# 2017

# UTS Annual Report

## Financial statements

**Financial statements**

# University of Technology Sydney

# Statement by appointed officers

**STATEMENT BY APPOINTED OFFICERS**

**Statement in accordance with section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983***

In accordance with a resolution of the Council of the University of Technology Sydney 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 value of the financial position of the University at 31 December 2017 and the results of its operations and transactions of the University for the year then ended
2. the financial statements have been prepared in accordance with the provisions of the New South Wales *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and the "Financial Statement Guidelines for Australian Higher Education Providers for the 2017 Reporting Period" issued by the Australian Government Department of Education and Training
3. the financial statements have been prepared in accordance with Australian Accounting Standards (AASB), AASB interpretations and other mandatory professional reporting 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 University will be able to pay its debts as and when they fall due
6. the amount of Commonwealth grants expended during the reporting period was for the purposes for which it was granted, and
7. the University has complied in full with the requirements of various program guidelines that apply to the Commonwealth financial assistance identified in these financial statements.

A J Brungs
Vice-Chancellor

B Wilson
Chair, Finance Committee

18th April 2018

# Independent auditor's report

## INDEPENDENT AUDITOR'S REPORT

**University of Technology Sydney**

To Members of the New South Wales Parliament and Members of the University of Technology Sydney

### Opinion

I have audited the accompanying financial statements of University of Technology Sydney (the University), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 31 December 2017, the Statement of Financial Position as at 31 December 2017, the Statements of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

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 2017, and of their 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* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2017 Reporting Period' (the Guidelines), issued by the Australian Government Department of Education and Training, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001.*

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

### Basis for Opinion

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

**Level 15, 1 Margaret Street, Sydney NSW 2000** | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

# Independent auditor's report (continued)

I am independent of the University in accordance with the requirements of the:

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

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

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

## University Council's Responsibilities for the Financial Statements

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

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

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

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf The description forms part of my auditor's report.

# Independent auditor's report (continued)

My opinion does *not* provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

20 April 2018
SYDNEY

# Income statement

for the year ended 31 December 2017

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **Income from continuing operations** | | | | | |
| Australian Government financial assistance | | | | | |
| Australian Government grants | 2.1 | 272,635 | 267,793 | 272,635 | 267,793 |
| HELP — Australian Government payments | 2.1 | 216,228 | 208,413 | 198,051 | 191,039 |
| State and local government financial assistance | 2.2 | 4,510 | 3,464 | 4,510 | 3,362 |
| HECS-HELP — student payments | | 19,311 | 20,026 | 19,311 | 20,026 |
| Fees and charges | 2.3 | 434,393 | 359,360 | 357,678 | 289,396 |
| Investment revenue | 2.4 | 6,467 | 6,780 | 4,788 | 4,958 |
| Royalties, trademarks and licences | 2.5 | 108 | 120 | 105 | 114 |
| Consultancy and contracts | 2.6 | 29,859 | 26,075 | 29,947 | 25,578 |
| Other revenue | 2.7 | 23,169 | 25,149 | 41,635 | 33,098 |
| Gains on disposal of assets | 5 | – | – | – | 25 |
| Share of profit or (loss) on investments accounted for using the equity method | 14 | 977 | (3,731) | – | – |
| Other investment income | 2.4 | 1,344 | 874 | 1,344 | 874 |
| Other income | 2.7 | 21,418 | 21,255 | 23,557 | 23,589 |
| **Total income from continuing operations** | | **1,030,419** | **935,578** | **953,561** | **859,852** |
| **Expenses from continuing operations** | | | | | |
| Employee related expenses | 3.1 | 554,056 | 507,947 | 505,546 | 463,478 |
| Depreciation and amortisation | 3.2 | 87,921 | 81,692 | 82,063 | 76,738 |
| Repairs and maintenance | 3.3 | 15,219 | 14,337 | 14,869 | 13,997 |
| Borrowing costs | 4 | 10,513 | 12,302 | 10,436 | 12,251 |
| Impairment of assets | 3.4 | 66 | 508 | 358 | 314 |
| Losses on disposal of assets | 5 | 302 | 454 | 317 | – |
| Deferred superannuation expense | 3.1 | 104 | 58 | 104 | 58 |
| Other expenses | 3.5 | 289,368 | 246,023 | 261,832 | 223,424 |
| **Total expenses from continuing operations** | | **957,549** | **863,321** | **875,525** | **790,260** |
| **Net result before income tax** | | **72,870** | **72,257** | **78,036** | **69,592** |
| Income tax expense | 6 | 57 | 108 | – | – |
| **Net result from continuing operations** | | **72,813** | **72,149** | **78,036** | **69,592** |
| **Net result attributable to members of the University of Technology Sydney** | | **72,813** | **72,149** | **78,036** | **69,592** |
| Net result attributable to members from: | | | | | |
| continuing operations | | 72,813 | 72,149 | 78,036 | 69,592 |
| **Total** | | **72,813** | **72,149** | **78,036** | **69,592** |

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

# Statement of comprehensive income

for the year ended 31 December 2017

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **Net result after income tax for the period** | | 72,813 | 72,149 | 78,036 | 69,592 |
| **Items that will be reclassified to profit or loss** | | | | | |
| Exchange differences on translation of foreign operations | 22 (b) | (55) | (36) | – | – |
| Gain/(loss) on revaluation of available for sale financial assets, net of tax | 22 (b) | 5,174 | 1,829 | 5,174 | 1,829 |
| Cash flow hedges, net of tax | 22 (b) | 3,205 | 2,352 | 3,205 | 2,352 |
| **Total items that will be reclassified to profit or loss** | | 8,324 | 4,145 | 8,379 | 4,181 |
| **Items that will not be reclassified to profit or loss** | | | | | |
| Gain/(loss) on revaluation of property, plant and equipment, net of tax | 22 (b) | 71,804 | 123,407 | 71,804 | 123,407 |
| Net actuarial gains/(losses) recognised in respect of defined benefit plans | 25 | 299 | (182) | 299 | (182) |
| **Total items that will not be reclassified to profit or loss** | | 72,103 | 123,225 | 72,103 | 123,225 |
| **Total comprehensive income attributable to members of the University of Technology Sydney** | | **153,240** | **199,519** | **158,518** | **196,998** |
| Total comprehensive income attributable to members from: | | | | | |
| continuing operations | | 153,240 | 199,519 | 158,518 | 196,998 |
| **Total** | | **153,240** | **199,519** | **158,518** | **196,998** |

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

# Statement of financial position

as at 31 December 2017

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016[a] $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016[a] $'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 9 | 265,471 | 190,197 | 188,613 | 114,475 |
| Receivables | 10 | 27,284 | 23,059 | 28,778 | 21,767 |
| Other financial assets | 11 | 14,132 | 12,238 | 14,132 | 12,238 |
| Other non-financial assets | 12 | 23,494 | 20,493 | 18,560 | 15,220 |
| **Total current assets** | | **330,381** | **245,987** | **250,083** | **163,700** |
| **Non-current assets** | | | | | |
| Receivables | 10 | 597,142 | 601,629 | 597,142 | 601,629 |
| Investments accounted for using the equity method | 14 | 4,871 | 5,198 | – | – |
| Other financial assets | 11 | 17,459 | 11,796 | 20,513 | 15,719 |
| Other non-financial assets | 12 | 15,050 | 7,618 | 15,050 | 7,618 |
| Property, plant and equipment | 15 | 2,051,611 | 1,872,600 | 2,035,820 | 1,854,457 |
| Intangible assets | 16 | 33,022 | 27,371 | 28,608 | 23,844 |
| **Total non-current assets** | | **2,719,155** | **2,526,212** | **2,697,133** | **2,503,267** |
| **Total assets** | | **3,049,536** | **2,772,199** | **2,947,216** | **2,666,967** |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | 79,408 | 66,729 | 76,494 | 64,631 |
| Borrowings | 18 | 4,559 | 4,296 | 4,559 | 4,296 |
| Employee benefit provisions | 19 | 105,658 | 100,816 | 101,178 | 97,256 |
| Provisions | 19 | 20 | 290 | 20 | 290 |
| Other financial liabilities | 20 | – | 2,985 | – | 2,985 |
| Other liabilities | 21 | 68,518 | 54,235 | 38,892 | 25,028 |
| **Total current liabilities** | | **258,163** | **229,351** | **221,143** | **194,486** |
| **Non-current liabilities** | | | | | |
| Borrowings | 18 | 303,209 | 204,363 | 303,209 | 204,363 |
| Employee benefit provisions | 19 | 621,747 | 626,653 | 619,027 | 624,067 |
| Provisions | 19 | 6,979 | 3,486 | 3,416 | – |
| Other financial liabilities | 20 | – | 2,148 | – | 2,148 |
| **Total non-current liabilities** | | **931,935** | **836,650** | **925,652** | **830,578** |
| **Total liabilities** | | **1,190,098** | **1,066,001** | **1,146,795** | **1,025,064** |
| **Net assets** | | **1,859,438** | **1,706,198** | **1,800,421** | **1,641,903** |
| **Equity** | | | | | |
| **Parent entity interest** | | | | | |
| Reserves | 22 (a) | 839,101 | 758,973 | 839,836 | 759,653 |
| Retained earnings | 22 (d) | 1,020,337 | 947,225 | 960,585 | 882,250 |
| **Total equity** | | **1,859,438** | **1,706,198** | **1,800,421** | **1,641,903** |

(a) Certain balances have been restated. Refer to note 22 (e) for more information.

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 2017

| | Reserves $'000 | Retained earnings $'000 | Total $'000 |
|---|---|---|---|
| **Consolidated** | | | |
| **Balance at 1 January 2016** | 631,421 | 886,209 | 1,517,630 |
| Retrospective changes | – | (10,951) | (10,951) |
| **Balance as restated** | **631,421** | **875,258** | **1,506,679** |
| Net result | – | 72,149 | 72,149 |
| Exchange differences on translation of foreign operations | (36) | – | (36) |
| Gain/(loss) on revaluation of available for sale financial assets | 1,829 | – | 1,829 |
| Gain/(loss) on revaluation of property, plant and equipment | 123,407 | – | 123,407 |
| Gain/(loss) on cash flow hedges | 2,352 | – | 2,352 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | – | (182) | (182) |
| **Total comprehensive income** | **127,552** | **71,967** | **199,519** |
| **Balance at 31 December 2016** | **758,973** | **947,225** | **1,706,198** |
| **Balance at 1 January 2017** | **758,973** | **947,225** | **1,706,198** |
| Net result | – | 72,813 | 72,813 |
| Exchange differences on translation of foreign operations | (55) | – | (55) |
| Gain/(loss) on revaluation of available for sale financial assets | 5,174 | – | 5,174 |
| Gain/(loss) on revaluation of property, plant and equipment | 71,804 | – | 71,804 |
| Gain/(loss) on cash flow hedges | 3,205 | – | 3,205 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | – | 299 | 299 |
| **Total comprehensive income** | **80,128** | **73,112** | **153,240** |
| **Balance at 31 December 2017** | **839,101** | **1,020,337** | **1,859,438** |
| **Parent** | | | |
| **Balance at 1 January 2016** | 632,065 | 823,791 | 1,455,856 |
| Retrospective changes | – | (10,951) | (10,951) |
| **Balance as restated** | **632,065** | **812,840** | **1,444,905** |
| Net result | – | 69,592 | 69,592 |
| Exchange differences on translation of foreign operations | – | – | – |
| Gain/(loss) on revaluation of available for sale financial assets | 1,829 | – | 1,829 |
| Gain/(loss) on revaluation of property, plant and equipment | 123,407 | – | 123,407 |
| Gain/(loss) on cash flow hedges | 2,352 | – | 2,352 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | – | (182) | (182) |
| **Total comprehensive income** | **127,588** | **69,410** | **196,998** |
| **Balance at 31 December 2016** | **759,653** | **882,250** | **1,641,903** |
| **Balance at 1 January 2017** | 759,653 | 882,250 | 1,641,903 |
| Net result | – | 78,036 | 78,036 |
| Exchange differences on translation of foreign operations | – | – | – |
| Gain/(loss) on revaluation of available for sale financial assets | 5,174 | – | 5,174 |
| Gain/(loss) on revaluation of property, plant and equipment | 71,804 | – | 71,804 |
| Gain/(loss) on cash flow hedges | 3,205 | – | 3,205 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | – | 299 | 299 |
| **Total comprehensive income** | **80,183** | **78,335** | **158,518** |
| **Balance at 31 December 2017** | **839,836** | **960,585** | **1,800,421** |

Certain balances have been restated. Refer to note 22 (e) for more information. 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 2017

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Australian Government grants | 2.1 | 491,089 | 471,166 | 472,912 | 453,792 |
| OS-Help (net) | 33 | 3,096 | (97) | 3,096 | (97) |
| State government grants received | 2.2 | 3,045 | 2,631 | 3,045 | 2,529 |
| Local government grants received | 2.2 | 1,465 | 833 | 1,465 | 833 |
| HECS-HELP — student payments | | 19,311 | 20,026 | 19,311 | 20,026 |
| Receipts from student fees and other customers | | 550,023 | 467,185 | 490,998 | 403,846 |
| Dividends received | | – | – | – | – |
| Interest received | | 6,258 | 6,493 | 4,406 | 4,489 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (891,402) | (802,725) | (818,026) | (732,449) |
| Interest and other costs of finance | | (10,228) | (12,583) | (10,151) | (12,583) |
| Income taxes paid | | (51) | (84) | – | – |
| **Net cash provided by/(used in) operating activities** | 32 | **172,606** | **152,845** | **167,056** | **140,386** |
| **Cash flows from investing activities** | | | | | |
| Proceeds from sale of property, plant and equipment | 5 | 104 | 116 | 60 | 116 |
| Proceeds from sale of financial assets | | 94 | 146 | 94 | 146 |
| Payments for financial assets | | (681) | (228) | (681) | (228) |
| Payments for property, plant and equipment | | (188,287) | (108,661) | (183,829) | (97,768) |
| **Net cash provided by/(used in) investing activities** | | **(188,770)** | **(108,627)** | **(184,356)** | **(97,734)** |
| **Cash flows from financing activities** | | | | | |
| Proceeds from borrowings | | 298,146 | – | 298,146 | – |
| Repayment of borrowings | | (200,000) | (40,075) | (200,000) | (40,000) |
| Payment of capitalised borrowing costs | | (1,542) | (175) | (1,542) | (175) |
| Repayment of finance leases | | (5,166) | (4,338) | (5,166) | (4,338) |
| **Net cash provided by/(used in) financing activities** | | **91,438** | **(44,588)** | **91,438** | **(44,513)** |
| **Net increase/(decrease) in cash and cash equivalents** | | 75,274 | (370) | 74,138 | (1,861) |
| Cash and cash equivalents at the beginning of the financial year | | 190,197 | 190,567 | 114,475 | 116,336 |
| **Cash and cash equivalents at end of the financial year** | 9 | **265,471** | **190,197** | **188,613** | **114,475** |
| **Financing arrangements** | 18(b) | | | | |
| **Non-cash financing and investing activities** | 24 | | | | |

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

## 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied by all entities to all the years presented, unless otherwise stated. The financial statements includes separate financial statements for the University of Technology Sydney as an individual entity and the consolidated entity consisting of University of Technology Sydney and its subsidiaries.

The principal address of the University of Technology Sydney is 15 Broadway, Broadway NSW 2007.

The financial statements were authorised for issue by the Council of the University of Technology Sydney on 18 April 2018.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of:

- the Australian Accounting Standards including the Australian equivalents to the International Financial Reporting Standards (AIFRS)
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and AASB Interpretations
- the Financial Statements Guidelines for Australian Higher Education Providers for the 2017 Reporting Period issued by the Commonwealth Department of Education
- the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015
- the *Higher Education Support Act 2003*.

UTS is a not-for-profit entity and these financial statements have been prepared on an accrual accounting and going concern basis under the historical cost convention, modified by the revaluation at fair value of land and buildings, financial assets, derivative instruments and certain classes of plant and equipment.

#### Compliance with International Financial Reporting Standards

Australian Accounting Standards include Australian equivalents to the International Financial Reporting Standards (AIFRS) but also include some requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The financial statements and notes of the University of Technology Sydney comply with the Australian Accounting Standards as they apply to not-for-profit entities and hence are inconsistent with IFRS requirements in some instances.

#### Critical accounting estimates

The preparation of financial statements in conformity with the Australian equivalents to International Financial Reporting Standards, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University of Technology Sydney's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements, are the calculation of the defined superannuation benefits, land, buildings and building infrastructure, long service leave and annual leave.

Land, buildings and infrastructure have been valued based on fair value assessments by Colliers International having regard to the highest and best use of the assets as well as the fair value hierarchy within the standard. For properties that are non specialised, quoted unadjusted prices for identical assets in active markets have been used. For all other properties, land values are based on market value which is adjusted for condition, location and use if applicable. The added fair value of the buildings upon the land are calculated having regard to the depreciated replacement cost approach which in turn is compared with observable market evidence adjusted for differences in condition.

Annual leave and long service leave provisions have been valued based on actuarial assessments conducted by Deloitte Consulting Pty Limited. The major assumptions relate to future salary increases and the applicable discount rate. Future salary increases are based on the anticipated Senior Staff Agreement for 2018, the proposed UTS Academic Staff Agreement 2018 and the anticipated UTS Professional Staff Agreement for 2018. The proposed and anticipated salary increase for these agreements is two per cent. The discount rate used is based on yields reported by the Reserve Bank of Australia on zero-coupon Australian Government bonds. The estimates and underlying assumptions are reviewed on an ongoing basis. The unfunded superannuation liabilities recorded in the statement of financial position under provisions have been determined by the fund's actuary (refer note 25). The projected unit credit valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. Actuarial gains and losses are recognised immediately in the statement of comprehensive income in the year in which they occur.

### (b) Basis of consolidation

#### (i) Subsidiaries

The financial statements are for the University of Technology Sydney consolidated reporting entity consisting of:

- University of Technology Sydney
- Insearch Limited, a controlled entity of the university
- Insearch Shanghai Limited, a controlled entity of Insearch Limited
- Insearch Education International Pty Limited, a controlled entity of Insearch Limited
- accessUTS Pty Ltd, a controlled entity of the university
- Piivot Pty Ltd, a controlled entity of the university
- UTS Global Pty Ltd, a controlled entity of the university
- UTS Beijing Ltd, a controlled entity of UTS Global Pty Ltd.

The accounting policies adopted in preparing the financial statements have been consistently applied by entities in the consolidated entity except as otherwise indicated. The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated. Separate financial statements are prepared for the same period by the university's controlled entities, which are audited by the Auditor General of New South Wales.

Power over the investee exists when the group has existing rights that give it current ability to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

## (c) Foreign currency translation

### (i) Functional and presentation currency

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

### (ii) Transactions and balances

Foreign currency transactions are initially translated into Australian currency at the rate of exchange current at the date of transaction. At balance date, amounts payable and receivable in foreign currencies are translated to Australian currency at rates current at balance date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

### (iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

## (d) Revenue recognition

In accordance with AASB1004 *Contributions*, the operating and research grants provided by the government under the *Higher Education Support Act* 2003 are considered to be contributions of assets, or non-reciprocal transfers, and are therefore recognised in the year in which they are received. Payments from the Higher Education Trust Fund are considered to be revenue arising from the provision of a service and so have been treated as income in advance where they relate to the next reporting period.

Revenue from student fees is recognised for enrolments current as at the census date for each semester.

Investment income is recognised as it accrues.

Revenue from sales or the provision of services is recognised in the period in which the goods are supplied or the services provided.

Donations are accounted for on a cash basis.

## (e) Income tax

The parent entity, the University of Technology Sydney, is exempt from income tax under section 50-1 of the *Income Tax Assessment Act 1997*.

For the tax paying entities of the group, the income tax expense on revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities and their carrying amounts in the financial statements and for unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## (f) Leases

The university leases a range of assets and accounts for these as either operating or finance leases in accordance with the requirements of AASB117 *Leases*.

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at 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.

Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense in the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term. Operating lease commitments are recorded on a GST inclusive basis. Finance leases are recorded on a GST exclusive basis. Details of leased assets are provided in note 23.

The IASB issued IFRS 16 *Leases* with an effective date of 1 January 2019. Early adoption will be permitted for entities that also adopt IFRS 15 *Revenue from Contracts with Customers*. Management has not yet assessed the impact of IFRS 16.

## (g) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(h) **Impairment of assets**

Assets that have an infinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(i) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, cash at banks, term deposits and deposits at call.

(j) **Receivables**

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less provision for impairment.

Non-current receivables are recognised at fair value.

Collectability of trade receivables is reviewed on an ongoing basis. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts which are known to be uncollectible are written off to the income statement.

(k) **Inventories**

The university holds no inventory.

(l) **Non-current assets held for sale**

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

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the holding of assets classified as held for sale continue to be recognised.

(m) **Investments and other financial assets**

The group classifies its investments in the following categories:

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

The group's investments in managed funds are classified as financial assets at fair value through profit or loss. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. These assets are initially recognised at cost, being the fair value of the consideration given. They are subsequently recognised at fair value and gains or losses are recognised in the income statement.

(ii) **Available-for-sale financial assets**

Investments in listed securities have been classified as available-for-sale financial assets. These assets are initially recognised at cost including the acquisition charges associated with the investment, being the fair value of the consideration given. Available-for-sale financial assets are subject to review for impairment. Gains or losses on available-for-sale investments are recognised in equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

(iii) **Other financial assets**

Equity instruments that are not quoted in an active market have been classified as other financial assets and have been recognised at cost less impairment.

(n) **Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates derivatives as hedges of highly probable forecast transactions (cash flow hedges).

(i) **Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

A portion of the gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the balance sheet under property, plant and equipment as per the capitalisation election under AASB 123 *Borrowing Costs*.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

Details of the derivatives held by the group are disclosed in note 34.

(o) **Fair value measurement**

The fair value of financial assets and financial liabilities must be 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 assets and liabilities traded in active markets such as financial instruments traded in active markets, is based on quoted market prices at the balance sheet date (level 1).

(o) Fair value measurement (continued)

The fair value of assets or liabilities that are not traded in an active market (for example, defined benefit superannuation liabilities) 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 (level 2). Fair value measurement of non-financial assets is based on the highest and best use of the asset. The group considers market participants' use of, or purchase price of the asset, to be the highest and best use. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The value of long term debt instruments has been calculated using the amortised cost method.

Other techniques that are not based on observable market data (level 3) such as estimated discounted cash flows or cost, are used to determine fair value for the remaining assets and liabilities.

(p) Property, plant and equipment

(i) Initial recognition and measurement

Assets with a useful life of more than 12 months and an acquisition cost of more than $5000 are initially capitalised at cost. Costs incurred on plant and equipment which do not meet the capitalisation criteria are expensed as incurred. Following initial recognition at cost, land, buildings and works of art are carried at fair value. Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of revaluation less any subsequent accumulated depreciation on buildings.

The library collection is recorded at depreciated replacement cost.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

(ii) Revaluations

Independent valuations are performed with sufficient regularity or once every three years to ensure that the carrying amount does not differ materially from the asset's fair value at the balance date.

Revaluation surpluses have been credited to the asset revaluation reserve included in the equity section of the statement of financial position.

(iii) Depreciation

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

| Asset class | Depreciation rate (%) | Depreciation method |
|---|---|---|
| Buildings | 2.00 and 10 | Straight line |
| Building infrastructure | 4.00 | Straight line |
| Electrical installations | 4.00 | Straight line |
| Suspended ceilings | 5.00 | Straight line |
| Carpet and carpet tiles | 6.67 | Straight line |
| Motor vehicles | 20.00 | Straight line |
| Computer hardware | 20.00 | Straight line |
| Computer software — minor | 33.33 | Straight line |
| Computer software — major | 14.30 | Straight line |
| Office, teaching and research equipment | 10 to 25 | Straight line |
| Library collection | 12.50 | Straight line, 5% residual |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(iv) Leasehold improvements

Leasehold improvements are capitalised and amortised over the shorter of their useful life or the remaining life of the lease.

(v) Impairment

Property, plant and equipment assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(vi) Disposals

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

(q) Intangible assets

(i) Research and development

In accordance with the requirements of AASB 138 *Intangible Assets*, no intangible asset arising from research is recognised. Expenditure on research activities is recognised in the income statement as an expense when it is incurred.

The group has not incurred expenditure on development activities that meets the capitalisation criteria under AASB 138 *Intangible Assets* and hence has not recognised any intangible assets arising from development projects.

(ii) Software

Software that is not an integral part of the related hardware is classified as an intangible asset with a finite life. Amortisation is charged on a straight line basis at the rate of 14.30 per cent per annum.

(iii) Perpetual licences for online serials

The consolidated entity has purchased a number of licences that provide access to online serials in perpetuity. These assets are not subject to amortisation as they have an indefinite useful life but are tested annually for impairment.

(r) Unfunded superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs, now known as the Department of Education, the effects of the unfunded superannuation liabilities of the group were recorded in the income statement and the balance sheet for the first time in 1998. The previous practice had been to disclose these liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the statement of financial position under provisions have been determined by the fund's actuary (refer note 25). The projected unit credit valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. Actuarial gains and losses are recognised immediately in the statement of comprehensive income in the year in which they occur.

An arrangement exists between the Australian Government and the New South Wales Government to meet the unfunded liability for the group's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *Higher Education Funding Act 1988*, the *Higher Education Support Act 2003* (Cwlth) and a memorandum of understanding signed by the federal government and the New South Wales Government on 5 December 2014. Accordingly the unfunded liabilities have been recognised in the statement of financial position under provisions with a corresponding asset recognised under receivables. The recognition of both the asset and the liability consequently does not materially affect the year end net asset position of the group.

The university recognises a payroll tax liability on its unfunded superannuation liabilities which is not offset by a related receivable from the Federal and New South Wales governments. The university considers that there is a right to recover any payroll tax paid in future that relates to the unfunded superannuation liabilities under the Conditions of Grant for the *Higher Education Funding Act 1988*, the *Higher Education Support Act 2003* (Cwlth) and a memorandum of understanding signed by the federal government and the New South Wales State governments on 5 December 2014. No receivable for such amounts is recognised until recovery is considered virtually certain.

(s) Trade and other payables

Accounts payable, including accruals, represent liabilities for goods and services provided to the economic entity prior to the end of the 2017 reporting period. These amounts are usually settled on 30 day terms.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement through the amortisation process.

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

The university's borrowings comprise a bond ($300 million), revolving debt facility ($150 million) and lease liabilities. Details of the borrowings are listed in note 34. The previous revolving debt facility with the National Australia Bank (NAB) was terminated and replaced with two revolving debt facilities with the NAB ($75 million) and the Commonwealth Bank of Australia (CBA) ($75 million). As at 31 December 2017 there have been no drawdowns on the revolving debt facility.

(u) Borrowing costs

Borrowing costs except those incurred for the construction of any qualifying asset are expensed as per AASB 123 *Borrowing Costs*. Borrowing costs incurred for the construction of any qualifying assets are capitalised as per AASB 123 *Borrowing Costs*. For immaterial prepaid borrowing costs relating to qualifying assets, the university amortises the expense on a straight line basis, which is a departure from the standard. The amounts are regarded as immaterial and does not affect the operating result over the term of the loan. Finance charges in respect of finance leases are included in the definition of borrowing costs.

(v) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; that is, when it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at the Australian Government bond rate.

(w) Employee benefits

(i) Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables and provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Sick leave is included in salaries and wages when the sick leave is taken.

(ii) Long service leave and annual leave

The liability for long service leave and annual leave is calculated on a present value basis. This is done using the total nominal value, including on costs and allowing for known pay increases, of all leave accrued but not taken, including pre-conditional leave. This figure is then adjusted according to the staff profile and a factor designed to compensate for inflation and wage increases. Expected future payments are discounted using market yields at the reporting date on national government bonds. The group records long service leave and annual leave as a current liability when all conditions for settlement are met.

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.

The university in 2017 engaged Deloitte to conduct an actuarial assessment of the long service leave provision and annual leave provision to satisfy the requirements of AASB 119 *Employee Benefits*. The actuarial assessment for long service leave and annual leave updated the previous assessment conducted in 2016 by Deloitte.

(iii) Superannuation

Employees of the group are entitled to benefits on retirement, disability or death from the group's superannuation plans. The group has both defined contribution plans and defined benefit plans. The defined benefit plans provide employees with defined benefits based on years of service and final average salary.

Contributions to the superannuation funds are recognised in the income statement as an expense as they become payable.

The liability or asset in respect of the defined benefit plans is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) 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. Consideration is given to expected future salary levels, experience of employee departures and periods of service.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position. Past service costs are recognised in the income statement immediately. Contributions to the defined contribution section of the university's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

A liability or asset in respect of the defined benefit superannuation plan for UniSuper has not been recognised in the statement of financial position based on advice from UniSuper that the defined benefit plan is a contribution fund for the purposes of AASB119 due to the amendment of the trust deed during 2006 (clause 34 of the UniSuper Trust Deed). The plan has been classified as a contribution plan in the parent entity's accounts.

(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 those 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 an offer made to encourage voluntary redundancy.

(x) Joint ventures

For the consolidated entity financial statements, the interest in jointly controlled entities are accounted for using the equity method. Under this method, the share of the profits or losses of the joint venture is recognised in the income statement. In addition the share of movements in reserves are recognised in the statement of comprehensive income and the statement of changes in equity. Details of joint ventures are set out in note 14.

(y) Associates

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

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

Gains or losses resulting from 'upstream' and 'downstream' transactions, involving assets that do not constitute a business, are recognised in the consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Gains or losses resulting from the contribution of non-monetary assets in exchange for an equity interest are accounted for in the same method.

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

(z) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the costs of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(aa) Comparative amounts

Where necessary, the classifications of 2017 comparative figures have been adjusted to conform with the mandatory presentation for the current year. These reclassifications have no effect on the 2016 operating result (or the financial position) of the university.

**(ab) Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial 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 AASB137 *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.

**(ac) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting period. The recently issued or amended standards are not expected to have a material impact on the university's statutory accounts. The university has not exercised the right to early adopt any new or revised accounting standard.

**(ad) Changes in accounting policy**

There have been no changes to accounting policy in the 2017 year apart from the adoption of certain mandatory standards.

**(ae) Rounding of amounts**

Amounts in the financial statements where applicable have been rounded off to the nearest thousand dollars.

| | | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|---|
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **2. Revenue from continuing operations** | | | | | |
| **2.1 Australian Government financial assistance including Australian Government loan programs (HELP)** | | | | | |
| **(a) Commonwealth Grant Scheme and other grants** | 33.1 | | | | |
| Commonwealth Grant Scheme[1] | | 214,147 | 209,197 | 214,147 | 209,197 |
| Indigenous Student Success Program | | 1,410 | 871 | 1,410 | 871 |
| Access and Participation Fund | | 2,931 | 3,308 | 2,931 | 3,308 |
| Disability Performance Funding | | 381 | 382 | 381 | 382 |
| Promotion of Excellence in Learning and Teaching | | 111 | 1,173 | 111 | 1,173 |
| Australian Maths and Science Partnership Program | | – | 819 | – | 819 |
| **Total Commonwealth Grant Scheme and other grants** | | **218,980** | **215,750** | **218,980** | **215,750** |
| **(b) Higher education loan programs (HELP)** | 33.2 | | | | |
| HECS-HELP | | 152,787 | 144,294 | 152,787 | 144,294 |
| FEE-HELP | | 60,242 | 60,953 | 42,065 | 43,579 |
| SA-HELP | | 3,199 | 3,166 | 3,199 | 3,166 |
| **Total higher education loan programs** | | **216,228** | **208,413** | **198,051** | **191,039** |
| **(c) EDUCATION research** | 33.5 | | | | |
| Research Training Program[2] | | 16,686 | 16,355 | 16,686 | 16,355 |
| Research Support Program[3] | | 11,650 | 10,684 | 11,650 | 10,684 |
| **Total EDUCATION research grants** | | **28,336** | **27,039** | **28,336** | **27,039** |
| **(d) Australian Research Council** | 33.3 | | | | |
| Discovery | | 9,779 | 10,061 | 9,779 | 10,061 |
| Linkages | | 3,346 | 3,097 | 3,346 | 3,097 |
| Networks and centres | | 476 | 530 | 476 | 530 |
| Special research initiatives | | – | 13 | – | 13 |
| **Total ARC** | | **13,601** | **13,701** | **13,601** | **13,701** |

1. Includes the basic CGS grant amount, CGS — Regional Loading, CGS — Enabling Loading, and CGS — Special Advances from Future Years.
2. Research Training Program has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017. The 2016 data for the programs that have been replaced have been reported in the Research Training Program comparatives.
3. Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017. The 2016 data for the programs that have been replaced have been reported in the Research Support Program comparatives.

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **(e) Other capital funding** | 33.4 | | | | |
| Linkage Infrastructure, Equipment and Facilities grant | | 431 | 241 | 431 | 241 |
| **Total other capital funding** | | 431 | 241 | 431 | 241 |
| **(f) Other Australian Government financial assistance** | | | | | |
| **Non-capital** | | | | | |
| National Health and Medical Research Council | | 2,046 | 1,731 | 2,046 | 1,731 |
| Department of Education | | 1,721 | 1,032 | 1,721 | 1,032 |
| Cancer Australia | | 1,237 | 332 | 1,237 | 332 |
| Department of Health and Ageing | | 1,074 | 1,494 | 1,074 | 1,494 |
| CSIRO | | 742 | 845 | 742 | 845 |
| Monash University | | 535 | 484 | 535 | 484 |
| ARENA | | 428 | 1,291 | 428 | 1,291 |
| University of New South Wales | | 412 | 30 | 412 | 30 |
| Department of Foreign Affairs and Trade | | 393 | 645 | 393 | 645 |
| Other | | 2,699 | 3,178 | 2,699 | 3,178 |
| Total non-capital Other Australian Government financial assistance | | 11,287 | 11,062 | 11,287 | 11,062 |
| **Total Australian Government financial assistance** | | **488,863** | **476,206** | **470,686** | **458,832** |
| **Reconciliation** | | | | | |
| Australian Government grants (a+c+d+e+f) | | 272,635 | 267,793 | 272,635 | 267,793 |
| Higher education loan programs (b) | | 216,228 | 208,413 | 198,051 | 191,039 |
| **Total Australian Government financial assistance** | | **488,863** | **476,206** | **470,686** | **458,832** |
| **(g) Australian Government grants received — cash** | | | | | |
| CGS and other EDUCATION grants | | 220,488 | 214,534 | 220,488 | 214,534 |
| Higher education loan programs | | 218,354 | 205,995 | 200,177 | 188,621 |
| EDUCATION research | | 28,336 | 27,039 | 28,336 | 27,039 |
| ARC grants | | 12,174 | 12,536 | 12,174 | 12,536 |
| Other capital funding | | 450 | – | 450 | – |
| Other Australian Government grants | | 11,287 | 11,062 | 11,287 | 11,062 |
| **Total Australian Government grants received — cash basis** | | **491,089** | **471,166** | **472,912** | **453,792** |
| OS-HELP (net) | | 8,525 | 6,938 | 8,525 | 6,938 |
| **Total Australian Government funding received — cash basis** | | **499,614** | **478,104** | **481,437** | **460,730** |
| **2.2 State and local government financial assistance** | | | | | |
| **Non-capital** | | | | | |
| New South Wales State Government | | 2,423 | 1,809 | 2,423 | 1,707 |
| Other state governments | | 622 | 72 | 622 | 72 |
| Local government | | 1,465 | 833 | 1,465 | 833 |
| Total non-capital | | 4,510 | 2,714 | 4,510 | 2,612 |
| **Capital** | | | | | |
| New South Wales State Government | | – | 750 | – | 750 |
| Total capital | | – | 750 | – | 750 |
| **Total state and local government financial assistance** | | **4,510** | **3,464** | **4,510** | **3,362** |

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **2.3 Fees and charges** | | | | | |
| **Course fees and charges** | | | | | |
| Fee-paying onshore overseas students | | 369,780 | 302,638 | 298,944 | 236,792 |
| Fee-paying offshore overseas students | | 3,718 | 3,707 | 3,718 | 3,707 |
| Continuing education | | 4,565 | 4,283 | 3,168 | 2,818 |
| Fee-paying domestic postgraduate students | | 15,609 | 13,275 | 15,609 | 13,275 |
| Fee-paying domestic undergraduate students | | 779 | 832 | 779 | 832 |
| Other domestic course fees and charges | | 27,639 | 23,411 | 25,465 | 22,609 |
| **Total course fees and charges** | | **422,090** | **348,146** | **347,683** | **280,033** |
| **Other non-course fees and charges** | | | | | |
| Library charges | | 495 | 341 | 1,834 | 1,655 |
| Student accommodation charges | | 3,208 | 2,582 | – | – |
| Student services and amenities fee from students | 33.8 | 6,331 | 5,810 | 6,331 | 5,810 |
| Medical fees | | 975 | 933 | 1,026 | 973 |
| English testing centre | | 804 | 925 | 804 | 925 |
| Other fees and charges | | 490 | 623 | – | – |
| **Total other non-course fees and charges** | | **12,303** | **11,214** | **9,995** | **9,363** |
| **Total fees and charges** | | **434,393** | **359,360** | **357,678** | **289,396** |
| **2.4 Investment revenue and other investment income** | | | | | |
| Interest | | 6,467 | 6,780 | 4,788 | 4,958 |
| **Total investment revenue** | | **6,467** | **6,780** | **4,788** | **4,958** |
| Net gain/(loss) arising on financial assets designated at fair value through profit or loss | | 1,344 | 874 | 1,344 | 874 |
| **Total other investment income/(loss)** | | **1,344** | **874** | **1,344** | **874** |
| **Total investment income** | | **7,811** | **7,654** | **6,132** | **5,832** |
| **2.5 Royalties, trademarks and licences** | | 108 | 120 | 105 | 114 |
| **2.6 Consultancy and contracts** | | | | | |
| Contract research | | 25,618 | 20,533 | 25,618 | 20,533 |
| Consultancy | | 4,241 | 5,542 | 4,329 | 5,045 |
| **Total consultancy and contracts** | | **29,859** | **26,075** | **29,947** | **25,578** |
| **2.7 Other revenue and income** | | | | | |
| **Other revenue** | | | | | |
| Contribution from Insearch Limited | | – | – | 17,753 | 7,695 |
| Donations and bequests | | 5,958 | 10,235 | 5,959 | 10,235 |
| Foreign exchange gain/(loss) (net) (note (a)) | | (634) | (898) | (534) | (817) |
| Non-government grants | | 3,672 | 1,699 | 3,672 | 1,699 |
| Scholarships and prizes | | 4,592 | 3,958 | 4,671 | 3,998 |
| Services | | 2,486 | 2,908 | 2,541 | 2,932 |
| Sponsorships | | 1,891 | 1,998 | 1,941 | 2,048 |
| Other | | 5,204 | 5,249 | 5,632 | 5,308 |
| **Total other revenue** | | **23,169** | **25,149** | **41,635** | **33,098** |

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **Other income** | | | | | |
| Hire and rental | | 20,480 | 20,183 | 22,356 | 22,197 |
| Profit/(loss) on sale of shares | | (380) | – | (380) | – |
| Contributions for salary from other entities | | 1,009 | 696 | 1,272 | 899 |
| Sale of goods | | 309 | 376 | 309 | 493 |
| **Total other income** | | **21,418** | **21,255** | **23,557** | **23,589** |
| **Total other revenue and income** | | **44,587** | **46,404** | **65,192** | **56,687** |
| **(a) Net foreign exchange gain/(loss)** | | | | | |
| Net foreign exchange gains included in other income for the year | | (634) | (898) | (534) | (817) |
| Net foreign exchange gains/losses recognised in operating result before income tax for the year (as either other revenue or expense) | | (634) | (898) | (534) | (817) |

## 3. Expenses from continuing operations

### 3.1 Employee related expenses

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **Academic** | | | | | |
| Salaries | | 221,956 | 199,061 | 201,938 | 180,705 |
| Contributions to superannuation and pension schemes | | | | | |
| Contributions to funded schemes | | 33,928 | 30,042 | 32,037 | 28,335 |
| Contributions to unfunded schemes | | – | – | | – |
| Payroll tax | | 15,343 | 13,121 | 14,019 | 11,866 |
| Workers' compensation | | 924 | 478 | 861 | 403 |
| Long service leave expense | | 2,762 | 6,355 | 2,661 | 5,896 |
| Annual leave | | 13,611 | 12,134 | 13,565 | 11,997 |
| **Total academic** | | **288,524** | **261,191** | **265,081** | **239,202** |
| **Non-academic** | | | | | |
| Salaries | | 205,828 | 188,579 | 184,018 | 169,292 |
| Contributions to superannuation and pension schemes | | | | | |
| Contributions to funded schemes | | 29,736 | 27,210 | 28,002 | 25,677 |
| Contributions to unfunded schemes | | – | – | | – |
| Payroll tax | | 13,523 | 12,097 | 12,523 | 11,171 |
| Workers' compensation | | 844 | 440 | 776 | 365 |
| Long service leave expense | | 1,984 | 5,743 | 1,749 | 5,368 |
| Annual leave | | 13,617 | 12,687 | 13,397 | 12,403 |
| Other | | – | – | – | – |
| **Total non-academic** | | **265,532** | **246,756** | **240,465** | **224,276** |
| **Total employee related expenses** | | **554,056** | **507,947** | **505,546** | **463,478** |
| Deferred superannuation expense | 25 | 104 | 58 | 104 | 58 |
| **Total employee related expenses, including deferred government employee benefits for superannuation** | | **554,160** | **508,005** | **505,650** | **463,536** |

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **3.2 Depreciation and amortisation** | | | | | |
| **Depreciation property, plant and equipment** | | | | | |
| Buildings | | 25,057 | 24,437 | 25,057 | 24,437 |
| Infrastructure | | 22,124 | 21,921 | 22,124 | 21,921 |
| Equipment | | 24,524 | 20,497 | 20,040 | 16,953 |
| Library collection | | 1,828 | 2,003 | 1,828 | 2,003 |
| Motor vehicles | | 215 | 238 | 129 | 155 |
| Total depreciation property, plant and equipment | | 73,748 | 69,096 | 69,178 | 65,469 |
| **Amortisation property, plant and equipment** | | | | | |
| Leasehold improvements | | 836 | 598 | 836 | 598 |
| Plant and equipment under finance leases | | 4,820 | 3,970 | 4,820 | 3,961 |
| Total amortisation property, plant and equipment | | 5,656 | 4,568 | 5,656 | 4,559 |
| **Total depreciation and amortisation property, plant and equipment** | | **79,404** | **73,664** | **74,834** | **70,028** |
| **Amortisation intangibles** | | | | | |
| Software | | 7,648 | 7,259 | 6,989 | 6,569 |
| Licences perpetual | | 240 | 141 | 240 | 141 |
| Patents and trademarks | | 629 | 628 | – | – |
| Total amortisation intangibles | | 8,517 | 8,028 | 7,229 | 6,710 |
| **Total depreciation and amortisation** | | **87,921** | **81,692** | **82,063** | **76,738** |
| **3.3 Repairs and maintenance** | | | | | |
| Buildings | | 10,839 | 10,869 | 10,839 | 10,869 |
| Plant and equipment | | 4,380 | 3,468 | 4,030 | 3,128 |
| **Total repairs and maintenance** | | **15,219** | **14,337** | **14,869** | **13,997** |
| **3.4 Impairment of assets** | | | | | |
| Bad debts | | 92 | 195 | 392 | 117 |
| Increase/(decrease) in provision for doubtful debts | | (26) | 313 | (34) | 197 |
| **Total impairment of assets** | | **66** | **508** | **358** | **314** |
| **3.5 Other expenses** | | | | | |
| Advertising, marketing and promotional expenses | | 11,868 | 9,801 | 6,208 | 6,277 |
| Building rent and rates | | 13,086 | 9,895 | 5,350 | 3,097 |
| Cleaning | | 9,519 | 9,312 | 8,883 | 8,790 |
| Consultancy | | 20,253 | 19,337 | 18,099 | 16,186 |
| Contributions other | | 9,149 | 9,399 | 9,549 | 9,864 |
| Contributions research | | 4,972 | 6,562 | 4,972 | 6,562 |
| Entertainment | | 6,160 | 5,632 | 5,902 | 5,288 |
| Fees and subscriptions | | 54,542 | 45,425 | 62,093 | 53,567 |
| Heating and lighting | | 9,617 | 7,333 | 9,227 | 6,952 |
| Insurance | | 2,924 | 3,212 | 2,731 | 3,050 |

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|---|
| | | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Laboratory supplies | | 5,115 | 4,482 | 5,115 | 4,482 |
| Software maintenance | | 13,716 | 10,094 | 12,297 | 8,788 |
| Minimum lease payments on operating lease rental expenses | | 2,836 | 1,866 | 2,779 | 1,686 |
| Non-capitalised equipment | | 7,163 | 6,580 | 6,921 | 6,457 |
| Other expenses | | 12,657 | 10,594 | 11,924 | 10,146 |
| Postage | | 572 | 533 | 400 | 291 |
| Printing | | 1,457 | 1,383 | 934 | 804 |
| Scholarships, grants and prizes | | 36,944 | 30,370 | 35,798 | 29,288 |
| Security contract staff | | 6,489 | 5,900 | 5,905 | 5,285 |
| Stationery | | 1,591 | 1,349 | 1,583 | 1,345 |
| Telecommunications | | 3,394 | 3,339 | 2,892 | 2,803 |
| Travel and related staff development and training | | 23,827 | 20,398 | 20,510 | 17,675 |
| Tuition fees | | 31,517 | 23,227 | 21,760 | 14,741 |
| **Total other expenses** | | **289,368** | **246,023** | **261,832** | **223,424** |

## 4. Borrowing costs

| | | | | |
|---|---|---|---|---|
| Interest | 12,673 | 12,391 | 12,596 | 12,391 |
| Finance charges in respect of finance leases | 365 | 359 | 365 | 308 |
| | 13,038 | 12,750 | 12,961 | 12,699 |
| Less: amount capitalised | (2,525) | (448) | (2,525) | (448) |
| **Total borrowing costs expensed** | **10,513** | **12,302** | **10,436** | **12,251** |

## 5. Sales of assets

| | | | | |
|---|---|---|---|---|
| **Proceeds from sale** | | | | |
| Property, plant and equipment | 104 | 116 | 60 | 116 |
| **Less carrying amount of assets sold** | | | | |
| Property, plant and equipment | 406 | 570 | 377 | 91 |
| Total carrying amount of assets | 406 | 570 | 377 | 91 |
| **Net gain or (loss) on sale of assets** | **(302)** | **(454)** | **(317)** | **25** |

### (a) Net gain on disposal of property, plant and equipment

The consolidated net loss on disposal of property, plant and equipment in 2017 includes a loss of $54,187 (2016: $5074) on disposal of buildings.

| | | | | |
|---|---|---|---|---|
| **6. Income tax** | 57 | 108 | – | – |

The income tax expense includes tax liabilities for overseas entities in China.

## 7. Key management personnel disclosures

### (a) Names of responsible persons and executive officers

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

**University**

| | |
|---|---|
| Ms Catherine Livingstone, AO | Professor Anthony Dooley |
| Professor Sally Varnham | Dr Ron Sandland, AM |
| Ms Michelene Collopy | Mr Russell Taylor, AM |
| Mr Tony Tobin | Mr Peter Bennett |
| Mr Daniel Willis | Mr Brett Clegg (commenced October 2017) |
| Professor Attila Brungs | Dr Merilyn Sleigh |
| Mr Robert Kelly | Associate Professor Joanne Gray |
| Mr Brian Wilson, AO | Dr John Laker, AO |
| Mr Bikay Sapkota | Mr Michael Rosser |

**Insearch Limited**

| | |
|---|---|
| Mr Jonathan Hutchison, AM (ended November 2017) | Ms Dianne Hill (ended March 2017) |
| Professor William Purcell | Emeritus Professor Ross Milbourne, AO |
| Mr Peter Bennett | Professor Mary Spongberg |
| Professor Attila Brungs | Mr G Freeland (commenced March 2017) |
| Ms Anne Dwyer | Ms N Anderson (commenced November 2017) |

**accessUTS Pty Limited**

| | |
|---|---|
| Patrick Woods (commenced October 2017) | Professor David Robson (ended December 2017) |
| Mr Blair McRae (ended September 2017) | Associate Professor Paul Jonson |
| Professor John Daly | Ms Dianne Hill |

**UTS Global Pty Limited**

| | |
|---|---|
| Mr Patrick Woods | Professor Roy Green |
| Professor William Purcell | |

**Piivot Pty Ltd**

| | |
|---|---|
| Mr Patrick Woods | Mr Mark Leigh |
| Ms Catherine Meagher | |

### (b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the university during the financial year:

**University**

| | |
|---|---|
| Professor Peter Booth | Professor William Purcell |
| Ms Anne Dwyer | Mr Patrick Woods |
| Professor Shirley Alexander | Professor Glen Wightwick |
| Professor Attila Brungs | Professor Andrew Parfitt |

**Insearch Limited**

| | |
|---|---|
| Mr Timothy Laurence | Ms Carol Churches |
| Ms Belinda Howell | Mr Nathan Patrick |
| Mr Alex Murphy | Ms S Chatterjee |
| Mr Peter Harris | |

**accessUTS Pty Limited**

Mr Blair McRae (ended September 2017)

| | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **(c) Remuneration of board members and executives** | | | | |
| The university's responsible persons do not receive any remuneration in respect of their work as members of Council. | | | | |
| **Remuneration of board members** | | | | |
| $0 to $9,999 | 1 | – | – | – |
| $10,000 to $19,999 | 1 | – | – | – |
| $50,000 to $59,999 | 2 | – | – | – |
| $60,000 to $69,999 | 1 | 3 | – | – |
| $100,000 to $109,999 | 1 | 1 | – | – |
| | 6 | 4 | – | – |
| **Remuneration of executive officers** | | | | |
| $100,000 to $109,999 | – | 1 | – | – |
| $270,000 to $279,999 | – | 1 | – | – |
| $280,000 to $289,999 | 2 | – | – | – |
| $300,000 to $309,999 | – | 1 | – | – |
| $330,000 to $339,999 | 1 | 1 | – | – |
| $340,000 to $349,999 | – | 1 | – | – |
| $350,000 to $359,999 | 1 | 1 | – | – |
| $370,000 to $379,999 | 2 | – | – | – |
| $440,000 to $449,999 | – | 1 | – | – |
| $480,000 to $489,999 | 1 | 2 | – | 2 |
| $490,000 to $499,999 | 2 | – | 2 | – |
| $500,000 to $509,999 | – | 1 | – | 1 |
| $520,000 to $529,999 | 1 | – | 1 | – |
| $540,000 to $549,999 | 1 | – | 1 | – |
| $570,000 to $579,999 | – | 1 | – | 1 |
| $580,000 to $589,999 | 1 | – | 1 | – |
| $590,000 to $599,999 | – | 1 | – | 1 |
| $610,000 to $619,999 | 1 | 1 | 1 | 1 |
| $670,000 to $679,999 | 1 | – | 1 | – |
| $980,000 to $989,999 | – | 1 | – | 1 |
| $1030,000 to $1039,999[1] | 1 | – | 1 | – |
| | 15 | 14 | 8 | 7 |
| **Key management personnel compensation** | | | | |
| Short-term employee benefits | 7,757,809 | 6,712,840 | 4,968,809 | 4,256,840 |
| Post-employment benefits | – | – | – | – |
| | 7,757,809 | 6,712,840 | 4,968,809 | 4,256,840 |

1. These figures include amounts dedicated to the provision of student scholarships as a component of the total package.

| | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **8. Remuneration of auditors** | | | | |
| Fees paid to Audit Office of New South Wales for audit and review of financial statements | 416 | 392 | 276 | 255 |
| Fees paid to non-audit firms for the audit or review of financial statements of any entity in the consolidated group | 250 | 146 | – | – |
| **Total remuneration for audit services** | **666** | **538** | **276** | **255** |
| **9. Cash and cash equivalents** | | | | |
| Cash at bank and on hand | 8,920 | 12,116 | 760 | 870 |
| Short-term deposits at call | 60,551 | 68,081 | 57,853 | 63,605 |
| Fixed-term deposits | 196,000 | 110,000 | 130,000 | 50,000 |
| **Total cash and cash equivalents** | **265,471** | **190,197** | **188,613** | **114,475** |
| **(a) Reconciliation to cash at the end of the year** | | | | |
| The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows: | | | | |
| balances as above | 265,471 | 190,197 | 188,613 | 114,475 |
| less: bank overdrafts | – | – | – | – |
| **Balance as per statement of cash flows** | **265,471** | **190,197** | **188,613** | **114,475** |
| **(b) Cash at bank and on hand** | | | | |
| Cash at bank are interest bearing with interest rates ranging between 0.1% and 1.65% (2016: 0.10% and 1.40%). Cash on hand are non-interest bearing. | | | | |
| **(c) Short-term deposits at call and term deposits** | | | | |
| The deposits at call are bearing floating interest rates between 0% and 2% (2016: 0% and 2%). Term deposits are interest bearing with rates ranging between 1.53% and 2.50%. Term deposits are able to be recalled by providing 31 days notice. | | | | |
| **10. Receivables** | | | | |
| **Current** | | | | |
| Trade debtors — other | 25,946 | 21,341 | 25,222 | 18,064 |
| less: provision for impaired receivables | (380) | (326) | (418) | (315) |
| | 25,566 | 21,015 | 24,804 | 17,749 |
| Trade debtors — student | 1,841 | 2,260 | 1,656 | 2,073 |
| less: provision for impaired receivables | (750) | (861) | (619) | (756) |
| | 1,091 | 1,399 | 1,037 | 1,317 |
| | 26,657 | 22,414 | 25,841 | 19,066 |
| Amounts receivable from wholly owned subsidiaries | | | | |
| Insearch Limited | – | – | 982 | 511 |
| accessUTS Pty Limited | – | – | 1,216 | 1,115 |
| UTS Global Pty Ltd | – | – | 7 | 26 |
| Piivot Pty Ltd | – | – | 105 | 404 |
| Amounts receivable from related entities | | | | |
| Sydney Educational Broadcasting Limited | 627 | 645 | 627 | 645 |
| **Total current receivables** | **27,284** | **23,059** | **28,778** | **21,767** |

| | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Non-current** | | | | |
| Deferred government contribution for superannuation | 597,142 | 601,629 | 597,142 | 601,629 |
| Total non-current receivables | 597,142 | 601,629 | 597,142 | 601,629 |
| **Total trade and other receivables** | **624,426** | **624,688** | **625,920** | **623,396** |
| As at 31 December 2017, receivables of $26,860,000 (2016: $22,347,000) were past due but not impaired. These relate to student and customers where payment is anticipated and there is no recent history of default. | | | | |
| The ageing of these receivables is as follows: | | | | |
| 0 to 6 months | 26,689 | 20,598 | 28,120 | 21,055 |
| 6 to 12 months | 165 | 1,749 | 165 | – |
| Over 12 months | 6 | – | 6 | – |
| Total unimpaired receivables | 26,860 | 22,347 | 28,291 | 21,055 |
| **(a) Impaired receivables** | | | | |
| As at 31 December 2017 current receivables of the group with a nominal value of $1,554,000 (2016: $1,899,000) were impaired. The amount of the provision was $1,130,000 (2016: $1,187,000). The nominal impaired receivables includes a 100% provision for $941,000. It is anticipated that a portion of the impaired receivables will be recovered. The impaired receivables for the parent entity are $1,524,000 (2016: $1,783,000) with the amount of the provision being $1,037,000 (2016: $1,071,000). | | | | |
| The ageing of these receivables is as follows: | | | | |
| 0 to 6 months | 817 | 273 | 791 | 178 |
| 6 to 12 months | 138 | 1,449 | 134 | 1,428 |
| Over 12 months | 599 | 177 | 599 | 177 |
| Total current impaired receivables | 1,554 | 1,899 | 1,524 | 1,783 |
| Movements in the provision for impaired receivables are as follows: | | | | |
| At 1 January | 1,187 | 940 | 1,071 | 874 |
| Provision for impairment recognised during the year | 66 | 508 | 358 | 314 |
| Receivables written off during the year as uncollectible | (92) | (195) | (392) | (117) |
| Unused amounts reversed | (31) | (66) | – | – |
| At 31 December | 1,130 | 1,187 | 1,037 | 1,071 |

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

| | | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|---|
| | | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **(b) Foreign exchange and interest rate risk** | | | | | |
| The carrying amounts of the group's and parent entity's current and non-current receivables, excluding impairments, are denominated in the following currencies: | | | | | |
| Currency: | | | | | |
| AUD | | 622,737 | 622,288 | 624,138 | 620,880 |
| CNY | | 1,471 | 3,192 | 1,471 | 3,192 |
| KRW | | 12 | – | 12 | – |
| GBP | | 42 | 21 | 42 | 21 |
| EUR | | 186 | 9 | 186 | 9 |
| USD | | 701 | 189 | 701 | 189 |
| NZD | | – | 13 | – | 13 |
| HKD | | 149 | 163 | 149 | 163 |
| CAD | | 258 | – | 258 | – |
| | | 625,556 | 625,875 | 626,957 | 624,467 |
| Current receivables | | 28,414 | 24,246 | 29,815 | 22,838 |
| Non-current receivables | | 597,142 | 601,629 | 597,142 | 601,629 |
| | | 625,556 | 625,875 | 626,957 | 624,467 |

## 11. Other financial assets

| | | | | | |
|---|---|---|---|---|---|
| **Current** | | | | | |
| **Other financial assets at fair value through profit or loss** | | | | | |
| Managed funds — New South Wales Treasury Corporation | 34(d) | 14,132 | 12,238 | 14,132 | 12,238 |
| Total current other financial assets at fair value through profit or loss | | 14,132 | 12,238 | 14,132 | 12,238 |
| **Total current other financial assets** | | **14,132** | **12,238** | **14,132** | **12,238** |
| **Non-current** | | | | | |
| **Available-for-sale financial assets** | | | | | |
| Unlisted shares | | 16,201 | 11,027 | 16,201 | 11,027 |
| **Total non-current available-for-sale financial assets** | | **16,201** | **11,027** | **16,201** | **11,027** |
| **Other financial assets at cost** | | | | | |
| Shares in subsidiaries | | – | – | 185 | 185 |
| Shares in other entities | | 677 | 677 | 677 | 677 |
| Interest in joint venture partnerships and investment in associates | | 440 | – | 3,450 | 3,830 |
| Other unlisted securities — security deposits | | 141 | 92 | – | – |
| **Total non-current other financial assets at cost** | | **1,258** | **769** | **4,312** | **4,692** |
| **Total non-current other financial assets** | | **17,459** | **11,796** | **20,513** | **15,719** |

Changes in fair values of other financial assets at fair value through profit or loss are recorded in investment income in the income statement.

(a) **Investments in related parties**

Refer to note 14 and note 28 for information on the carrying amount of investments in subsidiaries, joint ventures and associates.

(b) **Fair value**

Refer note 34 for a comparison between fair value and carrying amount for the above other financial assets.

(c) **Risk exposure**

Other financial assets are denominated in Australian dollars therefore there is no exposure to foreign currency risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets. The university has made provision for impairment for assets where the carrying amount is above their fair value.

| | | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|---|
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **12. Other non-financial assets** | | | | | |
| **Current** | | | | | |
| Accrued income | | 3,159 | 3,102 | 3,009 | 2,928 |
| Prepayments | | 20,335 | 17,391 | 15,551 | 12,292 |
| Total current other non-financial assets | | 23,494 | 20,493 | 18,560 | 15,220 |
| **Non-current** | | | | | |
| Prepayments | | 1,431 | 874 | 1,431 | 874 |
| Prepaid rent | | 13,619 | 6,744 | 13,619 | 6,744 |
| Total non-current other non-financial assets | | 15,050 | 7,618 | 15,050 | 7,618 |
| **Total other non-financial assets** | | **38,544** | **28,111** | **33,610** | **22,838** |

## 13. Non-current assets classified as held for sale

There are no non-current assets classified as held for sale at 31 December 2017 (31 December 2016: $0)

| | | | | | |
|---|---|---|---|---|---|
| **14. Investments accounted for using the equity method** | | | | | |
| Investments in associates | | 1,335 | 1,613 | – | – |
| Investments in joint ventures | | 3,536 | 3,585 | – | – |
| **Total investments accounted for using the equity method** | | **4,871** | **5,198** | **–** | **–** |
| **(a) Reconciliation** | | | | | |
| Balance at 1 January | | 5,198 | 9,322 | – | – |
| Share of profit/(loss) for the year | | 977 | (3,731) | – | – |
| Dividends | | (494) | (555) | – | – |
| Foreign currency translation | | (43) | (21) | – | – |
| Additional equity income | | 53 | 65 | – | – |
| Add additional shares in associate | | – | 118 | – | – |
| Disposal of joint venture | | (380) | – | | |
| Joint venture reclassified | | (440) | – | – | – |
| **Balance at 31 December** | | **4,871** | **5,198** | **–** | **–** |

- Cicada Innovations Pty Ltd (formerly Australian Technology Park Innovation Proprietory Limited (ATPI)) has a reporting date of 30 June 2017. The university has relied on the statutory accounts to the 30 June 2017 for Cicada Innovations Pty Ltd.
- In 2016, Cicada Innovations Pty Ltd results included a correction of a prior period error of $15.6m (UTS share $3.9m) due to the reversal of a previously recognised fair value revaluation on an investment property that was leased by Cicada Innovations Pty Ltd. The university has recognised this loss during the 2016 financial year as the amount is deemed not material for the economic entity.
- Rugby Australia House Pty Ltd, a joint venture between the University of Technology Sydney and the Australian Rugby Union Ltd, was established in December 2015 to construct a building on land owned by the SCG Trust. The building was completed in 2017 and is owned by the SCG Trust and, in recognition of receipt of the building, the SCG Trust has provided leased premises within the building to the university at reduced rates for a minimum of 25 years.
- Sabre Autonomous Solutions Pty Ltd has a reporting date of 30 June 2017. The university has relied on the statutory accounts to the 30 June 2017 for Sabre Autonomous Solutions Pty Ltd.

**(b) Individually immaterial joint ventures or associates**

The university's joint ventures and associates are regarded as financially immaterial and are therefore aggregated.

| | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Aggregate carrying amount of interests in joint ventures and associates accounted for using the equity method that are not individually material in the consolidated financial statements: | | | | |
| Profit/(loss) from continuing operations | 977 | (3,731) | – | – |
| Profit/(loss) from continuing operations after income tax | 977 | (3,731) | – | – |
| Other comprehensive income | – | – | – | – |
| Total comprehensive income | 977 | (3,731) | – | – |
| Total share of profit or loss on investments accounted for using the equity method | 977 | (3,731) | – | – |

**(c) Contingent liabilities relating to joint ventures**

No material losses are anticipated in respect to contingent liabilities.

**(d) Restrictions**

Joint venture and associates that are limited by guarantee companies and, where the university is a member, are unable to pay dividends or repay capital upon liquidation.

## 15. Property, plant and equipment

| | Construction in progress $'000 | Land $'000 | Buildings $'000 | Infrastructure $'000 | Plant and equipment[1] $'000 | Leasehold improvements $'000 | Leased plant and equipment $'000 | Library $'000 | Other property, plant and equipment[2] $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Consolidated** | | | | | | | | | | |
| **At 1 January 2016** | | | | | | | | | | |
| cost | 20,864 | – | – | – | 210,004 | 1,687 | 13,121 | – | – | 245,676 |
| valuation | – | 445,147 | 1,244,709 | 531,656 | – | – | – | 108,114 | 2,530 | 2,332,156 |
| Accumulated depreciation and impairment | – | – | (445,683) | (207,598) | (118,659) | (768) | (6,240) | (94,055) | – | (873,003) |
| Net book amount | 20,864 | 445,147 | 799,026 | 324,058 | 91,345 | 919 | 6,881 | 14,059 | 2,530 | 1,704,829 |
| **Year ended 31 December 2016** | | | | | | | | | | |
| Opening net book amount | 20,864 | 445,147 | 799,026 | 324,058 | 91,345 | 919 | 6,881 | 14,059 | 2,530 | 1,704,829 |
| Revaluation surplus/(deficit) | – | 67,258 | 44,300 | 11,751 | – | – | – | – | 98 | 123,407 |
| Additions | 27,887 | 73 | 29,560 | 11,973 | 41,697 | 335 | 5,294 | 1,452 | 197 | 118,468 |
| Assets included in a disposal group classified as held for sale and other disposals | – | – | (3) | (2) | (428) | – | (5) | (2) | – | (440) |
| Depreciation charge | – | – | (24,437) | (21,921) | (20,735) | (598) | (3,970) | (2,003) | – | (73,664) |
| Closing net book amount | 48,751 | 512,478 | 848,446 | 325,859 | 111,879 | 656 | 8,200 | 13,506 | 2,825 | 1,872,600 |

| | Construction in progress $'000 | Land $'000 | Buildings $'000 | Infrastructure $'000 | Plant and equipment[1] $'000 | Leasehold improvements $'000 | Leased plant and equipment $'000 | Library $'000 | Other property, plant and equipment[2] $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 31 December 2016** | | | | | | | | | | |
| cost | 48,751 | – | – | – | 245,780 | 2,023 | 15,234 | – | – | 311,788 |
| valuation | – | 512,478 | 1,226,798 | 509,523 | – | – | – | 109,548 | 2,825 | 2,361,172 |
| Accumulated depreciation and impairment | – | – | (378,352) | (183,664) | (133,901) | (1,367) | (7,034) | (96,042) | – | (800,360) |
| Net book amount | 48,751 | 512,478 | 848,446 | 325,859 | 111,879 | 656 | 8,200 | 13,506 | 2,825 | 1,872,600 |
| **Year ended 31 December 2017** | | | | | | | | | | |
| Opening net book amount | 48,751 | 512,478 | 848,446 | 325,859 | 111,879 | 656 | 8,200 | 13,506 | 2,825 | 1,872,600 |
| Revaluation surplus/(deficit) | – | 26,469 | 31,507 | 13,909 | – | – | – | – | (81) | 71,804 |
| Additions | 74,583 | 4,506 | 29,973 | 14,853 | 37,426 | 18,322 | 5,995 | 1,311 | 48 | 187,017 |
| Assets included in a disposal group classified as held for sale and other disposals | – | – | (54) | (1) | (349) | – | – | (2) | – | (406) |
| Depreciation charge | – | – | (25,057) | (22,124) | (24,739) | (836) | (4,820) | (1,828) | – | (79,404) |
| Closing net book amount | 123,334 | 543,453 | 884,815 | 332,496 | 124,217 | 18,142 | 9,375 | 12,987 | 2,792 | 2,051,611 |
| **At 31 December 2017** | | | | | | | | | | |
| cost | 123,334 | – | – | – | 279,855 | 19,310 | 16,877 | – | – | 439,376 |
| valuation | – | 543,453 | 1,309,633 | 544,071 | – | – | – | 110,856 | 2,792 | 2,510,805 |
| Accumulated depreciation and impairment | – | – | (424,818) | (211,575) | (155,638) | (1,168) | (7,502) | (97,869) | – | (898,570) |
| **Net book amount** | **123,334** | **543,453** | **884,815** | **332,496** | **124,217** | **18,142** | **9,375** | **12,987** | **2,792** | **2,051,611** |
| **Parent entity** | | | | | | | | | | |
| **At 1 January 2016** | | | | | | | | | | |
| cost | 18,947 | – | – | – | 180,204 | 1,687 | 12,096 | – | – | 212,934 |
| valuation | – | 445,147 | 1,244,709 | 531,656 | – | – | – | 108,114 | 2,530 | 2,332,156 |
| Accumulated depreciation and impairment | – | – | (445,683) | (207,598) | (96,664) | (768) | (5,226) | (94,055) | – | (849,994) |
| Net book amount | 18,947 | 445,147 | 799,026 | 324,058 | 83,540 | 919 | 6,870 | 14,059 | 2,530 | 1,695,096 |
| **Year ended 31 December 2016** | | | | | | | | | | |
| Opening net book amount | 18,947 | 445,147 | 799,026 | 324,058 | 83,540 | 919 | 6,870 | 14,059 | 2,530 | 1,695,096 |
| Revaluation surplus/(deficit) | – | 67,258 | 44,300 | 11,751 | – | – | – | – | 98 | 123,407 |
| Additions | 29,825 | 73 | 29,560 | 11,973 | 27,364 | 335 | 5,294 | 1,452 | 197 | 106,073 |
| Assets included in a disposal group classified as held for sale and other disposals | – | – | (3) | (2) | (79) | – | (5) | (2) | – | (91) |
| Depreciation charge | – | – | (24,437) | (21,921) | (17,108) | (598) | (3,961) | (2,003) | – | (70,028) |
| Closing net book amount | 48,772 | 512,478 | 848,446 | 325,859 | 93,717 | 656 | 8,198 | 13,506 | 2,825 | 1,854,457 |
| **At 31 December 2016** | | | | | | | | | | |
| cost | 48,772 | – | – | – | 201,996 | 2,023 | 14,209 | – | – | 267,000 |
| valuation | – | 512,478 | 1,226,798 | 509,523 | – | – | – | 109,548 | 2,825 | 2,361,172 |
| Accumulated depreciation and impairment | – | – | (378,352) | (183,664) | (108,279) | (1,367) | (6,011) | (96,042) | – | (773,715) |
| Net book amount | 48,772 | 512,478 | 848,446 | 325,859 | 93,717 | 656 | 8,198 | 13,506 | 2,825 | 1,854,457 |

| | Construction in progress $'000 | Land $'000 | Buildings $'000 | Infrastructure $'000 | Plant and equipment[1] $'000 | Leasehold improvements $'000 | Leased plant and equipment $'000 | Library $'000 | Other property, plant and equipment[2] $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2017** | | | | | | | | | | |
| Opening net book amount | 48,772 | 512,478 | 848,446 | 325,859 | 93,717 | 656 | 8,198 | 13,506 | 2,825 | 1,854,457 |
| Revaluation surplus/(deficit) | – | 26,469 | 31,507 | 13,909 | – | – | – | – | (81) | 71,804 |
| Additions | 74,583 | 4,506 | 29,973 | 14,853 | 35,179 | 18,322 | 5,995 | 1,311 | 48 | 184,770 |
| Assets included in a disposal group classified as held for sale and other disposals | – | – | (54) | (1) | (320) | – | – | (2) | – | (377) |
| Depreciation charge | – | – | (25,057) | (22,124) | (20,169) | (836) | (4,820) | (1,828) | – | (74,834) |
| Closing net book amount | 123,355 | 543,453 | 884,815 | 332,496 | 108,407 | 18,142 | 9,373 | 12,987 | 2,792 | 2,035,820 |
| **At 31 December 2017** | | | | | | | | | | |
| cost | 123,355 | – | – | – | 233,853 | 19,310 | 15,852 | – | – | 392,370 |
| valuation | – | 543,453 | 1,309,633 | 544,071 | – | – | – | 110,856 | 2,792 | 2,510,805 |
| Accumulated depreciation and impairment | – | – | (424,818) | (211,575) | (125,446) | (1,168) | (6,479) | (97,869) | – | (867,355) |
| **Net book amount** | 123,355 | 543,453 | 884,815 | 332,496 | 108,407 | 18,142 | 9,373 | 12,987 | 2,792 | 2,035,820 |

1. Plant and equipment includes all operational assets.
2. Other property, plant and equipment includes non-operational assets such as artworks.

**(a) Valuations of land and buildings and works of art**

- The valuation basis of land, buildings and infrastructure is fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2017 revaluations were based on independent assessments by Colliers International as at 31 December 2017. The revaluation surplus was credited/debited to the asset revaluation reserve in equity (note 22).
- The valuation basis of works of art is fair value based on an independent assessment by Colliers International as at 31 December 2017. The revaluation surplus was credited/debited to the asset revaluation reserve in equity (note 22).

**(b) Non-current assets pledged as security**

Refer to note 18 for information on non-current assets pledged as security by the parent entity and its controlled entities.

## 16. Intangible assets

| | Patents and trademarks $'000 | Software $'000 | Licences perpetual $'000 | Total $'000 |
|---|---|---|---|---|
| **Consolidated** | | | | |
| **At 1 January 2016** | | | | |
| Cost | 3,691 | 87,810 | 7,411 | 98,912 |
| Accumulated amortisation and impairment | (1,714) | (68,141) | (736) | (70,591) |
| Net book amount | 1,977 | 19,669 | 6,675 | 28,321 |
| **Year ended 31 December 2016** | | | | |
| Opening net book amount | 1,977 | 19,669 | 6,675 | 28,321 |
| Additions | 800 | 5,720 | 688 | 7,208 |
| Disposals | – | (130) | – | (130) |
| Impairment charge | – | – | – | – |
| Amortisation charge | (628) | (7,259) | (141) | (8,028) |
| Closing net book amount | 2,149 | 18,000 | 7,222 | 27,371 |
| **At 31 December 2016** | | | | |
| Cost | 4,491 | 93,220 | 8,099 | 105,810 |
| Accumulated amortisation and impairment | (2,342) | (75,220) | (877) | (78,439) |
| Net book amount | 2,149 | 18,000 | 7,222 | 27,371 |

| | Patents and trademarks $'000 | Software $'000 | Licences perpetual $'000 | Total $'000 |
|---|---|---|---|---|
| **Year ended 31 December 2017** | | | | |
| Opening net book amount | 2,149 | 18,000 | 7,222 | 27,371 |
| Additions | 1,053 | 11,796 | 1,319 | 14,168 |
| Disposals | – | – | – | – |
| Acquisition of subsidiary | – | – | – | – |
| Impairment charge | – | – | – | – |
| Amortisation charge | (629) | (7,648) | (240) | (8,517) |
| Closing net book amount | 2,573 | 22,148 | 8,301 | 33,022 |
| **At 31 December 2017** | | | | |
| Cost | 5,544 | 104,991 | 9,418 | 119,953 |
| Accumulated amortisation and impairment | (2,971) | (82,843) | (1,117) | (86,931) |
| Net book amount | 2,573 | 22,148 | 8,301 | 33,022 |
| **Closing net book amount** | **2,573** | **22,148** | **8,301** | **33,022** |
| **Parent entity** | | | | |
| **At 1 January 2016** | | | | |
| Cost | – | 76,591 | 7,411 | 84,002 |
| Accumulated amortisation and impairment | – | (59,120) | (736) | (59,856) |
| Net book amount | – | 17,471 | 6,675 | 24,146 |
| **Year ended 31 December 2016** | | | | |
| Opening net book amount | – | 17,471 | 6,675 | 24,146 |
| Additions | – | 5,720 | 688 | 6,408 |
| Disposals | – | – | – | – |
| Impairment charge | – | – | – | – |
| Amortisation charge | – | (6,569) | (141) | (6,710) |
| Closing net book amount | – | 16,622 | 7,222 | 23,844 |
| **At 31 December 2016** | | | | |
| Cost | – | 82,131 | 8,099 | 90,230 |
| Accumulated amortisation and impairment | – | (65,509) | (877) | (66,386) |
| Net book amount | – | 16,622 | 7,222 | 23,844 |
| **Year ended 31 December 2017** | | | | |
| Opening net book amount | – | 16,622 | 7,222 | 23,844 |
| Additions | – | 10,674 | 1,319 | 11,993 |
| Disposals | – | – | – | – |
| Acquisition of subsidiary | – | – | – | – |
| Impairment charge | – | – | – | – |
| Amortisation charge | – | (6,989) | (240) | (7,229) |
| Closing net book amount | – | 20,307 | 8,301 | 28,608 |
| **At 31 December 2017** | | | | |
| Cost | – | 92,780 | 9,418 | 102,198 |
| Accumulated amortisation and impairment | – | (72,473) | (1,117) | (73,590) |
| Net book amount | – | 20,307 | 8,301 | 28,608 |
| **Closing net book amount** | – | **20,307** | **8,301** | **28,608** |

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **17. Trade and other payables** | | | | | |
| **Current** | | | | | |
| OS-HELP liability to Australian Government | | 6,180 | 3,084 | 6,180 | 3,084 |
| Deputy Commissioner of Taxation — PAYG | | 4,592 | 3,927 | 4,592 | 3,927 |
| Office of State Revenue — payroll tax | | 14,130 | 13,803 | 14,130 | 13,803 |
| Trade creditors and accruals | | 27,710 | 29,005 | 25,084 | 27,363 |
| Capital accruals | | 11,577 | 5,093 | 11,577 | 5,093 |
| Other payroll accruals | | 9,883 | 7,451 | 9,836 | 7,392 |
| Other | | 5,336 | 4,366 | 5,095 | 3,969 |
| **Total trade and other payables** | | **79,408** | **66,729** | **76,494** | **64,631** |

(a) Certain balances have been restated. Refer to note 22 (e) for more information.

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **(a) Foreign currency risk** | | | | | |
| The carrying amounts of the group's and parent entity's trade and other payables are denominated in the following currencies: | | | | | |
| AUD | | 76,725 | 65,345 | 73,892 | 63,308 |
| CAD | | – | 2 | – | 2 |
| SEK | | – | 5 | – | 5 |
| EUR | | 585 | 80 | 585 | 80 |
| GBP | | 96 | 440 | 96 | 440 |
| JPY | | – | 3 | – | 3 |
| NZD | | 2 | – | 2 | – |
| RMB | | 10 | – | – | – |
| INR | | 13 | 25 | 13 | 25 |
| IDR | | 71 | 61 | – | – |
| USD | | 1,895 | 764 | 1,895 | 764 |
| SGD | | – | 3 | – | 3 |
| DKK | | 11 | 1 | 11 | 1 |
| | | 79,408 | 66,729 | 76,494 | 64,631 |

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 34.

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **18. Borrowings** | | | | | |
| **Current** | | | | | |
| Finance lease liabilities | 23 | 4,559 | 3,914 | 4,559 | 3,914 |
| Hire purchase liability | | – | 382 | – | 382 |
| Total current borrowings | | 4,559 | 4,296 | 4,559 | 4,296 |
| **Non-current** | | | | | |
| Finance lease liabilities | 23 | 4,994 | 4,428 | 4,994 | 4,428 |
| Unsecured bank loans | | – | 199,935 | – | 199,935 |
| Unsecured non-bank loans | | 298,215 | – | 298,215 | – |
| Total non-current borrowings | | 303,209 | 204,363 | 303,209 | 204,363 |
| **Total borrowings** | | **307,768** | **208,659** | **307,768** | **208,659** |

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Interest bearing borrowings | | 4,559 | 4,296 | 4,559 | 4,296 |
| **Non-current** | | | | | |
| Interest bearing borrowings | | 303,209 | 204,363 | 303,209 | 204,363 |
| **Total borrowings** | | **307,768** | **208,659** | **307,768** | **208,659** |
| **(a) Assets pledged as security** | | | | | |
| **Non-current** | | | | | |
| **Finance lease** | | | | | |
| Plant and equipment | 15 | 16,877 | 15,234 | 15,852 | 14,209 |
| **Total non-current assets pledged as security** | | **16,877** | **15,234** | **15,852** | **14,209** |
| **(b) Financing arrangements** | | | | | |
| Unrestricted access was available at balance date to the following lines of credit: | | | | | |
| **Loan facilities** | | | | | |
| Total facilities | | 150,000 | 300,000 | 150,000 | 300,000 |
| Used at balance date | | – | 200,000 | – | 200,000 |
| Unused at balance date | | 150,000 | 100,000 | 150,000 | 100,000 |
| **Borrowing commitments** | | | | | |
| Within one year | | – | – | – | – |
| Later than one year but not later than five years | | – | 200,000 | – | 200,000 |
| Later than five years | | 300,000 | – | 300,000 | – |
| **Total borrowing commitments** | | **300,000** | **200,000** | **300,000** | **200,000** |

**(c) Interest rate risk exposures**

Details of the entity's exposure to interest rate changes on borrowings are set out in note 34.

**(d) Fair value disclosures**

Details of fair value of borrowings for the entity are set out in note 34.

**(e) Borrowing classes and conditions**

The university's borrowings comprise a bond ($300 million), revolving debt facility ($150 million) and lease liabilities. Details of the borrowings are listed in note 34. The previous revolving debt facility with the National Australia Bank (NAB) was terminated and replaced with two revolving debt facilities with the NAB ($75 million) and the Commonwealth Bank of Australia (CBA) ($75 million).

The NAB and CBA revolving debt facilities have certain conditions which apply until the loan funds are paid in full. The obligations include:

- not to materially change the nature of the university's business without the NAB's or CBA's consent
- not to lessen the NAB's or CBA's rights, powers or remedies under the loan agreement, or
- not to issue a security interest over the university's assets without the prior consent of the NAB or CBA.

**(f) Risk exposure**

At 31 December 2017, 100 per cent of the group's borrowings that have been drawn down are in the form of a bond at a fixed rate of interest or lease liabilities at a fixed interest rate. The carrying amount of the economic entity's borrowings are denominated in Australian dollars. Details of risk exposure of borrowings for the entity are set out in note 34.

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **19. Employee benefit provisions** | | | | | |
| **Current provisions expected to be settled wholly within 12 months** | | | | | |
| Employee benefits | | | | | |
| annual leave | 1(v)/ 1(w) | 26,120 | 23,370 | 23,542 | 20,925 |
| long service leave | 1(v)/ 1(w) | 4,879 | 8,307 | 4,729 | 8,157 |
| Total current provisions expected to be settled within 12 months | | 30,998 | 31,677 | 28,270 | 29,082 |
| **Current provisions expected to be settled wholly after more than 12 months** | | | | | |
| Employee benefits | | | | | |
| annual leave | 1(v)/ 1(w) | 14,314 | 12,908 | 14,539 | 13,267 |
| long service leave | 1(v)/ 1(w) | 60,345 | 56,231 | 58,368 | 54,907 |
| Total current provisions expected to be settled after more than 12 months | | 74,660 | 69,139 | 72,908 | 68,174 |
| Total current provisions | | 105,658 | 100,816 | 101,178 | 97,256 |
| **Non-current** | | | | | |
| Employee benefits | | | | | |
| long service leave | 1(v)/ 1(w) | 23,715 | 23,835 | 20,995 | 21,249 |
| defined benefit obligation | | 598,032 | 602,818 | 598,032 | 602,818 |
| Total non-current employee benefit provisions | | 621,747 | 626,653 | 619,027 | 624,067 |
| **Total employee benefit provisions** | | **727,405** | **727,469** | **720,205** | **721,323** |
| **Provisions** | | | | | |
| **Current** | | | | | |
| Make good provision | | 20 | 290 | 20 | 290 |
| **Total current provisions** | | **20** | **290** | **20** | **290** |
| **Non-current** | | | | | |
| Make good provision | | 6,979 | 3,486 | 3,416 | – |
| Total current provisions — other | | 6,979 | 3,486 | 3,416 | – |
| **Total provisions** | | **6,999** | **3,776** | **3,436** | **290** |

(a) **Movement in provisions**

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

| | Make good provision $'000 | Total $'000 |
|---|---|---|
| **Consolidated 2017** | | |
| Carrying amount as at 1 January 2017 | 3,776 | 3,776 |
| Additional provisions recognised | 3,323 | 3,323 |
| Amounts used | – | – |
| Unused amounts reversed | (100) | (100) |
| Carrying amount as at 31 December 2017 | 6,999 | 6,999 |
| **Parent 2017** | | |
| Carrying amount as at 1 January 2017 | 290 | 290 |
| Additional provisions recognised | 3,246 | 3,246 |
| Amounts used | – | – |
| Unused amounts reversed | (100) | (100) |
| Carrying amount as at 31 December 2017 | 3,436 | 3,436 |

| | | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|---|
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **20. Other financial liabilities** | | | | | |
| **Current** | | | | | |
| Interest rate swaps on National Australia Bank loans | 34 | – | 2,985 | – | 2,985 |
| **Total current other financial liabilities** | | **–** | **2,985** | **–** | **2,985** |
| **Non-current** | | | | | |
| Interest rate swaps on National Australia Bank loans | 34 | – | 2,148 | – | 2,148 |
| **Total non-current other financial liabilities** | | **–** | **2,148** | **–** | **2,148** |
| **21. Other liabilities** | | | | | |
| **Current** | | | | | |
| Australian government unspent financial assistance | | 1,083 | 108 | 1,083 | 108 |
| Prepaid student fees | | 59,107 | 50,913 | 31,363 | 22,980 |
| Other | | 8,328 | 3,214 | 6,446 | 1,940 |
| Total current other liabilities | | 68,518 | 54,235 | 38,892 | 25,028 |
| **Total other liabilities** | | **68,518** | **54,235** | **38,892** | **25,028** |

## 22. Reserves and retained earnings

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **(a) Reserves comprise** | | | | | |
| Property, plant and equipment revaluation reserve | | | | | |
| freehold land | | 506,182 | 479,713 | 506,182 | 479,713 |
| buildings | | 109,979 | 78,472 | 109,979 | 78,472 |
| building infrastructure | | 207,778 | 193,870 | 207,778 | 193,870 |
| artworks | | 1,517 | 1,597 | 1,517 | 1,597 |
| library | | 116 | 116 | 116 | 116 |
| other assets | | 1 | 1 | 1 | 1 |
| Available for sale investments revaluation reserve | | 16,191 | 11,017 | 16,191 | 11,017 |
| Cash flow hedge reserve | | (1,928) | (5,133) | (1,928) | (5,133) |
| Foreign currency translation reserve | | (735) | (680) | – | – |
| **Total reserves** | | **839,101** | **758,973** | **839,836** | **759,653** |
| **(b) Movements in reserves** | | | | | |
| Property, plant and equipment revaluation reserve | | | | | |
| Balance 1 January | | 753,769 | 630,362 | 753,769 | 630,362 |
| Increase/(decrease) revaluation | 15 | 71,804 | 123,407 | 71,804 | 123,407 |
| Transfer of reserve to retained earnings | | – | – | – | – |
| Balance 31 December | | 825,573 | 753,769 | 825,573 | 753,769 |
| Available-for-sale investments revaluation reserve | | | | | |
| Balance 1 January | | 11,017 | 9,188 | 11,017 | 9,188 |
| Increase/(decrease) revaluation | | 5,174 | 1,829 | 5,174 | 1,829 |
| Balance 31 December | | 16,191 | 11,017 | 16,191 | 11,017 |
| Cash flow hedge reserve | | | | | |
| Balance 1 January | | (5,133) | (7,485) | (5,133) | (7,485) |
| Increase/(decrease) revaluation | | 3,205 | 2,352 | 3,205 | 2,352 |
| Balance 31 December | | (1,928) | (5,133) | (1,928) | (5,133) |
| Foreign currency translation reserve | | | | | |
| Balance 1 January | | (680) | (644) | – | – |
| Net exchange differences on translation of foreign controlled entity | | (55) | (36) | – | – |
| Balance 31 December | | (735) | (680) | – | – |
| **Total reserves** | | **839,101** | **758,973** | **839,836** | **759,653** |

### (c) Nature and purpose of reserves

Property, plant and equipment revaluation reserve refer note 1(p) for details of nature and purpose of reserve.

Available-for-sale investments revaluation reserve refer note 1(m)(ii) for details of nature and purpose of reserve.

Cash flow hedge reserve refer note 1(n)(i) for details of nature and purpose of reserve.

Foreign currency translation reserve refer note 1(c)(iii) for details of nature and purpose of reserve.

| | Economic entity 2017 $'000 | Economic entity 2016 $'000 | Parent entity 2017 $'000 | Parent entity 2016 $'000 |
|---|---|---|---|---|
| **(d) Retained earnings** | | | | |
| Movements in retained earnings were as follows: | | | | |
| retained earnings at 1 January | 947,225 | 875,258 | 882,250 | 812,840 |
| net result for the period | 72,813 | 72,149 | 78,036 | 69,592 |
| net actuarial gains/(losses) recognised in respect of defined benefit plans | 299 | (182) | 299 | (182) |
| **Retained earnings at 31 December** | **1,020,337** | **947,225** | **960,585** | **882,250** |

**(e) Correction of error/s relating to a previous reporting period, adjusted as at 31 December 2017**

(i) The university has understated payroll tax in relation to unfunded defined benefit superannuation funds. The total amount of the under provision was $10.951 million. The total error has been allocated against the opening balance of trade and other payables and retained earnings with the $10.951 million allocated as at 1 January 2015.

| | Reported balance as at 31 December 2016 | Adjustment for error | Revised balance as at 31 December 2016 |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Parent entity | | | |
| Current trade and other payables | 53,680 | 10,951 | 64,631 |
| Total current liabilities | 183,535 | 10,951 | 194,486 |
| Retained surplus | 893,201 | (10,951) | 882,250 |
| **Total equity** | **1,652,854** | **(10,951)** | **1,641,903** |
| Economic entity | | | |
| Current trade and other payables | 55,778 | 10,951 | 66,729 |
| Total current liabilities | 218,400 | 10,951 | 229,351 |
| Retained surplus | 958,176 | (10,951) | 947,225 |
| **Total equity** | **1,717,149** | **(10,951)** | **1,706,198** |

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|---|---|---|---|---|
| | | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **23. Commitments** | | | | | |
| **(a) Capital expenditure commitments** | | | | | |
| Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities are payable as follows: | | | | | |
| Building works | | | | | |
| within one year | | 180,906 | 95,659 | 180,906 | 95,659 |
| later than one year | | – | – | – | – |
| Plant and equipment | | | | | |
| within one year | | 7,803 | 3,745 | 7,803 | 3,745 |
| Intangible assets | | | | | |
| within one year | | 270 | 742 | 270 | 742 |
| Total capital commitments | | 188,979 | 100,146 | 188,979 | 100,146 |
| **(b) Lease commitments** | | | | | |
| Operating leases | | | | | |
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | | | | |
| Premises | | | | | |
| within one year | | 15,990 | 10,840 | 5,562 | 1,692 |
| between one and five years | | 42,200 | 18,980 | 17,821 | 2,417 |
| later than five years | | 43,894 | 1,612 | 43,356 | 897 |
| | | 102,084 | 31,432 | 66,739 | 5,006 |
| Motor vehicles | | | | | |
| within one year | | 23 | 16 | 23 | 16 |
| between one and five years | | 6 | 4 | 6 | 4 |
| | | 29 | 20 | 29 | 20 |

| | Notes | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|---|
| **Equipment** | | | | | |
| within one year | | 24 | 11 | 24 | 11 |
| between one and five years | | 40 | 6 | 40 | 6 |
| | | 64 | 17 | 64 | 17 |
| **Total future minimum lease payments** | | **102,177** | **31,469** | **66,832** | **5,043** |
| **Finance leases** | | | | | |
| The University of Technology Sydney leases various plant and equipment with a carrying amount of $9,373,979 (2016: $8,199,643) under finance leases expiring within one to five years. | | | | | |
| Commitments for minimum lease payments in relation to finance leases are payable as follows: | | | | | |
| **Equipment** | | | | | |
| within one year | | 4,837 | 4,185 | 4,837 | 4,185 |
| between one and five years | | 5,145 | 4,608 | 5,145 | 4,608 |
| Total future minimum finance lease payments | | 9,982 | 8,793 | 9,982 | 8,793 |
| Future finance charges | | (429) | (451) | (429) | (451) |
| Recognised as finance lease liabilities | | 9,553 | 8,342 | 9,553 | 8,342 |
| Representing lease liabilities | | | | | |
| current liability | 18 | 4,559 | 3,914 | 4,559 | 3,914 |
| non-current liability | 18 | 4,994 | 4,428 | 4,994 | 4,428 |
| | | 9,553 | 8,342 | 9,553 | 8,342 |

The weighted average interest rate implicit in the leases is 3.8% (2016: 4.25%).

Commitments for expenditure are recorded on a GST inclusive basis except for finance leases which are recorded on a GST exclusive basis. The potential GST credit on the above commitments is $26,469,000 (2016: $11,965,000) for the economic entity and $23,256,000 (2016: $9,563,000) for the parent entity.

## 24. Non-cash financing and investing activities

| | Economic entity 2017 $'000 | Economic entity 2016 $'000 | Parent entity 2017 $'000 | Parent entity 2016 $'000 |
|---|---|---|---|---|
| Acquisition of plant and equipment by means of finance leases | 5,995 | 5,294 | 5,995 | 5,294 |

## 25. Defined benefits plans

During the 2017 accounting period, the university contributed to the following superannuation schemes:

- UniSuper
- the State Superannuation Scheme (SSS)
- the State Authorities Superannuation Scheme (SASS), and
- the State Authorities Non-Contributory Superannuation Scheme (SANCS).

### State Authorities Superannuation Trustee Corporation

The state schemes are administered by the State Authorities Superannuation Trustee Corporation (STC). The university maintains a reserve account within the STC to assist in financing the employer contributions to the state schemes. The 2017 calculation of the liabilities of SSS, SASS and SANCS is based on the requirements of AASB 119.

### (a) Fund specific disclosure

**Nature of the benefits provided by the defined benefits fund — SSS, SASS and SANCS**

The pooled fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- the State Superannuation Scheme (SSS)
- the State Authorities Superannuation Scheme (SASS), and
- the State Authorities Non-Contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes; at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.

**Description of the regulatory framework**

The schemes in the pooled fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Non-Contributory Superannuation Act 1987*, and their associated regulations.

The schemes in the pooled fund are exempt public sector superannuation schemes under the *Superannuation Industry (Supervision) Act 1993* (Cwlth) (SIS Act). The SIS legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a heads of government agreement, the New South Wales Government undertakes to ensure that the pooled fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the pooled fund and the trustee board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the trustee board and internal processes that monitor the trustee board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the pooled fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation will be performed at 30 June 2018.

**Description of other entities' responsibilities for the governance of the fund**

The fund's trustee is responsible for the governance of the fund. The trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The trustee has the following roles:

- administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules
- management and investment of the fund assets, and
- compliance with other applicable regulations.

**Description of risks**

There are a number of risks to which the fund exposes the employer. The more significant risks relating to the defined benefits are:

- Investment risk: The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.
- Longevity risk: The risk that pensioners live longer than assumed, increasing future pensions.
- Pension indexation risk: The risk that pensions will increase at a rate greater than assumed increasing future pensions.
- Salary growth risk: The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk: The risk is that legislative changes could be made that increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The fund has no significant concentration of investment risk or liquidity risk.

**Description of significant events**

There were no fund amendments, curtailments or settlements during the year.

**Expected contributions**

The university expects to make the following contributions to the defined benefit plan during the next financial year:

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | Financial year to 31 December 2018 A$ | Financial year to 31 December 2018 A$ | Financial year to 31 December 2018 A$ | Financial year to 31 December 2018 A$ |
| Expected employer contributions | 0 | 1,587,630 | 0 | 1,587,630 |

**Maturity profile of defined benefit obligation**

The weighted average duration of the defined benefit obligation is 11.2 years (2016: 11.4 years).

### Categories of plan assets

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

| | Total as at 30 November 2017* | Quoted prices in active markets for identical assets[1] | Significant observable inputs[2] | Unobservable inputs[3] |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Asset category** | | | | |
| Short-term securities | 3,882,212 | 1,859,162 | 2,023,050 | – |
| Australian fixed interest | 2,824,790 | 21,937 | 2,802,853 | – |
| International fixed interest | 1,477,710 | 9,233 | 1,468,477 | – |
| Australian equities | 9,183,595 | 8,739,598 | 443,972 | 25 |
| International equities | 12,135,583 | 9,159,067 | 2,975,726 | 790 |
| Property | 3,551,499 | 867,863 | 606,475 | 2,077,161 |
| Alternatives | 7,926,781 | 391,892 | 3,611,120 | 3,923,769 |
| Total | 40,982,170 | 21,048,752 | 13,931,674 | 6,001,745 |

The percentage invested in each asset class at the reporting date is:

| | 30 November 2017* | 30 November 2016* |
|---|---|---|
| | % | % |
| **Asset category** | | |
| Short-term securities | 9.50 | 5.70 |
| Australian fixed interest | 6.90 | 5.60 |
| International fixed interest | 3.60 | 1.90 |
| Australian equities | 22.40 | 24.70 |
| International equities | 29.60 | 31.10 |
| Property | 8.70 | 9.00 |
| Alternatives | 19.30 | 22.00 |
| Total | 100.00 | 100.00 |

* Actual asset allocation as at 31 December 2017 is not available as advised by the actuary therefore 30 November 2017 has been used.

1. Level 1 — quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares, listed unit trusts.
2. Level 2 — inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.
3. Level 3 — inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property, unlisted shares, unlisted infrastructure, distressed debt, hedge funds.

### Significant actuarial assumptions at the reporting date

| | As at 31 December 2017 |
|---|---|
| Discount rate | 2.65% pa |
| Salary increase rate (excluding promotional increases) | 2.50% 2017/2018 and 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter |
| Rate of CPI increase | 2.25% 2017/2018 to 2019/2020; 2.50% pa thereafter |
| Pensioner mortality | The pensioner mortality assumptions are as per the 2015 actuarial investigation of the pooled fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age. |

### Actuarial assumptions and sensitivity

The entity's total defined benefit obligation as at 31 December 2017 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision, which is calculated based on the asset level at 31 December 2017.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

| | Base case | Scenario A<br>-1.0% discount rate | Scenario B<br>+1.0% discount rate | Scenario C<br>+0.5% rate of CPI increase | Scenario D<br>-0.5% rate of CPI increase | Scenario E<br>+0.5% salary increase rate | Scenario F<br>-0.5% salary increase rate |
|---|---|---|---|---|---|---|---|
| Discount rate | 2.78% | 1.78% | 3.78% | 1.78% | 3.78% | 1.78% | 3.78% |
| Rate of CPI increase | as above | as above | as above | as above rates plus 05% pa | as above rates less 0.5% pa | as above | as above |
| Salary inflation rate | as above | as above | as above | as above | as above | above rates plus 0.5% pa | above rates less 0.5% pa |
| Defined benefit obligation | 652,483,431 | 729,939,370 | 587,824,332 | 690,186,965 | 617,736,746 | 653,842,086 | 651,157,920 |

| | Base case | Scenario G<br>lower mortality[1] | Scenario H<br>higher mortality[2] |
|---|---|---|---|
| Defined benefit obligation | 652,483,431 | 661,118,052 | 645,041,269 |

1. Assumes the short-term pensioner mortality improvement factors for years 2016-2021 also apply for years after 2021.
2. Assumes the long-term pensioner mortality improvement factors for years post 2021 also apply for years 2016–2021.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, while retaining all other assumptions.

## (b) Balance sheet amounts

### Present value obligations

| | SASS 2017 $ | SASS 2016 $ | SANCS 2017 $ | SANCS 2016 $ | SSS 2017 $ | SSS 2016 $ | Total 2017 $ | Total 2016 $ |
|---|---|---|---|---|---|---|---|---|
| Opening defined benefit obligation | 42,227,391 | 48,411,385 | 8,472,893 | 9,453,121 | 609,611,094 | 631,525,407 | 660,311,378 | 689,389,913 |
| Current service cost | 1,228,434 | 1,581,091 | 287,112 | 340,896 | 745,409 | 814,279 | 2,260,955 | 2,736,266 |
| Past service cost | – | – | – | – | – | – | – | – |
| Interest expense/(income) | 1,093,210 | 1,319,880 | 214,407 | 253,405 | 16,501,344 | 17,868,097 | 17,808,961 | 19,441,382 |
| | 44,549,035 | 51,312,356 | 8,974,412 | 10,047,422 | 626,857,847 | 650,207,783 | 680,381,294 | 711,567,561 |
| **Remeasurements** | | | | | | | | |
| Return on plan assets, excluding amounts included in interest expense | – | – | – | – | – | – | – | – |
| Actuarial losses/(gains) arising from changes in demographic assumptions | – | – | – | – | – | – | – | – |
| Actuarial losses/(gains) arising from changes in financial assumptions | 170,052 | 176,918 | 43,154 | 46,840 | 6,389,021 | 1,856,142 | 6,602,227 | 2,079,900 |
| Actuarial losses/(gains) arising from liability experience | 2,815,844 | 1,700,160 | 636,861 | 219,867 | 1,828,423 | (16,926,530) | 5,281,128 | (15,006,503) |
| | 2,985,896 | 1,877,078 | 680,015 | 266,707 | 8,217,444 | (15,070,388) | 11,883,355 | (12,926,603) |
| **Contributions** | | | | | | | | |
| Employers | – | – | – | – | – | – | – | – |
| Plan participants | 547,156 | 653,561 | – | – | 324,155 | 385,992 | 871,311 | 1,039,553 |
| | 547,156 | 653,561 | – | – | 324,155 | 385,992 | 871,311 | 1,039,553 |
| Exchange differences on foreign plans | – | – | – | – | – | – | – | – |
| Taxes, premiums and expenses paid | (187,655) | (220,042) | (921,263) | 155,950 | (1,762,266) | 1,393,529 | (2,871,184) | 1,329,437 |
| **Payments from plan** | | | | | | | | |
| Benefits paid | (8,408,715) | (11,395,562) | (1,386,962) | (1,997,186) | (27,985,668) | (27,305,822) | (37,781,345) | (40,698,570) |
| Settlements | – | – | – | – | – | – | – | – |
| | (8,408,715) | (11,395,562) | (1,386,962) | (1,997,186) | (27,985,668) | (27,305,822) | (37,781,345) | (40,698,570) |
| Liabilities from business combination | – | – | – | – | – | – | – | – |
| Closing defined benefit obligation | 39,485,717 | 42,227,391 | 7,346,202 | 8,472,893 | 605,651,512 | 609,611,094 | 652,483,431 | 660,311,378 |

| | SASS | | SANCS | | SSS | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017 $ | 2016 $ | 2017 $ | 2016 $ | 2017 $ | 2016 $ | 2017 $ | 2016 $ |
| **Present value of plan assets** | | | | | | | | |
| Opening fair value of plan assets | 29,252,535 | 37,396,463 | 85,502 | 1,544,777 | 28,155,007 | 32,065,744 | 57,493,044 | 71,006,984 |
| Current service cost | – | – | – | – | – | – | – | – |
| Past service cost | – | – | – | – | – | – | – | – |
| Interest income | 745,808 | 1,017,471 | 26,814 | 29,063 | 753,397 | 783,280 | 1,526,019 | 1,829,814 |
| | 29,998,343 | 38,413,934 | 112,316 | 1,573,840 | 28,908,404 | 32,849,024 | 59,019,063 | 72,836,798 |
| **Remeasurements** | | | | | | | | |
| Actual return on fund assets less interest income | 825,147 | 626,658 | (35,531) | 8,131 | 221,664 | 176,174 | 1,011,280 | 810,963 |
| | 825,147 | 626,658 | (35,531) | 8,131 | 221,664 | 176,174 | 1,011,280 | 810,963 |
| Exchange differences on foreign plans | – | – | – | – | – | – | – | – |
| **Contributions** | | | | | | | | |
| Employer | 956,814 | 1,173,987 | 3,278,876 | 344,767 | 29,966,339 | 20,656,110 | 34,202,029 | 22,174,864 |
| Plan participants | 547,156 | 653,561 | – | – | 324,155 | 385,992 | 871,311 | 1,039,553 |
| | 1,503,970 | 1,827,548 | 3,278,876 | 344,767 | 30,290,494 | 21,042,102 | 35,073,340 | 23,214,417 |
| Taxes, premiums and expenses paid | (187,655) | (220,043) | (921,263) | 155,950 | (1,762,265) | 1,393,529 | (2,871,183) | 1,329,436 |
| **Payments from plan** | | | | | | | | |
| Benefits paid | (8,408,715) | (11,395,562) | (1,386,962) | (1,997,186) | (27,985,668) | (27,305,822) | (37,781,345) | (40,698,570) |
| Settlements | – | – | – | – | – | – | – | – |
| | (8,408,715) | (11,395,562) | (1,386,962) | (1,997,186) | (27,985,668) | (27,305,822) | (37,781,345) | (40,698,570) |
| Assets acquired in a business combination | – | – | – | – | – | – | – | – |
| Closing fair value of plans assets | 23,731,090 | 29,252,535 | 1,047,436 | 85,502 | 29,672,629 | 28,155,007 | 54,451,155 | 57,493,044 |
| **Reconciliation of the net defined benefit liability/(asset)** | | | | | | | | |
| Net defined benefit liability/(asset) at start of year | 12,974,856 | 11,014,922 | 8,387,392 | 7,908,344 | 581,456,087 | 599,459,663 | 602,818,335 | 618,382,929 |
| Current service cost | 1,228,434 | 1,581,091 | 287,112 | 340,896 | 745,409 | 814,279 | 2,260,955 | 2,736,266 |
| Net interest on the net defined benefit liability/(asset) | 347,401 | 302,410 | 187,593 | 224,342 | 15,747,948 | 17,084,817 | 16,282,942 | 17,611,569 |
| Past service cost | – | – | – | – | – | – | – | – |
| (Gains)/losses arising from settlements | – | – | – | – | – | – | – | – |
| Actual return on fund assets less interest income | (825,147) | (626,658) | 35,531 | (8,130) | (221,665) | (176,174) | (1,011,281) | (810,962) |
| Actuarial (gains)/losses arising from changes in demographic assumptions | – | – | – | – | – | – | – | – |
| Actuarial (gains)/losses arising from changes in financial assumptions | 170,052 | 176,918 | 43,154 | 46,840 | 6,389,021 | 1,856,142 | 6,602,227 | 2,079,900 |
| Actuarial (gains)/losses arising from liability experience | 2,815,844 | 1,700,160 | 636,861 | 219,867 | 1,828,422 | (16,926,530) | 5,281,127 | (15,006,503) |
| Adjustment for effect of asset ceiling | – | – | – | – | – | – | – | – |
| Employer contributions | (956,814) | (1,173,987) | (3,278,876) | (344,767) | (29,966,339) | (20,656,110) | (34,202,029) | (22,174,864) |
| Net defined benefit liability/(asset) at end of year note 19 | 15,754,626 | 12,974,856 | 6,298,767 | 8,387,392 | 575,978,883 | 581,456,087 | 598,032,276 | 602,818,335 |

| | | SASS | | SANCS | | SSS | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2017 $ | 2016 $ | 2017 $ | 2016 $ | 2017 $ | 2016 $ | 2017 $ | 2016 $ |
| **Impact of asset ceiling** | | | | | | | | | |
| Adjustment for the effect of asset ceiling at beginning of the year | | – | – | – | – | – | – | – | – |
| Change in the effect of asset ceiling | | – | – | – | – | – | – | – | – |
| Adjustment for the effect of asset ceiling at end of the year | | – | – | – | – | – | – | – | – |
| **Reimbursement rights** | | | | | | | | | |
| Opening value of reimbursement right | | 12,403,291 | 10,538,936 | 8,222,395 | 7,769,831 | 581,002,820 | 599,066,104 | 601,628,506 | 617,374,871 |
| Expected return on reimbursement rights | | 2,957,551 | 1,864,355 | (2,041,834) | 452,564 | (5,402,686) | (18,063,284) | (4,486,969) | (15,746,365) |
| Closing value of reimbursement right | | 15,360,842 | 12,403,291 | 6,180,561 | 8,222,395 | 575,600,134 | 581,002,820 | 597,141,537 | 601,628,506 |
| **Net liability** | | | | | | | | | |
| Defined benefit obligation | | 39,485,717 | 42,227,391 | 7,346,202 | 8,472,893 | 605,651,512 | 609,611,094 | 652,483,431 | 660,311,378 |
| Fair value of plan assets | | (23,731,090) | (29,252,535) | (1,047,436) | (85,502) | (29,672,629) | (28,155,007) | (54,451,155) | (57,493,044) |
| Net liability | note 19 | 15,754,627 | 12,974,856 | 6,298,766 | 8,387,391 | 575,978,883 | 581,456,087 | 598,032,276 | 602,818,334 |
| Reimbursement right | note 10 | 15,360,842 | 12,403,291 | 6,180,561 | 8,222,395 | 575,600,134 | 581,002,820 | 597,141,537 | 601,628,506 |
| Net liability/(asset) in balance sheet | | 393,785 | 571,565 | 118,205 | 164,996 | 378,749 | 453,267 | 890,739 | 1,189,828 |
| **Amounts recognised in the statement of financial position** | | | | | | | | | |
| **Liabilities** | | | | | | | | | |
| Provision for deferred government benefits for superannuation | | 15,754,627 | 12,974,856 | 6,298,766 | 8,387,391 | 575,978,883 | 581,456,087 | 598,032,276 | 602,818,334 |
| Total liabilities recognised in statement of financial position | | 15,754,627 | 12,974,856 | 6,298,766 | 8,387,391 | 575,978,883 | 581,456,087 | 598,032,276 | 602,818,334 |
| **Assets** | | | | | | | | | |
| Receivable for deferred government contribution for superannuation | | 15,360,842 | 12,403,291 | 6,180,561 | 8,222,395 | 575,600,134 | 581,002,820 | 597,141,537 | 601,628,506 |
| Total assets recognised in statement of financial position | | 15,360,842 | 12,403,291 | 6,180,561 | 8,222,395 | 575,600,134 | 581,002,820 | 597,141,537 | 601,628,506 |
| Net liability recognised in the statement of financial position | | 393,785 | 571,565 | 118,205 | 164,996 | 378,749 | 453,267 | 890,739 | 1,189,828 |
| **Amounts recognised in other statements** | | | | | | | | | |
| **Amounts recognised in the income statement** | | | | | | | | | |
| Current service cost | | 1,228,434 | 1,581,091 | 287,112 | 340,896 | 745,408 | 814,279 | 2,260,954 | 2,736,266 |
| Net interest | | 347,401 | 302,410 | 187,593 | 224,343 | 15,747,948 | 17,084,817 | 16,282,942 | 17,611,570 |
| Expected return on plan assets | | – | – | – | – | – | – | – | – |
| Past service costs | | – | – | – | – | – | – | – | – |
| Losses/(gains) arising from curtailments or settlements | | – | – | – | – | – | – | – | – |
| Expense/(income) | | 1,575,835 | 1,883,501 | 474,705 | 565,239 | 16,493,356 | 17,899,096 | 18,543,896 | 20,347,836 |
| **Other comprehensive income** | | | | | | | | | |
| Actuarial losses/(gains) on liabilities | | 2,985,896 | 1,877,078 | 680,016 | 266,707 | 8,217,443 | (15,070,388) | 11,883,355 | (12,926,603) |
| Actual return on fund assets less interest income | | (825,147) | (626,658) | 35,531 | (8,130) | (221,665) | (176,174) | (1,011,281) | (810,962) |
| Recognised in other comprehensive income | | 2,160,749 | 1,250,420 | 715,547 | 258,577 | 7,995,778 | (15,246,562) | 10,872,074 | (13,737,565) |

**UniSuper Management Limited**

The university contributes to UniSuper for non-academic staff appointed since 1 July 1991 and academic staff appointed since 1 March 1998. UniSuper offers both a defined benefit scheme and an accumulation scheme with a range of investment options.

- The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under superannuation law but is considered to be a defined contribution plan under Accounting Standard AASB 119.
- During the 2006 year clause 34 of the UniSuper Trust Deed was amended which substantially transfers the actuarial risks from the employer to the employee. The amendment to the trust deed has resulted in the UniSuper defined benefit fund to be reclassified as a defined contribution fund for the purposes of AASB 119 *Employee Benefits*.
- As at 30 June 2017, the assets of the DBD in aggregate were estimated to be $2.797 million above vested benefits, after allowing for various reserves. The vested benefit index based on funding assumptions was 114.5 per cent. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.
- As at 30 June 2017, the assets of the DBD in aggregate were estimated to be $4.258 million above accrued benefits, after allowing for various reserves. The accrued benefit index based on best estimate assumptions was 123.9 per cent. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.
- The vested benefit and accrued benefit liabilities were determined by the fund's actuary using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the DBD as at 1 July 2017. The financial assumptions used were:

| | Vested benefits | Accrued benefits |
|---|---|---|
| | % pa | % pa |
| Gross of tax investment return — DBD pensions | 5.30 | 6.60 |
| Gross of tax investment return — commercial rate indexed pensions | 2.90 | 2.90 |
| Net of tax investment return — non-pensioner members | 4.70 | 5.80 |
| Consumer Price Index | 2.00 | 2.00 |
| Inflationary salary increases long term | 3.00 | 3.00 |

- Assets have been included at their net market value, that is allowing for realisation costs.
- A clause 34 monitoring period was initiated following the 30 June 2013 actuarial investigation. Following the end of the monitoring period on 30 June 2017, the fund's actuary advised that the trustee is not required to take any further action, and that monitoring period is now ceased.

## 26. Contingent assets and contingent liabilities

### (a) Contingent assets

The university carries out various research projects and has developed intellectual properties and registered patents. At the commercialisation of these the university may realise a future monetary benefit.

### (b) Contingent liabilities

- Consequent upon the HIH Insurance Group being placed in provisional liquidation on 16 March 2001, the university may have an exposure to the non-settlement of potential public liability claims. The extent of any potential exposure cannot be estimated.
- The federal and New South Wales governments have signed a memorandum of understanding (MOU) for the financial assistance of unfunded superannuation liabilities of New South Wales universities. Although the agreement provides funding to NSW universities for their liability in relation to the unfunded defined benefit plans any deemed liability resulting from payment of excess salaries (as defined in the MOU) is not covered under the agreement and therefore the liability remains with the University. To date an amount of $162,000 has been paid to the trustee for university employees who are members of the relevant superannuation plans. In addition there is an emerging excess salary liability of $891,000 which has been recognised in the statement of other comprehensive income.
- There are ongoing legal matters where it is still not practical to estimate the potential effect of these matters but, legal advice indicates, based on current information, that any liabilities that may arise in the event that the claims are successful are unlikely to be significant in the context of the university's business.
- The university has provided a financial guarantee for the Insearch Limited lease on 645 Harris St, Ultimo. The university does not expect a financial obligation to arise from this guarantee.

The university is not aware of any other contingent liabilities.

## 27. Economic dependency

The university has no economic dependency on any other economic entity not clearly discernable in the income statement or statement of financial position.

## 28. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy specified in note 1(b).

| Name of entity | Principal activities | Principal place of business | Ownership interest/control 2017 % | Ownership interest/control 2016 % | Equity 2017 $'000 | Equity 2016 $'000 |
|---|---|---|---|---|---|---|
| **Parent entity** | | | | | | |
| University of Technology Sydney | Education services | Australia | | | 1,803,021 | 1,643,760 |
| **Controlled entities** | | | | | | |
| Insearch Limited (company limited by guarantee)[1] | Education services | Australia | 100 | 100 | 55,204 | 61,316 |
| Insearch (Shanghai) Limited | Education services | China | 100 | 100 | 263 | 474 |
| Insearch Education International Pty Limited | Education services | Australia | 100 | 100 | 184 | 184 |
| accessUTS Pty Limited | Consulting | Australia | 100 | 100 | 597 | 585 |
| UTS Global Pty Ltd | Marketing services | Australia | 100 | 100 | 261 | 247 |
| UTS Beijing Ltd | Marketing services | China | 100 | 100 | (94) | (59) |
| Piivot Pty Ltd | | Australia | 100 | 100 | 2 | (309) |

1. Insearch Limited is a controlled entity limited by guarantee. The Insearch Limited constitution prohibits the income or property of the company to be paid directly or indirectly, by way of dividend, bonus or otherwise, to the members of the company.

The above companies are consolidated in the university statutory accounts under AASB10 *Consolidated Financial Statements*.

## 29. Related parties

### (a) Parent entities

The ultimate parent entity within the group is the University of Technology Sydney.

### (b) Subsidiaries

Interests in subsidiaries are set out in note 28.

### (c) Key management personnel

Disclosures relating to responsible persons and executive officers are set out in note 7.

### (d) Transactions with related parties in the wholly owned group

The parent entity entered into the following transactions during the period with related parties in the group.

- Donations amounting to $17,752,767 (2016: $7,695,356) were paid or payable to the ultimate controlling entity.
- Donations amounting to $400,000 (2016: $470,000) were paid by the ultimate controlling entity to subsidiaries.
- Sale of services and fees $31,016,975 (2016: $28,931,784) to the wholly owned University of Technology Sydney group.
- Purchase of services and fees $24,120,616 (2016: $22,098,460) by the wholly owned University of Technology Sydney group.
- Purchase of shares in a subsidiary $0 (2016: $0) by the wholly owned University of Technology Sydney group.

### (e) Outstanding balances

| | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|
| **Current receivables** | | | | |
| Subsidiaries | – | – | 2,279 | 1,825 |
| **Current receivables (loans)** | | | | |
| Subsidiaries | – | – | 35 | 335 |
| **Current payables** | | | | |
| Subsidiaries | – | – | 4 | 104 |

Included in the total doubtful debts provision in the parent entity is a provision of $46,862 (2016: $0) for doubtful debts for outstanding balances due from related parties.

## 30. Disaggregation information (consolidated)

| | Revenue 2017 $'000 | Revenue 2016 $'000 | Results 2017 $'000 | Results 2016 $'000 | Assets 2017 $'000 | Assets 2016 $'000 |
|---|---|---|---|---|---|---|
| **Geographical (consolidated entity)** | | | | | | |
| Australia | 1,025,062 | 928,862 | 69,326 | 68,636 | 3,045,730 | 2,768,089 |
| China | 5,357 | 6,707 | 3,487 | 3,519 | 3,131 | 3,435 |
| United Kingdom | – | – | – | – | 675 | 675 |
| South-East Asia | – | 9 | – | (6) | – | – |
| **Total** | **1,030,419** | **935,578** | **72,813** | **72,149** | **3,049,536** | **2,772,199** |

(a) Includes discontinued operations.

## 31. Events occurring after the balance sheet date

The university is not aware of any other subsequent events which have affected the reported result.

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

| | Economic entity (Consolidated) 2017 $'000 | Economic entity (Consolidated) 2016 $'000 | Parent entity (University) 2017 $'000 | Parent entity (University) 2016 $'000 |
|---|---|---|---|---|
| Net result for the period | 72,813 | 72,149 | 78,036 | 69,592 |
| Depreciation, amortisation and impairment PPE and intangibles | 87,921 | 81,692 | 82,063 | 76,738 |
| Increase/(decrease) in provisions: | | | | |
| annual leave | 4,156 | 4,350 | 3,889 | 4,085 |
| doubtful debts | (57) | 247 | (34) | 197 |
| long service leave | 566 | 4,910 | (221) | 3,322 |
| deferred superannuation | (4,786) | (15,565) | (4,786) | (15,565) |
| Decrease/(increase) in receivables | (4,168) | (3,854) | (6,977) | (4,541) |
| Decrease/(increase) in non-current receivables | 4,487 | 15,746 | 4,487 | 15,746 |
| Decrease/(increase) in prepayments and accrued income | (10,004) | (9,972) | (10,342) | (9,228) |
| (Decrease)/increase in accounts payable | 10,014 | (8,206) | 9,198 | (4,605) |
| (Decrease)/increase in income in advance | 14,283 | 7,791 | 13,864 | 5,853 |
| Amortisation of prepaid borrowing costs | (1,810) | 63 | (1,810) | 63 |
| (Profit)/loss on sale of assets | 682 | 454 | 697 | (25) |
| Share of profit of joint venture not received as dividends or distribution | (483) | 4,286 | – | – |
| Fair value gains on other financial assets at fair value through profit or loss | (1,307) | (1,064) | (1,307) | (1,064) |
| Actuarial gain/(loss) on deferred superannuation | 299 | (182) | 299 | (182) |
| Net cash provided by operating activities | 172,606 | 152,845 | 167,056 | 140,386 |

## 33. Acquittal of Australian Government financial assistance

### 33.1 Education — CGS and other education grants

| | | Parent entity (University) only | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Commonwealth Grant Scheme[1] | | Indigenous Student Success Program | | Access and Participation Fund | | Disability Performance Funding | |
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)** | | 215,655 | 207,981 | 1,410 | 871 | 2,931 | 3,308 | 381 | 382 |
| Net accrual adjustments | | (1,508) | 1,216 | – | – | – | – | – | – |
| **Revenue for the period** | 2.1(a) | 214,147 | 209,197 | 1,410 | 871 | 2,931 | 3,308 | 381 | 382 |
| Surplus/(deficit) from the previous year | | – | – | 26 | 22 | – | – | – | – |
| Total revenue including accrued revenue | | 214,147 | 209,197 | 1,436 | 893 | 2,931 | 3,308 | 381 | 382 |
| Less expenses including accrued expenses | | (214,147) | (209,197) | (1,436) | (867) | (2,931) | (3,308) | (381) | (382) |
| Surplus/(deficit) for reporting period | | – | – | – | 26 | – | – | – | – |

| | | Parent entity (University) only | | | | | |
|---|---|---|---|---|---|---|---|
| | | Promotion of Excellence in Teaching in Higher Education | | Australian Maths and Science Partnership Program | | Total | |
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)** | | 111 | 1,173 | – | 819 | 220,488 | 214,534 |
| Net accrual adjustments | | – | – | – | – | (1,508) | 1,216 |
| **Revenue for the period** | 2.1(a) | 111 | 1,173 | – | 819 | 218,980 | 215,750 |
| Surplus/(deficit) from the previous year | | – | – | – | – | 26 | 22 |
| Total revenue including accrued revenue | | 111 | 1,173 | – | 819 | 219,006 | 215,772 |
| Less expenses including accrued expenses | | (111) | (1,173) | – | (819) | (219,006) | (215,746) |
| Surplus/(deficit) for reporting period | | – | – | – | – | – | 26 |

1. Includes the basic CGS grant amount, CGS — regional loading, CGS — enabling loading, and CGS — special advances from future years.

### 33.2 Higher education loan programs (excluding OS-HELP)

| | | Parent entity (University) only | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | HECS-HELP (Australian Government payments only) | | FEE-HELP | | SA-HELP | | Total | |
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Cash payable/(receivable) at beginning of year | | (199) | 1,635 | 421 | 896 | (95) | 14 | 127 | 2,545 |
| **Financial assistance received in cash during the reporting period** | | 153,736 | 142,460 | 43,143 | 43,104 | 3,298 | 3,057 | 200,177 | 188,621 |
| **Cash available for period** | | 153,537 | 144,095 | 43,564 | 44,000 | 3,203 | 3,071 | 200,304 | 191,166 |
| Net accrual adjustments | | (750) | 199 | (1,499) | (421) | (4) | 95 | (2,253) | (127) |
| **Revenue for the period** | 2.1(b) | 152,787 | 144,294 | 42,065 | 43,579 | 3,199 | 3,166 | 198,051 | 191,039 |
| Cash payable/(receivable) at end of year | | 750 | (199) | 1,499 | 421 | 4 | (95) | 2,253 | 127 |

### 33.3 Australian Research Council grants

| | | Parent entity (University) only | | | | | |
|---|---|---|---|---|---|---|---|
| | | Discovery | | Linkages | | Networks and centres | |
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)** | | 9,204 | 9,713 | 2,970 | 2,823 | – | – |
| Net accrual adjustments | | 575 | 348 | 376 | 274 | 476 | 530 |
| **Revenue for the period** | 2.1(d) | 9,779 | 10,061 | 3,346 | 3,097 | 476 | 530 |
| Surplus/(deficit) from the previous year | | 7,526 | 11,588 | 4,154 | 1,449 | 65 | 263 |
| Total revenue including accrued revenue | | 17,305 | 21,649 | 7,500 | 4,546 | 541 | 793 |
| Less expenses including accrued expenses | | (10,097) | (14,123) | (2,274) | (392) | (371) | (728) |
| Surplus/(deficit) for reporting period | | 7,208 | 7,526 | 5,226 | 4,154 | 170 | 65 |

| | | Parent entity (University) only | | | |
|---|---|---|---|---|---|
| | | Special research initiatives | | Total | |
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)** | | – | – | 12,174 | 12,536 |
| Net accrual adjustments | | – | 13 | 1,427 | 1,165 |
| **Revenue for the period** | 2.1(d) | – | 13 | 13,601 | 13,701 |
| Surplus/(deficit) from the previous year | | 24 | 1 | 11,769 | 13,301 |
| Total revenue including accrued revenue | | 24 | 14 | 25,370 | 27,002 |
| Less expenses including accrued expenses | | – | 10 | (12,742) | (15,233) |
| Surplus/(deficit) for reporting period | | 24 | 24 | 12,628 | 11,769 |

### 33.4 Other capital funding

| | | Parent entity (University) only | | | |
|---|---|---|---|---|---|
| | | Linkage Infrastructure, Equipment and Facilities | | Total | |
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)** | | 450 | – | 450 | – |
| Net accrual adjustments | | (19) | 241 | (19) | 241 |
| **Revenue for the period** | 2.1(e) | 431 | 241 | 431 | 241 |
| Surplus/(deficit) from the previous year | | 518 | 454 | 518 | 454 |
| Total revenue including accrued revenue | | 949 | 695 | 949 | 695 |
| Less expenses including accrued expenses | | 574 | (177) | 574 | (177) |
| Surplus/(deficit) for reporting period | | 1,523 | 518 | 1,523 | 518 |

### 33.5 Education research

| | | Parent entity (University) only | | | | | |
|---|---|---|---|---|---|---|---|
| | | Research Training Program[1] | | Research Support Program[2] | | Total | |
| | Notes | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)** | | 16,686 | 16,355 | 11,650 | 10,684 | 28,336 | 27,039 |
| Net accrual adjustments | | – | – | – | – | – | – |
| **Revenue for the period** | 2.1 (c) | 16,686 | 16,355 | 11,650 | 10,684 | 28,336 | 27,039 |
| Surplus/(deficit) from the previous year | | 727 | (5) | 878 | 877 | 1,605 | 872 |
| Total revenue including accrued revenue | | 17,413 | 16,350 | 12,528 | 11,561 | 29,941 | 27,911 |
| Less expenses including accrued expenses | | (17,413) | (15,623) | (12,528) | (10,683) | (29,941) | (26,306) |
| Surplus/(deficit) for reporting period | | – | 727 | – | 878 | – | 1,605 |

1. Research Training Program has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017. The 2016 data for the programs that have been replaced have been reported in the Research Training Program comparatives.
2. Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017. The 2016 data for the programs that have been replaced have been reported in the Research Support Program comparatives.

### 33.5 Total Higher Education Provider Research Training Program expenditure

| | Total domestic students $'000 | Total overseas students $'000 |
|---|---|---|
| Research training program fees offsets | 12,726 | 359 |
| Research training program stipends | 4,328 | – |
| Research training program allowances | – | – |
| **Total for all types of support** | 17,054 | 359 |

### 33.6 OS–HELP

| | Parent entity (University) only | |
|---|---|---|
| | OS–HELP | |
| | 2017 $'000 | 2016 $'000 |
| **Cash received during the reporting period** | 8,525 | 6,938 |
| Cash spent during the reporting period | (5,429) | (7,035) |
| **Net cash received** | 3,096 | (97) |
| Cash surplus/(deficit) from previous period | 3,084 | 3,181 |
| Cash surplus/(deficit) for reporting period | 6,180 | 3,084 |

### 33.7 Higher Education Superannuation Program

| | Parent entity (University) only | |
|---|---|---|
| | OS–HELP | |
| | 2017 $'000 | 2016 $'000 |
| **Cash received during the reporting period** | 25,429 | 15,502 |
| University contribution in respect of current employees | (25,429) | (15,502) |
| **Cash available** | – | – |
| Cash surplus/(deficit) from previous period | – | – |
| **Cash available for current period** | – | – |
| Contributions to specified defined benefit funds | – | – |
| Cash surplus/(deficit) for reporting period | – | – |

33.8 Student Services and Amenties Fee

| | Parent entity (University) only | |
|---|---|---|
| | SA-HELP | |
| | 2017 $'000 | 2016 $'000 |
| **Unspent/(overspent) revenue from previous period** | | |
| SA-HELP revenue earned | 3,199 | 3,166 |
| Student services fees direct from students | 6,331 | 5,810 |
| **Total revenue expendable in period** | 9,530 | 8,976 |
| Student services expenses during period | (9,530) | (8,976) |
| Unspent/(overspent) student services revenue | – | – |

## 34.Financial risk management

The group's activities exposes it to a variety of financial risks mainly market risk (including currency and interest rate risk), credit risk and liquidity risk.

The group's principal financial instruments comprise cash and term deposits, receivables, available for sale investments, payables, loans and finance leases. The main purpose of these financial instruments is to raise finance for the group's operations.

The group manages its exposure to key financial risks including interest rate and currency risk in accordance with the university's investment procedure and directions from the university's Finance Committee. The objective is to protect the future financial security of the university.

The main risks arising from the group's financial instruments are interest rate risks, foreign currency risk, credit risk and liquidity risk. The group utilises different methods to measure and manage the different types of risks to which it is exposed. These include monitoring interest rates and foreign currency and assessing the impact on movements through monthly forecasting.

(a) Market risk

Foreign exchange risk

The group's exposure to market risk for changes in foreign exchange rates relates primarily to the group's payments to overseas suppliers in payables and to a lesser extent foreign currency trade debtor invoices in receivables . The group's foreign currency payments and receipts are not significant and university practice is to generally use the spot rate when paying or receiving foreign currency amounts. For significant foreign denominated purchases of goods or services the University enters into forward exchange contracts on an ad-hoc basis to limit the foreign exchange risk.

The group has minimal balance sheet exposure to foreign currency movements with the majority of operations of the group occurring within Australia. Subsidiaries, Insearch Limited and UTS Global Pty Ltd, have investments in the United Kingdom, South–East Asia and China, which can impact the subsidiary, however, on an economic entity basis the impact is minimal.

Interest rate risk

The group's exposure to market risk for changes in interest rate relates primarily to the group's long-term debt obligations and investments in term deposits. Long-term debt obligations are managed mainly by a revolving $150 million debt facility with the National Australia Bank ($75m) and the Commonwealth Bank of Australia ($75m). As at 31 December 2017, 100 per cent of the group's borrowings which has been drawn down is at a fixed rate of interest.

The economic entity in 2017 terminated the existing $300 million revolving five-year debt facility with the National Australia Bank. This facility was replaced with two new revolving debt facilities: National Australia Bank for $75 million and the Commonwealth Bank of Australia for $75 million for a total overall facility of $150 million. As at 31 December 2017, no funds have been drawn down on these facilities by the university.

The university during the 2017 year terminated the two swap derivatives due to the repayment of the existing loan from the National Australia Bank. The facility was replaced with a fixed interest rate bond for $300 million in July 2017.

The group primarily invests in term deposits to maximise returns. The investment portfolio is reviewed by the university's Finance Committee within the framework of the university's investment procedures.

Instruments used by the group

The group has the following instruments:

- bond of $300 million
- revolving debt facility of $150 million.

Cash flow hedges

The university has terminated the interest rate swaps in July 2017 for $3.7 million due to the repayment of the NAB loan.

### Summarised sensitivity analysis

The following table summarises the sensitivity of the group's financial assets and financial liabilities to interest rate risk and foreign exchange risk. The group anticipates that interest rates may increase by up to 0.25 per cent in the 2018 year.

| | Carrying amount | Interest rate risk | | | | Foreign exchange risk | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 0.25% | | -0.25% | | 10% | | -10% | |
| | $'000 | Result $'000 | Equity $'000 | Result $'000 | Equity $'000 | Result $'000 | Equity $'000 | Result $'000 | Equity $'000 |
| **31 December 2017** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 265,471 | 664 | 664 | (664) | (664) | – | – | – | – |
| Receivables | 624,426 | – | – | – | – | (282) | (282) | 282 | 282 |
| Managed funds | 14,132 | 35 | 35 | (35) | (35) | – | – | – | – |
| Forward exchange contracts | – | – | – | – | – | – | – | – | – |
| Shares in other organisations | 17,459 | – | – | – | – | – | – | – | – |
| Investments accounted for using the equity method | 4,871 | – | – | – | – | – | – | – | – |
| **Total financial assets** | **926,359** | | | | | | | | |
| **Financial liabilities** | | | | | | | | | |
| Payables | 79,408 | – | – | – | – | 268 | 268 | (268) | (268) |
| Loans | 298,215 | – | – | – | – | – | – | – | – |
| Finance leases and hire purchase liabilities | 9,553 | – | – | – | – | – | – | – | – |
| Forward exchange contracts | – | – | – | – | – | – | – | – | – |
| Derivatives — interest rate swaps | – | – | – | – | – | – | – | – | – |
| **Total financial liabilities** | **387,176** | | | | | | | | |
| **Total increase/(decrease)** | | **699** | **699** | **(699)** | **(699)** | **(14)** | **(14)** | **14** | **14** |
| **31 December 2016** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 190,197 | 951 | 951 | (951) | (951) | – | – | – | – |
| Receivables | 624,688 | – | – | – | – | (359) | (359) | 359 | 359 |
| Managed funds | 12,238 | 61 | 61 | (61) | (61) | – | – | – | – |
| Forward exchange contracts | – | – | – | – | – | – | – | – | – |
| Shares in other organisations | 11,796 | – | – | – | – | – | – | – | – |
| Investments accounted for using the equity method | 5,198 | – | – | – | – | – | – | – | – |
| **Total financial assets** | **844,117** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Financial liabilities** | | | | | | | | | |
| Payables | 66,729 | – | – | – | – | 138 | 138 | (138) | (138) |
| Loans | 199,935 | – | – | – | – | – | – | – | – |
| Finance leases and hire purchase liabilities | 8,724 | – | – | – | – | – | – | – | – |
| Forward exchange contracts | – | – | – | – | – | – | – | – | – |
| Derivatives — interest rate swaps | 5,133 | – | (1,462) | 1,478 | – | – | – | – | – |
| **Total financial liabilities** | **280,521** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Total increase/(decrease)** | | **1,012** | **(450)** | **466** | **(1,012)** | **(221)** | **(221)** | **221** | **221** |

### (b) Credit risk

Credit risk arises from the financial assets of the group, which comprises cash and cash equivalents (including term deposits), trade and other receivables and other financial assets. The group's exposure to credit risk arises from default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The group trades only with recognised, creditworthy third parties and as such collateral is not requested.

In addition receivables balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

### (c) Liquidity risk

The group's objective is to maintain a balance between continuity of funding and flexibility through use of bank loans, bonds and finance leases. The economic entity in 2017 terminated the existing $300 million revolving five-year debt facility with the National Australia Bank. This facility was replaced with two new revolving debt facilities: National Australia Bank for $75 million and the Commonwealth Bank of Australia for $75 million for a total overall facility of $150 million. As at 31 December 2017, no funds have been drawn down on these facilities by the university.

The university has provided a financial guarantee to Insearch Limited for its lease commitments on 645 Harris St, Ultimo. The university does not expect any financial obligation from the provision of the guarantee.

The following tables summarises the maturity of the group's financial assets and financial liabilities.

| | Average interest rate % | Variable interest rate $'000 | Less than 1 year $'000 | 1 to 5 years $'000 | 5+ years $'000 | Non-interest $'000 | Total |
|---|---|---|---|---|---|---|---|
| **31 December 2017** | | | | | | | |
| **Financial assets** | | | | | | | |
| Cash and cash equivalents | 2.26 | – | 265,471 | – | – | – | 265,471 |
| Receivables | – | – | – | – | – | 624,426 | 624,426 |
| Managed funds | 10.34 | – | – | 14,132 | – | – | 14,132 |
| Forward exchange contracts | – | – | – | – | – | – | – |
| Shares in other organisations | – | – | – | – | – | 17,459 | 17,459 |
| Investments accounted for using the equity method | – | – | – | – | – | 4,871 | 4,871 |
| **Total financial assets** | | **–** | **265,471** | **14,132** | **–** | **646,756** | **926,359** |
| **Financial liabilities** | | | | | | | |
| Payables | – | – | – | – | – | 79,408 | 79,408 |
| Loans | 3.83 | – | – | – | 298,215 | – | 298,215 |
| Finance leases and hire purchase liabilities | 3.80 | – | 4,559 | 4,994 | – | – | 9,553 |
| Forward exchange contracts | – | – | – | – | – | – | - |
| Derivatives — interest rate swaps | – | – | – | – | – | – | - |
| **Total financial liabilities** | | **–** | **4,559** | **4,994** | **298,215** | 79,408 | **387,176** |
| **31 December 2016** | | | | | | | |
| **Financial assets** | | | | | | | |
| Cash and cash equivalents | 2.60 | – | 190,197 | – | – | – | 190,197 |
| Receivables | – | – | – | – | | 624,688 | 624,688 |
| Managed funds | 7.66 | – | – | 12,238 | – | – | 12,238 |
| Forward exchange contracts | – | – | – | – | – | – | – |
| Shares in other organisations | – | – | – | – | – | 11,796 | 11,796 |
| Investments accounted for using the equity method | – | – | – | – | – | 5,198 | 5,198 |
| **Total financial assets** | | **–** | **190,197** | **12,238** | **–** | **641,682** | **844,117** |
| **Financial liabilities** | | | | | | | |
| Payables | – | – | – | – | – | 66,729 | 66,729 |
| Loans | 3.55 | – | – | – | 199,935 | – | 199,935 |
| Finance leases and hire purchase liabilities | 4.25 | – | 4,296 | 4,428 | – | – | 8,724 |
| Forward exchange contracts | – | – | – | – | – | – | – |
| Derivatives — interest rate swaps | 1.71 | – | 2,985 | 2,148 | – | – | 5,133 |
| **Total financial liabilities** | | **–** | **7,281** | **6,576** | **199,935** | 66,729 | **280,521** |

### (d) Fair value measurements

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

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

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

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Carrying amount $'000 | Fair value $'000 | Carrying amount $'000 | Fair value $'000 |
| **Financial assets** | | | | |
| Cash and cash equivalents | 265,471 | 265,471 | 190,197 | 190,197 |
| Receivables | 624,426 | 624,426 | 624,688 | 624,688 |
| Managed funds | 14,132 | 14,132 | 12,238 | 12,238 |
| Forward exchange contracts | – | – | – | – |
| Shares in other organisations | 17,459 | 17,459 | 11,796 | 11,796 |
| **Total financial assets** | **921,488** | **921,488** | **838,919** | **838,919** |
| **Financial liabilities** | | | | |
| Payables | 79,408 | 79,408 | 66,729 | 66,729 |
| Loans | 298,215 | 298,215 | 199,935 | 199,935 |
| Finance leases | 9,553 | 9,553 | 8,724 | 8,724 |
| Forward exchange contracts | – | – | – | – |
| Derivatives — interest rate swaps | – | – | 5,133 | 5,133 |
| **Total financial liabilities** | **387,176** | **387,176** | **280,521** | **280,521** |

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

- financial assets at fair value through profit or loss
- derivative financial instruments
- available-for-sale financial assets
- land and buildings and works of art
- non-current receivables — superannuation.

### (e) Fair value hierachy

The university categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement:

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

Level 2 — inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly

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

#### (i) Fair value measurements recognised in the balance sheet are categorised into the following levels:

| | Notes | 31 Dec 2017 $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 |
|---|---|---|---|---|---|
| **Recurring fair value measurements** | | | | | |
| **Financial assets** | | | | | |
| Receivables | 10 | 597,142 | – | 597,142 | – |
| Other financial assets — managed funds | 11 | 14,132 | 14,132 | – | – |
| Other financial assets — Australian unlisted securities | 11 | 16,201 | – | – | 16,201 |
| Other financial assets — unlisted securities | 11 | 1,258 | – | – | 1,258 |
| **Total financial assets** | | **628,733** | **14,132** | **597,142** | **17,459** |
| **Non-financial assets** | | | | | |
| Land, buildings, infrastructure and works of art | 15 | 1,763,556 | – | 2,792 | 1,760,764 |
| **Total non-financial assets** | | **1,763,556** | – | **2,792** | **1,760,764** |

| | Notes | 31 Dec 2017 $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Derivatives used for hedging | 20 | – | – | – | – |
| Not applicable all other financial liabilities at amortised cost | | – | – | – | – |
| **Total financial liabilities** | | **–** | **–** | **–** | **–** |

| | Notes | 31 Dec 2016 $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 |
|---|---|---|---|---|---|
| **Recurring fair value measurements** | | | | | |
| **Financial assets** | | | | | |
| Receivables | 10 | 601,629 | – | 601,629 | – |
| Other financial assets — managed funds | 11 | 12,238 | 12,238 | – | – |
| Other financial assets — Australian unlisted securities | 11 | 11,027 | – | – | 11,027 |
| Other financial assets — unlisted securities | 11 | 769 | – | – | 769 |
| **Total financial assets** | | **625,663** | **12,238** | **601,629** | **11,796** |
| **Non-financial assets** | | | | | |
| Land, buildings, infrastructure and works of art | 15 | 1,689,608 | – | 2,825 | 1,686,783 |
| **Total non-financial assets** | | **1,689,608** | **–** | **2,825** | **1,686,783** |
| **Financial liabilities** | | | | | |
| Derivatives used for hedging | 20 | 5,133 | – | 5,133 | – |
| Not applicable all other financial liabilities at amortised cost | | – | – | – | – |
| **Total financial liabilities** | | **5,133** | **–** | **5,133** | **–** |

The university has classified land, buildings and infrastructure as level 3 as the valuation methodology used is not based on observable market data. The university has also classified works of art as level 2 as the valuation methodology used is based on observable market data however not in an active market.

(ii) Disclosed fair values

The fair value of financial instruments traded in active markets (such as publicly traded shares) is based on quoted market prices at the balance sheet date (level 1). This is the most representative of fair value in the circumstances. The fair value of financial instruments that are not traded in an active market (for example, shares not listed on the stock exchange) is based on cost less impairment.

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.

The fair value of non-current borrowings disclosed in note 18 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the group for similar financial instruments. For the period ending 31 December 2017, the borrowing rate is 3.825 per cent, which is the yield rate on the $300 million bond (borrowing rates in 2016: 2.69 per cent and 6.41 per cent). The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

(f) Valuation techniques used to derive level 2 and level 3 fair values

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The below fair value estimates are included in level 2:

- receivables — relates to the defined superannuation benefit funds listed in note 25 and valued independently on a yearly basis
- works of art — valued independently at least once every three years.

The below fair value estimates are included in level 3:

- land, buildings and infrastructure are valued independently on a yearly basis. At the end of each reporting period the group updates the assessment of the fair value of each property taking into account the most recent independent valuation
- unlisted investment securities.

(g) **Fair value measurements using significant unobservable inputs (level 3)**

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

| | Unlisted securities $'000 | Land, buildings and infrastructure $'000 | Total $'000 |
|---|---|---|---|
| **31 December 2017** | | | |
| Opening balance | 11,796 | 1,686,783 | 1,698,579 |
| Acquisitions | 49 | 49,332 | 49,381 |
| Disposals | – | (55) | (55) |
| Transfers from level 1 | 440 | – | 440 |
| Transfers from level 2 | – | – | – |
| Transfers out of level 3 | – | – | – |
| Recognised in profit or loss | – | (47,181) | (47,181) |
| Recognised in other comprehensive income | 5,174 | 71,885 | 77,059 |
| **Closing balance** | **17,459** | **1,760,764** | **1,778,223** |
| **31 December 2016** | | | |
| Opening balance | 9,933 | 1,568,231 | 1,578,164 |
| Acquisitions | 34 | 41,606 | 41,640 |
| Disposals | – | (5) | (5) |
| Transfers from level 1 | – | – | – |
| Transfers from level 2 | – | – | – |
| Transfers out of level 3 | – | – | – |
| Recognised in profit or loss | – | (46,358) | (46,358) |
| Recognised in other comprehensive income | 1,829 | 123,309 | 125,138 |
| **Closing balance** | **11,796** | **1,686,783** | **1,698,579** |

**End of audited financial statements**

# UTS Global Pty Ltd

**UTS Global Pty Ltd**
**ACN 154 014 481**
**DIRECTORS' REPORT**
**For the year ended 31st December 2017**

In accordance with section 298(2)(a) *Corporations Act 2001*, it is reported that:

1. The Directors in office during the financial year and at the date of this report are:

   Professor William Purcell (Chairman)
   Mr Patrick Woods
   Professor Roy Green (Ceased Nov 2017)

2. The Directors held four (4) ordinary meetings and zero (0) annual general meeting during the year ended 31st December 2017. Attendance at those meetings was as follows:

| | Number of Meetings | Meetings Attended |
|---|---|---|
| Professor William Purcell | 4 | 4 |
| Mr Patrick Woods | 4 | 4 |
| Professor Roy Green | 3 | 3 |

3. Other directorships held by Directors are as follows:

   Professor William Purcell
   Director of Insearch Limited and The Global Society Pty Ltd.
   Trustee of the Mitsui Education Foundation, Sydney Educational Broadcasting Limited.

   Mr Patrick Woods
   CEO and Managing Director of accessUTS Pty Ltd
   Director of UTS Global
   Director of Pain Management Research Institute (PMRI)
   Director of Piivot Pty Ltd
   Director of Woods International Pty Ltd
   Board Member of Capital Advancement Committee (a sub-committee of Uniting)

   Professor Roy Green
   Director of Innovative Manufacturing IRC

4. The objectives of the Company are to establish subsidiary offices in China and India (and potentially other countries) which will provide the following services to UTS: profile-building and marketing, government and media relationship management, identification and development of collaborative research and teaching opportunities, market intelligence, organisation of senior executive visits, and assisting UTS faculties, research centres and offices in their in-country activities.

5. Operations for the financial period ended 31 December 2017 resulted in a profit of $13,811.

# Directors' report (continued)

**UTS Global Pty Ltd**
**ACN 154 014 481**

**DIRECTORS' REPORT**
**For the year ended 31st December 2017**

6. The Company has issued one share with UTS as the sole shareholder with $1 shareholding.

7. In 2017 the company oversaw the efficient and effective work of its subsidiary, UTS Beijing Ltd., which operates to further UTS interests in China. UTS Beijing Ltd. finished the year having supported the development of new pathway opportunities for UTS; deepened relationships with key technology partner institutions and key stakeholders in China; and ensured UTS remained one of the leading universities in Australia in terms of the number of China Scholarship Council-supported HDR students undertaking research at UTS.

8. No Director of the Company has, during and since the end of the financial period, received or become entitled to receive any benefits.

9. Directors and officers of the Company are covered by a policy for Directors and Officers Liability Insurance, held by the University of Technology Sydney. Cover is for a maximum $30 million in any one claim and in the aggregate.

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

11. In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

12. The Company's operations comply with the environmental regulations under both Commonwealth and State legislation.

Signed on 08/03/2018

Director
**Professor William Purcell**

Director
**Mr Patrick Woods**

# Directors' declaration

**UTS Global Pty Ltd**
**ACN 154 014 481**

**DIRECTORS' DECLARATION**
**For the year ended 31st December 2017**

In accordance with Section 295 (4) of the *Corporations Act 2001*, we, the Directors whose signatures and names appear below, do hereby state on behalf of the Board that in the opinion of the Directors:

a) the financial statements and notes present a true and fair view of the financial position and performance of the Company as at 31 December 2017 and the results of its operations and transactions of the Company for the year then ended;

b) the financial statements and notes have been prepared in accordance with the *Corporations Act 2001*;

c) the financial statements and notes have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Regulations and other mandatory financial reporting requirements;

d) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable with the continuing funding support from the University of Technology Sydney; and

e) we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed on 08/03/2018 in accordance with a resolution of Directors.

Director
**Professor William Purcell**

Director
**Mr Patrick Woods**

# Statement in accordance with the Public Finance and Audit Act

**UTS Global Pty Ltd**

**ACN 154 014 481**

**STATEMENT IN ACCORDANCE WITH THE *PUBLIC FINANCE AND AUDIT ACT 1983***

**For the year ended 31st December 2017**

Pursuant to the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulations 2015* and in accordance with the resolution of the Board of Directors, we declare that in our opinion:

(a) The accompanying financial statements exhibit a true and fair view of the financial position and financial performance of the company as at 31 December 2017 and transactions for the year then ended; and

(b) The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, as amended and Public Finance & Audit Regulations 2015, Australian Accounting Standards including Australian Accounting Interpretations, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board.

Further, we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney on 08/03/2018

Director
**Professor William Purcell**

Director
**Mr Patrick Woods**

# Independent auditor's report

## INDEPENDENT AUDITOR'S REPORT

**UTS Global Pty Limited**

To Members of the New South Wales Parliament and Members of UTS Global Pty Limited

### Opinion

I have audited the accompanying financial statements of UTS Global Pty Limited (the Company), which comprise the Statement of Financial Position as at 31 December 2017, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

### Basis for Opinion

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

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

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

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of UTS Global Pty Limited on 8 March would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

**Level 15, 1 Margaret Street, Sydney NSW 2000** | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

# Independent auditor's report (continued)

## Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Company will be dissolved by an Act of Parliament or otherwise cease operations.

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

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

9 March 2018
SYDNEY

# Auditor's independence declaration

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
UTS Global Pty Limited

## Auditor's Independence Declaration

As auditor for the audit of the financial statements of UTS Global Pty Limited for the year ended 31 December 2017, 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.

Caroline Karakatsanis
Director, Financial Audit Services

8 March 2018
SYDNEY

# Statement of comprehensive income

for the year ended 31 December 2017

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from continuing operations | 2 | 400,742 | 470,835 |
| Other expenses | 3 | 386,931 | 357,583 |
| **Profit before income tax** | | **13,811** | **113,252** |
| Net result for the period for continuing operations | | 13,811 | 113,252 |
| Net result for the period is attributable to the owners | | 13,811 | 113,252 |
| **Total comprehensive income is attributable to the owners** | | **13,811** | **113,252** |

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

# Statement of financial position

as at 31 December 2017

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 174,986 | 177,659 |
| Receivables | 5 | 651 | 3,025 |
| **Total current assets** | | **175,637** | **180,684** |
| **Non-current assets** | | | |
| Other financial assets | 6 | 100,000 | 100,000 |
| **Total non-current assets** | | **100,000** | **100,000** |
| **Total assets** | | **275,637** | **280,684** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Payables | 7 | 14,413 | 33,271 |
| **Total current liabilities** | | **14,413** | **33,271** |
| **Total liabilities** | | **14,413** | **33,271** |
| **Net assets** | | **261,224** | **247,413** |
| **Equity** | | | |
| Retained earnings | 8 | 261,223 | 247,412 |
| Share capital | 9 | 1 | 1 |
| **Total equity** | | **261,224** | **247,413** |

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

# Statement of changes in equity

**as at 31 December 2017**

| | 2017 $ | 2016 $ |
|---|---|---|
| **Balance as at 1 January** | 247,413 | 134,161 |
| Profit for the period | 13,811 | 113,252 |
| Other comprehensive income for the period | – | – |
| **Total comprehensive income for the period** | **13,811** | **113,252** |
| Transactions with owners recorded directly in equity | – | – |
| **Balance at 31 December** | **261,224** | **247,413** |

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

# Statement of cash flows

**as at 31 December 2017**

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Contribution from UTS | | 400,000 | 470,000 |
| GST refund | | 2,329 | – |
| Interest received | | 742 | 835 |
| Bank fees and charges | | (61) | (60) |
| Audit certificate fee | | (60) | (60) |
| Consulting — UTS Beijing | | (380,000) | (340,000) |
| Payment to UTS | | (25,623) | – |
| **Net cash provided by / (used in) operating activities** | 12 | **(2,673)** | **130,715** |
| **Cash flows from investing activities** | | | |
| **Net cash used in investing activities** | | – | – |
| **Cash flows from financing activities** | | | |
| **Net cash used in financing activities** | | – | – |
| **Net increase/(decrease) in cash and cash equivalents** | | (2,673) | 130,715 |
| Cash and cash equivalents at the beginning of the financial year | | 177,659 | 46,944 |
| **Cash and cash equivalents at the end of the financial year** | | **174,986** | **177,659** |

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

## 1. Summary of significant accounting policies

UTS Global Pty Ltd is a not-for-profit company limited by shares, incorporated and domiciled in Australia and is a wholly owned subsidiary of the University of Technology Sydney.

The company's principal business activities are to provide marketing and profile building services to UTS.

The company's principal place of business is 15 Broadway, Ultimo NSW 2007.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015 and the *Corporations Act 2001*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

These financial statements have been prepared on a historical cost basis and are presented in Australian dollars, rounded to the nearest dollar.

### (b) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### (c) Financial instruments

Financial instruments give rise to positions that are financial assets or liabilities (or equity instruments) of either company or its counterparties. These include cash at bank, receivables and accounts payable. Note 11 discloses the risk and management of those risks regarding financial instruments.

#### (i) Cash

Cash comprises cash on hand and bank balances. Interest has been earned at the prevailing rates.

#### (ii) Receivables

Trade receivables are recorded at amounts due at balance date, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

#### (iii) Payables

Trade accounts payable, other payables and accruals are recognised when the economic entity becomes obliged to make future payments as a result of purchase of goods and services.

### (d) Investments and other financial assets

The group classifies its investments in the following categories:

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

The group's investments in managed funds are classified as financial assets at fair value through profit or loss. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. These assets are initially recognised at cost, being the fair value of the consideration given. They are subsequently recognised at fair value and gains or losses are recognised in the income statement.

#### (ii) Available-for-sale financial assets

Investments in listed securities have been classified as available-for-sale financial assets. These assets are initially recognised at cost including the acquisition charges associated with the investment, being the fair value of the consideration given. Available-for-sale financial assets are subject to review for impairment. Gains or losses on available-for-sale investments are recognised in equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

#### (iii) Other financial assets

Equity instruments that are not quoted in an active market have been classified as other financial assets and have been recognised at cost less impairment.

### (e) Revenue recognition

Revenue comprises fees received from UTS for marketing services provided. Revenue from marketing services is recognised when services are provided.

Grants from institutions are recognised when control of the grant or the right to receive the grant is obtained. Project revenue is recognised periodically during the course of the project and at its conclusion.

Revenue arising from the sale of assets is recognised on disposal.

Interest revenue is recognised as it accrues.

### (f) Taxation

#### (i) Accounting for Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority it is recognised as part of the cost of acquisition of an asset or part of an item of expense, or for receivables and payables which are recognised inclusive of GST.

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

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxations authority is classified within operating activities.

(ii) Income Tax

UTS Global Pty Ltd is exempt from income tax under section 50-1 of the *Income Tax Assessment Act 1997*.

(g) Judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances.

(h) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period. UTS Global has not exercised the right to early adopt any new or revised accounting standard. Assesment and any potential impact of the upcoming standards are detailed below.

AASB 9 *Financial Instruments* will simplify the classification of financial assets for measurement purposes, but is not anticipated to have a significant impact on the financial statements.

AASB 15 *Revenue from Contracts with Customers* (effective for the year ending 31 December 2019) provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. It replaces the separate models for goods, services and construction contracts currently included in AASB 111 *Construction Contracts* and AASB 118 *Revenue*.

AASB 16 *Leases* (effective for the year ending 31 December 2020) will require all leases to be recognised on the balance sheet. Currently, AASB 117 *Leases* only requires leases categorised as finance leases to be recognised on the balance sheet, with leases categorised as operating leases not recognised.

(i) Changes in accounting policy

There have been no changes to accounting policy in the 2017 year.

(j) Basis of consolidation

UTS Global has one subsidiary, UTS Beijing Ltd, which is consolidated at the ultimate parent level.

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **2. Revenue from continuing operations** | | | |
| Contribution from UTS | | 400,000 | 470,000 |
| Interest earned | | 742 | 835 |
| **Total revenue from continuing operations** | | **400,742** | **470,835** |
| **3. Expenses from continuing operations** | | | |
| Consulting | | 380,300 | 340,600 |
| Recruitment fee | | – | 10,353 |
| Audit fee | | 6,510 | 6,352 |
| Bank fees and charges | | 121 | 120 |
| Other | | – | 158 |
| **Total expenses from continuing operations** | | **386,931** | **357,583** |
| **4. Cash and cash equivalents** | | | |
| Cash at bank and on hand | | 174,986 | 177,659 |
| **Total cash and cash equivalents** | | **174,986** | **177,659** |
| **5. Receivables** | | | |
| GST receivables | | 651 | 3,025 |
| **Total receivables** | | **651** | **3,025** |

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **6. Non-current assets** | | | |
| Shares in UTS Beijing Ltd | | 100,000 | 100,000 |
| **Total other non-financial assets** | | **100,000** | **100,000** |
| **7. Payables** | | | |
| Payables to parent | | 7,252 | 25,624 |
| Accrual — audit | | 7,161 | 6,987 |
| Accrual — company secretary fee | | – | 660 |
| **Total payables** | | **14,413** | **33,271** |
| **8. Retained earnings** | | | |
| Balance at the beginning of the period | | 247,412 | 134,160 |
| Surplus/(deficit) for the period | | 13,811 | 113,252 |
| **Balance as at 31 December** | | **261,223** | **247,412** |
| **9. Share capital** | | | |
| Ordinary shares | | 1 | 1 |
| **Total share capital** | | **1** | **1** |

## 10. Remuneration of directors

(a) **Directors of the company act in an honorary capacity as directors and therefore no director's fees are payable**

The name of directors who held office during the financial year are:

Mr Patrick Woods

Mr William Purcell

Mr Roy Green

(b) **Directors' remuneration**

No remuneration was paid to the directors for the 2017 financial year.

## 11. Financial risk management

(a) **Market risk**

Foreign exchange risk — UTS Global does not have any exposure to market risk for changes in foreign exchange.

(b) **Credit risk**

Credit risk arises from the financial assets of UTS Global Pty Ltd, which comprises cash and cash equivalents. UTS Global Ltd's exposure to credit risk arises from default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. UTS Global Ltd trades only with recognised, creditworthy third parties and as such collateral is not requested.

| | 2017 $ | 2016 $ |
|---|---|---|
| Credit risk by classification of counterparty: | | |
| Cash and cash equivalent assets | | |
| bank | 174,985 | 177,658 |
| on hand | 1 | 1 |
| receivables | 651 | 3,025 |
| | **175,637** | **180,684** |

(c) **Liquidity risk**

UTS Global Pty Ltd's objective is to maintain sufficient cash to meet creditor payments when due. UTS Global receives cash contributions from the holding company to meet ongoing liabilities.

(d) **Defaults and breaches**

There have been no defaults or breaches in relation to the payables of the company.

## 12. Notes to statement of cash flows

(a) **Reconciliation of cash**

For the purposes of the statement of cash flows, cash assets include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash assets at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | 2017 $ | 2016 $ |
|---|---|---|
| Cash at bank and on hand | 174,986 | 177,659 |
| **(b) Reconciliation of profit to net cash provided by operating activities** | | |
| Profit/(loss) for the year | 13,811 | 113,252 |
| Decrease/(increase) in receivables | 2,374 | (1,746) |
| (Decrease)/increase in payables | (18,858) | 19,209 |
| Prepayments | – | – |
| **Net cash provided by operating activities** | (2,673) | **130,715** |

## 13. After balance date events

There are no after balance date events that have an impact on the amounts recorded in the financial statements.

## 14. Contingent liabilities and contingent assets

There are no contingent liabilities and no contingent assets as at 31 December 2017.

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **15. Remuneration of auditors** | | | |
| Fees paid to the Audit Office of New South Wales for audit and review of financial statements | | 6,510 | 6,352 |

The auditors received no other remuneration.

## 16. Going concern

The normal activities of UTS Global Pty Ltd are, to a significant extent, dependent on the receipt of grants from the University of Technology Sydney.

The University of Technology Sydney has confirmed their present funding arrangements to the company. The directors consider that the financial plans of the company are feasible and achievable.

The financial statements are therefore prepared on a going concern basis.

**End of audited financial statements**

# Piivot Pty Ltd

# Directors' report

**Piivot Pty Ltd**

**ABN 37 606 702 087**

**DIRECTORS' REPORT**

**For the year ended 31st December 2017**

In accordance with section 298(2)(a) *Corporations Act 2001*, it is reported that:

1. The Directors in office during the financial year and at the date of this report are:

   Mr. Patrick Woods

   Mr. Mark Leigh

2. The Directors held 0 ordinary meetings and 1 annual general meeting during the year ended 31st December 2017. Attendance at those meetings was as follows:

| | Number of Meetings | Meetings Attended |
|---|---|---|
| Mr. Patrick Woods | 1 | 1 |
| Mr. Mark Leigh | 1 | 1 |

3. Other directorships held by Directors are as follows:

   Mr Patrick Woods

   Director of UTS Global Pty Ltd and Woods International Pty Ltd.

   Board member of Pain Management Research Institute.

   Mr Mark Leigh

   None

4. The objectives of the Company are to:

   a) Facilitate and support the creation of new start-ups and entrepreneurs with the ultimate objective of supporting the state economy of NSW; and

   b) Leverage the University's national and international profile and the growing profile of the local technology start-up community to develop a strong brand for Australian technology, digital and creative industries.

# Directors' report (continued)

**Piivot Pty Ltd**

**ABN 37 606 702 087**

**DIRECTORS' REPORT**

**For the year ended 31st December 2017**

5. Operations for the financial period ended 31 December 2017 resulted in a profit of $311,454. This was largely due to the $300,000 loan waiver from UTS.

6. The Company was established in 2015 and issued 100 shares with UTS as the sole shareholder with $100 shareholding.

7. The Company was largely dormant in 2017; however, it did finish the Global Startup Ecosystem project which had commenced in 2016.

8. No Director of the Company has, during and since the end of the financial period, received or become entitled to receive any benefits.

9. Directors and officers of the Company are covered by a policy for Directors and Officers Liability Insurance, held by the University of Technology Sydney. Cover is for a maximum $20 million in any one claim and in the aggregate.

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

11. In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

12. The Company's operations comply with the environmental regulations under both Commonwealth and State legislation.

Signed on 20/04/2018

Director
Mr Patrick Woods

Director
Mr Mark Leigh

# Directors' report (continued)

## Piivot Pty Ltd

ABN 37 606 702 087

**DIRECTORS' REPORT**

**For the year ended 31st December 2017**

In accordance with Section 295 (4) of the *Corporations Act 2001*, we, the Directors whose signatures and names appear below, do hereby state on behalf of the Board that in the opinion of the Directors:

a) the financial statements and notes present a true and fair view of the financial position and performance of the Company as at 31 December 2017 and the results of its operations and transactions of the Company for the year then ended;

b) the financial statements and notes have been prepared in accordance with the *Corporations Act 2001*;

c) the financial statements and notes have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Regulations and other mandatory financial reporting requirements;

d) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable with the continuing funding support from the University of Technology Sydney; and

e) we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed on 20/04/2018

Director
Mr Patrick Woods

Director
Mr Mark Leigh

# Statement in accordance with the Public Finance and Audit Act

**Piivot Pty Ltd**

**ABN 37 606 702 087**

**STATEMENT IN ACCORDANCE WITH THE *PUBLIC FINANCE AND AUDIT ACT 1983***

**For the year ended 31st December 2017**

Pursuant to the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulations 2015* and in accordance with the resolution of the Board of Directors, we declare that in our opinion:

(a) The accompanying financial statements exhibit a true and fair view of the financial position and financial performance of the company as at 31 December 2017 and transactions for the year then ended; and

(b) The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, as amended and public finance & audit regulations 2015, Australian Accounting Standards including Australian Accounting Interpretations, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board.

Further, we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed on 20/04/2018

Director
Mr Patrick Woods

Director
Mr Mark Leigh

# Independent auditor's report

**INDEPENDENT AUDITOR'S REPORT**

**Piivot Pty Ltd**

To Members of the New South Wales Parliament and Members of Piivot Pty Ltd

## Opinion

I have audited the accompanying financial statements of Piivot Pty Ltd (the Company), which comprise the Statement of Comprehensive Income for the year ended 31 December 2017, Statement of Financial Position as at 31 December 2017, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

## Basis for Opinion

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

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

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

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

**Level 15, 1 Margaret Street, Sydney NSW 2000** | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

# Independent auditor's report (continued)

## Directors' Responsibilities for the Financial Statements

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

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

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

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

20 April 2018
SYDNEY

# Auditor's independence declaration

To the Directors
Piivot Pty Limited

## Auditor's Independence Declaration

As auditor for the audit of the financial statements of Piivot Pty Limited for the year ended 31 December 2017, 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.

Caroline Karakatsanis
Director, Financial Audit Services

20 April 2018
SYDNEY

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

# Statement of comprehensive income

**for the year ended 31 December 2017**

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue from continuing operations** | | | |
| Grants and contributions | | – | 102,000 |
| Other income | | 347,434 | 47,481 |
| | 2 | 347,434 | 149,481 |
| Other expenses | 3 | 35,980 | 398,410 |
| **Profit/(loss) before income tax** | | **311,454** | **(248,929)** |
| **Income tax** | | – | – |
| Net result for the period for continuing operations | | 311,454 | (248,929) |
| Net result for the period is attributable to the owners | | 311,454 | (248,929) |
| **Total comprehensive income is attributable to the owners** | | **311,454** | **(248,929)** |

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

# Statement of financial position

**as at 31 December 2017**

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 58,220 | 104,558 |
| Receivables | 5 | 2,000 | 3,919 |
| **Total current assets** | | **60,220** | **108,477** |
| **Non-current assets** | | – | – |
| **Total non-current assets** | | – | – |
| **Total assets** | | **60,220** | **108,477** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Payables | 6 | 58,001 | 117,712 |
| **Total current liabilities** | | **58,001** | **117,712** |
| **Non-current liabilities** | | | |
| Loan from UTS | 7 | – | 300,000 |
| **Total non-current liabilities** | | – | **300,000** |
| **Total liabilities** | | **58,001** | **417,712** |
| **Net assets/(liabilities)** | | **2,219** | **(309,235)** |
| **Equity** | | | |
| Retained losses | 8 | 2,119 | (309,335) |
| Share capital | 9 | 100 | 100 |
| **Total equity** | | **2,219** | **(309,235)** |

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

# Statement of changes in equity

as at 31 December 2017

| | 2017 $ | 2016 $ |
|---|---|---|
| **Balance as at 1 January** | (309,235) | (60,306) |
| Profit/(loss) for the period | 311,454 | (248,929) |
| Other comprehensive income for the period | – | – |
| **Total comprehensive income for the period** | **311,454** | **(248,929)** |
| Transactions with owners recorded directly in equity | – | – |
| **Balance at 31 December** | **2,219** | **(309,235)** |

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

# Statement of cash flows

as at 31 December 2017

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipt from customers | | 2,200 | 155,717 |
| GST refunds | | 1,792 | 22,403 |
| Interest received | | 571 | 1,434 |
| Creditor payments | | (50,776) | (296,877) |
| Bank fees | | (125) | (126) |
| **Net cash used in operating activities** | 12 | **(46,338)** | **(117,449)** |
| **Cash flows from investing activities** | | | |
| **Net cash used in investing activities** | | – | – |
| **Cash flows from financing activities** | | | |
| **Net cash provided by financing activities** | | – | – |
| **Net increase/(decrease) in cash and cash equivalents** | | **(46,338)** | **(117,449)** |
| Cash and cash equivalents at the beginning of the financial year | | 104,558 | 222,007 |
| **Cash and cash equivalents at the end of the financial year** | | **58,220** | **104,558** |

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

## 1. Summary of significant accounting policies

Piivot Pty Limited is a for-profit company limited by shares, incorporated and domiciled in Australia and is a wholly owned subsidiary of the University of Technology Sydney.

The company was set up in 2015 and its principal business activities are to facilitate and support the creation of new startups and entrepreneurs with the ultimate objective of supporting the state economy of NSW.

The company's principal place of business is 15 Broadway, Ultimo NSW 2007.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015 and the *Corporations Act 2001*. Where there are inconsistencies between the above requirements the legislative provisions have prevailed.

These financial statements have been prepared on an historical cost basis and are presented in Australian dollars, rounded to the nearest dollar. The financial statements were approved by the board of directors on 20 April 2018.

### (b) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### (c) Financial instruments

Financial instruments give rise to positions that are financial assets or liabilities (or equity instruments) of either company or its counterparties. These include cash at bank, receivables, accounts payable and loans and borrowings. Note 11 discloses the risk and management of those risks regarding financial instruments.

#### (i) Cash

Cash comprises cash on hand and bank balances. Interest has been earned at the prevailing rates.

#### (ii) Receivables

Trade receivables are recorded at amounts due at balance date, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

#### (iii) Payables

Trade accounts payable, other payables and accruals are recognised when the economic entity becomes obliged to make future payments as a result of purchase of goods and services.

#### (iv) Loans and borrowings

All loans are measured at the principal amount.

### (d) Revenue recognition

Grants from institutions are recognised when control of the grant or the right to receive the grant is obtained. Project revenue is recognised periodically during the course of the project and at its conclusion.

Revenue arising from the sale of assets is recognised on disposal.

Interest revenue is recognised as it accrues.

### (e) Taxation

#### (i) Accounting for Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority it is recognised as part of the cost of acquisition of an asset or part of an item of expense, or for receivables and payables that are recognised inclusive of GST.

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

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority is classified within operating activities.

#### (ii) Income tax

The income tax expense on revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### (f) Judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances.

(g) **New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period. UTS Global has not exercised the right to early adopt any new or revised accounting standard. Assesment and any potential impact of the upcoming standard are detailed below.

AASB 9 *Financial Instruments* will simplify the classification of financial assets for measurement purposes, but it is not anticipated to have a significant impact on the financial statements.

AASB 15 *Revenue from Contracts with Customers* (effective for the year ending 31 December 2019) provides a single, principle-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. It replaces the seperate models for goods, services and construction contracts currently included in AASB 111 *Construction Contracts* and AASB 118 *Revenue*.

AASB 16 *Leases* (effective for the year ending 31 December 2020) will require all leases to be recognised on the balance sheet. Currently, AASB 117 *Leases* only requires leases categorised as finance leases to be recognised on the balance sheet, with leases categorised as operating leases not recognised.

(h) **Changes in accounting policy**

There have been no changes to accounting policy in the 2017 year.

(i) **Going concern**

The financial statements are not prepared on a going concern basis because Piivot Pty Ltd is in the process of ceasing its operations. In preparing the financial statements on an alternative basis, the directors have continued to apply the requirements of the Australian Accounting Standards taking into account that the company is not expected to continue as a going concern in the foreseeable future. There has been no material impact on the financial statements as a result of not applying the going concern assumption.

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **2. Revenue from continuing operations** | | | |
| Grants and contributions | | – | 102,000 |
| **Other income** | | | |
| Ticket sales | | – | 46,105 |
| Interest earned | | 572 | 1,434 |
| Other income | | 346,862 | (58) |
| | | 347,434 | 47,481 |
| **Total revenue from continuing operations** | | **347,434** | **149,481** |
| **3. Expenses from continuing operations** | | | |
| Consulting | | 20,000 | 300,921 |
| Event entertainment | | – | 55,764 |
| Audit fee | | 720 | 10,795 |
| Fees and subscriptions | | 14,570 | 14,845 |
| Contributions | | – | 5,000 |
| Expensed IT equipment | | – | 8,500 |
| Legal fees | | – | 2,213 |
| Other | | 565 | 246 |
| Bank fees and charges | | 125 | 126 |
| **Total expenses from continuing operations** | | **35,980** | **398,410** |
| **4. Cash and cash equivalents** | | | |
| Cash at bank | | 58,220 | 104,558 |
| **Total cash and cash equivalents** | | **58,220** | **104,558** |

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **5. Receivables** | | | |
| Accounts receivable | | – | 2,200 |
| GST receivable | | 2,000 | 1,719 |
| Total receivables | | 2,000 | 3,919 |
| **6. Payables** | | | |
| Payable to parent | | 58,001 | 104,297 |
| Accrued expenses | | – | 13,415 |
| Total payables | | 58,001 | 117,712 |
| **7. Borrowings** | | | |
| Loan from UTS | | – | 300,000 |
| Total borrowings | | – | 300,000 |
| **8. Retained earnings** | | | |
| Balance at the beginning of the period | | (309,335) | (60,406) |
| Gain for the period | | 311,454 | (248,929) |
| Balance as at 31 December 2017 | | 2,119 | (309,335) |
| **9. Share capital** | | | |
| 100 shares issued to UTS at $1 per share | | 100 | 100 |
| Total share capital | | 100 | 100 |

## 10. Remuneration of directors

(a) **Directors of the company act in an honorary capacity as directors and therefore no director's fees are payable**

The name of directors who held office during the financial year are:

Mr Patrick Woods

Mr Mark Leigh

(b) **Directors' remuneration**

No remuneration was paid to the directors for the 2017 financial year.

## 11. Financial risk management

(a) **Market risk**

Foreign exchange risk — Piivot does not have any exposure to market risk for changes in foreign exchange.

(b) **Credit risk**

Credit risk arises from the financial assets of Piivot Pty Ltd, which comprises cash and cash equivalents and receivables. Piivot Pty Ltd's exposure to credit risk arises from default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. Piivot Pty Ltd trades only with recognised, creditworthy third parties and as such collateral is not requested.

| | 2017 $ | 2016 $ |
|---|---|---|
| Credit risk by classification of counterparty: | | |
| Cash and cash equivalent assets | | |
| bank | 58,220 | 104,558 |
| receivables | 2,000 | 3,919 |
| | 60,220 | 108,477 |

(c) **Liquidity risk**

Piivot Pty Ltd's objective is to maintain sufficient cash to meet creditor payments when due. Piivot receives cash contributions from the holding company to meet ongoing liabilities.

(d) **Defaults and breaches**

There have been no defaults or breaches in relation to the payables of the company.

## 12. Notes to statement of cash flows

(a) **Reconciliation of cash**

For the purposes of the statement of cash flows, cash assets include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash assets at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | 2017 $ | 2016 $ |
|---|---|---|
| Cash at bank and on hand | 58,220 | 104,558 |

(b) **Reconciliation of profit to net cash provided by:**

| | 2017 $ | 2016 $ |
|---|---|---|
| Profit/(loss) for the year | 311,454 | (248,929) |
| (Increase)/decrease in receivables | 1,919 | 39,620 |
| Increase/(decrease) in payables | (59,711) | 91,860 |
| Increase/(decrease) in borrowings | (300,000) | – |
| **Net cash provided by operating activities** | **(46,338)** | **(117,449)** |

## 13. After balance date events

There are no after balance date events that have a material impact on the amounts recorded in the financial statements.

## 14. Contingent liabilities and contingent assets

There are no contingent liabilities and no contingent assets as at 31 December 2017.

## 15. Remuneration of auditors

| | 2017 $ | 2016 $ |
|---|---|---|
| Fees paid to Audit Office of New South Wales for the audit and review of financial statements. These fees are substanstially paid for by the parent. | 9,956 | 12,195 |

The auditors received no other remuneration.

## 16. Related parties

(a) **Parent entity**

The ultimate parent entity is the University of Technology Sydney.

(b) **Transaction with related parties**

Contributions in kind were provided in form of services and loan waiver to Piivot Pty Ltd by the University of Technology Sydney, amounting to $346,862 during the year ended 31 December 2017.

## 17. Going concern

The financial statements are not prepared on a going concern basis because Piivot Pty Ltd is in process of ceasing its operations. In preparing the financial statements on an alternative basis, the directors have continued to apply the requirements of the Australian Accounting Standards taking into account that the company is not expected to continue as a going concern in the foreseeable future. There has been no material impact on the financial statements as a result of not applying the going concern assumption.

**End of audited financial statements**

# Insearch Limited

# Report of the directors

This report of the directors of Insearch Limited is made in accordance with a resolution of the directors in accordance with section 298(2)(a) of the *Corporations Act 2001*.

## Directors

The names of directors in office during the year and at the date of this report (refer to note 18) are:

| | Date of appointment |
|---|---|
| Emeritus Professor RD Milbourne, AO | 1 March 2016 |
| Ms JN Anderson | 28 November 2017 |
| Mr P Bennett | 25 May 2011 |
| Mr JP Chalmers | 13 January 2018 |
| Ms AM Dwyer | 2 March 2015 |
| Mr GA Freeland | 28 March 2017 |
| Ms DN Hill | 27 March 2008 (retired Mar. 2017) |
| Mr JM Hutchison, AM | 27 Nov. 2008 (retired Nov. 2017) |
| Mr A Murphy | 3 September 2007 |
| Professor WR Purcell | 21 May 2009 (retired Jan. 2018) |
| Professor M Spongberg | 1 July 2014 |

## Company secretary

The name of the company secretary in office at the date of this report is:

Mr NL Patrick (appointed 21 October 2010)

## Principal activities

The activities of the company during the financial year ended 31 December 2017 were the provision of English language, foundation and academic courses that are designed as pathways to university studies.

## Review and result of operations

Insearch reported a deficit of $5.4 million, after the payment of a donation to the University of Technology Sydney of $17.2 million. This deficit reduced the prior year accumulated surplus, bringing the balance of the accumulated funds to $56.3 million.

## Business strategies and future developments

The main objectives of the company are to provide pathway courses for undergraduate entry to the University of Technology Sydney and to pay donations to the university when appropriate. Scholarship programs and partnerships with other organisations to provide educational facilities/courses are also objectives of the company. The strategies of the company are focused on achieving these objectives.

Business strategies, prospects and future developments, which may affect the operations of the company in subsequent years, have been reported as appropriate elsewhere in this report. In the opinion of the directors, disclosure of any further information on future developments would be unreasonably prejudicial to the interests of the company.

## Directors' benefits

No director of the company has, during and since the end of the financial year, received or become entitled to receive a benefit, other than the benefit included in the aggregate amount of director compensation shown in note 18 of the financial report.

## Insurance of directors and officers

During the financial year a premium to insure directors and officers of the company was paid by the University of Technology Sydney to the amount of $6,718 (2016: $6,407) per sections 300 (1)(g), 300(8) and 300(9) of the *Corporations Act 2001*.

The liabilities insured include costs and expenses that may be brought against the directors and officers in their capacity as directors and officers of the company.

## Information on directors

**Emeritus Professor Ross Milbourne, AO, BCom, MCom (UNSW), PhD (Calif), FASSA, FAICD**
*Chair of the Board, Non-Executive Director*

Emeritus Professor Milbourne became Chair of the Insearch Limited Board on 1 March 2016.

Emeritus Professor Milbourne was appointed Vice-Chancellor of the University of Technology Sydney (UTS) in 2002. During 12 years in the role, he led a major development of UTS's physical campus and infrastructure and the advancement of its national and international profile and reputation.

This followed a number of leadership roles in Australian universities since 1997: Deputy Vice-Chancellor (Research), University of Adelaide (1997–2000); Pro Vice-Chancellor (Research), University of New South Wales (2000–2001); Deputy Vice-Chancellor (Academic), University of Technology Sydney (2001–2002).

Other previous notable appointments include Reserve Bank of Australia Senior Fellow in Economic Policy, Visiting Professor to the London School of Economics, board member of Universities Australia, member and chair of the Australian Research Council (ARC) Social Sciences Panel and Research Grants Committee, and fellow of the Academy of Social Sciences in Australia (FASSA).

Emeritus Professor Milbourne is internationally recognised as an economist and researcher, and has been appointed by the Australian Government to major policy-oriented committees and reviews. He received the Centenary Medal in 2001 for service to Australian society through economics and university administration and was made an Officer of the Order of Australia (AO) in 2015 for his distinguished service to higher education.

Emeritus Professor Milbourne holds a Masters in Commerce from the University of New South Wales and completed his PhD at the University of California, Berkeley under the supervision of Nobel laureate George Akerlof. He is a fellow of the Australian Institute of Company Directors.

**Ms Nell Anderson, BSc(Hons), GradDipAdmin, GAICD**
*Non-Executive Director, from November 2017; Chair of the Remuneration and Nominations Committee, from January 2018*

Ms Anderson has more than 30 years of executive experience in strategy, marketing, sales and business development in the pharmaceuticals and tourism sectors. She spent a significant part of that time working in the Asia–Pacific region.

Ms Anderson is currently Chair of Ascham School and a non-executive director with Campbell Page, MedicAlert Foundation and Ascham School Foundation.

Ms Anderson holds an Honours (Class I) degree in science from the University of Sydney, a Graduate Diploma in Administration from UTS and is a graduate member of the Australian Institute of Company Directors.

**Mr Peter Bennett, BEc, DipEd (Monash), MBA (Melb), FCPA, GAICD, SA Fin**
*Non-Executive Director; member of the Audit and Risk Committee; member of the Remuneration and Nominations Committee*

Mr Bennett has 30 years experience in accounting and finance including holding senior executive positions in the finance industry and the consumer goods industry in the Asia–Pacific region.

He is also a member of the UTS Council and a board member of Campbell Page.

Mr Bennett completed a Bachelor of Economics and a Diploma of Education at Monash University, and a Masters of Business Administration at the University of Melbourne. He is a fellow of CPA Australia, a graduate member of the Australian Institute of Company Directors and senior associate of FINSIA.

# Report of the directors (continued)

**Mr John Chalmers, BA**
*Non-Executive Director, from January 2018*

Mr Chalmers has been the Director, Marketing and Communications at UTS since September 2016.

He has 20 years of international media, marketing, communications and content experience and is responsible for the strategic direction of the marketing and communications functions at UTS; driving innovative strategy, concepts and content across all platforms and developing the university brand.

Before working for UTS, Mr Chalmers lead marketing and communications at media intelligence company, Isentia, which spans 18 offices around the Asia–Pacific specialising in media monitoring and analysis, and comprises the globally awarded King Content, Brandtology and Two Social businesses. He was previously a magazine editor and journalist including for *Men's Health* magazine and at the *New York Post*.

Mr Chalmers attended Adelaide University where he completed a Bachelor of Arts in history and politics.

**Ms Anne Dwyer, BBus (CSU), MAICD**
*Member of the Audit and Risk Committee; member of the Remuneration and Nominations Committee; Non-Executive Director*

Ms Dwyer has been the Deputy Vice-Chancellor and Vice-President (Corporate Services) at UTS since 2004. She joined UTS in 1999 as director of the Information Technology Division and her current responsibilities include human resources, information technology, student administration, marketing and communication, governance support and legal services.

Ms Dwyer held several financial and administrative management roles at Ansett Air Freight before moving into information technology. She was the director of IT for Arthur Andersen's Australian and New Zealand operations prior to joining UTS.

**Mr Guy Freeland, BCom, CA, GAICD**
*Chair of the Audit and Risk Committee, from March 2017; Non-Executive Director, from March 2017*

Mr Freeland has held senior executive financial and general management positions in the infrastructure construction, ICT, industrial products and non-profit international development sectors for more than two decades. Working predominantly for large global companies, including a period under private equity ownership, he has extensive experience in finance and business systems, financial control and risk management, and development of strategic and business operational plans. Prior to this, Mr Freeland spent 10 years with PwC in its audit and corporate services groups.

Mr Freeland is currently an advisory board member for a privately owned facilities services company and an external risk committee member for Habitat for Humanity, an international NGO working across Australia and the Asia–Pacific region to address housing poverty.

Mr Freeland completed a Bachelor of Commerce at UNSW, has been a Chartered Accountant for more than 35 years and is a Graduate Member of the Australian Institute of Company Directors.

**Mr Alex Murphy, BA(Hons), MAICD**
*Managing Director*

Mr Murphy is Managing Director of Insearch Limited. He has 25 years experience with Insearch in education, marketing and senior management roles. Since assuming the MD role in late 2007, Insearch has more than doubled in size, extended its range of offshore partnerships delivering Insearch programs in the region and expanded its sponsorship of UTS initiatives, including UTS's Indigenous strategy, alumni events and international student scholarships.

Mr Murphy is a director of Insearch Education International Pty Limited and Insearch (Shanghai) Limited.

Mr Murphy has had a long interest in higher education, intercultural business and ethics, and has lived and worked in Indonesia. He studied linguistics, philosophy and Indonesian and Malayan studies at the University of Sydney, and undertook research at the University of Sydney and Macquarie University where he also lectured in linguistics.

Mr Murphy ensures that learning and development of staff is fully supported by Insearch and he accesses executive training programs and coaching regularly to support his own learning and development.

Mr Murphy has been a member of The Ethics Centre since 1997 and is a member of the Australian Institute of Company Directors.

**Professor Mary Spongberg, BA(Hons), PhD, GAICD**
*Non-Executive Director*

Professor Spongberg has been Dean of the Faculty of Arts and Social Sciences at UTS since May 2013.

She was previously a Professor of Modern History and Associate Dean of Research in the Faculty of Arts at Macquarie University. Prior to joining Macquarie, Professor Spongberg was a National Health and Medical Research Centre postdoctoral fellow in women's studies at the University of Sydney.

Professor Spongberg has taught Australian history, European history and women's studies at Macquarie University and the University of Sydney.

Professor Spongberg completed her PhD at the University of Sydney, she is a Graduate Member of the Australian Institute of Company Directors, and is currently on the board of the Australasian Council of Deans of Arts, Social Sciences and Humanities (DASSH).

**Ms Dianne Hill, BA Accounting, FCA, FAICD**
*Deputy Chair of the Board, November 2015 to March 2017; Chair of the Audit and Risk Committee to March 2017; Non-Executive Director to March 2017*

Ms Hill has 30 years' experience as a chartered accountant and is a former New South Wales president and national councillor of Chartered Accountants Australia and New Zealand. She is a member of the Chartered Accountants Scholarship Fund and an advisory group that provides an ethical counselling service to chartered accountants.

Ms Hill has been a non-executive director for 20 years and is a fellow of the Australian Institute of Company Directors and a trustee member of CEDA. She is also a member of the Australian Institute of Internal Auditors.

Ms Hill is a director of CoAct Limited and chair of its audit and risk committee (ARC), director of Scope Global Limited and chair of its ARC, director of accessUTS Pty Ltd, and of her management consulting company, Sector Research Pty Ltd. She is a member of the ARC of the NSW Department of Finance Services and Innovation, NSW Property Group, Service NSW, Land and Housing Corporation, and she is the chair of the ARC and the remuneration commitee for the Audit Office of New South Wales and for the Sydney Children's Hospital Network. She is also a facilitator for company directors.

She is a former director of the Australian Consumers Association (awarded life membership) and the Internal Audit Bureau of New South Wales.

**Mr Jonathan Hutchison, AM, BCom, CPA**
*Non-Executive Director, to November 2017; interim Chair of the Board, November 2015 to February 2016; member of the Remuneration and Nominations Committee, to November 2017*

Mr Hutchison was senior advisor to Lend Lease for the successful bid to redevelop Darling Harbour in 2012/13 and facilitated the inclusion of UTS in the proposed high tech IQ centre as part of that bid.

He was the chief executive officer of Business Events Sydney from 1998 to 2011.

Prior to that appointment, Mr Hutchison was the managing director of the Australian Tourist Commission, now known as Tourism Australia, following roles as NSW state manager for Ansett and chief executive of Ansett Express Airlines.

Mr Hutchison is an Adjunct Professor at UTS and Chair of the UTS Australian Centre for Event Management Advisory Board. He is also Chair of Tasman Cargo Airlines and Presdyn Pty Ltd, and is a tourism and business events consultant.

In 2006, Mr Hutchison was awarded membership of the Order of Australia for his service to tourism and business through promoting Australia as a travel destination and in leadership and advisory roles with industry international and national organisations.

# Report of the directors (continued)

Mr Hutchison was interim chair of the board from November 2015 to February 2016, for the period between the retirement of Mr Mack Williams and the appointment of Emeritus Professor Ross Milbourne, AO as Chair in March 2016.

**Professor William (Bill) Purcell, BCom (Hons), DipJapSt, PhD**
*Chair of the Remuneration and Nominations Committee, to January 2018; Non-Executive Director, to January 2018*

Professor Purcell is Deputy Vice-Chancellor and Vice- President (International and Advancement) at UTS. He was formerly Deputy Vice-Chancellor (International) at the University of Newcastle.

Professor Purcell is a director of Sydney Educational Broadcasting Ltd, UTS Global Ltd, UTS Beijing Ltd and a trustee of the Mitsui Education Foundation. He is a board member of the Art Gallery of New South Wales VisAsia Board and Study Overseas Foundation.

Professor Purcell's other corporate board positions have included: chair and chief executive officer of UON Singapore Pte Ltd, IDP Education Australia Ltd and AHIEA Ltd. Professor Purcell has also served as a consultant and advisor to business and government across Australia and Asia in the area of business internationalisation and joint venturing. Professor Purcell's academic specialisation includes Asian business and management systems, international joint venturing, and subsidiary location decision-making and startup.

### Information on Company Secretary

**Mr Nathan Patrick, BBus, GradDipACG, FCA, FGIA, FCIS, FAICD**
*Chief Financial Officer and Company Secretary*

Mr Patrick was appointed Chief Financial Officer (CFO) and Company Secretary of Insearch Limited in 2010.

As CFO/Company Secretary he is responsible for UTS Insearch's finance and governance activities. The governance portfolio includes the Program Management Office (PMO), campus planning, risk management, compliance (including liaising with regulators), offshore legal entities, legal and company secretariat.

During the previous 30 years, he held senior financial, management and governance positions in the professional services, manufacturing and construction industries in Australia and Asia. His career includes 15 years in diverse roles in 'Big 4' accounting firms and five years as the chief operating officer of a law firm.

Mr Patrick is a director of Insearch (Shanghai) Limited.

He is on the management committee of the NSW Federation of Community Language Schools. He is also a member of the audit and risk committee of the Australian Orthopaedic Association, and of the corporate and legal issues committee of the Governance Institute of Australia.

Mr Patrick is a fellow of the following organisations: Chartered Accountants Australia and New Zealand; the Governance Institute of Australia; the Australian Institute of Company Directors; and the UK Institute of Chartered Secretaries and Administrators.

### Meetings of directors

The number of meetings of the company's board of directors and of each board committee held during the year ended 31 December 2017, and the numbers of meetings attended by each director, were:

| | Insearch Board meetings (7) | | Audit and Risk Committee meetings (4) | | Remuneration and Nominations Committee meetings (5) | |
|---|---|---|---|---|---|---|
| Director | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Ross Milbourne, AO | 7 | 7 | - | 4 | - | - |
| Peter Bennett | 7 | 7 | 4 | 4 | 5 | 5 |
| Anne Dwyer | 7 | 7 | 4 | 4 | 5 | 5 |
| Guy Freeland | 5 | 4 | 3 | 2 | - | - |
| Jon Hutchison, AM | 6 | 6 | - | 2 | 5 | 3 |
| Alex Murphy | 7 | 7 | - | 4 | - | 1 |
| William Purcell | 7 | 7 | - | - | 5 | 5 |
| Mary Spongberg | 7 | 6 | - | - | - | - |
| Nell Anderson | 1 | 1 | - | 1 | - | 1 |
| Dianne Hill | 2 | 2 | 1 | 1 | - | - |

Note: Directors have an open invitation to attend any Audit and Risk Committee meeting.

### Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars or, in certain cases, to the nearest dollar.

### Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 93 of this report.

For and on behalf of the directors signed at Sydney this 21 March 2018.

Ross Milbourne

Emeritus Professor Ross Milbourne, AO
Director

Alex Murphy
Director

# Directors' declaration

In accordance with a resolution of the directors of Insearch Limited, the directors of the company declare that:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001* and:

- (i) comply with Accounting Standards and the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015, as stated in accounting policy note 2 to the financial statements, and
- (ii) give a true and fair view of the financial position as at 31 December 2017 and of its performance for the year ended on that date of the consolidated group.

(b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors pursuant to section 295(5) of the *Corporations Act 2001*.

Signed on behalf of the Board of Directors

| | |
|---|---|
| Emeritus Professor Ross Milbourne, AO<br>Director | Alex Murphy<br>Director |

Sydney 21 March 2018

# Independent auditor's report

AUDITOR-GENERAL
NEW SOUTH WALES

## INDEPENDENT AUDITOR'S REPORT

**Insearch Limited**

To Members of the New South Wales Parliament and Members of Insearch Limited

### Opinion

I have audited the accompanying financial statements of Insearch Limited (the Company), which comprise the Statements of Comprehensive Income for the year ended 31 December 2017, the Statements of Financial Position as at 31 December 2017, the Statements of Changes in Equity and the Statements of Cash Flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information and the director's declaration of the Company and the consolidated entity. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- Are in accordance with the *Corporations Act 2001*, including:
  - give a true and fair view of the financial position of the Company and the consolidated entity, as at 31 December 2017, and of their financial performance and cash flows for the year then ended
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

### Basis for Opinion

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

I am independent of the Company and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

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

**Level 15, 1 Margaret Street, Sydney NSW 2000** | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

# Independent auditor's report (continued)

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of Insearch on 20 March 2018, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

## Other Information

The directors are responsible for the Other Information, which comprises the information in the annual report for the Company and consolidated entity for the year ended 31 December 2017, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

## Directors' Responsibilities for the Financial Statements

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

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

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

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf The description forms part of my auditor's report.

# Independent auditor's report (continued)

My opinion does *not* provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

26 March 2018
SYDNEY

# Auditor's independence declaration

To the Directors
Insearch Limited

## Auditor's Independence Declaration

As auditor for the audit of the financial statements of Insearch Limited for the year ended 31 December 2017, 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.

Caroline Karakatsanis
Director, Financial Audit Services

20 March 2018
SYDNEY

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

# Statement of comprehensive income

for the year ended 31 December 2017

| | Notes | Consolidated entity | | Parent entity | |
|---|---|---|---|---|---|
| | | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Revenue from continuing operations** | 4 | 115,123 | 109,022 | 115,616 | 109,575 |
| Other income | 5 | 1,008 | 275 | 1,008 | 275 |
| Employee benefits expenses | 6 | (46,944) | (43,655) | (46,567) | (43,323) |
| Depreciation and amortisation expense | 6 | (5,858) | (4,954) | (5,839) | (4,943) |
| Other expenses | 6 | (51,962) | (48,315) | (52,369) | (48,669) |
| Finance costs | | (77) | (51) | (77) | (51) |
| Share of net profit of associate and joint venture accounted for using the equity method | 9 | 437 | 460 | – | – |
| **Operating surplus before donation** | | **11,727** | **12,782** | **11,772** | **12,864** |
| Donation to University of Technology Sydney | | 17,172 | 7,165 | 17,172 | 7,165 |
| **Deficit/(surplus) for the year attributable to members** | | **(5,445)** | **5,617** | **(5,400)** | **5,699** |
| **Other comprehensive (loss)** | | | | | |
| **Items that may be reclassified to profit or loss** | | | | | |
| Exchange differences on translation of foreign operations | 17(a) | (54) | (34) | – | – |
| **Other comprehensive (loss) for the year** | | (54) | (34) | – | – |
| **Total comprehensive (loss)/income for the year attributable to members** | | **(5,499)** | **5,583** | **(5,400)** | **5,699** |

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

# Statement of financial position

as at 31 December 2017

| | Notes | Consolidated entity | | Parent entity | |
|---|---|---|---|---|---|
| | | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 7 | 74,622 | 72,889 | 74,275 | 72,328 |
| Trade and other receivables | 8 | 6,865 | 9,862 | 7,130 | 10,074 |
| Total current assets | | 81,487 | 82,751 | 81,405 | 82,402 |
| **Non-current assets** | | | | | |
| Investments accounted for using the equity method | 9 | 653 | 687 | – | - |
| Property, plant and equipment | 10 | 15,790 | 18,140 | 15,724 | 18,067 |
| Intangible assets | 11 | 4,414 | 3,527 | 4,414 | 3,527 |
| Other assets | 12 | 142 | 93 | 691 | 574 |
| Total non-current assets | | 20,999 | 22,447 | 20,829 | 22,168 |
| **Total assets** | | **102,486** | **105,198** | **102,234** | **104,570** |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 13 | 964 | 1,395 | 1,138 | 1,292 |
| Provisions | 14 | 68 | 68 | 68 | 68 |
| Employee benefit obligations | 15 | 4,479 | 3,680 | 4,479 | 3,680 |
| Other current liabilities | 16 | 35,076 | 32,468 | 35,076 | 32,468 |
| Total current liabilities | | 40,587 | 37,611 | 40,761 | 37,508 |
| **Non-current liabilities** | | | | | |
| Provisions | 14 | 3,603 | 3,594 | 3,603 | 3,594 |
| Employee benefit obligations | 15 | 2,720 | 2,918 | 2,720 | 2,918 |
| Total non-current liabilities | | 6,323 | 6,512 | 6,323 | 6,512 |
| **Total liabilities** | | **46,910** | **44,123** | **47,084** | **44,020** |
| **Net assets** | | **55,576** | **61,075** | **55,150** | **60,550** |
| **Equity** | | | | | |
| Reserves | 17(a) | (740) | (686) | – | - |
| Retained surplus | 17(b) | 56,316 | 61,761 | 55,150 | 60,550 |
| **Total equity** | | **55,576** | **61,075** | **55,150** | **60,550** |

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 2017

| | Notes | Reserves | Retained surplus | Total equity |
|---|---|---|---|---|
| | | $'000 | $'000 | $'000 |
| **Consolidated** | | | | |
| **Balance at 1 January 2016** | | (652) | 56,144 | 55,492 |
| (Deficit)/surplus for the year | 17(b) | – | 5,617 | 5,617 |
| Exchange differences on translation of foreign operations | 17(a) | (34) | – | (34) |
| **Total comprehensive (loss)/income for the year** | | **(34)** | **5,617** | **5,583** |
| **Balance at 31 December 2016** | | **(686)** | **61,761** | **61,075** |
| **Consolidated** | | | | |
| **Balance at 1 January 2017** | | (686) | 61,761 | 61,075 |
| (Deficit)/surplus for the year | 17(b) | – | (5,445) | (5,445) |
| Exchange differences on translation of foreign operations | | (54) | – | (54) |
| **Total comprehensive (loss)/income for the year** | | **(54)** | **(5,445)** | **(5,499)** |
| **Balance at 31 December 2017** | | **(740)** | **56,316** | **55,576** |
| **Parent entity** | | | | |
| **Balance at 1 January 2016** | | – | 54,851 | 54,851 |
| (Deficit)/surplus for the year | 17(b) | – | 5,699 | 5,699 |
| **Total comprehensive income for the year** | | – | **5,699** | **5,699** |
| **Balance at 31 December 2016** | | **–** | **60,550** | **60,550** |
| **Parent entity** | | | | |
| **Balance at 1 January 2017** | | – | 60,550 | 60,550 |
| (Deficit)/surplus for the year | 17(b) | – | (5,400) | (5,400) |
| **Total comprehensive income for the year** | | – | (5,400) | (5,400) |
| **Balance at 31 December 2017** | | **–** | **55,150** | **55,150** |

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 2017

| | Notes | Consolidated entity | | Parent entity | |
|---|---|---|---|---|---|
| | | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Cash flows from operating activities** | | | | | |
| Receipts from customers (inclusive of goods and services tax) | | 119,088 | 113,657 | 119,934 | 112,818 |
| Donation paid to the University of Technology Sydney | | (17,172) | (7,165) | (17,172) | (7,165) |
| Payment to suppliers and employees (inclusive of goods and services tax) | | (100,078) | (100,137) | (100,732) | (99,433) |
| | | 1,838 | 6,355 | 2,030 | 6,220 |
| Net interest received | | 1,680 | 1,979 | 1,679 | 1,977 |
| Joint venture partnership distribution received | | 1,049 | 819 | 1,049 | 819 |
| Input tax credit refund from Australian Taxation Office | | 1,150 | 2,199 | 1,150 | 2,199 |
| **Net cash inflow from operating activities** | 25 | **5,717** | **11,352** | **5,908** | **11,215** |
| **Cash flows from investing activities** | | | | | |
| Payments for property and equipment and intangible assets | | (3,959) | (9,960) | (3,947) | (9,891) |
| Loans to joint venture | | (60) | (63) | (60) | (63) |
| Proceeds from sale of property, plant and equipment | | 46 | – | 46 | – |
| **Net cash (outflow) from investing activities** | | **(3,973)** | **(10,023)** | **(3,961)** | **(9,954)** |
| **Cash flows from financing activities** | | | | | |
| Finance lease payments | | – | (12) | – | (12) |
| **Net cash (outflow) from financing activities** | | – | **(12)** | – | **(12)** |
| **Net increase in cash and cash equivalents** | | 1,744 | 1,317 | 1,947 | 1,249 |
| Cash and cash equivalents at the beginning of the financial year | | 72,889 | 71,582 | 72,328 | 71,079 |
| Effects of exchange rate changes on cash and cash equivalents | | (11) | (10) | – | – |
| **Cash and cash equivalents at the end of the financial year** | 7 | **74,622** | **72,889** | **74,275** | **72,328** |

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

## 1. The company

Insearch Limited is a public company, limited by guarantee of its members, having no share capital. The company is incorporated and domiciled in Australia. Its registered place of business is level 9, 187 Thomas Street, Sydney NSW 2000. The company provides education services in English language, business and other disciplines to Australian and overseas students in Australia.

Insearch Limited is a controlled entity of the University of Technology Sydney. This status is a reflection of the terms of the Insearch Constitution and the structure of the Insearch Board.

The company has the wholly owned entities, Insearch Education International Pty Limited and Insearch (Shanghai) Limited. Insearch Education International Pty Limited is a private company, incorporated in Australia and formed in 1995. Insearch (Shanghai) Limited provides consulting, marketing support and other services to Insearch Limited. Insearch (Shanghai) Limited was formed in 2001 in the People's Republic of China.

## 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include separate financial statements for the parent entity and the group comprising Insearch Limited and its subsidiaries.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015 and the *Corporations Act 2001*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. Insearch Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 21 March 2018.

#### (i) Statement of compliance

The parent entity's financial statements and accompanying notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

Generally accepted accounting principles, authoritative pronouncements of the AASB, including interpretations, the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015, and the *Corporations Act 2001* have been used to prepare the subsidiaries' financial statements.

#### (ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

#### (iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time in its annual reporting period commencing 1 January 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards — *Recognition of Deferred Tax Assets for Unrealised Losses*
- AASB 2016-2 Amendments to Australian Accounting Standards — *Disclosure Initiative: Amendments to AASB 107*, and
- AASB 2017-2 Amendments to Australian Accounting Standards — *Further Annual Improvements 2014–2016 Cycle*.

The group also elected to adopt the following amendments early:

- AASB 2017-1 Amendments to Australian Accounting Standards — *Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments*.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods.

(iv) **New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

| Title of standard | Nature of change | Impact | Mandatory application date/ date of adoption by group |
|---|---|---|---|
| AASB 9 *Financial Instruments* | AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. | The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.<br><br>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. | Must be applied for financial years commencing on or after 1 January 2018.<br><br>Expected date of adoption by the group: 1 January 2018. |
| AASB 15 *Revenue from Contracts with Customers* | The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118, which covers revenue arising from the sale of goods and the rendering of services and AASB 111, which covers construction contracts.<br><br>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.<br><br>The standard permits either a full retrospective or a modified retrospective approach for the adoption. | Management is currently assessing the effects of applying the new standard on the group's financial statements.<br><br>Based on management's assessment and received professional advice, the group does not expect any material effect on the group's financial statements from adoption of the new standard. | Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption.<br><br>Expected date of adoption by the group: 1 January 2018. |
| AASB 16 *Leases* | AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. | The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $35,345,000, see note 22.<br><br>However, the group has not yet assessed what other adjustments, if any, are necessary, for example: because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward. | Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption.<br><br>At this stage, the group does not intend to adopt the standard before its effective date. |

There are no other standards that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

(v) 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 group's accounting policies.

Insearch Limited has made estimates on the valuation of its associate and joint venture investments. Estimates are based on the historical experience and other factors that are considered to be relevant, including latest available management information of financial performance and position. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Insearch Limited ('company' or 'parent entity') as at 31 December 2017 and the results of all subsidiaries for the year then ended. Insearch Limited and its subsidiaries together are referred to in these financial statements as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

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

(ii) Associates

Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions receivable from associates are recognised in the parent entity statement of comprehensive income, while in the consolidated financial statements they are recognised as a reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(iii) Joint ventures

The interest in a joint venture partnership is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Details relating to the partnership are set out in note 9. Initial investment in the joint venture in the form of a loan is recognised as a financial asset.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is Insearch Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

(iv) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Fees

Education fees are recognised as revenue in advance upon student enrolment and are then disbursed to revenue at the time of course delivery. Education revenue is disclosed net of refunds.

(ii) Other fees and charges

Fees are recognised as revenue when services are provided.

(iii) Other income

Other income includes net gain or loss on disposal of non-current assets.

(e) Expense recognition

(i) Direct expenses

Costs associated with delivering educational programs are recognised at the time of course delivery. Direct expenses incurred for courses not delivered are treated as prepayments.

(ii) Other expenses

All other expenses are charged against revenue when the liability has been recognised.

(f) Income tax

No income tax has been provided in the attached accounts for the Australian operation as the company is exempt from income tax under section 50-55 of the *Income Tax Assessment Act 1997*.

Income tax has been provided, where appropriate, for the other overseas entities.

(g) 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 consolidated 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.

(h) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Assets are initially recorded at their cost at the date of acquisition. Cost is measured as the fair value of the consideration provided at the date of exchange and incidental costs directly attributable to the acquisition.

(i) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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.

Cash at bank is interest rate bearing with interest rates between 0.10% and 0.65% (2016: 0.10% and 0.90%). Deposits at call are bearing a floating interest rate at 1.40% and 1.55% (2016: 1.40%). Fixed term deposits are bearing interest rates between 1.82% and 2.26% (2016: 1.95% and 2.70%).

(k) Trade and other 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

The collectibility 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. A provision for impairment 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 the receivables.

The amount of the impairment loss is recognised in the 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.

(l) Investments and other financial assets

Classification

The group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss
- financial assets at amortised cost
- loans and receivables
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Capitalisation threshold for all assets is $1000. 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. The carrying amount of any component accounted for as a separate 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.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over its expected useful life in the group. The Capital Review Committee reviews the estimated useful lives, residual values and depreciation method of assets at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The expected useful lives for the parent entity are as follows:

| | |
|---|---|
| Furniture and fittings | Period of lease |
| Office equipment | 3–5 years |
| Motor vehicles | 3–4 years |
| Computer equipment | 3–5 years |

The cost of improvements to leasehold properties has been integrated into the asset class of furniture and fittings, and has been depreciated in line with the expected unexpired period of the lease.

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 (note 2(i)).

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

(n) Intangible assets

(i) IT development and software

Software is initially recorded at historical cost and amortised. Subsequently software is reported at its recoverable amount, as the carrying amount of each asset is reviewed annually by the Capital Review Committee to determine whether it is in excess of its recoverable amount at the end of the reporting period.

Amortisation is calculated on a straight-line basis over periods generally ranging from two to seven years.

(ii) Curriculum and course development and validation expenses

Curriculum and course development represents the costs associated with developing the curriculum and teaching materials for a course to be delivered. These have a finite useful life and are carried at cost less accumulated amortisation and impairment losses, if any.

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

(iii) Website development

The costs associated in developing, building and enhancing websites designed for external access, to the extent they represent future economic benefits, are controlled and can be reliably measured, have been capitalised and amortised over the period of the expected benefits.

Amortisation is calculated on a straight-line basis to write off the net cost of each asset over its expected useful life of three years.

(o) 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 fair value of the leased property or, if lower, 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 profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease commitments are reported inclusive of GST with the input tax recoverable from the Australian Taxation Office.

(p) Trade and other payables

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

(q) Provisions

The provisions of the group are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the 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 are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Other long-term employee benefit obligations

The recorded liability for provision of annual leave includes annual leave entitlements accrued but not expected to be taken within one year. These entitlements are measured at the present value of expected future payments to be made, including on costs of leave accrued by employees up to the end of the reporting period. The expected future payments of this leave provision is discounted using published market yield of the two-year Treasury Bond at the end of the reporting period of 2.00% (2016: 1.86%).

The provision for long service leave is recognised as a liability 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 on costs, expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using published market yield of the 10-year Treasury Bond at the end of each reporting period of 2.63% (2016: 2.76%).

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Superannuation

Insearch Limited complies with the *Superannuation Guarantee (Administration) Act 1992*.

(s) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars or, in certain cases, the nearest dollar.

## 3. Financial risk management

Insearch Limited's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the entity's operations. Insearch Limited does not enter into or trade in financial instruments.

Insearch Limited's risks arising from financial instruments are outlined below, together with the entity's objectives and policies for measuring and managing risk.

The Insearch Limited Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

| | Assets at FVOCI $'000 | Assets at FVPL $'000 | Derivatives used for hedging $'000 | Financial assets at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| Consolidated | | | | | |
| Financial assets | | | | | |
| 2017 | | | | | |
| Cash and cash equivalents | – | – | – | 74,622 | 74,622 |
| Trade and other receivables — current[1] | – | – | – | 2,111 | 2,111 |
| Other financial assets | – | – | – | 142 | 142 |
| | – | – | – | 76,875 | 76,875 |
| 2016 | | | | | |
| Cash and cash equivalents | – | – | – | 72,889 | 72,889 |
| Trade and other receivables — current[1] | – | – | – | 4,872 | 4,872 |
| Other financial assets | – | – | – | 93 | 93 |
| | – | – | – | 77,854 | 77,854 |

1. Excluding prepayments and statutory receivables/payables.

| | Liabilities at FVOCI $'000 | Derivatives at FVPL $'000 | Derivatives used for hedging $'000 | Liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| Consolidated | | | | | |
| Financial liabilities | | | | | |
| 2017 | | | | | |
| Trade and other payables | – | – | – | 964 | 964 |
| Other financial liabilities[1] | – | – | – | 35,076 | 35,076 |
| | – | – | – | 36,040 | 36,040 |
| 2016 | | | | | |
| Trade and other payables | – | – | – | 1,395 | 1,395 |
| Other financial liabilities[1] | – | – | – | 32,468 | 32,468 |
| | – | – | – | 33,863 | 33,863 |

1. Excluding prepayments and statutory receivables/payables.

| | Assets at FVOCI $'000 | Assets at FVPL $'000 | Derivatives used for hedging $'000 | Financial assets at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Parent entity** | | | | | |
| **Financial assets** | | | | | |
| **2017** | | | | | |
| Cash and cash equivalents | – | – | – | 74,275 | 74,275 |
| Trade and other receivables — current[1] | – | – | – | 2,382 | 2,382 |
| Other financial assets | – | – | – | 691 | 691 |
| | – | – | – | **77,348** | **77,348** |
| **2016** | | | | | |
| Cash and cash equivalents | – | – | – | 72,328 | 72,328 |
| Trade and other receivables — current[1] | – | – | – | 5,090 | 5,090 |
| Other financial assets | – | – | – | 574 | 574 |
| | – | – | – | **77,992** | **77,992** |

1. Excluding prepayments and statutory receivables/payables.

| | Liabilities at FVOCI $'000 | Derivatives at FVPL $'000 | Derivatives used for hedging $'000 | Liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Parent entity** | | | | | |
| **Financial liabilities** | | | | | |
| **2017** | | | | | |
| Trade and other payables | – | – | – | 1,138 | 1,138 |
| Other financial liabilities[1] | – | – | – | 35,076 | 35,076 |
| | – | – | – | **36,214** | **36,214** |
| **2016** | | | | | |
| Trade and other payables | – | – | – | 1,292 | 1,292 |
| Other financial liabilities[1] | – | – | – | 32,468 | 32,468 |
| | – | – | – | **33,760** | **33,760** |

1. Excluding prepayments and statutory receivables/payables.

### (a) Market risk

The primary areas of market risk that Insearch Limited is exposed to are foreign exchange risk and interest rate risk.

#### (i) Foreign exchange risk

Insearch Limited's tuition fees for services provided in Australia are specified in Australian dollars. Therefore there is little or no exchange rate exposure in relation to fees.

Insearch Limited has operations in China, Vietnam, India and Indonesia, which are affected by movements in exchange rates. The impact of these movements can affect both the operating surplus expressed in Australian dollars and the carrying values of the operations on the statement of financial position of the group.

Insearch Limited views these exposures to movements in exchange rates as long term and therefore does not hedge against foreign exchange movements.

The movement in exchange rates in 2017 has contributed to the Australian dollar decrease in surplus for Insearch Limited.

**Sensitivity**

As shown in the table below, the group is primarily exposed to changes in RMB/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from RMB denominated financial instruments and the impact on other components of equity arises from cash and cash equivalents.

| | Impact on surplus | | Impact on other components of equity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Consolidated** | | | | |
| RMB/AUD exchange rate — increase 10% | – | – | 73 | 91 |
| RMB/AUD exchange rate — decrease 10% | – | – | (73) | (91) |
| USD/AUD exchange rate — increase 10% | – | – | (5) | (7) |
| USD/AUD exchange rate — decrease 10% | – | – | 5 | 7 |
| INR/AUD exchange rate — increase 10% | – | – | 4 | 2 |
| INR/AUD exchange rate — decrease 10% | – | – | (4) | (2) |

(ii) Interest rate risk

Insearch Limited has no borrowings and therefore no associated payable risk as a result of fluctuating interest rates. Insearch Limited does have an exposure to changes in income due to fluctuations in interest rates.

Cash investments are maintained for between one to four months in order to respond to more attractive interest bearing deposits. Cash investments are reviewed monthly as part of the management reporting process.

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents and trade and other receivables as a result of changes in interest rates.

| | Impact on surplus | | Impact on other components of equity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Consolidated** | | | | |
| Interest rates — increase by 1% | 748 | 731 | – | – |
| Interest rates — decrease by 1% | (748) | (731) | – | – |

(b) Credit risk

Credit risk arises where there is a possibility of the entity's debtors defaulting on their contractual obligations, resulting in a financial loss to the entity.

Insearch Limited has limited exposure to credit risk due to the collection of the majority of tuition fees prior to the provision of services. The group's position with regard to credit risk is monitored monthly with outstanding items being actively managed.

Cash and cash equivalents comprise cash on hand and bank balances held with the Commonwealth Bank, NAB and ANZ Bank. Interest on these accounts is earned on the daily bank balance.

(c) Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its payment obligations when they fall due.

Insearch Limited maintains adequate cash balances to ensure that it has sufficient funds to meet operating expenditure and capital expenditure.

Liquidity is managed by the group through the preparation and review of monthly statement of cash flows and cash forecasts. Cash at bank is reconciled on a monthly basis and bank balances are independently confirmed as part of the annual audit process.

(d) Fair value measurements

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

The fair value of the group's financial instruments is equal to their carrying value.

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **4. Revenue** | | | | |
| **Revenue from continuing operations** | | | | |
| Fees | 113,467 | 107,224 | 113,467 | 107,224 |
| Interest | 1,656 | 1,798 | 1,655 | 1,796 |
| Distributions from interest in associate | – | – | 494 | 555 |
| **Total revenue** | **115,123** | **109,022** | **115,616** | **109,575** |
| **5. Other income** | | | | |
| Net gain/(loss) on disposal of non-current assets | 16 | (479) | 16 | (479) |
| Other | 992 | 754 | 992 | 754 |
| **Total other income** | **1,008** | **275** | **1,008** | **275** |
| **6. Expenses** | | | | |
| **Expenses from continuing operations** | | | | |
| **(i) Employee benefits expenses** | | | | |
| Salaries and wages | 39,383 | 35,771 | 39,006 | 35,439 |
| Superannuation | 3,625 | 3,241 | 3,625 | 3,241 |
| Payroll tax | 2,324 | 2,145 | 2,324 | 2,145 |
| Other | 1,612 | 2,498 | 1,612 | 2,498 |
| **Total employee benefits expenses** | **46,944** | **43,655** | **46,567** | **43,323** |
| **(ii) Depreciation and amortisation expense** | | | | |
| **Depreciation** | | | | |
| Office equipment | 400 | 199 | 395 | 198 |
| Furniture and fittings | 2,914 | 2,147 | 2,911 | 2,138 |
| Motor vehicles | 86 | 83 | 86 | 83 |
| Computer equipment | 1,169 | 1,207 | 1,158 | 1,206 |
| **Total depreciation** | **4,569** | **3,636** | **4,550** | **3,625** |
| **Amortisation** | | | | |
| Curriculum | 629 | 628 | 629 | 628 |
| Software | 660 | 690 | 660 | 690 |
| **Total amortisation** | **1,289** | **1,318** | **1,289** | **1,318** |
| **Total depreciation and amortisation expense** | **5,858** | **4,954** | **5,839** | **4,943** |

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **(iii) Other expenses** | | | | |
| Occupancy | 10,860 | 9,939 | 10,671 | 9,759 |
| Security | 584 | 639 | 584 | 639 |
| Communications | 579 | 716 | 519 | 674 |
| Homestay and welcome | 2,781 | 2,115 | 2,781 | 2,115 |
| Educational expenses | 4,373 | 4,645 | 4,373 | 4,645 |
| Scholarships | 583 | 612 | 583 | 612 |
| Promotion and channel partner commissions | 21,226 | 19,140 | 22,434 | 20,333 |
| Travel | 2,290 | 2,235 | 2,116 | 2,048 |
| Staff appointments | 534 | 520 | 534 | 520 |
| Audit and accounting fees | 352 | 246 | 350 | 244 |
| Legal fees | 623 | 504 | 623 | 504 |
| Consultancy | 1,455 | 1,589 | 1,455 | 1,589 |
| Subscription and membership | 268 | 211 | 267 | 210 |
| Printing and stationery | 522 | 591 | 513 | 582 |
| Bad debt receivables write-off | 46 | 183 | 46 | 183 |
| Loss/(gain) on foreign exchange | 95 | 82 | 95 | 82 |
| Impairment losses of investments | - | - | (72) | (97) |
| Other | 4,791 | 4,348 | 4,497 | 4,027 |
| **Total other expenses** | **51,962** | **48,315** | **52,369** | **48,669** |

## 7. Cash and cash equivalents

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Current assets** | | | | |
| Cash at bank and in hand | 6,351 | 8,834 | 6,004 | 8,273 |
| Deposits at call | 8,238 | 4,055 | 8,238 | 4,055 |
| Term deposits | 60,033 | 60,000 | 60,033 | 60,000 |
| **Total cash and cash equivalents** | **74,622** | **72,889** | **74,275** | **72,328** |

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Current $'000 | Non-current $'000 | Total $'000 | Current $'000 | Non-current $'000 | Total $'000 |
| **8. Trade and other receivables** | | | | | | |
| **Consolidated** | | | | | | |
| Trade receivables | 192 | – | 192 | 2,073 | – | 2,073 |
| Provision for impairment of receivables (see note 8(a)) | (131) | – | (131) | (105) | – | (105) |
| | **61** | – | **61** | **1,968** | – | **1,968** |
| Prepayments | 4,754 | – | 4,754 | 4,990 | – | 4,990 |
| Other receivables | 1,900 | – | 1,900 | 2,730 | – | 2,730 |
| Accrued interest | 150 | – | 150 | 174 | – | 174 |
| Loan to UTS Insearch Gramedia | – | – | – | – | – | – |
| **Total trade and other receivables** | **6,865** | – | **6,865** | **9,862** | – | **9,862** |
| **Parent** | | | | | | |
| Trade receivables | 192 | – | 192 | 2,073 | – | 2,073 |
| Provision for impairment of receivables (see note 8(a)) | (131) | – | (131) | (105) | – | (105) |
| | **61** | – | **61** | **1,968** | – | **1,968** |
| Prepayments | 4,748 | – | 4,748 | 4,984 | – | 4,984 |
| Other receivables | 1,923 | – | 1,923 | 2,760 | – | 2,760 |
| Accrued interest | 150 | – | 150 | 174 | – | 174 |
| Loan to UTS Insearch Gramedia | 248 | – | 248 | 188 | – | 188 |
| **Total trade and other receivables** | **7,130** | – | **7,130** | **10,074** | – | **10,074** |

**(a) Impaired trade and other receivables**

The current trade receivables of the group with a nominal value of $131,149 (2016: $104,515) were impaired and they relate to individually impaired receivables for student tuition fees, which were deemed potentially uncollectible.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows.

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **At 1 January** | 105 | 62 | 105 | 62 |
| Provision for impairment recognised during the year | 46 | 105 | 46 | 105 |
| Receivables written off during the year as uncollectible | (20) | (62) | (20) | (62) |
| **At 31 December** | **131** | **105** | **131** | **105** |

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

**(b) Past due but not impaired**

As of 31 December 2017, the group trade receivables of $60,577 (2016: $1,968,405) and the parent trade receivables of $60,577 (2016: $1,968,405) were past due but not impaired. The ageing analysis of the receivables is as follows:

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Up to 3 months | 61 | 135 | 61 | 135 |
| 3 to 6 months | – | 1,380 | – | 1,380 |
| Over 6 months | – | 453 | – | 453 |
| | **61** | **1,968** | **61** | **1,968** |

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **9. Investments accounted for using the equity method** | | | | |
| **Non-current assets** | | | | |
| Interest in associated undertaking | 653 | 687 | – | – |
| **Total investments accounted for using the equity method** | **653** | **687** | – | – |
| **Share of profits and losses** | | | | |
| Associates | 526 | 533 | – | – |
| Joint venture | (89) | (73) | – | – |
| | 437 | 460 | – | – |
| Carrying amount of investment in associated entity | 653 | 687 | – | – |
| **Share of assets and liabilities** | | | | |
| Current assets | 634 | 469 | – | – |
| Non-current assets | 61 | 103 | – | – |
| **Total assets** | **695** | **572** | – | – |
| Current liabilities | 42 | (115) | – | – |
| Non-current liabilities | – | – | – | – |
| **Total liabilities** | **42** | **(115)** | – | – |
| **Net assets** | **653** | **687** | – | – |
| **Share of revenue and expenses** | | | | |
| Revenues | 3,211 | 3,285 | – | – |
| Expenses | (2,774) | (2,825) | – | – |
| **Net profit** | **437** | **460** | – | – |

**(a) Associate — Australian Centre for Education and Training (ACET)**

This is a business formed by Insearch Limited and IDP Education Australia (Vietnam) Limited to deliver academic English classes in Vietnam. Insearch Limited has a 50 per cent ownership interest in ACET and is entitled to a 40 per cent share of its retained earnings.

**(b) Joint venture — UTS Insearch Gramedia (UIG)**

In 2012, the company entered into a joint venture with Lembaga ELTI Gramedia Limited to deliver academic English programs in Indonesia. The name of the joint venture was changed from Lembaga ELTI Gramedia (ELTI) to UTS Insearch Gramedia (UIG) in 2016.

The company's investment in UIG was in the form of a loan amounting to $247,521. Subsequent losses of the joint venture have been recognised as an increase of the loan balance.

As at 31 December 2017, UIG's share of cumulative losses amounting to $330,902 (2016: $265,073) has been offset against the loan balance of $247,521. The excess amount of $83,382 (2016: $77,258) is recorded as an amount due to the joint venture. Losses inclusive of net foreign exchange gains or losses recognised in 2017 were $65,829 (2016: $81,545).

## 10. Property, plant and equipment

| | Office equipment | Motor vehicles | Furniture and fittings | Computer equipment | Capital work in progress | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Consolidated** | | | | | | |
| **At 1 January 2016** | | | | | | |
| Cost | 823 | 254 | 15,241 | 5,090 | 3,068 | 24,476 |
| Accumulated depreciation | (520) | (67) | (10,515) | (2,707) | - | (13,809) |
| **Net book amount** | **303** | **187** | **4,726** | **2,383** | **3,068** | **10,667** |
| **Year ended 31 December 2016** | | | | | | |
| Opening net book amount | 303 | 187 | 4,726 | 2,383 | 3,068 | 10,667 |
| Exchange differences | (1) | - | (1) | (1) | - | (3) |
| Additions[1] | 20 | - | 2,301 | 49 | 9,091 | 11,461 |
| Disposals | - | - | (296) | (53) | - | (349) |
| Transfers | 1,276 | 29 | 9,243 | 1,418 | (11,966) | - |
| Depreciation charge | (199) | (83) | (2,147) | (1,207) | - | (3,636) |
| **Closing net book amount** | **1,399** | **133** | **13,826** | **2,589** | **193** | **18,140** |
| **At 31 December 2016** | | | | | | |
| Cost | 2,118 | 283 | 25,482 | 6,257 | 193 | 34,333 |
| Accumulated depreciation | (719) | (150) | (11,656) | (3,668) | - | (16,193) |
| **Net book amount** | **1,399** | **133** | **13,826** | **2,589** | **193** | **18,140** |
| **Year ended 31 December 2017** | | | | | | |
| Opening net book amount | 1,399 | 133 | 13,826 | 2,589 | 193 | 18,140 |
| Additions[2] | - | - | - | 12 | 2,237 | 2,249 |
| Disposals | (22) | - | (1) | (7) | - | (30) |
| Transfers | 425 | 59 | 1,107 | 513 | (2,104) | - |
| Depreciation charge | (400) | (86) | (2,914) | (1,169) | - | (4,569) |
| **Closing net book amount** | **1,402** | **106** | **12,018** | **1,938** | **326** | **15,790** |
| **At 31 December 2017** | | | | | | |
| Cost | 2,298 | 281 | 26,169 | 5,950 | 326 | 35,024 |
| Accumulated depreciation | (896) | (175) | (14,151) | (4,012) | - | (19,234) |
| **Net book amount** | **1,402** | **106** | **12,018** | **1,938** | **326** | **15,790** |

1. The addition of property, plant and equipment included non-cash acquisition of make good assets of $nil (2016: $2,301,212).
2. The balance relating to the disputed settlement of fitout works which was transferred to fixed assets to be depreciated over the life of the lease was $466,221 (2016: $nil).

| | Office equipment | Motor vehicles | Furniture and fittings | Computer equipment | Capital work in progress | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Parent entity | | | | | | |
| At 1 January 2016 | | | | | | |
| Cost | 811 | 254 | 15,205 | 5,057 | 3,068 | 24,395 |
| Accumulated depreciation | (512) | (67) | (10,492) | (2,675) | - | (13,746) |
| **Net book amount** | **299** | **187** | **4,713** | **2,382** | **3,068** | **10,649** |
| Year ended 31 December 2016 | | | | | | |
| Opening net book amount | 299 | 187 | 4,713 | 2,382 | 3,068 | 10,649 |
| Additions[1] | - | - | 2,301 | - | 9,091 | 11,392 |
| Disposals | - | - | (296) | (53) | - | (349) |
| Transfers | 1,276 | 29 | 9,243 | 1,418 | (11,966) | - |
| Depreciation charge | (198) | (83) | (2,138) | (1,206) | - | (3,625) |
| **Closing net book amount** | **1,377** | **133** | **13,823** | **2,541** | **193** | **18,067** |
| At 31 December 2016 | | | | | | |
| Cost | 2,087 | 283 | 25,449 | 6,176 | 193 | 34,188 |
| Accumulated depreciation | (710) | (150) | (11,626) | (3,635) | - | (16,121) |
| **Net book amount** | **1,377** | **133** | **13,823** | **2,541** | **193** | **18,067** |
| Year ended 31 December 2017 | | | | | | |
| Opening net book amount | 1,377 | 133 | 13,823 | 2,541 | 193 | 18,067 |
| Additions[2] | - | - | - | - | 2,237 | 2,237 |
| Disposals | (22) | - | (1) | (7) | - | (30) |
| Transfers | 425 | 59 | 1,107 | 513 | (2,104) | - |
| Depreciation charge | (395) | (86) | (2,911) | (1,158) | - | (4,550) |
| **Closing net book amount** | **1,385** | **106** | **12,018** | **1,889** | **326** | **15,724** |
| At 31 December 2017 | | | | | | |
| Cost | 2,274 | 281 | 26,136 | 5,890 | 326 | 34,907 |
| Accumulated depreciation | (889) | (175) | (14,118) | (4,001) | - | (19,183) |
| **Net book amount** | **1,385** | **106** | **12,018** | **1,889** | **326** | **15,724** |

1. The addition of property, plant and equipment included non-cash acquisition of make good assets of $nil (2016: $2,301,212).
2. The balance relating to the disputed settlement of fitout works which was transferred to fixed assets to be depreciated over the life of the lease was $466,221 (2016: $nil).

## 11. Intangible assets

| | Curriculum | Computer software | Capital work in progress | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Consolidated and parent entity** | | | | |
| **At 1 January 2016** | | | | |
| Cost | 3,143 | 9,192 | 1,162 | 13,497 |
| Accumulated amortisation and impairment | (1,465) | (7,857) | – | (9,322) |
| **Net book amount** | **1,678** | **1,335** | **1,162** | **4,175** |
| **Year ended 31 December 2016** | | | | |
| Opening net book amount | 1,678 | 1,335 | 1,162 | 4,175 |
| Additions | – | – | 800 | 800 |
| Disposals | – | (130) | – | (130) |
| Transfers | – | 1,229 | (1,229) | – |
| Amortisation charge | (628) | (690) | – | (1,318) |
| **Closing net book amount** | **1,050** | **1,744** | **733** | **3,527** |
| **At 31 December 2016** | | | | |
| Cost | 3,143 | 10,141 | 733 | 14,017 |
| Accumulated amortisation and impairment | (2,093) | (8,397) | – | (10,490) |
| **Net book amount** | **1,050** | **1,744** | **733** | **3,527** |
| **Year ended 31 December 2017** | | | | |
| Opening net book amount | 1,050 | 1,744 | 733 | 3,527 |
| Additions | – | – | 2,176 | 2,176 |
| Transfers | – | 1,122 | (1,122) | – |
| Amortisation charge | (629) | (660) | – | (1,289) |
| **Closing net book amount** | 421 | 2,206 | 1,787 | 4,414 |
| **At 31 December 2017** | | | | |
| Cost | 3,143 | 10,917 | 1,787 | 15,847 |
| Accumulated amortisation and impairment | (2,722) | (8,711) | – | (11,433) |
| **Net book amount** | **421** | **2,206** | **1,787** | **4,414** |

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **12. Other assets** | | | | |
| **Non-current assets** | | | | |
| Security deposits | 142 | 93 | 94 | 49 |
| Interest in associate and joint venture | – | – | 81 | 81 |
| Investment in Insearch (Shanghai) Limited | – | – | 516 | 444 |
| **Total other non-current assets** | **142** | **93** | **691** | **574** |

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Current $'000 | Non-current $'000 | Total $'000 | Current $'000 | Non-current $'000 | Total $'000 |
| **13. Trade and other payables** | | | | | | |
| **Consolidated** | | | | | | |
| Trade and other payables | 796 | - | 796 | 1,009 | - | 1,009 |
| Amounts due to joint venture | 83 | - | 83 | 77 | - | 77 |
| University of Technology Sydney | 67 | - | 67 | 283 | - | 283 |
| Other creditors | 18 | - | 18 | 26 | - | 26 |
| | **964** | **-** | **964** | **1,395** | **-** | **1,395** |
| **Parent** | | | | | | |
| Trade and other payables | 796 | - | 796 | 1,009 | - | 1,009 |
| Amounts due to joint venture | - | - | - | - | - | - |
| University of Technology Sydney | 67 | - | 67 | 283 | - | 283 |
| Other creditors | 275 | - | 275 | - | - | - |
| | **1,138** | **-** | **1,138** | **1,292** | **-** | **1,292** |
| **14. Provisions** | | | | | | |
| **Consolidated** | | | | | | |
| Make good provisions | – | 3,563 | 3,563 | – | 3,486 | 3,486 |
| Lease incentives | 68 | 40 | 108 | 68 | 108 | 176 |
| | **68** | **3,603** | **3,671** | **68** | **3,594** | **3,662** |
| **Parent** | | | | | | |
| Make good provisions | – | 3,563 | 3,563 | – | 3,486 | 3,486 |
| Lease incentives | 68 | 40 | 108 | 68 | 108 | 176 |
| | **68** | **3,603** | **3,671** | **68** | **3,594** | **3,662** |

**(a) Information about individual provisions and significant estimates**

**Make good provision**

The provision for make good in relation to fixtures installed at leased office space is required to be provided for under AASB 116 *Property, Plant and Equipment*. The make good obligations are expected to be settled within the next two to eight financial years.

(b) **Movements in provisions**

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

| | Make good | Lease incentives | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Consolidated** | | | |
| **2017** | | | |
| **Current and non-current** | | | |
| Carrying amount at start of year | 3,486 | 176 | 3,662 |
| Charged/(credited) to the profit or loss | 77 | (68) | 9 |
| **Carrying amount at end of year** | **3,563** | **108** | **3,671** |
| **Parent** | | | |
| **2017** | | | |
| **Current and non-current** | | | |
| Carrying amount at start of year | 3,486 | 176 | 3,662 |
| Charged/(credited) to the profit or loss | 77 | (68) | 9 |
| **Carrying amount at end of year** | **3,563** | **108** | **3,671** |

## 15. Employee benefit obligations

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Current $'000 | Non-current $'000 | Total $'000 | Current $'000 | Non-current $'000 | Total $'000 |
| **Consolidated** | | | | | | |
| Leave obligations — annual leave (a) | 2,352 | - | 2,352 | 2,086 | - | 2,086 |
| Leave obligations — long service leave (a) | 2,127 | 2,720 | 4,847 | 1,594 | 2,918 | 4,512 |
| **Total employee benefit obligations** | **4,479** | **2,720** | **7,199** | **3,680** | **2,918** | **6,598** |
| **Parent** | | | | | | |
| Leave obligations — annual leave (a) | 2,352 | - | 2,352 | 2,086 | - | 2,086 |
| Leave obligations — long service leave (a) | 2,127 | 2,720 | 4,847 | 1,594 | 2,918 | 4,512 |
| **Total employee benefit obligations** | **4,479** | **2,720** | **7,199** | **3,680** | **2,918** | **6,598** |

(a) **Leave obligations**

The leave obligations cover the group's liability for long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $4,478,963 (2016: $3,679,970) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Current annual leave obligations expected to be settled after 12 months | 408 | 370 | 408 | 370 |
| Current long service leave obligations expected to be settled after 12 months | 766 | 627 | 766 | 627 |

## 16. Other liabilities

| | | | | |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| Accrued expenses | 5,542 | 4,143 | 5,542 | 4,143 |
| Prepaid course fees | 27,283 | 26,635 | 27,283 | 26,635 |
| Others | 2,251 | 1,690 | 2,251 | 1,690 |
| **Total other current liabilities** | **35,076** | **32,468** | **35,076** | **32,468** |

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **17. Reserves and retained surplus** | | | | |
| **(a) Reserves** | | | | |
| Foreign currency translation reserve | (740) | (686) | – | – |
| **Movements** | | | | |
| **Foreign currency translation reserve** | | | | |
| Balance 1 January | (686) | (652) | – | – |
| Currency translation differences arising during the year | (54) | (34) | – | – |
| **Balance 31 December** | **(740)** | **(686)** | – | – |
| **(b) Retained surplus** | | | | |
| Movements in retained surplus were as follows: | | | | |
| Balance 1 January | 61,761 | 56,144 | 60,550 | 54,851 |
| Surplus for the year | (5,445) | 5,617 | (5,400) | 5,699 |
| **Balance 31 December** | **56,316** | **61,761** | **55,150** | **60,550** |

## 18. Key management personnel disclosures

### (a) Directors

The following persons were directors of Insearch Limited during the financial year:

(i) Non-executive chair

RD Milbourne, AO

(ii) Executive director

A Murphy

(iii) Non-executive directors

P Bennett

AM Dwyer

WR Purcell (retired 12 January 2018)

M Spongberg

DN Hill (retired 27 March 2017)

GA Freeland (appointed 28 March 2017)

JM Hutchison, AM (retired 27 November 2017)

JN Anderson (appointed 28 November 2017)

### (b) Other key management personnel

A Brungs

### (c) Key management personnel compensation

Insearch Limited has three directors that are staff of UTS. These directors do not receive any remuneration in respect of their work on the Insearch Board.

| | Consolidated | | Parent entity | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Remuneration of directors | | | | |
| $0 to $49,999 | 5 | 3 | 5 | 3 |
| $50,000 to $99,999 | 3 | 4 | 3 | 4 |
| $100,000 to $149,999 | 1 | – | 1 | – |
| $150,000 to $199,999 | – | – | – | – |
| $200,000 to $249,999 | – | – | – | – |
| $250,000 to $299,999 | – | – | – | – |
| $300,000 to $349,999 | – | – | – | – |
| $350,000 to $399,999 | – | – | – | – |
| $400,000 to $449,999 | – | 1 | – | 1 |
| $450,000 to $499,999 | 1 | – | 1 | – |
| $500,000+ | – | – | – | – |
| | 10 | 8 | 10 | 8 |

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $ | 2016 $ | 2017 $ | 2016 $ |
| Short-term employee benefits | 724,383 | 668,154 | 724,383 | 668,154 |
| Post-employment benefits | 68,367 | 63,025 | 68,367 | 63,025 |
| | **792,750** | **731,179** | **792,750** | **731,179** |

## 19. Related party transactions

### (a) Parent entities

The parent entity in the wholly owned group is Insearch Limited. The controlling entity of Insearch Limited is the University of Technology Sydney.

### (b) Subsidiaries

Interests in subsidiaries are set out in note 20.

### (c) Transactions with related parties

The following transactions occurred with related parties:

- donation to the University of Technology Sydney: $17,172,000 (2016: $7,165,000), this includes $171,000 (2016: $165,000) in respect of UTS staff acting as directors on the Insearch Board
- sales of services and fees to the University of Technology Sydney: $92,090 (2016: $182,384)
- services rendered by the University of Technology Sydney to Insearch Limited: $5,940,168 (2016: $5,947,887)
- consulting service income between Insearch (Shanghai) Limited and Insearch Limited: $1,318,722 (2016: $1,292,893)
- consulting service expense between Insearch Limited and Insearch (Shanghai) Limited: $1,318,722 (2016: $1,292,893).

### (d) Outstanding balances arising from sales/purchases of goods and services

Aggregate amounts receivable from and payable to each class of related parties at reporting date are set out below:

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $ | 2016 $ | 2017 $ | 2016 $ |
| Current receivables (sales of goods and services) | | | | |
| Insearch (Shanghai) Limited | – | – | 22,705 | 29,771 |
| Current payables (sales of goods and services) | | | | |
| Insearch (Shanghai) Limited | – | – | (275,368) | – |

## 20. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 2(b).

| Name of entity | Country of incorporation | Class of shares | Equity holding | |
|---|---|---|---|---|
| | | | 2017 % | 2016 % |
| Insearch (Shanghai) Limited | China | Ordinary | 100 | 100 |
| Insearch Education International Pty Limited | Australia | Ordinary | 100 | 100 |

## 21. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $ | 2016 $ | 2017 $ | 2016 $ |
| **(a) The Audit Office of New South Wales** | | | | |
| **(i) Audit and other assurance services** | | | | |
| Audit and review of financial reports | 104,510 | 102,127 | 102,195 | 99,703 |
| **Total auditors' remuneration** | **104,510** | **102,127** | **102,195** | **99,703** |

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **22. Commitments** | | | | |
| **(a) Lease commitments** | | | | |
| **(i) Non-cancellable operating leases** | | | | |
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable with the input tax recoverable from the Australian Taxation Office: | | | | |
| within one year | 10,428 | 9,149 | 10,255 | 9,061 |
| later than one year but not later than five years | 24,379 | 16,591 | 24,112 | 16,591 |
| later than five years | 538 | 725 | 538 | 725 |
| | 35,345 | 26,465 | 34,905 | 26,377 |
| Input tax recoverable from the Australian Taxation Office | 3,171 | 2,392 | 3,171 | 2,392 |

## 23. Members' guarantee

Insearch Limited is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, its constitution states that each member is required to contribute a maximum of $20 towards meeting its outstanding obligations. At reporting date, there were nine members of the entity.

## 24. Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that have significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

## 25. Cash flow information

| | Consolidated entity | | Parent entity | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Reconciliation of surplus for the year to net cash flows from operating activities** | | | | |
| Deficit/(surplus) for the year | (5,445) | 5,617 | (5,400) | 5,699 |
| Depreciation and amortisation | 5,858 | 4,954 | 5,839 | 4,943 |
| Non-cash adjustment on non-current assets | (466) | – | (466) | – |
| Non-cash movement in finance lease liability | – | 2 | – | 2 |
| Net (gain)/loss on sale of non-current assets | (16) | 479 | (16) | 479 |
| Share of loss of joint venture | 89 | 73 | – | – |
| Share of profit of associates | (526) | (533) | – | – |
| Bad debt provisions | 131 | 105 | 131 | 105 |
| Non-cash adjustment on make good provision | – | (2,301) | – | (2,301) |
| **Change in operating assets and liabilities** | | | | |
| Decrease/(increase) in trade and other receivables | 3,354 | 177 | 2,873 | (357) |
| (Increase) in other non-current assets | (49) | (34) | (117) | (134) |
| (Decrease) in trade and other payables | (431) | (543) | (154) | (577) |
| Increase in provisions | 9 | 2,323 | 9 | 2,323 |
| Increase in employee benefit obligations | 601 | 1,506 | 601 | 1,506 |
| Increase/(decrease) in other liabilities | 2,608 | (473) | 2,608 | (473) |
| **Net cash inflow from operating activities** | **5,717** | **11,352** | **5,908** | **11,215** |

**End of audited financial statements**

# accessUTS Pty Limited

# Directors' report

**accessUTS Pty Limited**
**ABN 55 098 424 312**
**DIRECTORS' REPORT**

Your directors submit their report for the year ended 31 December 2017

**Directors**

The names of the directors of the company from the beginning of the financial year until the date of this report were:

- Blair Peter McRae (resigned 29/9/17)
- Professor David James Robson (resigned 22/12/17)
- Dianne Norma Hill
- Professor John Daly
- Dr Paul Jonson
- Patrick Woods (joined 18/10/17)
- Professor Sam Bucolo (joined 9/5/2017; resigned 25/8/2017)

All directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

**Principal Activities**

The principal activity of the company during the financial year was developing and managing the consulting activities of the University of Technology, Sydney.
There has been no significant change in the nature of this activity during the year.

**Operating Result**

The income after income tax for the year ended 31 December 2017 was $12,471 (2016 profit of $23,055).

**Review of Operations**

The operations of the company and the results of those operations were satisfactory.

**Dividends**

The company did not pay a dividend during the year and the directors have recommended that no dividend be paid in respect of the 2017 year.

**Significant Changes in the State of Affairs**

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

**Significant Events After the Balance Date**

There have been no significant events after the balance date that would materially affect the results presented at year end.

**Environmental Regulation**

The company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

**Likely Developments**

It is not foreseen that the company will undertake any change in its general direction during the coming financial year. The company will continue to pursue its financial trading activities as detailed earlier in the report to produce the most beneficial result for the members.

**Indemnification and Insurance of Officers and Auditors**

Indemnification

Since the end of the previous financial year, the company has not indemnified or made a relevant agreement for indemnifying against a liability of any person who is or has been an officer or auditor of the company.

Insurance Premiums

During the year, no premiums were paid to insure the directors against liability by accessUTS Pty Ltd. Although, its parent entity, the University of Technology, Sydney, paid the directors' insurance premium on behalf of company, which sufficiently insures the directors of accessUTS Pty Ltd.

**Auditor's Independence Declaration**

The Auditor's Independence Declaration for the year to 31 December 2017 has been received and can be found on page 125.

Signed in accordance with a resolution of the directors:

Dr Paul Jonson
Sydney, 28 March 2018

Patrick Woods

# Directors' declaration

**accessUTS Pty Limited**
**ABN 55 098 424 312**
**DIRECTORS' DECLARATION**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

In accordance with a resolution of the directors of accessUTS Pty Limited, we state that:

1. In the opinion of the directors:

   (a) the financial statements present a true and fair view of the company's financial position as at 31 December 2017 and of the company's performance for the year ended on that date; and

   (b) the financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015; and

   (c) the financial statements comply with Australian Accounting Standards and other mandatory professional reporting requirements, including Australian Accounting Interpretations; and

   (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

On behalf of the Board:

Dr Paul Jonson

Patrick Woods

Sydney, 28 March 2018

# Independent auditor's report

AUDITOR-GENERAL
NEW SOUTH WALES

## INDEPENDENT AUDITOR'S REPORT

**accessUTS Pty Limited**

To Members of the New South Wales Parliament and Members of accessUTS Pty Limited

### Opinion

I have audited the accompanying financial statements of accessUTS Pty Limited (the Company), which comprise, the Statement of Comprehensive Income for the year ended 31 December 2017, the Statement of Financial Position as at 31 December 2017, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41Bof the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

# Independent auditor's report (continued)

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

29 March 2018
SYDNEY

# Auditor's independence declaration

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
accessUTS Pty Limited

## Auditor's Independence Declaration

As auditor for the audit of the financial statements of accessUTS Pty Limited for the year ended 31 December 2017, 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.

Caroline Karakatsanis
Director, Financial Audit Services

27 March 2018
SYDNEY

# Statement of comprehensive income

for the year ended 31 December 2017

| | Note | 2017 $ | 2016 $ |
|---|---|---|---|
| **Revenue from continuing operations** | | | |
| Revenue from services | 4(a) | 4,906,656 | 4,088,662 |
| Investment revenue | 4(b) | 21,930 | 20,700 |
| **Total revenue** | | **4,928,586** | **4,109,362** |
| **Expenses from continuing operations** | | | |
| Employee related expenses | 3(a) | 491,683 | 210,443 |
| Other operating expenses | 3(b) | 4,412,569 | 3,852,326 |
| (Gain)/loss on foreign exchange | 4(c) | 5,729 | (786) |
| **Total expenses** | | **4,909,981** | **4,061,983** |
| Operating result before income tax | | 18,605 | 47,379 |
| Income tax expense | 5 | (6,134) | (24,324) |
| **Operating result from continuing operations** | | **12,471** | **23,055** |
| **Total comprehensive income** | | **12,471** | **23,055** |
| Total comprehensive income for the year is attributable to: | | | |
| owners of the parent | | **12,471** | **23,055** |

The accompanying notes form part of these financial statements.

# Statement of financial position

as at 31 December 2017

| | Note | 2017 $ | 2016 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 1,977,180 | 2,435,104 |
| Receivables | 7 | 300,863 | 411,168 |
| Prepayments | 8 | 25,941 | 109,287 |
| Income tax refundable | 11 | 8,928 | – |
| **Total current assets** | | **2,312,912** | **2,955,559** |
| **Total assets** | | **2,312,912** | **2,955,559** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Payables | 9 | 1,450,926 | 1,466,830 |
| Other | 10 | 264,043 | 893,242 |
| Income tax payable | 11 | – | 10,015 |
| **Total current liabilities** | | **1,714,969** | **2,370,087** |
| **Total liabilities** | | **1,714,969** | **2,370,087** |
| **Net assets** | | **597,943** | **585,472** |
| **Equity** | | | |
| Contributed equity | 12 | 450,001 | 450,001 |
| Accumulated profits | 13 | 147,942 | 135,471 |
| **Total equity** | | **597,943** | **585,472** |

The accompanying notes form part of these financial statements.

# Statement of changes in equity

for the year ended 31 December 2017

| | Share capital $ | Accumulated profits $ | Total $ |
|---|---|---|---|
| Balance at 1 January 2016 | 450,001 | 112,416 | 562,417 |
| Net result for the year | – | 23,055 | 23,055 |
| Total comprehensive income | – | 23,055 | 23,055 |
| **Balance at 31 December 2016** | **450,001** | **135,471** | **585,472** |
| Balance at 1 January 2017 | 450,001 | 135,471 | 585,472 |
| Net result for the year | – | 12,471 | 12,471 |
| Total comprehensive income | – | 12,471 | 12,471 |
| **Balance at 31 December 2017** | **450,001** | **147,942** | **597,943** |

The accompanying notes form part of these financial statements.

# Statement of cash flows

for the year ended 31 December 2017

| | Note | 2017 $ | 2016 $ |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Payments | | | |
| Employee related | | 498,842 | 210,066 |
| Other | | 4,494,869 | 4,406,594 |
| **Total payments** | | **4,993,711** | **4,616,660** |
| Receipts | | | |
| Sale of goods and services | | 4,513,857 | 4,705,663 |
| Interest received | | 21,930 | 20,700 |
| **Total receipts** | | **4,535,787** | **4,726,363** |
| **Net cash inflows (outflows) from operating activities** | 14 | **(457,924)** | **109,703** |
| Net increase (decrease) in cash | | (457,924) | 109,703 |
| Opening cash and cash equivalents | | 2,435,104 | 2,325,401 |
| **Closing cash and cash equivalents** | 6 | **1,977,180** | **2,435,104** |

The accompanying notes form part of these financial statements.

## 1. Reporting entity

accessUTS Pty Limited is a for-profit company limited by shares and is incorporated and domiciled in Australia and is a wholly owned subsidiary of the University of Technology Sydney. The registered office of accessUTS Pty Limited is level 14, Building 1, 1–9 Broadway, Ultimo NSW 2007.

These financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 28 March 2018.

## 2. Summary of significant accounting policies

### (a) Basis of preparation

These general purpose financial statements have been prepared on an accruals basis, in accordance with applicable accounting standards and other mandatory professional reporting requirements (including Australian Accounting Interpretations), the requirements of the *Corporations Act 2001*, the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015.

These financial statements have been prepared on an historical cost basis and are presented in Australian dollars. The accounting policies set out below have been consistently applied to all years presented unless otherwise stated.

### (b) Statement of compliance

These financial statements comply with Australian Accounting Standards, including Australian Accounting Interpretations.

### (c) Critical accounting estimates and judgements

The directors evaluate estimates and judgements 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 from both external and internal sources.

### (d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except:

- the net amount of GST recoverable from or payable to the taxation authority is included within payables or receivables in the balance sheet
- where the amount of GST is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- 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.

### (e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### Fee revenue

Service fee revenue represents revenue from services provided by the entity and is recognised when the services are provided.

#### Training course revenue

Training course revenue represents revenue from courses delivered in the period and is recognised when the courses are scheduled to run.

#### Investment income

Interest income is recognised as it accrues.

#### Asset sales

The net proceeds from the sale of assets is included as revenue of the entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale occurs.

#### Other revenue

Other revenue is brought to account when it becomes due and receivable.

### (f) Income tax

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

### (g) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes deposits at call that are readily convertible to cash on hand and that are used in the cash management function on a day-to-day basis, net of any outstanding bank overdrafts.

### (h) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at fair value less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the entity will not be able to collect the debt.

(i) Investments

Investments are valued either at cost less amounts written off for permanent diminution in the value of the investments, or at directors' valuation. Dividends and interest are brought to account when received.

(j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

(k) Other liabilities — income received in advance

Amounts received from clients are recognised as income in advance to the extent that they relate to work to be conducted or services to be performed in the future.

(l) Employee benefits and other provisions

Salaries and wages, annual leave, sick leave and on costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(m) Loans and borrowings

All loans are measured at the principal amount.

(n) New and revised Australian Accounting Standards

Where new or revised accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting period, accessUTS Pty Limited has not exercised the right to early adopt any such accounting standard.

(o) Translation of foreign currency transactions

On initial recognition in Australian currency, transactions in foreign currencies are recorded by applying the rate of exchange as at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially translated during the period, or in the previous financial statements, are recognised in profit or loss in the period in which they arise.

At each balance date, foreign currency monetary items are reported using the closing rate on the balance date.

| | 2017 $ | 2016 $ |
|---|---|---|
| **3. Expenses excluding losses** | | |
| **(a) Employee-related expenses** | | |
| Directors fees | 5,125 | 1,500 |
| Contractors | 486,558 | 208,943 |
| | **491,683** | **210,443** |
| **(b) Other operating expenses** | | |
| Auditor's remuneration | | |
| audit of the financial statements | 20,592 | 23,415 |
| Consulting fees | 1,792,832 | 2,485,146 |
| Service level agreement — Commercial Services Unit | 892,785 | 735,719 |
| General and administrative expenses | 1,706,360 | 608,046 |
| | **4,412,569** | **3,852,326** |

| | 2017 $ | 2016 $ |
|---|---|---|
| **4. Revenue** | | |
| **(a) Revenue from services** | | |
| Consulting fees | 1,271,991 | 1,751,132 |
| Training courses | 3,634,665 | 2,337,530 |
| | **4,906,656** | **4,088,662** |
| **(b) Investment revenue** | | |
| Interest received or receivable | 21,930 | 20,700 |
| | **21,930** | **20,700** |
| **(c) Gain/(loss) on foreign exchange** | | |
| Foreign exchange gains/(losses) | (5,729) | 786 |
| | **(5,729)** | **786** |
| **5. Income tax expense** | | |
| The income tax expense provided in the accounts is calculated as follows: | | |
| tax on operating profit/(loss) at 30% | 5,582 | 14,214 |
| **Add/(less)** | | |
| current year temporary difference not brought to account previously | (124) | 10,110 |
| non-deductible expenses | 676 | – |
| Current tax expense | 6,134 | 24,324 |
| Deferred tax assets have not been recognised in the statement of financial position in respect of: | | |
| deductible temporary differences | – | 18,335 |
| **6. Cash and cash equivalents** | | |
| Cash at bank | 1,550,557 | 2,014,369 |
| Cash on deposit | 426,623 | 420,735 |
| | **1,977,180** | **2,435,104** |
| **7. Receivables** | | |
| **Current** | | |
| Trade and other receivables | 240,224 | 344,524 |
| Allowance for doubtful accounts | (8,874) | (10,644) |
| GST refundable | 69,513 | 77,288 |
| | **300,863** | **411,168** |
| **8. Prepayments** | | |
| **Current** | | |
| Prepayments | 25,941 | 109,287 |
| | **25,941** | **109,287** |

| | 2017 $ | 2016 $ |
|---|---|---|
| **9. Payables** | | |
| **Current** | | |
| Trade creditors | 40,955 | 50,172 |
| Accrued expenses | 150,848 | 316,948 |
| Amounts payable to parent entity | 1,177,387 | 1,010,815 |
| Loan from parent entity (unsecured) | 35,000 | 35,000 |
| Other payables | 46,736 | 53,895 |
| | **1,450,926** | **1,466,830** |
| **Loan from parent entity** | | |
| The loan from the parent entity is unsecured, interest-free and repayable on demand. | | |
| **10. Other current liabilities** | | |
| **Current** | | |
| Income received in advance | 264,043 | 893,242 |
| | **264,043** | **893,242** |
| **11. Income tax refundable** | | |
| Income tax refundable | (8,928) | 10,015 |
| | **(8,928)** | **10,015** |
| **12. Contributed equity** | | |
| **Issued and paid up capital** | | |
| Ordinary shares fully paid | 450,001 | 450,001 |
| **Movements in shares on issue** | | |
| Issued capital at the beginning of the year | 450,001 | 450,001 |
| Capital issued during the year | – | – |
| **Issued capital at the end of the year** | **450,001** | **450,001** |
| **13. Accumulated profits** | | |
| Accumulated profits / (losses) at the beginning of the year | 135,471 | 112,416 |
| Net profit attributable to the member | 12,471 | 23,055 |
| **Accumulated profits at the end of the year** | **147,942** | **135,471** |

| | 2017 $ | 2016 $ |
|---|---|---|
| **14. Reconciliation of operating profit for the year with cash flows from operating activities** | | |
| Operating profit after income tax | 12,471 | 23,055 |
| **Non-cash items** | | |
| Annual leave | – | – |
| Provision for doubtful debts | (1,770) | 6,644 |
| **Changes in operating assets and liabilities** | | |
| Decrease/(increase) in receivables and prepayments | 186,493 | 144,560 |
| Increase/(decrease) in payables and provisions | (25,919) | (77,798) |
| Increase/(decrease) in income in advance | (629,199) | 13,242 |
| **Net cash inflow/(outflow) from operating activities** | **(457,924)** | **109,703** |
| **15. Auditors' remuneration** | | |
| Amounts received or due and receivable by the auditors of accessUTS Pty Limited for: | | |
| an audit of the financial statements | 20,592 | 20,090 |
| | **20,592** | **20,090** |

## 16. Key management personnel disclosures

(a) **Names of responsible persons and executive officers**

The following persons were responsible persons and executive officers of accessUTS Pty Limited during the year:

Mr Blair McRae
Professor John Daly
Professor David Robson
Dr Paul Jonson
Professor Sam Bucolo
Mr Patrick Woods
Ms Dianne Hill

(b) **Remuneration of board members and executives**

| | 2017 number | 2016 number |
|---|---|---|
| **Remuneration of board members** | | |
| $0–$9,999 | 1 | 1 |

## 17. Contingent assets and contingent liabilities

The directors are not aware of any contingent assets or contingent liabilities that have not been disclosed in the financial statements.

## 18. Significant events after the balance date

There have been no significant events after the balance date that would materially affect the results presented at the end of the year.

## 19. Economic dependency

The company's economic viability is dependent upon the continued financial support of its parent entity.

## 20. Related party transactions

(a) **Directors**

The names of the directors of the company during the financial year are set out on page 121 of these financial statements. The board includes non-independent directors who are employed by the University of Technology Sydney.

There have been no transactions with directors or director-related entities during the financial year, other than remuneration as detailed at note 17.

(b) Parent entity

The parent entity is the University of Technology Sydney (UTS), an entity incorporated in New South Wales.

**Transactions with the parent entity**

The following transactions occurred during the year between the company and UTS.

**Services provided by UTS**

UTS provided services to the company in accordance with the service level agreement between the two entities. Services included the provision of personnel and premises and the payment of various operating expenses.

**Faculty costs charged by UTS**

The services of various UTS personnel were utilised by the company during the year. In return, the company paid fees to various UTS faculties.

**Training and development services provided to UTS**

The company is a registered training organisation (RTO) and provided training and development services to UTS. In return, the company charged certification fees to UTS.

| | 2017 $ | 2016 $ |
|---|---|---|
| **Amounts included in revenue during the financial year** | | |
| Certification fees charged to the parent entity | – | – |
| **Amounts included in assets and liabilities at the end of the financial year** | | |
| Amounts receivable from parent entity — current | 56,145 | 95,357 |
| Amounts payable to parent entity — current | 93,530 | 119,152 |
| Other payable to parent entity | 1,140,002 | 987,019 |
| Loans from parent entity (unsecured) | 35,000 | 35,000 |

There are no fixed terms for the repayment of the loan, which is unsecured. No interest has been charged by the parent entity.

(c) Wholly owned group

The wholly owned group consists of the University of Technology Sydney and its controlled entities, accessUTS Pty Limited, UTS Global Pty Ltd, Piivot Pty Ltd, Insearch Educational International Pty Limited, Insearch Education Limited, Insearch Limited and Insearch (Shanghai) Limited.

| | 2017 $ | 2016 $ |
|---|---|---|
| **21. Financial risk and management objectives and policies** | | |
| **(a) Instruments reported by categories of financial assets and liabilities** | | |
| **Financial assets** | | |
| Cash and cash equivalents | 1,977,180 | 2,435,114 |
| Trade and other receivables | 231,350 | 333,880 |
| | **2,208,530** | **2,768,994** |
| **Financial liabilities** | | |
| Trade and other payables | 40,955 | 50,172 |
| | **40,955** | **50,172** |

(b) **Risk exposures and responses**

The company's financial instruments consist of cash, short-term deposits, accounts receivable and payable, and loans from the parent entity.

The company's main risks from its financial instruments are interest rate risk and credit risk. The company does not have any derivative instruments at the end of the financial year.

(c) **Net fair values**

The net fair values of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(d) **Credit risk**

The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

Receivables balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is limited.

The company does not have any material credit risk exposure to any single receivable or company of receivables under financial instruments entered into by the company. The company minimises concentrations of credit risks in relation to trade accounts receivable by undertaking transactions with many customers.

(e) **Hedging transactions**

The company did not enter into any hedging transactions during the year.

(f) **Interest risk**

At balance date the company had the following mix of financial assets and liabilities exposed to variable interest rate risk:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Carrying amount $ | Net fair value $ | Carrying amount $ | Net fair value $ |
| **Financial assets** | | | | |
| Cash and cash equivalents | 1,977,180 | 1,977,180 | 2,435,114 | 2,435,114 |
| Trade and other receivables | 231,350 | 231,350 | 333,880 | 333,880 |
| | **2,208,530** | **2,208,530** | **2,768,994** | **2,768,994** |
| **Financial liabilities** | | | | |
| Trade and other payables | 40,955 | 40,955 | 50,172 | 50,172 |
| | **40,955** | **40,955** | **50,172** | **50,172** |

The company's exposure to market risk for changes in interest rates relates primarily to its holding of cash. The company seeks to maximise the interest earned on cash and deposits balanced against the length of investment and impact on liquidity. The company's policy is to manage its interest rate exposure with a mixture of fixed and floating rate deposits.

The following sensitivity analysis is based on the interest rate risk exposures in existence as at the balance date.

At year end, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit would have been affected as follows:

| | Equity higher/(lower) | | Post-tax profit higher/(lower) | |
|---|---|---|---|---|
| | 2017 $ | 2016 $ | 2017 $ | 2016 $ |
| **Judgements of reasonably possible movements** | | | | |
| +0.5% (50 basis points) | 5,528 | 5,389 | 5,528 | 5,389 |
| -0.5% (50 basis points) | (2,543) | (2,444) | (2,543) | (2,444) |

**End of audited financial statements**

# Acknowledgements


### Compliance

The report was written to comply with relevant legislation including the *Annual Reports (Statutory Bodies) Act 1984* (NSW) and the Annual Reports (Statutory Bodies) Regulation 2015 (NSW).

In its structure and writing we have striven for best practice reporting, taking into account annual reporting guidelines from state and national annual reporting awards and recommendations from the NSW Treasury and the Audit Office of New South Wales.

### Availability

The university's annual reports are available in Portable Document Format (PDF) from the UTS website:

www.uts.edu.au

They are also available by request to:

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### Access

UTS is open for general business from 9am to 5pm weekdays.

Many sections of the university are open at other times.

The UTS Annual Report 2017 provides a record of the university's performance and activities for the year. It is in two volumes: volume one is a review of our operations and statutory reporting; and volume two contains our financial statements.

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