  |  |  |  |
| **statement of financial position** |  | 12,641 | 4,244 | 330,910 | 347,795 |
| **Assets** |  |  |  |  |  |
| Receivables for deferred government | 18 |  |  |  |  |
| contribution for superannuation |  | 10,935 | 3,858 | 330,910 | 345,703 |
| **Total assets recognised in the** |  |  |  |  |  |
| **statement of financial position** |  | 10,935 | 3,858 | 330,910 | 345,703 |
| **Net liability recognised in the** |  |  |  |  |  |
| **statement of financial position** |  | **1,706** | **386** | **-** | **2,092** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Net liability reconciliation - 2017**  Defined benefit obligation |  | 25,176 | 4,349 | 409,545 | 439,070 |
| Fair value of plan assets |  | (12,535) | (105) | (78,635) | (91,275) |
| **Net liability** | 27 | **12,641** | **4,244** | **330,910** | **347,795** |
| Reimbursement right | 18 | (10,935) | (3,858) | (330,910) | (345,703) |
| **Total net liability/(asset)** |  | **1,706** | **386** | **-** | **2,092** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reimbursement rights - 2017**  Opening value of reimbursement right | 10,605 | 3,718 | 317,958 | 332,281 |
| Emerging liability for excess salaries | (1,707) | (385) | - | (2,092) |
| Return on reimbursement rights | 1,362 | 260 | 9,038 | 10,660 |
| Remeasurements | 675 | 265 | 3,914 | 4,854 |
| **Closing value of reimbursement right** 18 | **10,935** | **3,858** | **330,910** | **345,703** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **41**  (d) | **Defined Benefits Plans (continued)**  Statement of financial position amounts (continued) |  | | | |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** |
|  | **Present value obligations - 2017** | **SASS** | **SANCS** | **SSS** | **Total** |
|  | Opening defined benefit obligation | 38,794 | 6,058 | 409,418 | 454,270 |
|  | Current service cost | 1,081 | 232 | 241 | 1,554 |
|  | Interest expense | 1,011 | 156 | 11,136 | 12,303 |
|  |  | **40,886** | **6,446** | **420,795** | **468,127** |
|  | **Remeasurements** |  |  |  |  |
|  | Actuarial losses/(gains) arising from changes in financial assumptions | 137 | 35 | 4,656 | 4,828 |
|  | Experience (gains)/losses | 1,249 | 189 | (243) | 1,195 |
|  |  | **1,386** | **224** | **4,413** | **6,023** |
|  | **Contributions** |  |  |  |  |
|  | Plan participants | 483 | - | 98 | 581 |
|  | **Payments from plan** |  |  |  |  |
|  | Benefits paid | (17,417) | (2,075) | (18,151) | (37,643) |
|  | Taxes, premiums and expenses paid | (162) | (246) | 2,390 | 1,982 |
|  |  | **(17,579)** | **(2,321)** | **(15,761)** | **(35,661)** |
|  | **Closing defined benefit obligation** | **25,176** | **4,349** | **409,545** | **439,070** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Present value of plan assets - 2017**  Opening fair value of plan assets | 27,654 | 2,215 | 91,419 | 121,288 |
| Interest expense / (income) | 710 | 52 | 2,296 | 3,058 |
|  | **28,364** | **2,267** | **93,715** | **124,346** |
| **Remeasurements** |  |  |  |  |
| Return on plan assets, excluding amounts included in net interest expense | 711 | (41) | 499 | 1,169 |
| **Contributions** |  |  |  |  |
| Employers | 556 | 200 | 84 | 840 |
| Plan participants | 483 | - | 98 | 581 |
|  | **1,039** | **200** | **182** | **1,421** |
| **Payments from plan** |  |  |  |  |
| Benefits paid | (17,417) | (2,075) | (18,151) | (37,643) |
| Taxes, premiums and expenses paid | (162) | (246) | 2,390 | 1,982 |
|  | **(17,579)** | **(2,321)** | **(15,761)** | **(35,661)** |
| **Closing fair value of plans assets** | **12,535** | **105** | **78,635** | **91,275** |

41 Defined Benefits Plans (continued)

(d) Statement of financial position amounts (continued)

**Amounts recognised in the**

**statement of financial position - 2016 Note**

**$'000**

**SASS**

**$'000**

**SANCS**

**$'000**

**SSS**

**$'000**

**Total**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities**  Provision for deferred government | 27 |  | | | |
| benefits for superannuation |  | 11,140 | 3,843 | 317,999 | 332,982 |
| **Total liabilities recognised in the** |  |  |  |  |  |
| **statement of financial position** |  | 11,140 | 3,843 | 317,999 | 332,982 |
| **Assets** |  |  |  |  |  |
| Receivables for deferred government | 18 |  |  |  |  |
| contribution for superannuation |  | 10,605 | 3,718 | 317,958 | 332,281 |
| **Total assets recognised in the** |  |  |  |  |  |

**statement of financial position**  10,605 3,718 317,958 332,281

**Net liability recognised in the**

**statement of financial position** 535 125 41 701

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Net liability reconciliation - 2016**  Defined benefit obligation |  | 38,794 | 6,058 | 409,418 | 454,270 |
| Fair value of plan assets |  | (27,654) | (2,215) | (91,419) | (121,288) |
| **Net liability** | 27 | 11,140 | 3,843 | 317,999 | 332,982 |
| Reimbursement right | 18 | (10,605) | (3,718) | (317,958) | (332,281) |
| **Total net liability/(asset)** |  | 535 | 125 | 41 | 701 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reimbursement rights - 2016**  Opening value of reimbursement right | 10,895 | 3,387 | 321,573 | 335,855 |
| Excess salary expense through profit and loss | (8) | (5) | (42) | (55) |
| Emerging liability for excess salaries | (527) | (119) | - | (646) |
| Return on reimbursement rights | 617 | 112 | 8,877 | 9,606 |
| Remeasurements | (372) | 343 | (12,450) | (12,479) |
| **Closing value of reimbursement right** 18 | 10,605 | 3,718 | 317,958 | 332,281 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **41**  (d) | **Defined Benefits Plans (continued)**  Statement of financial position amounts (continued) |  | | | |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** |
|  |  | **SASS** | **SANCS** | **SSS** | **Total** |
|  | **Present value obligations - 2016** |  |  |  |  |
|  | Opening defined benefit obligation | 43,556 | 6,897 | 422,251 | 472,704 |
|  | Current service cost | 1,330 | 283 | 258 | 1,871 |
|  | Interest expense | 1,193 | 185 | 11,986 | 13,364 |
|  |  | 46,079 | 7,365 | 434,495 | 487,939 |
|  | **Remeasurements** |  |  |  |  |
|  | Actuarial losses/(gains) arising from changes in financial assumptions | 170 | 42 | 1,350 | 1,562 |
|  | Experience (gains)/losses | 100 | 318 | (12,665) | (12,247) |
|  |  | 270 | 360 | (11,315) | (10,685) |
|  | **Contributions** |  |  |  |  |
|  | Plan participants | 571 | - | 178 | 749 |
|  | **Payments from plan** |  |  |  |  |
|  | Benefits paid | (8,008) | (1,609) | (16,157) | (25,774) |
|  | Taxes, premiums and expenses paid | (118) | (58) | 2,217 | 2,041 |
|  |  | (8,126) | (1,667) | (13,940) | (23,733) |
|  | **Closing defined benefit obligation** | 38,794 | 6,058 | 409,418 | 454,270 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Present value of plan assets - 2016**  Opening fair value of plan assets | 32,661 | 3,510 | 100,679 | 136,850 |
| Interest expense / (income) | 892 | 91 | 2,670 | 3,653 |
|  | 33,553 | 3,601 | 103,349 | 140,503 |
| **Remeasurements** |  |  |  |  |
| Return on plan assets, excluding amounts included in net interest expense | 642 | 16 | 1,135 | 1,793 |
|  | 642 | 16 | 1,135 | 1,793 |
| **Contributions** |  |  |  |  |
| Employers | 1,013 | 265 | 697 | 1,975 |
| Plan participants | 572 | - | 178 | 750 |
|  | 1,585 | 265 | 875 | 2,725 |
| **Payments from plan** |  |  |  |  |
| Benefits paid | (8,008) | (1,609) | (16,157) | (25,774) |
| Taxes, premiums and expenses paid | (118) | (58) | 2,217 | 2,041 |
|  | (8,126) | (1,667) | (13,940) | (23,733) |
| **Closing fair value of plans assets** | 27,654 | 2,215 | 91,419 | 121,288 |

1. Events Occurring After the Reporting Date

There are no events identified after the Statement of Financial Position date that would have a material impact on the financial statements.

End of Audited Financial Statements.



**INDEPENDENT AUDITOR'S REPORT**

Western Sydney University

To Members of the New South Wales Parliament

**Opinion**

I have audited the accompanying financial statements of Western Sydney University (the University), which comprise the Income Statement and Stat13ment of Comprehensive Income for the year ended 31 December 2017, the Statement of Financial !Position as at 31 December 2017, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible entities declaration 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.

In my opinion, the financial statements:

give a true and fair v iew of the financi131 position of the University and the consolidated entity, as at 31 December 20 17, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards

are in accordance with section 41 B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

comply with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2017 Reporting Period' (the Guidelines), issued by the Australian Government Department of Education and Training, pursuant to the *Higher Education Support Act 2003,* the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*

have been prepared in accordance with Division 60 of the *Australian Charities and*

*Not-for-profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for­ profits Commission Regulation 2013.

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

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the University in accordance with the requirements of the: Australian Auditing Standards

Accou nting Professional and Ethical Standards Board's APES 11O 'Code of Ethics for ProfessionalAcco untants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Level15, 1Margaret Street, Sydney NSW 2000 I GPO Box 12, Sydney NSW 2001 I 1029275 7101 I f 02 9275 7179 I **e** [mail@audit.nsw.](mailto:mail@audit.nsw)gov.au I audilnsw.gov.au

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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 precluding the Auditor-General from providing non-audit services.

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

**University Board of Trustees' Responsibilities for the Financial Statements**

The Board of Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, the Guidelines and the *Australian Charities and the Not-for-profits Commission Act 2012,* and for such internal control as the Board of Trustees determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the University's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the University will be dissolved by an Act of Parliament or otherwise c·ease operations.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error

issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at [http://www.auasb.qov.au/auditors responsibilities/ar3.pdf](http://www.auasb.qov.au/auditorsresponsibilities/ar3.pdf) The description forms part of my auditor's report.

My opinion does *not* provide assurance:

that the University carried out its activities effectively, efficiently and economically

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.



Ian Goodwin

Acting Auditor-General of NSW

oS' pril 2018 SYDNEY

# Western Sydney University Enterprises Pty Limited Trading as Western Sydney University The College

**ABN: 44 003 474 468**

**Financial Statements**

**For the Year Ended 31 December 2017**

These financial statements are of Western Sydney University Enterprises Pty Limited as an individual entity. The financial statements are presented in the Australian currency.

Western Sydney University Enterprises Pty Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Nirimba Education Precinct

Eastern Road, Quakers Hill NSW 2763

A description of the nature of the Company's operations and its principal activities is included in the directors' report on pages 96 to 99, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 19 March 2018. The directors have the power to amend and reissue the financial statements.

**Directors' Report**

###### 31 December 2017

The directors present their report on Western Sydney University Enterprises Pty Limited trading as Western Sydney University The College (the Company) for the financial year ended 31 December 2017.

1. General information Information on directors

The name and qualification of each person who has been a director during the year and to the date of this report are:

Mr Ramy Aziz B.Bus, FCPA, FGIA

Professor Denise Kirkpatrick Doctor of Philosophy (PhD), Education (Chair) Mr Angelo Kourtis BA

Professor Simon Barrie Doctor of Philosophy (PhD), B.App Sci

Ms Caroline Hutchinson B Economics, B Laws (Appointed 1 January 2017) Mr Robin Shreeve B Arts (Hons), M Arts (Appointed 1 June 2017)

Ms Le Ho Cert III Transport & Logistics (Appointed 1 October 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities and significant changes in nature of activities

The principal activities of the Company during the financial year were.

* + Provision of educational services

There were no significant changes in the nature of the Company's principal activities during the financial year.

### Directors' Report

###### 31 December 2017

1. Operating results and review of operations for the year

The net result of the Company for the year ended 31 December 2017 amounted to NIL (2016: NIL) which included a royalty payment to the parent entity of $22,919,450 (2016: $20,092,238).

Student enrolments were slightly below the prior year after several years of strong growth. The 2017 year represented the first full year under a decentralised model of operation and the lower associated expenses were reflected in an increased royalty paid to the parent entity.

1. Other items

**Significant changes in state of affairs**

On 24 May 2017, the name of the Company was changed from UWS Enterprises Pty Limited to Western Sydney University Enterprises Pty Limited. No significant changes in the nature of the Company's activities occurred during the year.

Events after the reporting date

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

Future developments and results

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 issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid or recommended

No dividend was paid or payable since the commencement of the financial year and up to and including the date of signing the report (2016: nil).

Company secretary

Ms Wendy Barker held the position of Company Secretary for the whole of the financial year and to the date of this report. Mr Ian Londish held the position of Company Secretary until 05 December 2017.

### Directors' Report

###### 31 December 2017

Meetings of directors

During the financial year ended 31 December 2017, 6 meetings of directors were held. Attendances by each director during the year were as follows:

|  |  |  |
| --- | --- | --- |
|  | **Directors' Meetings** | |
| **Number eligible to attend** | **Number attended** |
| Mr Ramy Aziz | 6 | 6 |
| Professor Denise Kirkpatrick | 6 | 6 |
| Mr Angelo Kourtis | 6 | 4 |
| Professor Simon Barrie | 6 | 6 |
| Ms Caroline Hutchinson | 6 | 6 |
| Mr Robin Shreeve | 4 | 4 |
| Ms Le Ho | 2 | 2 |

Indemnification and insurance of officers and auditors

The Company is insured externally and in line with the parent entity's policies for all significant areas of risk exposure and accordingly, is not a self-insurer and makes no provision in its financial statements for internal coverage.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2017 has been received and can be found on page 101 of the financial statements.

This report is made in accordance with a resolution of the Board of Directors.

Director: ............................................................... Director: ................................................................

Dated:

### Directors' Declaration

In the directors' opinion:

1. the financial statements and notes, as set out on pages 102 to 137, are in accordance with the *Corporations Act 2001*, including:
   1. complying with Accounting Standards, the *Corporations Regulations 2001, Public Finance and Audit Act 1983,*

*Public Finance and Audit Regulation 201*5 and other mandatory professional reporting requirements, and

* 1. giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the financial year ended on that date, and;

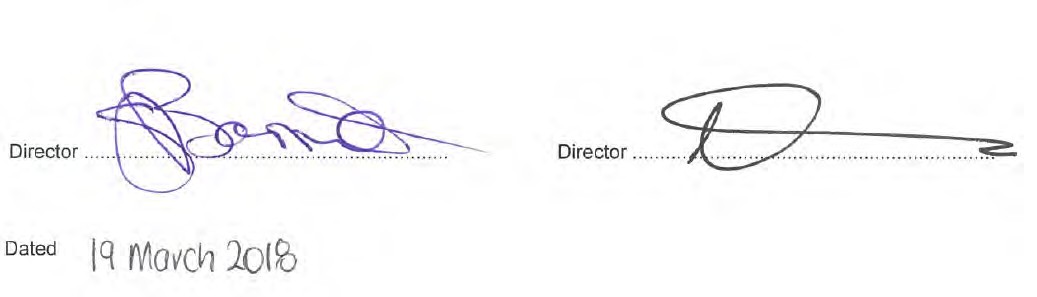
1. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable,
2. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors, pursuant to section 295(4) of the

*Corporations Act 2001*, and 41(C) of the *Public Finance and Audit Act 1983*.

Director .................................................................. Director ..................................................................

Dated



### Responsible Entities' Declaration

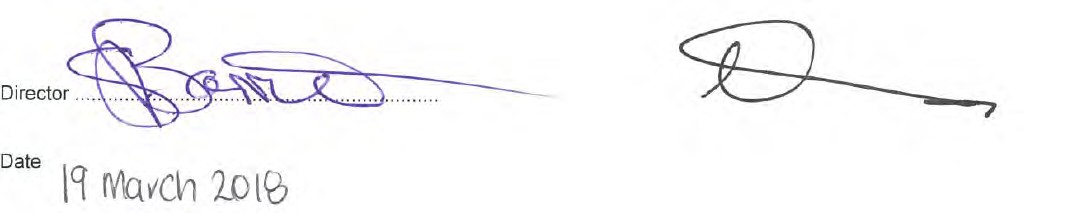
The responsible entities declare that in the responsible entities' opinion:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012.*

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Director ..................................................................

Date





To the Directors

Western Sydney University Enterprises Pty Limited (trading as Western Sydney University The College)

**Auditor 's Independence Declaration**

As auditor for the audit of the financial statements of Western Sydney University Enterprises Pty Limited (trading as Western Sydney University The College) for the year ended 31 December 2017, I declare, to the best of my knowledge and belief, there have been no contravent ions 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.



Margaret Crawford Auditor-General of NSW

l <:,March 2018 SYDNEY

level 15, 1 Margaret Street, Sydney NSW 2000 I GPO Box 12, Sydney NSW 2001 I t 02 9275 7101 I f 02 9275 7179 I e [mail@audit.nsw.](mailto:mail@audit.nsw)gov.au I audit.nsw.gov.au

Start of Audited Financial Statements

**Western Sydney University Enterprises Pty Limited Trading as Western Sydney University The College**

**ABN: 44 003 474 468**

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Comprehensive Income**  **For the Year Ended 31 December 2017** |  | | |
|  |  | **2017** | **2016** |
|  | **Notes** | **$** | **$** |
| **Revenue** |  |  |  |
| Rendering of services | 14(a) | **59,399,557** | 60,565,646 |
| Interest revenue |  | **233,742** | 149,633 |
| Share of net profit or loss on investments accounted for using the equity method | 7 | **(833,847)** | (1,052,110) |
| Other revenue | 14(b) | **806,407** | 305,801 |
| **Total revenue** |  | **59,605,859** | 59,968,970 |
| **Expenses** |  |  |  |
| Employee related expenses | 15 | **(29,426,549)** | (31,811,836) |
| Royalty to parent | 16 | **(22,919,450)** | (20,092,238) |
| Fees for service | 15 | **(3,297,498)** | (3,858,286) |
| Depreciation and amortisation expense | 15 | **(1,669,715)** | (1,235,440) |
| Advertising, marketing and promotional expenses |  | **(355,619)** | (132,018) |
| Occupancy expenses | 15 | **(288,576)** | (339,947) |
| Consumables and supplies |  | **(228,624)** | (302,139) |
| Student expenses |  | **(192,252)** | (329,246) |
| Other expenses | 15 | **(1,227,576)** | (1,867,820) |
| **Total Expenses** |  | **(59,605,859)** | (59,968,970) |
| **Surplus / (deficit) for the year** |  | **-** | - |
| Other comprehensive income |  | **-** | - |
| **Total comprehensive income for the year** |  | **-** | - |
| **Comprehensive income for the year attributable to** |  |  |  |
| Non - controlling interest |  | **-** | - |
| Western Sydney University (The Parent) |  | **-** | - |
| **Total comprehensive income for the year** |  | **-** | - |

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Financial Position**  **As At 31 December 2017** |  | | |
|  |  | **2017** | **2016** |
|  | **Notes** | **$** | **$** |
| **ASSETS**  **Current Assets** |  |  |  |
| Cash and cash equivalents | 2 | **906,965** | 1,109,058 |
| Loans to parent entity | 20(c) | **7,001,886** | 5,651,726 |
| Trade and other receivables | 3 | **429,588** | 401,737 |
| Receivables from related parties | 20(d) | **1,651,601** | 585,588 |
| Prepayments | 4 | **302,358** | 879,154 |
| **Total Current Assets** |  | **10,292,398** | 8,627,263 |
| **Non-Current Assets** |  |  |  |
| Loans to joint venture | 20(c) | **214,043** | 247,890 |
| Property, plant and equipment | 5 | **4,254,369** | 5,262,295 |
| Intangible assets | 6 | **-** | 153,658 |
| **Total Non-Current Assets 4,468,412** | | | 5,663,843 |
| **Total Assets** |  | **14,760,810** | 14,291,106 |
| **LIABILITIES**  **Current Liabilities** |  |  |  |
| Trade payables |  | **467,295** | 139,066 |
| Tuition fees advance receipts |  | **1,074,170** | 776,051 |
| Amounts due to related parties | 20(d) | **-** | 684,058 |
| Accrued expenses | 8 | **3,016,451** | 2,210,500 |
| Provisions | 9 | **2,131,424** | 1,838,997 |
| Other liabilities | 10 | **554,021** | 1,113,673 |
| **Total Current Liabilities** |  | **7,243,361** | 6,762,345 |
| **Non-Current Liabilities** |  |  |  |
| Provisions | 9 | **752,000** | 763,312 |

Total Non-Current Liabilities 752,000 763,312

**Total Liabilities 7,995,361** 7,525,657

|  |  |  |  |
| --- | --- | --- | --- |
| **Net Assets** |  | **6,765,449** | 6,765,449 |
| **EQUITY**  Issued capital | 11 | **1** | 1 |
| Retained earnings |  | **6,765,448** | 6,765,448 |
| **Total Equity** | | **6,765,449** | 6,765,449 |

The accompanying notes form part of these financial statements.

### Statement of Changes in Equity

###### For the Year Ended 31 December 2017

Issued Capital

**$**

**Retained Earnings**

**$**

**Total**

**$**

**Balance at 1 January 2017 1 6,765,448 6,765,449**

Surplus / (deficit) for the year **- - -**

Other comprehensive income **- - -**

Total comprehensive income for the year - - - Balance at 31 December 2017 1 6,765,448 6,765,449

**Issued Capital**

**$**

**Retained Earnings**

**$**

**Total**

**$**

**Balance at 1 January 2016** 1 6,765,448 6,765,449

Surplus / (deficit) for the year - - -

Other comprehensive income - - -

Total comprehensive income for the year - - -

**Balance at 31 December 2016** 1 6,765,448 6,765,449

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Cash Flows**  **For the Year Ended 31 December 2017** |  | | |
|  |  | **2017** | **2016** |
|  | **Notes** | **$** | **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES:**  Receipts from customers |  | **59,777,225** | 60,604,124 |
| Payments to suppliers and employees |  | **(58,983,576)** | (58,674,787) |
| Interest received |  | **84,853** | 49,502 |
| Other receipts / (payments) |  | **806,407** | 305,801 |

Net cash provided by operating activities 21 **1,684,909** 2,284,640

|  |  |  |
| --- | --- | --- |
| **CASH FLOWS FROM INVESTING ACTIVITIES:**  Return of capital works funding | **158,454** | - |
| Purchase of property, plant and equipment | **(44,185)** | (1,581,117) |
| Payments for operations of joint venture | **(800,000)** | (1,300,000) |
| Repayments received from the parent entity | **12,774,984** | 7,978,278 |
| Advances made to the parent entity | **(13,976,255)** | (6,969,114) |
| Net cash used in investing activities | **(1,887,002)** | (1,871,953) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** |  |  |

Net cash provided by financing activities **-** -

|  |  |  |
| --- | --- | --- |
| **Net increase / (decrease) in cash and cash equivalents held** | **(202,093)** | 412,687 |
| **Cash and cash equivalents at beginning of year** | **1,109,058** | 696,371 |

Cash and cash equivalents at end of financial year 2 906,965 1,109,058

**Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

**1 Summary of Significant Accounting Policies**

Western Sydney University Enteprises Pty Limited trading as Western Sydney University The College (the Company) is a registered Company limited by shares and is a not-for-profit controlled entity of Western Sydney University. Prior to 24 May 2017 the Company was known as UWS Enterprises Pty Limited. The Company is incorporated and domiciled in Australia.

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

1. Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, the *Corporations Act 2001*, the *Public Finance & Audit Act 1983*, *Public Finance & Audit Regulation 2015*, the *Australian Charities and Not-for profits Commission Act 2012* and *Regulation 2013*.

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

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the Directors of the Company on 4 April 2018.

1. Principles of Consolidation

*Joint Arrangements*

The Company determined that the Joint Arrangement with Navitas Ltd for the establishment of the Western Sydney University International College Pty Ltd ("the International College") is a Joint Venture equally controlled by the Company and Navitas Ltd.

The Company's interest in the Joint Venture is accounted for in the financial statements using the equity method in accordance with AASB 11 Joint Arrangements.

Under the equity method of accounting, the Company recognises its share of the profits and losses in the International College in the statement of comprehensive income.

The initial recognition of the investment in joint venture is recognised at cost, which includes the purchase price and any directly attributable expenditures necessary to obtain it.

The carrying amount is adjusted to recognise the company's share of the profit or loss of the International College after the date of acquisition.

Any shareholder loans, in substance, could form a part of the company's net investment in the joint venture and are taken into account when assessing the amount of any losses recognised by the Company relating to its interest in the International College and distributions received from the International College reduce the carrying amount of the investment.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies continued

1. **Foreign currency transactions and balances**

The functional currency of the Company is measured using the currency of the primary economic environment which is Australian dollars. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

1. Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The following items have been adjusted to conform with the current year's presentation.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2016**  **Reported**  **$** | **2016**  **Revised**  **$** |
| **Statement of Comprehensive Income - Revenue**  Other revenue | 14(b) | 329,105 | 305,801 |
| **Statement of Comprehensive Income - Expenses**  Employee related expenses | 15 | (31,835,140) | (31,811,836) |
| Student expenses |  | (491,411) | (329,246) |
| Fees for service | 15 | (3,696,121) | (3,858,286) |
|  | 15 | (36,022,672) | (35,999,368) |
| **Statement of Cash Flows - Cash Flows From Operating Activities**  Payments to suppliers and employees |  | (58,698,091) | (58,674,787) |
| Other receipts / payments |  | 329,105 | 305,801 |
|  |  | (58,368,986) | (58,368,986) |
| **Note 13 - Financial Risk Management**  Loans to join venture | 13 | 247,890 | 1,300,000 |
| **Note 14 (b) - Other revenue**  Salary recoveries |  | 23,304 | - |
| Service fee from joint venture |  | - | 217,274 |
| Other income |  | 305,801 | 88,527 |
|  |  | 329,105 | 305,801 |

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies continued

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(d)** | **Comparative Amounts continued** |  | **2016** | **2016** |
|  |  |  | **Reported** | **Revised** |
|  |  | **Note** | **$** | **$** |
|  | **Note 15 - Expenses**  Salaries and wages | 15 | 25,416,923 | 25,393,619 |
|  | Study tours | 15 | 65,957 | 228,122 |
|  | Testing fees | 15 | - | 1,752,305 |
|  | Other | 15 | 1,979,693 | 227,389 |

15 27,462,573 27,601,435

|  |  |
| --- | --- |
| **Note 20(b) - Related party transactions**  Payment of management fee to joint venture | - 2,172,737 |
| Recoupment of commissions, salaries and other expenses from joint venture | - (1,417,438) |
| Service fee from joint venture | - (217,274) |
| Share in loss of joint venture | (1,052,110) 1,052,110 |
| Interest received on loan to joint venture | 33,239 (33,239) |
|  | (1,018,871) 1,556,896 |

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies continued

1. **Financial assets Classification**

The Company classifies its financial assets as loans and receivables.

* 1. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost .

Loans and receivables are included in current assets, except for those which are not expected to be realised within 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

1. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. The Company's standard terms of trade for trade receivables is 14 days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade 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 Company 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 are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the assets 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 is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

When a trade receivable is uncollectable the amount of the loss is recognised in the statement of comprehensive income within ‘Other Expenses’. Subsequent recoveries of amounts previously written off are credited to ‘other revenue’ in the statement of comprehensive income.

1. Cash and cash equivalents

For the statement of cash flow presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies continued

1. **Employee benefits**

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

The liability for other long-term benefits are those that are not expected to be settled wholly before 12 months after the end of the annual reporting period. Other long term employee benefits include such things as annual leave and long service leave.

It is measured at 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 credit method. Consideration is given to expected future wages 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 flows.

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as 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 be classified as a non-current liability.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Company recognises the expense and liability for termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB 137 that involves the payment of termination benefits. The expense and liability are recognised when the Company 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 a result of an offer made to encourage voluntary redundancy.

Termination benefits are measured on initial recognition and subsequent changes are measured and recognised in accordance with the nature of the employee benefit. Benefits expected to be settled wholly within 12 months are measured at the undiscounted amount expected to be paid. Benefits not expected to be settled before 12 months after the end of the reporting period are discounted at present value.

1. Provisions

Provisions for legal claims and service warranties are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be 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 obligation at the end of the reporting period. 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.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies continued

1. **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid.

1. Leases

Lease payments for operating leases, where substantially all of the risks and rewards of ownership remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

1. Revenue and other income

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

All revenue is stated net of the amount of goods and services tax (GST).

Rendering of services

Revenue recognition relating to the rendering of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

1. Goods and Services Tax (GST)

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

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

The Company is grouped with the parent entity for GST purposes and therefore the net GST receivable or GST payable is not reflected within these statements.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies continued

1. **Critical accounting estimates and judgements**

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 Company's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the financial statements, are disclosed below:

Key judgements - provision for impairment of receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

Key judgements - provision for long service leave

The value of the provision for long service leave 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.

1. New Accounting Standards and Interpretations not yet mandatory or early adopted Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time for the financial year beginning 1 January 2017. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not yet been applied to the financial statements. The Company’s assessment of the impact of the new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Company.

1. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

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

Plant and equipment

Plant and equipment are measured on a cost basis (cost less depreciation and impairment losses). Cost includes expenditure that is directly attributable to the asset.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies continued

1. **Property, Plant and Equipment continued Plant and equipment continued**

**Artwork**

Artwork is measured on a cost basis. Cost includes expenditure that is directly attributable to the asset. Art is a non-depreciable asset.

Leasehold Improvements

Leasehold improvements are measured on a cost basis. Cost includes expenditure that is directly attributable to the asset.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset Useful Life

Computer Equipment 3-4 years

Leasehold improvements 2-6 years

Motor Vehicles 6-7 years

Other Equipment 10-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies continued

1. **Impairment of assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment wherever events or changes to circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (note 15a). For the purposes of assessing the impairment, assets are grouped as 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 unit).

1. Intangible Assets

**Development costs of Online Teaching Units**

Costs directly attributable to the development of online teaching units are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Company has the intention and ability to complete and use the online units and the costs can be measured reliably. Such costs include the purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Amortisation

Online teaching units are amortised for a period of two years on a straight line basis.

1. Royalties

Royalties are due by the Company for its access to the parent entity's intellectual property, infrastructure, premises and business services.

1. Income Tax

The Company is exempt from the payment of tax by virtue of section 50-5 of the *Income Tax Assessment Act 1997*. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

|  |  |  |  |
| --- | --- | --- | --- |
| **2** | **Cash and cash equivalents** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Cash at bank and on hand | **496,431** | 886,197 |
|  | TCorp Hour-Glass Investment Facility | **410,534** | 222,861 |
|  | Total cash and cash equivalents | **906,965** | 1,109,058 |
|  | **Reconciliation of cash** |  |  |

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

|  |  |  |
| --- | --- | --- |
| Cash and cash equivalents | **2017**  **$ 906,965** | **2016**  **$**  1,109,058 |
| **Balance as per statement of cash flows** | **906,965** | 1,109,058 |
| The Company's exposure to interest rate risk is discussed in Note 13. |  |  |

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **3** | **Trade and other receivables** |  | **2017** | **2016** |
|  |  | **Note** | **$** | **$** |
|  | Student receivables |  | **151,122** | 121,248 |
|  | Trade receivables |  | **266,571** | 304,953 |
|  | Less: Provision for impaired receivables | 3(a) | **(19,469)** | (26,379) |
|  | **Net student and trade receivables** |  | **398,224** | 399,822 |
|  | Accrued revenue |  | **28,288** | - |
|  | Accrued interest |  | **965** | 344 |
|  | Other receivables |  | **2,111** | 1,571 |
|  | **Total current trade and other receivables** |  | **429,588** | 401,737 |
|  | **(a) Provision for impairment of receivables** |  |  |  |
|  | Movement in provision for impaired receivables is as follows: |  | **2017** | **2016** |
|  |  |  | **$** | **$** |
|  | Opening balance as at 1 January |  | **26,379** | 258,905 |
|  | Provision for impairment recognised during the year |  | **27,097** | 16,137 |
|  | Bad debts written off |  | **(34,007)** | (248,663) |
|  | **Balance as at 31 December** |  | **19,469** | 26,379 |

The creation and release of the provision for impaired receivables has been included in ‘other expenses’ in the statement of comprehensive income. 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.

Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Company.

On a geographical basis, the Company has credit risk exposures in Australia only as all transactions are conducted in Australian dollars.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

3 Trade and other receivables continued

As at 31 December 2017, current trade and other receivables with a nominal value of $19,469 (2016: $26,379) were impaired. The amount of the provision was $19,469 (2016: $23,679). The individually impaired receivables mainly relate to individual debtors whose balances aged greater than 90 days.

As at 31 December 2017 current trade and other receivables of $429,588 (2016: $401,737) were past due but not

|  |  |
| --- | --- |
| impaired. These relate to a number of independent customers for whom there is no recent history of default.  ageing analysis of these receivables is as follows: | The |
| **2017** | **2016** |
| **$** | **$** |
| 3 to 6 months **415,937** | 383,917 |
| 6 to 12 months **13,651** | 9,357 |
| Over 12 months **-** | 8,463 |
| **Total past due but not impaired receivables 429,588** | 401,737 |

The balances of receivables that remain within initial trade terms are considered to be of high credit quality.

|  |  |  |  |
| --- | --- | --- | --- |
| **4** | **Prepayments** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Prepayments | **52,358** | 6,754 |
|  | Payments made to parent entity for capital projects | **250,000** | 872,400 |
|  | **Total Prepayments** | **302,358** | 879,154 |

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

|  |  |  |  |
| --- | --- | --- | --- |
| **5** | **Property, plant and equipment** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Leasehold Improvements**  At cost | **7,808,816** | 8,742,040 |
|  | Accumulated depreciation | **(3,864,434)** | (3,841,451) |
|  | **Total leasehold improvements** | **3,944,382** | 4,900,589 |
|  | **Plant and equipment**  At cost | **787,844** | 901,463 |
|  | Accumulated depreciation | **(489,766)** | (551,666) |
|  | **Total plant and equipment** | **298,078** | 349,797 |
|  | **Artwork**  At cost | **11,909** | 11,909 |
|  | **Total artwork** | **11,909** | 11,909 |
|  | **Total property, plant and equipment** | **4,254,369** | 5,262,295 |

1. Movements in Carrying Amounts

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

Leasehold Property, Plant

**improvements and Equipment**

**Artwork**

**Total**

**Year ended 2017**

Balance at the beginning of year Additions

Depreciation expense

Balance at 31 December 2017

**$ $ $ $**

**Year ended 2016**

|  |  |  |  |
| --- | --- | --- | --- |
| **4,900,589** | **349,797** | **11,909** | **5,262,295** |
| **463,946** | **44,185** | **-** | **508,131** |
| **(1,420,153)** | **(95,904)** | **-** | **(1,516,057)** |
| **3,944,382** | **298,078** | **11,909** | **4,254,369** |

Balance at the beginning of year Additions

|  |  |  |  |
| --- | --- | --- | --- |
| 2,177,264 | 170,278 | 11,909 | 2,359,451 |
| 3,748,843 | 279,685 | - | 4,028,528 |
| (1,025,518) | (100,166) | - | (1,125,684) |
| 4,900,589 | 349,797 | 11,909 | 5,262,295 |

Depreciation expense

Balance at 31 December 2016

|  |  |  |  |
| --- | --- | --- | --- |
| **6** | **Intangible assets** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Online teaching units**  At cost | **263,414** | 263,414 |
|  | Accumulated amortisation | **(263,414)** | (109,756) |
|  | **Net carrying value** | **-** | 153,658 |
|  | **Total Intangibles** | **-** | 153,658 |

(a) Movements in carrying amounts of intangible assets

|  |  |  |
| --- | --- | --- |
|  | **Online Teaching Units** | **Total** |
| **$** | **$** |
| **Year ended 2017**  Balance at the beginning of the year | **153,658** | **153,658** |
| Amortisation | **(153,658)** | **(153,658)** |

**Closing value at 31 December 2017 - -**

|  |  |  |
| --- | --- | --- |
| **Year ended 2016** | **$** | **$** |
| Balance at the beginning of the year | 263,414 | 263,414 |
| Amortisation | (109,756) | (109,756) |
| **Closing value at 31 December 2016** | 153,658 | 153,658 |

1. **Investments accounted for using the equity method**
   1. **Restrictions**

The Company has nil restrictions from the joint venture with Navitas Ltd.

* 1. Individually immaterial joint venture

Aggregate carrying amount of interest in the joint venture accounted for using the equity method that are not individually material in the financial statements:

Joint Venture

|  |  |  |
| --- | --- | --- |
| Profit/(loss) from continuing operations | **2017**  **$ (833,847)** | **2016**  **$**  (1,052,110) |
| Profit/(loss) from continuing operations after income tax | **(833,847)** | (1,052,110) |
| Other comprehensive income | **-** | - |

**Total comprehensive income (833,847)** (1,052,110)

Capital commitments and contingent liabilities arising from the Company's interest in the joint venture are disclosed in notes 12 and 18, respectively.

Western Sydney University International College Pty Ltd has a reporting date of 30 June.

* 1. Unrecognised share of losses of joint venture or associate

The Company has no unrecognised share of losses from the joint venture with Navitas Ltd (2016: nil).

* 1. Events Occurring After the Reporting Date

There are no events identified after the reporting date that would have a material impact on the financial statements.

1. Accrued expenses

**2017**

**$**

**2016**

**$**

|  |  |  |
| --- | --- | --- |
| **Current**  Salary | **811,307** | 329,858 |
| Non-salary overheads | **362,583** | 391,568 |
| Agents' commissions | **1,730,563** | 1,371,074 |
| Provision for staff redundancy | **111,998** | 118,000 |
|  | **3,016,451** | 2,210,500 |

1. **Provisions**

**Current**

**2017**

**$**

**2016**

**$**

Annual leave **1,465,424** 1,396,560

Long service leave **666,000** 442,437

**2,131,424** 1,838,997

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave. The entire amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement of any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Annual leave obligations expected to be settled after 12 months | **2017**  **$ 187,301** | **2016**  **$**  140,585 |
| Long service leave obligations expected to be settled after 12 months | **428,713** | 228,962 |
|  | **616,014** | 369,547 |
|  | **2017** | **2016** |
|  | **$** | **$** |
| **Non-Current** |  |  |
| Long service leave | **752,000** | 763,312 |
| **10** | **Other liabilities** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Unearned IELTS revenue \* | **144,870** | 160,710 |
|  | Payroll tax | **261,198** | 245,554 |
|  | Fringe benefits tax | **16,795** | 18,587 |
|  | Other liabilities | **131,158** | 688,822 |
|  |  | **554,021** | 1,113,673 |
|  | \*Represents IELTS test fees paid in advance. |  |  |
| **11** | **Issued Capital** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Ordinary shares | **1** | 1 |
|  | **Total contributed equity** | **1** | 1 |

1. Capital and Leasing Commitments
   1. **Operating lease commitments**

The Company leases plant and office equipment under non-cancellable operating leases contracted for but not capitalised in the financial statements. The leases have renewal rights, whereby the terms of the lease are renegotiated.

2017 2016

|  |  |  |
| --- | --- | --- |
| **Payable - minimum lease payments:** | **$** | **$** |
| - no later than 1 year | **307,480** | 496,600 |
| - between 1 year and 5 years | **438,015** | 194,769 |
| - greater than 5 years | **-** | - |
| **Total future minimum lease payments** | **745,495** | 691,369 |

* 1. **Capital commitments**

**Capital expenditure commitments contracted for:**

**2017**

**$**

**2016**

**$**

* no later than 1 year **8,806** 365,312
* between 1 year and 5 years **-** -
* greater than 5 years **-** -

Total capital commitments 8,806 365,312

* 1. **Expenditure commitments from joint venture entities**

**Capital expenditure commitments contracted for:**

**2017**

**$**

**2016**

**$**

* no later than 1 year **-** 101,408
* between 1 year and 5 years **-** -
* greater than 5 years **-** -

Total joint venture commitments - 101,408

1. **Financial Risk Management**

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk and liquidity risk. The Company'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 Company. The Company 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 and ageing analysis for credit risk.

The Company's financial instruments consist mainly of deposits with banks and local money market instruments.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Weighted average

**interest rate Balance**

**2017**

**%**

**2016**

**%**

**2017**

**$**

**2016**

**$**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Financial Assets**  Cash and cash equivalents | **1.44** | 1.73 | **906,965** | 1,109,058 |
| Loans to parent entity (1) | **2.25** | 2.40 | **7,001,886** | 5,651,726 |
| Trade and other receivables (2) |  |  | **429,588** | 401,737 |
| Receivables from related parties |  |  | **1,651,601** | 585,588 |
| Loans to joint venture (3) | **4.50** | 4.67 | **2,100,000** | 1,300,000 |
| **Total financial assets** |  |  | **12,090,040** | 9,048,109 |
| **Financial Liabilities**  Trade payables (4) |  |  | **467,295** | 139,066 |
| Amounts due to related parties |  |  | **-** | 684,058 |
| Accrued expenses |  |  | **3,016,451** | 2,210,500 |
| Other liabilities (4) |  |  | **7,028** | 380,756 |
| **Total financial liabilities** |  |  | **3,490,774** | 3,414,380 |
| Notes: |  |  |  |  |  |

1. The loan is repayable on demand and therefore classified as a current asset.
2. Excludes statutory receivables and prepayments (not within the scope of AASB 7).
3. Excludes share in loss of joint venture which is charged against the loan per AASB 128.
4. Excludes statutory payables and unearned revenue (not within the scope of AASB 7).

13 Financial Risk Management continued Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Company’s financial risk management framework.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write or buy options.

Mitigation strategies for specific risks faced are described below:

1. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company and arises principally from the Company's receivables and cash deposits.

Services are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim.

There are no material differences between the carrying amount and fair value of financial assets and liabilities and hence the carry amount represents fair value.

1. Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

* + preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a weekly basis, and reported monthly; and
  + only investing surplus cash with licensed banks covered by Australian Government Deposit Guarantee, NSW - Treasury Corporation or with the parent entity;

Financial guarantee liabilities are treated as payable on demand since the Company has no control over the timing of any potential settlement of the liabilities.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

###### Western Sydney University Enterprises Pty Limited Trading as Western Sydney University The College

**ABN: 44 003 474 468**

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

13 Financial Risk Management continued

*Financial asset and liability maturity analysis - Non-derivative*

Within 1 Year 1 to 5 Years Over 5 Years Total

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2017**  **$** | **2016**  **$** | **2017**  **$** | **2016**  **$** | **2017**  **$** | **2016**  **$** | **2017**  **$** | **2016**  **$** |
| **Financial assets due for receipt** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | **906,965** | 1,109,058 | **-** - **-** - **906,965** | | | | | 1,109,058 |
| Loans to parent entity | **7,001,886** | 5,651,726 | **-** - **-** - **7,001,886** | | | | | 5,651,726 |
| Trade and other receivables | **429,588** | 401,737 | **-** - **-** - **429,588** | | | | | 401,737 |
| Receivables from related parties | **1,651,601** | 585,588 | **-** - **-** - **1,651,601** | | | | | 585,588 |
| Loans to joint venture **-** - **2,100,000** | | | | 1,300,000 | **-** - **2,100,000** | | | 1,300,000 |
| **9,990,040** 7,748,109 **2,100,000** | | | | 1,300,000 | **-** - **12,090,040** | | | 9,048,109 |
| **Financial liabilities due for payment**  Trade payables | **467,295** | 139,066 | **-** - **-** - **467,295** | | | | | 139,066 |
| Amounts due to related parties | **-** | 684,058 | **-** - **-** - **-** | | | | | 684,058 |
| Accrued expenses | **3,016,451** | 2,210,500 | **-** - **-** - **3,016,451** | | | | | 2,210,500 |
| Other liabilities | **7,028** | 380,756 | **-** - **-** - **7,028** | | | | | 380,756 |
|  | **3,490,774** | 3,414,380 | **-** - **-** - **3,490,774** | | | | | 3,414,380 |

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The timing of expected outflows is not expected to be materially different from contracted cash flows.

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###### Western Sydney University Enterprises Pty Limited Trading as Western Sydney University The College

**ABN: 44 003 474 468**

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

13 Financial Risk Management continued

*Financial assets pledged as collateral*

No financial assets have been pledged as security for any financial liability.

1. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

1. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

1. *Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

To manage price risk in managed investment funds the Company has contracted out the management of portfolio to external managers. These fund managers are mandated to diversify investments of the portfolio under their management.

*Sensitivity analysis*

Interest Rate Risk - Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

With all other things constant, an increase or decrease of 100 basis points would impact equity and the surplus or deficit, by the amounts shown below.

The movements in the surplus or deficit reflects the impact of changes in interest rates on variable rate loans or receivables and cash balances.

The net exposure at the end of the reporting period is representative of what the Company was and is expecting to be exposed to at the end of the next twelve months. The sensitivity analysis is performed on the same basis as in 2016.

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###### Western Sydney University Enterprises Pty Limited Trading as Western Sydney University The College

**ABN: 44 003 474 468**

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Financial Risk Management continued

**Interest Rate Risk - Sensitivity Analysis continued**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Carrying** | **Surplus / deficit 100 basis points** | **Surplus / deficit 100 basis points** | **Equity**  **100 basis points** | **Equity**  **100 basis points** |
| **amount** | **increase** | **decrease** | **increase** | **decrease** |
| **$** | **$** | **$** | **$** | **$** |
| **2017** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents | 906,965 | 9,070 | (9,070) | 9,070 | (9,070) |
| Loans to parent entity | 7,001,886 | 70,019 | (70,019) | 70,019 | (70,019) |
| Loans to joint venture | 2,100,000 | 21,000 | (21,000) | 21,000 | (21,000) |
| **Total increase / (decrease) in financial assets** | 10,008,851 | 100,089 | (100,089) | 100,089 | (100,089) |
| **2016** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents | 1,109,058 | 11,091 | (11,091) | 11,091 | (11,091) |
| Loans to parent entity | 5,651,726 | 56,517 | (56,517) | 56,517 | (56,517) |
| Loans to joint venture | 1,300,000 | 13,000 | (13,000) | 13,000 | (13,000) |
| **Total increase / (decrease) in financial assets** | 8,060,784 | 80,608 | (80,608) | 80,608 | (80,608) |
| None of the Company's financial liabilities are subject to interest rate risk. |  |  |  |  |  |

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### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Revenue

|  |  |  |  |
| --- | --- | --- | --- |
| **(a)** | **Rendering of services** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Tuition income | **55,899,633** | 57,062,410 |
|  | Student test fees | **3,266,014** | 3,310,884 |
|  | Student charges | **233,910** | 192,352 |
|  | **Total revenue from rendering of services** | **59,399,557** | 60,565,646 |
| **(b)** | **Other revenue** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Service fee from joint venture | **619,439** | 217,274 |
|  | Other income | **186,968** | 88,527 |
|  | **Total other revenue** | **806,407** | 305,801 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

|  |  |  |  |
| --- | --- | --- | --- |
| **15** | **Expenses** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Employee related expense (including academic and non academic)**  Salaries and wages | **23,103,409** | 25,393,619 |
|  | Leave | **1,763,566** | 1,554,063 |
|  | Superannuation | **2,573,618** | 2,561,789 |
|  | Payroll tax | **1,581,192** | 1,691,369 |
|  | Workers compensation | **90,226** | 106,206 |
|  | Redundancies | **314,538** | 504,790 |
|  | **Total employee related expenses** | **29,426,549** | 31,811,836 |
|  | **Fees for service** |  |  |
|  | Testing fees | **1,704,985** | 1,752,305 |
|  | Study tours | **637,608** | 228,122 |
|  | Agent's commission | **362,258** | 865,336 |
|  | Consultants | **267,950** | 275,877 |
|  | Temporary contract staff | **66,491** | 317,097 |
|  | Services from Parent | **852** | 192,161 |
|  | Other | **257,354** | 227,389 |
|  | **Total fees for service** | **3,297,498** | 3,858,287 |
|  | **Depreciation and amortisation**  Leasehold improvements | **1,420,153** | 1,025,518 |
|  | Intangible assets | **153,658** | 109,756 |
|  | Plant and equipment | **95,904** | 100,166 |
|  | **Total depreciation and amortisation** | **1,669,715** | 1,235,440 |
|  | **Occupancy expenses**  Lease of building teaching space | **193,928** | 250,000 |
|  | Cleaning | **23,213** | 33,227 |
|  | Other | **71,435** | 56,720 |
|  | **Total occupancy expenses** | **288,576** | 339,947 |
|  | **Other expenses**  Minor Equipment | **55,088** | 149,466 |
|  | Staff recruitment | **2,407** | 71,240 |
|  | Training and seminars | **23,411** | 38,050 |
|  | Conference fees | **14,534** | 19,077 |
|  | Other expenses (See (a) below) | **1,132,136** | 1,589,987 |
|  | **Total other expenses** | **1,227,576** | 1,867,820 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

1. **Expenses continued**
   1. Other Expenses

2017

**$**

**2016**

**$**

Postage, printing, telephone & internet **532,391** 673,734

Equipment lease **369,090** 388,355

Motor vehicle expenses **101,453** 139,435

Staff travel **57,976** 125,605

Repairs & maintenance **25,864** 68,907

Furniture **22,035** 67,508

Fringe Benefits Tax on motor vehicles **16,254** 2,544

Provision for impaired receivables **(6,910)** 16,137

Sundry expenses **13,983** 107,762

**Total other expenses 1,132,136** 1,589,987

1. Royalty to parent

The Company pays a Royalty to the parent entity for access to the parent entity's intellectual property, infrastructure, premises and business services. The Royalty is determined as 100% of the Company's operating surplus before royalty.

1. Remuneration of Auditors

The Audit Office of New South Wales

2017

**$**

**2016**

**$**

- Audit of financial statements **38,460** 34,440

Total remuneration for audit (excluding GST) 38,460 34,440

1. **Contingencies**

**(a) Contingent Liabilities**

*Claims*

The Directors of the Company are not aware of the existence of any legal claims as at 31 December 2017 (2016: nil).

*Guarantees*

The Directors of the Company are not aware of any guarantees that are in place as at 31 December 2017 (2016: nil).

The Directors of the Company are not aware of any further instances.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Key management personnel disclosures
2. **Responsible persons and executive officers**

The following persons were responsible persons and executive offices of the Western Sydney University Enterprises Pty Limited during the financial year.

Mr Andrew Dawkins - CEO (Resigned 3 November 2017) Mr Alan Moran - Acting CEO (Appointed 6 November 2017)

1. Board of Directors

The following persons were Non-Executive Directors of Western Sydney University Enterprises Pty Limited during the financial year.

Mr Ramy Aziz (Independent) Professor Denise Kirkpatrick (Chair) Mr Angelo Kourtis

Professor Simon Barrie

Ms Caroline Hutchinson (Independent - Appointed 1 January 2017) Mr Robin Shreeve (Independent - Appointed 1 June 2017)

Ms Le Ho (Independent - Appointed 1 October 2017)

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Key management personnel disclosures continued
2. **Remuneration of Board Members and Executives**

**Remuneration of board members**

**2017**

**Number**

**2016**

**Number**

$10,000 to $19,999 **3** 1

**3** 1

Remuneration of executive officers\*

$250,000 to $259,999 **-** 1

$270,000 - $279,999 **-** 1

$290,000 - $299,999 **1** -

$300,000 - $309,999 **1** 1

**2** 3

\*Remuneration is reflected of an annualised total remuneration package for those key management personnel who were members of the Executive for a part of any year.

1. Key management personnel compensation

Total remuneration to independent Board members and Executives of the Company during the year are as follows:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **$** | **2016**  **$** |
| Short-term employee benefits | **302,679** | 281,022 |
| Post-employment benefits | **24,841** | 21,475 |
| **Total key management personnel compensation** | **327,520** | 302,497 |

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 20: Related Party Transactions.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Related Parties
   1. **The Company's main related parties are as follows:**
      1. *Entities exercising control over the Company:*

The parent entity, which exercises control over the Company, is Western Sydney University which wholly owns the Company.

* + 1. *Joint Venture with Navitas Ltd:*

In April 2015, the Company entered into a Joint Venture Agreement with Navitas Ltd to form Western Sydney University International College Pty Ltd to operate an international college at Parramatta, New South Wales. The Company owns 50% of the entity.

* 1. Transactions with related parties

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

The following transactions occurred with related parties:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **$** | **2016**  **$** |
| **Purchase of goods and services**  Payment to parent entity for capital projects | **463,946** | 3,748,844 |
| Purchase of catering services from other related parties | **38,675** | 115,782 |
| **Total** | **502,621** | 3,864,626 |

|  |  |  |
| --- | --- | --- |
| **Other transactions**  Royalty to parent entity\* | **22,919,450** | 20,092,238 |
| Payment of management fee to joint venture | **6,194,392** | 2,172,737 |
| Share of loss of joint venture | **833,847** | 1,052,110 |
| Recoupment of commissions, salaries and other expenses from joint venture | **(3,040,209)** | (1,417,438) |
| Service fee from joint venture | **(619,439)** | (217,274) |
| Interest received on loan to joint venture | **(70,040)** | (33,239) |
| **Total** | **26,218,001** | 21,649,134 |

\*Royalty was paid for the use of the parent entity's services, infrastructure, premises and intellectual property during the year.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

20 Related Parties continued

|  |  |  |  |
| --- | --- | --- | --- |
| **(c)** | **Loans to/from related parties** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Loans to Parent**  Beginning of the year | **5,651,726** | 6,560,759 |
|  | Loans advanced | **13,976,255** | 6,969,114 |
|  | Loan repayment received | **(12,774,984)** | (7,978,277) |
|  | Interest charged | **148,889** | 100,130 |
|  | **End of year** | **7,001,886** | 5,651,726 |
|  | **Loans to Joint Venture**  Beginning of the year | **247,890** | - |
|  | Loans advanced | **800,000** | 1,300,000 |
|  | Share of loss of joint venture | **(833,847)** | (1,052,110) |
|  | **End of year** | **214,043** | 247,890 |

No provisions for impaired receivables have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Related Parties continued

**(d) Outstanding balances**

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

|  |  |  |
| --- | --- | --- |
|  | **2017**  **$** | **2016**  **$** |
| Current receivables (loans) |  |  |
| Western Sydney University | **7,001,886** | 5,651,726 |
| Current receivables (provision of services) |  |  |
| Western Sydney University International College Pty Ltd | **1,651,601** | 585,588 |
| **Total current receivables** | **8,653,487** | 6,237,314 |
| Non-current receivables (loans) |  |  |
| Western Sydney University International College Pty Ltd | **214,043** | 247,890 |
| **Total non-current receivables** | **214,043** | 247,890 |
| Current payables (purchase of services) |  |  |
| Western Sydney University International College Pty Ltd | **-** | 684,058 |
| **Total current payables** | **-** | 684,058 |

No provisions for impaired receivables have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Reconciliation of Surplus to Net Cash Flows From Operating Activities

|  |  |  |  |
| --- | --- | --- | --- |
| Surplus for the year | | **2017**  **$**  **-** | **2016**  **$**  - |
| Non-cash flows in surplus | |  |  |
| Depreciation and amortisation | | **1,669,715** | 1,235,440 |
| Western Sydney University loan interest non cash | | **(148,889)** | (100,130) |
| Provision for impaired receivables | | **(6,910)** | 16,137 |
| Share of joint venture entity net profit after income tax and dividends | | **833,847** | 1,052,110 |
| Changes in assets and liabilities | |  |  |
|  | (increase)/decrease in trade and other receivables | **(20,941)** | (48,787) |
|  | (increase)/decrease in prepayments | **(45,604)** | 124,488 |
|  | increase/(decrease) in related party account balances | **(1,750,071)** | 106,021 |
|  | increase/(decrease) in accruals | **805,951** | 67,698 |
|  | increase/(decrease) in trade and other payables | **328,229** | (352,097) |
|  | increase/(decrease) in other operating liabilities | **(261,533)** | 378,956 |
|  | increase/(decrease) in employee benefits | **281,115** | (195,196) |
|  | Net cash flows provided by operating activities | **1,684,909** | 2,284,640 |
| **22** | **Events Occurring After the Reporting Date** |  |  |

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 future financial years.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

23 Company Details

The registered office of the Company

Western Sydney University Enterprises Pty Limited Trading as Western Sydney University The College Nirimba Education Precinct

Eastern Road, Quakers Hill NSW 2763

End of Audited Financial Statements





###### INDEPENDENT AUDITOR 'S REPORT

Western Sydney University Enterprises Pty Limited Trading as Western Sydney University The College

To Members of the New South Wales Parliament and Members of Western Sydney University Enterprises Pty Limited

**Opinion**

Ihave audited the accompanying financial statements of Western Sydney University Enterprises Pty Limited trading as Western Sydney University The College (the Company), which comprise, the Statement *o:* Comprehensive Income for the year ended 31 December 2017, the Statement of Financial Position as at 31 December 2017, 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, the directors' declaration and the responsible entity's declaration.

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 2017 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* (PF&A Act) and the Public Finance and Audit Regulation 2015

have been prepared in accordance with Division 60 of the Australian Charities and *Not-for-profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for-profits Commission Reguration 2013.

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

**Basis for Opinion**

I conducted my audit in accordance with Austral ian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

Iam independent of the Company in accordance with the requirements of the: Australian Auditing Standards

*Corporations Act 2001*

Accounting Professional and Ethical Standards Board's APES 11O 'Code of Ethics for Professional Accountants ' (APES 110).

Ihave fulfilled my other ethical responsibilities in accordance with APES 110.

Level 15, 1Margaret Street, Sydney NSW 2000 I GPO Box 12, Sydney NSW 2001 I t029275 7101 I f 02 9275 7179 I e [mai @audit.nsw.gov.au](mailto:mai@audit.nsw.gov.au) I audit.nsw.gov.au

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responslbllities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of *my* report.

Iam independent of the Company in accordance with the requirements of the: Australian Auditing Standards

*Corporations Act 2001*

Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants ' (APES 110).

Ihave fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

providing that only Parliament, and not the executive government, can remove an Auditor­

General

mandating the Auditor-GeneraJ as auditor of public sector agencies precluding the Auditor-General from providing non-audit services.

Iconfirm the independence declaration, required by the *Corporations Act 2001,* provided to the directors of the Company on 16 March 2018, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

Ibelieve the audit evidence Ihave obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Directors' Responsibilities for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *the Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement. whether due to fraud or error.

In preparing the financial statements.the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor 's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error

issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements .

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www .auasb.aov.au/auditors responsibilities/ar4 .Pdf.](http://www.auasb.aov.au/auditorsresponsibilities/ar4.Pdf) The description forms part of my auditor's report.

My opinion does not provide assurance:

that the Company carried out its activities effectively, efficiently and economically

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.



Margaret Crawford Auditor-General of NSW

!l.1-March 2018 SYDNEY

# Western Unlimited Ltd

### (formerly uwsconnect Limited)

**ABN 45 107 759 197**

**Financial Statements**

**For the Year Ended 31 December 2017**

These financial statements are the individual entity statements of Western Unlimited Ltd (the Company). The financial statements are presented in the Australian currency.

The Company is limited by guarantee, incorporated and domiciled in Australia. Its registered office is: Western Sydney University

Great Western Highway Werrington NSW 2747

The financial statements were authorised for issue by the directors on 15 March 2018. The directors have the power to amend and reissue the financial statements.



To the Directors

Western Unlimited Ltd (formerly uwsconnect Limited)

**Auditor's lndep1endence Declaration**

As auditor for the audit of the financial statements of Western Unlimited Ltd for the year ended 31 December 2017, I declare , to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Margaret Crawford Auditor-General of NSW

**\ Di** March 2018 SYDNEY

Level 15, 1 Margaret Street, Sydney NSW 2000 I GPO Box 12,Sydney NSW 2001 I t 02 9275 7101 I f 02 9275 7179 I e [ma,l@audil.nsw.gov.](mailto:ma%2Cl@audil.nsw.gov)au I audil.nsw.gov.au

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Comprehensive Income**  **For the Year Ended 31 December 2017** |  | | |
|  |  | **2017** | **2016** |
|  | **Note** | **$** | **$** |
| **Revenue** |  |  |  |
| Sale of goods | 3 | **5,361,382** | 17,257,788 |
| Rendering of services | 3 | **941,284** | 999,279 |
| University funding | 3 | **2,418,063** | 1,994,063 |
| Other revenue | 3 | **740,617** | 799,781 |
| **Total revenue from operations** |  | **9,461,346** | 21,050,911 |
| Gain on disposal of assets | 4 | **85,596** | 374,111 |
| Loans forgiven by the ultimate parent entity |  | **3,935,385** | - |
| **Total income** |  | **13,482,327** | 21,425,022 |
| **Expenses** |  |  |  |
| Raw materials and consumables used |  | **(2,580,142)** | (11,838,685) |
| Employee related expense | 5 | **(5,517,944)** | (8,389,159) |
| Depreciation and amortisation expense | 5 | **(20,059)** | (58,966) |
| Occupancy expenses | 5 | **(220,957)** | (348,390) |
| Minor equipment |  | **(76,935)** | (98,906) |
| Finance costs |  | **(176,975)** | (199,317) |
| Other expenses | 5 | **(1,779,901)** | (2,046,091) |
| **Total expenses** |  | **(10,372,913)** | (22,979,514) |
| **Surplus / (Deficit) for the year** |  | **3,109,414** | (1,554,492) |
| Other comprehensive income for the year |  | **-** | - |
| **Total comprehensive income for the year** |  | **3,109,414** | (1,554,492) |
| **Comprehensive income for the year attributable to:**  Non-controlling interests |  | **-** | - |
| Parent |  | **3,109,414** | (1,554,492) |
| **Total comprehensive income for the year** |  | **3,109,414** | (1,554,492) |

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Financial Position**  **As at 31 December 2017** |  | | |
|  |  | **2017** | **2016** |
|  | **Note** | **$** | **$** |
| **ASSETS**  **Current assets** |  |  |  |
| Cash and cash equivalents | 7 | **142,653** | 496,008 |
| Trade and other receivables | 8 | **105,261** | 2,746,448 |
| Inventories | 9 | **58,060** | 14,753 |
| Other assets |  | **43,738** | 41,055 |
| Disposal groups classified as held for sale | 10 | **-** | 130,266 |
| **Total current assets** |  | **349,712** | 3,428,530 |
| **Non-current assets** |  |  |  |
| Property, plant and equipment | 11 | **34,346** | 66,143 |
| Intangible assets | 12 | **-** | - |
| **Total non-current assets 34,346** | | | 66,143 |
| **Total assets** |  | **384,058** | 3,494,673 |
| **LIABILITIES**  **Current liabilities** |  |  |  |
| Trade and other payables | 13 | **367,297** | 1,497,736 |
| Borrowings from the parent | 14 | **799,365** | 5,618,407 |
| Provisions | 15 | **374,226** | 448,673 |
| Other liabilities | 16 | **-** | 104,985 |
| **Total current liabilities** |  | **1,540,888** | 7,669,801 |
| **Non-current liabilities** |  |  |  |
| Provisions | 15 | **73,000** | 164,116 |
| **Total non-current liabilities** | | **73,000** | 164,116 |
| **Total liabilities** | | **1,613,888** | 7,833,917 |
| **Net assets** | | **(1,229,830)** | (4,339,244) |
| **EQUITY**  Retained Earning 17 | | **(1,229,830)** | (4,339,244) |
| **Total equity** | | **(1,229,830)** | (4,339,244) |

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of Changes in Equity**  **For the Year Ended 31 December 2017** |  | |
|  | **Retained Earnings** | **Total equity** |
|  | **$** | **$** |
| **Balance 1 January 2017** | **(4,339,244)** | **(4,339,244)** |
| Surplus / (Deficit) for the year | **3,109,414** | **3,109,414** |
| **Total comprehensive income for the year** | **3,109,414** | **3,109,414** |
| **Balance at 31 December 2017** 17 | **(1,229,830)** | **(1,229,830)** |
|  | **Retained Earnings** | **Total equity** |
|  | **$** | **$** |
| **Balance 1 January 2016** | (2,784,752) | (2,784,752) |
| Surplus / (Deficit) for the year | (1,554,492) | (1,554,492) |
| **Total comprehensive income for the year** | (1,554,492) | (1,554,492) |
| **Balance at 31 December 2016** 17 | (4,339,244) | (4,339,244) |

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Cash Flows**  **For the Year Ended 31 December 2017** |  | | |
|  |  | **2017** | **2016** |
|  | **Note** | **$** | **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES**  Receipts from customers |  | **12,018,622** | 21,333,696 |
| Payments to suppliers and employees |  | **(11,982,694)** | (21,832,076) |
| Interest received |  | **6,999** | 16,400 |
| Interest paid |  | **(176,975)** | (199,317) |
| **Net cash used in operating activities** | 25 | **(134,048)** | (681,297) |
| **CASH FLOWS FROM INVESTING ACTIVITIES**  Proceeds from sale of plant and equipment |  | **664,350** | 66,850 |
| **Net cash provided by investing activities** |  | **664,350** | 66,850 |
| **CASH FLOWS FROM FINANCING ACTIVITIES**  Proceeds from borrowings |  | **899,900** | 1,599,713 |
| Payment of borrowings |  | **(1,783,557)** | (991,799) |

Net cash (used in) / provided by financing activities (883,657) 607,914

|  |  |  |
| --- | --- | --- |
| **Net (decrease) / increase in cash and cash equivalents held** | **(353,355)** | (6,533) |
| Cash and cash equivalents at beginning of the year | **496,008** | 502,541 |

**Cash and cash equivalents at end of financial year** 7 **142,653** 496,008

The accompanying notes form part of these financial statements.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies

Western Unlimited Ltd (the Company) is a registered Company limited by guarantee and is a controlled entity of Western Sydney University. The Company name change to Western Unlimited Ltd was completed on 15 June 2017. The Company was previously known as uwsconnect Limited. The Company is incorporated and domiciled in Australia.

The principal place of business for Western Unlimited Ltd is: Western Sydney University

Great Western Highway Werrington NSW 2747

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

1. Basis of Preparation

The financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

* Australian Accounting Standards (which include Australian Accounting Interpretations)*,*
* the *Public Finance and Audit Act 1983*,
* the *Public Finance and Audit Regulation 2015*,
* the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and Regulation 201*3.

Western Unlimited Ltd is a not-for-profit entity 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 International Financial Reporting Standards (IFRS) requirements.

* 1. Date of authorisation for issue

The financial statements were authorised for issue by the Board members of Western Unlimited Ltd on 15 March 2018.

* 1. Historical cost convention

These financial statements have been prepared under the historical cost convention, modified by the measurement at fair value of selected financial assets and liabilities.

* 1. Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that may have a financial impact of the Company and that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

These accounting policies have been consistently applied to all periods in the financial statements. The estimates and assumptions are reviewed on an ongoing basis. Revisions to any estimates are recognised in the period in which the estimate is reviewed, if the revision affects only that period or in a period of the revision and the future periods if the revision affects both current and future periods.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies (Continued)

1. **Revenue recognition**

The Company recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company 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 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.

Revenue is recognised for the major business activities as follows:

* 1. Sale of goods and rendering of services

A sale is recorded when goods have been delivered to the customer, the customer has accepted the goods and collectability of the related receivables is probable. Revenue from rendering of services is recognised when that service has been provided.

* 1. Other revenue

All other material revenue is accounted for on an accrual basis. Funding from the parent entity is received monthly in advance. Only the revenue pertaining to the month is accounted as revenue with the balance shown as income earned in advance.

1. Finance costs

Finance costs relating to the Western Sydney University loan facilities are expensed.

1. Income Tax

The Company is exempt from the payment of tax by virtue of section 50-B of the Income Tax Assessment Act 1997. Accordingly, no provision for income tax liability or future income income tax benefit has been included in the accounts.

1. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and cash at bank.

1. 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. The amount of the provision is recognised in the income statement. This is recognised as the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Collectability of trade receivables is reviewed on an ongoing basis at board level. Individual debts that are known to be uncollectable are written off when identified.

Short term receivables, with no stated interest rates, are measured at the original invoice amount where the effect of discounting is immaterial.

1. Inventories

All inventories are measured at the lower of cost and net realisable value. All stock is valued at a weighted average cost.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies (Continued)

1. **Financial assets**

**Classification**

The Company classifies its investments as loans and receivables.

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 reporting period which are classified as non current assets. Loans and receivables are included in trade and other receivables (note 8) in the Statement of Financial Position.

Measurement

Details on how the fair value of financial instruments is determined are disclosed in note 2.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income. If the loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, when deriving fair values where the observable market price are not available also requires significant assumption and judgement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Impairment testing of trade receivables is described in note 1(f).

1. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

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

Depreciation on assets is calculated using the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives. Leasehold improvements are depreciated over the shorter of their useful life or the remaining life of the lease.

The estimated useful lives for each class of depreciable assets are:

Class of Assets Useful Life

Plant and Equipment 3-10 years

Motor Vehicles 6-7 years

Computer Equipment 3-4 years

Leasehold Improvements 2-6 years

Other Property, Plant and Equipment 10-20 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies (Continued)

1. **Property, Plant and Equipment (Continued)**

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

1. Intangible Assets
   1. IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that contribute to future financial benefits through revenue generation and/or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs to employee's time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

* 1. Franchise Fees

Cost incurred to acquire Subway Franchises are amortised over a period of 20 years on a straight line basis.

1. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid according to the credit terms agreed with the suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

1. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months after the end of each reporting period are measured at the amounts expected to be paid when the liabilities are settled and recognised in other payables. The liability for annual leave is recognised in the provision for employee benefits.

* 1. Provisions

The liability for long service leave and annual leave, which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made when the liability is settled. 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.

Contributions to the defined fund 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 payment is available.

Termination benefits are payable when employment is terminated before the normal retirement date, or where an employee accepts voluntary redundancy in exchange for these benefits. The Company 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 to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Summary of Significant Accounting Policies (Continued)
2. **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 Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

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

1. 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 Australian Taxation Office. In this case it is recognised as part of the cost of 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.

1. New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Company.

Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time for the financial year beginning 1 January 2017. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

1. Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year. No Comparative adjustments were made in 2017.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company'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 Company. The Company 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 and aging analysis for credit risk to determine market risk.

The Company holds the following financial instruments:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **$** | **2016**  **$** |
| **Financial Assets**  Cash and cash equivalents | **142,653** | 496,008 |
| Trade and other receivables\* | **99,215** | 2,696,450 |
| **Total Financial Assets** | **241,868** | 3,192,458 |
| **Financial Liabilities**  Trade and other payables\*\* | **342,157** | 1,446,162 |
| Borrowings from the parent | **799,365** | 5,618,407 |
| **Total Financial Liabilities** | **1,141,522** | 7,064,569 |
| \* Excludes statutory receivables and prepayments (not within the scope of AASB 7). |  |  |
| \*\*Excludes statutory payables and unearned revenue (not within the scope of AASB 7) |  |  |
| **(a) Market risk** |  |  |

* 1. Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from short term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

As at the end of the reporting period, the Company had the following variable rate borrowings:

|  |  |  |  |
| --- | --- | --- | --- |
| **2017**  **Weighted average** |  | **2016**  **Weighted average** |  |
| **interest rate** | **Balance** | **interest rate** | **Balance** |
| **%** | **$** | **%** | **$** |
| 4 | 799,365 | 4 | 5,618,407 |
| **Net exposure to cash flow interest rate risk** **4** | **799,365** | 4 | 5,618,407 |

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

2 Financial Risk Management (Continued)

* 1. Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Carrying amount** | **-1%**  **Surplus/(Deficit)** | **-1%**  **Equity** | **+1%**  **Surplus/(Deficit)** | **+1%**  **Equity** |
| **31 December 2017** | **$** | **$** | **$** | **$** | **$** |
| **Financial Assets**  Cash and cash equivalents | 142,653 | (1,427) | (1,427) | 1,427 | 1,427 |
| **Total Financial Assets** | 142,653 | (1,427) | (1,427) | 1,427 | 1,427 |
| **Financial Liabilities**  Borrowings | 799,365 | 7,994 | 7,994 | (7,994) | (7,994) |
| **Total Financial Liabilities** | 799,365 | 7,994 | 7,994 | (7,994) | (7,994) |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Carrying amount** | **-1%**  **Surplus/(Deficit)** | **-1%**  **Equity** | **+1%**  **Surplus/(Deficit)** | **+1%**  **Equity** |
| **31 December 2016** | **$** | **$** | **$** | **$** | **$** |
| **Financial Assets**  Cash and cash equivalents | 496,008 | (4,960) | (4,960) | 4,960 | 4,960 |
| **Total Financial Assets** | 496,008 | (4,960) | (4,960) | 4,960 | 4,960 |
| **Financial Liabilities**  Borrowings | 5,618,407 | 56,184 | 56,184 | (56,184) | (56,184) |
| **Total Financial Liabilities** | 5,618,407 | 56,184 | 56,184 | (56,184) | (56,184) |

1. Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises where there is a possibility of the Company's debtors defaulting on their contractual obligation, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

2 Financial Risk Management (Continued)

1. **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

The tables below summarise the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non- derivative financial liabilities.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial assets and liabilities

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Less than 1 year** | **Between 1 and**  **5 years Over 5 years Non interest** | **Carrying amount** | **Average interest rate** |
| **31 December 2017** | **$** | **$ $ $** | **$** | **%** |
| Cash and cash equivalents | 142,653 | - - - | 142,653 | 1 |
| Trade and other receivables | 99,215 | - - 99,215 | 99,215 | - |
| Trade and other payables | (342,157) | - - (342,157) | (342,157) | - |
| Borrowings | (799,365) | - - - | (799,365) | 4 |

**Total non derivatives** (899,654) - - (242,942) (899,654)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Less than 1 year** | **Between 1 and**  **5 years Over 5 years Non interest** | **Carrying amount** | **Average interest rate** |
| **31 December 2016** | **$** | **$ $ $** | **$** | **%** |
| Cash and cash equivalents | 496,008 | - - - | 496,008 | 2 |
| Trade and other receivables | 2,696,450 | - - 2,696,450 | 2,696,450 | - |
| Trade and other payables | (1,446,162) | - - (1,446,162) | (1,446,162) | - |
| Borrowings | (5,618,407) | - - - | (5,618,407) | 4 |

**Total non derivatives** (3,872,111) - - 1,250,288 (3,872,111)

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

1. Financial Risk Management (Continued)
2. **Fair value measurements**

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

As the Company's financial instruments are short term in nature, their carrying values recognised in the statement of financial position approximates their fair value.

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

Carrying Amount Fair Value

**Note**

**2017**

**$**

**2016**

**$**

**2017**

**$**

**2016**

**$**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Financial assets**  Cash and cash equivalents | 7 | **142,653** | 496,008 | **142,653** | 496,008 |
| Trade and other receivables | 8 | **99,215** | 2,696,450 | **99,215** | 2,696,450 |
| **Total financial assets** |  | **241,868** | 3,192,458 | **241,868** | 3,192,458 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Financial Liabilities**  Trade and other payables | 13 | **342,157** | 1,446,162 | **342,157** | 1,446,162 |
| Borrowings | 14 | **799,365** | 5,618,407 | **799,365** | 5,618,407 |
| **Total financial liabilities** |  | **1,141,522** | 7,064,569 | **1,141,522** | 7,064,569 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

1. **Revenue**

|  |  |  |
| --- | --- | --- |
|  | **2017**  **$** | **2016**  **$** |
| **Sale of goods**  Books | **394,400** | 10,020,803 |
| Food and beverage | **4,911,329** | 6,990,275 |
| Retail | **55,653** | 246,710 |
| **Total sale of goods** | **5,361,382** | 17,257,788 |
| **Rendering of services**  Sports | **938,157** | 989,201 |
| Venue hire | **3,127** | 10,078 |
| **Total rendering of services** | **941,284** | 999,279 |
| **University funding**  University funding - general | **1,200,000** | 1,200,000 |
| University funding - community services | **425,694** | 171,433 |
| University funding - clubs | **350,000** | 350,000 |
| University funding - sport | **442,369** | 272,630 |
| **Total University Funding** | **2,418,063** | 1,994,063 |
| **Other revenue**  Bank interest | **6,999** | 16,400 |
| Other revenue | **733,618** | 783,381 |
| **Total other revenue** | **740,617** | 799,781 |
| **Total revenue** | **9,461,346** | 21,050,911 |

|  |  |  |  |
| --- | --- | --- | --- |
| **4** | **Gain on disposal of assets** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Proceeds from sale | **234,350** | 490,100 |
|  | Carrying amount of assets sold | **(148,754)** | (115,989) |
|  | **Total gain on disposal of assets** | **85,596** | 374,111 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

|  |  |  |  |
| --- | --- | --- | --- |
| **5** | **Expenses** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Employee related expense**  Salaries and wages | **4,566,992** | 6,770,007 |
|  | Superannuation | **405,629** | 605,151 |
|  | Annual leave | **170,742** | 274,348 |
|  | Long service leave | **108,524** | 61,609 |
|  | Workers compensation | **39,442** | 189,655 |
|  | Termination benefits | **-** | 257,012 |
|  | Other | **226,615** | 231,377 |
|  | **Total employee related expenses** | **5,517,944** | 8,389,159 |
|  | **Depreciation**  Plant and equipment | **8,914** | 15,646 |
|  | Motor vehicles | **11,145** | 32,378 |
|  | **Total depreciation** | **20,059** | 48,024 |
|  | **Amortisation**  Franchise fees | **-** | 10,942 |
|  | **Total depreciation and amortisation** | **-** | 58,966 |

|  |  |  |
| --- | --- | --- |
| **Occupancy expenses\***  Minimum lease payments on operating leases | **24,774** | 76,442 |
| Repairs and maintenance | **94,523** | 116,899 |
| Utilities | **33,861** | 57,451 |
| Cleaning and waste removal | **39,376** | 69,162 |
| Security | **28,423** | 28,436 |
| **Total occupancy expenses** | **220,957** | 348,390 |

\* Western Unlimited Ltd currently resides in facilities owned by the University for which there is no charge. The value of this accomodation cannot be reliably measured or quantified due to the specialised nature of the premises, therefore no expense has been recognised in the financial statements.

Other expenses

|  |  |  |
| --- | --- | --- |
| Advertising, promotions and events | **781,796** | 674,046 |
| Consumables and supplies | **360,520** | 532,418 |
| Consultancy, agency and service provider fees | **234,065** | 111,322 |
| Equipment hire | **44,788** | 133,405 |
| Motor vehicle | **68,872** | 128,001 |
| Other | **289,860** | 466,899 |
| **Total other expenses** | **1,779,901** | 2,046,091 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

1. **Discontinued Operations**

On 22nd November 2016, Western Unlimited Ltd entered into an agreement with University Co-operative Bookshop Limited to dispose of its Retail business. The University Co-operative Bookshop Limited purchased all of the remaining inventory, fixtures and fittings of the outlets. The University Co-operative Bookshop Limited took over Retail operations, commencing trading from 15 December 2016.

Total Revenues for Western Unlimited Ltd's retail operation for the year ending 31 December 2016 were $10,360,475 (2015: $9,721,372). Expenditures for the Retail operation cannot be reliably measured or quantified.

1. Cash and cash equivalents

**2017**

**$**

**2016**

**$**

Cash at bank and on hand **142,653** 496,008

Total cash and cash equivalents 142,653 496,008

* 1. Reconciliation to cash at the end of the year

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

|  |  |  |
| --- | --- | --- |
| Balance as above | **2017**  **$ 142,653** | **2016**  **$**  496,008 |
| Balance as per statement of cash flows | **142,653** | 496,008 |

The Company's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash at bank is interest bearing and Cash on hand is non-interest bearing.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2017

|  |  |  |  |
| --- | --- | --- | --- |
| **8** | **Trade and other receivables** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Trade receivables | **99,215** | 2,696,450 |
|  | Prepayments | **6,046** | 49,998 |
|  | **Total current trade and other receivables** | **105,261** | 2,746,448 |
|  | Trade and other receivables are non-interest bearing. |  |  |

At 31 December 2017, current receivables of Western Unlimited Ltd with a nominal value of $ Nil (2016: Nil) were impaired. The amount of the provision was $Nil (2016 Nil).

As at 31 December 2017 trade receivables of $99,215 (2016:$75,172) were past due but not impaired. The ageing of these receivables is as follows:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **$** | **2016**  **$** |
| Up to 3 months | **78,205** | 22,002 |
| 3 to 6 months | **12,554** | 7,339 |
| Over 6 months | **8,456** | 45,831 |
| **Total past due but not impaired** | **99,215** | 75,172 |

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

(a) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Company and the credit quality of the entity's trade receivables.

1. Inventories

**Finished goods**

**2017**

**$**

**2016**

**$**

At net realisable value **58,060** 14,753

**58,060** 14,753

Provision for impairment

Provision for impairment of inventories to net realisable value recognised as an expense during the year ended 31 December 2017 amounted to $Nil (2016: $Nil).

Movement in the allowance for impairment

**2017**

**$**

**2016**

**$**

At 1 January **-** 66,000

Provision used during the year **-** (66,000)

At 31 December - -

1. **Disposal group classified as held for sale**

**Current**

**2017**

**$**

**2016**

**$**

Disposal group relating to franchised Subway outlets **-** 130,266

**-** 130,266

Non-current assets (or disposal groups) held for sale are carried at the lower of the carrying amount or the fair value less costs to sell.

Western Unlimited Ltd entered into agreements to sell both its Parramatta and Kingswood Subway outlets in 2016. Settlement of the Parramatta Subway outlet occured on 21 December 2016. A gain of $347,505 was recognised in the 2016 year.

Settlement of the Kingswood Subway outlet occured on 16 March 2017 and a gain on disposal of $69,734 has been recognised in the 2017 year.

|  |  |  |  |
| --- | --- | --- | --- |
| **11** | **Property, plant and equipment** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Plant and equipment**  At cost | **209,920** | 225,782 |
|  | Accumulated depreciation | **(179,736)** | (191,601) |
|  | Total plant and equipment | **30,184** | 34,181 |
|  | **Motor vehicles**  At cost | **193,576** | 285,038 |
|  | Accumulated depreciation | **(189,414)** | (253,076) |
|  | Total motor vehicles | **4,162** | 31,962 |
|  | **Total property, plant and equipment** | **34,346** | 66,143 |

* 1. Movements in carrying amounts of property, plant and equipment

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Plant and Equipment** | **Motor Vehicles** | **Total** |
| **$** | **$** | **$** |
| **Year ended 31 December 2017**  Balance at the begining of the year | **40,932** | **25,211** | **66,143** |
| Additions | **-** | **-** | **-** |
| Disposals - written down value | **(1,834)** | **(16,654)** | **(18,488)** |
| Depreciation charge | **(8,914)** | **(11,145)** | **(20,059)** |
| Non-cash adjustment | **-** | **6,750** | **6,750** |

Balance at the end of the year 30,184 4,162 34,346

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Plant and Equipment** | **Motor Vehicles** | **Total** |
| **$** | **$** | **$** |
| **Year ended 31 December 2016**  Balance at the begining of the year | 57,802 | 96,609 | 154,411 |
| Additions | - | - | - |
| Disposals - written down value | (1,224) | (39,020) | (40,244) |
| Depreciation charge | (15,646) | (32,378) | (48,024) |
| **Balance at the end of the year** | 40,932 | 25,211 | 66,143 |

**12 Intangible assets**

**At 1 January 2017**

**Software**

**$**

**Franchise fees**

**$**

**Total**

**$**

Cost **65,500 15,000 80,500**

Accumulated amortisation **(65,500) (15,000) (80,500) Net book amount - - -**

Year ended 31 December 2017

Opening net book amount **- - -**

Disposal\* **- - -**

Closing net book amount - - -

\* One intangible asset with a carrying value of nil was disposed of during the year

At 31 December 2017

Cost 65,500 - 65,500

Accumulated amortisation (65,500) - (65,500)

Net book amount - - -

**At 1 January 2016**

Cost 65,500 15,000 80,500

Accumulated amortisation (65,500) (15,000) (80,500)

Net book amount - - -

**Year ended 31 December 2016**

Opening net book amount **-** 10,942 10,942

Amortisation charge **-** (10,942) (10,942)

Closing net book amount - - -

|  |  |  |  |
| --- | --- | --- | --- |
| **At 31 December 2016**  Cost | 65,500 | 15,000 | 80,500 |
| Accumulated amortisation | (65,500) | (15,000) | (80,500) |

**Net book amount** - - -

|  |  |  |  |
| --- | --- | --- | --- |
| **13** | **Trade and other payables** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Trade payables | **145,047** | 200,065 |
|  | Accrued expenses | **152,698** | 786,383 |
|  | Other payables | **69,552** | 511,288 |
|  |  | **367,297** | 1,497,736 |

|  |  |  |  |
| --- | --- | --- | --- |
| **14** | **Borrowings from the Parent** | **2017** | **2016** |
|  | **Unsecured - current** | **$** | **$** |
|  | Loans from related parties | **799,365** | 5,618,407 |
|  | **Total current borrowings** | **799,365** | 5,618,407 |
|  | Western Unlimited Ltd has an unused borrowing facility to the value of $1.701M. |  |  |
| **15** | **Provisions** |  |  |
|  | **Current provisions expected to be settled within 12 months.** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Annual leave | **143,874** | 136,730 |
|  | Long service leave | **53,785** | 72,597 |
|  |  | **197,659** | 209,327 |
|  | **Current provisions expected to be settled after more than 12 months** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Annual leave | **61,567** | 149,420 |
|  | Long service leave | **115,000** | 89,926 |
|  |  | **176,567** | 239,346 |
|  | **Total current provisions** | **374,226** | 448,673 |
|  | **Non-current provisions** |  |  |
|  |  | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Long service leave | **73,000** | 164,116 |
|  | **Total non-current provisions** | **73,000** | 164,116 |
| **16** | **Other liabilities** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Voucher liability | **-** | 104,985 |
|  |  | **-** | 104,985 |

|  |  |  |  |
| --- | --- | --- | --- |
| **17** | **Retained earnings**  Movements in retained earnings were as follows: |  | |
|  |  | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Opening balance | **(4,339,244)** | (2,784,752) |
|  | Surplus / (Deficit) for the year | **3,109,414** | (1,554,492) |
|  | **Closing Balance** | **(1,229,830)** | (4,339,244) |
| **18** | **Key Management Personnel Disclosures** |  |  |

1. Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of Western Unlimited Ltd during the financial year:

* 1. Names of Responsible Persons and Executive Officers Bill Parasiris

Ellen Brackenreg

Ian Londish - ceased 5 December 2017

All responsible persons and executive officers are employees of Western Sydney University and are not remunerated for their executive responsibilities.

* 1. Board of Directors

John Banks (Chair) Peter Pickering

Bill Parasiris Ellen Brackenreg

John Hart - commenced 1 June 2017 Elise Buisson - ceased 8 May 2017 Michael Scullino - ceased 8 May 2017

1. Remuneration of Board Members

Remuneration of Board Members

2017

**Number**

**2016**

**Number**

Nil to $9,999 **1** -

**1** -

|  |  |  |  |
| --- | --- | --- | --- |
| 18 | Key Management Personnel Disclosures (Continued)  **(c) Key management personnel compensation** |  | |
|  |  | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Short-term employee benefits | **6,850** | - |
|  | Post-employment benefits | **-** | - |
|  | Termination benefits | **-** | - |
|  | **Total key management personnel compensation** | **6,850** | - |
| **19** | **Remuneration of Auditors** |  |  |
|  |  | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Audit of financial statements |  |  |
|  | Fees paid to the Audit Office of NSW | **36,080** | 35,200 |
|  | **Total paid for audit (inclusive of GST)** | **36,080** | 35,200 |
| **20** | **Contingencies** |  |  |
|  | The Company had no contingent liabilities at 31 December 2017 (2016: $Nil). |  |  |
| **21** | **Commitments** |  |  |
|  | **(a)** Operating lease commitments |  |  |
|  |  | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Commitments for minimum lease payments in relation to non- cancellable operating leases are payable as follows: |  |  |
|  | Within one year | **36,895** | 24,566 |
|  | Between one and five years | **31,821** | 33,964 |
|  | **Total future minimum lease payments** | **68,716** | 58,530 |
|  | **(b)** Capital expenditure commitments |  |  |
|  | Property, plant and equipment |  |  |
|  | Within one year | **12,807** | - |
|  | Between one and five years | **-** | - |
|  | **Total capital expenditure commitments** | **12,807** | - |

22 Related party transactions

1. Parent entity

The ultimate parent entity of the Company is Western Sydney University.

1. Transactions with related parties

The following transactions occurred with related parties:

Sale of goods and services

**2017**

**$**

**2016**

**$**

Sale of goods and services to the ultimate parent entity **1,545,547** 1,092,728 Sale of goods and services to other related parties **48,163** 62,276

Total sale of goods and services 1,593,710 1,155,004

**University Funding**

Funding from the ultimate parent entity **2,418,063** 1,994,063

**Total University funding 2,418,063** 1,994,063

The ultimate parent entity of the Company is Western Sydney University.

1. Outstanding balances arising from sales or purchases of goods and services

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

2017 2016

|  |  |  |
| --- | --- | --- |
| **Current payables** | **$** | **$** |
| Ultimate parent entity | **67,790** | 102,936 |
| **Total current payables** | **67,790** | 102,936 |

1. Related party transactions (Continued)

|  |  |  |  |
| --- | --- | --- | --- |
| **(d)** | Loans from the ultimate parent entity | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Beginning of the year | **5,618,407** | 5,010,493 |
|  | Loans advanced | **899,900** | 1,599,712 |
|  | Interest charged | **176,975** | 199,317 |
|  | Loan repayment | **(1,960,532)** | (1,191,115) |
|  | Loans forgiven by the parent entity | **(3,935,385)** | - |
|  | End of the year | **799,365** | 5,618,407 |

1. **Economic dependency**

The Company is economically dependant on Western Sydney University for the provision of office accommodation and support activities.

The Company, as a wholly owned entity of Western Sydney University, received $ 2,418,063 in direct funding in 2017 for University services.

The Company's borrowings are from the Parent entity as mentioned in Note 22 (d), with funding limited to day to day working capital.

The Company is dependent on Western Sydney University to provide financial support should the need arise. A Letter of Support has been provided by Western Sydney University.

1. Events occurring after the reporting period

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 future financial years (2016: $Nil).

1. Reconciliation of surplus/(deficit) to net cash flows from operating activities

|  |  |  |
| --- | --- | --- |
| Surplus / (Deficit) for the year | **2017**  **$ 3,109,414** | **2016**  **$**  (1,554,492) |
| Depreciation and amortisation | **20,059** | 58,966 |
| Loans forgiven by the ultimate parent entity | **(3,935,385)** | - |
| Net (gain)/loss on sale of non-current assets | **(85,596)** | (374,111) |
| Changes in operating assets and liabilities |  |  |
| (Increase)/decrease in trade debtors | **2,204,437** | (1,184,846) |
| (Increase)/decrease in inventories | **(43,307)** | 2,873,439 |
| (Increase)/decrease in other operating assets | **(2,684)** | 53,415 |
| Increase/(decrease) in trade creditors | **(1,130,438)** | (374,483) |
| Increase/(decrease) in other operating liabilities | **(104,985)** | (124,076) |
| Increase/(decrease) in other provisions | **(165,563)** | (55,109) |

**Net cash flows used in operating activities (134,048)** (681,297)

End of the audited financial statements

### Statement by Directors

The directors of Western Unlimited Ltd declare that:

* 1. The financial statements and notes:
     1. comply with Australian Accounting Standards (which include Australian Accounting Interpretations).
     2. comply with the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*
     3. give a true and fair view of the financial position as at 31 December 2017 and financial performance for the year ended on that date of Western Unlimited Ltd.
  2. In the directors' opinion, there are reasonable grounds to believe that Western Unlimited Ltd will be able to pay its debts as and when they become due and payable.
  3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

*This declaration is made in accordance with a resolution of the Board of Directors, pursuant to section 41(c) of the Public Finance and Audit Act 1983.*

John Banks Director



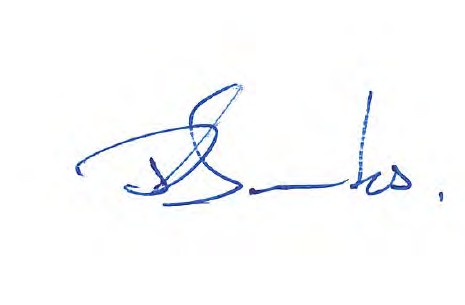
Bill Parasiris Director

15 March 2018

**Responsible Entities' Declaration**

The responsible entities declare that in the responsible entities opinion:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

John Banks Director

15 March 2018



**INDEPENDENT AUDITOR'S REPORT**

Western Unlimited Ltd (formerly uwsconnect Limited)

To Members of the New South Wales Parliament and Members of Western Unlimited Ltd

**Opinion**

Ihave audited the accompanying financial statements of Western Unlimited Ltd (the Company), which comprise, the Statement of Comprehensive Income for the year ended 31 December 2017, the Statement of Financial Position as at 31 December 2017, 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 responsible entity's declaration.

In my opinion the financial statements:

give a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the year ended on that date

comply 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 2015

have been prepared in accordance with Division 60 of the Australian Charities and *Not-for-profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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

Level 15, 1 Margaret Street, Sydney NSW 2000 I GPO Box 12, Sydney NSW 2001 I t CY2 9275 7101 I f 02 9275 7179 I e [mail@aud.nsw.](mailto:mail@aud.nsw)gov.au I audit.nsw.gov.au

##### Basis for Opinion

Iconducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

Iam independent of the Company in accordance with the requirements of the: Australian Auditing Standards, and

Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants ' (APES 110).

Ihave fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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 precluding the Auditor-General from providing non-audit services.

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

**Directors' Responsibilities for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of the financial statements h accordance with Australian Accounting Standards, the PF&A Act and *the Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financialstatements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor 's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement , whether due to fraud or error

issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if , individually or

in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www .auasb.gov.au/auditors responsibilities/ar4.pdf.](http://www.auasb.gov.au/auditorsresponsibilities/ar4.pdf) The description forms part of my auditor's report. ,

My opinion does not provide assurance:

that the Company carried out its activities effectively, efficiently and economically

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.



Margaret Crawford Auditor-General of NSW

'2- March 2018 SYDNEY

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# Western Sydney University Early Learning Limited

### (formerly UWS Early Learning Limited)

**ABN 39155993445**

**Financial Statements**

**For the Year Ended 31 December 2017**

These financial statements are the individual entity statements of Western Sydney University Early Learning Limited (the Company).

The Company is a company limited by guarantee, incorporated and domiciled in Australia. The financial statements are presented in Australian currency.

Its registered office is:

Western Sydney University Early Learning Limited WSU Company Secretary, Entities, Finance Office Building M16 College Drive

Richmond NSW 2753 The principal place of business is:

Western Sydney University Building P18 College Drive Richmond NSW 2753

The financial statements were authorised for issue by the Directors on 5 March 2018. The Directors have the power to amend and reissue the financial statements.



To the Directors

Western Sydney University Early Learning Limited

**Auditor's lndepEmdence Declaration**

As auditor for the audit of the financial statements of Western Sydney University Early Learning Limited for the yea r ended 31 December 2017, I declare, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

--0---0J

Margaret Crawford

Auditor-General of NSW

96 March 2018 SYDNEY

Level 15, 1 Margaret Street, Sydney NSW 2000 I GPO Box 12, Sydney NSW 2001 I t 02 9275 7101 I f 02 9275 7179 I e mail@audit.nsw.gov.au I audit.nsw.gov.au

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Comprehensive Income**  **For the year ended 31 December 2017** |  | | |
|  |  | **2017** | **2016** |
|  | **Notes** | **$** | **$** |
| **Revenue**  Child Care Services |  | **6,771,921** | 6,209,422 |
| Interest |  | **50,563** | 37,479 |
| Other Revenue | 2 | **219,218** | 311,678 |
| **Total Revenue** |  | **7,041,702** | 6,558,579 |
| **Expenses**  Employee Related Expenses | 3 | **(5,829,194)** | (5,551,480) |
| Provision for Doubtful Debts |  | **(7,244)** | (4,141) |
| Other Expenses | 3 | **(830,433)** | (770,037) |
| **Total Expenses** |  | **(6,666,871)** | (6,325,658) |
| **Surplus (Deficit) for the year** |  | **374,831** | 232,921 |

Other Comprehensive Income for the year - -

**Total Comprehensive Income for the year 374,831** 232,921

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Financial Position**  **As at 31 December 2017** |  | | |
|  |  | **2017** | **2016** |
|  | **Note** | **$** | **$** |
| **ASSETS** |  |  |  |
| **Current Assets**  Cash and Cash Equivalents | 4 | **482,158** | 647,363 |
| Trade and Other Receivables | 5 | **2,229,894** | 1,696,976 |
| Prepayments |  | **173,396** | - |

**Total Current Assets 2,885,448** 2,344,339

|  |  |  |  |
| --- | --- | --- | --- |
| **Total Assets** |  | **2,885,448** | 2,344,339 |
| **LIABILITIES** |  |  |  |
| **Current Liabilities**  Trade and Other Payables | 6 | **600,157** | 574,994 |
| Deferred Income |  | **122,777** | 129,031 |
| Provisions | 7 | **648,628** | 504,415 |
| **Total Current Liabilities** |  | **1,371,562** | 1,208,440 |
| **Non-Current Liabilities**  Provisions | 7 | **85,000** | 81,844 |
| **Total Non-Current Liabilities** | | **85,000** | 81,844 |
| **Total Liabilities** | | **1,456,562** | 1,290,284 |
| **Net Assets** |  | **1,428,886** | 1,054,055 |
| **EQUITY**  Retained Earnings | 8 | **1,428,886** | 1,054,055 |
| **Total Equity** | | **1,428,886** | 1,054,055 |

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
|  | **Retained earnings** | **Total equity** |
| **$** | **$** |
| **Balance at 1 January 2017** | **1,054,055** | **1,054,055** |
| **Comprehensive income for the year**  Surplus for the year | **374,831** | **374,831** |
| Other comprehensive income for the year | **-** | **-** |
| **Total comprehensive income for the year** | **374,831** | **374,831** |
| **Balance at 31 December 2017** | **1,428,886** | **1,428,886** |

|  |  |  |
| --- | --- | --- |
|  | **Retained earnings** | **Total equity** |
| **$** | **$** |
| **Balance at 1 January 2016** | 821,134 | 821,134 |
| **Comprehensive income for the year**  Surplus for the year | 232,921 | 232,921 |
| Other comprehensive income for the year | - | - |
| **Total comprehensive income for the year** | 232,921 | 232,921 |
| **Balance at 31 December 2016** | 1,054,055 | 1,054,055 |

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2017**  **$** | **2016**  **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES**  Receipts for services |  | **7,054,109** | 6,569,412 |
| Payments to suppliers and employees |  | **(6,646,865)** | (6,126,092) |
| Interest received |  | **50,563** | 37,479 |
| **Net cash inflow from operating activities** | 14 | **457,807** | 480,799 |
| **CASH FLOWS FROM INVESTING ACTIVITIES**  Loans to related parties |  | **(623,012)** | (388,696) |
| **Net cash (outflow) from investing activities** |  | **(623,012)** | (388,696) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** |  |  |  |
| **Net cash provided by / (used in) financing activities**  **-** - | | | |
| **Net increase / (decrease) in cash and cash equivalents held** | | **(165,205)** | 92,103 |
| **Cash and cash equivalents at the beginning of the year** | | **647,363** | 555,260 |

Cash and cash equivalents at the end of the year 4 482,158 647,363

The accompanying notes form part of these financial statements.

1 Summary of significant accounting policies

Western Sydney University Early Learning Limited (the Company) is a not-for-profit company limited by guarantee and is a controlled entity of the Western Sydney University. Prior to 29 May 2017 the Company was known as UWS Early Learning Limited. The Company was incorporated on 2 March 2012 and domiciled in Australia.

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

The financial statements for the year ended 31 December 2017 are authorised for issue in accordance with a resolution of the Board of Directors on 5 March 2018.

1. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with:

* + Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board
  + *The Public Finance & Audit Act 1983,* and Regulation
  + *The Australian Charities and Not-For-Profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Company is a not-for-profit entity and these statements have been prepared on a going concern basis. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

There are no areas which involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements of the Company.

1. Functional and presentation currency

The financial statements are presented in Australian dollars.

1. Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1. **Revenue recognition (continued)**

Revenue is recognised for the major business activities as follows:

* 1. Child care services

Revenue from child care services is recognised when services have been provided to the customer, the customer has accepted the services and collectability of the related receivables is probable.

* 1. Government grants

Western Sydney University Early Learning Limited 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 Western Sydney University Early Learning Limited obtains control of the right to receive the grant, it is probable that economic benefits will flow to Western Sydney University Early Learning Limited and it can be reliably measured.

* 1. Investment income

Interest income is recognised using the effective interest method.

1. Income tax exemption

The Company is exempt from the payment of tax by virtue of section 50-B of the Income Tax Assessment Act 1997. Accordingly, no provision for income tax liability or future income tax benefit has been included in the financial statements.

1. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

1. 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 30 days for debtors. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

Collectability of trade 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 Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of 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 impairment allowance 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 movement in the impairment allowance is recognised in the statement of comprehensive income.

1. **Financial assets**

Western Sydney University Early Learning Limited did not hold financial assets at fair value through profit or loss either in the current or comparative financial years.

* 1. 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 statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Loans and receivables are carried at amortised cost using the effective interest method.

* 1. Assets carried at amortised cost.

For loans and receivables, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. The loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instruments fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

1. Trade and other payables

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

1. Employee benefits

Provision is made for Western Sydney University Early Learning Limited's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in the statement of comprehensive income.

Employee benefits are presented as current liabilities in the statement of financial position if Western Sydney University Early Learning Limited does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

1. **Goods and Services Tax (GST)**

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

1. New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new Standards and Interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Company.

Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time for the financial year beginning 1 January 2017. the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

1. Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in the financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

During the preparation of the current year financial statements, the following items have been adjusted to conform with the current years presentation, resulting in more relevant reliable financial information and classification.

1 Summary of significant accounting policies (continued)

**(l) Comparative amounts (continued)**

**Note**

**2016**

**Reported**

**$**

**2016**

**Revised**

**$**

**Statement of Comprehensive Income Revenue**

|  |  |  |  |
| --- | --- | --- | --- |
| Child Care Services |  | **6,397,816** | 6,209,422 |
| Other Revenue | 2 | **123,284** | 311,678 |
|  |  | **6,521,100** | 6,521,100 |

**Statement of Cash flows**

**Cash Flows from Operating Activities**

|  |  |  |
| --- | --- | --- |
| Receipts for services Receipts from fees | **- 3,287,955** | 6,569,412  - |
| Receipts from Australian Government child care benefits | **2,814,217** | - |
| Subsidies received | **467,240** | - |
|  | **6,569,412** | 6,569,412 |
| **Note 2 - Revenue** |  |  |
| **Other Revenue**  Government Traineeship Funding | **13,864** | 13,864 |
| Government Childcare Grants | **-** | 98,318 |
| Long Day Care Development Grants | **98,318** | - |
| Related Party Services | **-** | 186,999 |
| Other Income | **11,102** | 12,497 |
|  | **123,284** | 311,678 |

**Note 13 (b) - Transactions with related parties Related Party Income**

|  |  |  |
| --- | --- | --- |
| Discount funding | **-** | 327,159 |
| Other services | **-** | 186,999 |
| Interest received | **-** | 37,479 |
| Parent entity | **514,158** | - |
|  | **514,158** | 551,637 |
| **Note 14 - Reconciliation of operating surplus to net cash flow from operating activities** |  |  |
| **Change in operating assets and liabilities** |  |  |
| Increase/(decrease) in trade and other payables | **-** | 102,427 |
| Increase/(decrease) in trade creditors | **91,154** | - |
| Increase/(decrease) in operating liabilities | **11,273** | - |
|  | **102,427** | 102,427 |

|  |  |  |  |
| --- | --- | --- | --- |
| **2** | **Revenue** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Other revenue**  Government Traineeship Funding | **30,000** | 13,864 |
|  | Government Childcare Grants | **62,175** | 98,318 |
|  | Related Party Services | **124,009** | 186,999 |
|  | Other Income | **3,034** | 12,497 |
|  | **Total other revenue** | **219,218** | 311,678 |
| **3** | **Expenses** |  |  |
|  | The result for the year includes the following specific expenses: |  |  |
|  |  | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Employee related expenses** |  |  |
|  | Salaries and Wages | **5,163,728** | 4,954,641 |
|  | Superannuation Expense | **449,820** | 407,725 |
|  | Annual and Long Service Leave | **147,484** | 101,920 |
|  | Worker's Compensation | **55,654** | 77,460 |
|  | Other | **12,508** | 9,734 |
|  | **Total employee related expenses** | **5,829,194** | 5,551,480 |
|  | **Other expenses** |  |  |
|  | Consumables | **231,365** | 153,679 |
|  | Cleaning | **162,294** | 151,442 |
|  | Consulting | **6,500** | 7,870 |
|  | Non-capitalised Equipment | **74,203** | 115,299 |
|  | Centre resources and supplies | **119,664** | 81,616 |
|  | Repairs and Maintenance | **52,122** | 5,939 |
|  | Staff Development | **40,412** | 118,613 |
|  | Printing | **44,293** | 27,690 |
|  | Sundry expenses | **99,580** | 107,889 |
|  | **Total other expenses** | **830,433** | 770,037 |
| **4** | **Cash and cash equivalents** |  |  |
|  |  | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **Cash at bank** | **482,158** | 647,363 |
|  | The Company's exposure to interest rate risk is discussed in note 15. |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **5** | **Trade and other receivables** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **CURRENT**  Trade receivables | **43,249** | 23,107 |
|  | Receivable from Parent | **-** | 65,682 |
|  | less: Provision for impairment | **(12,500)** | (5,874) |
|  |  | **30,749** | 82,915 |
|  | Loan to Parent Entity | **2,199,145** | 1,576,133 |
|  | GST receivable | **-** | 37,928 |
|  | **Total trade and other receivables** | **2,229,894** | 1,696,976 |

|  |  |  |
| --- | --- | --- |
| (a) Trade and other receivables  The ageing of total current receivables (excluding GST receivable) is as follows: |  | |
|  | **2017** | **2016** |
|  | **$** | **$** |
| Up to 3 months | **43,249** | 86,512 |
| 3 to 6 months | **-** | 1,931 |
| Over 6 months | **-** | 346 |
|  | **43,249** | 88,789 |

(b) Credit risk

The Company has no significant concentration of credit risk with respect to any single counter party or group or counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Company.

The amounts within receivables do not contain impaired assets and are not significantly overdue. Based on credit history, it is expected that these amounts will be received in a timely manner and do not represent any material risk.

|  |  |  |  |
| --- | --- | --- | --- |
| **6** | **Trade and other payables** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | **CURRENT**  Trade payables | **73,802** | 120,796 |
|  | Enrolment deposits | **250,935** | 233,877 |
|  | Accrued expenses | **149,033** | 35,226 |
|  | Other payables | **126,387** | 185,095 |
|  | **Total trade and other payables** | **600,157** | 574,994 |

7 Provisions

**CURRENT**

**Employee benefits**

**2017**

**$**

**2016**

**$**

|  |  |  |
| --- | --- | --- |
| Annual leave | **409,628** | 313,966 |
| Long service leave | **239,000** | 190,449 |

**Total current provisions 648,628** 504,415

NON-CURRENT

**Employee benefits**

Long service leave **85,000** 81,844

Total non-current provisions 85,000 81,844

**Total provisions 733,628** 586,259

|  |  |  |  |
| --- | --- | --- | --- |
| **8** | **Retained earnings**  Movements in Retained Earnings |  | |
|  |  | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Retained Earnings at 1 January | **1,054,055** | 821,134 |
|  | Surplus for the year | **374,831** | 232,921 |
|  | **Balance at 31 December** | **1,428,886** | 1,054,055 |

1. Key management personnel disclosures
   1. **Responsible persons and executive officers**

The following persons were responsible persons and executive officers of Western Sydney University Early Learning Limited during the financial period.

Responsible Persons and Executive Officers: Mrs Angie Atkinson - General Manager

All responsible persons and executive officers are employees of Western Sydney University Early Learning Limited and are remunerated directly by the entity.

* 1. Board of Directors

The following persons were Non-Executive Directors of Western Sydney University Early Learning Limited during the financial period:

Ms Susan Hudson - Chair Mrs Susan Benzie

Mrs Ellen Brackenreg

Mrs Denise Fraser (ceased 31 December 2017) Mr Darren Greentree

Professor Michele Simons

No Board Member is remunerated for their services.

1. Remuneration of auditors

During the period, the following fees were paid for services provided by the auditor of Western Sydney University Early Learning Limited:

2017

**$**

**2016**

**$**

Audit and review of the financial statements **25,200** 29,600

Total fees paid to auditors 25,200 29,600

1. **Contingencies**

The Company had no contingent liabilities at 31 December 2017.

1. Commitments

The Company had no commitments at 31 December 2017.

1. Related Parties
   1. **Entities exercising control over the Company**

The ultimate parent entity of the Company is Western Sydney University.

* 1. Transactions with related parties

The following transactions occurred with related parties:

Related Party Income

**2017**

**$**

**2016**

**$**

|  |  |  |
| --- | --- | --- |
| Discount funding | **355,465** | 327,159 |
| Other services | **124,009** | 186,999 |
| Interest received | **50,563** | 37,479 |

**Total subsidies received 530,037** 551,637

**Related Party Receivables**

**2017**

**$**

**2016**

**$**

|  |  |  |
| --- | --- | --- |
| Parent Entity trade receivable | **-** | 65,682 |
| Loan to Parent Entity | **2,199,145** | 1,576,133 |

**Total related party receivables 2,199,145** 1,641,815

|  |  |  |  |
| --- | --- | --- | --- |
| **14** | **Reconciliation of operating surplus to net cash inflow from operating activities** | **2017** | **2016** |
|  |  | **$** | **$** |
|  | Surplus for the year | **374,831** | 232,921 |
|  | **Change in operating assets and liabilities:**  (Increase) / decrease in trade debtors | **90,094** | (35,926) |
|  | (increase)/decrease in prepayments | **(173,396)** | 11,562 |
|  | Increase/(decrease) in income in advance | **(6,254)** | 67,895 |
|  | Increase / (decrease) in trade and other payables | **25,163** | 102,427 |
|  | Increase / (decrease) in other provisions | **147,369** | 101,920 |
|  | **Net cash inflow from operating activities** | **457,807** | 480,799 |

**15 Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk and liquidity risk. The Company'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 Company. The Company 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 and aging analysis for credit risk to determine market risk.

The Company holds the following financial instruments:

|  |  |  |
| --- | --- | --- |
|  | **2017**  **$** | **2016**  **$** |
| **Financial Assets**  Cash and cash equivalents | **482,158** | 647,363 |
| Trade receivables | **30,749** | 82,915 |
| Loan to Parent Entity | **2,199,145** | 1,576,133 |
| **Total financial assets** | **2,712,052** | 2,306,411 |
| **Financial Liabilities**  Trade and other payables | **200,189** | 305,891 |
| **Total financial liabilities** | **200,189** | 305,891 |

Note: Excludes GST receivable, prepayment, deferred income, income in advance and provisions payable (not within scope of AASB 7).

1. Financial risk management (continued)
   1. **Market risk**
2. Cash flow and fair value interest rate risk

The Company's exposure to interest rate risk is minimal as it has no borrowings.

1. Sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets to interest rate risk.

31 December 2017 Interest rate risk

**-1% +1%**

**Carrying amount**

**$**

**Result**

**$**

**Equity**

**$**

**Result**

**$**

**Equity**

**$**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Financial assets**  Cash and Cash Equivalents | **482,158** | **(4,822)** | **(4,822)** | **4,822** | **4,822** |
| Loan Receivable - Parent Entity | **2,199,145** | **(21,991)** | **(21,991)** | **21,991** | **21,991** |

**Total increase/(decrease) (26,813) (26,813) 26,813 26,813**

**31 December 2016 Interest rate risk**

**-1% +1%**

**Financial assets**

**Carrying amount**

**$**

**Result**

**$**

**Equity**

**$**

**Result**

**$**

**Equity**

**$**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Cash and Cash Equivalents | 647,363 | (6,474) | (6,474) | 6,474 | 6,474 |
| Loan Receivable - Parent Entity | 1,576,133 | (15,761) | (15,761) | 15,761 | 15,761 |

**Total increase/(decrease)** (22,235) (22,235) 22,235 22,235

None of the Company's financial liabilities are subject to interest rate risk.

* 1. Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer.

* 1. **Liquidity risk**

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

* preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
* obtaining funding from a variety of sources;
* maintaining a reputable credit profile;
* managing credit risk related to financial assets;
* only investing surplus cash with major financial institutions; and
* comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, the Company ensures that it has sufficient cash on hand to meet expected operational expenses for a period of 30 days. Therefore the liquidity risk is considered to be minimal.

The following tables summarise the maturity of Western Sydney University Early Learning Limited’s financial assets and financial liabilities:

Average

**Interest rate Less than 1 year Total**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2017**  **%** | **2016**  **%** | **2017**  **$** | **2016**  **$** | **2017**  **$** | **2016**  **$** |
| **Financial Assets:**  Trade receivables |  |  | **30,749** | 82,915 | **30,749** | 82,915 |
| Loan to Parent Entity | **2.5%** | 2.9% | **2,199,145** | 1,576,133 | **2,199,145** | 1,576,133 |
| **Total Financial Assets** |  |  | **2,229,894** | 1,659,048 | **2,229,894** | 1,659,048 |
| **Financial Liabilities:**  Trade and other payables |  |  | **200,188** | 305,891 | **200,188** | 305,891 |
| **Total Financial Liabilities** |  |  | **200,188** | 305,891 | **200,188** | 305,891 |

* 1. **Fair value estimation**

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

Due to the Company's financial instruments short-term nature, the carrying value of all financial instruments recognised in the statement of financial position approximates their fair value.

1. Economic dependency

The Company is economically dependent on Western Sydney University for the provision of accommodation for each centre and operational support activities.

1. Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial period 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 future financial years.

#### Statement by Directors

The directors of Western Sydney University Early Learning Limited declare that:

1. Under s41C (1b) of the *Public Finance & Audit Act 1983* we state to the best of our knowledge and belief the financial statements and notes, as set out on pages 177 to 194:
   1. comply with:

* Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board
* *The Public Finance & Audit Act 1983*, and Regulation
* *The Australian Charities and Not-For-Profits Commission Act 2012*, and
  1. give a true and fair view of the financial position as at 31 December 2017 and of the performance for the year ended on that date of Western Sydney University Early Learning Limited.

1. In the directors' opinion, there are reasonable grounds to believe that Western Sydney University Early Learning Limited will be able to pay its debts as and when they become due and payable.
2. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

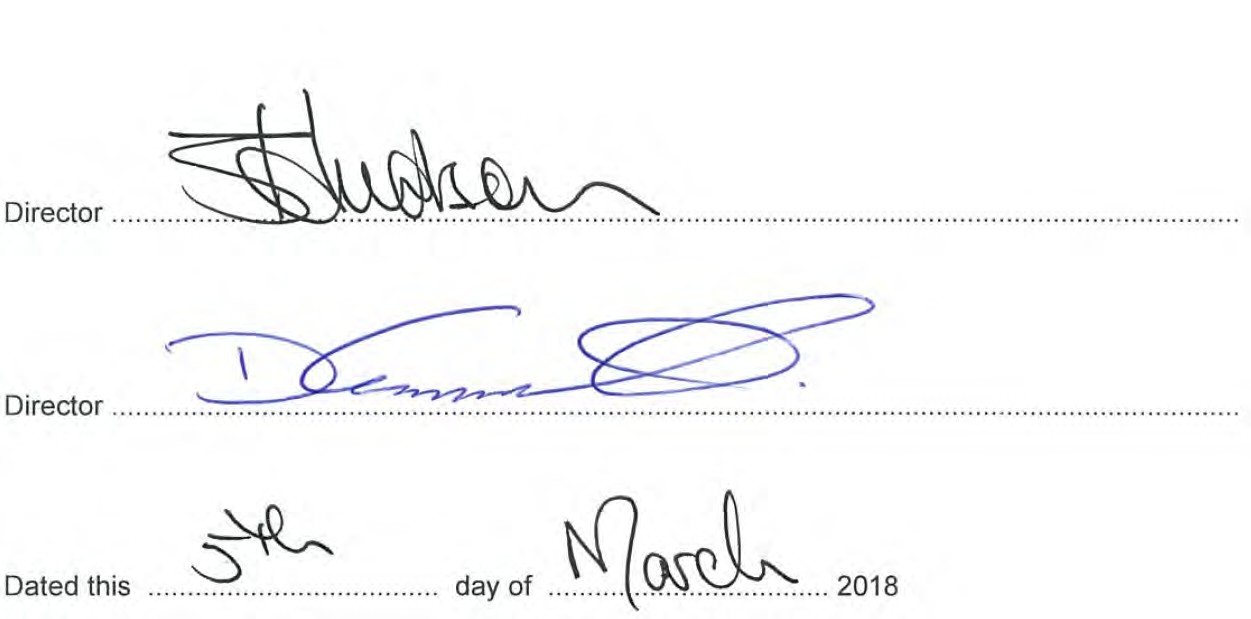
This declaration is made in accordance with a resolution of the Board of Directors, pursuant to section 295(4) of the

*Corporation Act 2001*, and 41(C) of the *Public Finance and Audit Act 1983*.

Director ................................................................................................................................................

Director ................................................................................................................................................

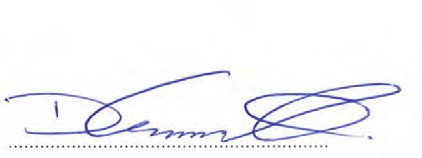
Dated this ..................................... day of .................................... 2018



###### Responsible entities declaration

The responsible entity declares that in the responsible entity's opinion:

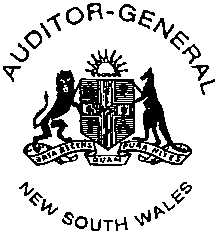
1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profit Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and not-for-profits Commission Regulation 2013.*

.............................................................

Darren Greentree Director

5 March 2018



**INDEPENDENT AUDITOR'S REPORT**

Western Sydney University Early Learning Limited

To Members of the New South Wales Parliament

**Opinion**

I have audited the accompanying financial statements of Western Sydney University Early Learning Limited (the Company), which comprise the Statement of Comprehensive Income for the year ended 31 December 2017, the Statement of Financial Position as at 31 December 2017, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information and the responsible entities declaration.

In my opinion, the financial statements:

give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards

are in accordance with section 41 B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the: Australian Auditing Standards

Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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

precluding the Auditor-General from providing non-audit services.

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

Level 15, 1 Margaret Street, Sydney NSW 2000 I GPO Box 12, Sydney NSW 2001 I t 02 9275 7101 I f 02 9275 7179 I e [mail@audit.nsw.gov.au](mailto:mail@audit.nsw.gov.au) I audit.nsw.gov.au

##### Directors' Responsibilities for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and the *Australian Charities and Not-for-profits Commission Act 2012,* and for such internal control as the Directors determine is necessa ry to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Company will be dissolved by an Act of Parliament or otherwise cease operations.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error

issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, indiv idually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at [http://www.auasb.gov.au/auditors responsibilities/ar3.pdf](http://www.auasb.gov.au/auditorsresponsibilities/ar3.pdf) The description forms part of my auditor's report.

My opinion does *not* provide assurance:

that the Company carried out its activities effective ly, efficiently and economically

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.

-9:::::-

Margaret Crawford Auditor-General of NSW

'&' March 2018 SYDNEY

# Whitlam Institute within Western Sydney University Limited

**ABN: 50 100 342 309**

**Financial statements**

**For the year ended 31 December 2017**

These financial statements of the Whitlam Institute within Western Sydney University Limited (the Company) are presented as an individual entity. The financial statements are presented in Australian currency.

The registered office and principal place of business of the Company is: Whitlam Institute within Western Sydney University Limited

Western Sydney University Building EZ, Parramatta Campus Cnr James Ruse Dr & Victoria Rd Rydalmere NSW 2116

Registered postal address is:

Whitlam Institute within Western Sydney University Limited Locked Bag 1797

Penrith NSW 2751

A description of the nature of the Company's operations and it principal activities is included in the director's report which is not part of these financial statements.

These financial statements were authorised for issue by the directors on 23 February 2018. The directors have the power to amend and reissue the financial statements.

The directors present their report on Whitlam Institute Within Western Sydney University Limited (the Company) for the financial year ended 31 December 2017.

Directors

The names of each person who has been a director during the year and to the date of this report are: The Hon. John Faulkner

Ms Patricia Amphlett OAM Prof. Barney Glover

Ms Gabrielle Trainor Mr Talal Yassine OAM Ms Catherine Dovey Mr Cameron Clyne

Dr Rebecca Huntley Appointed 6 February 2017

Ms Amanda McKenzie Appointed 6 February 2017

Mr John Wells Resigned 17 November 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Ms Sandra Stevenson held the position of Company Secretary for the whole of the financial year and to the date of this report.

Principal activities and significant changes in nature of activities

The principal activity of the Company is to manage the Company and to act as Trustee of the Whitlam Institute Within Western Sydney University Trust. The main function of the Company is fundraising in support of the University, and the effective management control of all Trust funds held within the Whitlam Institute Trust account.

The Whitlam Institute works as an educator, policy influencer and research institute. The Institute bridges the historical legacy of the late Gough Whitlam's years in public life and the contemporary relevance of the Whitlam Program to public discourse and policy. It links policies with people - connecting communities with the decisions and policies that affect their lives. The Whitlam Institute is guided by the 'three great aims' that drove the Whitlam Program of 1972. They are to promote equality, to involve the people of Australia in the decision-making processes of our land, and to liberate the talents and uplift the horizons of the Australian people.

The Whitlam Institute supports Western Sydney University development by working with schools to bring knowledge to life in the community. In a range of practical ways we make scholarship relevant to everyday lives. We are inspired by the E.G Whitlam Prime Ministerial Collection which represents the life's work of an Australian statesmen who has pursued his convictions with a constant commitment to community engagement and a determination to put words into action.

No significant changes in the nature of the Company's activity occurred during the financial year.

Review of operations

The surplus of the Company amounted to $ NIL (2016: $ NIL).

Dividends

No dividend is paid or payable since the commencement of the financial year and up to and including the date of signing this report (2016: $ nil).

Events after the reporting date

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

Future developments

Future developments are not expected to significantly affect the future operations of the Company.

Environmental matters

**Environmental matters (continued)**

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Auditors independence declaration

The Audit Office of New South Wales continues in office in accordance with section 327 of the *Corporations Act 2001*.

The lead auditors independence declaration for the year ended 31 December 2017 has been received and can be found on page 206 of the financial statements.

Information on directors

The Hon. John Faulkner BA, DipEd (Macquarie). Chair.

Experience Appointed as Director 8 March 2011. Senator the Hon. John Faulkner was a Labor Senator for New South Wales from 1989 to 2015. Since his election to the Senate in 1989, Senator Faulkner has held a number of ministries, serving as Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for the Environment, Sport and Territories, Cabinet Secretary, Special Minister of State and Minister for Defence. He served as Leader of the Opposition in the Senate from 1996 to 2004. He has also held a range of senior positions within the Australian Labor Party, including Nationa President of the party, twenty years as a member of its National Executive and nine years as Assistant General Secretary of the New South Wales Branch. Senator Faulkner is well versed in, and passionate about the history of the Australian Labor Party. Prior to his political career, Senator Faulkner worked as a teacher of children with severe disabilities.

Ms Patricia Amphlett OAM Non-Executive.

Experience Appointed as Director 29 June 2010. Ms Patricia Amphlett OAM is the Federal President of the Media, Entertainment and Arts Alliance, a position she has held since 2002. With a succession of hits and as a long standing member of the Bandstand Family, she established herself as a prominent force in the Australian music industry. Her musical talents are credited with many industry awards including Best Female Singer, Most Popular Female Performer, TV Logie for Best Teenage Personality and a succession of Gold Records. A definite 'all rounder' in the music and entertainment industry, Ms Amphlett’s talent spans a broad spectrum from writing, producing and performing shows for children, and hosting charity and corporate events. She maintains a high profile in the music industry, with many live performances at Festivals, Corporate Events, Clubs and Television shows. Ms Amphlett has a strong commitment to music education. She is a consultant for the NSW Government’s Talent Development Project. She is a member of the Board of the National Film & Sound Archives.

Prof. Barney Glover PhD (Applied Mathematics), MSc, BSc (Honours), Dip Ed (Melbourne),

MAICD. Non-Executive.

Experience Appointed as Director 1 Jan 2014. Professor Barney Glover has been the Vice-Chancellor and President of the Western Sydney University since he commenced in this role on 1 January 2014. Professor Glover is an accomplished academic leader and experienced Vice-Chancellor. Previously Vice-Chancellor at Charles Darwin University from 2009 to 2013, he has a long record of success in university management and leadership, particularly in research, intellectual property management and major capital development projects.Before relocating to the Northern Territory in 2009 Professor Glover was the Deputy Vice-Chancellor, Research at the University of Newcastle.

Prior to this, he held several positions at Perth's Curtin University of Technology including Pro Vice-Chancellor, Research and Development. He has a strong research publication record and has co-authored four texts in mathematics education. Before his appointment at Curtin Professor Glover held a number of positions at the University of Ballarat in Victoria. Professor Glover holds a PhD in Applied Mathematics and has worked on both the east and west coasts of Australia.

Ms Gabrielle Trainor LLB (Melbourne). Non-Executive.

Experience Appointed as Director 29 June 2010. Ms Gabrielle Trainor is a non-executive director and advisor. Her chair and director roles have spanned organisations in urban development, transport, education, public interest law, tourism, culture and sport. She was a founding partner and co-owner of specialist consultancy John Connolly & Partners and over 25 years advised large listed companies on the management of major transactions and significant issues across stakeholder groups including in capital markets, government, NGO’s and other influencers. Ms Trainor is a member of the board of Leighton Contractors (advisory board), a director of the Barangaroo Delivery Authority, Business Events Sydney, Cape York Group, the Aurora Education Foundation and is a trustee of the Charlie Perkins Education Trust. She is a member of the board of trustees of the Western Sydney University. She is Chair of the National Film and Sound Archive and Chair of Barnardo’s Australia. She co- chaired the 2012 Federal Government review of the Australia Council for the Arts. She has had a long term involvement in indigenous affairs, including as director of Cape York Partnerships and a member of the Victorian Government’s Aboriginal Economic Development Group which reported in 2010. Ms Trainor was educated as Ll.B at the University of Melbourne and was awarded a 1986 Churchill Fellowship. She studied in the USA and UK, including as a visiting scholar at Stanford University. She is an Honorary Associate in the Graduate School of Government at Sydney University and a Fellow of the Australian Institute of Company Directors.

Mr Talal Yassine OAM BA Lib (Macquarie), Master of Laws (Sydney), MBA (Deakin). Non-Executive.

Experience Appointed as Director 8 October 2010. Mr Talal Yassine OAM is an experienced lawyer, banker and Non-Executive Director. After 10 years at PricewaterhouseCoopers as a Director and strategist, he joined investment firm Babcock & Brown Ltd in the Corporate Finance Group and later in the Technical Real Estate Division. Later he held leadership positions in Better Place Australia and is currently the Managing Director of Crescent Wealth. Mr Yassine currently serves on the Board of Australia Post, Sydney Ports, the Whitlam Institute, The Australian Multicultural Council and as Deputy Chairman of the Gulf Australia Business Council. He has also served on the Board of Macquarie University; and as the Deputy Chairman of a government regulator, and as Chairman as Platinum Sound Pty Ltd. Mr Yassine holds a Master of Laws, a Master of Business Administration which was focused on international business strategy, as well as holding degrees in law and diplomas from the AICD and UNE in directorship. In November 2012, he was appointed as a Professorial Fellow at the Crawford School of Public Policy, at the Australian National University. On Australia Day 2010, he was awarded a Medal of the Order of Australia (OAM) for his service to business and to the community through a range of education.

Ms Catherine Dovey BA (UNSW), Dip Ed (Sydney Teacher College). Non-Executive.

Experience Catherine Dovey worked in the New South Wales public service in public policy formulation and administration. Her roles include an early period as a probation and parole officer with the NSW Corrections system and later as a member of the parole Board of NSW. In the interim she served in a variety of positions at Sydney Water. Catherine graduated from the University of New South Wales as a Bachelor of Arts and with a Diploma of Education from the then Sydney Teachers’ College. Catherine has always reflected a spirited engagement with community and education issues which included serving a decade as a Board member of the International Grammar School.

Mr Cameron Clyne BA (Sydney). Non-Executive.

Experience Cameron Clyne is currently Chairman of Camel Partners, a private advisory firm and the Camel Foundation. He is Chairman of the Australian Rugby Union; a director of SANZAAR Pty Ltd; the Western Sydney University Foundation; Camp Quality; a Patron of the Western Sydney Leadership Dialogue, and an Adjunct Professor at the WSU Business School. Cameron was Group Chief Executive Officer of National Australia Bank (NAB) from January 2009 until August 2014. He was also Chairman of Clydesdale Bank in the United Kingdom and a Director of the Bank of New Zealand. Prior to NAB Cameron was a Partner at PriceWaterhouseCoopers (PwC). He worked in their Sydney, Melbourne, San Francisco and New York offices. In 2008 he was named a Young Global Leader by the World Economic Forum.

Dr Rebecca Huntley LLB (UNSW), BA (Honors) (UNSW), PhD (USYD). Non-Executive.

Experience Dr Rebecca Huntley is one of Australia's foremost researchers on social trends. She holds degrees in law and film studies and a PhD in gender studies. For nearly nine years, Rebecca was at the global research firm Ipsos. From 2006 until 2015, she was the Director of the Mind & Mood Report, Australia's longest-running social trends report. She is the author of numerous books, and was a feature writer for Australian Vogue, a columnist for BRW and the presenter of Drive on a Friday on Radio National. She is on the Artistic Advisory Board of the Bell Shakespeare Company and is an adjunct senior lecturer at the School of Social Sciences at The University of New South Wales. Rebecca is currently the Head of Research at Essential Media, an integrated research and communications agency in Australia and New Zealand. Her latest book, Still Lucky: why you should be optimistic about Australia and its people was published by Penguin in January 2017.

Ms Amanda McKenzie LLB (Honors) (Monash), BA (Political Science) (Melbourne). Non-Executive. Experience Amanda McKenzie is an environmental leader and CEO of the Climate

Council, which was launched following Australia's largest ever crowd-funding campaign. She is on the Board of the Centre for Australian Progress and on the Board of Plan International Australia. In 2014, Amanda was recognised as one of Westpac's 100 Women of Influence. Previously, Amanda founded the Australian Youth Climate Coalition.

Mr John Wells Non-Executive.

Experience Serving as Director from 15 June 2005 until 17 November 2017. Mr John Wells is Chairman of Wells Haslem Pty Ltd. His career has embraced journalism at the most senior levels in Australia and overseas, senior media involvement in newspapers, television and radio, policy advice to Federa political leaders and public affairs consulting. His major interests are in government and media and the operational elements of strategic communication campaigns. He works for all of Wells Haslem’s major clients in these and many other roles.

Meetings of directors

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

|  |  |  |
| --- | --- | --- |
|  | **Directors' Meetings** | |
| **Number eligible to attend** | **Number attended** |
| The Hon. John Faulkner | 4 | 4 |
| Ms Patricia Amphlett OAM | 4 | 3 |
| Prof. Barney Glover | 4 | 4 |
| Ms Gabrielle Trainor | 4 | 4 |
| Mr Talal Yassine OAM | 4 | 3 |
| Ms Catherine Dovey | 4 | 4 |
| Mr Cameron Clyne | 4 | 3 |
| Dr Rebecca Huntley | 4 | 3 |
| Ms Amanda McKenzie | 4 | 2 |
| Mr John Wells | 4 | 4 |

Indemnification of Directors and Officers

Whitlam Institute within Western Sydney University Limited is insured externally and in line with the Western Sydney University policies for all significant areas of risk exposure and accordingly, is not a self-insurer and makes no provision in its financial statements for internal coverage.

Proceedings on behalf of company

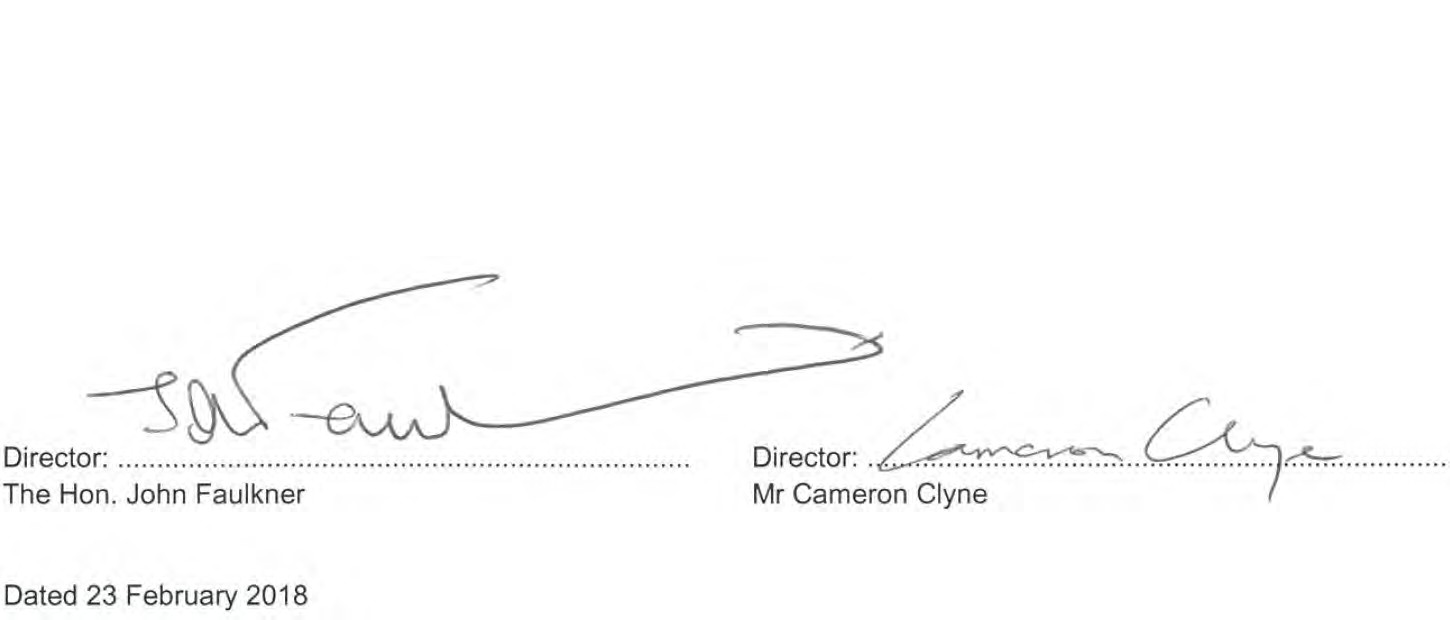
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors'.

Director: ......................................................................... Director: ..........................................................................

The Hon. John Faulkner Ms Gabrielle Trainor

Dated 23 February 2018





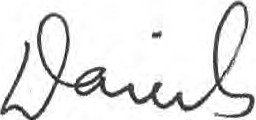
To the Directors

Whitlam Institute within Western Sydney University Limited

###### Auditor's Independence Declaration

As auditor for the audit of the financial statements of Whitlam Institute within Western Sydney University Limited for the year ended 31 December 2017, Ideclare, 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.



David Daniels

Director, Financial Audit Services

22 February 2018 SYDNEY

Level 15, 1 Margaret Street, Sydney NSW 2000 I GPO Bo1< 12, Sydney NSW 2001 I t 02 9275 7101 I f 02 9275 7179 I e [rnail@aud11.nsw.Q0v.au](mailto:rnail@aud11.nsw.Q0v.au) I audit.nsw.gov.au

**Start of audited financial statements**

**Statement of comprehensive income**

**For the year ended 31 December 2017**

Revenue

**2017**

**$**

**2016**

**$**

Other revenue **-** -

Total revenue - -

**Expenses**

Finance costs **-** -

Total expenses - -

**Surplus/(deficit) for the year**  **-** -

Other comprehensive income for the year **-** -

Total comprehensive income for the year - -

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of financial position**  **As at 31 December 2017** |  | |
|  |  | **2017 2016** |
|  | **Note** | **$ $** |
| **ASSETS**  **Current assets**  Cash and cash equivalents | 6 | **1** 1 |
| Total current assets |  | **1** 1 |
| **Total assets** |  | **1** 1 |
| **LIABILITIES**  **Current liabilities**  Trade and other payables |  | **-** - |
| Total current liabilities |  | **-** - |
| **Total liabilities** |  | **-** - |
| **Net assets** |  | **1** 1 |
| **EQUITY**  Contributed equity | 7 | **1** 1 |
| Retained earnings  **Total equity** |  | **-** -  **1** 1 |

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of changes in equity**  **For the year ended 31 December 2017** |  | | |
|  | **Contributed equity** | **Retained Earnings** | **Total equity** |
|  | **$** | **$** | **$** |
| **Balance at 1 January 2017** | **1** |  | **- 1** |
| Other comprehensive income | - |  | - - |
| Surplus for the year | - |  | - - |
| **Total comprehensive income for the year** | **-** |  | **- -** |
| **Balance at 31 December 2017** | **1** |  | **- 1** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Contributed equity** | **Retained Earnings** | **Total equity** |
| **$** | **$** | **$** |
| **Balance at 1 January 2016** | 1 |  | - 1 |
| Other comprehensive income Surplus for the year | -  - |  | - -  - - |
| **Total comprehensive income for the year** | - |  | - - |
| **Balance at 31 December 2016** | 1 |  | - 1 |

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of cash flows**  **For the year ended 31 December 2017** |  | |
|  |  | **2017 2016** |
|  | **Note** | **$ $** |
| **Cash flows from operating activities**  Payments to suppliers and employees |  | **-** - |
| **Net cash inflow/(outflow) from operating activities** | 14 | **-** - |
| **Cash flows from investing activities** |  |  |
| **Net cash (outflow)/inflow from investing activities** |  | **-** - |
| **Cash flows from financing activities** |  |  |
| **Net cash inflow/(outflow) from financing activities** |  | **-** - |
| **Net increase/(decrease) in cash and cash equivalents**  Cash and cash equivalents at beginning of year |  | **-** -  **1** 1 |
| **Cash and cash equivalents at end of year** | 6 | **1** 1 |

The accompanying notes form part of these financial statements.

Whitlam Institute within Western Sydney University Limited (the Company) is a not-for-profit controlled entity of the Western Sydney University. The Company is incorporated and domiciled in Australia.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied to all the years reported, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 23 February 2018

1 Summary of Significant Accounting Policies

1. **Basis of Preparation**

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the *Corporations Act 2001*, the requirements of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2015* and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These financial statements and notes of the Company comply with Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

1. Revenue recognition

The Company 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 Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1. Cash and cash equivalents

For the 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.

1. Income tax exemption

The Company is exempt from the payment of tax by virtue of section 50 B of the *Income Tax Assessment Act 1997*.

1. Foreign currency transactions and balances

The functional currency of the Company is measured using the currency of the primary economic environment which is Australian dollars. The financial statements are presented in Australian dollars which is the ultimate parent entity's functional and presentation currency.

1. Summary of Significant Accounting Policies (continued)
2. **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 Australian Taxation Office. In this case, it is recognised as part of the cost of 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 Australian Taxation Office 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 Australian Taxation Office, are presented as operating cash flows.

1. Comparative amounts

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

1. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not yet been applied in the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Company.

1. Critical accounting estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

There are no areas which involve a high degree of judgement or complexity or where assumptions and estimates are significant to the financial statements of the Company.

1. Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time for the financial year beginning 1 January 2017. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company:

1. Financial Risk Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk (interest rate risk). The Company'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 Company. The Company 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 and ageing analysis for credit risk.

The Company holds the following financial instruments:

Financial Assets

**2017**

**$**

**2016**

**$**

Cash and cash equivalents **1** 1

**1** 1

* 1. Credit risk

The credit risk on financial assets of the Company (which have been recognised in the statement of financial position) is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated debtor.

* 1. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. As financial obligations of the Whitlam Institute are managed through the Trust, the Company is not exposed to liquidity risk

* 1. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

* + 1. *Cash flow and fair value interest rate*

The Company's exposure to interest rate risk is minimal, as it does not have exposure to interest bearing financial instruments.

1. Expenses

No expenses were paid by the ultimate parent entity on behalf of the Company during 2017 (2016: NIL).

1. Remuneration of Auditors

Full audit fees for 2017 are reflected in the books of the Whitlam Institute within Western Sydney University Trust and will be paid by the ultimate parent entity (2016: NIL).

1. Fair Value Measurement

Fair value measurements of balance sheet items are not categorised given the lack of any assets or liabilities as at 31 December 2017.

1. Cash and cash equivalents

**2017**

**$**

**2016**

**$**

Cash at bank and in hand **1** 1

**1** 1

* 1. Risk exposure

The Company's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

* 1. Cash at bank and on hand

These are non-interest bearing.

* 1. Fair value

The carrying amount for cash and cash equivalents equals the fair value.

1. Contributed equity

**Shares Total**

**Ordinary shares**

**2017**

**$**

**2016**

**$**

**2017**

**$**

**2016**

**$**

Fully paid **1** 1 **1** 1

Total contributed equity 1 1 1 1

* 1. **Movements in ordinary share capital**

There were no movements in contributed equity during the financial year.

1. Commitments

The Company had no commitments at 31 December 2017 (31 December 2016: nil).

1. Contingencies

The Company did not have any contingencies as at 31 December 2017 (31 December 2016: nil).

1. Key Management Personnel Disclosures

No remuneration has been paid to the key management personnel of the Company during the year (2016: nil).

1. Related party transactions
   1. **Parent entity**

The ultimate parent entity of the Company is Western Sydney University.

* 1. Transactions with related parties

There were no transactions with related parties in 2017 (2016: nil).

1. Economic dependency

The Company is economically dependent on the Western Sydney University for the provision of office accommodation and support activities.

1. Events occurring after the reporting date

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 future financial years (2016: nil).

1. Reconciliation of surplus / (deficit) for the year to cashflows from operating activities

Surplus for the year **-** -

Changes in assets and liabilities:

* (increase)/decrease in trade and other receivables **-** -
* (increase)/decrease in assets **-** -
* increase/(decrease) in trade and other payables **-** - Net cash flows provided by operating activities **-** -

End of audited financial statements

**Director's declaration**

In the Director's opinion:

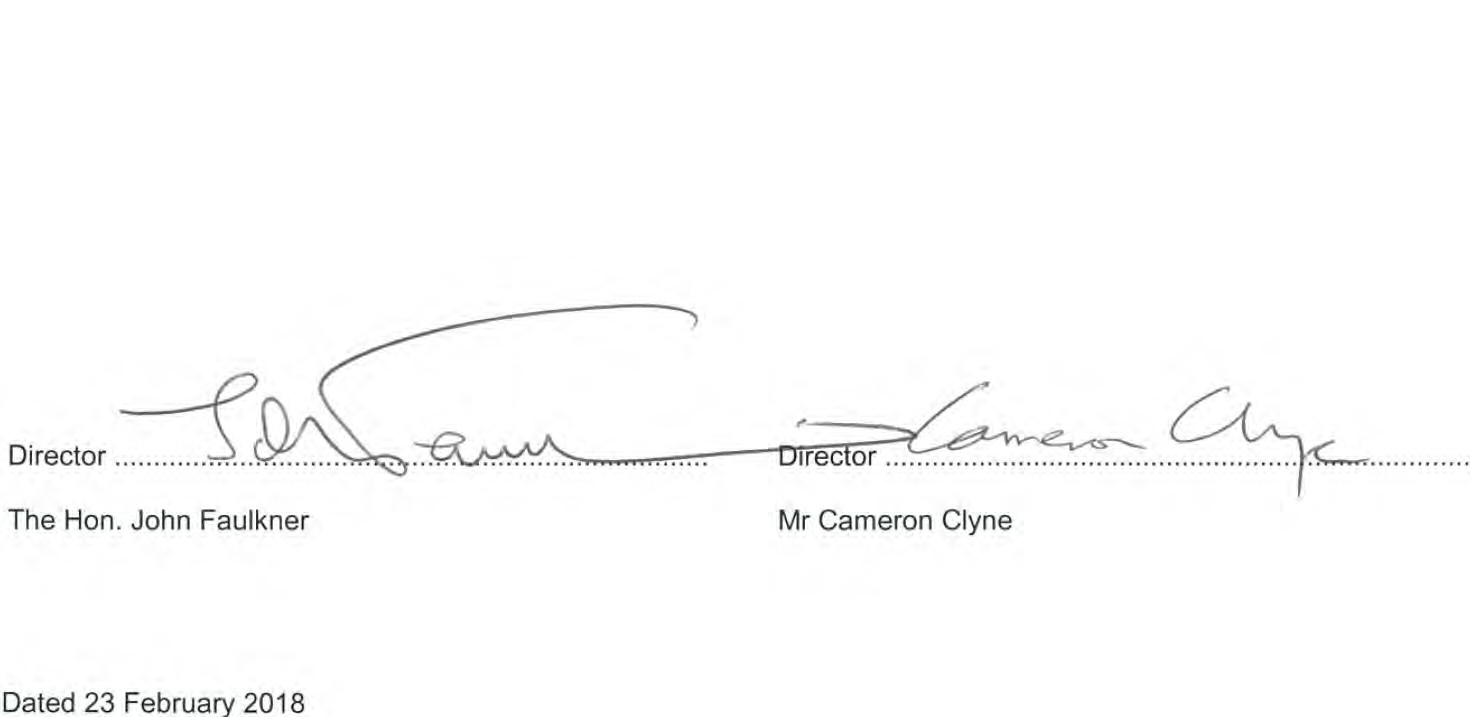
1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
   1. comply with Australian Accounting Standards and other interpretations, the *Corporations Regulations 2001, Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2015* and other mandatory professional reporting requirements; and
   2. give a true and fair view of the Company's financial position as at 31 December 2017 and financial performance for the financial year ended on that date;
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

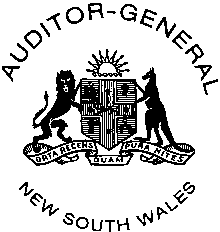
This declaration is made in accordance with a resolution of the Directors, pursuant to section 295(4) of the *Corporations Act 2001*, and 41(C) of the *Public Finance and Audit Act 1983*.

Director ............................................................................ Director ...........................................................................

The Hon. John Faulkner Ms Gabrielle Trainor

Dated 23 February 2018





**INDEPENDENT AUDITOR’S REPORT**

**Whitlam Institute within Western Sydney University Limited**

To Members of the New South Wales Parliament and Members of Whitlam Institute within Western Sydney University Limited

**Opinion**

I have audited the accompanying financial statements of Whitlam Institute within Western Sydney University Limited (the Company), which comprise, the Statement of Comprehensive Income for the year ended 31 December 2017, the Statement of Financial Position as at December 2017, 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.

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 2017 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the ‘Auditor’s Responsibilities for the Audit of the Financial Statements’ section of my report.

I am independent of the Company in accordance with the requirements of the:

* Australian Auditing Standards
* *Corporations Act 2001*
* Accounting Professional and Ethical Standards Board’s APES 110 ‘Code of Ethics for Professional Accountants’ (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
* precluding the Auditor-General from providing non-audit services.



I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 22 February 2018, would be in the same terms if provided to the directors as at the time of this Independent Auditor’s Report.

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

**Directors’ Responsibilities for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

My objectives are to:

* obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
* issue an Independent Auditor’s Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\_responsibilities/ar4.pdf.](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf) The description forms part of my auditor’s report.

My opinion does not provide assurance:

* that the Company carried out its activities effectively, efficiently and economically
* 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.



David Daniels

Director, Financial Audit Services

1 March 2018 SYDNEY

# Whitlam Institute Within Western Sydney University Trust

**ABN: 42 247 216 279**

**Financial Statements**

**For the Year Ended 31 December 2017**

These financial statements of the Whitlam Institute Within Western Sydney University Trust (the Trust) are presented as an individual entity. The financial statements are presented in Australian currency.

The registered office and principal place of business of the Whitlam Institute Within Western Sydney University Trust is:

Whitlam Institute Within Western Sydney University Trust Western Sydney University

Building EZ, Parramatta Campus Cnr James Ruse Dr & Victoria Rd Rydalmere NSW 2116 Registered postal address is:

Whitlam Institute Within Western Sydney University Trust Locked Bag 1797

Penrith NSW 2751

A description of the nature of the Trust's operations and it principal activities is included in the Trustees' report which is not part of these financial statements.

These financial statements were authorised for issue by the Trustees' on 23 February 2018. The Trustees have the power to amend and reissue the financial statements.

The Trustees present their report on Whitlam Institute Within Western Sydney University Trust for the financial year ended 31 December 2017.

Trustees

The Whitlam Institute Within Western Sydney University Limited (referred to hereafter as the Trustee Company) has been appointed as the Trustee of the Trust. The following persons have been directors of the Trustee Company during the financial year and to the date of this report:

The Hon. John Faulkner Ms Patricia Amphlett OAM Prof. Barney Glover

Ms Gabrielle Trainor Mr Talal Yassine OAM Ms Catherine Dovey Mr Cameron Clyne

Dr Rebecca Huntley Appointed 6 February 2017

Ms Amanda McKenzie Appointed 6 February 2017

Mr John Wells Resigned 17 November 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities and significant changes in nature of activities

There were no significant changes in the nature of the Trust's activities during the year.

The Whitlam Institute Within Western Sydney University Trust exists to support (through the provision of money, property or benefits) Western Sydney University, specifically the work of the Whitlam Institute with respect to the Whitlam Prime Ministerial Collection and the Institute's research, educational and policy activity.

Meetings of trustees

During the financial year, 4 meetings of trustees (including committees of trustees) were held. Attendances by each trustee during the year were as follows:

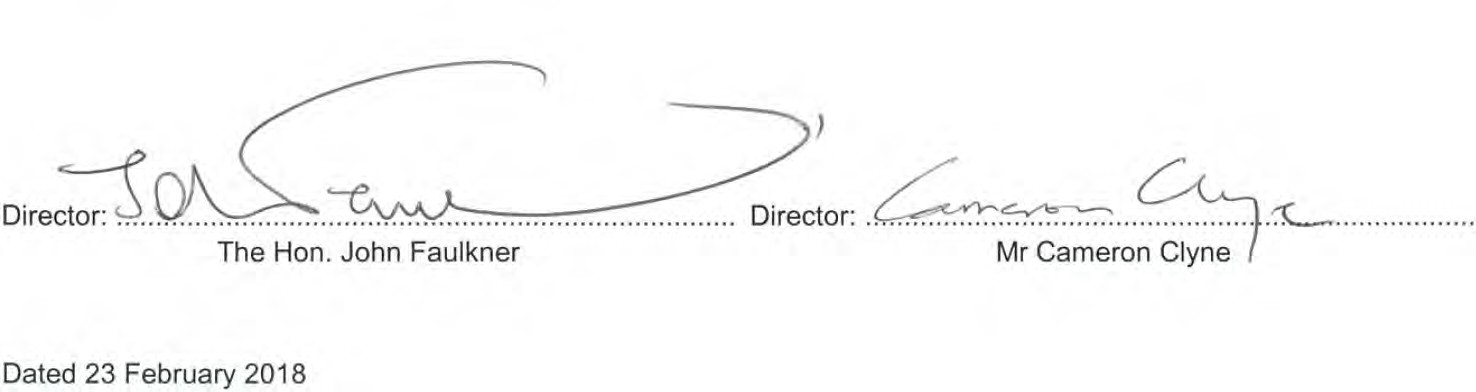
|  |  |  |
| --- | --- | --- |
|  | **Trustees Meetings** | |
| **Number eligible to attend** | **Number attended** |
| The Hon. John Faulkner | 4 | 4 |
| Ms Patricia Amphlett OAM | 4 | 3 |
| Prof. Barney Glover | 4 | 4 |
| Ms Gabrielle Trainor | 4 | 4 |
| Mr Talal Yassine OAM | 4 | 3 |
| Ms Catherine Dovey | 4 | 4 |
| Mr Cameron Clyne | 4 | 3 |
| Dr Rebecca Huntley | 4 | 3 |
| Ms Amanda McKenzie | 4 | 2 |
| Mr John Wells | 4 | 4 |

This report is made in accordance with a resolution of the Trustees.

Director: ............................................................................... Director: ..............................................................................

The Hon. John Faulkner Ms Gabrielle Trainor

Dated 23 February 2018



|  |  |  |  |
| --- | --- | --- | --- |
| **Start of audited financial statements**  **Statement of comprehensive income** |  | | |
| **For the Year Ended 31 December 2017** |
|  |  | **2017** | **2016** |
|  | **Notes** | **$** | **$** |
| **Revenue** |  |  |  |
| Services | 3 | **180,334** | 150,725 |
| Other revenue | 3 | **15,908** | 14,079 |
| Contribution of assets |  | **30,730** | 31,575 |
| **Total revenue** |  | **226,972** | 196,379 |
| **Expenses** |  |  |  |
| Contribution to Ultimate Parent Entity | 4 | **(107,543)** | (55,870) |
| Event expenses | 4 | **(1,452)** | (1,191) |
| Bank charges | 4 | **(195)** | (197) |
| **Total expenses** |  | **(109,190)** | (57,258) |
| **Surplus for the year** |  | **117,782** | 139,121 |
| **Other comprehensive income for the year**  Revaluation changes for property, plant and equipment |  | **-** | 20,040 |
| **Total other comprehensive income for the year** |  | **-** | 20,040 |
| **Total comprehensive income for the year** |  | **117,782** | 159,161 |
| **Comprehensive income for the year attributable to** |  |  |  |
| Non - controlling interest |  | **-** | - |
| The parent |  | **117,782** | 159,161 |
| **Total comprehensive income for the year** |  | **117,782** | 159,161 |

The accompanying notes form part of these financial statements.

**Statement of financial position**

###### As at 31 December 2017

ASSETS

**Current assets**

**Notes**

**2017**

**$**

**2016**

**$**

Cash and cash equivalents 7 **766,186** 575,222

|  |  |  |  |
| --- | --- | --- | --- |
| Trade and other receivables |  | **3,752** 3,700 | |
| Total current assets |  | **769,938** 578,922 | |
| **Non-current assets**  Property, plant and equipment | 8 | **861,172** 830,442 | |
| Total non-current assets |  | **861,172** 830,442 | |
| **Total assets** |  | **1,631,110** 1,409,364 | |
| **LIABILITIES**  **Current liabilities** |  |  |  |
| Amount owed to Ultimate Parent Entity |  | **103,964** | - |
| Total current liabilities |  | **103,964** | - |
| **Total liabilities** |  | **103,964** | - |
| **Net assets** |  | **1,527,146** | 1,409,364 |
| **TRUST FUNDS**  Settled fund |  | **1** | 1 |
| Reserves | 9 | **195,247** | 195,247 |
| Retained earnings | 10 | **1,331,898** 1,214,116 | |
| **Total trust funds** |  | **1,527,146** 1,409,364 | |

The accompanying notes form part of these financial statements.

###### Whitlam Institute Within Western Sydney University Trust ABN: 42 247 216 279

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Statement of changes in equity**  **For the Year Ended 31 December 2017** |  | | | |
|  | **Settled fund** | **Retained Earnings** | **Reserves** | **Total Equity** |
|  | **$** | **$** | **$** | **$** |
| **Balance at 1 January 2017** | 1 | 1,214,116 | 195,247 | **1,409,364** |
| Revaluation of property, plant and equipment | **-** | **-** | **-** | **-** |
| **Other comprehensive income** | **-** | **-** | **-** | **-** |
| Surplus for the year | **-** | 117,782 | **-** | **117,782** |
| **Total comprehensive income for the year** | **-** | **117,782** | **-** | **117,782** |
| **Balance at 31 December 2017** | **1** | **1,331,898** | **195,247** | **1,527,146** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Settled fund** | **Retained Earnings** | **Reserves** | **Total Equity** |
| **$** | **$** | **$** | **$** |
| **Balance at 1 January 2016** | 1 | 1,074,995 | 175,207 | 1,250,203 |
| Revaluation of property, plant and equipment | - | - | 20,040 | 20,040 |
| **Other comprehensive income** | - | - | 20,040 | 20,040 |
| Surplus for the year | - | 139,121 | - | 139,121 |
| **Total comprehensive income for the year** | - | 139,121 | - | 139,121 |
| **Balance at 31 December 2016** | 1 | 1,214,116 | 195,247 | 1,409,364 |

The accompanying notes form part of these financial statements.

###### Whitlam Institute Within Western Sydney University Trust ABN: 42 247 216 279

**Statement of cash flows**

**For the Year Ended 31 December 2017**

Notes

**2017**

**$**

**2016**

**$**

**Cash flows from operating activities**

Receipts from customers **168,357** 150,125

Payments to suppliers and employees **6,751** (57,258)

Investment income **15,856** 10,379

Net cash provided by operating activities 16 190,964 103,246

**Cash flows from investing activities**

**Net cash provided by investing activities -** -

**Cash flows from financing activities**

**Net cash provided by financing activities -** -

**Net increase/(decrease) in cash and cash equivalents 190,964** 103,246

Cash and cash equivalents at beginning of year **575,222** 471,976

Cash and cash equivalents at end of year 7 766,186 575,222

The accompanying notes form part of these financial statements.

Whitlam Institute Within Western Sydney University Trust (the Trust) is a not-for-profit controlled entity of the Western Sydney University. The Company is incorporated and domiciled in Australia.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied to all the years reported, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 23 February 2018

1 Summary of Significant Accounting Policies

1. **Basis of Preparation**

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the requirements of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2015* and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These financial statements and notes comply with Australian Accounting Standards some of which contains requirements specific to not for profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

1. Revenue recognition

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

The Trust 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 Trust's activities as described below. The Trust 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:

1. Donations, Scholarships and Prizes

Donations, scholarships and prizes are recognised when they are received.

1. Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

1. Event income

Event income is recognised when the economic benefits associated with the transaction flows to the entity.

1. Investment income

Investment income is recognised as it accrues using the effective interest method.

1 Summary of Significant Accounting Policies (continued)

1. **Cash and cash equivalents**

For the 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.

1. Income tax exemption

The Trust is exempt from the payment of tax by virtue of section 50 B of the Income Tax Assessment Act 1997. Accordingly no provision for income tax liability or future income tax benefit has been included in the accounts.

1. Government grants

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

1. 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 generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of receivables is recognised used when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the 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 impairment 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 impairment loss is recognised in surplus/(deficit) within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in surplus/(deficit).

1. Fair value estimation

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

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

1 Summary of Significant Accounting Policies (continued)

1. **Property, plant and equipment**

Property, plant and equipment consists only of the Whitlam Collection and is not depreciated given the nature of its contents.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

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

Whitlam Collection

Assets comprising the Whitlam Collection have been donated to the Trust. Market valuations have been obtained froman independent valuer to determine the fair value of the collection in accordance with AASB 13 Fair Value Measurement and AASB116 Property, plant and Equipment. The Whitlam Collection was revalued in 2016 in accordance with the ultimate parent entity three year revaluation cycle.

Increases in the carrying amounts arising on revaluation of the Whitlam Collection are recognised 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 or loss. Decreases that reverse previous increases of the same asset class are also recognised in other comprehensive income to the extent of the remaining reserve attributable to the asset class. All other decreases are charged to the income statement.

1. 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 Australian Taxation Office. In this case it is recognised as part of the cost of 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 Australian Taxation Office 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 Australian Taxation Office, are presented as operating cash flows.

1. Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year. No comparatives were restated in the financial statements.

1. Summary of Significant Accounting Policies (continued)
2. **New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not yet been applied in the financial statements. The Trust's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Trust.

1. Critical accounting estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that may have a financial impact on the Trust and that are believed to be reasonable under the circumstances.

The valuation of assets and the estimate of useful life uses estimates and judgments.

The valuation of the Whitlam Collection within Property Plant and Equipment has been signed by an independent expert valuer Peter Tinslay, Valuer on the basis of a fair value for accounting purposes.

1. Adoption of new and revised accounting standards

The Trust has adopted all standards which became effective for the first time for the financial year beginning 1 January 2017. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Trust.

1. Financial Risk Management

The main risks the Trust is exposed to through its financial instruments are liquidity risk and market risk (interest rate risk). The Trust'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 Trust. The Trust 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 and ageing analysis for credit risk.

The Trust holds the following financial instruments:

Financial Assets

**Notes**

**2017**

**$**

**2016**

**$**

Cash and cash equivalents 7 **766,186** 575,222 Trade and other receivables (1) **3,752** 3,700

**769,938** 578,922

Financial Liabilities

Amount owed to Ultimate Parent Entity **103,964** -

**103,964** -

* 1. Excludes statutory receivables and prepayments (not within the scope of AASB 7).

1. Credit risk

The credit risk on financial assets of the Trust which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations, resulting in financial loss to the Trust. The Trust does not have any significant exposure to any unrelated debtor.

The following table details the Trust's trade and other receivables exposure to credit risk with ageing analysis.

2017

**$**

**2016**

**$**

Up to 3 months **2,600** 2,645

3 to 6 months **1,152** 1,055

**Total**  **3,752** 3,700

###### Whitlam Institute Within Western Sydney University Trust ABN: 42 247 216 279

**Notes to the financial statements**

**For the Year Ended 31 December 2017**

2 Financial Risk Management (continued)

1. **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Trust held deposits at call of $766,186 (2016: $575,222) that are expected to readily generate cash inflows for managing liquidity risk.

The table below reflect maturity analysis for financial assets.

Weighted Average Effective Interest Rate

**Floating Interest**

**Rate Within 1 Year 1 to 5 Years Over 5 Years Total**

**Financial assets - cash flows realisable**

**2017**

**%**

**2016**

**%**

**2017**

**$**

**2016**

**$**

**2017**

**$**

**2016**

**$**

**2017**

**$**

**2016**

**$**

**2017**

**$**

**2016**

**$**

**2017**

**$**

**2016**

**$**

Cash and cash equivalents **2.40** 2.65 **355,834** 175,222 **410,352** 400,000 **-** - **-** - **766,186** 575,222

**Total financial assets 355,834** 175,222 **410,352** 400,000 **-** - **-** - **766,186** 575,222

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2 Financial Risk Management (continued)

1. **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

1. Cash flow and fair value interest rate

The Trust's exposure to interest rate risk is minimal as it has no borrowings.

1. Summarised sensitivity analysis

The following table summarises the sensitivity of the Trust's financial assets and financial liabilities to interest rate risk. The Trust's financial assets and financial liabilities are not subject to foreign exchange risk and other price risk.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Carrying | -100bps  Surplus/ |  | +100bps  Surplus/ |  |
| amount | (deficit) | Trust funds | (deficit) | Trust funds |
| $ | $ | $ | $ | $ |

31 December 2017

**Financial assets**

Cash and cash equivalents 766,186 (7,662) (7,662) 7,662 7,662

|  |  |
| --- | --- |
| Trade receivables (a) | 3,752 - - - - |
| Total increase/(decrease) in financial assets | (7,662) (7,662) 7,662 7,662 |
| **Financial liabilities**  Amounts owed to ultimate parent entity (b) | 103,964 - - - - |
| Total increase/(decrease) in financial liabilities | - - - - |
| **Total increase/(decrease)** | (7,662) (7,662) 7,662 7,662 |

31 December 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Carrying | -100bps  Surplus/ |  | +100bps  Surplus/ |  |
| amount | (deficit) | Trust funds | (deficit) | Trust funds |
| $ | $ | $ | $ | $ |

**Financial assets**

Cash and cash equivalents 575,222 (5,752) (5,752) 5,752 5,752 Trade receivables (a) 3,700 - - - - Total increase/(decrease) in financial assets (5,752) (5,752) 5,752 5,752

Financial liabilities

Amounts owed to ultimate parent entity (b) - - - - - Total increase/(decrease) in financial liabilities - - - -

Total increase/(decrease) (5,752) (5,752) 5,752 5,752

1. Excludes statutory receivables and prepayments (not within the scope of AASB 7)
2. Excludes statutory payables and unearned revenue (not within the scope of AASB 7).

|  |  |  |
| --- | --- | --- |
| **3** | **Revenue** | **2017 2016** |
|  |  | **$ $** |
|  | **Services**  Donations | **177,150** 150,725 |
|  | Royalty and intellectual property | **3,184** - |
|  | **Total services** | **180,334** 150,725 |
|  | **Other revenue**  Interest | **10,713** 4,114 |
|  | Distributions from managed funds | **5,195** 9,965 |
|  | **Total other revenue** | **15,908** 14,079 |
|  | **Total revenue** | **196,242** 164,804 |
| **4** | **Expenses** | **2017** 2016 |
|  |  | **$** $ |
|  | Contribution to Ultimate Parent Entity | **107,543** 55,870 |
|  | Event expenses | **1,452** 1,191 |
|  | Bank charges | **195** 197 |
|  | **Total expenses** | **109,190** 57,258 |
| **5** | **Remuneration of Auditors** |  |

Audit fees of $9,878 (including GST) for 2017 (2016: $9,635) will be paid by the ultimate parent entity.

6 Fair Value Measurement Fair value hierarchy

Whitlam Institute Within Western Sydney University Trust categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurements as follows:

Level 1 Unadjusted quoted prices 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 or indirectly.

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

The table below shows the assigned level for each asset and liability held at fair value by the Trust:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **31 December 2017** | **Level 1**  **$** | **Level 2**  **$** | **Level 3**  **$** | **Total**  **$** |
| **Recurring fair value measurements** |  |  |  |  |
| **Non-financial assets**  Property, plant and equipment |  | **- 861,172** |  | **- 861,172** |
| **Total non-financial assets** |  | **- 861,172** |  | **- 861,172** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **31 December 2016** | **Level 1**  **$** | **Level 2**  **$** | **Level 3**  **$** | **Total**  **$** |
| **Recurring fair value measurements** |  |  |  |  |
| **Non-financial assets**  Property, plant and equipment |  | - 830,442 |  | - 830,442 |
| **Total non-financial assets** |  | - 830,442 |  | - 830,442 |

6 Fair Value Measurement (continued)

1. **Valuation techniques used to derive level 2 fair values**
2. Recurring fair value measurements

The fair value of assets that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 2.

The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Property, plant and equipment is valued using current observable market values. All of the resulting fair value estimates are included in level 2.

The level 2 fair value valuation for the Western Sydney University Whitlam Collection was undertaken by research of records of Australian and international sales, on-line databases, purchases and other forms of acquisition and knowledge of prices paid by other institutions.

1. Non-recurring fair value measurement

The Trust does not hold assets that use non-recurring fair value measurements during the current or prior periods.

6 Fair Value Measurement (continued)

1. **Fair value measurements**

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

**2017**

**$**

**2016**

**$**

**2017**

**$**

**2016**

**$**

|  |  |
| --- | --- |
| **Financial assets**  Cash and cash equivalents | **766,186** 575,222 **766,186** 575,222 |
| Trade and other receivables | **3,752** 3,700 **3,752** 3,700 |
| **Total financial assets** | **769,938** 578,922 **769,938** 578,922 |
| **Financial Liabilities**  Amounts owed to ultimate parent entity | **103,964** - **103,964** - |
| **Total financial liabilities** | **103,964** - **103,964** - |

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis:

* Property, plant and equipment

|  |  |  |  |
| --- | --- | --- | --- |
| **7** | **Cash and cash equivalents** | **2017** | **2016** |
|  | Cash at bank and on hand | **$**  **18,613** | **$**  27,196 |
|  | Term deposits | **410,352** | 400,000 |

T-Corp investments **337,221** 148,026

**766,186** 575,222

Reconciliation of cash at the end of the year

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

|  |  |  |
| --- | --- | --- |
| Cash and cash equivalents | **2017**  **$ 766,186** | **2016**  **$**  575,222 |
| **Balance as per statement of cash flows** | **766,186** | 575,222 |

1. Risk exposure

The Trust's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

1. Cash at bank and on hand

Cash at bank is interest bearing and cash on hand is non-interest bearing.

1. Fair value

The carrying amount for cash and cash equivalents equals the fair value.

|  |  |  |
| --- | --- | --- |
| **8** | **Property, plant and equipment** | **Library Total** |
|  |  | **$ $** |
|  | **At 1 January 2016**  Valuation | 778,827 778,827 |
|  | Net book amount | 778,827 778,827 |
|  | **Year ended 31 December 2016**  Opening net book amount | 778,827 778,827 |
|  | Revaluation surplus | 20,040 20,040 |
|  | Additions | 31,575 31,575 |
|  | Closing net book amount | 830,442 830,442 |
|  | **At 31 December 2016** |  |
|  | Valuation | 830,442 830,442 |
|  | Net book amount | 830,442 830,442 |
|  | **Year ended 31 December 2017** |  |
|  | Opening net book amount | 830,442 830,442 |
|  | Revaluation surplus | - - |
|  | Additions | 30,730 30,730 |
|  | Closing net book amount | 861,172 861,172 |
|  | **At 31 December 2017** |  |
|  | Valuation | 861,172 861,172 |
|  | Net book amount | 861,172 861,172 |
| **9** | **Reserves** |  |
|  |  | **2017 2016** |
|  |  | **$ $** |
|  | Revaluation surplus - property, plant and equipment | **195,247** 195,247 |
|  |  | **195,247** 195,247 |
|  | **Movements** |  |
|  |  | **2017 2016** |
|  | Revaluation surplus - property, plant and equipment | **$ $** |
|  | Balance 1 January | **195,247** 175,207 |
|  | Revaluation - gross | **-** 20,040 |
|  | Balance 31 December | **195,247** 195,247 |
|  | **(a) Nature and purpose of reserves** |  |

(i) Revaluation surplus - property, plant and equipment

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(h).

10 Retained earnings

Movements in retained earnings were as follows:

2017

**$**

**2016**

**$**

Balance as at 1 January **1,214,116** 1,074,995

Surplus for the year **117,782** 139,121

|  |  |  |
| --- | --- | --- |
|  | Trust distributions for the year  Balance as at 31 December | **-** -  **1,331,898** 1,214,116 |
| **11**  **12** | **Commitments**  The Trust had no commitments at 31 December 2017 (31 December 2016: nil).  **Contingencies** |  |

The Trust did not have any contingencies at 31 December 2017 (31 December 2016: nil).

1. Key Management Personnel Disclosures
   1. **Names of responsible persons and executive officers**

The following persons were responsible persons and executive officers of Whitlam Institute Within Western Sydney University Trust during the financial year:

1. Names of Responsible Persons

Ms Leanne Smith - appointed 18 September 2017 Mr Eric Sidoti - resigned 15 September 2017

All responsible persons of the Trust are employees of the Western Sydney University (parent entity) and are not remunerated by either the parent entity or the Trust for their executive responsibilities.

1. Names of Executive Officers

The Hon. John Faulkner (Chair) Ms Patricia Amphlett OAM Prof. Barney Glover

Ms Gabrielle Trainor Mr Talal Yassine OAM Ms Catherine Dovey Mr Cameron Clyne

Dr Rebecca Huntley - appointed 6 February 2017 Ms Amanda McKenzie - appointed 6 February 2017 Mr John Wells - resigned 17 November 2017

All executive officers of the Trust are not employees of the Western Sydney University (parent entity) except for Prof. Barney Glover and are not remunerated by either the parent entity or the Trust for their executive responsibilities.

1. Related party transactions
   1. **Parent entity**

The ultimate parent entity of the Trust is Western Sydney University.

* 1. Transactions with related parties

**2017**

**$**

**2016**

**$**

Matched Donations from the Ultimate Parent Entity **(8,290)** (10,804)

Payment to Ultimate Parent Entity **107,543** 55,870

1. Economic dependency

The Trust is economically dependent on the Western Sydney University for the provision of office accommodation and support activities.

|  |  |  |  |
| --- | --- | --- | --- |
| **16** | **Reconciliation of surplus/(deficit) to net cash provided by operating activities**  Surplus for the year | **2017**  **$ 117,782** | **2016**  **$**  139,121 |
|  | **Changes in assets and liabilities:**  - (increase)/decrease in trade and other receivables | **(52)** | (3,700) |
|  | - (increase)/decrease in assets | **(30,730)** | (31,575) |
|  | - increase/(decrease) in other liabilities | **103,964** | (600) |
|  | Net cash flows provided by operating activities | **190,964** | 103,246 |

17 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years (2016: nil).

END OF AUDITED FINANCIAL STATEMENTS

**Trustees' declaration**

In the Trustee's opinion:

1. the financial statements and notes, as set out on pages 222 to 240:
   1. comply with Australian Accounting Standards and other interpretations, the *Public Finance and Audit Act 1983,*

the *Public Finance and Audit Regulation 2015* and other mandatory professional reporting requirements; and

* 1. give a true and fair view of the Trust's financial position as at 31 December 2017 and financial performance for the financial year ended on that date;

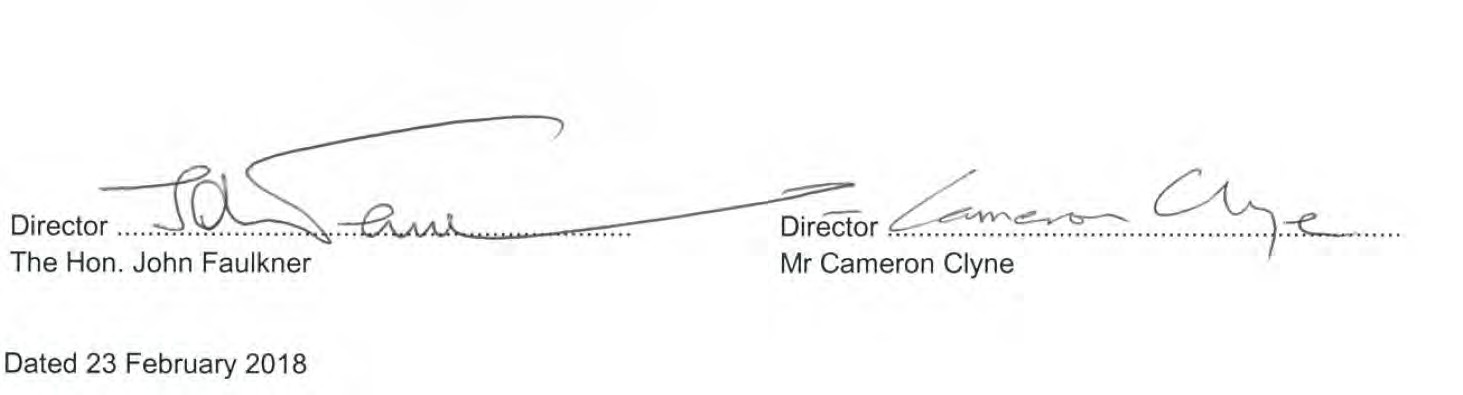
1. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
2. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

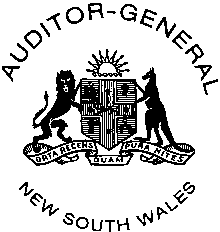
This declaration is made in accordance with a resolution of the Trustee Company, the Whitlam Institute with Western, pursuant to the *Public Finance and Audit Act 1983*.

Director .................................................................. Director ..................................................................

The Hon. John Faulkner Ms Gabrielle Trainor

Dated 23 February 2018





**INDEPENDENT AUDITOR’S REPORT**

**Whitlam Institute within Western Sydney University Trust**

To Members of the New South Wales Parliament and Members of Whitlam Institute within Western Sydney University Trust

**Opinion**

I have audited the accompanying financial statements of the Whitlam Institute within Western Sydney University Trust (the Trust), which comprise, the Statement of Comprehensive Income for the year ended 31 December 2017, the Statement of Financial Position as at 31 December 2017, 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 trustees’ declaration.

In my opinion the financial statements:

* give a true and fair view of the Trust’s financial position as at 31 December 2017 and its performance for the year ended on that date
* comply with Australian Accounting Standards
* are in accordance with section 41 B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the ‘Auditor’s Responsibilities for the Audit of the Financial Statements’ section of my report.

I am independent of the Trust in accordance with the requirements of the:

* Australian Auditing Standards
* Accounting Professional and Ethical Standards Board’s APES 110 ‘Code of Ethics for Professional Accountants’ (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
* precluding the Auditor-General from providing non-audit services.

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



#### Directors’ Responsibilities for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Trust’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

My objectives are to:

* obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
* issue an Independent Auditor’s Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\_responsibilities/ar4.pdf.](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf) The description forms part of my auditor’s report.

My opinion does not provide assurance:

* that the Trust carried out its activities effectively, efficiently and economically
* 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.



David Daniels

Director, Financial Audit Services

1 March 2018 SYDNEY

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**Appendices**

**Western Sydney University**

### 2017 Actual to Budget Comparative Analysis

|  |  |  |  |
| --- | --- | --- | --- |
| **2017** | **2017** | ***2017*** | ***2017*** |
| **BUDGET** | **ACTUAL** | ***VARIANCE*** | ***VARIANCE*** |
| **$'000** | **$'000** | ***$'000*** | % |

INCOME FROM CONTINUING OPERATIONS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **GOVERNMENT**  **ACADEMIC ACTIVITIES** | **554,690** | **539,414** | ***(15,276)*** | **-2.8%** |
| International Onshore | 88,843 | 96,362 | ***7,519*** | **8.5%** |
| International Offshore | 957 | 598 | ***(359)*** | **-37.5%** |
| Local fee-paying | 17,440 | 16,305 | ***(1,135)*** | **-6.5%** |
| External Research Grants | 36,285 | 29,169 | ***(7,116)*** | **-19.6%** |
| Consulting, Contracting & Royalties | 4,066 | 3,058 | ***(1,008)*** | **-24.8%** |
| Other Academic | 44,936 | 42,824 | ***(2,112)*** | **-4.7%** |
| **Sub Total** | **192,527** | **188,316** | ***(4,211)*** | **-2.2%** |
| **OTHER INCOME ACTIVITIES** |  |  |  |  |
| Leases & Other Commercial | 9,440 | 9,991 | ***551*** | **5.8%** |
| Investment Income | 10,148 | 14,090 | ***3,942*** | **38.8%** |
| Land/Property Development Projects | 178,039 | 94,802 | ***(83,237)*** | **-46.8%** |
| Other Incidental | 9,993 | 12,563 | ***2,570*** | **25.7%** |
| **Sub Total** | **207,620** | **131,446** | ***(76,174)*** | **-36.7%** |
| **ENTITIES** |  |  |  |  |
| The College | 63,013 | 59,607 | ***(3,406)*** | **-5.4%** |
| Whitlam Institute | 175 | 227 | ***52*** | **29.7%** |
| ELL | 6,864 | 7,042 | ***178*** | **2.6%** |
| Western Unlimited Adjustments on Consolidation | 16,155 | 13,631 | ***(2,524)*** | **-15.6%** |
| **Sub Total** | **86,207** | **80,507** | ***(5,700)*** | **-6.6%** |
| **TOTAL SELF-GENERATED INCOME** | **486,354** | **400,269** | ***(86,085)*** | **-17.7%** |
| **TOTAL INCOME** | **1,041,044** | **939,683** | ***(101,361)*** | **-9.7%** |
| **EXPENSES FROM CONTINUING OPERATIONS**  Schools | 226,429 | 220,457 | ***5,972*** | **2.6%** |
| Research | 90,178 | 79,149 | ***11,029*** | **12.2%** |
| Divisions | 160,793 | 161,064 | ***(271)*** | **-0.2%** |
| Entities | 85,825 | 76,904 | ***8,921*** | **10.4%** |
| Consulting & Innovation | 4,066 | 3,347 | ***719*** | **17.7%** |
| University Wide | 164,325 | 154,324 | ***10,001*** | **6.1%** |
| Strategic Initiatives | 51,898 | 46,479 | ***5,419*** | **10.4%** |
| Minor Works (Expensed) | 7,000 | 8,094 | ***(1,094)*** | **-15.6%** |
| External Trust & Tied Grants | 16,422 | 22,347 | ***(5,925)*** | **-36.1%** |
| Depreciation | 45,402 | 48,834 | ***(3,432)*** | **-7.6%** |
| Land Development Projects | 109,516 | 62,685 | ***46,831*** | **42.8%** |
| Adjustments on Consolidation |  | 3,935 |  |  |

**TOTAL EXPENDITURE 961,854 887,619 *74,235* 7.7%**

**NET OPERATING RESULT 79,190 52,064 *(27,126)* -34.3%**

|  |  |
| --- | --- |
| **Western Sydney University 2018 Budget** | **2018** |
|  | **BUDGET** |
|  | **$'000** |
| **INCOME FROM CONTINUING OPERATIONS** |  |
| **GOVERNMENT** | **547,924** |
| **ACADEMIC ACTIVITIES** |  |
| International Onshore | 124,269 |
| International Offshore | 727 |
| Local fee-paying | 17,500 |
| External Research Grants | 32,150 |
| Consulting, Contracting & Royalties | 1,693 |
| Other | 47,824 |
| **Sub Total** | **224,163** |
| **OTHER INCOME ACTIVITIES** |  |
| Leases & Other Commercial | 10,874 |
| Investment Income | 13,451 |
| Land/Property Development Projects | 53,809 |
| Other Incidental | 10,883 |
| **Sub Total** | **89,017** |
| **ENTITIES** |  |
| The College | 63,657 |
| Whitlam Institute | 177 |
| ELL | 7,278 |
| Western Unlimited | 9,473 |
| **Sub Total** | **80,585** |
| **TOTAL SELF-GENERATED INCOME** | **393,765** |
| **TOTAL INCOME** | **941,689** |

EXPENSES FROM CONTINUING OPERATIONS

|  |  |
| --- | --- |
| Schools | 228,766 |
| Research | 83,922 |
| Divisions | 170,678 |
| Entities | 80,697 |
| Consulting & Innovation | 2,307 |
| University Wide | 183,492 |
| Strategic Initiatives | 48,527 |
| Minor Works (Expensed) | 8,500 |
| External Trust & Tied Grants | 21,391 |
| Depreciation | 49,440 |
| Land Development Projects | 29,746 |

**TOTAL EXPENDITURE 907,466**

**NET REPORTED RESULT 34,223**

**Accounts Payable Performance Indicators - 2017**

The University’s payment terms to creditors is 30 days. Any variation to these terms with due justification must be approved by the University Treasurer. University payment runs are fortnightly. The majority of payments are made via electronic transfer with the remainder being settled by cheque.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Accounts Payable Performance in 2017** | **First** | **Second** | **Third** | **Fourth** |
| **Category** | **Quarter** | **Quarter** | **Quarter** | **Quarter** |
|  | **$** | **$** | **$** | **$** |
| **1. Schedule of Accounts Payable** |  |  |  |  |
| Paid within 30 days | 81,654,501 | 60,898,674 | 58,585,732 | 78,780,542 |
| Paid between 31-60 days | 24,307,584 | 28,923,100 | 38,766,503 | 40,786,619 |
| Paid between 61-90 days | 1,398,508 | 2,462,581 | 3,239,652 | 1,131,991 |
| Paid between 91-120 days | 1,199,832 | 686,760 | 858,530 | 624,649 |
| Paid more than 120 days | 1,855,353 | 1,540,374 | 814,831 | 575 |
| **Total** | **110,415,778** | **94,511,490** | **102,265,248** | **121,324,376** |
| **2. Accounts Paid on Time** |  |  |  |  |
| Target percentage of accounts paid on time | 100.0% | 100.0% | 100.0% | 100.0% |
| Actual percentage of accounts paid on time# | 74.0% | 64.4% | 57.3% | 64.9% |
| Total dollar amount of accounts paid on time | 81,654,501 | 60,898,674 | 58,585,732 | 78,780,542 |
| **Total dollar amount of accounts paid** | **110,415,778** | **94,511,490** | **102,265,248** | **121,324,376** |
| # based on invoice date, not date received in Accounts Payable. |  |  |  |  |

### Investment Portfolio Performance - 2017

The University had $107.9 million in investments at 31 December 2017 ($98.2 million at 31 December 2016). The University did not apply for any new investments in the Acadian Australian Equity High Yield Fund during 2017. The underperformance of the Acadian fund during 2017 is as a result of improved performance of higher risk and higher volatility sectors such as energy and materials to which the Acadian strategy has a lower exposure. The result has also been affected by the underperformance of some lower volatility sectors such as consumer staples, consumer discretionary and telecoms to which the Acadian strategy has a higher exposure. On an annualised basis the return since inception is 13.08% compared to the benchmark of 12.54%.

Distributions received were re-invested. Some units (total $1.2 million) of the fixed income portfolio managed by JBWere matured or were sold by the University during 2017. The University applied for new investments for the same value also during 2017. Investment performance of the fixed income portfolio was satisfactory and exceeded benchmark. Distributions received were re-invested.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2017** | | **2016** | | **2015** | | **2014** | |
| **Fund** | **Actual Benchmark**  **Return Return**  **% %** | | **Actual Benchmark**  **Return Return**  **% %** | | **Actual Benchmark**  **Return Return**  **% %** | | **Actual Benchmark**  **Return Return**  **% %** | |
| ***Other Financial Assets ‐ Non‐current*** |  |  |  |  |  |  |  |  |
| Acadian Australian Equity High Yield Fund 4 | 7.55% | 13.53% | 11.41% | 13.40% | 10.38% | 4.40% | 12.01% | 6.90% |
| Held To Maturity ‐ JB Were 5 | 3.40% | 1.75% | 3.50% | 2.07% | 4.04% | 2.33% | 4.76% | 2.69% |
| Unlisted Securities 6 | ‐ | ‐ | ‐ | ‐ | ‐ | ‐ | ‐ | ‐ |

1. - Acadian Australian Equity High Yield Fund - full year performance
2. - Fixed income portfolio managed by JBWere - full year performance
3. - The University had $16.5 million in unlisted securities as at 31 December 2017 ($11.3 million at 31 December 2016) which are not measured for performance.

### Promotion and Travel

For the 2017 year the total University expenditure for overseas travel was $5,258,759. Travel was for a variety of University related purposes including research collaboration, university promotion and development of new partnerships, presentation of papers at conferences, overseas joint university projects, academic development program, student practicums and International study exchange and tours.

All Travel was in accordance with the University Travel Policy https://policies.westernsydney.edu.au/document/view.current.php?id=268 which complies with regulations and guidelines of NSW Treasury.

### Credit Card Certification

Credit card use within Western Sydney University is in accordance with the University’s corporate credit card policy https://policies.westernsydney.edu.au/document/view.current.php?id=65 which complies with regulations and guidelines of NSW Treasury.

Credit card usage is acquitted via the online Travel and Expense Management System and checked and authorised by the appropriate senior delegated officer.

The University conducts regular reviews of credit card usage and where a cardholder is found to be in contravention of the policy regulations by either misuse or non-cquittal in a timely manner, the credit card will be cancelled.

### Funds Granted to Non-Government Community Organisations

During 2017 the University provided $33,337 in funding to non-government community organisations

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of recipient organisation** | **Program area as per budget** | **Nature and purpose of project including aims and target clients** | **Amount $** |
| Langtang Museum, Nepal | Research and community engagement | Following the earthquake to establish a museum to preserve cultural history and assist in reviving the economy by bringing tourists to the region | 26,337 |
| Western Sydney Homeless connect | Community Engagement | Providing free health checks to homeless community members in Western Sydney including blood pressure, blood sugar levels together with enhancing the clinical skills of WSU nursing students | 1,500 |
| Country Education Foundation | Community Engagement | The foundation provides funds to school leavers who need a helping hand to transition from school to higher education or the workforce | 5,500 |

**Controlled Entities**

### Western Unlimited Ltd

Principal Objectives

The principal objective of the company is to provide food and beverage, sporting and campus life facilities and services across all six of the Western Sydney University campuses.

Principal Activities and Strategic Projects

The principal activity of the company during the 2017 financial year was the provision of campus life, clubs and societies, sports and fitness, food and beverage and other services to the Western Sydney University community including students, staff, alumni and residents of greater Western Sydney.

Performance measures

The performance measures of the company are financial and non-financial related to trading in community services.

|  |  |  |  |
| --- | --- | --- | --- |
| ***Category*** | ***FY 2017 Actual*** | ***Annual 2017 Budget*** | ***% Full year achieved*** |
| Revenue | $13,482,327 | $16,154,627 | 83% |
| Expenses | $10,372,913 | $15,997,522 | 65% |
| **Operating Surplus/(Deficit)** | **$3,109,414** | **$157,105** | 0% |
| Accumulated Retained Earnings | ($1,229,830) |  |  |

Financial KPI’s were achieved with the budgeted operating surplus being met due to forgiveness of debt obligation to the University totalling $3.935M.

Non-financial KPI’s related primarily to the centralisation of shared services, including Finance and Administration, IT, Visual Communications and Human Resources, and inventory reduction.

As a key provider of student services Western Unlimited receives some ongoing financial support from the University.

Management and Operations

Western Unlimited Ltd is a wholly owned entity of Western Sydney University. An independent Board of Directors is responsible for the overall operations of the Company.

### Western Sydney University Early Learning Limited

Principal Objectives

The principal objective of the Company is to provide affordable, high quality early childhood care and education for the children of Western Sydney University staff, students and the local community.

Principal Activities and Strategic Projects

To provide affordable, high quality early childhood care and education for the children of Western Sydney University staff, students and the local community. The provision of this service is campus based to enable staff, students and the local community the greatest opportunity to balance work and study commitments with childrearing.

Performance Measures

The performance measures of the company are both financial and non-financial. The Company has adopted the following key performance indicators

* + Ensure all services at least meet Education and Care National Quality Standards
  + Utilisation rates at all Centres increasing and stabilising
  + Centralisation of the Financial and Administrative functions
  + Financial operations of the Company now consolidated into the University’s financial reporting and budgeting cycle
  + Continuing to explore ways of offering casual care in addition to permanent placement
  + Community Engagement

|  |  |  |  |
| --- | --- | --- | --- |
| ***Category*** | ***FY 2017 Actual*** | ***Annual 2017 Budget*** | ***% Full year achieved*** |
| Revenue | $7,041,702 | $6,864,438 | 103% |
| Expenses | $6,666,871 | $6,707,707 | 99% |
| **Operating Surplus** | **$374,831** | **$156,731** | 0% |
| Accumulated Retained Earnings | $1,428,886 |  |  |

Management and Operations

Western Sydney University Early Learning Limited is a wholly owned entity of the Western Sydney University. An independent Board of Directors is responsible for the overall operations of the Company.

### Western Sydney University Enterprises Pty Limited (trading as Western Sydney University The College)

Principal Objectives

The principal objective of the company is to provide English and Academic Pathways programs to the University, complemented by other professional and community programs, consistent with Western Sydney University imperatives.

Principal Activities and Strategic Projects

The principal activities of the company are structured into the following three key areas:

* + Academic Pathways which provides Foundation Studies and a variety of Diploma programs for students proceeding to an academic degree at Western Sydney University. The College continues to offer the Extended Four Term Diploma in addition to the existing University Foundation Studies and Diplomas courses (that are equivalent to first year University programs). The College also established the Western Sydney University International College (“the International College as a joint venture with Navitas Ltd.
  + English Programs which enable international students to gain the academic English skills essential for university entrance. This unit also provides a diversity of programmes for international groups including industry visits and cultural immersion, as well is IELTS and other English-language assessment tests.
  + Professional and Community Programs which delivers VET sector courses, acts as the College Registered Training Organisation (RTO), and conducts Property and Trust Management, SKILLMAX and HSC preparation courses.

During the 2017 financial year the company undertook numerous strategic projects in accordance with the company’s overall objectives and principal activities.

Performance Measures

The performance measures of the Company are both financial and non-financial:

* + The Extended Diploma Program provides some challenges in the prediction of load/revenue for the year. Other Academic Pathway Programs performed below expected projections.
  + Shift towards International College as preferred provider for international pathways along with general decrease in international enrolments is having an impact on income.
  + English Programs continue to be affected by Visa issues.

|  |  |  |  |
| --- | --- | --- | --- |
| ***Category*** | ***FY 2017 Actual*** | ***Annual 2017 Budget*** | ***% Full year achieved*** |
| Revenue | $59,605,859 | $63,012,721 | 95% |
| Expenses | $59,605,859 | $63,012,721 | 95% |
| **Operating Surplus** | **$0** | **$0** | 0% |
| Accumulated Retained Earnings | $6,765,448 |  |  |

Management and Operations

Western Sydney University Enterprises Pty Limited (trading as Western Sydney University The College) is a wholly owned entity of the of Western Sydney University. An independent Board of Directors is responsible for the overall operations of the company and the day to day activities are managed by a Chief Executive Officer.

The Board has oversight of the Academic Advisory Committee and the English and Professional and Community Programs Academic Advisory Committee. An Audit Committee of the Board was established in 2010 and has made a significant contribution to financial monitoring and reporting within the organisation.

### Whitlam Institute within Western Sydney University Limited

Principal Objectives

The Whitlam Institute is a trustee of the Whitlam Institute within Western Sydney University Trust which was established by agreement between Western Sydney University and the Hon EG Whitlam in 2000. Its spirit is best captured in Gough’s own words when signing the Deed of Gift:

*‘The greatest contribution that I hope to bestow is inspiration. That the work and causes championed in my parliamentary career and the statesman service that followed, will provide the basis for ongoing research and advocacy from this university into the contemporary challenges that confront and can improve the quality of life for all Australians.’[December 2003]*

Principal Activities and Strategic Projects

The Whitlam Institute works as an educator, policy influencer and research institute. It is also home to the Whitlam Prime Ministerial Collection and the Whitlam Reading Room which houses selected books and papers donated by Mr. Whitlam. The collection provides on-line access to papers held both at the Institute and in the National Archives. It maintains an active public education program.

The Institute's strategic program continues to expand in accordance with the intentions outlined in its current Strategic Plan 2016-2018 and subsequently amended in the mid-term review. The strategic priorities focus on:

* + The historical legacy;
  + Contemporary relevance through public policy development;
  + The education and outreach program;
  + Governance;
  + Organisation; and
  + Resourcing.

Performance Measures

The performance measures of the Company are primarily of a non-financial nature and are driven by the philanthropic nature of the trust and the role of the trustee.

The Whitlam Institute is guided by the ‘three great aims’ that drove the Whitlam Program of 1972. They are

* + to promote equality
  + to involve the people of Australia in the decision-making processes of our land, and
  + to liberate the talents and uplift the horizons of the Australian people.

|  |  |  |  |
| --- | --- | --- | --- |
| ***Category*** | ***FY 2017 Actual*** | ***Annual 2017 Budget*** | ***% Full year achieved*** |
| Revenue | $226,972 | $174,910 | 130% |
| Expenses | $109,190 | $107,648 | 101% |
| **Operating Surplus** | **$117,782** | **($67,262)** | 0% |
| Accumulated Retained Earnings | $1,331,898 |  |  |

Management and Operations

The Whitlam Institute within Western Sydney University Limited is a wholly owned entity of Western Sydney University.

The Whitlam Institute Board is politically bipartisan and consists of leaders in academia, business, and government organisations. The Board participates in the strategic development of the Institute.

The Whitlam Institute is led by its Director Leanne Smith. Its small secretariat is committed to the highest quality in all its activity whether that might be its policy and research work, outreach activity, public information program or events.

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2 Western Sydney University

Western Sydney University ABN 53 014 069 881

CRICOS Provider No: 00917K Locked Bag 1797

Penrith NSW 2751

Tel: +61 2 9852 5222

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