





**AnnuAl RepoRt 2012**

Volume 2 Financial Statements

**Financial Statements and Independent Audit Reports Page**

University of Western Sydney 3

Television Sydney (TVS) Ltd 85

University of Western Sydney Foundation Limited 119

University of Western Sydney Foundation Trust 137

UWS College Pty Limited 161

Uwsconnect Limited 197

UWS Early Learning Limited 227

Whitlam Institute within the University of Western Sydney Limited 253

Whitlam Institute within the University of Western Sydney Trust 271

**Supporting Data**

Budget and Performance Indicators 291

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# University of Western Sydney

**Consolidated Financial Statements**

###### for the year ended 31 December 2012

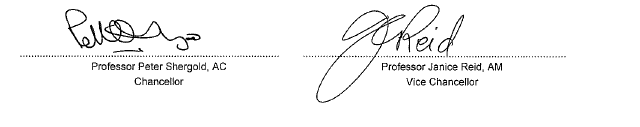
###### University of Western Sydney

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

**31 December 2012**

In accordance with a resolution of the Board of Trustees of the University of Western Sydney dated 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 present a true and fair view of the financial position of the University of Western Sydney and its controlled entities (the Group) at 31 December 2012 and the Income Statement and Statement of Comprehensive Income of the Group 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*, the *Public Finance and Audit Regulation 2010* and the Financial Statement Guidelines for the Australian Higher Education Providers for 2012 Reporting Period issued by the Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE).
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. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
5. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.



Dated at Sydney 10 April 2013

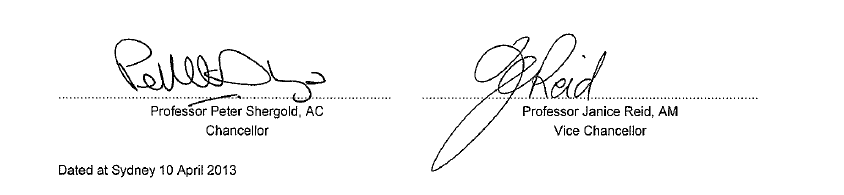
###### University of Western Sydney

**Certifications Statement**

**31 December 2012**

The amount of Australian Government financial assistance expended during the reporting period was for the purposes for which it was intended and the University of Western Sydney has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.

The University of Western Sydney 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 fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.



###### University of Western Sydney

**Income Statement**

**For the Year Ended 31 December 2012**

Consolidated Parent

**Income from continuing operations**

Australian Government financial assistance

Notes

2012

$'000

2011

$'000

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Australian Government grants | 2 | **325,866** | 246,195 | **325,841** | 246,128 |
| HELP - Australian Government payment | 2 | **171,077** | 154,808 | **169,893** | 153,345 |
| State and Local Government financial assistance | 3 | **459** | 482 | **459** | 482 |
| HECS-HELP - student payments |  | **17,494** | 17,967 | **17,494** | 17,967 |
| Fees and charges | 4 | **82,569** | 81,157 | **73,415** | 69,951 |
| Consultancy and contracts | 7 | **11,287** | 10,486 | **11,259** | 10,458 |
| Investment revenue | 5 | **3,699** | 4,953 | **2,276** | 3,054 |
| Royalties, trademarks and licences | 6 | **185** | 237 | **185** | 236 |
| Other revenue | 8 | **50,184** | 44,644 | **29,451** | 25,097 |
| **Total revenue from continuing operations** |  | **662,820** | 560,929 | **630,273** | 526,718 |
| Net gains/(losses) on disposal of assets | 9 | **(3,130)** | (2,073) | **(3,126)** | (2,052) |

**Total income from continuing operations 659,690** 558,856 **627,147** 524,666 **Expenses from continuing operations**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Employee related expenses | 10 | **365,679** | 338,690 | **338,598** | 310,383 |
| Deferred government employee superannuation expense | 10 | **(69)** | 218 | **(69)** | 218 |
| Depreciation and amortisation | 11 | **35,288** | 31,942 | **34,242** | 31,195 |
| Repairs and maintenance | 12 | **25,370** | 23,949 | **25,018** | 23,684 |
| Borrowing costs |  | **2,395** | 938 | **2,395** | 938 |
| Impairment of assets | 13 | **4,606** | 1,432 | **4,804** | 2,257 |
| Investment losses | 5 | **8,411** | 1,285 | **8,867** | 101 |
| Other expenses | 14 | **157,038** | 147,879 | **158,112** | 140,959 |
| **Total expenses from continuing** |  |  |  |  |  |
| **operations** | **598,718** 546,333 **571,967** 509,735 | | | | |
| **Operating result attributable to members** |  | | | | |
| **of University of Western Sydney** | **60,972** 12,523 **55,180** 14,931 | | | | |

The accompanying notes form part of these financial statements.

###### University of Western Sydney

**Statement of Comprehensive Income**

**For the Year Ended 31 December 2012**

Consolidated Parent

**Notes**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

**Operating result for the period 60,972** 12,523 **55,180** 14,931

Gain/(loss) on revaluation property, plant and equipment

Gain/(loss) on value of available for sale financial assets

27(a)

27(a)

**14,004** (28,395) **14,004** (28,395)

**12,018** (4,873) **10,746** (4,873)

Gain/(loss) on revaluation of art collection 27(a) **-** (13) **-** (13) Gain/(loss) on revaluation of livestock 27(a) **(69)** 133 **(69)** 133

Net actuarial (losses)/gains recognised in respect of Defined Benefit Plans

27(b),

36 **(299)** (1,083) **(299)** (1,083)

Total comprehensive income for the

**year 25,654** (34,231) **24,382** (34,231)

Total comprehensive income attributable to members of University

**of Western Sydney 86,626** (21,708) **79,562** (19,300)

The accompanying notes form part of these financial statements.

###### University of Western Sydney

**Statement of Financial Position**

**As at 31 December 2012**

Consolidated Parent

**Notes**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **ASSETS**  **Current assets** |  | | | | |
| Cash and cash equivalents | 15 | **75,577** | 29,852 | **63,680** | 6,067 |
| Receivables | 16 | **26,254** | 21,725 | **26,896** | 20,941 |
| Inventories | 17 | **5,531** | 5,131 | **-** | - |
| Other financial assets | 20 | **-** | 21,743 | **-** | 12,092 |
| **TOTAL CURRENT ASSETS** |  | **107,362** | 78,451 | **90,576** | 39,100 |
| **Non-current assets**  Receivables | 16 | **256,187** | 231,810 | **256,265** | 231,810 |
| Property, plant and equipment | 18 | **1,390,306** | 1,308,755 | **1,387,146** | 1,305,565 |
| Intangible assets | 19 | **208** | 323 | **76** | 131 |
| Other financial assets | 20 | **35,156** | 28,175 | **9,577** | 28,175 |
| Other non-financial assets | 21 | **358** | 455 | **358** | 363 |
| **Total non-current assets** |  | **1,682,215** | 1,569,518 | **1,653,422** | 1,566,044 |
| **Total assets** |  | **1,789,577** | 1,647,969 | **1,743,998** | 1,605,144 |
| **LIABILITIES** |  |  |  |  |  |
| **Current liabilities**  Trade and other payables | 22 | **50,317** | 42,255 | **46,976** | 40,396 |
| Borrowings | 23 | **6,000** | 7,000 | **12,164** | 7,000 |
| Provisions | 24 | **61,764** | 61,286 | **59,616** | 59,012 |
| Other liabilities | 25 | **27,052** | 23,302 | **25,586** | 22,076 |
| **Total current liabilities** |  | **145,133** | 133,843 | **144,342** | 128,484 |
| **Non-current liabilities**  Borrowings | 23 | **49,500** | 37,000 | **49,500** | 37,000 |
| Provisions | 24 | **273,921** | 242,729 | **273,314** | 242,380 |
| **Total non-current liabilities** |  | **323,421** | 279,729 | **322,814** | 279,380 |
| **Total liabilities** |  | **468,554** | 413,572 | **467,156** | 407,864 |
| **Net assets** |  | **1,321,023** | 1,234,397 | **1,276,842** | 1,197,280 |
| **EQUITY**  Reserves | 27 | **526,713** | 500,760 | **525,428** | 500,747 |
| Retained earnings | 27 | **794,310** | 733,637 | **751,414** | 696,533 |
| **Total equity** |  | **1,321,023** | 1,234,397 | **1,276,842** | 1,197,280 |

The accompanying notes form part of these financial statements.

**Balance at 1 January 2012 500,747 696,533 1,197,280**

Operating result for the year **- 55,180 55,180**

Revaluation of property, plant and

equipment **14,004 - 14,004**

Gain on available for sale financial assets **10,746 - 10,746**

Revaluation of livestock **(69) - (69)**

Net actuarial gains / (losses) recognised in

respect of Defined Benefit Plans **- (299) (299)**

Total comprehensive income 24,681 54,881 79,562

**Balance at 31 December 2012 525,428 751,414 1,276,842**

**Parent**

**Reserves**

**$'000**

**Retained Earnings**

**$'000**

**Total**

**$'000**

**Balance at 1 January 2011** 533,895 682,685 1,216,580

Operating result for the year - 14,931 14,931 Revaluation of property, plant and

equipment (28,395) - (28,395)

Gain on available for sale financial assets (4,873) - (4,873) Revaluation of art collection (13) - (13)

Revaluation of livestock 133 - 133

Net actuarial gains / (losses) recognised in

respect of Defined Benefit Plans - (1,083) (1,083)

**Total comprehensive income** (33,148) 13,848 (19,300)

**Balance at 31 December 2011** 500,747 696,533 1,197,280

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Balance at 1 January 2012** | **500,760** | **733,637** | **1,234,397** |
| Operating result for the year | **-** | **60,972** | **60,972** |
| Revaluation of property, plant and equipment | **14,004** | **-** | **14,004** |
| Gain on available for sale financial assets | **12,018** | **-** | **12,018** |
| Revaluation of art collection | **-** | **-** | **-** |
| Revaluation of livestock | **(69)** | **-** | **(69)** |
| Net actuarial gains / (losses) recognised in respect of Defined Benefit Plans | **-** | **(299)** | **(299)** |
| **Total comprehensive income** | **25,953** | **60,673** | **86,626** |
| **Balance at 31 December 2012** | **526,713** | **794,310** | **1,321,023** |

Consolidated

**Reserves**

**$'000**

**Retained Earnings**

**$'000**

**Total**

**$'000**

**Balance at 1 January 2011** 533,908 722,197 1,256,105

Operating result for the year - 12,523 12,523 Revaluation of property, plant and

equipment (28,395) - (28,395)

Gain on available for sale financial assets (4,873) - (4,873) Revaluation of art collection (13) - (13)

Revaluation of livestock 133 - 133

Net actuarial gains / (losses) recognised in

respect of Defined Benefit Plans - (1,083) (1,083)

**Total comprehensive income** (33,148) 11,440 (21,708)

**Balance at 31 December 2011** 500,760 733,637 1,234,397

The accompanying notes form part of these financial statements.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated 2012** | **2011** |  | **Parent**  **2012** |  | **2011** |  |
| **Note** | **$'000** | **$'000** |  | **$'000** |  | **$'000** |
| **CASH FLOWS FROM OPERATING** |  |  |  |  |  |  |  |
| **ACTIVITIES** |  |  |  |  |  |  |  |
| Australian Government Grants |  | **492,525** |  | 404,012 |  | **492,500** |  | 403,945 |
| State Government Grants |  | **459** |  | 482 |  | **459** |  | 482 |
| HECS-HELP - Student payments |  | **17,494** |  | 17,967 |  | **17,494** |  | 17,967 |
| Receipts from student fees and other customers |  | **138,526** |  | 140,955 |  | **107,054** |  | 108,985 |
| Interest received |  | **3,699** |  | 4,953 |  | **2,276** |  | 3,054 |
| Payments to suppliers and employees |  | **(559,519)** |  | (515,337) |  | **(535,627)** |  | (479,883) |
| GST recovered / (paid) |  | **22,231** |  | 14,691 |  | **22,231** |  | 14,691 |
| **Net cash provided by operating activities** |  | **115,415** |  | 67,723 |  | **106,387** |  | 69,241 |
| **CASH FLOWS FROM INVESTING** |  |  |  |  |  |  |  |  |
| **ACTIVITIES** |  |  |  |  |  |  |  |  |
| Proceeds from sale of property, plant and |  |  |  |  |  |  |  |  |
| equipment |  | **3,438** |  | 4,381 |  | **3,212** |  | 4,193 |
| Payments for property, plant and equipment |  | **(109,089)** |  | (114,875) |  | **(108,104)** |  | (113,545) |
| Proceeds from sale of financial assets |  | **52,717** |  | 6,505 |  | **41,864** |  | 6,505 |
| Payments for financial assets |  | **(33,842)** |  | (2,887) |  | **(9,295)** |  | (2,248) |
| Proceeds from insurance settlements |  | **5,586** |  | - |  | **5,586** |  | - |
| Loans to related parties |  | **-** |  | - |  | **(2,929)** |  | (3,601) |
| Repayment of loans by related parties |  | **-** |  | - |  | **3,228** |  | 2,694 |
| **Net cash used by investing activities** |  | **(81,190)** |  | (106,876) |  | **(66,438)** |  | (106,002) |
| **CASH FLOWS FROM FINANCING** |  |  |  |  |  |  |  |  |
| **ACTIVITIES** |  |  |  |  |  |  |  |  |
| Proceeds from borrowings |  | **352,500** |  | 228,700 |  | **358,664** |  | 228,700 |
| Repayment of borrowings |  | **(341,000)** |  | (193,900) |  | **(341,000)** |  | (193,900) |
| **Net cash provided by financing activities** |  | **11,500** |  | 34,800 |  | **17,664** |  | 34,800 |
| **Net increase/(decrease) in cash and cash** |  |  |  |  |  |  |  |  |
| **equivalents held** |  | **45,725** |  | (4,353) |  | **57,613** |  | (1,961) |
| Cash and cash equivalents at beginning of |  |  |  |  |  |  |  |  |
| the year |  | **29,852** |  | 34,205 |  | **6,067** |  | 8,028 |
| **Cash and cash equivalents at end of** | 15 |  |  |  |  |  |  |  |
| **financial year** |  | **75,577** |  | 29,852 |  | **63,680** |  | 6,067 |

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 the University of Western Sydney as the parent entity (the 'University') and the consolidated entity consisting of the University of Western Sydney and its subsidiaries (the 'Group').

The financial statements for the year ended 31 December 2012 are authorised for issue in accordance with a resolution of the Board of Trustees on 10 April 2013.

1. Basis of Preparation

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

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

* + *Public Finance and Audit Act 1983 and Public Finance and Audit Regulations 2010*;
  + *Financial Statement Guidelines for Australian Higher Education Providers for the 2012 Reporting Period* as issued by the Department Industry, Innovation, Science, Research and Tertiary Education (DIISRTE); and
  + Other State/Australian Government legislative requirements.

The University of Western Sydney 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 The University of Western Sydney on 10 April 2013.

*Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

*Critical accounting estimates*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying University of Western Sydney’s accounting policies. 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 Summary of Significant Accounting Policies (continued)

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

*Significant judgements*

* 1. Management has elected to measure land and buildings at fair value as determined by licensed valuers being Global Valuation Services Pty Ltd who have performed an independent valuation as at 31 December 2012. 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 18). For further details refer also note 1(p).
  2. Trade debtors (note 16) 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.

*Critical estimates*

Determining the carrying amount of provisions for employee long service leave entitlements (note 24), provision for annual leave entitlements (note 24), deferred superannuation (note 24), depreciation and useful life of buildings (note 18), and allowance for impaired receivables (note 16(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. Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University of Western Sydney (''parent entity'') as at 31 December 2012 and the results of all subsidiaries for the year then ended. The University of Western Sydney and its subsidiaries together are referred to in these financial statements as the Group or the Consolidated Entity.

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

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

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 2012 are:

- Television Sydney (TVS) Limited

1 Summary of Significant Accounting Policies (continued)

1. **Principles of Consolidation (continued)**
   * University of Western Sydney Foundation Limited and Trust
   * UWS College Pty Limited
   * UWS Early Learning Incorporated (ceased trading 02 March 2012)
   * uwsconnect Limited
   * Whitlam Institute (within the University of Western Sydney) Limited and Trust
   * UWS Early Learning Limited (began trading 02 March 2012)

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

The University disposed of its interest in Cadre Design Pty Limited and Cadre Unit Trust on 19 April 2012. As the Company and Trust ceased to be statutory bodies when the University disposed of them, there was no requirement for the Company or Trust to prepare final financial statements for the period 1 January 2012 to 19 April 2012 under section 43A of the *Public Finance and Audit Act 1983*.

Television Sydney Foundation Limited and Trust were deregistered on 7 April 2012. In late 2011 NSW Treasury determined that both the Company and Trust would be exempt from the requirement to prepare further financial statements provided the Company and Trust did not trade until they were deregistered and both were deregistered by 31 December 2012.

UWS Early Learning Incorporated was registered as a company limited by guarantee on 2 March 2012. NSW Treasury has determined that the Company's first reporting period will end on 31 December 2012.

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 ruling at the date of the transaction.

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.

1 Summary of Significant Accounting Policies (continued)

1. **Revenue Recognition (continued)**

Revenue is recognised for the major business activities as follows:

* 1. *) Government Grants*

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

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

* 1. *and charges*

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

* 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. *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.

All other material revenue is accounted for on an accrual basis.

1. Research grants and contracts

Private (Non DIISRTE) 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 25). In 2012 this amounted to $8.409M (2011: $6.652M). In the 2012reporting period the $6.652M deferred in the prior year has been treated as income (2011: $7.198M). The net impact on income in 2012 was therefore $1.757M (2011: $0.546M).

1. Income Tax exemption

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

1 Summary of Significant Accounting Policies (continued)

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 31). 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.

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 13). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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 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. 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 Summary of Significant Accounting Policies (continued)

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. Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables 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.

* 1. *Financial assets at fair value through profit or loss*

A financial asset is designated at fair value through profit or loss if there is the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. For the Group, assets in this category included units in One Path Optimix Wholesale Balanced Trust, which were redeemed during the year.

* 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 its units held in the following managed investment fund;

- Acadian Australian Equity High Yield Fund Growth Facility

The Acadian Australian Equity High Yield Fund units are included as non current assets in the statement of financial position (note 20).

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 27(a)).

1 Summary of Significant Accounting Policies (continued)

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

Classification (continued)

* 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 or 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.

When investments classified as available for sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses on sale of available for sale financial assets (note 9).

Subsequent measurement

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

Fair value

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

Impairment

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

1. Non-current assets 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 to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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

1 Summary of Significant Accounting Policies (continued)

1. **Non-current assets held for sale and discontinued operations (continued)**

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. Fair value estimation

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

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

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

1. Property, Plant and Equipment

Land, buildings and the total art collection of $5,000 and above 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 net amount is restated to the revalued amount of the asset.

Valuation for land and new and refurbished buildings was undertaken as at 31 December 2012 by Global Valuation Services Pty Ltd. Land was revalued on the basis of current existing use. New buildings completed in 2012 prior to the revaluation and existing buildings with 2012 refurbishments completed prior to the revaluation were subject to a full revaluation. Indexation was applied to the remainder of existing buildings that were not subject to construction works at the time of the revaluation.

For non completed assets, prior to revaluation construction costs totalling $93.361M (including refurbished buildings totalling $32.670M and new builidngs totalling $60.691M) were capitalised subsequent to the buildings revaluation. The scope of the valuation did not include revaluation of these buildings. The value of these

1 Summary of Significant Accounting Policies (continued)

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

refurbished buildings is based on the 31 December 2011 revaluation by Global Valuation Services Pty Ltd plus the construction costs capitalised in late 2012. The value of the new buildings is the written down value of the construction costs capitalised in late 2012.

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 re zoning of the land to allow alternate uses.

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 December 2012 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, McWilliam and Associates Pty Ltd 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 2010.

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 costs 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 before reducing the balance of revaluation surplus in equity, 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 Computing (Mainframe & Networking) 4 years Computing (Other) 3 years

Vehicles 6-7 years

Scientific 10 years

Audio visual 10 years

Printing 10 years

Other 10-20 years

Buildings (except where a limit of useful life

of a building has been identified) 5-60 years

Library Collection 5 years

Leasehold Improvements 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. 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
   1. *Licences*

Licences have a finite useful life and are carried at fair value 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 19).

1 Summary of Significant Accounting Policies (continued)

1. **Unfunded Superannuation**

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as DIISRTE, the effects of the unfunded superannuation liabilities of University of Western Sydney 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.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the University of Western Sydney’s beneficiaries of the State Superannuation Schemes, on an emerging cost basis.

The unfunded liabilities have been recognised in the statement of financial position under provisions (note 24 -

$259.4M) with an asset recognised under receivables (note 16 - $256.1M). The balance of the SANCS unfunded liability was previously recognised as a receivable. In 2009, the balance in this scheme ($2.270M) was expensed following confirmation the liability would not be funded by the Australian Government. In 2012, the increase in the SANCS unfunded liability ($0.043M) (2011: $0.831M) was expensed.

Mercer Human Resource Consulting Ltd assessed the gross superannuation liabilities for the defined benefits schemes administered by the SAS Trustee Corporation for the year ended 31 December 2011 and 31 December 2012. These schemes included the State Superannuation Scheme, the State Authorities Superannuation Scheme and the State Authorities Non Contributory Superannuation Scheme. This assessment was based on the full requirements of AASB 119. See note 36 for full details of the University’s unfunded superannuation position.

The actuary reported a substantial liability increase of $24.7M as at 31 December 2012 (2011: $88.9M increase).

The University of Western Sydney also contributes to Unisuper (formerly Superannuation for Australian Universities [SSAU]) for academic staff appointed since 1 March 1988 and all other staff from 1 July 1991. Unisuper is a fully funded scheme and hence is not subject to deferred liability variations.

The Unisuper Defined Benefit Division is a defined contribution fund for the purpose of AASB 119 Employee Benefits.

Contributions to Unisuper have been included in note 10 Employee Related Expenses.

All University employees, including casuals, receive superannuation benefits equal to or exceeding the Superannuation Guarantee Levy.

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 Summary of Significant Accounting Policies (continued)

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 balance sheet date and does not expect to settle the liability for at least 12 months after the balance sheet date.

1. Borrowing costs

Borrowing costs are expensed in the income statement.

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. 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 are 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 and recognised in other payables.

1 Summary of Significant Accounting Policies (continued)

1. **Employee benefits (continued)**
   1. *Annual leave and sick leave*

The liability for annual leave is recognised in current provisions for employee benefits as it is due to be settled within 12 months after the end of the reporting period. It is measured at the amount expected to be paid when the liability is settled.

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

Regardless of the expected timing of settlements, provisions made in respect of annual leave and long service leave 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.

* 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 a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group company entities 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 as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund’s assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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

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

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

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (eg taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

1 Summary of Significant Accounting Policies (continued)

1. **Employee benefits (continued)**

Contributions to the defined contribution 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 payments is available.

The unfunded liabilities recorded in the statement of financial position under provisions have been determined by independent actuaries relating to the defined benefit superannuation plan State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and for the State Authorities Non Contributory Superannuation Scheme (SANCS).

*(v) Termination Benefits*

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

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

The company is of a kind referred to in Class order 98/0100 as amended by Class order 04/667, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order 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.

1 Summary of Significant Accounting Policies (continued) (aa) Goods and Services Tax (GST) (continued)

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

The Group, excluding uwsconnect Limited, Television Sydney (TVS) Limited and UWS Early Learning Limited, is a Charitable Institution endorsed to access GST concessions on a range of transactions.

(ab) Insurance

The University of Western Sydney 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

The University of Western Sydney operates a small number of teaching programs in the Asia region.

(ad) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2012 reporting periods. The University of Western Sydney has assessed the impact of these new Standards and considers the impact to be insignificant.

(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.

1. Summary of Significant Accounting Policies (continued)

**(ae) Comparative Amounts (continued)**

The following reclassifications were made to conform with the current years presentation.

**2011**

**Reported**

**2011**

**Revised**

**Consolidated**

**Parent**

**Consolidated Parent**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note** | | **$'000** | **$'000 $'000 $'000** | | | |
| **Income Statement** |  |  |  |  |  |  |
| Other revenue | 8 | 45,317 | 25,234 | Other revenue | 44,644 | 25,097 |
| Impairment of assets | 13 | (2,105) | (2,394) | Impairment of assets | (1,432) | (2,257) |
|  |  | 43,212 | 22,840 |  | 43,212 | 22,840 |
|  | 2 |  |  |  |  |  |
| HECS-HELP - |  |  |  |  |  |  |
| Australian Government |  |  |  |  |  |  |
| payments |  | 144,679 | 144,679 |  | - | - |
| FEE-HELP | 2 | 10,129 | 8,666 |  | - | - |
|  | 2 |  |  | HELP - Australian |  |  |
|  |  | - | - | Government Payment | 154,808 | 153,345 |
|  |  | 154,808 | 153,345 |  | 154,808 | 153,345 |

**Statement of Financial Position**

Freehold buildings 18 787,366 787,366 Freehold buildings 734,356 734,356

18 - - Infrastructure 53,010 53,010 787,366 787,366 787,366 787,366

**Statement of Cash Flows**

Proceeds from sale of

financial assets 3,618 4,257

- -

Proceeds from sale of

financial assets 6,505 6,505

Payments for financial

assets (2,887) (2,248)

3,618 4,257 3,618 4,257

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

**Consolidated Parent**

**Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Commonwealth Grants Scheme #1 **244,739** 199,833 **244,739** 199,833

Indigenous Support Program **1,397** 1,397 **1,397** 1,397

Partnership and Participation Program #2 **20,108** 5,690 **20,108** 5,690

Disability Support Program **642** 576 **642** 576

Capital Development Pool **-** 4,149 **-** 4,149 Diversity and Structural Adjustment Fund

#3 **5,060** 350 **5,060** 350

Transitional Cost Program **134** (33) **134** (33) Promotion of Excellence in Learning and

Teaching **340** - **340** -

Reward funding **1,218** - **1,218** -

Other **-** 545 **-** 545

**Total Commonwealth Grants Scheme and Other Grants**

35(a)

**273,638** 212,507 **273,638** 212,507

* 1. Higher Education Loan Programs

**Consolidated Parent**

**Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

HECS - HELP **156,231** 144,679 **156,231** 144,679

FEE - HELP #4 **9,802** 10,129 **8,618** 8,666

SA - HELP **5,044** - **5,044** -

**Total Higher Education Loan Programs** 35(b) **171,077** 154,808 **169,893** 153,345

* 1. Scholarships

**Consolidated Parent**

**Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Australian Postgraduate Awards **2,988** 2,651 **2,988** 2,651 International Postgraduate Research

Scholarships **256** 247 **256** 247

Commonwealth Education Costs

Scholarship (#5) **86** 1,978 **86** 1,978

Commonwealth Accommodation

Scholarships (#5) **5** 9 **5** 9

Indigenous Access scholarships **36** 43 **36** 43

**Total Scholarships** 35(c) **3,371** 4,928 **3,371** 4,928

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

* 1. DIISRTE Research

**Consolidated Parent**

**Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Joint Research Engagement Program #6 **3,229** 3,046 **3,229** 3,046

Research Training Scheme **7,238** 7,319 **7,238** 7,319

Research Infrastructure Block Grants **1,758** 1,496 **1,758** 1,496

Regional Protection Scheme **1,300** 1,174 **1,300** 1,174 Commercialisation Training Scheme **-** 90 **-** 90

**Total DIISRTE Research** 35(d) **13,525** 13,125 **13,525** 13,125

* 1. Other Capital Funding

**Consolidated Parent**

**Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Education Investment Fund **12,574** - **12,574** -

**Total Other Capital Funding** 35(e) **12,574** - **12,574** -

* 1. Australian Research Council

**Consolidated Parent**

**Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

* + 1. **Discovery**

Discovery - Projects **3,407** 3,595 **3,407** 3,595

Discovery - Fellowships **1,764** 437 **1,764** 437

Discovery - Indigenous Researchers

Development **290** 468 **290** 468

**Total Discovery 5,461** 4,500 **5,461** 4,500

* + 1. **Linkages**

Linkages - Special Research Initiatives **121** 418 **121** 418

Linkages - Infrastructure **-** 8 **-** 8

Linkages - Projects **1,246** 1,203 **1,246** 1,203

**Total Linkages 1,367** 1,629 **1,367** 1,629



**Total ARC** 35(f) **6,828** 6,129 **6,828** 6,129



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

#2 Includes Equity Support Program

#3 Includes Collaboration & Structural Adjustment Program

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

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

#6 Includes Institutional Grants Scheme.

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

* 1. Other Australian Government Financial Assistance

**Consolidated Parent**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** |  | **2011**  **$'000** |  |
| **Non-capital** |  |  |  |  |  |  |  |
| Indigenous Tutorial Assistance Scheme |  | **390** |  | 283 |  | **390** |  | 283 |
| Away-from-base assistance |  | **518** |  | 451 |  | **518** |  | 451 |
| Study overseas short term mobility project |  | **364** |  | 70 |  | **364** |  | 70 |
| Structured Training and Employment Program |  | **159** |  | 119 |  | **159** |  | 119 |
| Department of Health & Ageing |  | **3,647** |  | 5,645 |  | **3,647** |  | 5,645 |
| Health workforce Australia |  | **1,859** |  | 2,586 |  | **1,859** |  | 2,586 |
| Other |  | **795** |  | 352 |  | **770** |  | 285 |
| **Total** |  | **7,732** |  | 9,506 |  | **7,707** |  | 9,439 |
| **Capital** |  |  |  |  |  |  |  |  |
| DIISRTE Special Capital Project |  | **7,000** |  | - |  | **7,000** |  | - |
| Department of Health & Ageing |  | **228** |  | - |  | **228** |  | - |
| Department of Sustainability & Environment |  | **500** |  | - |  | **500** |  | - |
| Department of Regional Australia, Local Government, Arts & Sport |  | **470** |  | - |  | **470** |  | - |
| **Total** |  | **8,198** |  | - |  | **8,198** |  | - |
| **Total Other Australian Government Financial Assistance** |  | **15,930** |  | 9,506 |  | **15,905** |  | 9,439 |

**Consolidated Parent**

Total Australian Government

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

**Financial Assistance 496,943** 401,003 **495,734** 399,473

*Reconciliation*

**Consolidated Parent**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reconciliation**  Australian Government Grants (a + c + d + |  | | | |
| e + f +g) | **325,866** | 246,195 | **325,841** | 246,128 |
| HECS - HELP payments | **156,231** | 144,679 | **156,231** | 144,679 |
| FEE - HELP payments | **9,802** | 10,129 | **8,618** | 8,666 |
| SA - HELP payments | **5,044** | - | **5,044** | - |
| **Total HELP - Australian Government** |  |  |  |  |
| **Payment** | **171,077** 154,808 **169,893** 153,345 | | | |
| **Total Australian Government Financial Assistance** | **496,943** 401,003 **495,734** 399,473 | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Non-capital**  Ministry of Health | **393** | 482 | **393** | 482 |
| Hawkesbury Nepean Catchment Management |  |  |  |  |
| Authority | **66** | - | **66** | - |
| **Total** | **459** | 482 | **459** | 482 |
| **Total State and Local Government Financial** |  |  |  |  |
| **Assistance** | **459** | 482 | **459** | 482 |

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

* 1. Australian Government Grants received - cash basis

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **Consolidated 2012**  **$'000** | **2011**  **$'000** |  | **Parent**  **2012**  **$'000** |  | **2011**  **$'000** |  |
| CGS and Other DEEWR Grants | 35(a) | **273,638** |  | 212,542 |  | **273,638** |  | 212,542 |
| Higher Education Loan Programmes | 35(b) | **166,828** |  | 157,883 |  | **166,828** |  | 157,883 |
| Scholarships | 35(c) | **3,623** |  | 4,928 |  | **3,623** |  | 4,928 |
| DIISRTE research | 35(d) | **13,525** |  | 13,125 |  | **13,525** |  | 13,125 |
| Other Capital Funding | 35(e) | **12,574** |  | - |  | **12,574** |  | - |
| ARC grants - Discovery | 35(f) | **5,427** |  | 4,346 |  | **5,427** |  | 4,346 |
| ARC grants - Linkages | 35(f) | **1,098** |  | 1,506 |  | **1,098** |  | 1,506 |
| Other Australian Government Grants | 2(g) | **15,600** |  | 9,466 |  | **15,575** |  | 9,399 |
| **Total Australian Government** |  |  |  |  |  |  |  |  |
| **Grants received - cash basis 492,313** 403,796 **492,288** 403,729 | | | | | | | | |
| OS-Help (Net) | 35(g) | **212** | 216 | | **212** | | 216 | |
| **Total Australian Government funding received - cash basis** |  | **492,525** | 404,012 | | **492,500** | | 403,945 | |

|  |  |  |
| --- | --- | --- |
| **3 State and local government financial assistance**  Government grants were received during the reporting period for the following purposes: |  | |
| **Consolidated**  **2012 2011** | **Parent**  **2012** | **2011** |
| **$'000 $'000** | **$'000** | **$'000** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **4** | **Fees and charges** | **Consolidated** |  |  | **Parent** |  | | |
|  |  | **2012** | **2011** |  | **2012** |  | **2011** |  |
|  |  | **$'000** | **$'000** |  | **$'000** |  | **$'000** |  |
|  | **Course Fees and Charges** |  |  |  |  |  |  |  |
|  | Fee-paying overseas students | **61,375** |  | 60,679 |  | **57,791** |  | 56,739 |
|  | Continuing education | **3,091** |  | 3,574 |  | **68** |  | 4 |
|  | Fee-paying domestic postgraduate students | **2,934** |  | 3,091 |  | **2,934** |  | 3,091 |
|  | Fee-paying domestic undergraduate students | **654** |  | 793 |  | **240** |  | 246 |
|  | Fee-paying domestic non-award students | **1,090** |  | 1,114 |  | **1,046** |  | 1,044 |
|  | Other domestic course fees and charges | **252** |  | 1,857 |  | **252** |  | 397 |
|  | **Total Course Fees and Charges** | **69,396** |  | 71,108 |  | **62,331** |  | 61,521 |
|  | **Other Non-Course Fees and Charges** |  |  |  |  |  |  |  |
|  | Student services fees | **2,590** |  | - |  | **2,590** |  | - |
|  | Deferral fees | **136** |  | 139 |  | **136** |  | 139 |
|  | Library fines | **224** |  | 367 |  | **224** |  | 367 |
|  | Student accommodation | **7,056** |  | 6,822 |  | **7,056** |  | 6,822 |
|  | Academic transcripts | **198** |  | 190 |  | **198** |  | 190 |
|  | Graduation fees | **344** |  | 365 |  | **344** |  | 365 |
|  | Academic dress hire | **336** |  | 352 |  | **336** |  | 352 |
|  | Student test fees | **1,889** |  | 1,447 |  | **-** |  | - |
|  | Other | **400** |  | 367 |  | **200** |  | 195 |
|  | **Total Other Fees and Charges** | **13,173** |  | 10,049 |  | **11,084** |  | 8,430 |
|  | **Total Fees and Charges** | **82,569** |  | 81,157 |  | **73,415** |  | 69,951 |

5 Investment revenue and income/(losses)

**Consolidated Parent**

**Investment revenue**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Interest revenue **477** 427 **333** 57

Distribution from Managed Funds **3,222** 4,526 **1,943** 2,997

**Total investment revenue 3,699** 4,953 **2,276** 3,054

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Other Investment losses**  Realised loss on redemption of |  | | | | | | | |
| investments | **(8,495)** | | - | | **(8,495)** | | - | |
| Loss on sale of investments | **(506)** | | - | | **(506)** | | - | |
| Change in fair value of financial assets designated as at fair value through profit & loss | **590** | | (1,285) | | **134** | | (101) | |
| **Total other investment losses** | **(8,411)** | | (1,285) | | **(8,867)** | | (101) | |
| **6** | **Royalties, trademarks and licences** |  | |  | |  | |  | |
|  |  | **Consolidated** | | **Parent** | | | |  | |
|  |  | **2012** |  | **2011** |  | **2012** |  | **2011** |  |
|  |  | **$'000** |  | **$'000** |  | **$'000** |  | **$'000** |  |
|  | Royalty and intellectual property |  | **185** |  | 237 |  | **185** |  | 236 |
|  | **Total royalties, trademarks and licences** |  | **185** |  | 237 |  | **185** |  | 236 |
| **7** | **Consultancy and contracts** |  |  |  |  |  |  |  |  |
| **Consolidated Parent** | | | | | | | | | |
|  | | **2012** |  | **2011** |  | **2012** |  | **2011** |  |
|  | | **$'000** |  | **$'000** |  | **$'000** |  | **$'000** |  |
| Consultancy | |  | **2,934** |  | 2,768 |  | **2,906** |  | 2,740 |
| Contract research | |  | **8,353** |  | 7,718 |  | **8,353** |  | 7,718 |
| **Total consultancy and contracts** | |  | **11,287** |  | 10,486 |  | **11,259** |  | 10,458 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **8** | **Other Revenue and income** |  | **Consolidated** | |  |  | **Parent** |  | | |
|  |  |  | **2012** | | **2011** |  | **2012** |  | **2011** |  |
|  |  | **Note** | **$'000** | | **$'000** |  | **$'000** |  | **$'000** |  |
|  | Sale of goods |  | **21,541** | |  | 21,354 |  | **1,121** |  | 1,139 |
|  | Parking fees |  | **4,039** | |  | 3,405 |  | **4,039** |  | 3,405 |
|  | Donations and bequests |  | **1,988** | |  | 2,379 |  | **1,605** |  | 6,083 |
|  | Commercial leases and other rental income |  | **2,587** | |  | 2,251 |  | **4,957** |  | 4,016 |
|  | Salary recoveries |  | **4,192** | |  | 2,589 |  | **4,159** |  | 2,653 |
|  | Childcare centre fees and grants |  | **2,653** | |  | 2,159 |  | **-** |  | - |
|  | Non-salary recoveries |  | **1,081** | |  | 1,551 |  | **1,142** |  | 2,032 |
|  | Scholarships and prizes |  | **1,316** | |  | 1,472 |  | **1,298** |  | 1,389 |
|  | Commission income |  | **1,045** | |  | 1,112 |  | **712** |  | 812 |
|  | Service income |  | **8** | |  | 936 |  | **2,428** |  | 1,016 |
|  | Tied grants non-government |  | **465** | |  | 496 |  | **465** |  | 496 |
|  | Refund of franking credits |  | **-** | |  | 463 |  | **-** |  | 402 |
|  | Conference and seminar income |  | **19** | |  | 172 |  | **24** |  | 173 |
|  | Insurance recoveries - fire damage | 13 | **5,586** | |  | - |  | **5,586** |  | - |
|  | Other |  | **3,664** | |  | 4,305 |  | **1,915** |  | 1,481 |
|  | **Total other revenue** |  | **50,184** | |  | 44,644 |  | **29,451** |  | 25,097 |
| **9** | **Gains/(losses) on disposal of assets** |  |  | |  |  |  |  |  |  |
|  |  |  | **Consolidated** | |  |  | **Parent** |  |  |  |
|  | | | **2012** |  | **2011** |  | **2012** |  | **2011** |  |
|  | | | **$'000** |  | **$'000** |  | **$'000** |  | **$'000** |  |
| Proceeds from sale | | |  | **3,423** |  | 4,381 |  | **3,212** |  | 4,193 |
| Carrying amount of assets sold | | |  | **(6,553)** |  | (6,454) |  | **(6,338)** |  | (6,245) |
| **Total net gain/(loss) on disposal of assets** | | |  | **(3,130)** |  | (2,073) |  | **(3,126)** |  | (2,052) |

1. Employee related expenses

**Consolidated Parent**

**Academic**

**Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Salaries **151,051** 135,988 **144,013** 128,532

Contribution to superannuation

& pension schemes **21,160** 18,886 **20,568** 18,287

Payroll tax **9,102** 8,223 **8,687** 7,792

Worker's compensation **772** 1,622 **707** 1,508

Long service leave expense **4,951** 4,985 **4,849** 4,802

Annual leave **2,198** 884 **2,064** 959

**Total academic 189,234** 170,588 **180,888** 161,880



Non-academic

Salaries **141,819** 134,630 **125,415** 117,330

Contribution to superannuation

& pension schemes **20,061** 18,614 **18,651** 17,229

Payroll tax **8,282** 7,704 **7,955** 7,296

Worker's compensation **913** 1,560 **644** 1,361

Long service leave expense **4,600** 4,760 **4,433** 4,569

Annual leave **770** 834 **612** 718

**Total non-academic 176,445** 168,102 **157,710** 148,503



Total employee related

**expenses 365,679** 338,690 **338,598** 310,383



Deferred government employee

superannuation expense 36 **(69)** 218 **(69)** 218

Total employee related expenses, including deferred Government Employee Benefits

**for Superannuation 365,610** 338,908 **338,529** 310,601



1. Depreciation and amortisation

**Consolidated Parent**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** |  | **2011**  **$'000** |  |
| **Depreciation** |  |  |  |  |  |  |  |
| Buildings |  | **21,447** |  | 18,285 |  | **21,447** |  | 18,285 |
| Plant and equipment |  | **9,228** |  | 9,233 |  | **8,804** |  | 8,884 |
| Library collection |  | **3,683** |  | 3,643 |  | **3,683** |  | 3,643 |
| **Total depreciation** |  | **34,358** |  | 31,161 |  | **33,934** |  | 30,812 |
| **Amortisation** |  |  |  |  |  |  |  |  |
| Leasehold property |  | **844** |  | 656 |  | **253** |  | 328 |
| Intangible assets |  | **86** |  | 125 |  | **55** |  | 55 |
| **Total amortisation** |  | **930** |  | 781 |  | **308** |  | 383 |
| **Total depreciation and** |  |  |  |  |  |  |  |  |
| **amortisation** |  | **35,288** |  | 31,942 |  | **34,242** |  | 31,195 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12** | **Repairs and maintenance** | | **Consolidated** | |  |  | **Parent** |  | | |
|  |  | | **2012** | | **2011** |  | **2012** |  | **2011** |  |
|  |  | | **$'000** | | **$'000** |  | **$'000** |  | **$'000** |  |
|  | Buildings | | **20,203** | |  | 19,708 |  | **20,184** |  | 19,670 |
|  | Plant and equipment | | **4,702** | |  | 3,696 |  | **4,377** |  | 3,477 |
|  | Information technology | | **166** | |  | 136 |  | **166** |  | 136 |
|  | Motor vehicles | | **299** | |  | 409 |  | **291** |  | 401 |
|  | **Total repairs and maintenance** | | **25,370** | |  | 23,949 |  | **25,018** |  | 23,684 |
| **13** | **Impairment of assets** | |  | |  |  |  |  |  |  |
|  |  | | **Consolidated** | |  |  | **Parent** |  |  |  |
|  |  |  | **2012** |  | **2011** |  | **2012** |  | **2011** |  |
|  |  | **Note** | **$'000** |  | **$'000** |  | **$'000** |  | **$'000** |  |
|  | Bad debts |  |  | **255** |  | 271 |  | **255** |  | 168 |
|  | Doubtful debts |  |  | **(1,235)** |  | 1,161 |  | **(1,037)** |  | 2,089 |
|  | Impairment of building - fire damage | 8 |  | **5,586** |  | - |  | **5,586** |  | - |
|  | **Total impairment of assets** |  |  | **4,606** |  | 1,432 |  | **4,804** |  | 2,257 |
| **14** | **Other expenses** |  |  |  |  |  |  |  |  |  |
| **Consolidated Parent** | | | | | | | | | | |
|  | | | **2012** |  | **2011** |  | **2012** |  | **2011** |  |
|  | | | **$'000** |  | **$'000** |  | **$'000** |  | **$'000** |  |
| Fees for service #1 | | |  | **49,337** |  | 42,760 |  | **62,343** |  | 49,512 |
| Consumables & supplies | | |  | **26,367** |  | 26,350 |  | **15,148** |  | 15,880 |
| Scholarships, grants and prizes | | |  | **17,409** |  | 17,346 |  | **17,523** |  | 17,257 |
| Overheads | | |  | **11,264** |  | 9,786 |  | **11,200** |  | 9,641 |
| Advertising, marketing and promotional expenses | | |  | **7,628** |  | 7,863 |  | **6,959** |  | 7,076 |
| Minimum lease payments on operating lease | | |  | **7,642** |  | 7,762 |  | **7,123** |  | 7,125 |
| Non-capitalised equipment | | |  | **5,999** |  | 7,166 |  | **5,344** |  | 6,270 |
| Travel and entertainment | | |  | **6,086** |  | 6,693 |  | **5,962** |  | 6,531 |
| Cleaning and waste removal | | |  | **6,320** |  | 6,524 |  | **6,030** |  | 6,264 |
| Student education support | | |  | **4,376** |  | - |  | **4,293** |  | - |
| Communication costs | | |  | **3,631** |  | 3,784 |  | **3,536** |  | 3,659 |
| Staff development | | |  | **2,201** |  | 2,409 |  | **2,062** |  | 2,244 |
| Security costs | | |  | **2,192** |  | 2,060 |  | **2,123** |  | 1,981 |
| Student service fees | | |  | **119** |  | 255 |  | **2,731** |  | 3,322 |
| Other expenses | | |  | **6,467** |  | 7,121 |  | **5,735** |  | 4,197 |
| **Total other expenses** | | |  | **157,038** |  | 147,879 |  | **158,112** |  | 140,959 |

#1 Audit remuneration included in amount and disclosed under note 29.

1. Cash and cash equivalents

**Consolidated Parent**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Cash at bank and on hand **30,539** 29,852 **18,642** 6,067

Short-term deposits **45,038** - **45,038** -

**Total cash and cash equivalents 75,577** 29,852 **63,680** 6,067

* 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:

Consolidated Parent

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Balances as above | **2012**  **$'000** | **75,577** | **2011**  **$'000** | 29,852 | **2012**  **$'000** | **63,680** | **2011**  **$'000** | 6,067 |
| Balance as per cash flow statement |  | **75,577** |  | 29,852 |  | **63,680** |  | 6,067 |
| (b) | Cash at bank and on hand |  |  |  |  |  |  |  |  |

The average interest rate during 2012 on bank accounts included in cash at bank and on hand was 4.68%.

(c) Short term deposits

The deposits are at fixed interest rates between 3.85% and 4.53%.

1. Trade and other receivables

**Consolidated Parent**

**Current**

**Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Student fees **2,105** 2,678 **2,046** 2,612

Other debtors **13,884** 13,117 **20,347** 18,437

**15,989** 15,795 **22,393** 21,049

Less: Provision for impaired receivables **(1,110)** (1,527) **(6,353)** (6,523)

Other **3** 3 **1** 1

Prepayments **11,372** 7,454 **10,855** 6,414

**Total current receivables 26,254** 21,725 **26,896** 20,941

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Non-current**  Deferred government contribution for |  | | | | |
| superannuation | 36 | **256,129** | 231,519 | **256,129** | 231,519 |
| Other debtors |  | **-** | 234 | **78** | 234 |
| Prepayments |  | **58** | 57 | **58** | 57 |
| **Total non-current receivables** |  | **256,187** | 231,810 | **256,265** | 231,810 |
| **Total receivables** |  | **282,441** | 253,535 | **283,161** | 252,751 |

* 1. Impaired receivables

As at 31 December 2012 current receivables of the Group with a nominal value of $1.110M (2011: $1.527M) were impaired. The amount of the provision was $1.110M (2011: $1.527M). The individually impaired receivables mainly relate to individual customers with debtor balances aged greater than 180 days.

The ageing of these receivables is as follows:

Consolidated Parent

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 0 to 6 months | **2012**  **$'000** | **(103)** | **2011**  **$'000** | (32) | **2012**  **$'000** | **(107)** | **2011**  **$'000** | (343) |
| Over 6 months |  | **(1,007)** |  | (1,495) |  | **(6,246)** |  | (6,180) |
|  |  | **(1,110)** |  | (1,527) |  | **(6,353)** |  | (6,523) |

1. **Trade and other receivables (continued)**
   1. Impaired receivables (continued)

As at 31 December 2012 trade receivables of $5.440M (2011: $5.646M) 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

**Trade Receivables**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

0 to 6 months **5,319** 4,311 **5,319** 4,311

Over 6 months **121** 1,335 **121** 1,335

**5,440** 5,646 **5,440** 5,646

Consolidated Parent

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Movements in the provision for impaired receivables are as follows:** |  | | | |
| At 1 January | **1,527** | 848 | **6,523** | 5,335 |
| Provision for impairment recognised / (reversed) during the year | **(267)** | 805 | **(20)** | 1,314 |
| Receivables written off / (reversed) during the year as uncollectible | **(150)** | (126) | **(150)** | (126) |
| **At 31 December** | **1,110** | 1,527 | **6,353** | 6,523 |

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. Inventories

**Consolidated Parent**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |
| --- | --- | --- | --- |
| **Current**  At cost: |  | | |
| Stock on hand | **5,531** | 5,131 | **-** - |
| **Total inventories** | **5,531** | 5,131 | **-** - |

1. Property, plant and equipment

**Construction in Progress**

**Freehold Land**

**Crow n**

**Land Buildings Infrastucture**

**Buildings - Under Finance Lease**

**Plant and Equipm ent**

**Leasehold Improvements**

**Library**

**Collection Artw ork Total**

**Parent Entity $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000**

**At 1 January 2011**

- Cost 86,396 - - - - 4,594 102,590 2,833 77,537 - 273,950

- Valuation - 241,400 163,120 651,171 52,177 - - - 476 2,891 1,111,235

Accumulated Depreciation - - - - - (4,594) (53,954) (1,957) (66,868) - (127,373)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Net Book Amount | 86,396 | 241,400 | 163,120 651,171 | | 52,177 | - 48,636 | | 876 | 11,145 | 2,891 | 1,257,812 |
| **Year Ended 31 Decem ber 2011** |  |  |  | |  |  | |  |  |  |  |
| Opening Net Book Amount | 86,396 | 241,400 | 163,120 651,171 | | 52,177 | - 48,636 | | 876 | 11,145 | 2,891 | 1,257,812 |
| Revaluation Surplus | - | (27,405) | - (1,308) | | 340 | - - | | - | (22) | (13) | (28,408) |
| Additions | 93,139 | - | - 395 | |  | - 15,313 | | - | 4,161 | 132 | 113,140 |
| Disposals | - | - | - (2,866) | |  | - (3,325) | | - | (38) | (15) | (6,244) |
| Depreciation Charge | - | - | - (16,723) | | (1,562) | - (8,884) | | (328) | (3,643) |  | (31,140) |
| Non-Cash Adjustments  Transfers to Freehold Buildings and | - | 405 | - 8,156 | |  | - (8,156) | | - | - | - | 405 |
| Plant & Equipment (98,879) - -  Transfers from Construction in | | | |  |  | - | - | - | - |  | (98,879) |
| Progress - - - | | | | 95,531 | 2,055 | - | 1,292 |  | - |  | 98,878 |
| Closing Net Book Amount 80,656 214,400 163,120 | | | | 734,356 | 53,010 | - | 44,876 | 548 | 11,604 | 2,995 | 1,305,565 |
| **At 31 Decem ber 2011**  - Cost 80,656 - - | | | | - | - | 4,594 | 93,370 | 2,674 | 81,116 | - | 262,410 |

- Valuation - 214,

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 400 163,120 | 734,356 | 53,010 | - | - | - | 619 | 2,995 | 1,168,500 |
| - - | - | - | (4,594) | (48,494) | (2,126) | (70,131) | - | (125,345) |

Accumulated depreciation -

Net Book Amount 80,656 214,400 163,120 734,356 53,010 - 44,876 548 11,604 2,995 1,305,565

18 Propert y, plant and equipment (continued )

**Construction in Progress**

**Freehold Land**

**Crown**

**Land Buildings Infrastucture**

**Buildings - Under Finance Lease**

**Plant and Equipment**

**Leasehold Improvements**

**Library**

**Collection Artw ork Total**

**Parent Entity $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000**

**Year Ended 31 December 2012**

Opening Net Book Amount 80,656 214,400 163,120 734,356 53,010 - 44,876 548 11,604 2,995 **1,305,565**

Revaluation Surplus - - - 13,103 901 - - - - - **14,004**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Additions | 99,514 - - - | - | - 10,055 | - | 4,066 | 90 **113,724** |
| Disposals | - - - (2,625) | - | - (3,645) | - | (66) | (2) **(6,338)** |
| Depreciation Charge | - - - (19,641) | (1,806) | - (8,804) | (253) | (3,683) | - **(34,187)** |
| Impairment of building - fire damage | - - - (5,586) | - | - - | - | - | - **(5,586)** |
| Non-Cash Adjustments | - - - 211 | - | - (247) | - | - | - **(36)** |
| Transfers to Freehold Buildings and |  |  |  |  |  |  |

Plant & Equipment (135,574) - - - - - . - - - **(135,574)**

Transfers from Construction in

Progress - - -

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 122,974 | 10,058 | - | 2,542 | - | - | - | **135,574** |
| **842,792** | **62,163** | **-** | **44,777** | **295** | **11,921** | **3,083** | **1,387,146** |
| 92,553 | 807 | 4,594 | 98,607 | 2,674 | 85,071 | - | **328,902** |
| 755,359 | 62,395 | - | - | - | - | 3,083 | **1,198,356** |
| (5,120) | (1,039) | (4,594) | (53,830) | (2,379) | (73,150) | - | **(140,112)** |

**Closing Net Book Amount 44,596 214,400 163,120**

- 120

|  |  |  |
| --- | --- | --- |
| **At 31 December 2012** |  | |
| - Cost | 44,596 | - |
| - Valuation | - | 214,400 163, |
| Accumulated depreciation | - | - |

-

**Net Book Amount 44,596 214,400 163,120 842,792 62,163 - 44,777 295 11,921 3,083 1,387,146**

18 Property, plant and equipment (continued)

**Construction in Progress**

**Freehold Land**

**Crow n**

**Land Buildings Infrastucture**

**Buildings - Under Finance Lease**

**Plant and Equipm ent**

**Leasehold Improvements**

**Library**

**Collection Artw ork Total**

**Consolidated $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000**

**At 1 January 2011**

- Cost 86,396 - - - - 4,594 106,105 4,366 77,801 - 279,262

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| - Valuation - 241,400 163,120 651,171 52,177 - - - 476 2,903 1,111,247  Accumulated Depreciation - - - - - (4,594) (55,739) (2,538) (66,868) - (129,739) | | | | | | | | | | |
| Net Book Amount | 86,396 | 241,400 | 163,120 651,171 | 52,177 | - 50,366 | | 1,828 11,409 | | 2,903 | 1,260,770 |
| **Year Ended 31 Decem ber 2011** |  |  |  |  |  | |  | |  |  |
| Opening Net Book Amount | 86,396 | 241,400 | 163,120 651,171 | 52,177 | - 50,366 | | 1,828 11,409 | | 2,903 | 1,260,770 |
| Revaluation Surplus | - | (27,405) | - (1,308) | 340 | - - | | - (22) | | (13) | (28,408) |
| Additions | 93,698 | - | - 394 | - | - 16,148 | | - 4,162 | | 132 | 114,534 |
| Disposals | - | - | - (2,866) | - | - (3,812) | | - (38) | | (15) | (6,731) |
| Depreciation Charge - - | | | - (16,722) | (1,562) | - (9,233) | | (655) | (3,643) | - | (31,815) |
| Non-Cash Adjustments - 405  Transfers to Freehold Buildings and | | | - 8,156 | - | - (8,156) | | - | - | - | 405 |
| Plant & Equipment (99,438) - | | | - - | - | - - | | - | - | - | (99,438) |
| Transfers from Construction in |  |  |  |  |  | |  |  |  |  |
| Progress - - - 95,531 2,055 | | | | | - | 1,292 | 560 | - | - | 99,438 |
| Closing Net Book Amount 80,656 214,400 163,120 734,356 53,010 | | | | | - | 46,605 | 1,733 | 11,868 | 3,007 | 1,308,755 |
| **At 31 Decem ber 2011**  - Cost 80,656 - - - - | | | | | 4,594 | 96,885 | 4,684 | 81,380 | - | 268,199 |

- Valuation - 214,400 163,120 734,356 53,010 - - - 619 3,007 1,168,512

Accumulated depreciation - - - - - (4,594) (50,280) (2,951) (70,131) - (127,956)

Net Book Amount 80,656 214,400 163,120 734,356 53,010 - 46,605 1,733 11,868 3,007 1,308,755

1. Propert y, plant and equipment (continued )

**Construction**

**Freehold**

**Crown**

**Buildings - Under Finance**

**Plant and**

**Leasehold**

**Library**

**in Progress**

**Land**

**Land Buildings Infrastucture**

**Lease**

**Equipment**

**Improvements Collection Artwork Total**

**Consolidated $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000 $ '000**

**Year Ended 31 December 2012**

Opening Net Book Amount 80,656 214,400 163,120 734,356 53,010 - 46,605 1,733 11,868 3,007 **1,308,755**

Revaluation Surplus - - - 13,103 901 - - - - - **14,004**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Additions | 100,320 - - - | - | - 10,208 | 20 | 4,265 | 90 | **114,902** |
| Disposals | - - - (2,625) | - | - (3,860) | - | (66) | (2) | **(6,553)** |
| Depreciation Charge | - - - (19,641) | (1,806) | - (9,228) | (844) | (3,683) | - | **(35,202)** |

Impairment of building - fire damage - - - (5,586) - - - - - - **(5,586)** Non-Cash Adjustments - - - 211 - - (225) - - - **(14)** Transfers to Freehold Buildings and

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Plant & Equipment (136,381) - - -  Transfers from Construction in | | | | | - | - - | | - | - | - | **(136,381)** |
| Progress - - - 122,974 | | | | | 10,058 | - 2,887 | | 462 | - | - | **136,381** |
| **Closing Net Book Amount 44,595 214,400 163,120 842,792** | | | | | **62,163** | **- 46,387** | | **1,371** | **12,384** | **3,095** | **1,390,306** |
| **At 31 December 2012**  - Cost | 44,595 | - | - | 92,553 | 807 | 4,594 | 102,164 | 5,101 | 85,534 | - | **335,348** |
| - Valuation | - | 214,400 | 163,120 | 755,359 | 62,395 | - | - | - | - | 3,095 | **1,198,368** |
| Accumulated depreciation | - - - (5,120) | | | | (1,039) | (4,594) (55,777) | | (3,730) | (73,150) | - **(143,410)** | |
| **Net Book Amount** | **44,595 214,400 163,120 842,792** | | | | **62,163** | **- 46,387** | | **1,371** | **12,384** | **3,095 1,390,306** | |

1. Intangible Assets

**Consolidated Parent**

**Licences**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Cost **756** 788 **275** 275

Accumulated amortisation and

impairment **(548)** (465) **(199)** (144)

**Net carrying value 208** 323 **76** 131

* 1. *Reconciliation*

Year ended 31 December 2012

**Parent**

**Licences**

**$'000**

**Total**

**$'000**

Balance at the beginning of the year **131 131**

Amortisation charge **(55) (55)**

Closing value at 31 December 2012 76 76

Year ended 31 December 2011

Balance at the beginning of the year 186 186

Amortisation charge (55) (55)

Closing value at 31 December 2011 131 131

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated Licences**  **$'000** | **Total**  **$'000** |  |
| **Year ended 31 December 2012**  Balance at the beginning of the year | **323** |  | **323** |
| Disposals | **(32)** |  | **(32)** |
| Amortisation charge | **(83)** |  | **(83)** |
| **Closing value at 31 December 2012** | **208** |  | **208** |
| **Year ended 31 December 2011**  Balance at the beginning of the year | 236 |  | 236 |
| Additions | 212 |  | 212 |
| Amortisation charge | (125) |  | (125) |
| **Closing value at 31 December 2011** | 323 |  | 323 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **20** | **Other financial assets** | **Consolidated** |  |  | **Parent** |  | | |
|  |  | **2012** | **2011** |  | **2012** |  | **2011** |  |
|  |  | **$'000** | **$'000** |  | **$'000** |  | **$'000** |  |
|  | **Current**  Designated as at fair value through profit or loss | **-** |  | 9,651 |  | **-** |  | - |
|  | Available-for-sale (TCorp) | **-** |  | 12,092 |  | **-** |  | 12,092 |
|  | **Total current other financial assets** | **-** |  | 21,743 |  | **-** |  | 12,092 |
|  | **Non-current**  Available for sale (OnePath) | **-** |  | 27,557 |  | **-** |  | 27,557 |
|  | Available for sale (Acadian) | **34,683** |  | - |  | **9,104** |  | - |
|  | Available for sale (Unlisted securities) | **473** |  | 618 |  | **473** |  | 618 |
|  | **Total non-current other financial assets** | **35,156** |  | 28,175 |  | **9,577** |  | 28,175 |
|  | **Total other financial assets** | **35,156** |  | 49,918 |  | **9,577** |  | 40,267 |

Changes in fair values of other financial assets at fair value through profit or loss are recorded in other income in the income statement (note 5 – Investment Income).

1. Other non-financial assets

**Consolidated Parent**

**Non-Current**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Livestock holdings **358** 363 **358** 363

Other **-** 92 **-** -

**358** 455 **358** 363

1. Trade and other payables

**Consolidated Parent**

**Current**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Payables **50,105** 42,039 **46,764** 40,180

OS-HELP liability to Australian Government **212** 216 **212** 216

Total current trade and other payables **50,317** 42,255 **46,976** 40,396

* 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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Australian Dollars | **2012**  **$'000** | **50,012** | **2011**  **$'000** | 42,177 | **2012**  **$'000** | **46,671** | **2011**  **$'000** | 40,318 |
| US Dollars |  | **107** |  | 35 |  | **107** |  | 35 |
| GB Pounds |  | **105** |  | 27 |  | **105** |  | 27 |
| Other |  | **93** |  | 16 |  | **93** |  | 16 |
|  |  | **50,317** |  | 42,255 |  | **46,976** |  | 40,396 |

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 32.

1. Borrowings

**Consolidated Parent**

**Current**

Unsecured

2012

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Bank loans (i) **6,000** 7,000 **6,000** 7,000

Related party loans (ii) **-** - **6,164** -

**Total current borrowings 6,000** 7,000 **12,164** 7,000

Consolidated Parent

**Non-current**

Unsecured

2012

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Bank loans (i) **49,500** 37,000 **49,500** 37,000

**Total non-current borrowings 49,500** 37,000 **49,500** 37,000

**Total borrowings 55,500** 44,000 **61,664** 44,000

1. In August 2011 the University received approval from the Treasurer of New South Wales to increase its borrowing facilities by $100 million to the maximum of $128 million towards the construction of student accommodation and new library facilities.

Such approval is required under Section 22 (l)(e) of the University of Western Sydney Act 1997. The interest rate of the loan is variable being based on the BBSW rate plus a margin. The interest rate averaged 5.41% during 2012. The loan is unsecured.

The balance of the loan outstanding as at 31 December 2012 was $55.5 million (2011: $44 million).

1. Relates to the transfer of UWS College surplus funds to the University, which were previously invested in a T-Corp cash account.

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 32.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **23** | **Borrowings (continued)**  (a) Financing arrangements  Unrestricted access was available at reporting date to the following lines of credit: |  |  |  |
|  | **Consolidated Parent** |  |  |
|  | **2012 2011 2012** |  | **2011** |
|  | **$'000 $'000 $'000** |  | **$'000** |
|  | **Credit standby arrangements** |  |  |
|  | Bank guarantees **541** 514 | **541** |  | 500 |
|  | Credit cards **4,570** 4,570 | **4,500** |  | 4,500 |
|  | Leasing facilities **2,000** 2,100 | **-** |  | - |
|  | **Total facilities 7,111** 7,184 | **5,041** |  | 5,000 |
|  | Bank guarantees **482** 476 | **482** |  | 476 |
|  | Credit cards **313** 296 | **293** |  | 279 |
|  | Leasing facilities **458** 798 | **-** |  | - |
|  | **Used at reporting date 1,253** 1,570 | **775** |  | 755 |
|  | Bank guarantees **59** 38 | **59** |  | 24 |
|  | Credit cards **4,257** 4,274 | **4,207** |  | 4,221 |
|  | Leasing facilities **1,542** 1,302 | **-** |  | - |
|  | **Unused at reporting date 5,858** 5,614 | **4,266** |  | 4,245 |
|  | **Bank loan facilities**  Total facilities **128,000** 128,000 | **128,000** |  | 128,000 |
|  | Used at balance date **(55,500)** (44,000) | **(55,500)** |  | (44,000) |
|  | **Unused at balance date 72,500** 84,000 | **72,500** |  | 84,000 |

1. Provisions

**Consolidated Parent**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

**Current provisions expected to be settled within 12 months** Employee benefits

Annual Leave **16,041** 14,661 **14,674** 13,874

Long service leave **4,784** 4,641 **4,615** 4,540

Current provisions expected to be settled after more than 12 months

**Employee benefits**

**20,825** 19,302 **19,289** 18,414

Annual leave **9,304** 8,110 **9,178** 7,311

Long service leave **31,635** 33,874 **31,149** 33,287

**40,939** 41,984 **40,327** 40,598

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total current provisions 61,764** | | 61,286 | **59,616** | 59,012 |
| **Non-current provisions** |  |  |  |  |
| Employee benefits |  |  |  |  |
| Long service leave | **14,510** | 7,970 | **13,903** | 7,621 |
| Deferred government benefits for superannuation | **259,411** | 234,759 | **259,411** | 234,759 |
| **Total non-current provisions** | **273,921** | 242,729 | **273,314** | 242,380 |
| **Total provisions** | **335,685** | 304,015 | **332,930** | 301,392 |

* 1. Long service leave

In 2011 the University engaged Mercer Consulting (Australia) Pty Ltd to undertake a valuation of the University's long service leave liability. The University has used a shorthand measurement technique to value the long service leave liability at 31 December 2012. The following assumptions used in this measurement included:

Estimate rate of long-term inflation / salary increase 3.50% Discount for future investment earnings 3.25%

* 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 | 4.00 |
| Payroll tax | 6.60 |
| Workers compensation | 0.75 |

1. Other liabilities

**Consolidated Parent**

**Current**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Deferred income **12,342** 11,116 **12,276** 11,057

Fees received in advance **10,646** 9,941 **9,576** 8,870 Australian Government Unspent

Financial Assistance **151** 294 **151** 294

Other **3,913** 1,951 **3,583** 1,855

**Total other liabilities 27,052** 23,302 **25,586** 22,076

1. Restricted funds

Restricted funds are funds granted with certain restrictions or conditions mandated by an Act or subordinate legislation. These conditions mean that these funds may only be utilised for specified expenditure purposes.

Funds held by the Group which have been donated for a specific purpose, whereby drawing down on these funds for other purposes is restricted by an Act or subordinate legislation are included as a Statutory Fund under this note.

These funds include all ARC Funding, All NHMRC funding and the majority of Category 1 funding. Any unspent research funding received from an external party for specific purposes, where the purpose is not mandated by statute, is not included. There is nil balance for this year end prior year.

1. Reserves and retained earnings
   1. Reserves

Consolidated Parent

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Reserves**  Property, plant and equipment |  | | | | | | | |
| revaluation surplus | **522,987** | | 508,983 | | **522,974** | | 508,970 | |
| Investment revaluation reserve | **1,903** | | (10,115) | | **631** | | (10,115) | |
| Art collection revaluation reserve | **1,601** | | 1,601 | | **1,601** | | 1,601 | |
| Livestock revaluation reserve | **222** | | 291 | | **222** | | 291 | |
| **Total Reserves** | **526,713** | | 500,760 | | **525,428** | | 500,747 | |
| Movements |  | |  | |  | |  | |
|  | **Consolidated** | | **Parent** | | | |  | |
|  | **2012** |  | **2011** |  | **2012** |  | **2011** |  |
|  | **$'000** |  | **$'000** |  | **$'000** |  | **$'000** |  |
| **Property, plant and equipment revaluation surplus** |  |  |  |  |  |  |  |  |
| Balance 1 January |  | **508,983** |  | 537,378 |  | **508,970** |  | 537,365 |
| Revaluation - gross |  | **14,004** |  | (28,395) |  | **14,004** |  | (28,395) |
| **Balance at 31 December** |  | **522,987** |  | 508,983 |  | **522,974** |  | 508,970 |
| **Investment revaluation reserve** |  |  |  |  |  |  |  |  |
| Balance 1 January |  | **(10,115)** |  | (5,242) |  | **(10,115)** |  | (5,242) |
| Revaluation - gross |  | **12,018** |  | (4,873) |  | **10,746** |  | (4,873) |
| **Balance at 31 December** |  | **1,903** |  | (10,115) |  | **631** |  | (10,115) |
| **Art work revaluation reserve** |  |  |  |  |  |  |  |  |
| Balance 1 January |  | **1,601** |  | 1,614 |  | **1,601** |  | 1,614 |
| Revaluation - gross |  | **-** |  | (13) |  | **-** |  | (13) |
| **Balance at 31 December** |  | **1,601** |  | 1,601 |  | **1,601** |  | 1,601 |
| **Livestock revaluation reserve** |  |  |  |  |  |  |  |  |
| Balance 1 January |  | **291** |  | 158 |  | **291** |  | 158 |
| Revaluation - gross |  | **(69)** |  | 133 |  | **(69)** |  | 133 |
| **Balance at 31 December** |  | **222** |  | 291 |  | **222** |  | 291 |
| **Total reserves** |  | **526,713** |  | 500,760 |  | **525,428** |  | 500,747 |

1. **Reserves and retained earnings (continued)**
   1. Movements in retained earnings

Consolidated Parent

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Retained earnings at 1 January **733,637** 722,197 **696,533** 682,685

Operating result for the period **60,972** 12,523 **55,180** 14,931 Actuarial gains/(losses) on defined

benefit plans recognised directly in

retained earnings **(299)** (1,083) **(299)** (1,083)

**Retained earnings 794,310** 733,637 **751,414** 696,533

* 1. Nature and purpose of reserves

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 investment revaluation reserve is equal to the unrealised gains/(losses) on investments with the University's Fund Manager's for 2012 together with accumulated prior years unrealised gains and 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(q).

1. Key Management Personnel Disclosures
   1. Names of responsible persons and executive officers

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

* + 1. *Responsible Persons*

'Responsible person' is defined to mean a member of the University's Board of Trustees and its Executive who had authority and responsibility for planning, directing and controlling activities of the University in 2012:

**Board of Trustees** Peter Shergold, AC Janice Reid, AM Paul Wormell

John Banks Emma Stein Vivenne James Glen Sanford Ian Stone

28 Key Management Personnel Disclosures (continued)

1. Names of responsible persons and executive officers (continued) Hon Kim Yeadon, MP

Christopher Brown

Gillian Shadwick Ken Langford

George Morgan - elected 1 January 2012 Lorraine Fordham

Jing Chen - elected 1 January 2012 Lynda Ayache

* + 1. *Executive Officers*

'Executive' is defined to mean the Chief Executive Officer plus the members of the Executive Committee of the University. In 2012 these were:

**University Executive** Janice Reid, AM Rhonda Hawkins

Conal Wayne McKenna (resigned 31 December 2012) Steve Wilson (appointed 26 November 2012)

Gary Smith Peter Pickering Kerri-Lee Krause

Andrew Cheetham Angelo Kourtis Ann Tout

Paul Rowland (appointed 13 February 2012)

1. Key Management Personnel Disclosures (continued)
2. Remuneration of board members and executives

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated 2012**  **#** |  | **2011**  **#** |  | **Parent**  **2012**  **#** |  | **2011**  **#** |  |
| **Remuneration of Board Members**  Nil to $9,999 |  | **1** |  | - |  | **-** |  | - |
| $10,000 to $19,999 |  | **2** |  | 2 |  | **-** |  | - |
| $30,000 to $39,999 |  | **-** |  | 1 |  | **-** |  | 1 |
| $40,000 to $49,999 |  | **1** |  | - |  | **1** |  | - |
|  |  | **4** |  | 3 |  | **1** |  | 1 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated 2012**  **#** | **2011**  **#** |  | **Parent**  **2012**  **#** |  | **2011**  **#** |  |
| **Remuneration of executive officers**  $180,000 to $189,999 | **-** |  | 2 |  | **-** |  | - |
| $190,000 to $199,999 | **1** |  | - |  | **-** |  | - |
| $210,000 to $219,999 | **-** |  | 1 |  | **-** |  | - |
| $220,000 to $229,999 | **1** |  | - |  | **-** |  | - |
| $240,000 to $249,999 | **-** |  | 1 |  | **-** |  | - |
| $250,000 to $259,999 | **1** |  | 1 |  | **1** |  | 1 |
| $260,000 to $269,999 | **1** |  | - |  | **1** |  | - |
| $270,000 to $279,999 | **-** |  | 1 |  | **-** |  | 1 |
| $280,000 to $289,999 | **-** |  | 2 |  | **-** |  | 2 |
| $290,000 to $299,999 | **1** |  | - |  | **1** |  | - |
| $310,000 to $319,999 | **-** |  | 2 |  | **-** |  | 2 |
| $320,000 to $329,999 | **1** |  | 1 |  | **1** |  | 1 |
| $340,000 to $349,999 | **1** |  | - |  | **1** |  | - |
| $350,000 to $359,999 | **2** |  | 1 |  | **2** |  | 1 |
| $360,000 to $369,999 | **1** |  | - |  | **1** |  | - |
| $390,000 to $399,999 | **-** |  | 1 |  | **-** |  | 1 |
| $510,000 to $519,999 | **1** |  | - |  | **1** |  | - |
| $530,000 to $539,999 | **1** |  | - |  | **1** |  | - |
| $560,000 to $569,999 | **-** |  | 1 |  | **-** |  | 1 |
| $610,000 to $619,999 | **-** |  | 1 |  | **-** |  | 1 |
| $760,000 to $769,999 | **-** |  | 1 |  | **-** |  | 1 |
| $860,000 to $869,999\* | **1** |  | - |  | **1** |  | - |
|  | **13** |  | 16 |  | **11** |  | 12 |

\* 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 additonal bonus is payable.

|  |  |  |  |
| --- | --- | --- | --- |
| **28** | **Key Management Personnel Disclosures (continued)**  (c) Key management personnel compensation |  |  |
|  | Key management personnel include Board Members and Executives. |  |
|  | **Consolidated** | **Parent** |
|  | **2012 2011** | **2012** | **2011** |
|  | **$'000 $'000** | **$'000** | **$'000** |
|  | Short-term employee benefits **4,972,812** 4,989,286 | **3,998,901** | 4,255,802 |
|  | Post-employment benefits **632,501** 591,150 | **487,889** | 501,216 |
|  | Termination benefits **433,006** 169,662 | **433,006** | 169,662 |
|  | **Total 6,038,319** 5,750,098 | **4,919,796** | 4,926,680 |
|  | (d) Loans to key management personnel |  |  |

No loans were made to key management personnel during the financial year (2011: nil).

1. Remuneration of Auditors

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

Consolidated Parent

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Audit and review of the Financial Statements** |  | | | |
| Fees paid to the Audit Office of New South Wales | **389** | 375 | **286** | 277 |
| **Total** | **389** | 375 | **286** | 277 |
| Fees shown are inclusive of Goods and Services Tax. |  |  |  |  |

1. **Contingencies**
   1. Contingent liabilities

The University had contingent liabilities at 31 December 2012 in respect of:

1. one Administrative Decisions Tribunal disability discrimination claim; and
2. one Administrative Decisions Tribunal privacy claim.

It is not envisaged that such matters will result in any financial settlement, and therefore none have been provided for in the financial statements.

1. Contingencies (continued)
   1. Contingent liabilities (continued)

*Disclosure*

The University currently has a Project Delivery Agreement affecting Campbelltown campus with Landcom 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).

*Financial support and assistance*

It is the University's current policy to provide Television Sydney (TVS) 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 2013 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 expenditure contracted for at the reporting date but not recognised as liabilities are:

Consolidated Parent

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Property, plant and equipment**  Payable: |  | | | |
| Within one year | **51,971** | 74,354 | **51,971** | 74,327 |
| Between one and five years | **-** | 11,078 | **-** | 11,078 |
|  | **51,971** | 85,432 | **51,971** | 85,405 |

* 1. Lease commitments
     1. *Operating Leases*

The University leases computing and printing equipment under operating leases.

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities is as follows:

Consolidated Parent

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** |  | **2011**  **$'000** |  |
| Within one year |  | **6,374** |  | 7,767 |  | **6,103** |  | 7,280 |
| Between one year and five years |  | **5,797** |  | 6,505 |  | **5,761** |  | 6,290 |
| Total future minimum lease payments |  | **12,171** |  | 14,272 |  | **11,864** |  | 13,570 |

1. **Commitments (continued)**

(b) Lease commitments (continued)

* + 1. *Finance Leases*

Commitments in relation to finance leases are payable as follows:

Consolidated Parent

Within one year

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2012**  **$'000** | **2011**  **$'000**  **-** | 12 | **2012**  **$'000** | **2011**  **$'000**  **-** | - |
|  | **-**  **-** | 12  - |  | **-**  **-** | -  - |
|  | **-** | 12 |  | **-** | - |

Total future minimum lease payments Future finance charges

Recognised as a liability

1. Financial Risk Management
   1. 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 investments in units in managed investment funds. The main purposes of the managed investment funds are to:

* + 1. earn revenue to assist the Group in meeting operating expenses in a climate of diminshing government financial assistance, 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.

Treasury Risk Management

The University of Western Sydney Act provides that the University can only invest funds via ‘funds managers’ approved by NSW Treasury. Approved funds managers use a wide range of diversified strategic asset allocations. The performance of the funds managers are closely monitored by the University of Western Sydney 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.

32 Financial Risk Management (continued)

* 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 rate 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). No form of hedging is undertaken. The Group 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 entity has no overseas investment operations likely to affect its statement of financial position by movement in exchange rates.

1. Price risk

Price risk is 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 and at fair value through profit and loss. 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 rates risk is relatively small, however this is likely to increase as additional debt is utilised in future years.

32 Financial Risk Management (continued)

1. Market risk (continued)
2. 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.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Carrying** |  |  |  |  |  |  |  |  |  |
| **amount** | **Interest rate risk** |  |  | **Foreign exchange risk** |  | **Other price risk** |  |  |  |
|  | **-0.25%** | **+0.25%** |  | **-10% +10%** |  | **-10%** | **+10%** |  |  |
|  | **Result Equity** | **Result** | **Equity** | **Result Equity Result** | **Equity** | **Result Equity** | **Result** |  | **Equity** |
| **2012** | **$'000 $'000** | **$'000** | **$'000** | **$'000 $'000 $'000** | **$'000** | **$'000 $'000** | **$'000** |  | **$'000** |
| 75,577 | (188) (188) | 188 | 188 | - - - | - | - - |  | - | - |
| 278,960 | - - | - | - | - - - | - | - - |  | - | - |
| 35,156 | - - | - | - | - - - | - | - (352) |  | - | 352 |
|  | **(188) (188)** | **188** | **188** | **- - -** | **-** | **- (352)** |  | **-** | **352** |
| 49,992 | - - | - | - | 31 31 (31) | (31) | - - |  | - | - |
| 55,500 | 139 139 | (139) | (139) | - - - | - | - - |  | - | - |
| 3,913 | - - | - | - | - - - | - | - - |  | - | - |
|  | **139 139** | **(139)** | **(139)** | **31 31 (31)** | **(31)** | **- -** |  | **-** | **-** |
|  | (49) (49) | 49 | 49 | 31 31 (31) | (31) | - (352) |  | - | 352 |

**31 December 2012**

**Financial assets**

Cash and Cash Equivalents - at bank

Receivables

Other financial assets

**Sub Total**

**Financial liabilities** Trade and other payables Borrowings

Other

**Sub Total**

**31 December 2011**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Interest rate risk** |  |  | **Foreign exchange risk** |  | **Other price risk** |  |  |
|  | **-0.25%** | **+0.25%** |  | **-10% +10%** |  | **-10%** | **+10%** |  |
|  | **Result Equity** | **Result** | **Equity** | **Result Equity Result** | **Equity** | **Result Equity** | **Result** | **Equity** |
| **2012** | **$'000 $'000** | **$'000** | **$'000** | **$'000 $'000 $'000** | **$'000** | **$'000 $'000** | **$'000** | **$'000** |
| 29,852 | (75) (75) | 75 | 75 | - - - | - | - - | - | - |
| 280,441 | - - | - | - | - - - | - | - - | - | - |
| 49,918 | - - | - | - | - - - | - | (965) (4,992) | 965 | 4,992 |
|  | **(75) (75)** | **75** | **75** | **- - -** | **-** | **(965) (4,992)** | **965** | **4,992** |
| 42,255 | - - | - | - | 8 8 (8) | (8) | - - | - | - |
| 44,000 | 110 110 | (110) | (110) | - - - | - | - - | - | - |
| 1,951 | - - | - | - | - - - | - | - - | - | - |
|  | **110 110** | **(110)** | **(110)** | **8 8 (8)** | **(8)** | **- -** | **-** | **-** |
|  | **35 35** | **(35)** | **(35)** | **8 8 (8)** | **(8)** | **(965) (4,992)** | **965** | **4,992** |

**Financial assets**

Cash and Cash Equivalents - at bank

Receivables

Other financial assets

**Sub Total**

**Financial liabilities** Trade and other payables Borrowings

Other

**Sub Total**

**Total increase/(decrease)**

32 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 level equivalent to A (Standard and Poors long term) or A2 (Standard and Poors short term) or better, 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. Funds 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 meets 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.

###### University of Western Sydney

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

32 Financial Risk Management (continued)

1. Liquidity risk (continued)

The following tables summarise 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**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | | **2012**  **$'000** | **2011**  **$'000** | | **2012**  **$'000** | | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** |
| **Financial Assets:** |  |  |  |  | |  |  | |  | |  |  |  |  |  |  |  |
| Cash and cash equivalents **4.22** | | 5.13 | **30,539** | | 29,852 | **45,038** | | - | | **-** | - | **-** - **-** | | | - | **75,577** | 29,852 |
| Receivables (b) **-**  Other Financial Assets: | | - | **-** | | - | **-** | | - | | **-** | - | **-** - **26,312** | | | 22,016 | **26,312** | 22,016 |
| Designated as at fair value  through profit or loss **-** | | (4.11) | **-** | | 9,651 | **-** | | - | | **-** | - | **-** - **-** | | | - | **-** | 9,651 |
| Available for sale (TCorp) **-** | | (3.95) | **-** | | 12,092 | **-** | | - | | **-** | - | **-** - **-** | | | - | **-** | 12,092 |
| Available for sale (OnePath) **-** | | (6.22) | **-** | | 27,557 | **-** | | - | | **-** | - | **-** - **-** | | | - | **-** | 27,557 |
| Available for sale (Acadian)  (a) **-** | | - | **34,683** | | - | **-** | | - | | **-** | - | **-** - **-** | | | - | **34,683** | - |
| Available for sale (Unlisted  securities) **-** | | - | **-** | | - | **-** | | - | | **-** | - | **-** - **473** | | | 618 | **473** | 618 |
| **Total Financial Assets** | |  | **65,222** | | 79,152 | **45,038** | | - | | **-** | - | **-** - **26,785** | | | 22,634 | **137,045** | 101,786 |
| **Financial Liabilities:**  Payables **-** | | - | **-** | | - | **-** | | - | | **-** | - | **-** - **(49,992)** | | | (42,255) | **(49,992)** | (42,255) |
| Borrowings **5.41** | | 6.23 | **-** | | - | **(6,000)** | | (7,000) | | **(49,500)** | (37,000) | **-** - **-** | | | - | **(55,500)** | (44,000) |
| Other financial liabilities **-** | | - | **-** | | - | **-** | | - | | **-** | - | **-** - **(3,913)** | | | (1,951) | **(3,913)** | (1,951) |
| **Total Financial Liabilities** | |  | **-** | | - | **(6,000)** | | (7,000) | | **(49,500)** | (37,000) | **-** - **(53,905)** | | | (44,206) | **(109,405)** | (88,206) |

* 1. The Acadian Australian Equity High Yield fund’s inception date is 29 August 2012. The Group started its investments in this fund on the same date. Given the short life so far of this fund and how it’s performance can be affected either positively or negatively by short term and possibly abnormal fluctuations in the Australian equity market, it is considered misleading at this stage to recalculate and declare the fund’s performance since inception of 7.45% as an annualised average interest rate.
  2. The University's deferrred government contribution for superannuation included in note 16 is not included in the above analysis as the timing of the cash flows cannot be determined due to the current discussions between the State and Federal Government as to responsibility for the amount payable.

61

32 Financial Risk Management (continued)

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 fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last sale price.

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

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

32 Financial Risk Management (continued)

(e) Fair value estimation (continued)

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

Carrying Amount Fair Value

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Financial Assets**  Cash and cash equivalents | 75,577 | 29,852 | 75,577 | 29,852 |
| Receivables | 282,441 | 253,535 | 282,441 | 253,535 |
| Other financial assets | 35,156 | 49,918 | 35,156 | 49,918 |
| **Total Financial Assets** | **393,174** | **333,305** | **393,174** | **333,305** |
| **Financial Liabilities**  Trade and other payables | 50,317 | 42,255 | 50,317 | 42,255 |
| Borrowings | 55,500 | 44,000 | 55,500 | 44,000 |
| Other financial liabilities | 3,913 | 1,951 | 3,913 | 1,951 |
| **Total Financial Liabilities** | **109,730** | **88,206** | **109,730** | **88,206** |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2012**  **$'000** |  | **Level 1**  **$'000** | **Level 2**  **$'000** | **Level 3**  **$'000** |
| **Financial Assets**  Available for sale (Acadian) |  | 34,683 | 34,683 |  | - - |
| Available for sale (Unlisted securities) |  | 473 | - |  | - 473 |
| Total |  | 35,156 | 34,683 |  | - 473 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2011**  **$'000** |  | **Level 1**  **$'000** | **Level 2**  **$'000** |  | **Level 3**  **$'000** |  |
| **Financial Assets** |  |  |  |  |  |  |
| Designated at fair value through profit or loss |  | 9,651 | 9,651 |  | - |  | - |
| Available for sale (TCorp) |  | 12,092 | - |  | 12,092 |  | - |
| Available for sale (OnePath) |  | 27,557 | 27,557 |  | - |  | - |
| Available for sale (Unlisted securities) |  | 618 | - |  | - |  | 618 |
| Total |  | 49,918 | 37,208 |  | 12,092 |  | 618 |

1. Financial Risk Management (continued)

(e) Fair value estimation (continued)

Reconciliation of financial assets categorised as Level 3:

**Unlisted securities**

**$'000**

**Total**

**$'000**

**Level 3 Financial Assets 2012**

|  |  |  |
| --- | --- | --- |
| Opening balance  **Total gains or losses** | 618 | 618 |
| In other comprehensive income | (15) | (15) |
| Sales | (130) | (130) |
| Closing balance | 473 | 473 |

**Level 3 Financial Assets 2011**

**Unlisted securities**

**$'000**

**Total**

**$'000**

Opening balance 535 535

Total gains or losses

In other comprehensive income 83 83

Closing balance 618 618

Refer to note 1(o) for the accounting policy of fair value estimation.

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):

Australia 100 100

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of Entity** | **Country of**  **Incorporation** | **2012**  **%** |  | **2011**  **%** |  |
| Cadre Design Pty Limited and Unit Trust (#1) | Australia |  | - |  | 85 |
| Television Sydney (TVS) Limited | Australia |  | 75 |  | 75 |
| Television Sydney Foundation Limited and Trust (#2) | Australia |  | - |  | 100 |
| University of Western Sydney Foundation Limited and |  |  |  |  |  |
| Trust |  |  | |  | |
| UWS College Pty Limited | Australia | 100 | | 100 | |
| UWS Early Learning Limited | Australia | 100 | | 100 | |
| uwsconnect Limited | Australia | 100 | | 100 | |

Whitlam Institute (within University of Western Sydney)

Limited and Trust Australia 100 100

#1 The University disposed of its interest in Cadre Design Pty Limited and Unit Trust on 19 April 2012.

#2 Television Sydney Foundation Limited & Trust were deregistered on 7 April 2012.

* 1. Loans to controlled entities

[2012](#_TOC_250003)

[$'000](#_TOC_250002)

[2011](#_TOC_250001)

[$'000](#_TOC_250000)

Television Sydney (TVS) Limited 5,320 5,091

uwsconnect Limited 1,611 1,875

Cadre Design Pty Limited - 264

**Total 6,931** 7,230

A provision for doubtful debt ($5.320M) (2011:$5.091M) has been raised in relation to the Television Sydney (TVS) loan.

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

**Consolidated Parent**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

Operating result for the year **60,972** 12,523 **55,180** 14,931

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Net (gain)/loss on disposal of property, plant and equipment | **3,130** | 2,073 | **3,126** | 2,052 |
| Superannuation adjustments | **(24,909)** | (89,123) | **(24,909)** | (89,123) |
| Depreciation and amortisation | **35,288** | 31,942 | **34,242** | 31,195 |
| Impairment of receivables | **(417)** | 679 | **(170)** | 1,188 |
| Cost of goods sold - livestock | **(64)** | (22) | **(64)** | (22) |
| HECS up-front excess and trust fund |  |  |  |  |
| advances | **407** | 4,087 | **407** | 4,087 |
| Unrealised surplus / (deficit) on |  |  |  |  |
| investments | **7,905** | 1,284 | **8,867** | 101 |
| Impairment of building - fire damage | **(5,586)** | - | **(5,586)** | - |
| Donated assets | **(198)** | - | **-** | - |
| (Increase)/decrease in trade debtors | **(4,195)** | 963 | **(6,333)** | 1,366 |
| Increase/(decrease) in other operating liabilities | **3,750** | (655) | **3,510** | 32 |
| (Increase)/decrease in inventories | **(400)** | (1,323) | **-** | - |
| Increase/(decrease) in trade |  |  |  |  |
| creditors | **8,062** | 8,867 | **6,579** | 7,447 |
| Increase/(decrease) in other |  |  |  |  |
| provisions | **31,670** | 96,428 | **31,538** | 95,987 |

Net cash provided by operating

**activities 115,415** 67,723 **106,387** 69,241

1. Acquittal of Australian Government Financial Assistance
   1. DIISRTE - CGS and other DIISRTE Grants

**Commonwealth Grants Indigenous Support**

**Partnership &**

**Participation Program Disability Support**

**Workplace Reform**

**Scheme#1**

**Program #2**

**Program**

**Program**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Parent Entity (University) Only**  Financial assistance received in CASH | **Note** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** |  | **2011**  **$'000** |
| during the reporting period (total cash received from Australian Government for the program) |  | 244,739 | 199,868 | 1,397 | 1,397 | 20,108 | 5,690 |  | 642 |  | 576 |  | - | - |
| Net accrual adjustments |  | - | (35) | - | - | - | - |  | - |  | - |  | - | - |
| Revenue for the period | 2(a) | 244,739 | 199,833 | 1,397 | 1,397 | 20,108 | 5,690 |  | 642 |  | 576 |  | - | - |
| Surplus/(deficit) from the previous year |  | - | - | - | - | 183 | 321 |  | 38 |  | 141 |  | 77 | 1,066 |
| Total revenue including accrued revenue |  | 244,739 | 199,833 | 1,397 | 1,397 | 20,291 | 6,011 |  | 680 |  | 717 |  | 77 | 1,066 |
| Less expenses including accrued expenses |  | (244,739) | (199,833) | (1,397) | (1,397) | (17,239) | (5,828) |  | (651) |  | (679) |  | (61) | (989) |
| Surplus/(deficit) for the reporting period |  | - | - | - | - | 3,052 | 183 |  | 29 |  | 38 |  | 16 | 77 |

**Learning & Teaching**

**Capital Development**

**Diversity and**

**Structural Adjustment Transitional Cost**

**Promo of Excellence in Learning and**

**Performance Fund**

**Pool**

**Fund #3**

**Program**

**Teaching**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Parent Entity (University) Only**  Financial assistance received in CASH | **Note** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** |  | **2011**  **$'000** |  |
| during the reporting period (total cash received from Australian Government for the program) |  | - | - |  | - 4,149 | 5,060 | 350 |  | 134 |  | (33) |  | 340 |  | - |
| Net accrual adjustments |  | - | - |  | - - | - | - |  | - |  | - |  | - |  | - |
| Revenue for the period | 2(a) | - | - |  | - 4,149 | 5,060 | 350 |  | 134 |  | (33) |  | 340 |  | - |
| Surplus/(deficit) from the previous year |  | 1,487 | 1,487 |  | - 106 | 928 | 2,370 |  | - |  | - |  | - |  | - |
| Total revenue including accrued revenue |  | 1,487 | 1,487 |  | - 4,255 | 5,988 | 2,720 |  | 134 |  | (33) |  | 340 |  | - |
| Less expenses including accrued expenses |  | (1,487) | - |  | - (4,255) | (1,287) | (1,792) |  | (134) |  | 33 |  | - |  | - |
| Surplus/(deficit) for the reporting period |  | - | 1,487 |  | - - | 4,701 | 928 |  | - |  | - |  | 340 |  | - |

35 Acquittal of Australian Government Financial Assistance (continued)

1. DIISRTE - CGS AND OTHER DIISRTE GRANTS (CONTINUED)

**Reward Funding Other Total**

**Parent Entity (University) Only Note**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

**2012**

**$'000**

**2011**

**$'000**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program) |  | 1,218 | - - | 545 | 273,638 | 212,542 |
| Net accrual adjustments |  | - | - - | - | - | (35) |
| Revenue for the period | 2(a) | 1,218 | - - | 545 | 273,638 | 212,507 |
| Surplus/(deficit) from the previous year |  | - | - 216 | 174 | 2,929 | 5,665 |
| Total revenue including accrued revenue |  | 1,218 | - 216 | 719 | 276,567 | 218,172 |
| Less expenses including accrued expenses |  | (1,218) | - - | (503) | (268,213) | (215,243) |
| Surplus/(deficit) for the reporting period |  | - | - 216 | 216 | 8,354 | 2,929 |

#1 Basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, Maths and Science Transition Loading and Full Fee Places Transition Loading.

#2 Includes Equity Support Program.

#3 Includes Collaboration and Structural Adjustments Program

35 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**  Cash Payable/(Receivable) at the beginning of the | **Note** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** |
| year |  | 358 | (3,729) | 1,096 | 645 | - |  | - 1,454 | (3,084) |
| Financial assistance received in cash during the reporting period |  | 156,638 | 148,766 | 7,874 | 9,117 | 2,316 |  | - 166,828 | 157,883 |
| Cash available for the period |  | 156,996 | 145,037 | 8,970 | 9,762 | 2,316 |  | - 168,282 | 154,799 |
| Revenue earned | 2(b) | 156,231 | 144,679 | 8,618 | 8,666 | 5,044 |  | - 169,893 | 153,345 |
| Cash Payable/(Receivable) at the end of the year |  | 765 | 358 | 352 | 1,096 | (2,728) |  | - (1,611) | 1,454 |

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

35 Acquittal of Australian Government Financial Assistance (continued)

1. Scholarships

**Australian Postgraduate Awards**

**International Postgraduate Research Scholarships**

**Commonwealth Education Cost Scholarships #5**

**Commonwealth Accommodation Scholarships #5**

**Indigenous Access Scholarship Total**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Parent Entity (University) Only**  Financial assistance received in CASH | **Note** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** | **2011**  **$'000** |
| during the reporting period (total cash received from Australian Government for the program) |  | 2,988 | 2,651 | 256 | 247 | 338 | 1,978 |  | 5 |  | 9 |  | 36 |  | 43 | 3,623 | 4,928 |
| Net accrual adjustments |  | - | - | - | - | (252) | - |  | - |  | - |  | - |  | - | (252) | - |
| Revenue for the period | 2(c) | 2,988 | 2,651 | 256 | 247 | 86 | 1,978 |  | 5 |  | 9 |  | 36 |  | 43 | 3,371 | 4,928 |
| Surplus/(deficit) from the previous year |  | 1,110 | 959 | - | - | 911 | 13 |  | - |  | - |  | 5 |  | 5 | 2,026 | 977 |
| Total revenue including accrued revenue |  | 4,098 | 3,610 | 256 | 247 | 997 | 1,991 |  | 5 |  | 9 |  | 41 |  | 48 | 5,397 | 5,905 |
| Less expenses including accrued expenses |  | (3,777) | (2,500) | (256) | (247) | (473) | (1,080) |  | (5) |  | (9) |  | (5) |  | (43) | (4,516) | (3,879) |
| Surplus/(deficit) for the reporting period |  | 321 | 1,110 | - | - | 524 | 911 |  | - |  | - |  | 36 |  | 5 | 881 | 2,026 |

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

35 Acquittal of Australian Government Financial Assistance (continued)

1. DIISRTE Research

**Joint Research Engagement#6**

**Research Training Scheme**

**Research Infrastructure Block Grants**

**Implementation Assistance Programme**

**Commercialisation Training Scheme**

**Sustainable Research Excellence in**

**Universities Total**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Parent Entity (University) Only #7**  Financial assistance received in | **Note** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012 2011**  **$'000 $'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** |
| CASH during the reporting period (total cash received from Australian Government for the program) |  | 3,229 | 3,046 | 7,238 | 7,319 | 1,758 | 1,496 | - - |  | - 90 | 1,300 | 1,174 | 13,525 | 13,125 |
| Net accrual adjustments |  | - | - | - | - | - | - | - - |  | - - | - | - | - | - |
|  | 2(d) | 3,229 | 3,046 | 7,238 | 7,319 | 1,758 | 1,496 | - - |  | - 90 | 1,300 | 1,174 | 13,525 | 13,125 |
| Surplus/(deficit) from the previous year |  | 516 | 814 | - | 455 | 178 | 372 | - 125 |  | - 34 | 414 | 631 | 1,108 | 2,431 |
| Total revenue including accrued revenue |  | 3,745 | 3,860 | 7,238 | 7,774 | 1,936 | 1,868 | - 125 |  | - 124 | 1,714 | 1,805 | 14,633 | 15,556 |
| Less expenses including accrued expenses |  | (3,334) | (3,344) | (7,238) | (7,774) | (1,799) | (1,690) | - (125) |  | - (124) | (1,714) | (1,391) | (14,085) | (14,448) |
| Surplus/(deficit) for the reporting period |  | 411 | 516 | - | - | 137 | 178 | - - |  | - - | - | 414 | 548 | 1,108 |

#6 Includes Institutional Grants Scheme

#7 The reported Surplus for Joint Research Engagement ($0.411M) and Research Infrastructure Block Grants ($0.137M) for 2012 is requested as a rollover.

35 Acquittal of Australian Government Financial Assistance (continued)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (e) Other Capital Funding |  | **Better Universities** | **Education Investment** |  |  |
|  |  | **Renewal Fund** | **Fund** | **Total** |
|  |  | **2012 2011** | **2012 2011** | **2012** | **2011** |
|  | **Note** | **$'000 $'000** | **$'000 $'000** | **$'000** | **$'000** |
| Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program) |  | - - | - - | - | - |
| Net accrual adjustments |  | - - | 12,574 - | 12,574 | - |
| Revenue for the period | 2(e) | - - | 12,574 - | 12,574 | - |
| Surplus/(deficit) from the previous year |  | - 3,310 | - 14,308 | - | 17,618 |
| Total revenue including accrued revenue |  | - 3,310 | 12,574 14,308 | 12,574 | 17,618 |
| Less expenses including accrued expenses |  | - (3,310) | (2,852) (14,308) | (2,852) | (17,618) |
| Surplus/(deficit) for the reporting period |  | - - | 9,722 - | 9,722 | - |

**35 Acquittal of Australian Government Financial Assistance (continued)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (f) | Australian Research Council Grants |  |  |  |  |  | **Indigenous** |  | | |
|  |  | **Projects** |  | **Fellowships** |  |  | **Researchers Development** |  | **Total** |  |
|  | **(i) Discovery** | **2012** | **2011** | **2012** | **2011** |  | **2012 2011** |  | **2012** | **2011** |
|  | **Parent Entity (University) Only** | **$'000** | **$'000** | **$'000** | **$'000** |  | **$'000 $'000** |  | **$'000** | **$'000** |
|  | Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program) | 3,377 | 3,441 | 1,760 |  | 437 | 290 | 468 | 5,427 | 4,346 |
|  | Net accrual adjustments | 30 | 154 | 4 |  | - | - | - | 34 | 154 |
|  | Revenue for the period | 3,407 | 3,595 | 1,764 |  | 437 | 290 | 468 | 5,461 | 4,500 |
|  | Surplus/(deficit) from the previous year | 3,114 | 2,751 | 169 |  | 130 | 494 | 417 | 3,777 | 3,298 |
|  | Total revenue including accrued revenue | 6,521 | 6,346 | 1,933 |  | 567 | 784 | 885 | 9,238 | 7,798 |
|  | Less expenses including accrued expenses | (3,685) | (3,232) | (1,087) |  | (398) | (545) | (391) | (5,317) | (4,021) |
|  | Surplus/(deficit) for the reporting period | 2,836 | 3,114 | 846 |  | 169 | 239 | 494 | 3,921 | 3,777 |

**35 Acquittal of Australian Government Financial Assistance (continued)**

1. Australian Research Council Grants (continued)

**Special Research**

**Initiatives Infrastructure International Projects Total**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(ii) Linkages**  **Parent Entity (University) Only**  Financial assistance received in CASH during the | **2012**  **$'000** |  | **2011**  **$'000** | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** |  | **2011**  **$'000** |  | **2012**  **$'000** | **2011**  **$'000** | **2012**  **$'000** | **2011**  **$'000** |
| reporting period (total cash received from Australian Government for the program) |  | - | 374 |  | - |  | - |  | - |  | - | 1,098 | 1,132 | 1,098 | 1,506 |
| Net accrual adjustments |  | 121 | 44 |  | - |  | 8 |  | - |  | - | 148 | 71 | 269 | 123 |
| Revenue for the period |  | 121 | 418 |  | - |  | 8 |  | - |  | - | 1,246 | 1,203 | 1,367 | 1,629 |
| Surplus/(deficit) from the previous year |  | 508 | 826 |  | 5 |  | 604 |  | 17 |  | 28 | 1,832 | 1,955 | 2,362 | 3,413 |
| Total revenue including accrued revenue |  | 629 | 1,244 |  | 5 |  | 612 |  | 17 |  | 28 | 3,078 | 3,158 | 3,729 | 5,042 |
| Less expenses including accrued expenses |  | (545) | (736) |  | (2) |  | (607) |  | (4) |  | (11) | (1,034) | (1,326) | (1,585) | (2,680) |
| Surplus/(deficit) for the reporting period |  | 84 | 508 |  | 3 |  | 5 |  | 13 |  | 17 | 2,044 | 1,832 | 2,144 | 2,362 |

35 Acquittal of Australian Government Financial Assistance (continued)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (f) Australian Research Council Grants (continued) | **Research Networks** |  | **Centres** |  | **Total** |  | | |
| **(iii) Networks and Centres** | **2012 2011** |  | **2012** | **2011** | **2012** |  | **2011** |  |
| **Parent Entity (University) Only** | **$'000 $'000** |  | **$'000** | **$'000** | **$'000** |  | **$'000** |  |
| Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program) | - | - |  | - | - | - |  | - |
| Net accrual adjustments | - | - |  | - | - | - |  | - |
| Revenue for the period | - | - |  | - | - | - |  | - |
| Surplus/(deficit) from the previous year | (3) | (3) |  | - | - | (3) |  | (3) |
| Total revenue including accrued revenue | (3) | (3) |  | - | - | (3) |  | (3) |
| Less expenses including accrued expenses | 3 | - |  | - | - | 3 |  | - |
| Surplus/(deficit) for the reporting period | - | (3) |  | - | - | - |  | (3) |

1. **Acquittal of Australian Government Financial Assistance (continued)**
2. OS-HELP

**Note**

**2012**

**$'000**

**2011**

**$'000**

**Parent Entity (University) Only**

Cash received during the reporting period 531 454

Cash spent during the reporting period (535) (290)

Net cash received (4) 164

Cash surplus/(Deficit) from the previous period 216 52

**Surplus/(Deficit) for the reporting period** 22 212 216

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (h) Student Services and Amenities Fee |  | **2012** | **2011** |  |
| **Parent Entity (University) Only** | **Note** | **$'000** | **$'000** |
| Unspent/(overspent) revenue from previous period SA-HELP Revenue Earned | 2(b) | - 5,044 |  | -  - |
| Student service fees direct from students | 4 | 2,590 |  | - |
| Total revenue expendable in period |  | 7,634 |  | - |
| Student services expenses during period |  | (7,634) |  | - |
| 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), 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.

The Australian Government and the State Government are reviewing the current arrangements relating to superannuation payments in respect of current and past members unfunded State superannuation schemes. The University is of the view that the Commonwealth and State Governments will continue to progressively meet this amount in accordance with current practice.

Recent correspondence from the Commonwealth Government indicated the reimbursement right in respect of SANCS has become questionable and the relevant receivable has been reduced to nil. The amount owing in respect of the remaining two schemes as at 31 December 2012 was $256.129M (2011: $231.519M) and this is reflected in Note 16 as Non-current receivables. Accordingly the unfunded liabilities have been recognised in the statement of financial position under provisions with a corresponding asset recognised under receivables. The recognition of both the asset and liability consequently does not affect the year end net position of the University and its controlled entities for those schemes, except as otherwise disclosed.

The Company expects to make a contribution of $2.295 million (2011: $2.583 million) to the defined benefit plan during the next financial year.

* 1. Principal assumptions

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

2012

**%**

**2011**

**%**

Discount rate **3.30** 3.70

Expected return on plan assets **8.60** 8.60

Expected rate of salary increase **2.50** 2.50

Expected rate of CPI increase **2.50** 2.50

Expected return on reimbursement rights **1.59** 2.39

**36 Defined Benefits Plans (continued)**

* 1. Analysis of the plan assets

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Australian equities | **2012**  **%** | **31.00** | **2011**  **%** | 32.10 |
| Overseas equities |  | **24.30** |  | 29.00 |
| Australian fixedinterest securities |  | **6.20** |  | 5.60 |
| Overseas fixed interest securities |  | **2.40** |  | 2.60 |
| Property |  | **8.70** |  | 9.50 |
| Cash |  | **13.40** |  | 6.60 |
| Other |  | **14.00** |  | 14.60 |

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The University's assessment of the expected returns is based on historical return trends and actuarial predictions of the market for the asset in the next 12 months

* 1. The history of experience adjustments is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2012** | **2011** | **2010** | **2009** | **2008** |
| Fair value of plan assets | 148,222 | 145,765 | 160,529 | 168,623 | 165,864 |
| Present value of defined benefit obligation | 407,634 | 380,524 | 306,417 | 295,726 | 329,732 |
| Surplus/(deficit) | (259,411) | (234,759) | (145,888) | (127,103) | (163,868) |
| Experience adjustments on plan liabilities | 28,491 | 70,285 | 8,151 | (33,890) | 68,370 |
| Experience adjustments on plan assets | (5,630) | 15,408 | 7,975 | (2,983) | 56,029 |

36 Defined Benefits Plans (continued)

(e)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Present value obligations (Current) |  | **SASS** | |  | **SANCS** |  | **SSS** |  | **Total** |  |
|  | **Note** | **$'000** | |  | **$'000** |  | **$'000** |  | **$'000** |
| **Present value obligations - 2012** |  |  | |  |  |  |  |  |  |
| Opening defined benefit obligation |  |  | | 39,820 |  | 7,922 |  | 332,783 |  | 380,525 |
| Current service cost |  |  | | 1,428 |  | 334 |  | 437 |  | 2,199 |
| Interest cost |  |  | | 1,381 |  | 271 |  | 12,038 |  | 13,690 |
| Contributions from plan participants |  |  | | 667 |  | - |  | 660 |  | 1,327 |
| Actuarial losses/(gains) |  |  | | 3,426 |  | 408 |  | 24,648 |  | 28,482 |
| Benefits paid |  |  | | (4,081) |  | (1,076) |  | (13,432) |  | (18,589) |
| Closing defined benefit obligation |  |  | | 42,641 |  | 7,859 |  | 357,134 |  | 407,634 |
| **Present value of plan assets - 2012** |  |  | |  |  |  |  |  |  |  |
| Opening fair value of plan assets |  |  | | 30,161 |  | 4,682 |  | 110,922 |  | 145,765 |
| Expected return on plan assets |  |  | | 2,379 |  | 451 |  | 8,900 |  | 11,730 |
| Actuarial gains/(losses) |  |  | | 2,114 |  | 109 |  | 3,408 |  | 5,631 |
| Contributions from the employer |  |  | | 1,361 |  | 410 |  | 587 |  | 2,358 |
| Contributions from plan participants |  |  | | 667 |  | - |  | 660 |  | 1,327 |
| Benefits paid |  |  | | (4,081) |  | (1,076) |  | (13,432) |  | (18,589) |
| **Closing fair value of plans assets** |  |  | | 32,601 |  | 4,576 |  | 111,045 |  | 148,222 |
| **Reimbursement rights - 2012** |  |  | |  |  |  |  |  |  |  |
| Opening value of reimbursement right |  |  | | 9,658 |  | - |  | 221,861 |  | 231,519 |
| Actuarial gains/(losses) |  |  | | 1,312 |  | - |  | 21,240 |  | 22,552 |
| Employer contributions |  |  | | (1,361) |  | - |  | (587) |  | (1,948) |
| Expected return on reimbursement rights |  |  | | 431 |  | - |  | 3,575 |  | 4,006 |
| **Closing value of reimbursement right** |  |  | | 10,040 |  | - |  | 246,089 |  | 256,129 |
| **Net liability - 2012** |  |  | |  |  |  |  |  |  |  |
| Defined benefit obligation |  |  | | 42,641 |  | 7,859 |  | 357,134 |  | 407,634 |
| Fair value of plan assets |  |  | | (32,601) |  | (4,576) |  | (111,045) |  | (148,222) |
| Reimbursement right | 16 |  | | (10,040) |  | - |  | (246,089) |  | (256,129) |
| **Total net liability/(asset) in balance** |  |  | |  |  |  |  |  |  |  |
| **sheet**  - 3,283 - 3,283  **Expense recognised - 2012** | | | | | | | | | | |
| Current service cost | | | 1,428 | | 334 | | 437 | | 2,199 | |
| Interest on obligation | | | 1,381 | | 271 | | 12,038 | | 13,690 | |
| Expected return on plan assets | | | (2,379) | | (451) | | (8,900) | | (11,730) | |
| Expected return on reimbursement rights | | | (431) | | - | | (3,575) | | (4,006) | |
| **Expense/(income)** | | | - | | 154 | | - | | 154 | |
| **Actual returns - 2012** | | |  | |  | |  | |  | |
| Actual return on plan assets | | | 3,522 | | 559 | | 12,928 | | 17,009 | |
| Actual return on reimbursement right | | | 431 | | - | | 3,575 | | 4,006 | |
|  | | | 3,953 | | 559 | | 16,503 | | 21,015 | |
| **Other comprehensive income - 2012** | | |  | |  | |  | |  | |
| Actuarial losses/(gains) on defined benefit | | | (3,426) | | (408) | | (24,648) | | (28,482) | |
| Actuarial (losses)/gains on plan assets | | | 2,114 | | 109 | | 3,408 | | 5,631 | |
| Actuarial (losses)/gains in reimburse rights | | | 1,312 | | - | | 21,240 | | 22,552 | |
| **Net actuarial (loss) / gain recognised** | | |  | |  | |  | |  | |
| **in other comprehensive income**  - (299) - (299) | | | | | | | | | | |

**Cumulative total net actuarial**

**(losses)/gains** - (1,176) - (1,176)

1. Defined Benefits Plans (continued)

(f)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Present value obligations (Prior) |  | **SASS** |  | **SANCS** |  | **SSS** |  | **Total** |  |
|  | **Note** | **$'000** |  | **$'000** |  | **$'000** |  | **$'000** |
| **Present value obligations - 2011**  Opening defined benefit obligation |  |  | 38,509 |  | 7,998 |  | 259,910 |  | 306,417 |
| Current service cost |  |  | 1,400 |  | 346 |  | 380 |  | 2,126 |
| Interest cost |  |  | 2,038 |  | 417 |  | 14,141 |  | 16,596 |
| Contributions from plan participants |  |  | 632 |  | - |  | 738 |  | 1,370 |
| Actuarial losses/(gains) |  |  | 1,675 |  | 431 |  | 68,180 |  | 70,286 |
| Benefits paid |  |  | (4,434) |  | (1,270) |  | (10,566) |  | (16,270) |
| **Closing defined benefit obligation** |  |  | 39,820 |  | 7,922 |  | 332,783 |  | 380,525 |
| **Present value of plan assets - 2011**  Opening fair value of plan assets |  |  | 32,500 |  | 5,589 |  | 122,440 |  | 160,529 |
| Expected return on plan assets |  |  | 2,618 |  | 545 |  | 9,933 |  | 13,096 |
| Actuarial gains/(losses) |  |  | (2,563) |  | (652) |  | (12,193) |  | (15,408) |
| Contributions from the employer |  |  | 1,407 |  | 470 |  | 570 |  | 2,447 |
| Contributions from plan participants |  |  | 633 |  | - |  | 738 |  | 1,371 |
| Benefits paid |  |  | (4,434) |  | (1,270) |  | (10,566) |  | (16,270) |
| **Closing fair value of plans assets** |  |  | 30,161 |  | 4,682 |  | 110,922 |  | 145,765 |
| **Reimbursement rights - 2011**  Opening value of reimbursement right |  |  | 6,009 |  | - |  | 137,470 |  | 143,479 |
| Actuarial gains/(losses) |  |  | 4,237 |  | - |  | 80,372 |  | 84,609 |
| Employer contributions |  |  | (1,407) |  | - |  | (570) |  | (1,977) |
| Expected return on reimbursement rights |  |  | 820 |  | - |  | 4,589 |  | 5,409 |
| Closing value of reimbursement right |  |  | 9,658 |  | - |  | 221,861 |  | 231,519 |
| **Net liability - 2011**  Defined benefit obligation |  |  | 39,819 |  | 7,922 |  | 332,783 |  | 380,524 |
| Fair value of plan assets |  |  | (30,161) |  | (4,682) |  | (110,922) |  | (145,765) |
| Reimbursement right | 16 |  | (9,658) |  | - |  | (221,861) |  | (231,519) |
| **Total net liability/(asset) in balance sheet** |  |  | - |  | 3,240 |  | - |  | 3,240 |
| **Expense recognised - 2011**  Current service cost |  |  | 1,400 |  | 347 |  | 380 |  | 2,127 |
| Interest on obligation |  |  | 2,038 |  | 417 |  | 14,141 |  | 16,596 |
| Expected return on plan assets |  |  | (2,618) |  | (545) |  | (9,933) |  | (13,096) |
| Expected return on reimbursement rights |  |  | (820) |  | - |  | (4,589) |  | (5,409) |
| Expense / (income) |  |  | - |  | 218 |  | - |  | 218 |
| **Actual returns - 2011**  Actual return on plan assets |  |  | (614) |  | (107) |  | (2,414) |  | (3,135) |
| Actual return on reimbursement right |  |  | 820 |  | - |  | 4,589 |  | 5,409 |
|  |  |  | 206 |  | (107) |  | 2,175 |  | 2,274 |
| **Other comprehensive income - 2011**  Actuarial losses/(gains) on defined benefit |  |  | (1,675) |  | (431) |  | (68,179) |  | (70,285) |
| Actuarial (losses)/gains on plan assets |  |  | (2,563) |  | (652) |  | (12,193) |  | (15,408) |
| Actuarial (losses)/gains in reimburse rights |  |  | 4,238 |  | - |  | 80,372 |  | 84,610 |
| Recognised in other comprehensive income |  |  | - |  | (1,083) |  | - |  | (1,083) |

Cumulative total net actuarial (losses) / gains - (877) - (877)

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**

**University of Western Sydney**

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of University of Western Sydney (the University), which comprise the statement of financial position as at 31 December 2012, the income statement, the statement of comprehensive income, the statement of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

**Opinion**

In my opinion, the financial statements :

* + give a true and fair view of the financial position of the University and the consolidated entity, as at 31 December 2012, and of the financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
  + are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010
  + comply with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2012 Reporting Period' (the Guidelines), issued by the Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education, pursuant to the *Higher Education Support Act 2003,* the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*

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

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

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

**Auditor's Responsibility**

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

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

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

My opinion does *not* provide assurance :

* about the future viability of the University or the consolidated entity

that they have carried out their activities effectively , efficiently and economically

* about the effectiveness of their internal control
* about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented

about any other information which may have been hyperlinked to/from the financial statements.

**Independence**

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

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



Renee Meimaroglou, CA Director, Financial Audit Services

10 April 2013 SYDNEY

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# Television Sydney (TVS) Limited

**ABN 27104674124**

**Financial Statements**

**For the Year Ended 31 December 2012**

These financial statements are the individual entity statements of Television Sydney (TVS) Limited (the Company). The financial statements are presented in Australian Currency.

The company is a company limited by guarantee, incorporated and domiciled in Australia.

It's registered office is:

Television Sydney Limited

UWS Company Secretary, Entities, Finance Office Building M16 College Drive

Richmond NSW 2753

The principal place of business is:

Building BD

Werrington South Campus Penrith NSW 2750

A description of the nature of the Company's operations and its principal activities is included in the directors report which form part of these financial statements.

The financial statements were authorised for issue by the directors on 25 March 2013. The directors have the power to amend and reissue the financial statements.

**Directors' Report 31 December 2012**

Information on Directors

Your directors present their report on Television Sydney (TVS) Limited (hereafter referred to as "the company") for the financial year ended 31 December 2012.

Directors

The names of each person who has been a director during the year and to the date of this report are: Harold C Mitchell

Qualifications AC

Experience Appointed as Director 27 September 2006. Harold Mitchell is the founder of Mitchell & Partners and Executive Chairman of Aegis Media, Australia and New Zealand. Since he started Mitchell & Partners in 1976, the company has evolved to become the largest media and communications group in Australia today, with a growing presence in New Zealand and across the Asia-Pacific region. Harold holds a large number of community roles including Chairman CARE Australia; Chairman of the Melbourne Symphony Orchestra; Chairman and Majority Owner of the Melbourne Rebels Rugby Union team; Chairman of TVS; Chairman of Art Exhibitions Australia; Vice President of Tennis Australia; Chairman of The Florey Institute of Neuroscience and Mental Health; Board Member New York Philharmonic and Non-Executive Director, Crown Limited. Harold was awarded the Victorian Australian of the Year for 2013.

Special responsibilities Non executive chairman

Sharon Bell

Qualifications BA Hons, PhD (University of Sydney)

Experience Appointed as Director 15 December 2009. Professor Sharon Bell is Deputy Vice Chancellor at the Charles Darwin University. Sharon brings to the TVS Board a background as a senior academic administrator, a documentary filmmaker and an anthropologist. Before taking on senior university leadership roles Sharon was a member of Film Australia's Ethnographic Film Unit and Head of Fulltime Program then Head of Studies at the Australian Film, Television and Radio School (AFTRS). Professor Bell has a PhD in Anthropology from the University of Sydney, documentary film production experience and extensive knowledge of film and television education and training.

Special responsibilities Non executive

Marcus Gillezeau

Qualifications Masters in Media Arts Production (UTS)

Experience Appointed as Director 21 June 2011. Marcus Gillezeau is an International Emmy® Award winning producer who specialises in all- media drama and documentary production. He is a principal in Firelight Productions. Marcus began his film career 20 years ago as a drama editor but was soon drawn to producing. The past five years have seen a focus on writing and directing all-media drama and documentaries. Most recently he completed Scorched, an all-media drama for Nine Network and nine MSN for which he received an International Digital Emmy® Award. The project was also nominated for an AMIA award and AFI Award and won the Content and Technology award for Rich Media.

Special responsibilities Non executive

### Directors' Report 31 December 2012

Directors continued

Rhonda C Hawkins

Qualifications BSc, M.P.P.

Experience Appointed as Director 22 November 2007. Rhonda Hawkins is a member of the UWS Senior Executive, Secretary to University’s Board of Trustees and leads the Division which comprises Pro Vice- Chancellor (Students); Student Support Services; Student Recruitment; Widening Participation; Marketing, Communications; Higher Education Policy Project Unit; Student and Academic Administration; Strategy Quality Management; Business Intelligence; Management Information; Capital Works, Finance, Campus Development, Information Technology; Campus Safety and Security, Complaints Resolution, Entity Management, Records and Archive Management; Policy and Governance; University Legal Counsel; People and Culture including Human Resources and Professional Development, Audit Risk Management; Equity and Diversity. Rhonda manages relationships with Government and external stakeholders and leads the development and implementation of strategic plans and risk management framework and she oversees all student non- academic misconduct and staff disciplinary processes at the University.

Special responsibilities Non executive

Angelo N Kourtis

Qualifications BA (UWS Macarthur)

Experience Appointed as Director 21 May 2010. Angelo Kourtis has been a member of the UWS community since 1986, as a student, graduate and commencing as a UWS staff member 1992. Angelo has held senior positions at the University since 2004 and was appointed Pro Vice-Chancellor (Students) in October 2011. Angelo is a member of the University Executive, the Senate Education Committee, and is also on the Board of Directors for the UWSCollege. Over the past 20 years, Angelo has played a leading role at UWS and in the University sector.

Special responsibilities Non executive

Alexander F Marinos

Qualifications OAM, BA (Hons Drama)(UNSW)

Experience Appointed as Director 6 February 2008. Lex Marinos has worked in all areas of the entertainment industry as an actor, director, writer, teacher and broadcaster. In 1994 he was awarded an OAM for services to the performing arts. Lex has held many advisory and governance positions within the arts and cultural organisations. He was also a former Deputy Chair of the Australia Council and the Community Cultural Development Fund of the Australia Council.

Special responsibilities Non executive

Wayne F McKenna

Qualifications BA (Hons), PhD (University of Leeds)

Experience Appointed as Director 6 February 2008. Professor Wayne McKenna has fifteen years experience in senior management roles in universities, including periods as Deputy Vice-Chancellor (Academic and Research) at UWS and Deputy Vice-Chancellor (Research) at the Australian Catholic University.

Special responsibilities Non executive

### Directors' Report 31 December 2012

Directors continued

Geoffrey M Roberson

Qualifications HonDLit (UWS)

Experience Appointed as Director 3 June 2004. Geoffrey Roberson is Chairman and Managing Director of Champion Legal and leads the firm’s Commercial, Litigation and Dispute Resolution practice. He has over 40 years’ experience as a commercial lawyer and litigator. He is a solicitor of the Supreme Court of NSW and an Accredited Specialist in Commercial Litigation. He provides strategic advice to boards and management teams on all aspects of the Corporations Act, including: constitutions, board and committee roles and processes, director duties, employee incentive schemes, conflicts and disclosure.

Geoffrey is a former Deputy Chancellor of the University of Western Sydney and is still very actively involved in a number of University activities. He was the founding Chairman of the University’s entity, uwsconnect. He also was founding Chairman of Television Sydney. He remains a Director of both uwsconnect. and Television Sydney and chairs the board of the Whitlam Institute. He was recently appointed an Emeritus Member of The College of Law.

Special responsibilities Non executive

Christina L Alvarez

Qualifications BA Comms (Macquarie Uni), MA Comms (Ohio Uni. UWS)

Experience Appointed as Alternate Director 21 June 2011. Christina Alvarez is Chief Executive Officer of Metro Screen Ltd and is a specialist in not- for-profit screen media arts management.

Special responsibilities Non executive - alternate for Marcus Gillezeau.

Lynette Burns

Qualifications (BA Journalism RMIT, PhD University of Newcastle)

Experience Appointed as Alternate Director 19 March 2010. Lynette Sheridan Burns is Professor of Journalism and Deputy Dean, Humanities and Communication Arts, at the University of Western Sydney.

Special responsibilities Non executive - alternate for Wayne McKenna.

Peter A Malecki

Qualifications BA LLB GAICD

Experience Appointed as Alternate Director 1 February 2010. Peter Malecki has 25 years experience as a commercial lawyer with an emphasis on intellectual property, working both in Australia and overseas in a wide variety of sectors.

Special responsibilities Non executive - alternate for Rhonda Hawkins.

Company Secretary

Kerry O'Reilly .

Qualifications BEc, FIPA, JP

Experience Appointed as company secretary from 23 November 2011. Kerry has extensive experience in both the private business sector as well as the education sector. He has gained some 13 years experience as a Company Secretary and Company Director.

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

### Directors' Report 31 December 2012

Principal activities

The principal activity of Television Sydney (TVS) Limited during the financial year was to operate a Community Television Station in accordance with the licence granted to the Company under the Broadcasting Services Act 1992 (Cth). The operation of the Community Television station is essential for the Company to meet its objectives.

Short and long term objectives

Television Sydney (TVS) Ltd is the only free-to-air not-for-profit community television licence holder in Sydney. The company began operating in Sydney in 2006 and broadcasts on Digital Channel 44. The company is established as a majority owned entity of the University of Western Sydney (UWS) in accordance with section 81(1) of the Broadcasting Services Act 1992, which prescribes that a holder of a community television licence must be a company limited by guarantee.

The University’s vision is that a community television station in Western Sydney is a powerful resource to raise, address and promote issues of local significance in partnership with the regional community.

As a controlled entity of UWS the company’s mission is:

* To be the strategic resource for UWS academic courses in communication, design, music and convergent media;
* To promote and enhance UWS’s community engagement agenda; and
* To raise awareness of UWS and higher education.

Strategy

In this context UWS has two key expectations:

* The company will provide a venue for the broadcast of material produced by UWS students as part of the undergraduate and postgraduate coursework. This will require guaranteed UWS student access to broadcast air time.
* Broadcast air time will be available to promote the activities of UWS in general and specifically in the coverage of UWS community engagement activities in a range of areas consistent with the University's overarching Engagement Plan including the production of programs by community groups and partners. This will require a strong connection between the company and the community within which the company plays an active role in identifying developing community programming options and outcomes.

Dividends

No dividend is paid or payable since the commencement of the financial year and up to and including the date of signing of this report (2011: $ Nil).

Significant changes in the state of affairs

No significant changes in the nature of the Company's activities occurred during the financial year.

### Directors' Report 31 December 2012

Review of operations

The surplus for the year ended 31st December 2012 is $485,892 (2011: deficit $825,217).

Matters subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of the operation, or the state of affairs of the company in future financial years.

Likely developments and expected results of operations

Likely developments in the entity's operations in future financial years are not expected to significantly affect the expected results of the Company.

Performance measures

The Company measures its performance by the use of financial, quantitative and qualitative methods. The Company uses the following key performance indicators to measure its performance:

* Financial statements
* Advertising and sponsorship revenues
* Audience estimates
* ACMA feedback and decisions on compliance measures.

Members

During the year the Company had two members; University of Western Sydney (UWS) as the Community Member and Metro Screen as the Education Member. Throughout the entirety of the financial year ending 31 December 2012, the company remained a controlled entity of UWS.

Members guarantee

The liability of members of the Company is limited. If the Company is wound up during the time of a member's membership or within one year afterwards, each Community and Educational member of the company is liable to contribute an amount not greater than $10.00.

As the Company has only two members, the total amount that members of the Company are liable to contribute if the Company is wound up is $20.00.

Environmental regulation

The company is not subject to any significant environmental regulations.

### Directors' Report 31 December 2012

Meetings of directors

The number of meetings of the Company's board of directors held during the year ended 31 December 2012, and the number of meetings attended by each director were:

The following table details the director’s attendance at these meetings:

**Directors' Meetings**

**Number**

|  |  |  |
| --- | --- | --- |
|  | **eligible to**  **attend** | **Number**  **attended** |
| Harold C Mitchell | 5 | 5 |
| Geoffrey M Roberson | 5 | 3 |
| Rhonda C Hawkins | 5 | 3 |
| Alexander F Marinos | 5 | 2 |
| Wayne F McKenna | 5 | 4 |
| Sharon Bell | 5 | 4 |
| Angelo N Kourtis | 5 | 3 |
| Marcus Gillezeau | 5 | 2 |
| Peter A Malecki (Alternate Director) | 2 | 2 |
| Christina L Alvarez (Alternate Director) | - | - |
| Lynette S Burns (Alternate Director) | - | - |

In addition to the above meetings and pursuant to clause 17.1, of the Television Sydney (TVS) Limited Constitution, the directors passed a number of resolutions via circular resolutions during the year ending 31 December 2012.

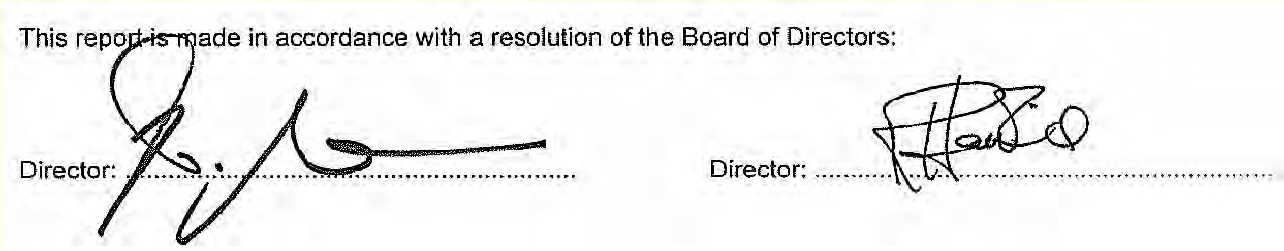
Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* 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 lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2012 has been received and can be found on page 92 of the financial report.



Dated 25 March 2013

**Television Sydney (TVS) Limited**

**ABN 27104674124**



To the Directors

Television Sydney (TVS) Limited

**Auditor's Independence Declaration**

As auditor for the audit of the financial statements of Television Sydney (TVS) Limited for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



Renee Meimaroglou

Director Financial Audit Services

19 March 2013 SYDNEY

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|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Comprehensive Income For the Year Ended 31 December 2012** |  | | |
|  |  | **2012** | **2011** |
|  | **Note** | **$** | **$** |
| **Revenue**  Rendering of services | 2 | **525,665** | 471,650 |
| Other revenue | 2 | **255,554** | 262,453 |
| **Total revenue** |  | **781,219** | 734,103 |
| HEPP Project funding |  | **1,653,202** | - |
| Other income |  | **36,805** | 7,727 |
| **Total income** |  | **2,471,226** | 741,830 |
| **Expenses**  Employee benefits expense | 3 | **(556,631)** | (605,439) |
| Depreciation and amortisation expense | 3 | **(88,088)** | (83,920) |
| Transmission expenses |  | **(151,818)** | (466,267) |
| Advertising, marketing and promotional expenses |  | **(187,924)** | (240,942) |
| HEPP Project expenses | 4 | **(849,386)** | - |
| Finance costs |  | **(73,847)** | (79,264) |
| Other expenses |  | **(77,640)** | (91,215) |
| **Total expenses** |  | **(1,985,334)** | (1,567,047) |
| **Surplus / (deficit) for the year** |  | **485,892** | (825,217) |
| Other comprehensive income for the year |  | **-** | - |
| **Total comprehensive income for the year** |  | **485,892** | (825,217) |
| **Comprehensive income for the year attributable to:** |  |  |  |
| Non-controlling interests |  | **121,473** | (206,304) |
| Owners of the parent |  | **364,419** | (618,913) |
| **Total comprehensive income for the year** |  | **485,892** | (825,217) |

The accompanying notes form part of these financial statements.

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

Note

**2012**

**$**

**2011**

**$**

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSETS**  **Current assets** |  |  |  |
| Cash and cash equivalents | 5 | **1,002,818** | 160,932 |
| Trade and other receivables | 6 | **118,406** | 107,083 |
| Total current assets |  | **1,121,224** | 268,015 |
| **Non-current assets**  Property, plant and equipment | 7 | **172,142** | 203,377 |
| Intangible assets | 8 | **118,569** | 158,569 |
| Total non-current assets |  | **290,711** | 361,946 |
| TOTAL ASSETS |  | **1,411,935** | 629,961 |
| **LIABILITIES**  **Current liabilities**  Trade and other payables | 9 | **199,976** | 122,345 |
| Provisions | 11 | **57,780** | 52,613 |
| Deferred income |  | **-** | 22,610 |
| Total current liabilities |  | **257,756** | 197,568 |
| **Non-current liabilities**  Related party payables | 9 | **3,780,410** | 3,551,469 |
| Borrowings | 10 | **1,539,874** | 1,539,874 |
| Provisions | 11 | **31,095** | 24,142 |
| Total non-current liabilities |  | **5,351,379** | 5,115,485 |
| TOTAL LIABILITIES |  | **5,609,135** | 5,313,053 |
| Net assets |  | **(4,197,200)** | (4,683,092) |
| **EQUITY**  Retained earnings | 12 | **(4,197,200)** | (4,683,092) |
| TOTAL EQUITY |  | **(4,197,200)** | (4,683,092) |

The accompanying notes form part of these financial statements.

### Statement of Changes in Equity

**For the Year Ended 31 December 2012**

Retained Earnings

**$**

**Total equity**

**$**

**Balance at 1 January 2012 (4,683,092) (4,683,092)**

Comprehensive income for the year

Surplus / (deficit) for the year **485,892 485,892**

Total other comprehensive income **- -**

Total comprehensive income for the year **485,892 485,892 Balance at 31 December 2012 (4,197,200) (4,197,200)**

Retained Earnings

**$**

**Total equity**

**$**

**Balance at 1 January 2011** (3,857,875) (3,857,875)

Comprehensive income for the year

Surplus / (deficit) for the year (825,217) (825,217)

Total other comprehensive income - -

Total comprehensive income for the year (825,217) (825,217)

**Balance at 31 December 2011** (4,683,092) (4,683,092)

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Cash Flows**  **For the Year Ended 31 December 2012** |  | | |
|  |  | **2012** | **2011** |
|  | **Note** | **$** | **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES**  Receipts from customers |  | **2,629,845** | 818,290 |
| Payments to suppliers and employees |  | **(1,786,177)** | (867,861) |
|  |  | **843,668** | (49,571) |
| Interest received |  | **16,756** | 12,453 |
| Net cash flows from operating activities | 18 | **860,424** | (37,118) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** |  |  |  |
| Purchase of property, plant and equipment |  | **(18,538)** | (12,228) |
| Net cash flows from investing activities |  | **(18,538)** | (12,228) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** |  |  |  |
| Net cash flows from financing activities |  | **-** | - |
| **Net increase (decrease) in cash and cash equivalents held** |  | **841,886** | (49,346) |
| Cash and cash equivalents at beginning of the financial year |  | **160,932** | 210,278 |

Cash and cash equivalents at end of the financial year 1,002,818 160,932

The accompanying notes form part of these financial statements.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1 Summary of Significant Accounting Policies

Television Sydney (TVS) Limited (the Company) is a not-for-profit company limited by guarantee.

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

1. Basis of Preparation

This general purpose financial report has been prepared on an accruals basis and in accordance with Australian Accounting Standards, the Corporations Act 2001, Section 41B(1) of the Public Finance & Audit Act 1983, Public Finance and Audit Regulation 2010, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations

* 1. *Compliance with IFRS*

The financial statements 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.

* 1. *Historical cost convention*

These financial statements are prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Comparative information is reclassified where appropriate to conform with the current year’s presentation.

* 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 judgments 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 judgment or complexity or where assumptions and estimates are significant to the financial statements of the Company.

The financial statements were authorised for issue by the directors on 25 March 2013.

1. Revenue and other income

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 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 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.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1 Summary of Significant Accounting Policies continued

Revenue is recognised for the major business activities as follows:

1. *Rendering of services*

A sale is recorded when services have been provided to the customer, the customer has accepted the services and collectability of the related receivables is probable.

1. *Investment income*

Interest income is recognised using the effective interest method.

1. *HEPP project funding*

HEPP project funding is recognised in income when received. All other material revenue is accounted for on an accrual basis.

1. Finance costs

Finance costs are expensed in the statement of comprehensive income in the period in which they are incurred.

1. Cash and cash equivalents

Cash and cash equivalents include 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 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 uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company 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 allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original 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 statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible 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 the statement of comprehensive income.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1 Summary of Significant Accounting Policies continued

1. **Property, Plant and Equipment**

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

Plant and equipment

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

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

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets is depreciated 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

Plant and Equipment 20 years

Furniture, Fixtures and Fittings 3 years

Computer Equipment 3 years

Transmission Equipment 3 years

The assets' residual values, depreciation methods 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.

1. Intangible Assets

(i) *Transmission setup fee*

Transmission set up fee has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight method to allocate the cost over its estimated useful life of 10 years.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1 Summary of Significant Accounting Policies continued

1. **Financial assets**

*Classification*

The Company classifies its investments as loans and receivables.

(i) 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 6) in the statement of financial position. The assets residual values are reviewed and adjusted if appropriate at each reporting date.

*Measurement*

Details on how the fair value of financial instruments is determined is disclosed in note 13.

*Impairment*

(i) 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, the Company may measure impairment on the basis of an instrument’s 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.

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

1. Employee benefits
   1. *) Short term obligations*.

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within

12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits.

*(iii) Other long-term employee benefit obligations*

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 as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wages and salary levels, experience of employee departures and period of service. Expected future payments

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1 Summary of Significant Accounting Policies continued

1. **Employee benefits continued**

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

*(iii) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange of 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.

Regardless of 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 are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

1. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability in the statement of financial position with the amounts normally paid within 30 days of recognition of the liability.

1. Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50-B of the

*Income Tax Assessment Act 1997*.

1. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of 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 an item 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 in the statement of cash flows 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. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1 Summary of Significant Accounting Policies continued

1. **Critical accounting estimates and judgments continued Key judgments - 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.

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 its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

There have been some reclassifications to comparatives due to format amendments.

1. New and revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting period 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.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

|  |  |  |  |
| --- | --- | --- | --- |
| **2** | **Revenue** | **2012** | **2011** |
|  |  | **$** | **$** |
|  | Rendering of services Programs | **105,075** | 105,600 |
|  | Advertising | **420,590** | 366,050 |
|  | Total rendering of services | **525,665** | 471,650 |
|  | Other revenue Special funding | **250,000** | 250,000 |
|  | Interest | **5,554** | 12,453 |
|  | Total other revenue | **255,554** | 262,453 |
|  | **Total Revenue** | **781,219** | 734,103 |

1. Expenses

**2012**

**$**

**2011**

**$**

|  |  |  |
| --- | --- | --- |
| **Depreciation and amortisation expense**  Depreciation | **48,088** | 43,920 |
| Amortisation | **40,000** | 40,000 |
| **Total depreciation and amortisation expense** | **88,088** | 83,920 |
| **Employee benefits expense** |  |  |
| Salaries and wages | **411,946** | 340,369 |
| Superannuation expense | **46,441** | 51,177 |
| Leave | **7,134** | 38,282 |
| Other | **91,110** | 175,611 |
| **Total employee benefits expense** | **556,631** | 605,439 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

1. **HEPP project expenses**

**2012**

**$**

**2011**

**$**

|  |  |  |
| --- | --- | --- |
| Employee benefits | **226,009** | - |
| Sub-contractor | **145,000** | - |
| Other operating | **478,377** | - |
| **Total HEPP project expenses** | **849,386** | - |

|  |  |  |  |
| --- | --- | --- | --- |
| **5** | **Cash and cash equivalents** | **2012** | **2011** |
|  | Cash on hand | **$**  **481** | **$**  420 |
|  | Cash at bank | **1,002,337** | 160,512 |
|  | Total cash at bank and on hand | **1,002,818** | 160,932 |
|  | **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:

|  |  |  |
| --- | --- | --- |
|  | **2012**  **$** | **2011**  **$** |
| Balance as above | **1,002,818** | 160,932 |
| **Balance as per statement of cash flows** | **1,002,818** | 160,932 |

The Company's exposure to interest rate risk is discussed in note 13. 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.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1. Trade and other receivables

**2012**

**$**

**2011**

**$**

|  |  |  |
| --- | --- | --- |
| Current  Trade receivables | **76,871** | 42,765 |
| Provision for impairment | **-** | - |
|  | **76,871** | 42,765 |
| Prepayments | **41,535** | 33,527 |
| Related party receivable | **-** | 30,791 |
| **Total current trade and other receivables** | **118,406** | 107,083 |
| **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.

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

|  |  |  |
| --- | --- | --- |
|  | **2012**  **$** | **2011**  **$** |
| Up to 3 months | **55,033** | 42,765 |
| 3 to 6 months | **21,838** | - |
| Over 6 months | **-** | - |
| **Total** | **76,871** | 42,765 |

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The other classes of receivables do not contain impaired assets.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1. Property, plant and equipment

|  |  |
| --- | --- |
|  | **Plant and equipment** |
| **$** |
| **At January 2011**  Cost | 795,915 |
| Accumulated depreciation | (560,846) |
| Net book amount | 235,069 |
| **Year ended 31 December 2011** |  |
| Opening net book amount | 235,069 |
| Write offs | - |
| Additions | 12,228 |
| Disposals | - |
| Depreciation charge | (43,920) |
| Closing net book amount | 203,377 |
| **At 31 December 2011**  Cost | 808,144 |
| Accumulated depreciation | (604,767) |
| Net book amount | 203,377 |
| **Year ended 31 December 2012**  Opening net book amount | **203,377** |
| Write offs | **-** |
| Additions | **16,853** |
| Disposals | **-** |
| Depreciation charge | **(48,088)** |
| Closing net book amount | **172,142** |
| **At 31 December 2012**  Cost | **824,997** |
| Accumulated depreciation | **(652,855)** |
| Net book amount | **172,142** |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

|  |  |  |  |
| --- | --- | --- | --- |
| **8** | **Intangible assets** | **2012** | **2011** |
|  |  | **$** | **$** |
|  | **Transmission start up fee** |  |  |
|  | Cost | **400,000** | 400,000 |
|  | Accumulated amortisation and impairment | **(281,431)** | (241,431) |
|  | **Net carrying value** | **118,569** | 158,569 |
|  | **Total Intangibles** | **118,569** | 158,569 |

**Intangible assets**

**$**

**Year ended 31 December 2012**

Balance at the beginning of the year **158,569**

Amortisation **(40,000)**

Closing value at 31 December 2012 118,569

**Year ended 31 December 2011**

Balance at the beginning of the year 198,569

Amortisation (40,000)

Closing value at 31 December 2011 158,569

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

**9 Trade and other payables**

**2012**

**$**

**2011**

**$**

|  |  |  |
| --- | --- | --- |
| Current  Trade payables | **6,984** | 6,237 |
| GST payable | **26,066** | 6,648 |
| Accrued expenses | **87,590** | 102,696 |
| Sundry payables | **79,336** | 6,764 |
|  | **199,976** | 122,345 |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2012**  **$** | **2011**  **$** |
| Non-current  Related party payables | **3,780,410** | 3,551,469 |
|  | **3,780,410** | 3,551,469 |
| **10** | **Borrowings** |  |  |
|  |  | **2012** | **2011** |
|  |  | **$** | **$** |
|  | Non current  Loans from related parties | **1,539,874** | 1,539,874 |
|  | **Total borrowings** | **1,539,874** | 1,539,874 |
| **11** | **Employee Benefits** |  |  |
|  |  | **2012** | **2011** |
|  |  | **$** | **$** |
|  | Current |  |  |
|  | Provision for employee benefits | **57,780** | 52,613 |
|  |  | **2012** | **2011** |
|  |  | **$** | **$** |
|  | Non-current |  |  |
|  | Long service leave | **31,095** | 24,142 |
| **12** | **Retained Earnings** |  |  |
|  |  | **2012** | **2011** |
|  |  | **$** | **$** |
|  | Balance at 1 January | **(4,683,092)** | (3,857,875) |
|  | Surplus / (deficit) for the year | **485,892** | (825,217) |
|  | **Balance at 31 December** | **(4,197,200)** | (4,683,092) |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

**13 Financial Risk Management**

The Company's activities expose it to a variety of financial risks: market risk (which includes 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 to determine market risk.

The Company holds the following financial instruments:

|  |  |  |
| --- | --- | --- |
|  | **2012**  **$** | **2011**  **$** |
| **Financial Assets**  Cash and cash equivalents | **1,002,818** | 160,932 |
| Trade and other receivables | **118,406** | 107,083 |
| **Total financial assets** | **1,121,224** | 268,015 |

|  |  |  |
| --- | --- | --- |
| **Financial Liabilities** |  |  |
| Trade and other payables | **3,954,320** | 3,667,166 |
| Deferred income | **-** | 22,610 |
| Borrowings | **1,539,874** | 1,539,874 |
| **Total financial liabilities** | **5,494,194** | 5,229,650 |

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.

**Television Sydney (TVS) Limited**

**ABN 27104674124**

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

13 Financial Risk Management continued

1. **Market risk**
   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 Company's exposure to interest rate risk is minimal.

* 1. *Summarised sensitivity analysis*

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Interest rate risk** |  |  | **-1%** | | **-1%** |  | **+1%** | | **+1%** |  |
|  | **Carrying** | **Amount** | **Surplus /** | **Deficit** | **Equity** |  | **Surplus /** | **Deficit** | **Equity** |
|  | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** |
|  | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| **Financial Assets:** |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | **1,002,818** | 160,932 | **(10,028)** | (1,609) | **(10,028)** | (1,609) | **10,028** | 1,609 | **10,028** | 1,609 |
| Trade and other receivables | **118,406** | 107,083 | **(1,184)** | (1,071) | **(1,184)** | (1,071) | **1,184** | 1,071 | **1,184** | 1,071 |
| **Total Financial Assets** | **1,121,224** | 268,015 | **(11,212)** | (2,680) | **(11,212)** | (2,680) | **11,212** | 2,680 | **11,212** | 2,680 |
| **Financial Liabilities:** |  |  |  |  |  |  |  |  |  |  |
| Trade and other payables | **3,954,320** | 3,667,166 | **(39,543)** | (36,672) | **(39,543)** | (36,672) | **39,543** | 36,672 | **39,543** | 36,672 |
| Deferred income | **-** | 22,610 | **-** | (226) | **-** | (226) | **-** | 226 | **-** | 226 |
| Borrowings | **1,539,874** | 1,539,874 | **(15,399)** | (15,399) | **(15,399)** | (15,399) | **15,399** | 15,399 | **15,399** | 15,399 |
| **Total Financial Liabilities** | **5,494,194** | 5,229,650 | **(54,942)** | (52,297) | **(54,942)** | (52,297) | **54,942** | 52,297 | **54,942** | 52,297 |

110

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1. Financial Risk Management continued
2. **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 reporting date the Company had cash and cash equivalents of $1,002,818 (2011: $160,932).

In addition, the University of Western Sydney has given the Company an undertaking that in the event that it is not able to pay for its debts as and when they fall due, the University will be financially responsible for ensuring the ongoing solvency of the Company. Therefore the liquidity risk is considered to be minimal.

*Maturities of financial liabilities*

The tables below analyse 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 table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Less than 12 months**

**Between**

**1 and 5 years**

**Over**

**5 years Total**

**2012**

**$**

**2011**

**$**

**2012**

**$**

**2011**

**$**

**2012**

**$**

**2011**

**$**

**2012**

**$**

**2011**

**$**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Trade payables | **173,910** | 115,697 | **-** - **3,780,410** | 3,551,469 | **3,954,320** | 3,667,166 |
| Deferred income | **-** | 22,610 | **-** - **-** | - | **-** | 22,610 |
| Borrowings | **-** | - | **-** - **1,539,874** | 1,539,874 | **1,539,874** | 1,539,874 |
| Total contractual outflows | **173,910** | 138,307 | **-** - **5,320,284** | 5,091,343 | **5,494,194** | 5,229,650 |

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

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 Company's financial instruments short term nature, the carrying value of all financial instruments recognised in the statements of financial position approximates their fair value.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1. Key Management Personnel Disclosures

No emoluments were paid to directors.

All responsible persons and executive officers are employees of the University and remunerated directly by the University.

1. Remuneration of Auditors

The Audit Office of New South Wales

2012

**$**

**2011**

**$**

Audit of the financial statements **11,825** 11,275

Total remuneration for audit services

**(inclusive of GST)**  **11,825** 11,275

1. Contingencies

On 19 March 2012 a variation to the original licensing agreement was entered into between Broadcast Australia Pty Ltd (BA) and TVS whereby if TVS executes an agreement with BA to extend the Digital TV Site Licence for the Gore Hill site by 31 December 2013 for a period of 10 years commencing 1 January 2014 the licence fees for the period 1 April to 31 December 2012, which currently amounts to $284,881, will cease to be payable. The formal process of renewing the licence commenced in February 2013.

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1. Related Parties
   1. **Entities exercising control over the Company**

The ultimate parent entity of the Company is University of Western Sydney.

* 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:

* + 1. *) Purchase of goods and services*

Ultimate parent

2012

**$**

**2011**

**$**

|  |  |  |
| --- | --- | --- |
| Operating expenses | **155,094** | 579,260 |
| Interest expense | **73,847** | - |
|  | **228,941** | 579,260 |

* + 1. *Sale of goods and services*

2012

**$**

**2011**

**$**

Ultimate parent

DVD production **-** 21,791

Deposit **-** 9,000

**-** 30,791

* + 1. *Outstanding balance arising from sale/purchase of goods and services*

2012

**$**

**2011**

**$**

Current receivables

Ultimate parent entity **-** 30,791

Non-current payables

Ultimate parent entity **5,320,284** 5,091,343

### Notes to the Financial Statements

**For the Year Ended 31 December 2012**

1. Reconciliation of Operating Surplus / (Deficit) After Income Tax to Net Cash Flows From Operating Activities
   1. **Reconciliation of surplus / (deficit) for the year to cashflows from operating activities**

**2012**

**$**

**2011**

**$**

Surplus / (deficit) for the year **485,892** (825,217)

Cash flows excluded from profit attributable to operating activities

* amortisation **40,000** 40,000
* depreciation **48,088** 43,920

Changes in operating assets and liabilities:

|  |  |  |
| --- | --- | --- |
| - (increase)/decrease in trade and other receivables | **(6,826)** | (1,992) |
| - (increase)/decrease in other assets | **(4,495)** | 5,396 |
| - increase/(decrease) in trade and other payables | **285,646** | 662,494 |
| - increase/(decrease) in employee benefits | **12,119** | 38,281 |

Cashflow from operating activities **860,424** (37,118)

1. Economic dependency

The company is economically dependent on the University of Western Sydney 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.

**Television Sydney (TVS) Limited**

**ABN 27104674124**

### Directors' Declaration

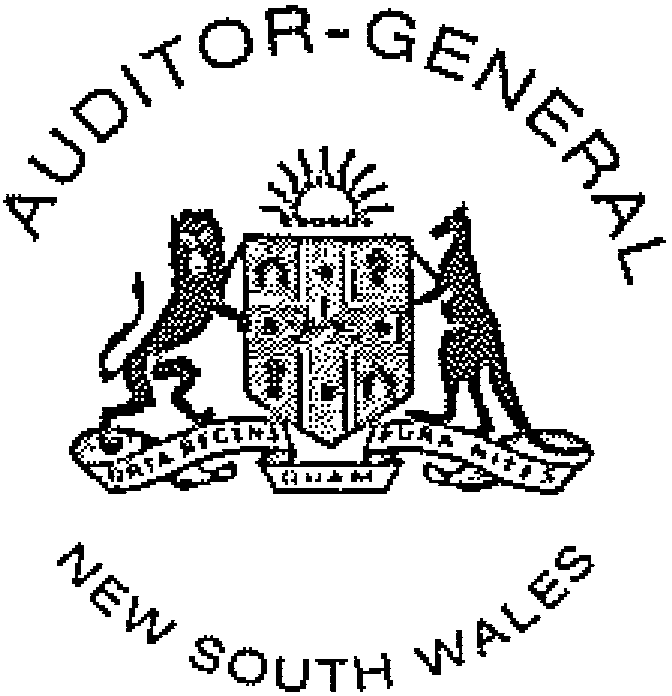
The directors of the entity declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
   1. comply with Australian Accounting Standards, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010 and other mandatory professional reporting requirements; and
   2. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the Company.
2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Dated 25 March 2013



##### INDEPENDENT AUDITOR'S REPORT

**Television Sydney (TVS) Limited**

To Members of the New South Wales Parliament and Members of Television Sydney (TVS) Limited

I have audited the accompanying financial statements of Television Sydney (TVS) Limited (the Company), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' report.

**Opinion**

In my opinion the financial statements:

* are in accordance with the *Corporations Act 2001,* including:

giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance for the year ended on that date

complying with Australian Accounting Standards and the Corporations Regulations 2001

* are in accordance with section 41(B) of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

**Directors' Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

Level 15, l 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@aud1t.nsw.gov.au](mailto:mail@aud1t.nsw.gov.au) I audit.nsw.gov.au

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

My opinion does *not* provide assurance:

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

**Independence**

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

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

mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001,* provided to the directors of the Company on 19 March 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.



Renee Meimaroglou

Director Financial Audit Services

4 April 2013 SYDNEY

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# University of Western Sydney Foundation Limited

**ABN: 43 050 679 671**

**Financial Statements**

**For the Year Ended 31 December 2012**

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

The registered office and principal place of business of the University of Western Sydney Foundation Limited is: University of Western Sydney Foundation Limited

University of Western Sydney Finance Office, Building M16 College Drive

Richmond NSW 2753

Registered postal address is:

University of Western Sydney Foundation Limited Locked Bag 1797

Penrith NSW 2751

A description of the nature of the Company's operations and its principal activities is included in the director' s report which is not part of these financial statements.

These financial statements w ere authorised for issue by the directors on 11 April 2013. T he directors have the power to amend and reissue the financial statements.

**Director's report**

###### 31 December 2012

Your directors present their report on University of Western Sydney Foundation Limited for the financial year ended 31 December 2012

Directors

The names of each person who has been a director or an alternate director during the year and to the date of this report are:

Prof. Janice Reid AM Prof. Chung-Tong Wu Ms Lindley Edwards

Emeritus Prof. Richard Bawden AM Mr Roy Medich OAM

Mr John Banks

Prof. Peter Shergold AC

Mr Daniel Gilbert AM Appointed 13 February 2012

Prof. Wayne McKenna Alternate director for Prof. Janice Reid AM. Appointed 7 August 2012

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

Company secretary

Mr Kerry O'Reilly held the position of Company Secretary for the whole of the financial year and to the date of this report.

Principal activities

The principal activity of University of Western Sydney Foundation Limited during the financial year was to act as the Trustee of the 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 Foundation Trust account.

No significant changes in the nature of the Company's activity occurred during the financial year.

Review of operations

The surplus of the Company for the year ended 31 December 2012 is $ nil (2011: $nil).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year (2011: $nil). No recommendation for payment of dividends has been made.

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

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 lead auditors independence declaration for the year ended 31 December 2012 has been received and can be found on page 124 of the financial statements.

### Director's report

###### 31 December 2012

Information on directors

Prof. Janice Reid AM BSc (Adel), MA (Hawaii), PhD (Stan), MA (Stan). Non-Executive.

Experience Appointed as Director 18 September 2001. Professor Reid has been Vice-Chancellor and President of the University of Western Sydney since 1998. She is a recipient of several awards and honours both in Australia and overseas, and has been a member of the boards of public agencies and non-profit organisations at State and Federal levels in the health, welfare, schools, higher education, energy, pension fund, international relations, arts and heritage fields.

Prof. Chung-Tong Wu BArch (Calif), MSc (Columbia), PhD (Calif), MPIA, RAIA. Non-Executive. Experience Appointed as Director 23 March 2002. Professor Wu is a member of the Urban

Research Centre of the University of Western Sydney. He was Deputy Vice-

Chancellor and Deputy President (Development and International) of the University of Western Sydney 2002-2006. His portfolio included research, international development, regional engagement and development, commercialisation and capital works.

Ms Lindley Edwards BBus (Banking P & Accounting), BBus (Accounting), PGDipCorpGovernance, MAICD, FINSIA. Non-Executive.

Experience Appointed as Director 26 March 2009. Ms Edwards is Group CEO of AFG Venture Group. She is a specialist adviser in merger, acquisition, divestments, fundraising, strategic consulting and licensing for growth in public and private companies.

Previously she was a State Manager (Vice-President) with Citibank, and spent nine years with Macquarie Bank as an Associate Director with the Corporate Banking Division. Ms Edwards has been a state finalist in the Telstra Business Women’s Awards for private sector less than 100 employees. In 2000 she was admitted to the Australian Businesswomen’s Hall of Fame.

Emeritus Prof. Richard Bawden AM

PhD (University of Queensland), BSc (Agric.) (Hons) (University of London). Non- Executive.

Experience Appointed as Director 11 August 2010. Emeritus Professor Bawden is the Chair of the Hawkesbury Foundation and an adjunct professor at Michigan State University. During his distinguished career he has spent over 20 years at Hawkesbury Agricultural College which incorporated into the University of Western Sydney in 1989. In addition to his academic posts Emeritus Professor Bawden is a foundation Director of Global Business Network Australia and of the Systemic Development Institute and is a senior consultant with Neville Freeman Agency in Australia. In 2000 he was appointed Membership of the Order of Australia in recognition of his national and international work in systemic development.

Mr Roy Medich OAM Non-Executive.

Experience Appointed as Director 23 August 2006. Mr Medich is the Managing Director of Medich Corporation a substantial property investment and development group. He is extensively involved with the south-western Sydney community, in particular Liverpool Hospital. He was a director of the South Western Sydney Area Health Service 1998-2003. He is also involved with The Health Research Foundation, Sydney South West, Salvation Army Advisory Board for Greater Western Sydney and an extensive range of community committees. Mr Medich has received The Mayor’s Service to Liverpool Award, the Centenary of Federation Medal for his service to the Liverpool community, the title of Liverpool Businessman of the Year and a Companion of the Order of Liverpool. In 1999 he was awarded the Medal of the Order of Australia for services to the community through fundraising.

### Director's report

###### 31 December 2012

Information on directors (continued)

Mr John Banks Non-Executive.

Experience Appointed as Director 28 March 2008. Mr Banks is Executive Director of Talent2 and has dedicated himself to the world of recruitment, outplacement and HR consulting. He was founder and Chairman of The Banks Management Group which provided a range of human resource and performance management services to industry, including leadership, change management, HR outsourcing and best practice. His commitment to the University not only includes his role with UWS Foundation Ltd but includes membership of the UWS Board of Trustees and Director of uwsconnect Ltd.

Prof. Peter Shergold AC BA (Hons) (Hull), MA (Illinois), PhD (LSE), FASSA, FAICD. Non-Executive. Experience Appointed as Director 23 February 2011. Professor Shergold is the Chancellor of the

University of Western Sydney. He was installed as UWS Chancellor by the Governor

of NSW, Her Excellency Professor Marie Bashir AC CVO, and in this capacity chairs the University's Board of Trustees. With a distinguished academic and public service career that spans over three decades, he brings a wealth of knowledge and experience to his role with the University. Professor Shergold was the Secretary of the Department of the Prime Minister and Cabinet from 2003-2008 and as such was the nation’s most senior public servant. In two decades as a senior public servant he served four Prime Ministers and eight Ministers in both Labor and Coalition governments.

Mr Daniel Gilbert AM LLB. Non-Executive. Chair.

Experience Appointed as Director and Chair 13 Feb 2012. Mr Gilbert is a Managing Partner and co-founder of Gilbert and Tobin, one of Australia’s most successful corporate law firms. His skills and experience includes over 30 years in commercial law, specialising in technology and corporate law. Along with his position as Chair of the UWS Foundation, Mr Gilbert is also Chairman of the National Museum of Australia and a Non-Executive Director of the National Australia Bank Limited. He is also a trustee of several private charitable trusts. In 2005 he was honoured with the Order of Australia (AM) for his services to the law and the community, particularly Australia’s Indigenous peoples.

Prof. Wayne McKenna BA (Hons), PhD (University of Leeds). Non-Executive Alternate for Prof. Janice Reid.

Experience Appointed as Alternate Director 7 August 2012. Professor McKenna has fifteen years experience in senior management roles in universities, including periods as Deputy Vice-Chancellor (Academic and Research) at UWS and Deputy Vice-Chancellor (Research) at the Australian Catholic University.

###### University of Western Sydney Foundation Limited

**ABN: 43 050 679 671**

### Director's report

###### 31 December 2012

Meetings of directors

During the financial year, 3 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** |
| Prof. Janice Reid AM | 3 | 2 |
| Prof. Chung-Tong Wu | 3 | 2 |
| Ms Lindley Edwards | 3 | 2 |
| Emeritus Prof. Richard Bawden AM | 3 | 2 |
| Mr Roy Medich OAM | 3 | 2 |
| Mr John Banks | 3 | 1 |
| Prof. Peter Shergold AC | 3 | 3 |
| Mr Daniel Gilbert AM | 3 | 3 |
| Prof. Wayne McKenna | - | - |

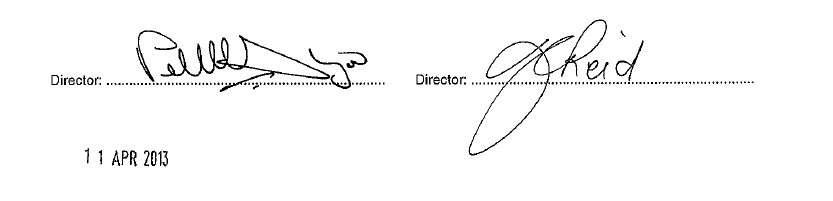
Indemnification of Directors and Officers

University of Western Sydney Foundation Limited is insured externally and in line with the University of Western Sydney 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.

Signed in accordance with a resolution of the Board of Directors:



To the Directors

University of Western Sydney Foundation Limited

**Auditor's Independence Declaration**

As auditor for the audit of the financial statements of the University of Western Sydney Foundation Limited for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



Renee Meimaroglou CA

Director Financial Audit Services

11 April 2013 SYDNEY

**INDEPENDENT AUDITOR'S REPORT**

**University of Western Sydney Foundation Limited**

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

I have audited the accompanying financial statements of the University of Western Sydney Foundation Limited (the Company) , which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration .

**Opinion**

In my opinion the financial statements :

* are in accordance with the *Corporations Act 2001,* including:

giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance for the year ended on that date

complying with Australian Accounting Standards and the Corporations Regulations 2001

* are in accordance with section 41 (B) of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

**Directors' Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

My opinion does *not* provide assurance:

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

**Independence**

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

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

I confirm that the independence declaration required by the *Corporations Act 2001,* provided to the direqtors of the Company on 11 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

r-

Renee Meimaroglou, CA Director Financial Audit Services

15 April 2013 SYDNEY

|  |  |  |
| --- | --- | --- |
| **Statement of comprehensive income**  **For the Year Ended 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **Revenue** |  |  |
| Other revenue  **Total revenue** |  | **-** -  **-** - |
| **Total income** |  | **-** - |
| **Expenses** |  |  |
| Finance costs  **Total expenses** |  | **-** -  **-** - |
| **Surplus/(deficit) before income tax** |  | **-** - |
| Income tax expense | 1(d) | **-** - |
| **Surplus/(deficit) for the year** |  | **-** - |
| Other comprehensive income for the year, net of tax  **Total comprehensive income for the year** |  | **- -**  **-** - |

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of financial position**  **As at 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **ASSETS**  **Current assets**  Cash and cash equivalents | 4 | **10** 10 |
| Total current assets |  | **10** 10 |
| **Total assets** |  | **10** 10 |
| **LIABILITIES**  **Current liabilities**  Trade and other payables |  | **-** - |
| Total current liabilities |  | **-** - |
| **Total liabilities** |  | **-** - |
| **Net assets** |  | **10** 10 |
| **EQUITY**  Contirbuted equity |  | **10** 10 |
| Retained earnings |  | **-** - |
| **Total equity** |  | **10** 10 |

The accompanying notes form part of these financial statements.

### Statement of changes in equity

###### For the Year Ended 31 December 2012

Contributed equity

**$**

**Total equity**

**$**

**Balance at 1 January 2011 10** **10**

Total comprehensive income for the year **- -**

Balance at 31 December 2011 10 10

|  |  |  |
| --- | --- | --- |
|  | **Contributed equity** | **Total equity** |
| **$** | **$** |
| **Balance at 1 January 2012** | 10 | 10 |

Total comprehensive income for the year - -

**Balance at 31 December 2012**  10 10

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of cash flows**  **For the Year Ended 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **Cash flows from operating activities**  Payments to suppliers and employees |  | **-** (1,628) |
| **Net cash inflow/(outflow) from operating activities** | 11 | **-** (1,628) |
| **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** |  | **-** (1,628) |
| Cash and cash equivalents at beginning of year | 4 | **10** 1,638 |
| **Cash and cash equivalents at end of year** |  | **10** 10 |

The accompanying notes form part of these financial statements.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

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) adopted by the AASB, the *Corporations Act 2001*, the requirements of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2010*, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These financial statements of the University of Western Sydney Foundation Limited 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.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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 Compny'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

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 insignficant 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. 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. 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.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

1. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 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 University of Western Sydney Foundation Limited.

1. Financial Risk Management

The main risks University of Western Sydney Foundation Limited 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 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:

Financial Assets

**2012**

**$**

**2011**

**$**

Cash and cash equivalents **10** 10

**10** 10

Financial Liabilities

Trade and other payables **-** -

**-** -

* 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 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. At the end of the reporting period the Company held deposits at call of $10 (2011: $10) that are expected to readily generate cash inflows for managing liquidity risk.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

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 Company'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 Company's financial assets and financial liabilities to interest rate risk. The Company's financial assets and financial liabilities are not subject to foreign exchange risk and other price risk.

**31 December 2012** Carrying

Surplus/

-100bps +100bps

Surplus/

**Financial assets**

amount

$

(deficit)

$

Equity

$

(deficit)

$

Equity

$

Cash and cash equivalents 10 - - - - Total increase/(decrease) in financial assets - - - - **Financial liabilities**

Trade payables - - - - - Total increase/(decrease) in financial liabilities - - - - -

Total increase/(decrease) - - - -

**31 December 2011** Carrying

Surplus/

-100bps +100bps

Surplus/

**Financial assets**

amount

$

(deficit)

$

Equity

$

(deficit)

$

Equity

$

Cash and cash equivalents 10 - - - - Total increase/(decrease) in financial assets - - - -

**Financial liabilities**

Trade payables - - - - - Total increase/(decrease) in financial liabilities - - - - -

Total increase/(decrease) - - - -

1. Remuneration of Auditors

Audit fees of $1,600 for 2012 (2011: $1,520) will be paid by the ultimate parent entity.

1. Cash and cash equivalents

**2012**

**$**

**2011**

**$**

Cash at bank and in hand **10** 10

**10** 10

* 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 in hand

These are non-interest bearing.

* 1. Fair value

The carrying amount for cash and cash equivalents equals the fair value.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Commitments

The Company had no commitments at 31 December 2012 (31 December 2011: nil).

1. Contingencies

In the opinion of the Director's, the Company did not have any contingencies at 31 December 2012 (31 December 2011:Nil).

1. Key Management Personnel Disclosures

No remuneration has been paid to the key management personnel of University of Western Sydney Foundation Limited during the year (2011: nil).

1. Related party transactions
   1. **Parent entity**

The ultimate parent entity of the Company is University of Western Sydney.

* 1. Transactions with related parties

There were no transactions with related parties in 2012.

9 Economic dependency

The Company is economically dependent on the University of Western Sydney 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.

1. Reconciliation of surplus/(deficit) to net cash inflow from operating activities

**2012**

**$**

**2011**

**$**

Surplus for the year **-** -

Changes in operating assets and liabilities:

- increase/(decrease) in trade and other payables **-** (1,628)

Net cash inflow/(outflow) from operationing activities **-** (1,628)

END OF AUDITED FINANCIAL STATEMENTS

###### University of Western Sydney Foundation Limited

**ABN: 43 050 679 671**

### Director's declaration

In the Director's opinion:

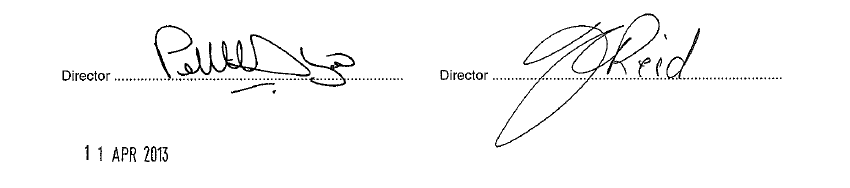
1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
   1. comply with Australian Accounting Standards and other interpretations, the *Public Finance and Audit Act 1983* the

*Public Finance and Audit Regulation 2010* and other mandatory professional reporting requirements; and

* 1. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the Company.

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.

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



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# University of Western Sydney Foundation Trust

**ABN: 13 921 771 681**

**Financial Statements**

**For the Year Ended 31 December 2012**

Thsee financial statements of the University of Western Sydney Foundation 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 University of Western Sydney Foundation Trust is: University of Western Sydney Foundation Trust

University of Western Sydney Finance Office, Building M16 College Drive

Richmond NSW 2753

Registered postal address is:

University of Western Sydney Foundation 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 11 April 2013. The Trustees have the power to amend and reissue the financial statements.

**University of Western Sydney Foundation Trust**

**ABN: 13 921 771 681**

**Trustees' report**

###### 31 December 2012

Your Trustees present the report on University of Western Sydney Foundation Trust for the financial year ended 31 December 2012.

Trustees

The University of Western Sydney Foundation Limited (referred to hereafter as the Trustee Company) has been appointed as the Trustee of the Trust. The following persons have been directors or alternate directors of the Trustee Company during the whole of the financial year and to the date of this report:

Prof. Janice Reid AM Prof. Chung-Tong Wu Ms Lindley Edwards

Emeritus Prof.Richard Bawden AM Mr Roy Medich OAM

Mr John Banks

Prof. Peter Shergold AC

Mr Daniel Gilbert AM Appointed 13 February 2012

Prof. Wayne McKenna Alternate director for Prof. Janice Reid AM. Appointed 7 August 2012

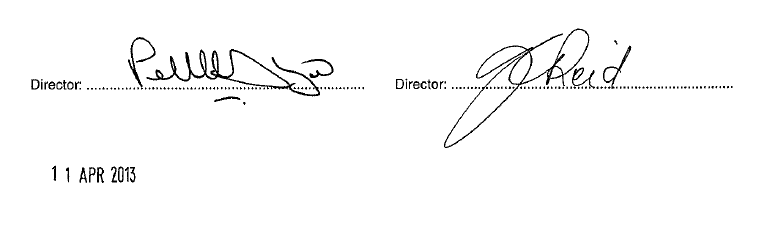
Directors and alternate directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

There were no significant changes in the nature of the Trust's activities during the year.

The University of Western Sydney Foundation Trust is a not for profit entity. It's objective is to raise funds in support of the University of Western Sydney. In partnership with the local community and the business world, the University of Western Sydney Foundation Trust delivers educational opportunities by fundraising for scholarships, prizes, research, academic programs, teaching facilities and other special projects.

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



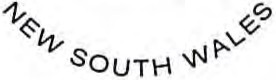
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**INDEPENDENT AUDITOR'S REPORT**

**University of Western Sydney Foundation Trust**

To Members of the New South Wales Parliament and Members of University of Western Sydney Foundation Trust.

**Report on the Financial Statements**

I have audited the accompanying financial statements of the University of Western Sydney Foundation Trust (the Trust), which comprise the statement of financial position as at 31 December 2012 , the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

**Basis for Qualified Opinion**

As is common for entities that have donations and fundraising as sources of revenue, it is impracticable for the Trust to maintain an effective system of internal control over donated and fundraising revenues it receives until their initial entry into the financial records. Accordingly , as the evidence available to me regarding revenue from these sources was limited, my audit procedures with respect to these revenues were restricted to the amounts recorded in the financial records. I am therefore unable to express an opinion on whether all donated and fundraising revenues received by the Trust during the year ended 31 December 2012 have been recorded in its financial records. My auditor's report for the year ended 31 December 2011 was similarly qualified.

**Qualified Opinion**

In my opinion, except for the effects of such adjustments , if any, as might have been necessary had I been able to satisfy myself as to the completeness of donated and fundraising revenue, the financial statements :

* give a true and fair view of the financial position of the Trust as at 31 December 2012, and its performance for the year then ended on that date
* comply with Australian Accounting Standards
* are in accordance with section 41 B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010 .
* are in accordance with the *Charitable Fundraising Act 1991* (CF Act) and the Charitable Fundraising Regulation 2008 (CF Regulation), including showing a true and fair view of the Trust's financial result of fundraising appeals for the year ended 31 December 2012

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

**The Directors' Responsibility for the Financial Statements**

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

##### Auditor's Responsibility

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

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

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

My qualified opinion does *not* provide assurance :

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

**Report on Other Aspects of the *Charitable Fundraising Act 1991***

In addition, I have audited the Trust's operations in order to express an opinion on the matters specified at sections 24(2)(b), 24(2)(c) and 24(2)(d) of the CF Act for the year ended 31 December 2012 .

**Basis for Qualified Opinion**

As is common for entities that have donations and fundraising as sources of revenue, it is impracticable for the Trust to maintain an effective system of internal control over donated and fundraising revenues it receives until their initial entry into the financial records. Accordingly, as the evidence available to me regarding revenue from these sources was limited, my audit procedures with respect to these revenues were restricted to the amounts recorded in the financial records. I am therefore unable to express an opinion on whether all donated and fundraising revenues received by the Trust during the year ended 31 December 2012 have been recorded in its. financial records. My auditor's report for the year ended 31 December 2011 was similarly qualified.

**Qualified Opinion**

In my opinion, except for the effects of such adjustments, if any, as might have been necessary had I been able to satisfy myself as to the completeness of donated and fundraising revenue:

* the Trust has properly kept the ledgers and associated records during the year ended
  + 31 December 2012 in accordance with the CF Act and CF Regulation (section 24(2)(b) of the CF Act)
* the Trust has, in all material respects, properly accounted for and applied money received as a result of fundraising appeals conducted during the year ended 31 December 2012 in accordance with the CF Act and the CF Regulation (section 24(2)(c) of the CF Act)
* there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report (section 24(2)(d) of the CF Act).

My qualified opinion should be read in conjunction with the rest of this report, including the inherent limitations.

**The Directors' Responsibility under the CF Act**

The directors of the Trust are responsible for complying with the requirements and conditions of the CF Act and CF Regulation. This responsibility includes establishing and maintaining internal control over the conduct of all fundraising appeals; ensuring all assets obtained during, or as a result of, a fundraising appeal are safeguarded and properly accounted for; and maintaining proper books of account and records.

The directors of the Trust are also responsible for ensuring the Trust will be able to pay its debts as and when they fall due.

**Auditor's Responsibility**

My responsibility is to express an opinion on the matters specified at sections 24 (2)(b), 24 (2)(c), and

24 (2)(d) of the CF Act. I conducted my audit in accordance with applicable Australian Auditing Standards and Standards on Assurance Engagements to obtain reasonable assurance whether the Trust has, in all material respects, complied with specific requirements of the CF Act and CF Regulation, and whether there are reasonable grounds to believe the Trust will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report (future debts).

This audit involved performing procedures to obtain audit evidence about the Trust's compliance with the CF Act and CF Regulation and its ability to pay future debts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material breaches of compliance and inability to pay future debts. In making those risk assessments, the auditor considers relevant internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

My procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting the Trust's compliance with specific requirements of the CF Act and CF Regulation, and assessing the reasonableness and appropriateness of the directors' assessment regarding the Trust's ability to pay future debts.

**Inherent Limitations**

Because of inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance with the CF Act may occur and not be detected. My procedures have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance , and have not covered all requirements of the CF Act and CF Regulation.

Any projection of the evaluation of compliance with the CF Act to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate .

Whilst evidence is available to support the Trust's ability to pay future debts, such evidence is future orientated and speculative in nature. As a consequence, actual results are likely to be different from the information on which the opinion is based, since anticipated events frequently do not occur as expected or assumed and the variations between the prospective opinion and the actual outcome may be significant.

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

##### Independence

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

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



Peter Achterstraat Auditor-General

**'b**

April 2013

**SYDNEY**

|  |  |  |
| --- | --- | --- |
| **Statement of comprehensive income**  **For the Year Ended 31 December 2012** |  | |
|  |  | **2012** 2011 |
|  | **Note** | **$** $ |
| **Revenue** |  |  |
| Services | 3 | **1,465,717** 2,251,714 |
| Other revenue | 3 | **1,254,281** 1,668,382 |
| **Total revenue** |  | **2,719,998** 3,920,096 |
| Change in fair value of other financial assets |  | **452,578** (1,185,631) |
| **Total income** |  | **3,172,576** 2,734,465 |
| **Distributions and expenses** |  |  |
| Distributions - scholarships and prizes | 4 | **(437,902)** (1,042,475) |
| Distributions - donations | 14(b) | **(413,706)** (676,073) |
| Distributions - other Finance costs  **Total distributions and expenses** |  | **(3,000)** (42,277)  - -  **(854,608)** (1,760,825) |
| **Surplus/(deficit) before income tax** |  | **2,317,968** 973,640 |
| Income tax expense  **Surplus/(deficit) for the year** | 1(d) | - -  **2,317,968** 973,640 |
| **Other comprehensive income for the year** |  |  |
| Gain/(loss) on value of available-for-sale financial assets | 9 | **1,271,833** - |
| **Total other comprehensive income for the year, net of tax** |  | **1,271,833** - |
| **Total comprehensive income for the year** |  | **3,589,801** 973,640 |

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of financial position**  **As at 31 December 2012** |  | |
|  |  | **2012** 2011 |
|  | **Note** | **$** $ |
| **ASSETS**  **Current assets**  Cash and cash equivalents | 6 | **7,045,472** 19,255,703 |
| Trade and other receivables | 7 | **108,456** 236,713 |
| Other financial assets | 8 | **-** 9,650,893 |
| Total current assets |  | **7,153,928** 29,143,309 |
| **Non-current assets**  Other financial assets | 8 | **25,579,182** - |
| Total non-current assets |  | **25,579,182** - |
| **Total assets** |  | **32,733,110** 29,143,309 |
| **LIABILITIES**  **Current liabilities**  Trade and other payables |  | - - |
| Total current liabilities |  | - - |
| **Total liabilities** |  | - - |
| **Net assets** |  | **32,733,110** 29,143,309 |
| **TRUST FUNDS**  Reserves | 9 | **1,271,833** - |
| Retained surplus | 10 | **31,461,277** 29,143,309 |
| **Total trust funds** |  | **32,733,110** 29,143,309 |

The accompanying notes form part of these financial statements.

### Statement of changes in equity

###### For the Year Ended 31 December 2012

Retained Earnings

**$**

**Reserves**

**$**

**Total equity**

**$**

**Balance at 1 January 2011 28,169,669 - 28,169,669**

Surplus/(deficit) for the year 973,640 **- 973,640**

Other comprehensive income for the year **- - -**

Total comprehensive income for the year 973,640 - 973,640

**Balance at 31 December 2011**  **29,143,309 - 29,143,309**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Retained Earnings** | **Reserves** | **Total equity** |
| **$** | **$** | **$** |
| **Balance at 1 January 2012** | **29,143,309** |  | **- 29,143,309** |
| Surplus/(deficit) for the year | 2,317,968 |  | - 2,317,968 |
| Other comprehensive income for the year | - 1,271,833 1,271,833 | | |
| **Total comprehensive income for the year** | **2,317,968 1,271,833 3,589,801** | | |
| **Balance at 31 December 2012** | **31,461,277 1,271,833 32,733,110** | | |

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of cash flows**  **For the Year Ended 31 December 2012** |  | |
|  |  | **2012** 2011 |
|  | **Note** | **$** $ |
| **Cash flows from operating activities**  Payments to suppliers and employees |  | **-** (6,388) |
| Scholarships and donations received |  | **1,593,973** 3,008,251 |
| Investment income |  | **1,706,859** 482,751 |
| Distributions paid |  | **(854,607)** (1,760,825) |
| **Net cash inflow/(outflow) from operating activities** | 17 | **2,446,225** 1,723,789 |
| **Cash flows from investing activities**  Proceeds from investment in other financial assets |  | **(14,656,456)** 544,782 |
| **Net cash (outflow)/inflow from investing activities** |  | **(14,656,456)** 544,782 |
| **Cash flows from financing activities** |  |  |
| **Net cash inflow/(outflow) from financing activities** |  | **-** - |
| **Net increase/(decrease) in cash and cash equivalents** |  | **(12,210,231)** 2,268,571 |

Cash and cash equivalents at beginning of year **19,255,703** 16,987,132 **Cash and cash equivalents at end of year** 6 **7,045,472** 19,255,703

The accompanying notes form part of these financial statements.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

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) adopted by the AASB, the requirements of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2010*, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These financial statements of the University of Western Sydney Foundation Trust 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.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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 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. *Intvestment income*

Investment income is recognised as it accrues using the effective interest method. All other material revenue is accounted for on an accrual basis.

1. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignficant 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*.

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 uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is 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 allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

1. **Trade receivables (continued)**

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 uncollectible 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. Other financial assets
   1. **Classification**

The Trust classifies its other financials assets in the following categories: financial assets at fair value through profit/(loss), loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

*Financial assets at fair value through profit/(loss)*

Financial assets at fair value through profit/(loss) are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non current.

*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.

*Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

* 1. Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

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

* 1. Measurement

At initial recognition, the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit/(loss), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit/(loss) are expensed in the statement of comprehensive income.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

**(f) Other financial assets (continued)**

1. **Measurement (continued)**

Available-for-sale financial assets and financial assets at fair value through profit/(loss) are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit/(loss)' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit/(loss) is recognised in the statement of comprehensive income as part of other revenue from continuing operations when the Trust's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of other monetary and non monetary securities classified as available-for-sale are recognised in other comprehensive income.

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

1. Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Trust establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

1. Impairment

The Trust assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

If there is evidence of impairment for any of the Trust's financial assets carried at amortised cost, 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. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

If a loan or held-to-maturity investment 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 Trust may measure impairment on the basis of an instrument’s 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.

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

*Assets classified as available-for-sale*

If there is objective evidence of impairment 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 the statement of comprehensive income is removed from equity and recognised in the statement of comprehensive income.

Impairment losses on equity instruments that were recognised in the statement of comprehensive income are not reversed through the statement of comprehensive income in a subsequent period.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

1. **Other financial assets (continued)**

**(v) Impairment (continued)**

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

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

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 Trust for similar financial instruments.

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. 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 2012 reporting periods and have not yet been applied in the financial report. 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.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (continued)
2. **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.

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 University of Western Sydney Foundation Trust.

1. Financial Risk Management

The main risks the University of Western Sydney Foundation Trust is exposed to through its financial instruments are credit risk, 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 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:

Financial Assets

**2012**

**$**

**2011**

**$**

Cash and cash equivalents **7,045,472** 19,255,703

Trade and other receivables **108,456** 236,713

Financial assets at fair value through profit/(loss) **-** 9,650,893 Other available-for-sale assets **25,579,182** -

**32,733,110** 29,143,309

Financial Liabilities

Trade and other payables **-** -

**-** -

* 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.

|  |  |  |
| --- | --- | --- |
|  | **2012** | **2011** |
| **$** | **$** |
| Up to 3 months | **77,206** | 184,463 |
| 3 to 6 months | **30,750** | 15,000 |

Over 6 months **500** 37,250

**Total**  **108,456** 236,713

* 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 $7,045,472 (2011: $19,255,703) that are expected to readily generate cash inflows for managing liquidity risk.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

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 and the amounts held in the Arcadian investments portfolio are strictly monitored.

ii. 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.

**31 December 2012** Carrying

Surplus/

-100bps +100bps

Surplus/

**Financial assets**

amount

$

(deficit)

$

Trust funds

$

(deficit)

$

Trust funds

$

Cash and cash equivalents 7,045,472 (70,455) (70,455) 70,455 70,455

Trade receivables 108,456 - - - - Other financial assets 25,579,182 (255,792) (255,792) 255,792 255,792

Total increase/(decrease) in financial assets (326,247) (326,247) 326,247 326,247

**Financial liabilities**

Trade payables - - - - - Total increase/(decrease) in financial liabilities - - - - -

Total increase/(decrease) (326,247) (326,247) 326,247 326,247

**31 December 2011** Carrying

Surplus/

-100bps +100bps

Surplus/

**Financial assets**

amount

$

(deficit)

$

Trust funds

$

(deficit)

$

Trust funds

$

Cash and cash equivalents 19,255,703 (192,557) (192,557) 192,557 192,557 Trade receivables 236,713 - - - - Other financial assets 9,650,893 (96,509) (96,509) 96,509 96,509

Total increase/(decrease) in financial assets (289,066) (289,066) 289,066 289,066

**Financial liabilities**

Trade payables - - - - - Total increase/(decrease) in financial liabilities - - - - -

Total increase/(decrease) (289,066) (289,066) 289,066 289,066

### Notes to the financial statements

###### For the Year Ended 31 December 2012

2 Financial Risk Management (continued)

* 1. **Financial Instruments Measured at Fair Value**

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on. The fair value hierarchy consists of the following levels:

* quoted prices in active markets for identical assets or liabilities (Level 1);
* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
* inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

31 December 2012 Financial assets:

**Level 1**

**$**

**Level 2**

**$**

**Level 3**

**$**

**Total**

**$**

Financial assets at fair value through profit/(loss) **- - - -**

Other available-for-sale assets **25,579,182 - - 25,579,182**

Total assets 25,579,182 - - 25,579,182

**31 December 2011 Financial assets:**

**Level 1**

**$**

**Level 2**

**$**

**Level 3**

**$**

**Total**

**$**

Financial assets at fair value through profit/(loss) 9,650,893 - - 9,650,893 Other available-for-sale assets - - - -

**Total assets** 9,650,893 - - 9,650,893

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Trust is the current bid price. These instruments are included in level 1.

There were no transfers between levels during the current or prior periods.

1. Revenue

**2012**

2011

|  |  |
| --- | --- |
| Services | **$** $ |
| - Student scholarships and prizes | **512,109** 317,397 |
| - Donations | **953,608** 1,934,317 |
| Total services | **1,465,717** 2,251,714 |
| Other revenue  - Interest | **63,153** 80,159 |
| - Dividends | **47,592** 78,819 |
| - Distributions from managed funds | **1,143,536** 1,509,404 |
| Total other revenue | **1,254,281** 1,668,382 |
| **Total revenue** | **2,719,998** 3,920,096 |

### Notes to the financial statements

###### For the Year Ended 31 December 2012

Donations

In 2012 the Foundation received contributions to the Trust endowment, general donations to support research and academic salaries and gifts towards student scholarships and prizes of $953,608. Of particular note were the following significant contributions to the Trust endowment .

* $60,000 from Bradcorp for the Peter Brennan Chair in General Practice
* $150,000 from Inghams Enterprises for the Inghams Prostrate Cancer Research Fund
* $375,000 from the Jacka Foundation for the Jacka Foundation Chair in Complementary Medicine
* $150,000 from Willian Chiu for the William Chiu Fund
* $50,000 from Derek and Shirley Howes for the Derek and Shirley Howes Prize Fund

1. Distributions - scholarships and prizes

**2012**

**$**

2011

$

Undergraduate scholarships 593,325 662,400

Postgraduate scholarships 10,000 302,500

Student prizes 90,000 77,575

Unawarded Scholarships (255,423) -

Total distributions - scholarships and prizes **437,902** 1,042,475

1. Remuneration of Auditors

Audit fees of $6,400 for 2012 (2011: $6,080) will be paid by the ultimate parent entity.

1. Cash and cash equivalents

**2012**

**$**

2011

$

Cash at bank and on hand 7,045,472 19,255,703

7,045,472 19,255,703

* 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. Fair value

The carrying amount for cash and cash equivalents equals the fair value.

1. Trade and other receivables

**2012**

**$**

2011

$

Trade receivables 108,456 236,713

**Total current trade and other receivables**  108,456 236,713

Trade and other receivables are non-interest bearing.

* 1. 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. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or re-pledged. Refer to note 2 for more information on the risk management policy of the Trust and the credit quality of the entity's trade receivables.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Other financial assets

**Current**

Financial assets at fair value through profit/(loss)

2012

**$**

**2011**

**$**

- Optimix- balanced fund **-** 9,650,893

Total current other financial assets **-** 9,650,893

Non-current

Other available-for-sale assets

- Acadian australian equity high yield fund **25,579,182** -

Total non-current other financial assets **25,579,182** -

**Total other financial assets**  **25,579,182** 9,650,893

1. Reserves

**Investment revaluation reserve**

**2012**

**$**

**2011**

**$**

Opening balance **-** -

Gain/(loss) on value of available-for-sale financial assets **1,271,833** -

Closing Balance **1,271,833** -

Total reserves 1,271,833 -

1. **Retained surplus**

Movements in retained surplus were as follows:

2012

**$**

2011

$

Balance as at 1 January **29,143,309** 28,169,669

Surplus/(deficit) for the year **2,317,968** 973,640

Trust distributions for the year **-** -

Balance as at 31 December **31,461,277** 29,143,309

$30,452,021 ($28,311,994 in 2011) of the accumulated funds are from donations and fundraising for specific purposes. These funds are held by the Trust for such purposes.

1. Commitments

The Trust had no commitments at 31 December 2012 (31 December 2011: nil).

1. Contingencies

The Trust had no contigent liabilities at 31 December 2012 (31 December 2011: nil).

1. Key Management Personnel Disclosures

No remuneration has been paid to the key management personnel of University of Western Sydney Foundation Trust during the year (2011: nil).

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Related party transactions
   1. **Parent entity**

The ultimate parent entity of the Trust is University of Western Sydney.

* 1. Transactions with related parties

The following transactions occurred with related parties:

2012

**$**

2011

$

Payments to the ultimate Parent Entity 413,706 676,073

413,706 676,073

The Foundation made distributions of donated funds to the University of Western Sydney totalling $413,706 during the year. These payments included:

* $51,754 to the School of Biomedical & Health Sciences - donation to the Men's Health Information and Resource Centre for the Jumna Wal project.
* $150,000 to the School of Medicine - donation for the Peter Brennan Chair.
* $150,000 to the School of Medicine - donation from Inghams Enterprises Pty Ltd for Prostate Cancer Research.
* $25,000 to the School of Humanities and Communication Arts - donation from the William Chiu Fund to the Writing and Society Research Centre for the William Chiu Translation Project.
* $10,000 to the School of Computing Engineering and Mathematics - donation from Strathfield South High School for the UWS Solar Car for 2015 Solar Challenge.

1. Economic dependency

The Trust is economically dependent on the University of Western Sydney 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 Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

1. Reconciliation of surplus/(deficit) to net cash inflow from operating activities

**2012**

**$**

2011

$

Surplus/(deficit) for the year 2,317,968 973,640

Changes in operating assets and liabilities:

* (increase)/decrease in trade and other receivables 128,257 756,537
* increase/(decrease) in trade and other payables - (6,388)

Net cash inflow/(outflow) from operationing activities 2,446,225 1,723,789

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Charitable fundraising

*Information to be furnished under the Charitable Fundraising Act 1991.*

Fundraising Appeals conducted during the year were

* 1. **Prize appeals**
* 2011 Academic Year Business Prize Appeal
* 2011 Academic Year Computing, Engineering and Mathematics Prize Appeal
* 2011 Academic Year Education Prize Appeal
* 2011 Academic Year Humanities and Communication Arts Prize Appeal
* 2011 Academic Year Law Prize Appeal
* 2011 Academic Year Medicine Prize Appeal
* 2011 Academic Year Nursing and Midwifery Prize Appeal
* 2011 Academic Year Science and Health Prize Appeal
* 2011 Academic Year Social Sciences and Psychology Prize Appeal
* 2012 Academic Year Graduation Medicine Prize Appeal
  1. Scholarship Appeals

-2012 Scholarship Appeal

* 1. Memorial Appeals
* 2012 Memorial Appeal
* 2012 Robert Hayes Memorial Scholarship Appeal
* Dani Gilroy Memorial Appeal
* Beth Southwell Memorial Appeal
  1. Alumni Appeals
* 2012 June GradLife Appeal
* 2012 October GradLife Appeal
* 2012 Alumni Donor Direct Mail Appeal
* 2012 Alumni Donor Stewardship
  1. Staff Giving Appeals
* 2012 New Staff Appeal
* 2012 Staff Giving Appeal
  1. Student Appeals
* 2012 April Graduation Appeal
* 2012 September Graduation Appeal
* 2012 December Graduation Appeal
  1. Other Appeals
* 2012 Yinuo Jiang Appeal
* 2012 Research and Academic Positions Appeal
* 2012 General and Unsolicited Donations Appeal
* Parramatta Community Justice Clinic (PCJC) Appeal
* Student Welfare Appeal

### Notes to the financial statements

###### For the Year Ended 31 December 2012

|  |  |  |  |
| --- | --- | --- | --- |
| **18** | **Charitable fundraising (continued)**  **Results of fundraising appeals** |  | |
|  |  | **2012**  **$** | 2011  $ |
|  | **A** |  |  |
|  | Gross proceeds from fundraising 1 | 3,172,576 | 2,734,465 |
|  | Less costs of fundraising appeals 2 | - | - |
|  | Net surplus obtained from fundraising appeals | 3,172,576 | 2,734,465 |
|  | **B** |  |  |
|  | Distributions to the University of Western Sydney 3 | 851,608 | 1,718,548 |
|  | Distributions - other | 3,000 | 42,277 |
|  | Transfers to retained surplus | 2,317,968 | 973,640 |
|  |  | 3,172,576 | 2,734,465 |

1Gross proceeds from fundraising appeals include the receipt of investment income earned on funds previously raised and invested.

2As the purpose of the Trust is fundraising, the cost of fundraising appeals includes all expenditures except for distributions to the University of Western Sydney.

3Distributions to the University of Western Sydney include student scholarships and prizes.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Comparative figures and ratios for the reporting period** | **2012**  **$** | **2012**  **%** | **2011**  **$** | **2011**  **%** |
| (a) Total cost of fundraising / | - |  | - |  |
| Gross income from fundraising | 3,172,576 |  | 2,734,465 | - |
| (b)Net surplus from fundraising / | 3,172,576 |  | 2,734,465 |  |
| Gross income from fundraising | 3,172,576 | 100.00 | 2,734,465 | 100.00 |
| (c) Total cost of services provided / 1 | 851,608 |  | 1,718,548 |  |
| Total expenditure | 854,608 | 99.65 | 1,760,825 | 97.60 |
| Total cost of services provided / 1 | 851,608 |  | 1,718,548 |  |
| Total income received | 3,172,576 | 26.84 | 2,734,465 | 62.85 |

1Total cost of services provided represents total Foundation contributions to the University of Western Sydney.

END OF AUDITED FINANCIAL STATEMENTS

###### University of Western Sydney Foundation Trust

**ABN: 13 921 771 681**

### Trustees' declaration

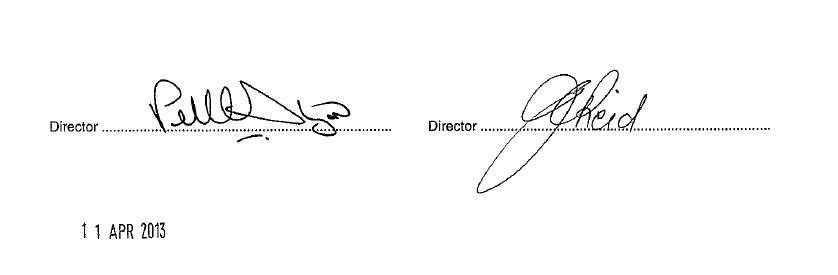
In the Trustees' opinion:

1. The financial statements and notes:
   1. comply with Australian Accounting Standards and other interpretations, the *Public Finance and Audit Act 1983*

the *Public Finance and Audit Regulation 2010* and other mandatory professional reporting requirements; and

* 1. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the Trust.

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.

This declaration is made in accordance with a resolution of the Trustee Company, the University of Western Sydney Foundation Limited.

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# UWS College Pty Limited

**ABN: 44 003 474 468**

**Financial Statements**

**For the Year Ended 31 December 2012**

These financial statements are of UWS College Pty Limited as an individual entity. The financial statements are presented in the Australian currency.

UWS College Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

158 - 160 Hawkesbury Road

Westmead NSW 2145.

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

The financial statements were authorised for issue by the directors on 4th April 2013. The directors have the power to amend and reissue the financial statements.

**Directors' Report**

###### 31 December 2012

The directors present their report on UWS College Pty Limited for the financial year ended 31 December 2012.

1. General information Information on directors

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

Ms Rhonda Hawkins

**Qualifications BSc, MPP, FAICD**

**Associate Professor Craig Ellis**

**Qualifications B Bus, B Comms (Hons), PhD, SA Fin.**

**Ms Mara Moustafine**

**Qualifications BA (Hons), MA, MAICD**

**Ms Xenia Delaney**

**Qualifications B Comm (Acc), CA, RCA**

**Professor Kerri-Lee Krause**

**Qualifications BEd, MA, PhD (appointed 1 June 2012)**

**Mr Angelo Kourtis**

**Qualifications BA (appointed 1 June 2012)**

**Mr Peter Graham**

**Qualifications A/Dip Bus, MAICD, PMD HBS (appointed 1 June 2012)**

**Dr Betty Gill**

**Qualifications BA, DNE, MHP, PhD (resigned 30 April 2012)**

**Professor Stuart Campbell**

**Qualifications BA, Dip Ling, Dip Ed, MA, PhD, GAICD (resigned 30 April 2012)**

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 UWS College Pty Limited during the financial year were:

* + Provision of educational services

There were no significant changes in the nature of UWS College Pty Limited's (the Company) principal activities during the financial year.

### Directors' Report

###### 31 December 2012

1. Operating results and review of operations for the year Operating results

The surplus of the Company for the year ended 31 December 2012 amounted to $ 1,127,067 which included a royalty payment to the ultimate parent entity of $1,295,313 whilst 2011 had a (deficit) of ($3,724,878) which included a royalty payment to the ultimate parent entity of $4,200,000.

1. Other items

**Significant changes in state of affairs**

There have been no significant changes in the state of affairs of the Company 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. (2011 : $nil).

Company secretary

Dr Kerry Hudson held the position of CEO and Company Secretary during and at the end of the financial year.

###### UWS College Pty Limited

**ABN: 44 003 474 468**

### Directors' Report

###### 31 December 2012

Meetings of directors

During the financial year ended 31 December 2012, 6 meetings of directors were held. Attendances by each director during the year were as follows:

|  |  |  |
| --- | --- | --- |
|  | **Directors' Meetings** | |
| **Number eligible to attend** | **Number attended** |
| Ms Rhonda Hawkins | 6 | 6 |
| Associate Professor Craig Ellis | 6 | 5 |
| Ms Mara Moustafine | 6 | 5 |
| Ms Xenia Delaney | 6 | 5 |
| Professor Kerri-Lee Krause | 4 | 3 |
| Mr Angelo Kourtis | 4 | 4 |
| Mr Peter Graham | 4 | 3 |
| Dr Betty Gill | 2 | 2 |
| Professor Stuart Campbell | 2 | 1 |

Indemnification and insurance of officers and auditors

The Company is insured externally and in line with the University of Western Sydney 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 2012 has been received and can be found on page 195 of the financial statements.

The Audit Office of New South Wales GPO Box 12 Sydney NSW 2001

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



###### UWS College Pty Limited

**ABN: 44 003 474 468**

### Directors' Declaration

In the directors' opinion:

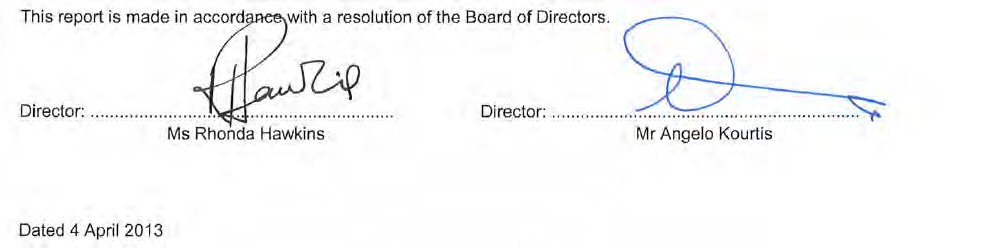
1. the financial statements and notes are in accordance with the *Corporations Act 2001*, including
   1. complying with Accounting Standards, the *Corporations Regulations 2001, Public Finance and Audit Act 1983,*

*Public Finance and Audit Regulation 2010* and other mandatory professional reporting requirements, and

* 1. giving a true and fair view of the company's financial position as at 31 December 2012 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,

.





**INDEPENDENT AUDITOR'S REPORT**

**UWS College Pty Limited**

To Members of the New South Wales Parliament and Members of UWS College Pty Limited (The College)

I have audited the accompanying financial statements of (the College), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' report.

**Opinion**

In my opinion the financial statements :

* are in accordance with the *Corporations Act 2001,* including:

giving a true and fair view of the College's financial position as at 31 December 2012 and its performance for the year ended on that date

complying with Australian Accounting Standards and the Corporations Regulations 2001

* are in accordance with section 41(B) of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

**Directors' Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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Level 15, 1 Margaret Street, Sydney NSW 2000 I GPO Box 12, Sydney NSW 2001d6 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

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

My opinion does *not* provide assurance:

* about the future viability of the College
* that it has carried out its activities effectively, efficiently and economically about the effectiveness of its internal control
* about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented

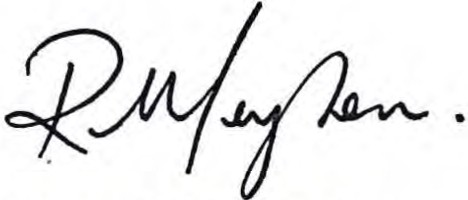
about other information that may have been hyperlinked to/from the financial statements.

**Independence**

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

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

I confirm that the independence declaration required by the *Corporations Act 2001,* provided to the directors of the College on 2 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.



Renee Meimaroglou

Director Financial Audit Services

9 April 2013

**SYDNEY**

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Comprehensive Income**  **For the Year Ended 31 December 2012** |  | | |
|  |  | **2012** | **2011** |
|  | **Notes** | **$** | **$** |
| **Revenue** |  |  |  |
| Rendering of services | 12(a) | **24,505,121** | 21,932,505 |
| Interest revenue |  | **204,930** | 236,601 |
| **Total revenue from operations** |  | **24,710,051** | 22,169,106 |
| Other revenue | 12(b) | **871,831** | 1,657,700 |
| **Total revenue** |  | **25,581,882** | 23,826,806 |
| Net gain / (loss) on disposal of assets |  | **(15,253)** | 5,152 |
| **Expenses** |  |  |  |
| Employee benefits expense | 13 | **(14,859,852)** | (14,681,261) |
| Fees for service | 13 | **(3,571,873)** | (4,345,065) |
| Occupancy expenses | 13 | **(1,843,927)** | (2,054,492) |
| Royalty to UWS |  | **(1,295,313)** | (4,200,000) |
| Depreciation and amortisation expense | 13 | **(723,393)** | (387,395) |
| Consumables and supplies |  | **(401,939)** | (519,777) |
| Advertising, marketing and promotional expenses |  | **(304,001)** | (272,940) |
| Student expenses |  | **(229,733)** | (268,983) |
| Other expenses | 13 | **(1,209,531)** | (826,923) |
| **Total Expenses** |  | **(24,439,562)** | (27,556,836) |
| **Surplus / (deficit) for the year** |  | **1,127,067** | (3,724,878) |
| Other comprehensive income |  | **-** | - |
| **Total comprehensive income for the year** |  | **1,127,067** | (3,724,878) |
| **Comprehensive income for the year attributable to** |  |  |  |
| Non - controlling interest Owner of the parent |  | **- 1,127,067** | - (3,724,878) |
| **Total comprehensive income for the year** |  | **1,127,067** | (3,724,878) |

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Financial Position**  **As At 31 December 2012** |  | | |
|  |  | **2012** | **2011** |
|  | **Notes** | **$** | **$** |
| **ASSETS**  **CURRENT ASSETS** |  |  |  |
| Cash and cash equivalents | 2 | **649,802** | 3,293,081 |
| Loans to ultimate parent entity | 17(d) | **6,163,827** | - |
| Trade receivables | 3 | **68,411** | 71,978 |
| Inventories | 4 | **14,620** | 13,294 |
| Prepayments |  | **415,761** | 942,841 |
| Accrued revenue |  | **1,190** | 931,660 |
| **TOTAL CURRENT ASSETS** |  | **7,313,611** | 5,252,854 |
| **NON-CURRENT ASSETS** |  |  |  |
| Property, plant and equipment | 5 | **1,695,119** | 1,558,490 |

**TOTAL NON-CURRENT ASSETS 1,695,119** 1,558,490

|  |  |  |  |
| --- | --- | --- | --- |
| **TOTAL ASSETS** |  | **9,008,730** | 6,811,344 |
| **LIABILITIES**  **CURRENT LIABILITIES** |  |  |  |
| Trade payables |  | **256,258** | 150,737 |
| Tuition fees advance receipts |  | **888,699** | 817,799 |
| Amounts due to related parties |  | **368,970** | 425,897 |
| Accrued expenses | 6 | **1,203,622** | 642,021 |
| Provisions | 7 | **1,151,540** | 1,060,183 |
| Other liabilities | 8 | **379,705** | 308,169 |
| **TOTAL CURRENT LIABILITIES** |  | **4,248,794** | 3,404,806 |
| **NON-CURRENT LIABILITIES** |  |  |  |
| Provisions | 7 | **495,331** | 269,000 |
| **TOTAL NON-CURRENT LIABILITIES** | | **495,331** | 269,000 |
| **TOTAL LIABILITIES** | | **4,744,125** | 3,673,806 |
| **NET ASSETS** |  | **4,264,605** | 3,137,538 |
| **EQUITY**  Issued capital | 9 | **1** | 1 |
| Retained earnings |  | **4,264,604** | 3,137,537 |
| **TOTAL EQUITY** | | **4,264,605** | 3,137,538 |

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Changes in Equity**  **For the Year Ended 31 December 2012** |  | | |
| **2012** |
|  | **Issued Capital** | **Retained Earnings** | **Total** |
|  | **$** | **$** | **$** |
| **Balance at 1 January 2012** | **1** | **3,137,537** | **3,137,538** |
| **Total comprehensive income for the year** |  |  |  |
| Surplus / (deficit) | **-** | **1,127,067** | **1,127,067** |
| Total other comprehensive income | **-** | **-** | **-** |
| **Total comprehensive income for the year** | **-** | **1,127,067** | **1,127,067** |
| **Balance at 31 December 2012** | **1** | **4,264,604** | **4,264,605** |
| **2011** |  |  |  |
|  | **Issued Capital** | **Retained Earnings** | **Total** |
|  | **$** | **$** | **$** |
| **Balance at 1 January 2011** | 1 | 6,862,415 | 6,862,416 |
| **Total comprehensive income for the year** |  |  |  |
| Surplus / (deficit) | - | (3,724,878) | (3,724,878) |
| Total other comprehensive income | - | - | - |
| **Total comprehensive income for the year** | - | (3,724,878) | (3,724,878) |
| **Balance at 31 December 2011** | 1 | 3,137,537 | 3,137,538 |

The accompanying notes form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Cash Flows**  **For the Year Ended 31 December 2012** |  | | |
|  |  | **2012** | **2011** |
|  | **Notes** | **$** | **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES:**  Receipts from customers |  | **25,441,265** | 22,574,700 |
| Payments to suppliers and employees |  | **(22,065,279)** | (28,827,423) |
| Interest received |  | **139,125** | 236,601 |
| Australian Government Grants |  | **-** | 70,283 |
| Other receipts |  | **814,906** | (1,603,884) |
| **Net cash provided by (used in) operating activities** | 18 | **4,330,017** | (7,549,723) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:**  Proceeds from sale of plant and equipment |  | **196,355** | 214,009 |
| Payment for property, plant and equipment |  | **(1,071,629)** | (800,879) |
| **Net cash used by investing activities** |  | **(875,274)** | (586,870) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** |  |  |  |

Payment of loan to ultimate parent entity **(6,098,022)** -

Net cash used by financing activities (6,098,022) -

|  |  |  |
| --- | --- | --- |
| **Net increase (decrease) in cash and cash equivalents held** | **(2,643,279)** | (8,136,593) |
| **Cash and cash equivalents at beginning of year** | **3,293,081** | 11,429,674 |

**Cash and cash equivalents at end of financial year** 2 **649,802** 3,293,081

The accompanying notes form part of these financial statements.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

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 Summary of Significant Accounting Policies

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, other legislative requirements, and the *Corporations Act 2001*, Section 41B(1) of the *Public Finance & Audit Act 1983*, *Public Finance & Audit Regulation 2010*

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.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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. 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 2012 financial statements are presented in Australian dollars which is the ultimate 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.

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

There has been some reclassification to comparatives to conform with the current years presentation. The following reclassifications were made in the statement of financial position.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies continued

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(c)** | **Comparative Amounts continued** | **Original** |  | **Revised** |
|  |  | **2011** |  | **2011** |
|  |  | **$** |  | **$** |
|  | **Current assets** |  |  |  |
|  | Trade and other receivables | 1,946,479 | Trade receivables | 71,978 |
|  |  | - | Prepayments | 942,841 |
|  |  | - | Accrued revenue | 931,660 |
|  | **Total** | **1,946,479** | **Total** | **1,946,479** |
|  | **Current liabilities** |  |  |  |
|  | Trade and other payables | 2,336,078 | Trade payables | 150,737 |
|  |  | - | Accrued expenses | 642,021 |
|  |  | - | Tuition fees advance receipts | 817,799 |
|  |  | - | Amounts due to related parties | 425,897 |
|  |  | - | Other liabilities | 299,624 |
|  | **Total** | **2,336,078** | **Total** | **2,336,078** |
| **(d)** | **Inventories** |  |  |  |

A stocktake of inventories on hand at year end was performed. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies continued

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 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 assets carrying amount and the present value of the 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.

1. Cash and cash equivalents

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

1. Employee benefits

The Company'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 payable later than one year have been measured using a short hand method calculated by an actuary 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. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

1. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The 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 2012

1 Summary of Significant Accounting Policies continued

1. **Provisions continued**

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that 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 unwinding of the discount is taken to finance costs in the statement of comprehensive income.

Regardless of the expected timing of settlement, 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

1. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability in the statement of financial position with the amounts normally paid within 30 days of recognition of the liability.

1. Leases

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

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

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. 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).

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies continued 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 in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

The Company is grouped with the ultimate parent entity for GST purposes and therefore these amounts are not reflected within these statements.

1. Critical accounting estimates and judgments

The below areas involve a high degree of judgement where assumptions and estimates are significant to the financial statement of the Company.

Key estimates - impairment of plant and equipment

The Company assesses impairment at the end of the reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgments - 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 judgments - provision for long service leave

The value of the provision for long service leave is derived from a short hand method calculated by an actuary.

1. New and revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 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.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies continued

1. **Property, Plant and Equipment**

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

Plant and equipment

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

Artwork

Artwork is measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated 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/depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset Depreciation Rate / Useful Life

Motor Vehicles 6.67 years

Computer Equipment 3-4 years

Leasehold improvements 2-6 years

The assets' residual values, depreciation methods 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. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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 tax benefit has been included in the accounts.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

|  |  |  |  |
| --- | --- | --- | --- |
| **2** | **Cash and cash equivalents** | **2012** | **2011** |
|  |  | **$** | **$** |
|  | Cash at bank and in hand | **249,128** | 234,858 |
|  | TCorp balance | **400,674** | 3,058,223 |
|  | **Total cash and cash equivalents** | **649,802** | 3,293,081 |
|  | **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 | **2012**  **$ 649,802** | **2011**  **$**  3,293,081 |
| **Balance as per statement of cash flows** | **649,802** | 3,293,081 |
| The Company's exposure to interest rate risk is discussed in Note 11 for further details. |  |  |

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **3** | **Trade and other receivables** |  | **2012** | **2011** |
|  |  | **Note** | **$** | **$** |
|  | Student Receivables |  | **59,618** | 66,455 |
|  | Trade receivables |  | **20,519** | 49,213 |
|  | Provision for doubtful receivables | 3(a) | **(11,726)** | (43,690) |
|  | **Total current trade and other receivables** |  | **68,411** | 71,978 |
|  | **(a) Provision for impairment of receivables** |  |  |  |
|  | Movement in provision for impairment of receivables is as follows: |  | **2012** | **2011** |
|  |  |  | **$** | **$** |
|  | Opening balance as at 1 January |  | **43,690** | 74,614 |
|  | Provision for impairment recognised during the year |  | **11,726** | 40,290 |
|  | Receivables written off during the year as uncollectable |  | **(18,684)** | (61,330) |
|  | Reversal of impairment |  | **(25,006)** | (9,884) |
|  | **Balance as at 31 December** |  | **11,726** | 43,690 |
|  | **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.

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

1. Trade and other receivables continued

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Past due but not impaired (days overdue)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **< 90**  **$** | **90 - 180**  **$** | **> 180**  **$** | **Total**  **$** |
| **2012**  Trade and term receivables | **62,417** | **-** | **5,994** | **(68,411)** |
| Total | **62,417** | **-** | **5,994** | **(68,411)** |
| **2011**  Trade and term receivables | 63,490 | 248 | 8,240 | (71,978) |
| Total | 63,490 | 248 | 8,240 | (71,978) |

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

1. Inventories

CURRENT

At cost:

2012

**$**

**2011**

**$**

Merchandise **14,620** 13,294

**14,620** 13,294

Write down of inventories to net realisable value during the year were $ NIL (2011: $ NIL).

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

|  |  |  |  |
| --- | --- | --- | --- |
| **5** | **Property, plant and equipment** | **2012** | **2011** |
|  |  | **$** | **$** |
|  | **Plant and equipment**  Property, Plant and Equipment | **743,995** | 420,699 |
|  | Accumulated depreciation | **(136,313)** | (66,064) |
|  | **Total plant and equipment** | **607,682** | 354,635 |
|  | **Leasehold Improvements**  Leasehold improvements | **2,427,091** | 1,952,365 |
|  | Accumulated amortisation | **(1,351,563)** | (760,419) |
|  | **Total leasehold improvements** | **1,075,528** | 1,191,946 |
|  | **Artwork**  At cost | **11,909** | 11,909 |
|  | **Total artwork** | **11,909** | 11,909 |
|  | **Total property, plant and equipment** | **1,695,119** | 1,558,490 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

1. Property, plant and equipment continued
   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:

Property,

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Leasehold**  **improvements** | **Artwork** | **Plant and**  **Equipment** | **Total** |
| **$** | **$** | **$** | **$** |
| **2012**  Balance at the beginning of year | **1,191,946** | **11,909** | **354,635** | **1,558,490** |
| Additions | **474,726** | **-** | **574,917** | **1,049,643** |
| Disposals | **-** | **-** | **(211,608)** | **(211,608)** |
| Transfers | **-** | **-** | **21,987** | **21,987** |
| Depreciation expense | **(591,144)** | **-** | **(132,249)** | **(723,393)** |
| **Balance at 31 December 2012** | **1,075,528** | **11,909** | **607,682** | **1,695,119** |
| **2011**  Balance at the beginning of year | 950,747 | 11,909 | 391,207 | 1,353,863 |
| Additions | 558,760 | - | 242,119 | 800,879 |
| Disposals | - | - | (208,857) | (208,857) |
| Depreciation expense (317,561) | | - | (69,834) | (387,395) |
| **Balance at 31 December 2011** 1,191,946 | | 11,909 | 354,635 | 1,558,490 |

|  |  |  |  |
| --- | --- | --- | --- |
| **6** | **Accrued expenses** | **2012** | **2011** |
|  |  | **$** | **$** |
|  | **CURRENT**  Salary accrual | **563,565** | 343,194 |
|  | Payables | **367,995** | 133,521 |
|  | Agents commissions | **176,888** | 150,497 |
|  | Other | **95,174** | 14,809 |
|  |  | **1,203,622** | 642,021 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

**7 Employee Benefits**

**CURRENT**

**2012**

**$**

**2011**

**$**

Employee benefits - annual leave **935,125** 768,183

Employee benefits - long service leave **216,415** 292,000

**1,151,540** 1,060,183

**1,151,540** 1,060,183

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 to be expected to be taken or paid within the next 12 months.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Leave obligations expected to be settled after 12 months | **2012**  **$ 149,859** | **2011**  **$**  300,912 |
| **NON-CURRENT** |  |  |
| Employee benefits - long service leave | **495,331** | 269,000 |
| **8** | **Other liabilities** | **2012** | **2011** |
|  |  | **$** | **$** |
|  | IELTS clearing | **209,220** | 210,210 |
|  | Payroll tax clearing | **62,882** | 55,954 |
|  | Fringe benefits tax clearing | **61,560** | 30,351 |
|  | Student suspense receipts | **39,956** | 3,583 |
|  | Other | **6,087** | 8,071 |
|  |  | **379,705** | 308,169 |
| **9** | **Issued Capital** | **2012** | **2011** |
|  |  | **$** | **$** |
|  | Ordinary Shares | **1** | 1 |
|  | **Total contributed equity** | **1** | 1 |

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

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 lease has renewal rights whereby the terms of the lease are renegotiated.

|  |  |  |
| --- | --- | --- |
| Payable - minimum lease payments: | **2012**  **$** | **2011**  **$** |
| - no later than 1 year | **18,856** | 1,582,790 |
| - between 1 year and 5 years | **1,571** | 20,428 |
| - greater than 5 years | **-** | - |
|  | **20,427** | 1,603,218 |
| **(b) Capital commitments** |  |  |

The Company has no capital commitments as at 31 December 2012 whilst 2011 was also nil**.**

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

1. Financial Risk Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price 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:

|  |  |  |
| --- | --- | --- |
|  | **2012**  **$** | **2011**  **$** |
| **Financial Assets**  Loans to ultimate parent entity | **6,163,827** | - |
| Cash and cash equivalents | **649,802** | 3,293,082 |
| Trade receivables | **68,411** | 71,978 |
| **Total financial assets** | **6,882,040** | 3,365,060 |
| **Financial Liabilities**  Accrued expenses | **1,203,622** | 642,021 |
| Tuition fees advance receipts | **888,699** | 817,799 |
| Amounts due to related parties | **368,970** | 425,897 |
| Trade payables | **256,258** | 150,737 |
| **Total financial liabilities** | **2,717,549** | 2,036,454 |

Weighted average interest rate Balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial Assets | **2012**  **% 3.70** | **2011**  **%**  4.50 | **2012**  **$ 6,882,040** | **2011**  **$**  3,365,060 |
| Financial Liabilities |  |  | **(2,717,549)** | (2,036,454) |
|  |  |  | **4,164,491** | 1,328,606 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

**11 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 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.

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 not any material differences between from 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 major financial institutions or with the parent entity;

The timing of expected outflows is not expected to be materially different from contracted cashflows. The table below reflect an undiscounted contractual maturity analysis for financial liabilities.

###### UWS College Pty Limited

**ABN: 44 003 474 468**

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

11 Financial Risk Management continued

*Financial liability maturity analysis - Non-derivative*

Within 1 Year 1 to 5 Years Over 5 Years Total

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2012**  **$** | **2011**  **$** | **2012**  **$** | **2011**  **$** | **2012**  **$** | **2011**  **$** | **2012**  **$** | **2011**  **$** |
| **Financial assets due for receipt** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents \* | **649,802** | 3,293,082 | **-** - **-** - **649,802** | | | | | 3,293,082 |
| Prepayments | **415,761** | 942,841 | **-** - **-** - **415,761** | | | | | 942,841 |
| Trade receivables | **68,411** | 71,978 | **-** - **-** - **68,411** | | | | | 71,978 |
| Accrued revenue | **1,190** | 931,660 | **-** - **-** - **1,190** | | | | | 931,660 |
| **Financial liabilities due for payment**  Accrued Expenses | **1,203,662** | 642,021 | **-** - **-** - **1,203,662** | | | | | 642,021 |
| Amounts due to related parties \* | **368,970** | 425,897 | **-** - **-** - **368,970** | | | | | 425,897 |
| Trade payables | **256,258** | 150,737 | **-** - **-** - **256,258** | | | | | 150,737 |
| IELTS clearing | **209,220** | 210,210 | **-** - **-** - **209,220** | | | | | 210,210 |
| Other Payables | **167,849** | 89,414 | **-** - **-** - **167,849** | | | | | 89,414 |
| Financial guarantee contracts | **-** | 14,000 | **-** - **-** - **-** | | | | | 14,000 |
| **Total contractual outflows 3,341,123** | | 6,771,840 | **-** - **-** - **3,341,123** | | | | | 6,771,840 |

\* The weighted average interest rate applicable for the above items is 3.7% for 2012 and 4.5% for 2011.

187

###### UWS College Pty Limited

**ABN: 44 003 474 468**

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

11 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.

Such risk is managed through diversification of investments across industries and geographic locations.

*Sensitivity analysis*

The following table illustrates sensitivities to the Company's exposures to changes in the interest rate risk.

Fair value measurements

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position.

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.

An increase of 100 basis points or a decrease of 100 basis points would have increased equity and surplus or deficit by the amounts shown below. This analysis assumes that other variables are held constant.

The movements in surplus / (deficit) are due to higher interest costs from variable rate debt 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 2011.

188

###### UWS College Pty Limited

**ABN: 44 003 474 468**

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **11** | **Financial Risk Management continued** |  | **Surplus / deficit** | **Surplus / deficit** | **Equity** | **Equity** |
|  |  | **Carrying amount** | **100 basis points increase** | **100 basis points decrease** | **100 basis points increase** | **100 basis points decrease** |
|  |  | **$** | **$** | **$** | **$** | **$** |
|  | **2012** |  |  |  |  |  |
|  | **Financial assets** |  |  |  |  |  |
|  | Loans to ultimate parent entity | 6,163,827 | 61,638 | (61,638) | 61,638 | (61,638) |
|  | Cash and cash equivalents | 649,802 | 6,498 | (6,498) | 6,498 | (6,498) |
|  | **Total increase / (decrease) in financial assets** | 6,813,629 | 68,136 | (68,136) | 68,136 | (68,136) |
|  | **Financial liabilities** |  |  |  |  |  |
|  | Amounts due to related parties | 368,970 | 3,690 | (3,690) | 3,690 | (3,690) |
|  | **Total increase / (decrease)** | 7,182,599 | 71,826 | (71,826) | 71,826 | (71,826) |
|  | **2011** |  |  |  |  |  |
|  | **Financial assets** |  |  |  |  |  |
|  | Cash and cash equivalents | 3,293,081 | 32,931 | (32,931) | 32,931 | (32,931) |
|  | **Total increase / (decrease) in financial assets** | 3,293,081 | 32,931 | (32,931) | 32,931 | (32,931) |
|  | **Financial liabilities** |  |  |  |  |  |
|  | Amounts due to related parties | 425,897 | 4,259 | (4,259) | 4,259 | (4,259) |
|  | **Total increase / (decrease)** | 3,718,978 | 37,190 | (37,190) | 37,190 | (37,190) |

189

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

|  |  |  |  |
| --- | --- | --- | --- |
| **12** | **Revenue**  **(a) Revenue from rendering of services** |  | |
|  |  | **2012** | **2011** |
|  |  | **$** | **$** |
|  | **Sales revenue**  Tuition income | **22,410,986** | 20,304,932 |
|  | Student test fees | **1,888,851** | 1,447,019 |
|  | Student charges | **205,284** | 180,554 |
|  | **Total revenue from rendering of services** | **24,505,121** | 21,932,505 |
|  | **(b) Other revenue** |  |  |
|  |  | **2012** | **2011** |

$ $

Commonwealth grant from parent entity **705,422** 1,438,286

|  |  |  |
| --- | --- | --- |
| Consulting income | **40,773** | 45,455 |
| Bad debts recovered | **36,476** | - |
| Salary Recoveries | **33,207** | - |
| Government grants | **-** | 70,283 |
| Other income | **55,953** | 103,676 |
| **Total other revenue** | **871,831** | 1,657,700 |

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

|  |  |  |  |
| --- | --- | --- | --- |
| **13** | **Expenses** | **2012** | **2011** |
|  |  | **$** | **$** |
|  | **Depreciation and Amortisation** |  |  |
|  | Leasehold improvements | **591,144** | 317,561 |
|  | Office equipment | **67,336** | 3,874 |
|  | Motor vehicles | **64,913** | 65,960 |
|  | **Total depreciation and amortisation** | **723,393** | 387,395 |
|  | **Employee benefits expense (including academic and non academic)** |  |  |
|  | Salaries and wages | **11,723,089** | 11,164,868 |
|  | Leave | **1,235,354** | 1,282,535 |
|  | Superannuation | **1,046,133** | 1,039,926 |
|  | Payroll tax | **742,811** | 738,770 |
|  | Workers Compensation | **112,465** | 178,889 |
|  | Redundancies | **-** | 276,273 |
|  | **Fees for service** | **14,859,852** | 14,681,261 |
|  | UWS services | **1,933,083** | 2,627,517 |
|  | Agent Commissions | **1,009,315** | 799,631 |
|  | Study tours | **187,445** | 285,234 |
|  | Temporary contract staff | **124,083** | 201,437 |
|  | Consultants | **87,666** | 202,240 |
|  | Other | **230,281** | 229,006 |
|  |  | **3,571,873** | 4,345,065 |
|  | **Occupancy expenses** |  |  |
|  | Operating lease repayments | **1,741,749** | 1,894,076 |
|  | Cleaning | **60,725** | 74,777 |
|  | Other | **41,453** | 85,639 |
|  |  | **1,843,927** | 2,054,492 |
|  | **Other expenses** |  |  |
|  | Minor equipment | **387,958** | 160,798 |
|  | Staff recruitment | **59,235** | 43,243 |
|  | Training and seminars | **50,621** | 53,169 |
|  | Conference fees | **47,517** | 51,226 |
|  | Other expenses | **664,200** | 518,487 |
|  |  | **1,209,531** | 826,923 |

**Notes to the Financial Statements**

**For the Year Ended 31 December 2012**

1. Remuneration of Auditors

**The Audit Office of New South Wales**

**2012**

**$**

**2011**

**$**

- Audit of financial statements **31,900** 28,820

- Total remuneration for audit and other assurance services (inclusive of GST) 31,900 28,820

1. **Contingencies Contingent Liabilities**

The Company had the following contingent liabilities at the end of the reporting period:

*Claims*

The Directors of the Company are not aware of the existence of any legal claims as at 31 December 2012.

*Guarantees*

The Directors of the Company are not aware of any guarantees that are in place as at 31 December 2012 (2011 : Leasing Facility $100,000 and Bank Guarantee Facility $14,000). The Directors of the Company are not aware of any further instances.

*Invoices not yet received*

All commission invoices from the international agents relating to students enrolled in 2012 may not have been received. An amount has been accrued into the financial statements based upon the methodology adopted by the ultimate parent entity. These will be paid in 2013 upon receipt.

1. Remuneration of the Board

The totals of remuneration paid to external independent Board members of the Company during the year are as follows:

2012

**$**

**2011**

**$**

Independent Directors fees **25,833 20,000**

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 17: Related Party Transactions.

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

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

The ultimate parent entity, which exercises control over the Company, is University of Western Sydney which owns 100% of the Company.

* 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:

* 1. Balances from related parties

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2012**  **$** | **2011**  **$** |
| **Purchase of goods and services**  Purchase of building lease from ultimate parent entity | **2,377,822** | 2,239,078 |
| Purchase of capital works from ultimate parent entity | **675,683** | 1,696,010 |
| Purchase of marketing and promotional activities from ultimate parent entity | **479,440** | 461,004 |
| Purchase of catering services from other related parties | **25,102** | 49,684 |
|  | **Total** | **3,558,047** | 4,445,776 |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2012**  **$** | **2011**  **$** |
| **Other transactions**  Commonwealth Government grant funding from ultimate parent entity | **705,422** | 1,438,286 |
| Royalty to ultimate parent entity | **1,295,313** | 4,200,000 |
| **Total** | **2,000,735** | 5,638,286 |
| **(d)** | **Loans to/from related parties** |  |  |

Unsecured loans are made to the ultimate parent entity on an arm's length basis. Interest is calculated monthly on a daily balance of the intercompany loan account using the monthly TCorp Cash Client Return rate for that month, and is to be attributed to the intercompany loan balance . Loans are unsecured and repayable in cash.

Loans to ultimate parent

**Opening balance**

**Closing balance**

**Interest not charged**

**Interest**

**receivable Impairment**

Loan to ultimate parent entity 2012 **- 6,163,827 - 65,805 -**

Loan to ultimate parent entity 2011 - - - - -

### Notes to the Financial Statements

###### For the Year Ended 31 December 2012

1. Reconciliation of Surplus / (deficit) to Net Cash Flows From Operating Activities

|  |  |  |
| --- | --- | --- |
| **Operating surplus / (deficit) for the year** | **2012**  **$ 1,127,067** | **2011**  **$**  (3,724,878) |
| **Non-cash flows in surplus / (deficit)** |  |  |
| Depreciation and amortisation | **723,393** | 387,395 |
| UWS loan interest non cash | **(65,806)** | - |
| Net (gain)/loss on sale of non-current assets | **15,253** | (5,152) |
| **Changes in assets and liabilities** |  |  |
| (increase)/decrease in trade and other receivables | **936,145** | 596,346 |
| (increase)/decrease in prepayments | **527,080** | (641,197) |
| (increase)/decrease in inventories | **(1,326)** | (13,294) |
| increase/(decrease) in intercompany account balances | **(56,926)** | (3,145,452) |
| increase/(decrease) in accruals | **561,600** | (193,937) |
| increase/(decrease) in trade and other payables | **180,858** | (302,316) |
| increase/(decrease) in other operating liabilities | **64,991** | (445,146) |
| increase/(decrease) in employee benefits | **317,688** | (62,092) |

**Net cash flows from operating activities 4,330,017** (7,549,723)

1. **Events Occurring After the Reporting Date**

The financial statements are authorised for issue on 4 April 2013 by the board of directors.

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.

1. Company Details

The registered office of the Company is: UWS College Pty Limited

158-160 Hawkesbury Road

Westmead NSW 2145

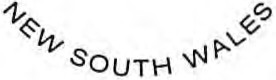
End of Audited Financial Statements

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To the Directors

UWS College Pty Limited

**Auditor's Independence Declaration**

As auditor for the audit of the financial statements of UWS College Pty Limited for the year ended 31 December 2012, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

*@1r-- .*

Renee Meimaroglou

Director, Financial Audit Services

2 April 2013

**SYDNEY**

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# uwsconnect Limited

**ABN: 45 107 759 197**

**Financial Statements**

**For the Year Ended 31 December 2012**

These financial statements are the individual entity statements of uwsconnect Limited (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: University of Western Sydney

Great Western Highway Werrington NSW 2747

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

The financial statements were authorised for issue by the directors on 25 February 2013. The directors have the power to amend and reissue the financial statements.

**Directors' report**

Your directors present their report on the Company at the year ended 31 December 2012.

Directors

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

Timothy Ferraro John Banks Vicki Buchanan James Majarich Aisha Parsons Thea Seabrook

David Stephens (resigned 14 August 2012)

Brent Jones was appointed a director on 10 December 2012 and continues in office at the date of this report. Harpreet Singh was appointed a director on 10 December 2012 and continues in office at the date of this report.

Short and long term objectives and strategy

The principal objective of the Company is to provide food and beverage, retail, sporting and campus life facilities and services across all six of the University of Western Sydney campuses.

The Company aims to work collaboratively to build a strong, professional and financially sustainable business that provides equitable and affordable services to meet the needs of the UWS community and residents of Greater Western Sydney.

Principal activities

During the 2012 financial year, uwsconnect Limited continued the provision of sports and leisure, retail, food and beverage, and other services consistent with its principal objective.

Performance measures

The performance measures of the Company can be separated into financial KPI’s relating to profit and revenue for all trading areas and non financial KPI’s relating to Community Services, based on participation and compliance.

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 (2011: $nil).

Review of operations

The surplus/(deficit) for the year ended 31 December 2012 is $158,227 (2011: $20,341).

Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs during the financial year.

Events subsequent to reporting date

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of the operation, or the state of affairs of the Company in future financial years.

Likely developments and expected results of operations in future years

Likely developments in the entity’s operation in future financial years are not expected to significantly affect the expected results of the Company.

Environmental regulation

The Company is not subject to any significant environmental regulations.

Information on directors

**Tim Ferraro** Experience & Qualifications: Principal Consultant, GHD. MBA, BAppSc (Hons), Member AIM, Member IPAA, Member Aust. Rangelands Scty, MAICD. Non executive.

Special responsibilities: Chair - uwsconnect Ltd Board; Chair - uwsconnect Executive Committee; Chair - uwsconnect Audit & Risk Management Committee. Member – UWS / uwsconnect Liaison Committee.

**John Banks** Experience & Qualifications: Director, Talent2. Member UWS Board of Trustees, Member UWS Foundation, Member Committee of Sydney. Non executive.

Special responsibilities: Member - uwsconnect Executive Committee; Member - uwsconnect Strategy, Finance and Capital Development Committee.

**Vicki Buchanan** Experience & Qualifications: Former Area Manager, Centrelink, with extensive experience within Tertiary, Government and private sectors. BA (Psychology) (English Literature), Dip Librarianship, MPA, Dip Proj. Mgmt, Assoc. LLA, TCE, Member – IPAA, CAHRI, FAICD. Non executive.

Special responsibilities: Member - uwsconnect Executive Committee; Chair – uwsconnect Strategy, Finance and Capital Development Committee. Member – UWS / uwsconnect Liaison Committee.

**Brent Jones** Experience and Qualifications: Enrolled UWS student. B.Business & Commerce (Sports management).

Non executive.

**James Majarich** Experience & Qualifications: Enrolled UWS Student. Non executive.

Special responsibilities: Member – uwsconnect Executive Committee; Member – uwsconnect Audit & Risk Management Committee. Member – UWS / uwsconnect Liaison Committee.

**Aisha Parsons** Experience & Qualifications: Director - Sales Activations, enrolled UWS student. Non executive.

Special responsibilities: Member – uwsconnect Strategy, Finance and Capital Development Committee; Member – UWS / uwsconnect Liaison Committee.

**Thea Seabrook** Experience & Qualifications: Former UWS Academic Registrar with extensive experience within tertiary institutions. BA, MA (Psychology), M. Ed Educational Admin. Non executive.

**Harpreet Singh** Experience & Qualifications: Enrolled UWS student, Non executive.

**David Stephens** Experience & Qualifications: Former CEO within the Pharmaceutical sector. FAICD, Accred. Associate IIB, Member LEADR, Hon Life Member ASMI. Non executive.

Special responsibilities: Former Chair - uwsconnect Ltd Board; Former Chair - uwsconnect Executive Committee; Member – UWS / uwsconnect Liaison Committee

Company Secretary

Anne Waller held the position of Company Secretary during and at the end of the financial year. Mrs Waller has held the position since 11 December 2006.

###### uwsconnect Limited

ABN: 45 107 759 197

### Directors' Report

###### 31 December 2012

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 31 December 2012, and the numbers of meetings attended by each director were:

**Full meetings of directors**

|  |  |  |
| --- | --- | --- |
|  | **Number attended** | **Number eligible to attend** |
| Tim Ferraro | 6 | 6 |
| John Banks | 3 | 6 |
| Vicki Buchanan | 5 | 6 |
| Brent Jones (appointed 10 December 2012) | 1 | 1 |
| James Majarich | 6 | 6 |
| Aisha Parsons | 4 | 6 |
| Thea Seabrook | 4 | 6 |
| Harpreet Singh (appointed 10 December 2012) | 1 | 1 |
| David Stephens (resigned 14 August 2012) | 3 | 4 |

Proceedings on behalf of the Company

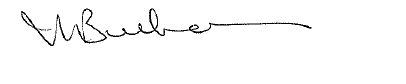
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

Total amount that members of the Company are liable to contribute if the entity is wound up will not exceed $10.00.

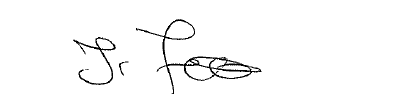
Auditor's independent declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 201.

Auditor

The Audit Office of New South Wales, GPO BOX 12, Sydney NSW 2001. This report is made in accordance with a resolution of directors.

Vicki Buchanan Director



Tim Ferraro Director

Sydney

25 February 2013



To the Directors uwsconnect Limited

**Auditor's Independence Declaration**

As auditor for the audit of the financial statements of uwsconnect Limited for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



Renee Meimaroglou CA

Director Financial Audit Services

26 February 2012 SYDNEY

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**INDEPENDENT AUDITOR'S REPORT**

**uwsconnect Limited**

To Members of the New South Wales Parliament and Members of uwsconnect Limited

I have audited the accompanying financial statements of uwsconnect Limited (the Company), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant account ing policies and other explanatory information and the directors' report.

**Opinion**

In my opinion the financial statements :

* are in accordance with the *Corporations Act 2001,* including:

giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance for the year ended on that date

complying with Australian Accounting Standards and the Corporations Regulations 2001

* are in accordance with section 41(B) of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

**Directors' Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

My opinion does *not* provide assurance :

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

**Independence**

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

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

I confirm that the independence declaration required by the *Corporations Act 2001,* provided to the directors of the Company on 26 February 2013 , would be in the same terms if provided to the directors as at the time of this auditor's report.



Renee Meimaroglou

Director Financial Audit Services

4 March 2013

**SYDNEY**

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of comprehensive income**  **For the year ended 31 December 2012** |  | | |
|  |  | **2012** | 2011 |
|  | Note | **$** | $ |
| **Revenue** |  |  |  |
| Sale of goods | 3 | **19,975,500** | 20,261,713 |
| Rendering of services | 3 | **2,374,001** | 2,307,066 |
| UWS Funding | 3 | **2,854,150** | 3,245,850 |
| Other revenue | 3 | **573,073** | 550,939 |
| **Total revenue from operations** |  | **25,776,724** | 26,365,568 |
| Net gain (loss) on disposal of property, plant and equipment |  | **19,953** | (26,012) |
| **Total income** |  | **25,796,677** | 26,339,556 |
| **Expenses** |  |  |  |
| Raw materials and consumables used |  | **(11,505,818)** | (11,876,826) |
| Employee benefits expense | 4 | **(9,574,968)** | (9,706,596) |
| Depreciation and amortisation expense | 4 | **(239,880)** | (233,830) |
| Occupancy expenses | 4 | **(1,206,246)** | (1,109,717) |
| Minor equipment |  | **(204,013)** | (722,770) |
| Other expenses | 4 | **(2,835,890)** | (2,595,174) |
| Finance costs |  | **(71,635)** | (74,302) |
| **Total expenses** |  | **(25,638,450)** | (26,319,215) |
| **Surplus/(deficit) for the year** |  | **158,227** | 20,341 |
| Other comprehensive income for the year |  | **-** | - |
| **Total comprehensive income for the year** |  | **158,227** | 20,341 |
| **Comprehensive income for the year attributable to**  Non-controlling interests |  | **-** | - |
| Owner of the parent |  | **158,227** | 20,341 |
| **Total comprehensive income for the year** |  | **158,227** | 20,341 |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of financial position**  **31 December 2012** |  | | |
|  |  | **2012** | 2011 |
|  | Note | **$** | $ |
| **ASSETS** |  |  |  |
| **Current assets**  Cash and cash equivalents | 5 | **2,281,787** | 534,311 |
| Trade and other receivables | 6 | **596,473** | 526,394 |
| Inventories | 7 | **5,516,491** | 5,117,585 |
| **Total current assets** |  | **8,394,751** | 6,178,290 |
| **Non-current assets**  Property, plant and equipment | 8 | **831,009** | 1,033,152 |
| Intangible assets | 9 | **13,192** | 13,942 |

**Total non-current assets 844,201** 1,047,094

|  |  |  |  |
| --- | --- | --- | --- |
| **Total assets** |  | **9,238,952** | 7,225,384 |
| **LIABILITIES** |  |  |  |
| **Current liabilities**  Trade and other payables | 10 | **3,535,563** | 3,003,938 |
| Borrowings | 11 | **1,517,745** | 1,625,000 |
| Provisions | 12 | **592,708** | 669,417 |
| Other liabilities | 13 | **1,782,564** | 150,520 |
| **Total current liabilities** |  | **7,428,580** | 5,448,875 |
| **Non-current liabilities**  Borrowings | 11 | **93,750** | 234,375 |
| Provisions | 12 | **198,248** | 181,987 |
| **Total non-current liabilities** | | **291,998** | 416,362 |
| **Total liabilities** | | **7,720,578** | 5,865,237 |
| **Net assets** | | **1,518,374** | 1,360,147 |
| **EQUITY**  Retained earnings 14 | | **1,518,374** | 1,360,147 |
| **Total equity** | | **1,518,374** | 1,360,147 |

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

|  |  |  |
| --- | --- | --- |
| **Statement of changes in equity**  **For the year ended 31 December 2012** |  | |
|  | **Retained earnings** | **Total equity** |
|  | **$** | **$** |
| **Balance at 1 January 2012** | **1,360,147** | **1,360,147** |
| **Total comprehensive income for the year** |  |  |
| Surplus / (deficit) | **158,227** | **158,227** |
| Total other comprehensive income | **-** | **-** |
| **Total comprehensive income for the year** | **158,227** | **158,227** |
| **Balance at 31 December 2012** | **1,518,374** | **1,518,374** |
|  | Retained earnings | Total equity |
|  | **$** | **$** |
| **Balance at 1 January 2011** | 1,339,806 | 1,339,806 |
| **Total comprehensive income for the year** |  |  |
| Surplus / (deficit) | 20,341 | 20,341 |
| Total other comprehensive income | - | - |
| **Total comprehensive income for the year** | 20,341 | 20,341 |
| **Balance at 31 December 2011** | 1,360,147 | 1,360,147 |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of cash flows**  **For the year ended 31 December 2012** |  | | |
|  |  | **2012** | 2011 |
|  | Note | **$** | $ |
| **Cash flows from operating activities**  Receipts from customers |  | **30,155,659** | 29,105,111 |
| Payments to suppliers and employees |  | **(28,176,382)** | (29,140,516) |
|  |  | **1,979,277** | (35,405) |
| Interest received |  | **41,482** | 47,879 |
| **Net cash flows from operating activities** | 21 | **2,020,759** | 12,474 |
| **Cash flows from investing activities**  Payments for property, plant and equipment | 8 | **(58,114)** | (513,682) |
| Payments for intangibles | 9 | **-** | (7,500) |
| Proceeds from sale of property, plant and equipment |  | **41,081** | 52,816 |
| **Net cash flows from investing activities** |  | **(17,033)** | (468,366) |
| **Cash flows from financing activities**  Proceeds from borrowings |  | **2,700,000** | 2,950,000 |
| Repayment of borrowings |  | **(2,956,250)** | (2,693,750) |
| **Net cash flows from financing activities** |  | **(256,250)** | 256,250 |
| **Net increase (decrease) in cash and cash equivalents** |  | **1,747,476** | (199,642) |
| Cash and cash equivalents at beginning of financial year |  | **534,311** | 733,953 |
| **Cash and cash equivalents at end of financial year** 5 **2,281,787** | | | 534,311 |

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

1 Summary of significant accounting policies

1. **Basis of preparation**

These financial statements are prepared on an accruals basis and in accordance with Australian Accounting Standards, the Corporations Act 2001, Section 41B(1) of the Public Finance & Audit Act 1983, Public Finance and Audit Regulation 2010, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

1. *Compliance with IFRS*

The financial statements 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.

1. *Historical cost convention*

These financial statements are prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Comparative information is reclassified, where appropriate, to conform with the current year’s presentation.

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 judgments 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. Actual results may differ from these 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 the period of the revision and the future periods if the revision affects both current and future periods.

1. Revenue recognition

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

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 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 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 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.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by Australian Accounting Standards or as a result of a change in accounting policy.

1. Finance costs

Finance costs relating to the University of Western Sydney 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 tax benefit has been included in the accounts.

1 Summary of significant accounting policies

1. **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes 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 statements. 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 uncollectible 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.

Our primary debtor for the business is the University of Western Sydney. Standard terms for trade receivables are fourteen (14) days.

1. Inventories

All inventories are measured at the lower of cost and net realisable value. Textbooks and Retail stock are valued at a weighted average price; other stock is valued at last purchase price.

1. Financial assets

***Classification***

The Company classifies its investments as loans and receivables.

*(i) 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 6) in statement of financial position. The assets residual values are reviewed and adjusted if appropriate at each balance sheet date.

***Measurement***

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

***Impairment***

*(i) 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 profit or loss. 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, the Company may measure impairment on the basis of an instrument’s 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 income statement.

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

1. Fair value estimation

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 Company for similar financial instruments.

1 Summary of significant accounting policies

1. **Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the 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 or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

*Life*

* Computing 3-4 years
* Leasehold improvements 2-6 years
* Motor vehicles 5-8 years
* Gym equipment 3-10 years
* Other 10-20 years

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.

1. Intangible assets
2. *IT development and software*

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period 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 of employees' 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 Franchise fees 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. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1. Employee benefits
2. *Short term obligations*

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. *Other long term employee benefit obligations*

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 as 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 end of the reporting period 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
2. **Employee benefits**

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.

1. *Retirement benefit obligations*

Contributions to the defined contribution 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 payments is available.

1. *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The 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.

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 income statement 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.

Borrowing costs are expensed in the statement of comprehensive income.

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 balance sheet.

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

1. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 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.

1. Comparative amounts

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

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

There has been some reclassification to comparatives due to format amendments.

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: | **2012** | 2011 |
|  | **$** | $ |
| **Financial assets**  Cash and cash equivalents | **2,281,787** | 534,311 |
| Trade and other receivables | **596,473** | 526,394 |
|  | **2,878,260** | 1,060,705 |
| **Financial liabilities**  Trade and other payables | **3,535,561** | 3,003,938 |
| Borrowings | **1,611,495** | 1,859,375 |
|  | **5,147,056** | 4,863,313 |

(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:

**31 December 2012** 31 December 2011

Weighted average

**interest rate Balance**

Weighted average

interest rate Balance

**% $** % $

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Borrowings | **6.39%** | **1,611,495** | 7.25% | 1,859,375 |
| Net exposure to cash flow interest rate risk |  | **1,611,495** |  | 1,859,375 |

An analysis by maturities is provided in (c) below.

2 Financial risk management

1. **Market risk**
2. *Summarised sensitivity analysis*

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **-1%** | **Interest** | **rate risk**  **+1%** |  |
| **Carrying** | **Surplus /** |  | **Surplus /** |
| **31 December 2012** | **amount** | **(Deficit)** | **Equity** | **(Deficit)** | **Equity** |
|  | **$** | **$** | **$** | **$** | **$** |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents | **2,281,787** | **(22,817)** | **(22,817)** | **22,817** | **22,817** |
| Receivables | **536,721** | **(5,367)** | **(5,367)** | **5,367** | **5,367** |
| **Financial liabilities** |  |  |  |  |  |
| Borrowings | **(1,611,495)** | **16,115** | **16,115** | **(16,115)** | **(16,115)** |
| Payables | **(3,294,123)** | **32,941** | **32,941** | **(32,941)** | **(32,941)** |
| **Total increase / (decrease)** |  | **20,872** | **20,872** | **(20,872)** | **(20,872)** |
|  |  |  | Interest | rate risk |  |
|  | Carrying | -1%  Surplus / |  | +1%  Surplus / |  |
| 31 December 2011 | amount | (Deficit) | Equity | (Deficit) | Equity |
|  | $ | $ | $ | $ | $ |
| Financial assets |  |  |  |  |  |
| Cash and cash equivalents | 534,311 | (5,343) | (5,343) | 5,343 | 5,343 |
| Receivables | 485,212 | (4,852) | (4,852) | 4,852 | 4,852 |
| Financial liabilities |  |  |  |  |  |
| Borrowings | (1,859,375) | 18,594 | 18,594 | (18,594) | (18,594) |
| Payables | (2,857,323) | 28,573 | 28,573 | (28,573) | (28,573) |
| Total increase / (decrease) |  | 36,972 | 36,972 | (36,972) | (36,972) |

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

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.

*Maturities of financial liabilities*

The tables below analyse 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 table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2 Financial risk management

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **(c) Liquidity risk**  **Contractual maturities of financial** |  |  |  |  | **Carrying** | **Average** |
| **assets and liabilities** | **Less than 1**  **year** | **Between 1**  **and 5 years** | **Over 5**  **years** | **Non interest** | **amount**  **liabilities** | **interest**  **rate** |
| **2012** | **$** | **$** | **$** | **$** | **$** | **%** |
| **Non derivatives** |  |  |  |  |  |  |
| Receivables | **536,721** | **- - 536,721 536,721** | | | | **-** |
| Payables | **(3,294,123)** | **- - (3,294,123) (3,294,123)** | | | | **-** |
| Borrowings | **(1,517,745)** | **(93,750) - - (1,611,495)** | | | | **6.39** |
| **Total non derivatives (4,275,147) (93,750) - (2,757,402) (4,368,897)** | | | | | | |
|  |  |  |  |  | Carrying | Average |
|  | Less than 1 | Between 1 | Over 5 |  | amount | interest |
|  | year | and 5 years | years | Non interest | liabilities | rate |
| 2011 | $ | $ | $ | $ | $ | % |
| **Non derivatives** |  |  |  |  |  |  |
| Receivables | 485,212 | - - 485,212 485,212 | | | | - |
| Payables | (2,857,323) | - - (2,857,323) (2,857,323) | | | | - |
| Borrowings | (1,625,000) | (234,375) - - (1,859,375) | | | | 7.25 |
| **Total non derivatives** | (3,997,111) | (234,375) - (2,372,111) (4,231,486) | | | |  |

1. **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 net fair values of financial assets and financial liabilities at balance date are:

|  |  |  |
| --- | --- | --- |
|  | Carrying amount  $ | Fair value  $ |
| **Financial assets**  Cash | 2,281,787 | 2,281,787 |
| Receivables | 536,721 | 536,721 |
| **Financial liabilities** |  |  |
| Borrowings | 1,611,495 | 1,611,495 |
| Payables | 3,294,123 | 3,294,123 |

|  |  |
| --- | --- |
| **3 Revenue** | **2012** 2011 |
|  | **$** $ |
| **Revenue from operating activities** |  |
| Sale of goods |  |
| Books | **8,931,436** 9,482,946 |
| Food and beverage | **8,629,554** 8,374,042 |
| Retail | **2,414,510** 2,404,725 |
| Total sale of goods | **19,975,500** 20,261,713 |
| Rendering of services Sports | **1,788,736** 1,755,074 |
| Graduation | **276,642** 257,722 |
| Venue hire | **308,623** 294,270 |
| Total rendering of services | **2,374,001** 2,307,066 |
| UWS Funding  UWS Funding - community services | **1,250,000** 1,350,000 |
| UWS Funding - bus services | **1,372,000** 1,033,000 |
| UWS Funding - clubs | **205,000** - |
| UWS Funding - capital and minor equipment | **27,150** 862,850 |
| Total UWS Funding | **2,854,150** 3,245,850 |
| Other revenue Bank Interest | **41,482** 47,879 |
| Other revenue | **531,591** 503,060 |
| Total other revenue | **573,073** 550,939 |
| **Total revenue from operating activities** | **25,776,724** 26,365,568 |

|  |  |  |
| --- | --- | --- |
| **4 Expenses** | **2012** | 2011 |
|  | **$** | $ |
| *Employee benefits expense* |  |  |
| Salaries and wages | **8,000,442** | 8,100,712 |
| Superannuation | **736,017** | 744,206 |
| Annual leave | **440,098** | 471,131 |
| Long service leave | **99,255** | 102,176 |
| Workers compensation | **173,742** | 113,292 |
| Other | **125,414** | 175,079 |
|  | **9,574,968** | 9,706,596 |
| *Depreciation*  Plant and equipment | **92,509** | 52,971 |
| Furniture and fittings | **67,489** | 63,565 |
| Motor vehicles | **79,132** | 94,778 |
|  | **239,130** | 211,314 |
| *Amortisation*  Software | **-** | 21,833 |
| Franchise fee | **750** | 683 |
|  | **750** | 22,516 |
| Total depreciation and amortisation | **239,880** | 233,830 |
| *Occupancy expenses*  Rental minimum operating lease payments | **468,032** | 561,325 |
| Repairs and maintenance | **412,636** | 207,073 |
| Utilities | **100,840** | 104,538 |
| Cleaning and waste removal | **158,497** | 158,470 |
| Security | **66,241** | 78,311 |
|  | **1,206,246** | 1,109,717 |
| *Other expenses*  Consultancy, agency and service provider fees | **1,136,714** | 1,040,175 |
| Advertising, promotional and event | **739,430** | 700,809 |
| Equipment hire | **291,504** | 293,383 |
| Motor vehicle | **213,827** | 196,513 |
| Consumables and supplies | **136,216** | 113,690 |
| Other | **318,199** | 250,604 |
|  | **2,835,890** | 2,595,174 |

5 Cash and cash equivalents

**2012**

**$**

2011

$

Cash at bank and in hand  **2,281,787** 534,311

**Total 2,281,787** 534,311

5 Cash and cash equivalents

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:

|  |  |  |
| --- | --- | --- |
| Balances as above | **2012**  **$ 2,281,787** | 2011  $ 534,311 |
| Balances per statement of cash flows | **2,281,787** | 534,311 |

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 interest bearing.

|  |  |  |
| --- | --- | --- |
| **6 Trade and other receivables** | **2012** | 2011 |
|  | **$** | $ |
| Trade receivables | **557,783** | 366,548 |
| Sundry debtors and accruals | **44,861** | 67,762 |
| Goods and services tax | **-** | 101,455 |
| Less: Allowance for impairment | **(65,923)** | (50,553) |
|  | **536,721** | 485,212 |
| Prepayments | **59,752** | 41,182 |
|  | **596,473** | 526,394 |
| Trade and other receivables are non-interest bearing. |  |  |

At 31 December 2012, current receivables of uwsconnect Limited with a nominal value of $68,265 (2011: $70,564) were impaired. The amount of the provision was $65,923 (2011: $50,553). The individually impaired reviews relate mainly to CNG Sports and Sukha Productions. It was assessed that a portion of the receivables is expected to be recovered.

|  |  |  |
| --- | --- | --- |
| **6 Trade and other receivables**  Movements in the provision for impairment of receivables are as follows: |  | |
|  | **2012** | 2011 |
|  | **$** | $ |
| **Movements in the allowance for impairment**  At 1 January | **50,553** | 6,600 |
| Allowance for impairment recognised during the year | **15,370** | 47,041 |
| Receivables written off during the year as uncollectible | **-** | (375) |
| Unused amount reversed | **-** | (2,713) |
| At 31 December | **65,923** | 50,553 |

As at 31 December 2012, trade receivables of $382,248 (2011 : $315,995) were past due but not impaired. These relate to UWS. The ageing of these receivables is as follows:

|  |  |  |
| --- | --- | --- |
|  | **2012**  **$** | 2011  $ |
| Up to 3 months | **372,750** | 283,686 |
| 3 to 6 months | **8,746** | 22,770 |
| Over 6 months | **752** | 9,539 |
|  | **382,248** | 315,995 |

The other amounts within receivables do not contain impaired assets that are not past due. Based on 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.

7 Inventories

**2012**

**$**

2011

$

|  |  |  |
| --- | --- | --- |
| Finished goods  - at net realisable value | **5,516,491** | 5,117,585 |
|  | **5,516,491** | 5,117,585 |

(a) Provision for impairment

Provision for impairment of inventories to net realisable value recognised as an expense during the year ended 31 December 2012 amounted to $41,124 (2011: $19,108).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **8 Property, plant and equipment** |  | **Furniture,** |  | |
|  | **Plant and equipment** | **fittings and equipment** | **Motor vehicles** | **Total** |
|  | **$** | **$** | **$** | **$** |
| **At January 2011** |  |  |  |  |
| Cost | 645,986 | 453,911 | 575,275 | 1,675,172 |
| Accumulated depreciation | (413,395) | (164,439) | (287,727) | (865,561) |
| Net book amount | 232,591 | 289,472 | 287,548 | 809,611 |
| **Year ended 31 December 2011** |  |  |  |  |
| Opening net book amount | 232,591 | 289,472 | 287,548 | 809,611 |
| Write offs | (12,015) | - - (12,015) | | |
| Additions | 118,207 | 243,321 152,154 513,682 | | |
| Disposals | (6,287) | - (60,525) (66,812) | | |
| Depreciation charge | (52,971) | (63,565) | (94,778) | (211,314) |
| Closing net book amount | 279,525 | 469,228 | 284,399 | 1,033,152 |
| **At 31 December 2011** |  |  |  |  |
| Cost | 717,186 | 697,232 | 630,710 | 2,045,128 |
| Accumulated depreciation | (437,661) | (228,004) | (346,311) | (1,011,976) |
| Net book amount | 279,525 | 469,228 | 284,399 | 1,033,152 |
| **Year ended 31 December 2012** |  |  |  |  |
| Opening net book amount | **279,525** | **469,228** | **284,399** | **1,033,152** |
| Write offs | **(3,575)** | **(1,360)** | **-** | **(4,935)** |
| Additions | **8,221** | **-** | **49,893** | **58,114** |
| Disposals | **-** | **-** | **(16,192)** | **(16,192)** |
| Depreciation charge | **(92,509)** | **(67,489)** | **(79,132)** | **(239,130)** |
| Closing net book amount | **191,662** | **400,379** | **238,968** | **831,009** |
| **At 31 December 2012** |  |  |  |  |
| Cost | **712,924** | **691,525** | **583,613** | **1,988,062** |
| Accumulated depreciation | **(521,262)** | **(291,146)** | **(344,645)** | **(1,157,053)** |
| Net book amount | **191,662** | **400,379** | **238,968** | **831,009** |

|  |  |  |  |
| --- | --- | --- | --- |
| **9 Intangible assets** |  | | |
|  |  | **Franchise** |  |
|  | **Software** | **fees** | **Total** |
|  | **$** | **$** | **$** |
| **At 1 January 2011** |  |  |  |
| Cost | 65,500 | 7,500 | 73,000 |
| Accumulated amortisation | (43,667) | (375) | (44,042) |
| Net book amount | 21,833 | 7,125 | 28,958 |
| **Year ended 31 December 2011** |  |  |  |
| Opening net book amount | 21,833 | 7,125 | 28,958 |
| Additions | - | 7,500 | 7,500 |
| Amortisation charge | (21,833) | (683) | (22,516) |
| Closing net book amount | - | 13,942 | 13,942 |
| **At 31 December 2011** |  |  |  |
| Cost | 65,500 | 15,000 | 80,500 |
| Accumulated amortisation | (65,500) | (1,058) | (66,558) |
| Net book amount | - | 13,942 | 13,942 |
| **Year ended 31 December 2012** |  |  |  |
| Opening net book amount | **-** | **13,942** | **13,942** |
| Additions | **-** | **-** | **-** |
| Amortisation charge | **-** | **(750)** | **(750)** |
| Closing net book amount | **-** | **13,192** | **13,192** |
| **At 31 December 2012** |  |  |  |
| Cost | **65,500** | **15,000** | **80,500** |
| Accumulated amortisation | **(65,500)** | **(1,808)** | **(67,308)** |
| Net book amount | **-** | **13,192** | **13,192** |

10 Trade and other payables

|  |  |  |
| --- | --- | --- |
| Trade payables | **2012**  **$ 2,924,673** | 2011  $ 2,609,447 |
| Accrued expenses | **241,440** | 146,615 |
| Other payables | **369,450** | 247,876 |
|  | **3,535,563** | 3,003,938 |
| **11 Borrowings** |  |  |
|  | **2012** | 2011 |
|  | **$** | $ |
| **Unsecured - current**  Loans from related parties | **1,517,745** | 1,625,000 |
| **Total current borrowings** | **1,517,745** | 1,625,000 |
| **Unsecured - non-current** |  |  |
| Loans from related parties | **93,750** | 234,375 |
| **Total non-current borrowings** | **93,750** | 234,375 |
| uwsconnect Limited has an unused operating lease facility to the value of $1.5m. |  |  |

|  |  |  |
| --- | --- | --- |
| **12 Provisions**  Current provisions expected to be settled within 12 months. |  | |
|  | **2012** | 2011 |
|  | **$** | $ |
| Annual leave | **328,992** | 430,322 |
| Long service leave | **65,929** | 59,774 |
| Leave in lieu | **-** | - |
|  | **394,921** | 490,096 |
| Current provisions expected to be settled after more than 12 months. |  |  |
|  | **2012** | 2011 |
|  | **$** | $ |
| Annual leave | **-** | - |
| Long service leave | **197,787** | 179,321 |
| Leave in lieu | **-** | - |
|  | **197,787** | 179,321 |
|  | **2012** | 2011 |
| Non-current provisions | **$** | $ |
| Employee benefits - long service leave | **198,248** | 181,987 |
|  | **198,248** | 181,987 |
| **13 Other liabilities** |  |  |
|  | **2012** | 2011 |
|  | **$** | $ |
| Voucher liability | **1,699,099** | 79,090 |
| Deposits on hand | **83,465** | 44,280 |
| Unearned income - UWS funding | **-** | 27,150 |
|  | **1,782,564** | 150,520 |
| **14 Retained earnings** |  |  |
| Movements in retained earnings were as follows: | **2012** | 2011 |
|  | **$** | $ |
| Balance 1 January | **1,360,147** | 1,339,806 |
| Profit for the year | **158,227** | 20,341 |
| Balance 31 December | **1,518,374** | 1,360,147 |

**15 Remuneration of auditors**

|  |  |  |
| --- | --- | --- |
| Audit of financial statement | **2012**  **$**  **28,600** | 2011  $  27,379 |
| Total remuneration for audit and other assurance services (inclusive of GST) | **28,600** | 27,379 |
| **16 Contingencies**  The Company had no contingent liabilities at 31 December 2012 (2011: $nil). |  |  |

1. **Commitments**

|  |  |  |
| --- | --- | --- |
| **(a) Operating lease commitments** | **2012** | 2011 |
|  | **$** | $ |
| Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows: |  |  |
| Within one year | **227,514** | 487,457 |
| Later than one year | **31,376** | 195,413 |
|  | **258,890** | 682,870 |
| **(b) Capital expenditure commitments** |  |  |

There are no capital expenditure commitments as at the end of the 2012 reporting period (2011 : $27,150).

1. Related party transactions

**(a) Parent entities**

The ultimate parent entity of the Company is the University of Western Sydney.

|  |  |  |
| --- | --- | --- |
| **(b) Transactions with related parties**  The following transactions occurred with related parties: |  | |
|  | **2012** | 2011 |
|  | **$** | $ |
| *Sales of goods and services*  Sale of goods and services to the ultimate parent entity | **3,867,186** | 2,081,941 |
| Sale of goods and sevices to other related parties | **25,102** | 49,684 |
|  | **3,892,288** | 2,131,625 |
| *Purchases of goods and services*  Purchases of goods and services from the ultimate parent entity | **131,904** | 398,739 |
|  | **131,904** | 398,739 |
| *Other transactions*  University funding from the ultimate parent entity | **2,827,000** | 3,273,000 |
|  | **2,827,000** | 3,273,000 |

1. Related party transactions

**(c) 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:

|  |  |  |
| --- | --- | --- |
|  | **2012**  **$** | 2011  $ |
| *Current receivables*  Ultimate parent entity | **379,204** | 248,123 |
| Other related parties | **2,925** | 4,676 |
|  | **382,129** | 252,799 |
| *Current payables*  Ultimate parent entity | **1,532,161** | 1,639,013 |
|  | **1,532,161** | 1,639,013 |
| *Non-current payables*  Ultimate parent entity | **93,750** | 234,375 |
|  | **93,750** | 234,375 |

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

1. Economic dependency

The Company is economically dependent on the University of Western Sydney for the provision of office accommodation and support activities.

uwsconnect Limited, as a 100% owned entity of the University of Western Sydney, received $2,827,000 in direct funding in 2012 for University services, capital investment and provision of bus services. Funding for 2013 has been approved for $2,756,000 for University services and provision of bus services.

1. Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations (2011: $nil).

1. Reconciliation of operating surplus/(deficit) to net cash flows from operating activities

**2012**

**$**

2011

$

Operating surplus/(deficit) for the year **158,227** 20,341

|  |  |  |
| --- | --- | --- |
| Depreciation and amortisation | **239,880** | 233,830 |
| Write-off of assets | **4,935** | 12,015 |
| Net (gain) loss on sale of non-current assets | **(24,888)** | 13,997 |
| Change in operating assets and liabilities |  |  |
| (Increase)/decrease in trade debtors | **(175,866)** | 11,284 |
| (Increase)/decrease in inventories | **(398,906)** | (1,329,042) |
| (Increase)/decrease in other operating assets | **105,786** | (35,627) |
| Increase/(decrease) in trade creditors | **315,226** | 856,255 |
| Increase/(decrease) in other operating liabilities | **1,856,812** | 68,680 |
| Increase/(decrease) in other provisions | **(60,447)** | 160,741 |

Net cash flows from operating activities **2,020,759** 12,474

End of the audited financial statements

###### uwsconnect Limited

ABN: 45 107 759 197

### Directors' Declaration

In the directors' opinion:

1. the financial statements and notes 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 2010 and other mandatory professional reporting requirements, and

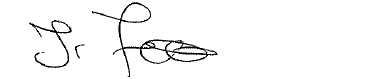
* 1. giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date, and

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,

This declaration is made in accordance with a resolution of the directors as at 25 February 2013.



Vicki Buchanan Director



Tim Ferraro Director

Sydney

25 February 2013

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# UWS Early Learning Limited

**ABN 39155993445**

**Financial Statements**

**For the period from 2 March 2012 to 31 December 2012**

These financial statements are the individual entity statements of UWS 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:

UWS Early Learning Limited

UWS Company Secretary , Entities, Finance Office Building M16 College Drive

Richmond NSW 2753

The principal place of business is : Building M16 College Drive Richmond NSW 2753

A description of the nature of the company's operations and it's principal activities is included in the directors report which form part of these financial statements.

The financial statements were authorised for issue by the directors on 18 April 2013. The directors have the power to amend and reissue the financial statements.

###### Directors' Report 31 December 2012

Your directors present their report on UWS Early Learning Limited (hereafter referred to as the Company) for the financial period from 2 March 2012 to 31 December 2012.

Directors

The following persons were directors of the Company during the period from 2 March 2012 to 31 December 2012 and up to the date of this report:

**Mrs Susan Alison Hudson**, BA(UWS), Grad Cert BA (UQ), MLMEd (U Newcastle), Diploma AICD, JP, Non- Executive Director and Chair

Appointed as an inaugural member of the Board of UWS Early Learning Ltd. as from 2 March 2012. Susan has extensive experience in senior management positions at the University which includes over 15 years key management committee experience. Through her family Susan has been extensively involved with the parents and friends association of her children’s school and has a particular interest in fundraising and developing the physical assets of the school. Susan’s external interests include the NSW/ACT Regional Committee Deputy Chair (engagement) of the Association of Tertiary Education Managers.

**Mrs Denise Fraser**, BEd Early Childhood, Grad Cert HRM, Non-Executive Director

Appointed as an inaugural member of the Board of UWS Early Learning Ltd. as from 2 March 2012. Denise is a senior educational professional in the provision of Early Childhood Programs as well as course advisor in such programs for the University. She also has extensive experience in the governance of children’s services at both local and state government levels. For the past 8 years Denise has been actively involved as a Board member of a large not for profit provider of child care in Long Day Care, Pre-school and OOSH services as well as a number of other child related activities.

**Mrs Ellen Brackenreg**, BA(Psych), BSW, MBA, GAICD, Non-Executive Director

Appointed as an inaugural member of the Board of UWS Early Learning Ltd. as from 2 March 2012. Ellen has extensive experience in senior management positions in WA Health and at the University which includes over 20 years key management committee experience. Her vast experience extends from her work in children’s services, student support services, allied health services and psychiatric services. Ellen’s professional experience includes child and adolescent services, residential child care, child care management committee and until recently she was a company director of UWS Residential Colleges Ltd.

**Ms Patricia (Trish) Diane Mullins**, BA/LLB, QSM(NZ), Non-Executive Director

Appointed as an inaugural member of the Board of UWS Early Learning Ltd. as from 2 March 2012. Trish has extensive experience as a lawyer and industrial relations practitioner as well as considerable experience in major funding applications, government relations and strategy/policy development roles in the University. She was responsible for the development of the proposal to approach existing child care centres on UWS campuses to form a new legal to operate all of the Centres which then became UWS Early Learning Ltd. Through her family involvement Trish has been a member and then President of the Board of Directors for SOS Child Care Centre, Randwick.

**Mrs Susan Benzie**, Teach Cert (Infants & Preschool), Teach Cert (Deaf), Dip Teach, Bed, MLMEd, Grad Cert Ed Stud. (Spec Ed), MACE, MACEL, JP, Director

Appointed as an external member of the Board of UWS Early Learning Limited as from 23 July 2012. Susan is a very senior educational professional who recently retired after an extensive period as Head of the Royal Institute for Deaf and Blind Children (RIDBC) Early Childhood Services. Susan’s very extensive experience spans roles in the provision of Early Childhood services in preschool, infants and more recently at RIDBC. Susan’s extensive skill set covers such roles as program and staff management, policy development and review, budget control and performance management, event planning and family support. Susan has served as a senior member on a number of professional associations during her illustrious career and is now an active member of the Board of UWSEL Ltd.

**Mr Kerry Michael O’Reilly**, BEc, FIPA, JP, Non-Executive Director and Secretary

Appointed as an inaugural member of the Board of UWS Early Learning Ltd. as from 2 March 2012. Kerry has extensive experience in both the private business sector as well as the education sector. He has been held senior Finance positions in NSW TAFE, the University of NSW and a leading independent school in the Hills District. He has gained some 12 years experience as a Company Secretary and Company Director. Kerry also has practical financial and business management expertise in child care centres run by both government and private enterprise. Kerry resigned as Director on 7 December 2012.

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

###### Directors' Report 31 December 2012

Company Secretary

The following person held the position of UWS Early Learning Limited Secretary at the end of the financial period: Mr Kerry Michael O’Reilly, BEc, FIPA, JP, has been the Company Secretary since 2 March 2012.

Principal activities

The Company was incorporated in the state of NSW on 2nd March 2012. The principal activity of the Company during the financial period was to provide affordable, high quality early childhood care and education for the children of UWS staff, students and the local community.

Short-term objectives

The Company's short-term objectives have been to:

* Successfully consolidate the operations of 4 centres at the campuses of Hawkesbury, Blacktown, Penrith and Campbelltown into 1 coherent operation.
* Standardise all accounting and ancillary systems.
* Transfer the individual operating licences for each centre to the new company.
* Appoint an external Director to the Board to give the Company a better balance in its overall management structure.

Long-term objectives

The Company's long-term objectives are to:

* Establish a new centre at the Bankstown campus in early 2013.
* Establish a new centre at the Parramatta campus in the ensuing triennium.
* Provide occasional care in addition to permanent placements to students and staff.
* Become financially self-sufficient from the University's financial support.

No significant changes in the nature of the Company's activity occurred during the financial period.

Performance measures

The Company measures its performance by the use of financial, quantitative and qualitative metrics. The Company uses the following key performance indicators to measure its performance:

* Reporting actual operating results for each centre against approved annual budgets.
* Reporting actual occupancy rates for each age group for each centre against approved licenced places.
* Maintaining sufficient working capital to meet ongoing employee entitlements and related liabilities as and when due for payment.
* Monitoring retention rates, maintaining family satisfaction surveys and evaluating feedback.
* Managing occupational health and safety risk management practices for both children under care and staff interaction where sickness may severely impact the operations of each centre.
* Maintaining appropriate levels of children/teacher ratios as prescribed by regulation.

###### Directors' Report 31 December 2012

Meetings of directors

The number of meetings of the Company's Board of Directors held during the period from 2 March 2012 to 31 December 2012, and the number of meetings attended by each director were:

|  |  |  |
| --- | --- | --- |
|  | **A** | **B** |
| Susan Hudson | 5 | 5 |
| Denise Fraser | 4 | 5 |
| Ellen M Brackenreg | 4 | 5 |
| Patricia Mullins | 5 | 5 |
| Susan M Benzie | 2 | 3 |
| Kerry M O'Reilly | 4 | 4 |

A = Number of meetings attended

B = Number of meeting held during the time the director held office

Members

The following were members of the Company during the period from 2 March 2012 to 31 December 2012 and up to the date of this report:

* + University of Western Sydney.
  + The existing members of the incorporated bodies that were amalgamated to form the incorporated association that became the Company on 2 March 2012.
  + Any parent, relative or guardian of a child currently enrolled in a centre who has completed an application form for membership.

Members' guarantee

The Liability of members of the company is limited. If the company is wound up during the time of a member's membership or within one year afterwards, each member of the company is liable to contribute an amount not greater than $2.00.

The total amount that members of the Company are liable to contribute if the Company is wound up is $2.00.

Review of operations

The surplus for the period from 2 March 2012 to 31 December 2012 is $ 404,365. As this is the first year that the company has prepared financial statements comparatives with previous reporting periods are not available.

Dividends paid or recommended

No dividend was paid or is payable since the commencement of the financial period and up to and including the date of signing of this report. (2011: $Nil).

Significant changes in state of affairs

No significant changes in the nature of the company's activities occurred during the period.

Matters subsequent to the end of the financial period

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.

###### Directors' Report 31 December 2012

Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years are not expected to significantly affect the expected results of the Company.

Environmental regulation

The Company is not subject to any significant environmental regulations.

Insurance of officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the Company.

Proceeding on behalf of the Company

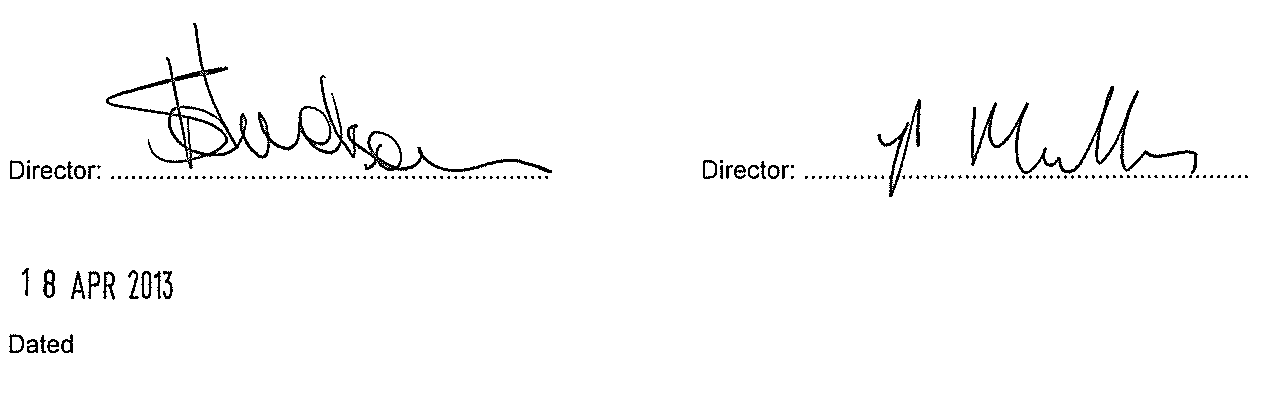
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period from 2 March 2012 to 31 December 2012 has been received and can be found in the financial report.

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



###### UWS Early Learning Limited

**ABN 39155993445**



###### Statement of Comprehensive Income

**For the period from 2 March 2012 to 31 December 2012**

|  |  |  |
| --- | --- | --- |
|  | **Note** | **2012**  **$** |
| **Revenue** |  |  |
| Child care services | 2 | **2,383,205** |
| Fundraising revenue | 18 | **7,534** |
| **Total Revenue** |  | **2,390,739** |
| **Other Revenue** |  |  |
| Interest |  | **18,270** |
| Donation from UWS Early Learning Inc. | 14 | **207,632** |
| **Total Other Revenue** |  | **225,902** |
| **Total Revenue** |  | **2,616,641** |
| **Expenses** |  |  |
| Employee benefits expense | 3 | **(1,902,828)** |
| Fundraising expense | 18 | **(3,983)** |
| Other expenses | 3 | **(305,465)** |
| **Total Expenses** |  | **(2,212,276)** |
| **Surplus/(deficit) for the period** |  | **404,365** |
| **Other comprehensive income for the period** |  | **-** |
| **Total comprehensive income for the period** |  | **404,365** |

**Statement of Financial Position 31 December 2012**

|  |  |  |
| --- | --- | --- |
|  | **Note** | **2012**  **$** |
| **ASSETS** |  |  |
| **Current Assets** |  |  |
| Cash and cash equivalents | 4 | **873,270** |
| Receivables | 5 | **28,218** |
| Total Current Assets |  | **901,488** |
| **Non-Current Assets** |  |  |
| Total Non-Current Assets | **-** | |
| TOTAL ASSETS | **901,488** | |
| **LIABILITIES** |  |  |
| **Current Liabilities** |  |  |
| Trade and other payables | 6 | **241,366** |
| Deferred income |  | **26,380** |
| Provisions | 7 | **117,110** |
| Total Current Liabilities |  | **384,856** |
| **Non-Current Liabilities** |  |  |
| Provisions | 7 | **112,267** |
| Total Non-Current Liabilities |  | **112,267** |
| TOTAL LIABILITIES |  | **497,123** |
| Net Assets |  | **404,365** |
| **EQUITY** |  |  |
| Retained earnings | 8 | **404,365** |
| TOTAL EQUITY |  | **404,365** |

**Statement of Changes in Equity**

**For the period from 2 March 2012 to 31 December 2012**

|  |  |  |
| --- | --- | --- |
|  | **Retained**  **earnings**  **$** | **Total equity**  **$** |
| **Balance at 2 March 2012** |  |  |
| **Comprehensive income for the period** |  |  |
| Surplus for the year | **404,365** | **404,365** |
| Total other comprehensive income | **-** | **-** |
| Total comprehensive income for the period | **404,365** | **404,365** |
| **Balance at 31 December 2012** | **404,365** | **404,365** |

**Statement of Cash Flows**

**For the period from 2 March 2012 to 31 December 2012**

|  |  |  |
| --- | --- | --- |
|  | **Note** | **2012**  **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** |  |  |
| Receipts from fees, fundraising and others |  | **1,882,153** |
| Payments to suppliers and employees |  | **(2,157,068)** |
| Receipts from Australian Government child care benefits |  | **990,526** |
| Subsidies received |  | **139,389** |
| Interest received |  | **18,270** |
| Net cash provided by / (used in) operating activities | 16 | **873,270** |

|  |
| --- |
| **CASH FLOWS FROM INVESTING ACTIVITIES** |
| Net cash provided by / (used in) investing activities  **-** |

|  |
| --- |
| **CASH FLOWS FROM FINANCING ACTIVITIES** |
| Net cash provided by / (used in) financing activities  **-** |

|  |  |  |
| --- | --- | --- |
| **Net increase / (decrease) in cash and cash equivalents held** |  | **873,270** |
| Cash and cash equivalents at the beginning of financial period |  | **-** |
| **Cash and cash equivalents at the end of financial period** | 4 | **873,270** |

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

|  |
| --- |
| **1 Summary of significant accounting policies** |
| UWS Early Learning Limited (the Company) is a not-for-profit company limited by guarantee incorporated on 2nd March 2012 and domiciled in Australia.  This is the first financial report of the Company and covers the period from incorporation on 2nd March 2012 to 31 December 2012. The Company commenced operations on 2nd March 2012.  The principal accounting policies adopted in the preparation of these financial statements are set out below.  **(a) Basis of preparation** |

This general purpose financial report has been prepared on an accrual basis and in accordance with the Australian Accounting Standards, the Corporations Act 2001, section 41B(1) of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010 and other authoratitive pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

1. *Compliance with IFRS*

The financial statements 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.

1. *Historical cost convention*

These financial statements have been prepared under the historical cost convention.

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 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.

The financial statements were authorised for issue by the directors on 18 April 2013.

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.

Revenue is recognised for the major business activities as follows:

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

1 Summary of significant accounting policies continued

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. *Fundraising income*

Fundraising income is recognised as income in the period of receipt.

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 includes 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 uncollectible 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

***Classification***

* 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.

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

1 Summary of significant accounting policies continued

***Subsequent measurement***

Loans and receivables are carried at amortised cost using the effective interest method.

***Impairment***

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
   1. *Wages and salaries*

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled and recognised in other payables.

* 1. *Annual leave*

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

* 1. *Long service leave*

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

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

1 Summary of significant accounting policies continued

1. **Employee benefits continued**

*(iv) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The 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 providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

Contributions are made by the company to any employee's superannuation fund and are charged as expenses when incurred.

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 and Revised Accounting Standards

Certain new accounting standards and Interpretations have been published that are not mandatory for

31 December 2012 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.

|  |  |
| --- | --- |
| **2 Revenue** |  |
| **Child care services** |  |
|  | **2012**  **$** |
| Family fee income | **1,228,106** |
| Australian Government Child Care Benefits | **990,526** |
| Subsidies | **139,389** |
| Other income | **25,185** |
| **Total child care services** | **2,383,206** |

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

|  |  |
| --- | --- |
| **3 Expenses** |  |
| **The result for the period includes the following specific expenses** |  |
|  | **2012**  **$** |
| *Employee benefits expense* |  |
| Salaries and wages | **1,651,859** |
| Superannuation expense | **144,559** |
| Long service leave | **14,527** |
| Annual leave | **47,426** |
| Worker's compensation | **39,827** |
| Other | **4,631** |
| Total employee benefits expense | **1,902,829** |
| *Other expenses* |  |
| Catering | **67,080** |
| Cleaning | **58,749** |
| Non-capitalised equipment | **36,997** |
| Centre resources and supplies | **28,503** |
| Repairs and maintenance | **25,879** |
| Other | **88,257** |
| Total other expenses | **305,465** |

**Notes to the Financial Statements**

**For the period from 2 March 2012 to 31 December 2012**

|  |  |
| --- | --- |
| **4 Cash and cash equivalents** |  |
|  | **2012**  **$** |
| Cash at bank and on hand | **873,270** |
| **(a) Reconciliation to cash at the end of the period** |  |

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

|  |  |
| --- | --- |
|  | **2012**  **$** |
| Cash at bank and on hand | **873,270** |
| **Balance as per statement of cash flows** | **873,270** |
| **(b) Cash at bank and on hand**  The Company's exposure to interest rate risk is discussed in note 17. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above. Cash at bank is interest-bearing.  **5 Trade and other receivables** | |
|  | **2012**  **$** |
| CURRENT |  |
| Trade receivables | **19,022** |
| Less: Provision for impaired receivables | **-** |
|  | **19,022** |
| GST receivable | **6,176** |
| Other receivables | **3,020** |
| **Total current and other receivables** | **28,218** |
| **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 past due. Based on credit history, it it is expected that these amounts will be received when due. | |

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

|  |  |
| --- | --- |
| **6 Trade and other payables** |  |
|  | **2012**  **$** |
| CURRENT |  |
| Trade payables | **8,763** |
| Enrolment deposits | **152,168** |
| Accrued expenses | **13,500** |
| Other payables | **66,935** |
|  | **241,366** |
| **7 Provisions** |  |
|  | **2012**  **$** |
| **Current provisions expected to be settled within 12 months** |  |
| Employee benefits |  |
| Annual leave | **117,110** |
|  | **117,110** |
| **Non-current provisions** |  |
| Employee benefits |  |
| Long service leave | **112,267** |
|  | **112,267** |
| **8 Retained earnings** |  |
| Movements in retained earnings were as follows: |  |
|  | **2012**  **$** |
| Retained earnings at 2 March 2012 | **-** |
| Surplus for the period | **404,365** |
| Balance at 31 December | **404,365** |

**Notes to the Financial Statements**

**For the period from 2 March 2012 to 31 December 2012**

|  |
| --- |
| **9 Key management personnel disclosures** |
| **(a) Names of responsible persons and executive officers** |
| The following persons were responsible persons and executive officers of UWS Early Learning Limited during the financial period.  Responsible Persons:  Mr Kerry Michael O’Reilly – Finance Manager Mrs Linda Williams - Operations Manager  All responsible persons and executive officers are employees of the University of Western Sydney and remunerated directly by the University.  **(b) Remuneration of Board Members**  No Board Member is remunerated for their services. |
| **10 Remuneration of auditors** |

During the period, the following fees were paid for services provided by the auditor of UWS Early Learning Limited:

|  |  |
| --- | --- |
|  | **2012**  **$** |
| **Audit and review of the financial statements** |  |
| Fees paid to The Audit Office of New South Wales (incl. of GST) | **14,850** |
| **11 Contingencies** |  |

The Company had no contingent liabilities at 31 December 2012.

|  |
| --- |
| **12 Commitments** |
| The Company had no commitments at 31 December 2012. |

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

|  |
| --- |
| **13 Related Parties** |
| **(a) Entities exercising control over the Company** |

The ultimate parent entity of the Company is the University of Western Sydney.

1. Transactions with related parties

The following transactions occurred with related parties:

|  |  |
| --- | --- |
|  | **2012**  **$** |
| Subsidies |  |
| The University of Western Sydney | **139,389** |
| **14 Donation from UWS Early Learning Incorporated** |  |

The child care centres located on the campuses of Hawkesbury, Penrith, Campbelltown and Blacktown that formed UWS Early Learning Incorporated merged to become UWS Early Learning Ltd as from 2 March 2012. Upon this date the Incorporated Association (a controlled entity of the University) deregistered and was replaced with the new company UWS Early Learning Ltd. Upon deregistration the Incorporated Association donated its net proceeds to the new company. The net proceeds amounted to $207,632 which was recorded as the opening balance in the accounting records of the company.

15 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.

|  |  |
| --- | --- |
| **16 Reconciliation of operating surplus to net cash provided by / (used in) operating activities** | |
|  | **2012**  **$** |
| Surplus for the period | **404,365** |
| Change in operating assets and liabilities: |  |
| (Increase) / decrease in trade debtors | **(28,218)** |
| Increase / (decrease) in trade creditors | **241,366** |
| Increase / (decrease) in other operating liabilities | **26,380** |
| Increase / (decrease) in other provisions | **229,377** |
| Net cash provided by / (used in) operating activities | **873,270** |
| **17 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.

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

17 Financial risk management continued

The Company holds the following financial instruments:

|  |  |
| --- | --- |
|  | **2012**  **$** |
| **Financial Assets** |  |
| Cash and cash equivalents | **873,270** |
| Receivables | **22,042** |
| **Total financial assets** | **895,312** |
| **(a) Market risk** |  |

1. *Cash flow and fair value interest rate risk*

The Company'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 Company's financial assets to interest rate risk.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Carrying**  **amount** | **-1%** |  | **+1%** |  |
|  | **$** | **Surplus**  **$** | **Equity**  **$** | **Surplus**  **$** | **Equity**  **$** |
| **Financial Assets:** |  |  |  |  |  |
| Cash and cash equivalents | **873,270** | **(8,733)** | **(8,733)** | **8,733** | **8,733** |
| **Total increase/(decrease)** | **873,270** | **(8,733)** | **(8,733)** | **8,733** | **8,733** |
| None of the Company's financial liabilities are subject to interest rate risk.  **(b) 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;

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

17 Financial risk management continued

1. **Liquidity risk continued**
   * 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 demand to meet expected operational expenses for a period of 60 days. Therefore the liquidity risk is considered to be minimal.

The following tables summarise the maturity of the Company's financial assets and financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Less than 12**  **months** | **Between 1 to 5**  **Years** | **Over 5 Years** | **Total** |
|  | **2012**  **$** | **2012**  **$** | **2012**  **$** | **2012**  **$** |
| **Financial assets** |  |  |  |  |
| Cash and cash equivalents | **873,270** | **-** | **-** | **873,270** |
| Receivables | **28,218** | **-** | **-** | **28,218** |
| **Total financial assets** | **901,488** | **-** | **-** | **901,488** |
| **Financial liabilities** |  |  |  |  |
| Trade and other payables | **241,366** | **-** | **-** | **241,366** |
| Deferred income | **26,380** | **-** | **-** | **26,380** |
| **Total financial liabilities** | **267,746** | **-** | **-** | **267,746** |
| **(d) 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.

|  |  |
| --- | --- |
| **18 Fundraising activities**  The Company holds fundraising authority CFN 22492 under section 13A of the Charitable Fundraising Act 1991. | |
|  | **2012**  **$** |
| Fundraising income | **7,534** |
| Fundraising expenses | **(3,983)** |
| Net surplus from fundraising appeals | **3,551** |

###### Notes to the Financial Statements

**For the period from 2 March 2012 to 31 December 2012**

19 Economic dependency

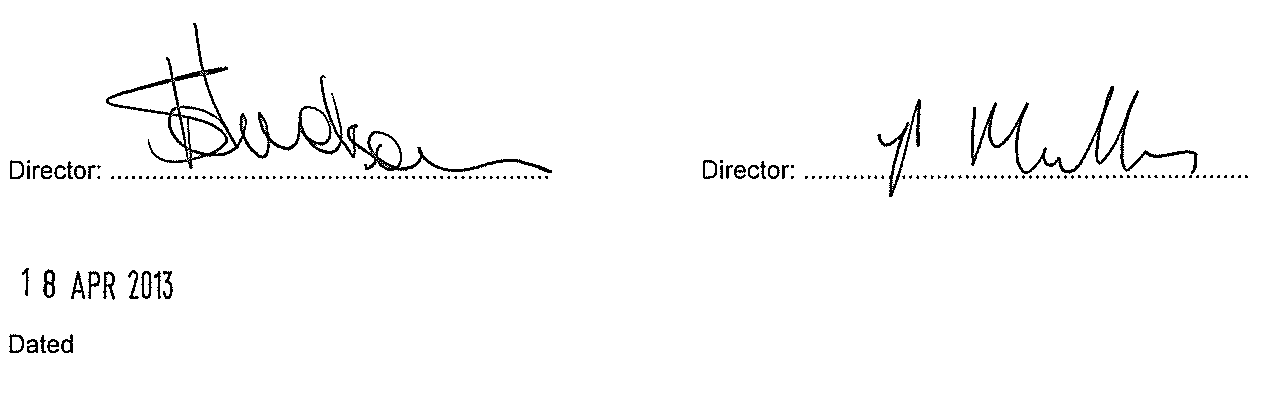
The Company is economically dependent on the University of Western Sydney for the provision of accommodation for each centre and support activities.

###### Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
   1. comply with Australian Accounting Standards, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010 and the mandatory profesional reporting requirements; and
   2. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the period ended on that date of the Company.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

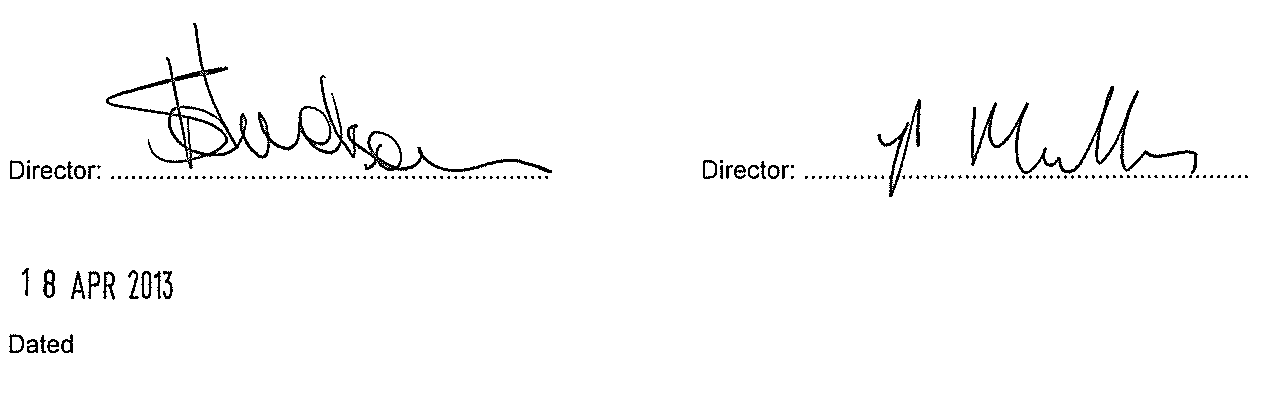


###### Directors' Declaration in Respect of Fundraising Appeals

The Directors of the Company declare that:

1. the statement of comprehensive income for the financial period ended 31 December 2012 gives a true and fair view of all income and expenditure of UWS Early Learning Ltd with respect to fundraising appeals; and
2. the statement of financial position as at 31 December 2012 gives a true and fair view of the state of affairs of UWS Early Learning Ltd with respect to fundraising appeal conducted by UWS Early Learning Ltd; and
3. the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with by UWS Early Learning Ltd; and
4. the internal controls exercised by UWS Early Learning Ltd are appropriate and effective in accounting for all income received and applied by UWS Early Learning Ltd from any of its fundraising appeals.

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





**INDEPENDENT AUDITOR'S REPORT**

**UWS Early Learning Limited**

To Members of the New South Wales Parliament and Members of UWS Early Learning Limited

I have audited the accompany ing financial statements of UWS Early Learning Limited (the Company}, which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration .

**Basis for Qualified Opinion**

As is common for entities that have donations and fundraising as a source of revenue, it is impractical for the Company to maintain an effective system of internal controls over fundraising revenue and voluntary donations it receives until their initial entry in the financial records. Accordingly , as the evidence available to me regarding revenue from these sources was limited, my audit procedures with respect to these revenues were restricted to the amounts recorded in the financial records. I am therefore unable to express an opinion on whether all fundraising revenue and voluntary donations received by the Company during the year ended 31 December 2012 have been recorded in its financial records.

**Qualified Opinion**

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements :

* + are in accordance with the *Corporations Act 2001,* including:

giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance and its cash flows for the year ended on that date

complying with Australian Accounting Standards and the Corporations Regulations 2001

* + are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

**Directors' Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

My opinion does *not* provide assurance:

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

**Independence**

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

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

I confirm that the independence declaration required by the *Corporations Act 2001,* provided to the Dire\_ctors of UWS Early Learning Limited on 19 April 2013 , would be in the same terms if provided to the Directors as at the time of this auditor's report.



Peter Achterstraat Auditor-General

2... April 2013 SYDNEY

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# Whitlam Institute within the University of Western Sydney Limited

**ABN: 50 100 342 309**

**Financial statements**

**For the Year Ended 31 December 2012**

These financial statements of the Whitlam Institute W ithin the University of Western Sydney Limited 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 the University of Western Sydney Limited is:

Whitlam Institute Within the University of Western Sydney Limited University of Western Sydney

Building EZ, Parramatta Campus Cnr James Ruse Dr & Victoria Rd Rydalmere NSW 2116

Registered postal address is:

Whitlam Institute Within the University of Western Sydney Limited Locked Bag 1797

Penrith NSW 2751

A description of the nature of the Com pany'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 28 March 2013. The directors have the power to amend and reissue the financial statements.

**Director's report**

###### 31 December 2012

Your directors present their report on Whitlam Institute within the University of Western Sydney Limited for the financial year ended 31 December 2012.

Directors

The names of each person who has been a director during the year and to the date of this report are: Senator The Hon. John Faulkner

Mr Geoffrey Roberson

Ms Patricia Amphlett OAM Prof. Janice Reid AM

Ms Gabrielle Trainor Mr Talal Yassine OAM Mr John Wells

Mr Nicholas Whitlam Dr Kerry Schott

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 poi tion of Company Secretary for the w hole of the financial year and to the date of this report.

Principal activities

The principal activity of the Company is to manage the W hitlam Institute within the Universit y of W estern Sydney Limited and to act as Trustee of the 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 instit ute. The Institute bridges the historical legacy of Gough W htilam's years in public life and the contemporar y relevance of the W hitlam Program to public discourse and policy. It links policies w ith 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 proc esses of our land, and to liberate the talents and uplift the horizons of the Australian people.

The Whitlam Institute supports Universi ty of Western Sydney development by working with schools to bring know ledge to life in the community . In a range of practical w ays we make scholarship relevant to everyday lives. We are inspired by the E.G W hitlam Prime Ministerial Collection which represents the life's work of an Au stralian statesmen who has pursued his convictions w ith a constant commitment to community engagement and a determination to put w ords into action.

No significant changes in the nature of the Company's activity occurred during the financial year.

Review of operations

The profit for the year ended 31 December 2012 is $nil (2011: $nil).

Dividends

No dividend is paid or pay able since the commencement of the financial year and up to and including the date of signing this report (2011: $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 Compan y, 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

The Company's operations are not r egulated by any significant environment al 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 2012 has been received and can be found on page 259 of the financial statements.

### Director's report

###### 31 December 2012

Information on directors

Senator The Hon. John Faulkner BA, DipEd (MacQuarie). Chair.

Experience Appointed as Director 8 March 2011. Senator the Hon. John Faulkner is a Labor Senator for New South Wales. 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.

Mr Geoffrey Roberson HonDLitt (UWS). Non-Executive.

Experience Appointed as Director 26 April 2002. Mr Geoffrey Roberson is a solicitor, an Accredited Specialist in Commercial Litigation and Chairman of Champion Legal Pty Limited, a Sydney-based law firm. He chairs and serves on a number of company Boards.

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. Janice Reid AM BSc (ADel), MA (Hawaii), PhD (Stan), MA (Stan). Non-Executive Experience Appointed as Director 26 April 2002. Professor Janice Reid has been Vice-

Chancellor and President of the University of Western Sydney since 1998. She is a recipient of several awards and honours both in Australia and overseas, and has been a member of the boards of public agencies and non- profit organisations at State and Federal levels in the health, welfare, schools, higher education, energy, pension fund, international relations, arts and heritage fields.

### Director's report

###### 31 December 2012

Information on directors (continued)

Ms Gabrielle Trainor LLB (Melb). 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 University of Western Sydney. 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 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.

Mr John Wells Non-Executive.

Experience Appointed as Director 15 June 2005. 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 Federal 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.

### Director's report

###### 31 December 2012

Information on directors (continued)

Mr Nicholas Whitlam AB (Hons) (Harv), MSc (Lon), Hon D. Univ (UNSW). Non-Executive. Experience Appointed as Director 2 October 2003. Mr Nicholas Whitlam is chairman of

Port Kembla Port Corporation and Sydney Ports Corporation. In a career that has embraced most aspects of banking and finance, he was CEO of the State Bank of New South Wales from 1981 to 1987, and was joint CEO of the investment bank Whitlam Turnbull from 1987 to 1990. He is a former President of the NRMA; in 2000, as chairman of NRMA Insurance/IAG, he supervised its demutualization and listing on the ASX. Mr Whitlam was the inaugural Chairman of the Whitlam Institute between 2000 and 2002. He holds degrees from Harvard College (AB cum laude, 1967) and London Business School (MSc, 1969), and an honorary doctorate (Hon DUniv) from The University of New South Wales.

Dr Kerry Schott BA (Hons) (UNE), MA (British Columbia), DPhil (Oxon). Non-Executive.

Experience Appointed as Director 11 September 2009. Dr Kerry Schott is Chairman of the Moorebank Intermodal Company Ltd, a Director of NBN Co, a Director of the TCorp Board in NSW, a member of the Infrastructure Australia Board, Patron and Board member of Infrastructure Partnerships Australia and a member of the Whitlam Institute Board. Dr Schott is the Project Director for the NSW Treasury managing the current sales of the government owned electricity generating plants. She was previously the Project Director of the successful sale and lease of the Sydney desalination plant. She completed her role as CEO of the Commission of Audit for the NSW Government early in 2012. Previously she was Managing Director and CEO of Sydney Water from 2006 to 2011. Dr Schott spent 15 years as an investment banker, including as Managing Director of Deutsche Bank and Executive Vice President of Bankers Trust Australia. During this time she specialised in privatisation, restructuring, and infrastructure provision. Dr Schott holds a doctorate from Oxford University (Nuffield College), a Master of Arts from the University of British Columbia, Vancouver and a Bachelor of Arts (first class Honours) from the University of New England.

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** |
| Senator The Hon. John Faulkner | 4 | 4 |
| Mr Geoffrey Roberson | 4 | 2 |
| Ms Patricia Amphlett OAM | 4 | 3 |
| Prof. Janice Reid AM | 4 | 4 |
| Ms Gabrielle Trainor | 4 | 3 |
| Mr Talal Yassine OAM | 4 | 1 |
| Mr John Wells | 4 | 3 |
| Mr Nicholas Whitlam | 4 | 4 |
| Dr Kerry Schott | 4 | 3 |

###### Whitlam Institute within the University of Western Sydney Limited

**ABN: 50 100 342 309**

### Director's report

###### 31 December 2012

Indemnification of Directors and Officers

Whitlam Institute within the University of Western Sydney Limited is insured externally and in line with the University of Western Sydney 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'.



Prof. Janice Reid AM Mr Geoffrey Roberson Dated 28 March 2013



To the Directors

Whitlam Institute within the University of Western Sydney Limited

**Auditor's Independence Declaration**

As auditor for the audit of the financial statements of Whitlam Institute within the University of Western Sydney Limited for the year ended 31 December 2012, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

--IL -

Renee Meimaroglou

Director, Financial Audit Services

26 March 2013

**SYDNEY**

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**INDEPENDENT AUDITOR'S REPORT**

**Whitlam Institute within the University of Western Sydney Limited**

To Members of the New South Wales Parliament and Members of Whitlam Institute within the University of Western Sydney Limited

I have audited the accompanying financial statements of Whitlam Institute within the University of Western Sydney Limited (the Company) , which comprise the statement of financial position as at 31 December 2012 , the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration .

**Opinion**

In my opinion the financial statements :

* are in accordance with the *Corporations Act 2001,* including:

giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance for the year ended on that date

complying with Australian Accounting Standards and the Corporations Regulations 2001

* are in accordance with section 41 (B) of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

**Directors' Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

My opinion does *not* provide assurance:

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

**Independence**

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

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

I confirm that the independence declaration required by the *Corporations Act 2001,* provided to the directors of the Company on 26 March 2013 , would be in the same terms if provided to the directors as at the time of this auditor's report.



Renee Meimaroglou, CA Director Financial Audit Services

**4-** April 2013

**SYDNEY**

|  |  |  |
| --- | --- | --- |
| **Statement of comprehensive income**  **For the Year Ended 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **Revenue** |  |  |
| Other revenue  **Total revenue** |  | **-** -  **-** - |
| **Total income** |  | **-** - |
| **Expenses** |  |  |
| Finance costs  **Total expenses** |  | **-** -  **-** - |
| **Surplus/(deficit) before income tax** |  | **-** - |
| Income tax expense | 1(d) | **-** - |
| **Surplus/(deficit) for the year** |  | **-** - |
| Other comprehensive income for the year, net of tax  **Total comprehensive income for the year** |  | **-** -  **-** - |

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of financial position**  **As at 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **ASSETS**  **Current assets**  Cash and cash equivalents | 5 | **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 |  | **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 2012

Contributed equity

**$**

**Total equity**

**$**

Balance at 1 January 2011 1 1

Total comprehensive income for the year  **- -**

Balance at 31 December 2011 1 1

Contributed equity

$

Total equity

$

Balance at 1 January 2012 1 1

Total comprehensive income for the year - -

Balance at 31 December 2012 1 1

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of cash flows**  **For the Year Ended 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **Cash flows from operating activities**  Payments to suppliers and employees |  | **-** (1,360) |
| **Net cash inflow/(outflow) from operating activities** | 13 | **-** (1,360) |
| **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** |  | **-** (1,360) |
| Cash and cash equivalents at beginning of year |  | **1** 1,361 |
| **Cash and cash equivalents at end of year** | 5 | **1** 1 |

The accompanying notes form part of these financial statements.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

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) adopted by the AASB, the *Corporations Act 2001*, the requirements of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2010*, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These financial statements of the Whitlam Institute within the University of Western Sydney Limited 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.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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 consider ation the type of customer, the type of transaction and the specifics of each arrangement.

1. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignficant 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. Goods and Services Tax (GST)

Revenues, expenses and assets are rec ognised 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 in clusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or pay able to, the taxation authority is included with other receivables or pay ables 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. 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 2012 reporting periods and have not yet been app lied in the financial statements. T he Company's assessment of the impact of t hese 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.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (continued)
2. **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 Whitlam Institute within the University of W estern Sydney Limited.

1. Financial Risk Management

The main risks Whitlam Institute within the University of W estern Sydney Limited 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 forcusses 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 totals for each category of financ ial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

**2012**

**$**

**2011**

**$**

Cash and cash equivalents  **1** 1

1 1

**Financial Liabilities**

Trade and other payables  **-** -

- -

* 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 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 w hen due. At the end of t he reporting period the Company held deposits at call of $1 (2011: $1) that are expected to readily generate cash inflows for managing 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 has no borrowings.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

2 Financial Risk Management (continued)

**(c) Market risk (continued)**

* + 1. *Summarised sensitivity analysis*

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk. The Company's financial assets and fi nancial liabilities are not subject to foreign exchange risk and other price risk.

-100bps +100bps

**31 December 2012** Carrying

amount

$

Surplus/ (deficit)

$

Equity

$

Surplus/ (deficit)

$

Equity

$

**Financial assets**

Cash and cash equivalents 1 - - - - Total increase/(decrease) in financial assets - - - -

**Financial liabilities**

Trade payables - - - - - Total increase/(decrease) in financial liabilities - - - - -

Total increase/(decrease) - - - -

-100bps +100bps

**31 December 2011** Carrying

amount

$

Surplus/ (deficit)

$

Equity

$

Surplus/ (deficit)

$

Equity

$

**Financial assets**

Cash and cash equivalents 1 - - - - Total increase/(decrease) in financial assets - - - -

**Financial liabilities**

Trade payables - - - - - Total increase/(decrease) in financial liabilities - - - - -

Total increase/(decrease) - - - -

1. Expenses

Administration expenses for 2012 totalling $1,830 (2011: $4,336) was paid by the ultimate parent entity.

1. Remuneration of Auditors

Audit fees of $1,350 for 2012 (2011: $1,211) will be paid by the ultimate parent entity.

1. Cash and cash equivalents

**2012**

**$**

**2011**

**$**

Cash at bank and in hand  **1** 1

1 1

* 1. **Risk exposure**

The Company's exposure to interest rate risk is discuss ed 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.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Contributed equity

**Shares Total**

Ordinary shares

2012

**$**

2011

$

2012

**$**

2011

$

Fully paid  **1** 1 **1** 1 **Total contributed equity 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 2012 (31 December 2011: nil).

1. Contingencies

In the opinion of the Director's, the Company did not have any contingencies at 31 December 2012 (31 December 2011: nil).

1. Key Management Personnel Disclosures

No remuneration has been paid to the key management personnel of W hitlam Institute within the University of Western Sydney Limited during the year (2011: nil).

1. Related party transactions
   1. **Parent entity**

The ultimate parent entity of the Trust is University of Western Sydney.

* 1. Transactions with related parties

There were no transactions with related parties in 2012.

1. Economic dependency

The Company is economically dependent on the University of Western Sydney 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 (2011: nil).

1. Reconciliation of surplus/(deficit) to net cash inflow from operating activities

**2012**

**$**

**2011**

**$**

Surplus for the year **-** -

Change in operating assets and liabilities:

- increase/(decrease) in trade and other payables  **-** (1,360) Cashflow from operations  **-** (1,360)

END OF AUDITED FINANCIAL STATEMENTS

###### Whitlam Institute within the University of Western Sydney Limited

**ABN: 50 100 342 309**

### 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 2010* and other mandatory professional reporting requirements; and
   2. give a t rue and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the Company.
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.

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



Prof. Janice Reid AM Mr Geoffrey Roberson Dated 28 March 2013

# Whitlam Institute Within the University of Western Sydney Trust

**ABN: 42 247 216 279**

**Financial Statements**

**For the Year Ended 31 December 2012**

These financial statements of the Whitlam Institute Within the University of Western Sydney 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 the University of Western Sydney Trust is:

Whitlam Institute Within the University of Western Sydney Trust University of Western Sydney

Building EZ, Parramatta Campus Cnr James Ruse Dr & Victoria Rd Rydalmere NSW 2116

Registered postal address is:

Whitlam Institute Within the University of Western Sydney 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 28 March 2013. The Trustees have the power to amend and reissue the financial statements.

**Whitlam Institute Within the University of Western Sydney Trust**

**ABN: 42 247 216 279**

**Trustees' report**

###### 31 December 2012

Your Trustees present their report on Whitlam Institute Within the University of Western Sydney Trust for the financial year ended 31 December 2012.

Trustees

The Whitlam Institute Within the University of Western Sydney 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 whole of the financial year and to the date of this report:

Senator The Hon. John Faulkner Mr Geoffrey Roberson

Ms Patricia Amphlett OAM Prof. Janice Reid AM

Ms Gabrielle Trainor Mr Talal Yassine OAM Mr John Wells

Mr Nicholas Whitlam Dr Kerry Schott

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

Principal activities

There were no significant changes in the nature of the Trust's activities during the year.

The Whitlam Institute Within the University of Western Sydney Trust Fund exists to support (through the provision of money, property or benefits) the University of Western Sydney, specifically the work of the Whitlam Institute with respect to the Whitlam Prime Ministerial Collection and the Institute's research, educational and policy activity.

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



Prof. Janice Reid AM Mr Geoffrey Roberson Dated 28 March 2013

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**INDEPENDENT AUDITOR'S REPORT**

**Whitlam Institute within the University of Western Sydney Trust**

To Members of the New South Wales Parliament.

**Report on the Financial Statements**

I have audited the accompanying financial statements Whitlam Institute within the University of Western Sydney Trust (the Trust), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

**Basis for Qualified Opinion**

As is common for entities that have donations and fundraising as sources of revenue, it is impracticable for the Trust to maintain an effective system of internal control over donated and fundraising revenues it receives until their initial entry into the financial records. Accordingly, as the evidence available to me regarding revenue from these sources was limited, my audit procedures with respect to these revenues were restricted to the amounts recorded in the financial records. I am therefore unable to express an opinion on whether all donated and fundraising revenues received by the Trust during the year ended 31 December 2012 have been recorded in its financial records. My auditor's report for the year ended 31 December 2011 was similarly qualified.

**Qualified Opinion**

In my opinion, except for the effects of such adjustments, if any, as might have been necessary had I been able to satisfy myself as to the completeness of donated and fundraising revenue, the financial statements:

* give a true and fair view of the Trust's financial position as at 31 December 2012, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

**The Directors' Responsibility for the Financial Statements**

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

**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@aud1t.nsw.gov.au**](mailto:mail@aud1t.nsw.gov.au) **I audit.nsw.gov.au**

##### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

, about the future viability of the Trust

, that it has carried out its activities effectively, efficiently and economically

, about the effectiveness of its internal control

, about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented

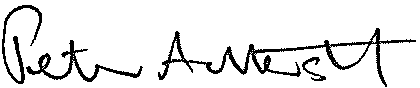
, about any other information which may have been hyperlinked to/from the financial statements

**Independence**

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

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

, mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat Auditor-General

**S** April 2013 SYDNEY

|  |  |  |
| --- | --- | --- |
| **Statement of comprehensive income**  **For the Year Ended 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **Revenue** |  |  |
| Services | 3 | **63,590** 43,648 |
| Other revenue | 3 | **15,932** 16,046 |
| **Total revenue** |  | **79,522** 59,694 |
| Contribution of assets |  | **198,117** - |
| **Total income** |  | **277,639** 59,694 |
| **Expenses** |  |  |
| Distributions - other Finance costs **Total expenses** | 4 | **(9,000)** -  **-** -  **(9,000)** - |
| **Surplus/(deficit) before income tax** |  | **268,639** 59,694 |
| Income tax expense | 1(d) | **-** - |
| **Surplus/(deficit) for the year** |  | **268,639** 59,694 |
| Other comprehensive income for the year, net of tax  **Total comprehensive income for the year** |  | **-** -  **268,639** 59,694 |

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of financial position**  **As at 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **ASSETS**  **Current assets**  Cash and cash equivalents | 6 | **412,770** 347,375 |
| Trade and other receivables | 7 | **5,127** - |
| Total current assets |  | **417,897** 347,375 |
| **Non-current assets**  Property, plant and equipment | 8 | **461,802** 263,685 |
| Total non-current assets |  | **461,802** 263,685 |
| **Total assets** |  | **879,699** 611,060 |
| **LIABILITIES**  **Current liabilities**  Trade and other payables |  | **-** - |
| Total current liabilities |  | **-** - |
| **Total liabilities** |  | **-** - |
| **Net assets** |  | **879,699** 611,060 |
| **TRUST FUNDS**  Settled fund |  | **1** 1 |
| Reserves | 9 | **13,136** 13,136 |
| Retained earnings | 10 | **866,562** 597,923 |
| **Total trust funds** |  | **879,699** 611,060 |

The accompanying notes form part of these financial statements.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Statement of changes in equity**  **For the Year Ended 31 December 2012** |  | | | |
|  | **Settled fund** | **Retained Earnings** | **Reserves** | **Total Equity** |
|  | **$** | **$** | **$** | **$** |
| **Balance at 1 January 2011** | **1** | **538,229** | **13,136** | **551,366** |
| Total comprehensive income for the year | - | 59,694 | - | 59,694 |

Distributions - - - -

Balance at 31 December 2011 1 597,923 13,136 611,060

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Settled fund** | **Retained Earnings** | **Reserves** | **Total Equity** |
| **$** | **$** | **$** | **$** |
| **Balance at 1 January 2012** | **1** | **597,923** | **13,136** | 611,060 |
| Total comprehensive income for the year | - | 268,639 | - | 268,639 |

Distributions - - - -

Balance at 31 December 2012 1 866,562 13,136 879,699

The accompanying notes form part of these financial statements.

|  |  |  |
| --- | --- | --- |
| **Statement of cash flows**  **For the Year Ended 31 December 2012** |  | |
|  |  | **2012 2011** |
|  | **Note** | **$ $** |
| **Cash flows from operating activities**  Receipts from customers |  | **58,590** 43,647 |
| Payments to suppliers and employees |  | **(9,000)** (5,438) |
| Investment income |  | **15,805** 16,047 |
| **Net cash inflow/(outflow) from operating activities** | 17 | **65,395** 54,256 |
| **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** |  | **65,395** 54,256 |
| Cash and cash equivalents at beginning of year |  | **347,375** 293,119 |
| **Cash and cash equivalents at end of year** | 6 | **412,770** 347,375 |

The accompanying notes form part of these financial statements.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

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) adopted by the AASB, the requirements of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2010*, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These financial statements of the Whitlam Institute within the University of Western Sydney Trust 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.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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 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. *Sale of goods*

A sale is recorded when goods have been delivered to the customer, the customer has accepted the goods and collectibility of the related receivables is probable.

* 1. *Event income*

Event income is only recognised when the economic benefits associated with the transaction flows to the entity.

* 1. *Intvestment income*

Investment income is recognised as it accrues using the effective interest method. All other material revenue is accounted for on an accrual basis.

1. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignficant 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 there is a reasonable assurance that the grant will be received and the Trust will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the surplus or deficit over the period necessary to match them with the costs that they are intended to compensate.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

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 uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is 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 allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original 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 uncollectible 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. Other financial assets
2. **Classification**

The Trust classifies its other financials assets in the following categories: financial assets at fair value through profit/(loss), loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

*Financial assets at fair value through profit/(loss)*

Financial assets at fair value through profit/(loss) are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non current.

*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.

*Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

1. Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

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

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

**(g) Other financial assets (continued)**

1. **Measurement**

At initial recognition, the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit/(loss), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit/(loss) are expensed in the statement of comprehensive income.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit/(loss) are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit/(loss)' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit/(loss) is recognised in the statement of comprehensive income as part of other revenue from continuing operations when the Trust's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of other monetary and non monetary securities classified as available-for-sale are recognised in other comprehensive income.

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

1. Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Trust establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

1. Impairment

The Trust assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

If there is evidence of impairment for any of the Trust's financial assets carried at amortised cost, 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. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

If a loan or held-to-maturity investment 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 Trust may measure impairment on the basis of an instrument’s 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.

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

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

1. **Other financial assets (continued)**

**(v) Impairment (continued)**

*Assets classified as available-for-sale*

If there is objective evidence of impairment 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 the statement of comprehensive income is removed from equity and recognised in the statement of comprehensive income.

Impairment losses on equity instruments that were recognised in the statement of comprehensive income are not reversed through the statement of comprehensive income in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

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

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 Trust for similar financial instruments.

1. Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 witht he item will flow to the Trust and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to surplus or deficit during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment.

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.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

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.

*Whitlam collection*

Assets comprising the Whitlam Collection have been donated to the Trust. Market valuations have been obtained at the time of contribution in order to determine the fair value of the contribution at acquisition date in accordance with AASB116 "Property, Plant & Equipment".

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. 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 2012 reporting periods and have not yet been applied in the financial report. 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.

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 Whitlam Institute within the University of Western Sydney Trust.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Financial Risk Management

The main risks Whitlam Institute Within the University of Western Sydney Trust is exposed to through its financial instruments are credit risk, 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 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:

Financial Assets

**Note**

**2012**

**$**

**2011**

**$**

Cash and cash equivalents 6 **412,770** 347,375

Trade and other receivables 7 **5,127** -

**417,897** 347,375

Financial Liabilities

Trade and other payables **-** -

**-** -

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.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2012** | **2011** |  |
| **$** | **$** |
| Up to 3 months | **5,127** |  | - |
| 3 to 6 months | **-** |  | - |

Over 6 months **-** -

Total 5,127 -

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 $412,770 (2011: $347,375) that are expected to readily generate cash inflows for managing liquidity risk.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

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.

-100bps +100bps

**31 December 2012** Carrying

amount

$

Surplus/ (deficit)

$

Trust funds

$

Surplus/ (deficit)

$

Trust funds

$

**Financial assets**

Cash and cash equivalents 412,770 (4,128) (4,128) 4,128 (4,128) Trade receivables 5,127 - - - - Total increase/(decrease) in financial assets (4,128) (4,128) 4,128 (4,128)

**Financial liabilities**

Trade payables - - - - - Total increase/(decrease) in financial liabilities - - - - -

Total increase/(decrease) (4,128) (4,128) 4,128 (4,128)

-100bps +100bps

**31 December 2011** Carrying

amount

$

Surplus/ (deficit)

$

Trust funds

$

Surplus/ (deficit)

$

Trust funds

$

**Financial assets**

Cash and cash equivalents 347,375 (3,474) (3,474) 3,474 3,474 Trade receivables - - - - - Total increase/(decrease) in financial assets (3,474) (3,474) 3,474 3,474

**Financial liabilities**

Trade payables - - - - - Total increase/(decrease) in financial liabilities - - - - -

Total increase/(decrease) (3,474) (3,474) 3,474 3,474

### Notes to the financial statements

###### For the Year Ended 31 December 2012

|  |  |  |
| --- | --- | --- |
| **3** | **Revenue** | **2012 2011** |
|  |  | **$ $** |
|  | Services  - Donations (a) | **38,335** 43,648 |
|  | - Government grants (b) | **25,000** - |
|  | - Fundraising | **255** - |
|  | Total services | **63,590** 43,648 |
|  | Other revenue |  |
|  | - Interest | **1,760** 2,072 |
|  | - Distributions from managed funds | **14,172** 13,974 |
|  | Total other revenue | **15,932** 16,046 |
|  | **Total revenue** | **79,522** 59,694 |

1. Donations

In 2012 the Trust received donations (including general donations, merchandise sales and ticket sales) of $38,335. Included in this amount were 4 significant donations totalling $33,341.

1. Government Grants

A grant of $25,000 was received from the Department of Foreign Affairs and Trade to fund the project 'Gough Whitlam and the road to establishing formal relations with the People's Republic of China: the significance for contempary Australian-Chinese relations'.

1. Expenses

**2012**

**$**

2011

$

Distributions - government grants **9,000** -

Total distributions - other **9,000** -

Administration expenses for 2012 totalling $6,046 (2011: $5,094) was paid by the ultimate parent entity.

1. Remuneration of Auditors

Audit fees of $5,400 for 2012 (2011: $4,844) will be paid by the ultimate parent entity.

1. Cash and cash equivalents

**2012**

**$**

**2011**

**$**

Cash at bank and on hand **54,986** 33,004

T-Corp Investments **357,784** 314,371

**412,770** 347,375

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

These are non-interest bearing.

1. Fair value

The carrying amount for cash and cash equivalents equals the fair value.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Trade and other receivables

**2012**

**$**

**2011**

**$**

Trade receivables **5,127** -

Total current trade and other receivables 5,127 -

Trade and other receivables are non-interest bearing.

* 1. 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. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or re-pledged. Refer to note 2 for more informaiton on the risk management policy of the Trust and the credit quality of the entity's trade receivables.

1. Property, plant and equipment At 1 January 2011

|  |  |
| --- | --- |
| Valuation | 263,685 263,685 |
| Net book amount | 263,685 263,685 |
| **Year ended 31 December 2011**  Opening net book amount | 263,685 263,685 |
| Revaluation | - - |
| Closing net book amount | 263,685 263,685 |
| **At 31 December 2011**  Valuation | 263,685 263,685 |
| Net book amount | 263,685 263,685 |
| **Year ended 31 December 2012** |  |
| Opening net book amount | 263,685 263,685 |
| Revaluation | - - |
| Additions | 198,117 198,117 |
| Closing net book amount | 461,802 461,802 |
| **At 31 December 2012**  Valuation | 461,802 461,802 |
| Net book amount | 461,802 461,802 |

**Library**

**$**

Total

**$**

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Reserves

**2012**

**$**

**2011**

**$**

Revaluation surplus - property, plant and equipment **13,136** 13,136

**13,136** 13,136

Movements

*Revaluation surplus - property, plant and equipment*

2012

**$**

**2011**

**$**

Balance 1 January **13,136** 13,136

Revaluation - gross **-** -

Balance 31 December **13,136** 13,136

* 1. Nature and purpose of reserves
     1. *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(i). The balance standing to the credit of the surplus may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

1. Retained surplus

Movements in retained surplus were as follows:

2012

**$**

**2011**

**$**

Balance as at 1 January **597,923** 538,229

Surplus for the year **268,639** 59,694

Trust distributions for the year **-** -

Balance as at 31 December **866,562** 597,923

1. Commitments

The Trust had no commitments at 31 December 2012 (31 December 2011: nil).

1. Contingencies

In the opinion of the Trustee's, the Trust did not have any contingencies at 31 December 2012 (31 December 2011:nil).

1. Key Management Personnel Disclosures

No remuneration has been paid to the key management personnel of Whitlam Institute Within the University of Western Sydney Trust during the year (2011: nil).

1. Related party transactions
   1. **Parent entity**

The ultimate parent entity of the Trust is University of Western Sydney.

* 1. Transactions with related parties

There were no transactions with related parties in 2012.

### Notes to the financial statements

###### For the Year Ended 31 December 2012

1. Economic dependency

The Trust is economically dependent on the University of Western Sydney 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 Trust, the results of those operations, or the state of affairs of the Trust in future financial years (2011: nil).

1. Reconciliation of surplus/(deficit) to net cash inflow from operating activities

Reconciliation of net income to net cash provided by operating activities:

2012

**2011**

|  |  |  |
| --- | --- | --- |
| Surplus for the year | **$**  **268,639** | **$**  59,694 |
| **Changes in assets and liabilities:**  - (increase)/decrease in trade and other receivables | **(5,127)** | - |
| - (increase)/decrease in assets | **(198,117)** | - |

- increase/(decrease) in trade and other payables **-** (5,438) Cashflow from operations **65,395** 54,256

END OF AUDITED FINANCIAL STATEMENTS

###### Whitlam Institute Within the University of Western Sydney Trust

**ABN: 42 247 216 279**

### Trustees' declaration

In the Trustee's opinion:

1. The financial statements and notes, as set out on pages 2 to 16:
   1. comply with Australian Accounting Standards and other interpretations, the *Public Finance and Audit Act 1983*

the *Public Finance and Audit Regulation 2010* and other mandatory professional reporting requirements; and

* 1. give a t rue and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the Trust.

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.

This declaration is made in accordance with a resolution of the Trustee Company, the Whitlam Institute within the University of Western Sydney Limited.



Prof. Janice Reid AM Mr Geoffrey Roberson Dated 28 March 2013

**University of Western Sydney And Controlled Entities**

**Budget and Performance Indicators**

Budget and Performance Indicators

|  |  |  |  |
| --- | --- | --- | --- |
| **2012 Actual to Budget Comparative Analysis** | **2012** | **2012** | ***2012*** |
|  | **BUDGET** | **ACTUAL** | ***VARIANCE*** |
|  | **$'000** | **$'000** | ***$'000*** |
| **INCOME FROM CONTINUING OPERATIONS** |  |  |  |
| **GOVERNMENT** | **490,025** | **489,952** | ***(73)*** |
| **ACADEMIC ACTIVITIES**  International Onshore | 57,595 | 57,102 | *(493)* |
| International Offshore | 500 | 689 | *189* |
| Local fee-paying | 14,051 | 13,158 | *(893)* |
| External Research Grants | 22,600 | 19,077 | *(3,523)* |
| Consulting, Contracting & Royalties | 1,924 | 2,016 | *92* |
| Other Academic | 26,505 | 23,847 | *(2,658)* |
| **Sub Total** | **123,175** | **115,889** | ***(7,286)*** |
| **OTHER INCOME ACTIVITIES** |  |  |  |
| Leases & Other Commercial | 4,109 | 4,741 | *632* |
| Investment Income | 2,682 | *2,590* | *(92)* |
| Deferred Superannuation |  | *(24,609)* | *(24,609)* |
| Other Incidental | 13,157 | 21,246 | *8,089* |
| **Sub Total** | **19,948** | ***3,968*** | ***(15,980)*** |
| **UWS ENTITIES** |  |  |  |
| UWS College | 28,550 | 25,778 | *(2,772)* |
| UWS Foundation | 4,134 | 3,173 | *(961)* |
| Whitlam Institute | 54 | 278 | *224* |
| uwsconnect | 31,838 | 25,797 | *(6,041)* |
| Television Sydney (TVS) | 1,065 | 2,471 | *1,406* |
| UWS Early Learning | 2,538 | 2,707 | *169* |
| Adjustments on Consolidation | - | *(10,323)* | *(10,323)* |
| **Sub Total** | **68,179** | **49,881** | ***(18,298)*** |
| **TOTAL SELF-GENERATED INCOME** | **211,302** | **169,738** | ***(41,564)*** |
| **TOTAL INCOME** | **701,327** | **659,690** | ***(41,637)*** |
| **EXPENSES FROM CONTINUING OPERATIONS** |  |  |  |
| Schools | 184,851 | 180,529 | *4,322* |
| Research | 84,600 | 71,133 | *13,467* |
| Divisions | 145,693 | 139,572 | *6,121* |
| UWS Entities | 64,751 | 55,730 | *9,021* |
| UWS Wide | 80,111 | 82,091 | *(1,980)* |
| Strategic Initiatives | 26,979 | 23,772 | *3,207* |
| Minor Works (Expensed) | 7,400 | 6,476 | *924* |
| External Trust & Tied Grants | 20,854 | 24,652 | *(3,798)* |
| Investment Losses |  | 8,411 | *(8,411)* |
| Depreciation | 35,100 | 41,903 | *(6,803)* |
| Land Development Projects | 784 | 244 | *540* |
| Deferred Superannuation Expense |  | *(24,609)* | *24,609* |
| Adjustments on Consolidation | - | *(11,186)* | *11,186* |

**TOTAL EXPENDITURE 651,123 598,718 *52,405***

**NET OPERATING RESULT 50,204 60,972 *10,768***

Budget and Performance Indicators

|  |  |  |
| --- | --- | --- |
| **University of Western Sydney 2013 Budget** | | **2013** |
|  | | **BUDGET** |
|  | | **$'000** |
| **INCOME FROM CONTINUING OPERATIONS** | |  |
| **GOVERNMENT** | | **489,125** |
| **ACADEMIC ACTIVITIES**  International Onshore | | 58,538 |
| International Offshore | | 835 |
| Local fee-paying | | 12,475 |
| External Research Grants | | 21,900 |
| Consulting, Contracting & Royalties | | 1,874 |
| Other | | 28,402 |
| **Sub Total** | | **124,024** |
| **OTHER INCOME ACTIVITIES** | |  |
| Leases & Other Commercial |  | 2,719 |
| Investment Income |  | 2,313 |
| Land Development Projects |  | 6,717 |
| Other Incidental |  | 10,276 |
| **UWS ENTITIES** | **Sub Total** | **22,025** |
| UWS College | | 31,354 |
| UWS Foundation | | 3,674 |
| Whitlam Institute | | 67 |
| UWS Early Learning | | 3,024 |
| uwsconnect | | 27,284 |
| TVS | | 1,243 |
| **Sub Total** | | **66,646** |
| **TOTAL SELF-GENERATED INCOME** | | **212,695** |
| **TOTAL INCOME** | | **701,820** |

**EXPENSES FROM CONTINUING OPERATIONS**

|  |  |
| --- | --- |
| Schools | 189,054 |
| Research | 76,900 |
| Divisions | 147,906 |
| UWS Entities | 63,503 |
| UWS Wide | 88,162 |
| Strategic Initiatives | 40,942 |
| Minor Works (Expensed) | 7,000 |
| External Trust & Tied Grants | 24,832 |
| Depreciation | 37,420 |
| Land Development Projects | 5,851 |

**TOTAL EXPENDITURE 681,570**

**NET REPORTED RESULT 20,250**

**Budget and Performance Indicators**

**Accounts Payable Performance Indicators - 2012**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Category** | **First Quarter** | **Second Quarter** | **Third Quarter** | **Fourth Quarter** |
|  | **$** | **$** | **$** | **$** |
| **1. Schedule of Accounts Payable**  Paid within 30 days | 44,289,151 | 34,433,544 | 36,123,071 | 42,292,672 |
| Paid between 31-60 days | 44,655,949 | 35,176,078 | 36,737,698 | 29,703,097 |
| Paid between 61-90 days | 3,264,290 | 1,831,658 | 1,671,346 | 395,108 |
| Paid between 91-120 days | 1,913,399 | 712,142 | 662,430 | 7,401 |
| Paid more than 120 days | 2,012,569 | 522,835 | 218,187 | - |
| **Total** | **96,135,358** | **72,676,258** | **75,412,733** | **72,398,277** |
| **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 | 46.1% | 47.4% | 47.9% | 58.4% |
| Total dollar amount of accounts paid on time | 44,289,151 | 34,433,544 | 36,123,071 | 42,292,672 |
| **Total dollar amount of accounts paid** | **96,135,358** | **72,676,258** | **75,412,733** | **72,398,277** |

The University's accepted practice is to pay accounts 30 days from the date of recognition. The University endevaours to pay all accounts on time but recognises that account queries can lead to the payment of invoices outside the normal terms of trade. In some instances the receipt of acquittals from decentralised campuses for such payments may also delay the payment process.

No interest was paid on overdue accounts.

#### Investment Performance

The University of Western Sydney invests its surplus funds with New South Wales Treasury Corporation Ltd (T-Corp) and Acadian Australian Equity High Yield Fund. A comparison of the performance during 2012 of its surplus investment funds with the benchmarks determined in accordance with the requirements of the Annual reporting legislation is set out below:

**2012 Investment Performance as an Annual Compound Percentage UWS Benchmark**

* 1. orp Cash Facility 4.42% 3.97%

Acadian Australian Equity High Yield Fund 1

1 The Acadian Australian Equity High Yield fund's inception date is 29 August 2012. The Group started its investments in this fund on the same date. Given the short life so far of this fund and how it's performance can be affected either positively or negatively by short term and possibly abnormal fluctuations in the Australian equity market, it is considered misleading at this stage to recalculate and declare the fund's performance since inception of 7.45% as an annualised average interest rate.

The investment of funds in different facilities is based upon the underlying nature of the funds available for investment (e.g. Cash Facility - surplus working funds, Acadian Fund - core elements of working funds, including Long Service Leave Payments).

**Television Sydney (TVS) Ltd**

Principal Objectives

Television Sydney (TVS) Ltd is a not-for-profit Community Television Station which seeks to engage community involvement in content production and programming while developing opportunities for students in the areas of media production, design, visual communication and journalism training and internships. In partnership with the University of Western Sydney, TVS showcases the research and engaged learning outcomes of students and academics at UWS.

Principal Activities and Strategic Projects

The principal activities of the company include:

* + - Maintaining a community television license in Western Sydney and providing programs relevant to the people of the Sydney broadcast area.
    - Promoting the provision of programs with Australian content.
    - Promoting the provision of culturally relevant programs (including without limitation programs relevant to people of non-English speaking backgrounds and programs relevant to Aborigines and Torres Strait Islanders).
    - Providing opportunities for the broadcast of programs produced by community groups and students.
    - Providing television industry training opportunities for community groups and students within the Sydney community.

In order to achieve the principal activities of the company the Board of Directors has adopted the following strategies:

* + - Provided dedicated airtime access for screening UWS student works, for community groups and program makers.
    - Negotiated agreed sharing of intellectual property rights with UWS for all programs it funds and produces.
    - Maintaining a small TV production unit with access to a dedicated studio at the UWS Werrington campus.
    - Determined agreements between UWS and Metro Screen, and TVS and Metro Screen, in relation to program making and the support of community groups and program makers.
    - Developed a strong focus on building and nurturing relationships and collaborative partnerships with the community by both UWS and TVS.
    - Developed a funding model for TVS and the production unit that builds the financial sustainability of the station and the production services to support the academic and engagement goals of the University.

Performance Measures

The performance measures of the company are financial, quantitative and qualitative. The company has adopted the following key performance indicators:

* + - Financial statements.
    - Advertising and sponsorship revenues.
    - Audience estimate.
    - ACMA feedback and decisions on compliance measures.

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| ***Category*** | ***FY 2012 Actual*** | ***Annual 2012 Budget*** | ***% Full year achieved*** |
| Revenue | $2,471,226 | $1,065,000 | 232% |
| Expenses | $1,985,334 | $1,772,000 | 112% |
| **Operating Surplus/(Deficit)** | **$485,892** | **($707,000)** | 221% |
| Accumulated Retained Earnings | ($4,197,200) |  |  |

Revenue exceeded budget in the year as a direct result of the HEPP – Building Bridges grant received. Expenditure has been largely contained within budgeted levels even though there has been an overall increase in costs in both brokerage commission and channel promotion.

The University of Western Sydney provides ongoing financial support to the company. Management and Operations

The University of Western Sydney holds 75% of the voting rights in Television Sydney (TVS) Ltd with the remaining 25% being held by Metro Screen Ltd. An independent Board of Directors is responsible for the overall operations of the company and the day to day activities are managed by a part time Chief Executive Officer provided by the University.

### University of Western Sydney Foundation Ltd

Principal Objectives

The UWS Foundation is a trustee of the University of Western Sydney Foundation Trust whose objective is to raise funds in support of the University of Western Sydney by developing relationships with community, business and individuals.

Principal Activities and Strategic Projects

In partnership with the local community and the business world, the Foundation Trust delivers educational opportunities by fundraising for scholarships, prizes, research, academic programs, teaching facilities and other special projects.

Performance Measures

The financial performance measure for the entity for 2012 was a funding target for the Trust of $4,134,000. For the year ended 31 December 2012 the Trust only achieved funding of $3,172,576. Whilst this result fell short of the ambitious budget target there was a significant increase in total overall income, as a result of the improved return on investments. Distributions of $854,608 were passed onto the University to fund scholarships and prizes, to fund endowed chairs and academic positions and to pass on donations supporting UWS research project. There were no transactions for the University of Western Sydney Foundation Limited during the year.

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| ***Category*** | ***FY 2012 Actual*** | ***Annual 2012 Budget*** | ***% Full year achieved*** |
| Revenue | $3,172,576 | $4,134,000 | 77% |
| Expenses | $0 | $0 | 0% |
| **Operating Surplus** | **$3,172,576** | **$4,134,000** | 77% |
| Distributions to UWS | $854,608 |  |  |
| Accumulated Retained Earnings | $31,461,277 |  |  |

Management and Operations

The University of Western Sydney Foundation Ltd is a wholly owned entity of the University of Western Sydney. An independent Board of Directors is responsible for the overall operations of the company and trust.

### UWS College Pty Ltd

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 the University of Western Sydney imperatives.

Principal Activities and Strategic Projects

The principal activities of the company are structured into the following four key areas:

* Academic Pathways which provides Foundation Studies and a variety of Diploma programs for students proceeding to an academic degree at the University of Western Sydney.
* 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.
* Corporate and Business Services, including organisational development which provides the planning, operational support and infrastructure to enable the efficient and effective delivery of the company’s teaching and learning services.

During the 2012 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 results show that while income has not been at the level budgeted, due to the downturn in international students and local fee paying students in Foundation Studies, expenditure has been carefully managed to deliver a surplus commensurate with the lower income. The operating surplus at year end is slightly better than full year budget, which can be attributed to a number of factors which include tight control on salaries and other expenditure, and the winning of the SAF-EIF grant which enabled the College’s expansion plans.
* Total Academic Pathways student enrolments for Term 3 were 859, as at census date, which compares favourably with 670 at the same time last year. While local enrolments in Terms 2 and 3 are similar or better than last year, nevertheless it did not compensate for the less than budgeted enrolments in International and local fee paying students in Term 1.
* English Programs have improving student numbers, which are better than the comparative period last year; however the increase in student numbers has been mitigated by lower fees having to be offered in a highly competitive environment.
* IELTS has performed well, with all test dates being fully and sometimes oversubscribed, and additional test dates arranged.

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| ***Category*** | ***FY 2012 Actual*** | ***Annual 2012 Budget*** | ***% Full year achieved*** |
| Revenue | $25,581,882 | $28,550,149 | 90% |
| Expenses | $24,454,815 | $27,448,529 | 89% |
| **Operating Surplus** | **$1,127,067** | **$1,101,620** | 102% |
| Accumulated Retained Earnings | $4,264,604 |  |  |

Management and Operations

UWS College Pty Ltd is a wholly owned entity of the University of Western Sydney. An independent Board of Directors is responsible for the overall operations of the company and the day to day activities are managed by a full-time 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.

### uwsconnect Ltd

Principal Objectives

The principal objective of the company is to provide food and beverage, retail, sporting and campus life facilities and services across all six of the University of Western Sydney campuses.

Principal Activities and Strategic Projects

The principal activity of the company during the 2012 financial year was the provision of sports and leisure, retail, food and beverage, and other services to the University of Western Sydney 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. During 2012 uwsconnect experienced a decrease in actual revenue to budget, reflected in trading sales as a result of lower than budgeted commencing student numbers.

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| ***Category*** | ***FY 2012 Actual*** | ***Annual 2012 Budget*** | ***% Full year achieved*** |
| Revenue | $25,796,677 | $28,368,993 | 91% |
| Expenses | $25,638,450 | $28,220,737 | 91% |
| **Operating Surplus** | **$158,277** | **$148,256** | 107% |
| Accumulated Retained Earnings | $1,518,374 |  |  |

Financial KPI’s were achieved with actual operating surplus in line with budget. The variation to budget in revenue reflects that there were fewer commencing students than what was budgeted which impacted trading revenue,

with commencing students being the primary market for text books. uwsconnect was still able to achieve the budgeted operating surplus as a result of cost control, while still delivering key services to students.

Non-financial KPI’s related primarily to Campus Life Activities with continual increases in the number of events, participation and satisfaction levels.

As a key provider of student services uwsconnect receives some ongoing financial support from the University. Management and Operations

UWS connect Ltd is a wholly owned entity of the University of Western Sydney. An independent Board of Directors is responsible for the overall operations of the company and the day to day activities are managed by a full-time General Manager.

### UWS Early Learning Ltd

Principal Objectives

The principal objective of the Company is to provide affordable, high quality early childhood care and education for the children of UWS 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 UWS 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

* Implementation of standardised child care systems
* Implementation of standardised award conditions
* Consolidation of financial operations into the University’s financial reporting cycle
* Opening of new Bankstown centre

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| ***Category*** | ***FY 2012 Actual*** | ***Annual 2012 Budget*** | ***% Full year achieved*** |
| Revenue | $2,616,641 | $2,538,152 | 103% |
| Expenses | $2,212,276 | $2,397,355 | 92% |
| **Operating Surplus** | **$404,365** | **$140,797** | 287% |
| Accumulated Retained Earnings | $404,365 |  |  |

Management and Operations

UWS Early Learning Limited is a wholly owned entity of the University of Western Sydney. An independent Board of Directors is responsible for the overall operations of the Company.

### Whitlam Institute within the University of Western Sydney Ltd

Principal Objectives

The Whitlam Institute is a trustee of the Whitlam Institute within the University of Western Sydney Trust which was established by agreement between the University of Western Sydney 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 2010-2013. The 2012 highlights that follow are indicative of the strength of what is still but a young Program:

* Secured funding of $7m from the Australian Government for the completed restoration of the East Wing of the Female Orphan School. The restored East Wing will become the permanent home for the Whitlam Institute within the University of Western Sydney, and the Whitlam Prime Ministerial Library – a collection that spans thousands of papers, books, letters and other important items belonging to former Prime Minister Gough Whitlam.
* Malcolm Fraser delivers the 2012 Gough Whitlam Oration titled “*Politics, Independence and the National Interest: the legacy of power and how to achieve a peaceful Western Pacific*”.
* *What Matters?* writing competition attracting a record breaking 3,500 entries from students in NSW and ACT – finalists acknowledged at Awards Ceremony
* A grant of $25,000 was received from the Department of Foreign Affairs and Trade to fund the project 'Gough Whitlam and the road to establishing formal relations with the People's Republic of China: the

significance for contemporary Australian-Chinese relations', marking the 40th anniversary of establishing diplomatic relations with China by the Whitlam Government.

* Primary research in the *High Stakes Testing Project* was completed
* Institute hosts the *Frank Hurley: journeys into Papua* exhibition in the Margaret Whitlam Galleries
* Institute hosts a day-long roundtable of other PM centres and the major national cultural institutions, such as the National Archives

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.

The principal financial performance measure for the entity for 2012 was the funding target for the Trust of $33,650, which was exceeded. For the year ended 31 December 2012 the Trust achieved a surplus of $268,639. This included a donation of assets, valued at $198,117. There were no transactions for the Whitlam Institute within the University of Western Sydney Limited during the year.

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| ***Category*** | ***FY 2012 Actual*** | ***Annual 2012 Budget*** | ***% Full year achieved*** |
| Revenue | $277,639 | $53,500 | 519% |
| Expenses | $9,000 | $19,850 | 45% |
| **Operating Surplus** | **$268,639** | **$33,650** | 798% |
| Accumulated Retained Earnings | $866,562 |  |  |

Management and Operations

The Whitlam Institute within the University of Western Sydney Ltd is a wholly owned entity of the University of Western Sydney.

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 Eric Sidoti. 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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