UTS Annual Report

Financial statements

UTS

2019

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 2019 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 2019 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.

8. the University charged the student services and amenities fees strictly in accordance with the Higher Education Support Act 2003 and the administration guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

Brungs

A J Brungs
Vice-Chancellor

Michelene Collopy

M Collopy
Chair, Audit and Risk Committee

15th April 2020

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT

University of Technology Sydney

To Members of the New South Wales Parliament

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 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

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 2019, 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 2019 Reporting Period' (the Guidelines), issued by the Australian Government Department of Education, pursuant to the *Higher Education Support Act 2003* 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.

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 (including Independence Standards)' (APES 110).

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

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Independent auditor's report (continued)

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.

Other Information

The University's annual report for the year ended 31 December 2019, includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The members of the Council of the University are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Appointed Officers and the Council report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise 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.

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.

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

Delegate of the Auditor-General for New South Wales

16 April 2020
SYDNEY

Council report

The university's 2019 operating result was $28 million. For 2019 the university adopted new accounting standards for revenue and leases which had a material impact on the 2019 surplus compared to the previous year.

The new revenue standard impacts approximately 30 per cent of the university's revenue stream and now requires a performance obligation to be completed before the revenue is recognised where a contract exists between the university and a customer. This generally has the effect of delaying revenue recognition compared to the previous standard.

The new lease standard now requires leases, mainly property leases, to be valued and included on the balance sheet as a right of use asset which will be depreciated over the duration of the lease. A lease liability is also recognised.

The impact of the new standards on the UTS result for 2019 was a negative $20 million. Had the standards not applied in 2019 the UTS result would have been $48 million, a decrease of $27 million on the prior year. This decrease is mainly due to strong increases in student fees of $51 million offset by increases in employee-related expenditure of $57 million and depreciation and amortisation of $20 million due to the completion of UTS Central in September 2019.

Resourcing

Revenue increased by 4.6 per cent on 2018 levels, mainly due to increases in student fees which were 8 per cent higher than 2018.

Student numbers grew with equivalent full-time student load (EFTSL) increasing overall by 2.0 per cent from 2018 numbers, with Commonwealth-supported places increasing by 1.9 per cent. International student numbers, which represent 36.9 per cent of total revenue, increased by 3.2 per cent from 2018.

UTS has continued to maximise the return and flexibility on the remaining funds mainly through investments in term deposits. This strategy has resulted in investment income of $9.9 million, an increase of 60.0 per cent from 2018 due to dividends and increased returns from equity markets in 2019.

Expenditure

Total expenditure on operating activities was $1.07 billion, which is 9.8 per cent higher than 2018 while employee-related expenses increased by 10.0 per cent from 2018 levels. The increase in employee-related expenses is due to the increase in full time equivalent staff by 290 or 7 per cent from the prior year. Depreciation and amortisation increased by $20 million mainly due to the completion of the UTS Central building and the adoption of the new leases standard, which results in previously operating leased assets being now being depreciated.

Capital expenditure

During 2019 we continued to invest in buildings and infrastructure to improve the student learning experience and research facilities.
UTS's refurbishment program on existing buildings and leasehold improvements totalled $71 million. Also, during the year an additional $101 million was spent on the recently completed UTS Central building. The introduction of the new leases standard also resulted in an additional $105 million of assets being booked to the balance sheet in 2019.

Investment portfolio

The majority of UTS's investment portfolio is in term deposits with major Australian banks. Our total investment in term deposits and deposits at call at the end of 2019 was $96 million, compared to $148 million in 2018. The weighted average return on the investment portfolio for the year was 2.1 per cent, compared to the year-end official cash rate of 0.75 per cent.

Borrowings

The university's debt in the form of bonds has remained at $300 million ($300 million in 2018). With the introduction of the new leases standard an additional $98 million has been classified as borrowings which represents long term leasing of various properties occupied by the university.

Equity

Included in equity is the asset revaluation reserve which is a non cash reserve and represents the increase in market value of the university's land and buildings since acquisition or construction date.

Income statement

for the year ended 31 December 2019

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue and income from continuing operations					
Australian Government financial assistance					
Australian Government grants	2.1	275,260	282,102	275,260	282,102
HELP — Australian Government payments	2.1	235,254	223,722	218,160	208,599
State and local government financial assistance	2.2	4,963	5,886	4,963	5,886
HECS–HELP — student payments		18,992	19,594	18,992	19,594
Fees and charges	2.3	533,519	496,337	461,716	419,389
Investment income (net gain/losses)	2.4	10,969	7,900	9,880	6,188
Royalties, trademarks and licences	2.5	29	46	21	39
Consultancy and contracts	2.6	33,861	34,291	34,093	34,765
Other revenue	2.7	31,108	28,924	48,968	48,419
Other income	2.7	24,657	23,155	25,713	24,738
Share of profit or (loss) on investments accounted for using the equity method	14	946	1,233	–	–
Total revenue and income from continuing operations		**1,169,558**	**1,123,190**	**1,097,766**	**1,049,719**
Expenses from continuing operations					
Employee related expenses	3.1	674,249	617,897	623,100	566,268
Depreciation and amortisation	3.2	127,279	96,695	111,046	90,968
Repairs and maintenance	3.3	14,852	14,940	14,614	14,607
Borrowing costs	4	12,385	7,452	10,184	7,452
Impairment of assets	3.4	261	419	217	495
Losses on disposal of assets	5	349	102	413	82
Deferred superannuation expense	3.1	106	270	106	270
Other expenses	3.5	324,352	318,178	310,487	294,875
Total expenses from continuing operations		**1,153,833**	**1,055,953**	**1,070,167**	**975,017**
Net result before income tax from continuing operations		**15,725**	**67,237**	**27,599**	**74,702**
Income tax expense	6	81	(20)	–	–
Net result from continuing operations (after tax)		**15,644**	**67,257**	**27,599**	**74,702**
Net result attributable to members of the University of Technology Sydney		**15,644**	**67,257**	**27,599**	**74,702**
Net result attributable to members from:					
continuing operations		15,644	67,257	27,599	74,702
Total		**15,644**	**67,257**	**27,599**	**74,702**

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

Statement of comprehensive income

for the year ended 31 December 2019

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net result after income tax for the period		15,644	67,257	27,599	74,702
Retrospective changes due to adoption of AASB 9	11	–	10,902	–	10,902
Retrospective changes due to adoption of AASB 15	23 (d)	(24,445)	–	(24,445)	–
Retrospective changes due to adoption of AASB 16	23 (d)	4,464	–	4,423	–
Total retrospective changes		(19,981)	10,902	(20,022)	10,902
Items that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations	23 (b)	(54)	65	–	–
Gain/(loss) on equity instruments designated at fair value through other comprehensive income, net of tax	23 (b)	–	–	–	–
Gain/(loss) on cash flow hedges, net of tax	23 (b)	589	1,166	589	1,166
Total items that will be reclassified to profit or loss		535	1,231	589	1,166
Items that will not be reclassified to profit or loss					
Gain/(loss) on revaluation of property, plant and equipment, net of tax	23 (b)	36,634	42,642	36,634	42,642
Gain/(loss) on equity instruments designated at fair value through other comprehensive income, net of tax	23 (b)	18,026	9,048	18,026	9,048
Net actuarial gains/(losses) recognised in respect of defined benefit plans	25	(80)	222	(80)	222
Total items that will not be reclassified to profit or loss		54,580	51,912	54,580	51,912
Total comprehensive income attributable to members of the University of Technology Sydney		**50,778**	**131,302**	**62,746**	**138,682**
Total comprehensive income attributable to members from:					
continuing operations		50,778	131,302	62,746	138,682
Total		**50,778**	**131,302**	**62,746**	**138,682**

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

Statement of financial position

as at 31 December 2019

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
Assets					
Current assets					
Cash and cash equivalents	9	146,288	213,771	96,457	147,699
Receivables	10	30,218	26,318	29,403	26,322
Contract assets	10	1,824	–	1,824	–
Other financial assets	11	18,381	15,045	18,381	15,045
Other non-financial assets	12	26,928	24,738	21,617	19,364
Total current assets		**223,639**	**279,872**	**167,682**	**208,430**
Non-current assets					
Receivables	10	636,330	603,200	636,330	603,200
Investments accounted for using the equity method	14	5,829	5,483	–	–
Other financial assets	11	55,210	37,375	59,683	40,463
Other non-financial assets	12	802	15,327	802	15,327
Property, plant and equipment	15	2,560,348	2,242,396	2,484,770	2,226,044
Intangible assets	16	45,256	37,493	39,518	32,715
Total non-current assets		**3,303,775**	**2,941,274**	**3,221,103**	**2,917,749**
Total assets		**3,527,414**	**3,221,146**	**3,388,785**	**3,126,179**
Liabilities					
Current liabilities					
Trade and other payables	17	88,468	84,854	85,883	81,411
Borrowings	18	26,956	5,117	14,912	5,117
Provisions	19	120,923	112,071	115,427	106,927
Other financial liabilities	20	3,232	–	3,232	–
Other liabilities	21	71,513	72,684	45,687	43,682
Contract liabilities	22	40,510	–	40,510	–
Total current liabilities		**351,602**	**274,726**	**305,651**	**237,137**
Non-current liabilities					
Borrowings	18	444,105	302,640	398,244	302,640
Provisions	19	690,189	653,040	683,041	647,299
Total non-current liabilities		**1,134,294**	**955,680**	**1,081,285**	**949,939**
Total liabilities		**1,485,896**	**1,230,406**	**1,386,936**	**1,187,076**
Net assets		**2,041,518**	**1,990,740**	**2,001,849**	**1,939,103**
Equity					
Parent entity interest					
Reserves	23 (a)	958,119	902,924	958,843	903,594
Retained earnings	23 (d)	1,083,399	1,087,816	1,043,006	1,035,509
Total equity		**2,041,518**	**1,990,740**	**2,001,849**	**1,939,103**

Borrowings include property leased assets captured under AASB 16 Leases.

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 2019

	Reserves $'000	Retained earnings $'000	Total $'000
Consolidated			
Balance at 1 January 2018	**839,101**	**1,020,337**	**1,859,438**
Retrospective changes due to adoption of AASB 9	10,902	–	10,902
Balance as restated	**850,003**	**1,020,337**	**1,870,340**
Net result after income tax	–	67,257	67,257
Exchange differences on translation of foreign operations	65	–	65
Gain/(loss) on financial assets at fair value through OCI	9,048	–	9,048
Gain/(loss) on revaluation of property, plant and equipment	42,642	–	42,642
Gain/(loss) on cash flow hedges	1,166	–	1,166
Net actuarial gains (losses) recognised in respect of defined benefit plans	–	222	222
Total comprehensive income	**52,921**	**67,479**	**120,400**
Balance at 31 December 2018	**902,924**	**1,087,816**	**1,990,740**
Balance at 1 January 2019	**902,924**	**1,087,816**	**1,990,740**
Retrospective changes due to adoption of AASB 15	–	(24,445)	(24,445)
Retrospective changes due to adoption of AASB 16	–	4,464	4,464
Total retrospective changes	–	(19,981)	(19,981)
Balance as restated	902,924	1,067,835	1,970,759
Net result after income tax	–	15,644	15,644
Exchange differences on translation of foreign operations	(54)	–	(54)
Gain/(loss) on financial assets at fair value through OCI	18,026	–	18,026
Gain/(loss) on revaluation of property, plant and equipment	36,634	–	36,634
Gain/(loss) on cash flow hedges	589	–	589
Net actuarial gains (losses) recognised in respect of defined benefit plans	–	(80)	(80)
Total comprehensive income	**55,195**	**15,564**	**70,759**
Balance at 31 December 2019	**958,119**	**1,083,399**	**2,041,518**
Parent			
Balance at 1 January 2018	839,836	960,585	1,800,421
Retrospective changes due to adoption of AASB 9	10,902	–	10,902
Balance as restated	**850,738**	**960,585**	**1,811,323**
Net result after income tax	–	74,702	74,702
Exchange differences on translation of foreign operations	–	–	–
Gain/(loss) on revaluation of available for sale financial assets	9,048	–	9,048
Gain/(loss) on revaluation of property, plant and equipment	42,642	–	42,642
Gain/(loss) on cash flow hedges	1,166	–	1,166
Net actuarial gains (losses) recognised in respect of defined benefit plans	–	222	222
Total comprehensive income	**52,856**	**74,924**	**127,780**
Balance at 31 December 2018	**903,594**	**1,035,509**	**1,939,103**

Statement of changes in equity (continued)

for the year ended 31 December 2019

	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2019	903,594	1,035,509	1,939,103
Retrospective changes due to adoption of AASB 15	–	(24,445)	(24,445)
Retrospective changes due to adoption of AASB 16	–	4,423	4,423
Total retrospective changes	–	(20,022)	(20,022)
Balance as restated	**903,594**	**1,015,487**	**1,919,081**
Net result after income tax	–	27,599	27,599
Exchange differences on translation of foreign operations	–	–	–
Gain/(loss) on financial assets at fair value through OCI	18,026	–	18,026
Gain/(loss) on revaluation of property, plant and equipment	36,634	–	36,634
Gain/(loss) on cash flow hedges	589	–	589
Net actuarial gains (losses) recognised in respect of defined benefit plans	–	(80)	(80)
Total comprehensive income	**55,249**	**27,519**	**82,768**
Balance at 31 December 2019	**958,843**	**1,043,006**	**2,001,849**

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 2019

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
Cash flows from operating activities					
Australian Government grants	2.1	513,843	505,255	496,749	490,132
OS–Help (net)	33	(319)	(1,641)	(319)	(1,641)
State government grants received	2.2	3,554	4,616	3,554	4,616
Local government grants received	2.2	1,409	1,270	1,409	1,270
HECS–HELP — student payments		18,992	19,594	18,992	19,594
Receipts from student fees and other customers		676,452	634,826	627,717	579,100
Dividends received		2,700	714	2,700	714
Interest received		5,149	7,315	3,884	5,845
Payments to suppliers and employees (inclusive of goods and services tax)		(1,033,318)	(975,046)	(967,402)	(899,156)
Interest and other costs of finance		(9,138)	(8,848)	(6,939)	(8,848)
Income taxes paid		(6)	(69)	–	–
Short–term lease payments		1,048	–	1,048	–
Lease payments for leases of low–value assets		(908)	–	(908)	–
Net cash provided by/(used in) operating activities	32	**179,458**	**187,986**	**180,485**	**191,626**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	5	126	72	43	23
Proceeds from sale of financial assets		848	–	848	–
Payments for financial assets		(1,849)	(920)	(1,849)	(920)
Payments for property, plant and equipment		(229,746)	(230,037)	(223,379)	(222,842)
Net cash provided by/(used in) investing activities		**(230,621)**	**(230,885)**	**(224,337)**	**(223,739)**
Cash flows from financing activities					
Proceeds from lease incentives		12,500	–	12,500	–
Repayment of borrowings		–	–	–	–
Payment of capitalised borrowing costs		(8,678)	(3,413)	(8,678)	(3,413)
Repayment of leases		(20,142)	(5,388)	(11,212)	(5,388)
Net cash provided by/(used in) financing activities		**(16,320)**	**(8,801)**	**(7,390)**	**(8,801)**
Net increase/(decrease) in cash and cash equivalents		(67,483)	(51,700)	(51,242)	(40,914)
Cash and cash equivalents at the beginning of the financial year		213,771	265,471	147,699	188,613
Cash and cash equivalents at end of the financial year	9	**146,288**	**213,771**	**96,457**	**147,699**
Financing arrangements	18(b)				
Non–cash financing and investing activities	15	20,504	5,219	13,603	5,219

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

1. Summary of significant accounting policies

The following notes are similar to the prior year except note (d) Revenue recognition, note (f) Leases and note (ac) New accounting standards and interpretations, which incorporate additional commentary due to the adoption of the following new accounting standards which were effective from 1 January 2019:

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not-for-Profit Entities, and
- AASB 16 Leases.

In addition, the following notes were included to satisfy additional disclosure requirements from the adoption of the above standards:

- (af) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, and
- (ag) AASB 16 Leases.

Additional university companies were also included in note (b) Basis of consolidation.

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 (UTS) 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 15 April 2020.

(a) Basis of preparation

These 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 2019 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.

The university 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 (IFRS)

Australian Accounting Standards include Australian equivalents to 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, investments in non-listed entities, 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.

Investments in non-listed entities have been valued by using either the net asset method, capitalisation of earnings or deprival method.

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 Senior Staff Agreement, the UTS Academic Staff Agreement 2018 and the UTS Professional Staff Agreement for 2018. The proposed and anticipated salary increase for these agreements is 2 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
- Insearch India LLP, a controlled entity of Insearch Limited
- Insearch Global Pty Ltd, a controlled entity of Insearch Limited
- Insearch Lanka PVT, a controlled entity of Insearch Global Pty Limited
- accessUTS 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
- UTS Research and Innovation Institute (Shenzhen) Co 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 university 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 university 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 university'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 university's 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 AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, the operating and research grants provided by the government under the Higher Education Support Act 2003 are considered to be contracts with customers with measurable performance obligations and are recognised in the year those performance obligations are satisfied. The below have been recognised as revenue as per the following criteria:

- Funding received from the Higher Education Trust Fund (Commonwealth Grants Scheme) is considered to be revenue arising from the provision of a service and has been recognised as the service is provided to the students.
- Funding received from Australian Research Council (ARC) is recognised as per AASB 15 Revenue from Contracts with Customers as specific measurable performance obligations exist. Revenue is recognised over time as the service is being provided.
- Funding received from National Health and Medical Research Council (NHMRC) (excluding postgraduate scholarships) is recognised as per AASB 15 Revenue from Contracts with Customers as specific measurable performance obligations exist. Revenue is recognised over time as the service is being provided. NHMRC amounts received for postgraduate scholarships are for the benefit of the student and are recognised under AASB 9 Financial Instruments.
- Funding received from the Department of Education in relation to the Research Training Program and Research Support Program is recognised under AASB 1058 Income of Not-for-Profit Entities as no specific measurable performance obligations exist. Revenue is recognised when the university gains control of the funds.
- Revenue from student fees is recognised under AASB 15 Revenue from Contracts with Customers and is recognised as revenue as the course is delivered to the students.
- Investment income is recognised under AASB 15 Revenue from Contracts with Customers and is recognised as revenue as the interest accrues.

- Revenue from sales or the provision of services including consultancy and contract revenue is recognised under AASB 15 Revenue from Contracts with Customers and is recognised as revenue in the period in which the goods are supplied or the services provided.
- Donations are recognised under AASB 1058 Income of Not-for-Profit Entities. Revenue is recognised when the university gains control of the funds.

(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 university, 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 leases and capitalised in accordance with the requirements of AASB 16 Leases or operating and expensed to the income statement. AASB 16 Leases replaces AASB 117 Leases and applies to the university for financial years beginning 1 January 2019.

AASB 16 Leases introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability.

Leases, except for certain low value leases or those with a term of less than 12 months, are capitalised at the inception of the lease at the present value of the minimum lease payments discounted using the university's weighted average incremental borrowing rate. 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 the lease arrangement are depreciated over the shorter of the asset's useful life and the lease term.

Payments made under leases (net of any incentives received from the lessor) which do not fall under AASB 16 Leases 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.

Details of leased assets are provided in note 15.

(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 university'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.

For trade receivables the university applies a simplified approach in calculating expected credit losses. Therefore, the University does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The University has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(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 university classifies its investments in the following categories:

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

The university 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) Financial assets at fair value through other comprehensive income

The university investments in equity investments in non-listed companies are classified as financial assets at fair value through other comprehensive income. The university elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. 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 other comprehensive income statement.

(n) Derivatives

At the date of initial application of AASB 9 Financial Liabilities all of the university's existing hedging relationships were eligible to be treated as continuing hedging relationships. 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 university 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.

Details of the derivatives held by the university 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 university 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).

The fair value of assets or liabilities that are not traded in an active market (for example, defined benefit superannuation liabilities or investments in non listed entities) is determined using valuation techniques. The university 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 university 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 the deprival method, 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 are 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 university 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 university 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 which 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 (DETYA), now known as the Department of Education, the effects of the unfunded superannuation liabilities of the university 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 State Government to meet the unfunded liability for the university's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the Higher Education Funding Act 1988, the Commonwealth Higher Education Support Act 2003 and a memorandum of understanding signed by the federal government and the NSW 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 university.

The university recognises a payroll tax liability on its unfunded superannuation liabilities which is not offset by a related receivable from the federal and NSW Government. The university considers that there is a right to recover any payroll tax paid in future which relates to the unfunded superannuation liabilities under the conditions of grant for the Higher Education Funding Act 1988, the Commonwealth Higher Education Support Act 2003 and a memorandum of understanding signed by the federal government and the NSW Government 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 2019 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 university 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) and lease liabilities. Details of the borrowings are listed in note 34. In addition to the borrowings, the university has a revolving debt facility of $150 million, which have not been drawndown as at the 31 December 2019.

(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 do 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 university 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 twelve 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. 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 university 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 2019 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 2018 by Deloitte.

(iii) Superannuation

Employees of the university are entitled to benefits on retirement, disability or death from the university's superannuation plans. The university 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 AASB 119 Employee Benefits 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 university 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 is 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 is 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 university 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 university'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 university's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the university 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 2018 comparative figures have been adjusted to conform with the mandatory presentation for the current year. These reclassifications have no effect on the 2017 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 AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

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

(ac) New accounting standards and interpretations

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

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The university has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, the university has recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, being 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, the university has applied the practical expedient and elected to apply these standards retrospectively, only to contracts and transactions that were not completed contracts at the date of initial application of 1 January 2019.

AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases and will apply to the university for financial years beginning 1 January 2019.

AASB 16 Leases introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability.

(ad) Changes in accounting policy

There have been no changes to accounting policy in the 2019 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.

(af) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The university has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities using the modified retrospective method of transition, with the date of initial application of 1 January 2019.

The impact of the changes as a result of the adoption of AASB 15 and AASB 1058 are described as follows:

	Consolidated		Parent entity	
	Ref adjustment	1 Jan 19 $'000	Ref adjustment	1 Jan 19 $000
Assets				
Receivables		–		–
Contract assets		–		–
Other assets	(a)	397		397
Total assets		397		397
Contract liabilities	(b)	(22,433)		(22,433)
Other financial liabilities	(c)	(2,409)		(2,409)
Total liabilities		(24,842)		(24,842)
Total adjustment on equity		(24,445)		(24,445)
Retained earnings		24,445		24,445
		–		–

Below are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of AASB 15 and AASB 1058. The adoption of AASB 15 did not have a material impact on other comprehensive income or the university's operating, investing and financing cash flows. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

- Contract assets represent the capitalised costs of fulfilling a contract with a customer where the revenue recognition is at a point in time.
- Contract liabilities represent the net revenue received from a customer for a contract where the revenue recognition is overtime and performance obligations within the contract have not been met as at the 31 December 2018.
- Other financial liabilities represent the net amount of cash scholarships owed to the students of the university.

Income statement		Amounts prepared under					
		Consolidated			Parent entity		
	Notes	AASB15/ AASB1058 $'000	Previous AAS $'000	Increase/ decrease $'000	AASB15/ AASB1058 $'000	Previous AAS $'000	Increase/ decrease $'000
Revenue and income from continuing operations							
Australian Government financial assistance							
Australian Government grants	2.1	275,260	288,861	(13,601)	275,260	288,861	(13,601)
HELP — Australian Government payments	2.1	235,254	235,254	–	218,160	218,160	–
State and local government financial assistance	2.2	4,963	7,008	(2,045)	4,963	7,008	(2,045)
HECS-HELP — student payments		18,992	18,992	–	18,992	18,992	–
Fees and charges	2.3	533,519	533,538	(19)	461,716	461,735	(19)
Investment income (net gains/losses)	2.4	10,969	10,969	–	9,880	9,880	–
Royalties, trademarks and licences	2.5	29	29	–	21	21	–
Consultancy and contracts	2.6	33,861	34,509	(648)	34,093	34,741	(648)
Other revenue	2.7	31,108	33,203	(2,095)	48,968	51,063	(2,095)
Other income	2.7	24,657	24,722	(65)	25,713	25,778	(65)
Share of profit or (loss) on investments accounted for using the equity method	14	946	946	–	–		–
Total revenue and income from continuing operations		**1,169,558**	**1,188,031**	**(18,473)**	**1,097,766**	**1,116,239**	**(18,473)**

Income statement		Amounts prepared under					
		Consolidated			Parent entity		
	Notes	AASB15/ AASB1058 $'000	Previous AAS $'000	Increase/ decrease $'000	AASB15/ AASB1058 $'000	Previous AAS $'000	Increase/ decrease $'000
Expenses from continuing operations							
Employee related expenses	3.1	674,249	675,593	(1,344)	623,100	624,444	(1,344)
Depreciation and amortisation	3.2	127,279	127,279	–	111,046	111,046	–
Repairs and maintenance	3.3	14,852	14,852	–	14,614	14,614	–
Borrowing costs	4	12,385	12,385	–	10,184	10,184	–
Impairment of assets	3.4	261	261	–	217	217	–
Losses on disposal of assets	5	349	349	–	413	413	–
Deferred superannuation expense	3.1	106	106	–	106	106	–
Other expenses	3.5	324,352	324,832	(480)	310,487	310,967	(480)
Total expenses from continuing operations		**1,153,833**	**1,155,657**	**(1,824)**	**1,070,167**	**1,071,991**	**(1,824)**
Net result before income tax from continuing operations		**15,725**	**32,374**	**(16,649)**	**27,599**	**44,248**	**(16,649)**
Income tax expense		81	81	–	–	–	–
Net result from continuing operations (after tax)		**15,644**	**32,293**	**(16,649)**	**27,599**	**44,248**	**(16,649)**

Statement of financial position		Amounts prepared under					
		Consolidated			Parent entity		
	Notes	AASB15/ AASB1058 $'000	Previous AAS $'000	Increase/ decrease $'000	AASB15/ AASB1058 $'000	Previous AAS $'000	Increase/ decrease $'000
Assets							
Current assets							
Cash and cash equivalents	9	146,288	146,288	–	96,457	96,457	–
Receivables	10	30,218	30,218	–	29,403	29,403	–
Contract assets	10	1,824	–	1,824	1,824	–	1,824
Other financial assets	11	18,381	18,381	–	18,381	18,381	–
Other non-financial assets	12	26,928	26,928	–	21,617	21,617	–
Non-current assets classified as held for sale	13	–		–	–		–
Total current assets		**223,639**	**221,815**	**1,824**	**167,682**	**165,858**	**1,824**
Non-current assets							
Receivables	10	636,330	636,330	–	636,330	636,330	–
Contract assets	10	–	–	–	–	–	–
Investments accounted for using the equity method	14	5,829	5,829	–	–	–	–
Other financial assets	11	55,210	55,210	–	59,683	59,683	–
Other non-financial assets	12	802	802	–	802	802	–
Property, plant and equipment	15	2,560,348	2,560,348	–	2,484,770	2,484,770	–
Intangible assets	16	45,256	45,256	–	39,518	39,518	–
Total non-current assets		**3,303,775**	**3,303,775**	**–**	**3,221,103**	**3,221,103**	**–**
Total assets		**3,527,414**	**3,525,590**	**1,824**	**3,388,785**	**3,386,961**	**1,824**

Statement of financial position		Amounts prepared under					
		Consolidated			Parent entity		
	Notes	AASB15/ AASB1058 $'000	Previous AAS $'000	Increase/ decrease $'000	AASB15/ AASB1058 $'000	Previous AAS $'000	Increase/ decrease $'000
Liabilities							
Current liabilities							
Trade and other payables	17	88,468	88,468	–	85,883	85,883	–
Borrowings	18	26,956	26,956	–	14,912	14,912	–
Provisions	19	120,923	120,923	–	115,427	115,427	–
Other financial liabilities	20	3,232	824	2,408	3,232	824	2,408
Other liabilities	21	71,513	71,513	–	45,687	45,687	–
Contract liabilities	22	40,510	–	40,510	40,510	–	40,510
Total current liabilities		**351,602**	**308,684**	**42,918**	**305,651**	**262,733**	**42,918**
Non-current liabilities							
Borrowings	18	444,105	444,105	–	398,244	398,244	–
Provisions	19	690,189	690,189	–	683,041	683,041	–
Other financial liabilities	20	–	–	–	–	–	–
Other liabilities	21	–	–	–	–	–	–
Contract liabilities	22	–	–	–	–	–	–
Total non-current liabilities		**1,134,294**	**1,134,294**	**–**	**1,081,285**	**1,081,285**	**–**
Total liabilities		**1,485,896**	**1,442,978**	**42,918**	**1,386,936**	**1,344,018**	**42,918**
Net assets		**2,041,518**	**2,082,612**	**(41,094)**	**2,001,849**	**2,042,943**	**(41,094)**
Equity							
Parent entity interest							
Reserves	23 (a)	958,119	958,119	–	958,843	958,843	–
Retained earnings	23 (d)	1,083,399	1,124,493	(41,094)	1,043,006	1,084,100	(41,094)
Total equity		**2,041,518**	**2,082,612**	**(41,094)**	**2,001,849**	**2,042,943**	**(41,094)**

The nature of the adjustments as at 1 January 2019 and the reasons for the significant changes in the statement of financial position as at 31 December 2018 and the income statement for the year ended 31 December 2019 are described below:

- The amendment to Australian government grants in the income statement is due to the Commonwealth grant scheme grant and the Australian Research Council grants which previously were treated under AASB 1004 Contributions and therefore treated as income when received are now captured under AASB 15 Revenue from Contracts with Customers, which requires income recognition to be delayed until the performance obligation has been satisfied.
- The amendment to state and local government financial assistance in the income statement is due to the grants received from state and local governments which previously were treated under AASB 1004 Contributions and therefore treated as income when received are now captured under AASB 15 Revenue from Contracts with Customers, which requires income recognition to be delayed until the performance obligation has been satisfied.
- The amendment to consultancy and contracts in the income statement is due to recognising income based on when the performance obligation is performed utilising the input cost incurred method rather than the previous method under AASB 118 Revenue which recognised income upon raising the invoice to the customer.
- The amendment to other revenue in the income statement is due to the grants received from non government agencies which were previously treated under AASB 1004 Contributions and therefore treated as income when received are now captured under AASB 15 Revenue from Contracts with Customers, which requires income recognition to be delayed until the performance obligation has been satisfied. In addition certain scholarships which were previously recognised under AASB 1004 Contributions are now treated under AASB 9 Financial Instruments as the university has a specific cash obligation to the student.

(ag) AASB 16 Leases

The university has adopted AASB 16 Leases using the modified retrospective method of transition, with the date of initial application of 1 January 2019. Under the modified approach, the university has chosen, on a lease-by-lease basis, to measure the related right-of-use asset as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

In accordance with the provisions of this transition approach, the university recognised the cumulative effect of applying this new standard as an adjustment to opening retained earnings at the date of initial application (1 January 2019). Consequently, the comparative information presented has not been restated and continues to be reported under the previous standard on leases, AASB 117 Leases. The new accounting policies for leases in accordance with AASB 16 Leases are provided in the note f.

The total impact on the statement of financial position (increase/(decrease)) as at the date of initial application is:

		Consolidated		Parent entity
	Ref adjustment	1 Jan 19 $'000	Ref adjustment	1 Jan 19 $000
Assets				
Current assets				
Other non-financial assets	(a)	(956)		(956)
Total current assets		(956)		(956)
Non-current assets				
Other non-financial assets	(a)	(13,547)		(13,547)
Property, plant and equipment	(b)	165,207		105,010
Total non-current assets		151,660		91,463
Total assets		150,704		90,507
Liabilities				
Current liabilities				
Trade and other payables	(c)	(623)		(623)
Borrowings	(d)	150,541		90,344
Other liabilities	(e)	(3,677)		(3,637)
Total current liabilities		146,241		86,084
Non-current liabilities				
Trade and other payables		–		
Other liabilities		–		
Total non-current liabilities		–		–
Total adjustment on equity		4,463		4,423
Retained earnings	(c) & (e)	4,463		4,423

The nature of the adjustments are described below:

- Other non-financial asset adjustments represent the reclassification of prepaid rent from its existing general ledger account at 31/12/2018 to the right of use asset at 01/01/2019.
- Property plant and equipment adjustments represent the capitalisation of property leases as a right of use asset at 01/01/2019.
- Trade and other payables represents the reclassification of the straight line lease payments under the previous standard (AASB 117 Leases) to retained earnings at 1 January 2019.
- Borrowings adjustments represent the recognition of the lease liability due to the capitalisation of the right of use asset at 1 January 2019.
- Other liabilities represent the reclassification of lease incentives under the previous standard (AASB 117 Leases) to retained earnings at 1 January 2019.

Leases previously classified as operating leases under AASB 117 Leases

On transition to AASB 16 Leases, the university recognised lease liabilities for leases previously classified as operating leases by discounting the remaining lease payments using the incremental borrowing rate as at the date of initial application being 1 January 2019. The right-of-use assets were recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The university has applied the following practical expedients in transitioning existing operating leases:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- Applied the exemption not to recognise right-of-use assets and lease liabilities where the remaining leases term is 12 months or less from the date of initial application.
- Relied on its assessment of whether leases are onerous applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application, as an alternative to undertaking an impairment review.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on the date of initial application was 3.8 per cent.

Leases previously classified as finance leases under AASB 117 Leases

On the date of initial application, right-of-use assets and lease liabilities continued to be recognised for leases previously classified as finance leases at the same carrying amounts of the leased assets and finance lease liabilities recognised in accordance with AASB 117 Leases immediately before the date of initial application.

Reconciliation of operating lease commitments under AASB 117 Leases and lease liabilities under AASB 16 Leases

As a lessee, the weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on the date of initial application was 3.8 per cent.

The difference between the operating lease commitments disclosed previously by applying AASB 117 Leases and the value of the lease liabilities recognised under AASB 16 Leases on 1 January 2019 is explained as follows:

	Consolidated	Parent entity
		1 January 2019
	$'000	$'000
Operating lease commitments disclosed as at 31 December 2018	189,146	155,196
Less revisions to 2018 operating commitments including GST, outgoings, lease incentives, prepaid expenses and corrections	(42,571)	(42,571)
Discounted using the (HEP's) weighted average incremental borrowing rate of 3.8%	(31,457)	(29,502)
Add: Finance lease liabilities recognised as at 31 December 2018	9,384	9,384
(Less): Short-term leases recognised on a straight-line basis as an expense	(1,135)	(940)
(Less): Low-value leases recognised on a straight-line basis as an expense	–	–
Add/(less): Adjustments as a result of a different treatment of extension and termination options	39,711	8,162
Add/(less): Adjustments relating to changes in the index or rate	(98)	–
Add/(less): GST on lease commitments as at 31 December 2019	(3,054)	–
Lease liability recognised as at 1 January 2019	159,926	99,729

2. Revenue and income from continuing operations

(a) Dissaggregation

Revenue from continuing operations

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and local government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
Consolidated											
Australian Government financial assistance including Australian Government loan programs (HELP)											
(a) Commonwealth Grant Scheme and Other Grants											
Commonwealth Grant Scheme[1]	213,962								213,962		213,962
Indigenous Student Success Program									–	1,641	1,641
Access and Participation Fund	3,474								3,474		3,474
Disability Performance Funding	483								483		483
Promotion of Excellence in Learning and Teaching	–								–		–
Total Commonwealth grant scheme and other grants	**217,919**	–	–	–	–	–	–	–	**217,919**	**1,641**	**219,560**
(b) Higher Education Loan Programs (HELP)											
HECS-HELP		169,616							169,616		169,616
FEE-HELP		62,128							62,128		62,128
SA-HELP		3,510							3,510		3,510
Total Higher Education Loan Programs	–	**235,254**	–	–	–	–	–	–	**235,254**	–	**235,254**

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and local government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
(c) Education Research											
Research Training Program[2]										17,386	17,386
Research Support Program[3]										13,264	13,264
Total education research grants	–	–	–	–	–	–	–	–	–	**30,650**	**30,650**
(d) Australian Research Council											
Discovery	9,379								9,379		9,379
Linkages	2,462								2,462		2,462
Networks and Centres	239								239		239
Total ARC	**12,080**	–	–	–	–	–	–	–	**12,080**	–	**12,080**
(e) Other capital funding											
Linkage Infrastructure, Equipment and Facilities grant										1,046	1,046
Total other capital funding	–	–	–	–	–	–	–	–	–	**1,046**	**1,046**

1. Includes the basic CGS grant amount, CGS — Regional Loading, and CGS — Enabling Loading.
2. Research Training Program has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017.
3. Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017.

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and local government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
(f) Other Australian Government financial assistance											
Non-capital											
National Health and Medical Research Council	–	–						–	–	–	–
Department of Education	–	–						–	–	–	–
Cancer Australia	–	–						–	–	–	–
Department of Health and Ageing	–	–						–	–	–	–
CSIRO	–	–						–	–	–	–
Monash University	–	–						–	–	–	–
ARENA	–	–						–	–	–	–
University of New South Wales	–	–						–	–	–	–
Department of Foreign Affairs and Trade	–	–						–	–	–	–
Other	11,924	–						–	11,924	–	11,924
Total non-capital other Australian Government financial assistance	11,924	–	–	–	–	–	–	–	11,924	–	11,924
Total Australian Government financial assistance	**241,923**	**235,254**	–	–	–	–	–	–	**477,177**	**33,337**	**510,514**
State and local government financial assistance											
Non-capital											
New South Wales State Government			3,031						3,031		3,031
Other state governments			523						523		523
Local government			1,409						1,409		1,409
Total non-capital	–	–	4,963	–	–	–	–	–	4,963	–	4,963

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and local government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
Capital											
New South Wales State Government			–						–		–
Total capital	–	–	–	–	–	–	–	–	–	–	–
Total state and local government financial assistance	–	–	**4,963**	–	–	–	–	–	**4,963**	–	**4,963**
HECS–HELP: Student payments											
Fees and charges											
Course fees and charges											
Fee–paying onshore overseas students				472,062					472,062		472,062
Fee–paying offshore overseas students				3,446					3,446		3,446
Continuing education				4,529					4,529		4,529
Fee–paying domestic postgraduate students				17,318					17,318		17,318
Fee–paying domestic undergraduate students				803					803		803
Other domestic course fees and charges				25,200					25,200		25,200
Total course fees and charges	–	–	–	**523,358**	–	–	–		**523,358**	–	**523,358**
Other non course fees and charges											
Library charges				412					412		412
Student accommodation charges				651					651		651
Student services and amenities fee from students				6,850					6,850		6,850
Medical fees				1,113					1,113		1,113
English testing centre				711					711		711
Other fees and charges				424					424		424
Total other non course fees and charges	–	–	–	10,161	–	–	–		10,161	–	10,161
Total fees and charges	–	–	–	**533,519**	–	–	–		**533,519**	–	**533,519**
Investment income (net gains/losses)											
Interest											
Debt instruments at fair value through profit or loss					4,702				4,702		4,702
Dividends											
Equity instruments designated at fair value through OCI					2,700				2,700		2,700
Total interest and dividends	–	–	–	–	**7,402**	–		–	**7,402**	–	**7,402**
Net fair value gains/losses											
Gain/(loss) on financial assets designated at fair value through profit or loss					3,567				3,567		3,567
Total investment income (net gains/losses)	–	–	–	–	**10,969**	–		–	**10,969**		**10,969**
Royalties, trademarks and licenses					29				29	–	29

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and local government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
Consultancy and contracts											
Contract research					29,460				29,460		29,460
Consultancy					4,401				4,401		4,401
Total consultancy and contracts	**–**	**–**	**–**	**–**	**33,861**	**–**		**–**	**33,861**		**33,861**
Other revenue and income											
Other revenue											
Contribution from Insearch Limited									–	–	–
Donations and bequests									–	9,626	9,626
Foreign exchange gain/(loss) (net) (note (a))					58				58	–	58
Non-government grants					5,328				5,328	–	5,328
Scholarships and prizes										2,683	2,683
Services					3,158				3,158		3,158
Sponsorships										3,177	3,177
Other					7,078				7,078		7,078
Total other revenue	**–**	**–**	**–**	**–**	**15,622**	**–**		**–**	**15,622**	**15,486**	**31,108**
Other income											
Hire and rental					22,302				22,302		22,302
Profit/(loss) on sale of shares					–				–		–
Contributions for salary from other entities					2,039				2,039		2,039
Sale of goods					316				316		316
Total other income	**–**	**–**	**–**	**–**	**24,657**	**–**	**–**	**–**	**24,657**	**–**	**24,657**
Total other revenue and income	**–**	**–**	**–**	**–**	**40,279**	**–**	**–**	**–**	**40,279**	**15,486**	**55,765**
Share of profit or (loss) on investments accounted for using the equity method								946	946		946
Total revenue from continuing operations	**241,923**	**235,254**	**4,963**	**552,511**	**85,138**	**–**	**–**	**946**	**1,120,735**	**48,823**	**1,169,558**

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and Local Government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total Revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
Parent											
Australian Government financial assistance including Australian Government loan programs (HELP)											
(a) Commonwealth Grant Scheme and Other Grants											
Commonwealth Grant Scheme[1]	213,962								213,962	–	213,962
Indigenous Student Success Program	–								–	1,641	1,641
Access and Participation Fund	3,474								3,474	–	3,474
Disability Performance Funding	–								–	483	483
Promotion of Excellence in Learning and Teaching	–								–	–	–
Total Commonwealth grant scheme and other grants	**217,436**	**–**	**–**	**–**	**–**	**–**	**–**		**217,436**	**2,124**	**219,560**

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and Local Government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total Revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
(b) Higher Education Loan Programs (HELP)											
HECS–HELP		169,616							169,616		169,616
FEE–HELP		45,034							45,034		45,034
SA–HELP		3,510							3,510		3,510
Total Higher Education Loan Programs	**–**	**218,160**	**–**	**–**	**–**	**–**	**–**		**218,160**	**–**	**218,160**
(c) Education Research											
Research Training Program[2]										17,386	17,386
Research Support Program[3]										13,264	13,264
Total education research grants	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30,650**	**30,650**
(d) Australian Research Council											
Discovery	9,379								9,379		9,379
Linkages	2,462								2,462		2,462
Networks and Centres	239								239		239
Total ARC	**12,080**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,080**	**–**	**12,080**
(e) Other capital funding											
Linkage Infrastructure, Equipment and Facilities grant	–	–	–	–	–	–	–	–	–	1,046	1,046
Total other capital funding	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,046**	**1,046**
(f) Other Australian Government financial assistance											
Non-capital											
National Health and Medical Research Council	–								–		–
Department of Education	–								–		–
Cancer Australia	–								–		–
Department of Health and Ageing	–								–		–
CSIRO	–								–		–
Monash University	–								–		–
ARENA	–								–		–
University of New South Wales	–								–		–
Department of Foreign Affairs and Trade	–								–		–
Other	11,924								11,924		11,924
Total non-capital other Australian Government financial assistance	11,924	–	–	–	–	–	–	–	11,924	–	11,924
Total Australian Government financial assistance	**241,440**	**218,160**	**–**	**–**	**–**	**–**	**–**	**–**	**459,600**	**33,820**	**493,420**
State and local government financial assistance											
Non-capital											
New South Wales State Government			3,031						3,031		3,031
Other state governments			523						523		523
Local government			1,409						1,409		1,409
Total non-capital	–	–	4,963	–	–	–	–	–	4,963	–	4,963

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and Local Government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total Revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
Capital											
New South Wales State Government			–						–		–
Total capital	–	–	–	–	–	–	–	–	–	–	–
Total state and local government financial assistance	**–**	**–**	**4,963**	**–**	**–**	**–**	**–**	**–**	**4,963**	**–**	**4,963**
HECS-HELP: Student payments											
Fees and charges											
Course fees and charges											
Fee-paying onshore overseas students				401,633					401,633		401,633
Fee-paying offshore overseas students				3,446					3,446		3,446
Continuing education				3,697					3,697		3,697
Fee-paying domestic postgraduate students				17,318					17,318		17,318
Fee-paying domestic undergraduate students				803					803		803
Other domestic course fees and charges				24,416					24,416		24,416
Total course fees and charges	–	–	–	**451,313**	–	–	–	–	**451,313**	**–**	**451,313**
Other non course fees and charges											
Library charges				1,665					1,665		1,665
Student accommodation charges				–					–		–
Student services and amenities fee from students				6,850					6,850		6,850
Medical fees				1,177					1,177		1,177
English testing centre				711					711		711
Other fees and charges				–					–		–
Total other non course fees and charges				10,403					10,403	–	10,403
Total fees and charges	–	–	–	**461,716**	–	–	–	–	**461,716**	**–**	**461,716**
Investment income (net gains/losses)											
Interest											
Debt instruments at fair value through profit or loss					3,613				3,613		3,613
Dividends									–		–
Equity instruments designated at fair value through OCI					2,700				2,700		2,700
Total interest and dividends	–	–	–	–	**6,313**	–	–	–	**6,313**	**–**	**6,313**
Net fair value gains/losses											
Gain/(loss) on financial assets designated at fair value through profit or loss					3,567				3,567		3,567
Total investment income (net gains/losses)	–	–	–	–	**9,880**	–	–	–	**9,880**		**9,880**
Royalties, trademarks and licenses					21				21	–	21

	Australian Government financial assistance	Higher Education Loan Program (HELP)	State and Local Government financial assistance	Student fees	Commercial arrangements	Donations, including corporate sponsorship	Bequests	Other	Total Revenue from contracts with customers	AASB 1058 Income	Total income of not-for-profit entities
Consultancy and contracts											
Contract research					29,460				29,460		29,460
Consultancy					4,633				4,633		4,633
Total consultancy and contracts	–	–	–	–	**34,093**	–	–	–	**34,093**		**34,093**
Other revenue and income											
Other revenue											
Contribution from Insearch Limited									–	17,651	17,651
Donations and bequests									–	10,151	10,151
Foreign exchange gain/(loss) (net) (note (a))					146				146		146
Non-government grants					5,328				5,328		5,328
Scholarships and prizes									–	2,683	2,683
Services					2,611				2,611		2,611
Sponsorships									–	3,244	3,244
Other					7,154				7,154		7,154
Total other revenue	–	–	–	–	**15,239**	–	–	–	**15,239**	**33,729**	**48,968**
Other income											
Hire and rental					23,358				23,358		23,358
Profit/(loss) on sale of shares					–				–		–
Contributions for salary from other entities					2,039				2,039		2,039
Sale of goods					316				316		316
Total other income	–	–	–	–	**25,713**	–	–	–	**25,713**	–	**25,713**
Total other revenue and income	–	–	–	–	**40,952**	–	–	–	**40,952**	**33,729**	**74,681**
Total revenue from continuing operations	**241,440**	**218,160**	**4,963**	**480,708**	**84,946**	–	–	–	**1,030,217**	**67,549**	**1,097,766**

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'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]		213,962	214,744	213,962	214,744
Indigenous Student Success Program		1,641	1,460	1,641	1,460
Access and Participation Fund		3,474	3,097	3,474	3,097
Disability Performance Funding		483	385	483	385
Promotion of Excellence in Learning and Teaching		–	–	–	–
Total Commonwealth Grant Scheme and other grants		**219,560**	**219,686**	**219,560**	**219,686**
(b) Higher education loan programs (HELP)	33.2				
HECS-HELP		169,616	161,857	169,616	161,857
FEE-HELP		62,128	58,531	45,034	43,408
SA-HELP		3,510	3,334	3,510	3,334
Total higher education loan programs		**235,254**	**223,722**	**218,160**	**208,599**

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
(c) Education research	33.5				
Research Training Program[2]		17,386	17,087	17,386	17,087
Research Support Program[3]		13,264	12,517	13,264	12,517
Total education research grants		**30,650**	**29,604**	**30,650**	**29,604**

1. Includes the basic CGS grant amount, CGS — Regional Loading, and CGS — Enabling Loading.
2. Research Training Program has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017.
3. Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017.

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
(d) Australian Research Council	33.3				
Discovery		9,379	13,772	9,379	13,772
Linkages		2,462	3,204	2,462	3,204
Networks and centres		239	424	239	424
Total ARC		**12,080**	**17,400**	**12,080**	**17,400**
(e) Other capital funding	33.4				
Linkage Infrastructure, Equipment and Facilities grant		1,046	1,404	1,046	1,404
Total other capital funding		1,046	1,404	1,046	1,404
(f) Other Australian Government financial assistance					
Non-capital					
Other Australian Government financial assistance		11,924	14,008	11,924	14,008
Total non-capital Other Australian Government financial assistance		11,924	14,008	11,924	14,008
Total Australian Government financial assistance		510,514	505,824	493,420	490,701
Australian Government financial assistance including Australian Government loan programs					
Reconciliation					
Australian Government grants (a+c+d+e+f)		275,260	282,102	275,260	282,102
Higher education loan programs (b)		235,254	223,722	218,160	208,599
Total Australian Government financial assistance		**510,514**	**505,824**	**493,420**	**490,701**
(g) Australian Government grants received — cash					
CGS and other education grants		219,844	219,686	219,844	219,686
Higher education loan programs		233,802	224,382	216,708	209,259
Education research		30,650	29,604	30,650	29,604
ARC grants		15,628	16,173	15,628	16,173
Other capital funding		1,995	1,402	1,995	1,402
Other Australian Government grants		11,924	14,008	11,924	14,008
Total Australian Government grants received — cash basis		**513,843**	**505,255**	**496,749**	**490,132**
OS-HELP (net)		5,618	3,336	5,618	3,336
Total Australian Government funding received — cash basis		**519,461**	**508,591**	**502,367**	**493,468**
2.2 State and local government financial assistance					
Non-capital					
New South Wales State Government		3,031	4,206	3,031	4,206
Other state governments		523	410	523	410
Local government		1,409	1,270	1,409	1,270
Total non-capital		4,963	5,886	4,963	5,886

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
Capital					
New South Wales State Government		–	–	–	–
Total capital		–	–	–	–
Total state and local government financial assistance		**4,963**	**5,886**	**4,963**	**5,886**
2.3 Fees and charges					
Course fees and charges					
Fee–paying onshore overseas students		472,062	432,000	401,633	358,799
Fee–paying offshore overseas students		3,446	3,665	3,446	3,665
Continuing education		4,529	3,704	3,697	2,916
Fee–paying domestic postgraduate students		17,318	16,087	17,318	16,087
Fee–paying domestic undergraduate students		803	758	803	758
Other domestic course fees and charges		25,200	28,339	24,416	26,930
Total course fees and charges		**523,358**	**484,553**	**451,313**	**409,155**
Other non–course fees and charges					
Library charges		412	418	1,665	1,773
Student accommodation charges		651	2,587	–	–
Student services and amenities fee from students	33.8	6,850	6,695	6,850	6,695
Medical fees		1,113	1,061	1,177	1,131
English testing centre		711	635	711	635
Other fees and charges		424	388	–	–
Total other non–course fees and charges		**10,161**	**11,784**	**10,403**	**10,234**
Total fees and charges		**533,519**	**496,337**	**461,716**	**419,389**
2.4 Investment income (net gains/losses)					
Interest					
Debt instruments at fair value through profit or loss		4,702	7,155	3,613	5,443
Dividends					
Equity instruments designated at fair value through OCI		2,700	714	2,700	714
Total interest and dividends		**7,402**	**7,869**	**6,313**	**6,157**
Net fair value gains/losses					
Gain/(loss) on financial assets dessignated at fair value through profit or loss		3,567	31	3,567	31
Total investment income (net gains/losses)		**10,969**	**7,900**	**9,880**	**6,188**
2.5 Royalties, trademarks and licences		29	46	21	39
2.6 Consultancy and contracts					
Contract research		29,460	31,709	29,460	31,709
Consultancy		4,401	2,582	4,633	3,056
Total consultancy and contracts		**33,861**	**34,291**	**34,093**	**34,765**
2.7 Other revenue and income					
Other revenue					
Contribution from Insearch Limited		–	–	17,651	18,065
Donations and bequests		9,626	9,850	10,151	9,968
Foreign exchange gain/(loss) (net) (note (a))		58	78	146	121
Non–government grants		5,328	4,452	5,328	4,452

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
Scholarships and prizes		2,683	4,334	2,683	4,388
Services		3,158	2,810	2,611	2,745
Sponsorships		3,177	2,036	3,244	2,076
Other		7,078	5,364	7,154	6,604
Total other revenue		**31,108**	**28,924**	**48,968**	**48,419**
Other income					
Hire and rental		22,302	21,267	23,358	22,851
Profit/(loss) on sale of shares		–	–	–	–
Contributions for salary from other entities		2,039	1,622	2,039	1,622
Sale of goods		316	266	316	265
Total other income		**24,657**	**23,155**	**25,713**	**24,738**
Total other revenue and income		**55,765**	**52,079**	**74,681**	**73,157**
(a) **Net foreign exchange gain/(loss)**					
Net foreign exchange gain/(loss) included in other income for the year		58	78	146	121
Net foreign exchange gain/(loss) recognised in operating result before income tax for the year (as either other revenue or expense)		58	78	146	121
2.8 Reconciliation revenue and income					
Total Australian Government financial assistance including Australian Government loan programs (HELP)	2.1	510,514		493,420	
Total state and local government financial assistance	2.2	4,963		4,963	
Total HECS–HELP — Student payments		18,992		18,992	
Total fees and charges	2.3	533,519		461,716	
Total investment income (net gains/losses)	2.4	10,969		9,880	
Total royalties, trademarks and licences	2.5	29		21	
Total consultancy and contracts	2.6	33,861		34,093	
Total other revenue and income	2.7	55,765		74,681	
Share of profit or (loss) on investments accounted for using the equity method	14	946		–	
Total		**1,169,558**		**1,097,766**	
Total revenue from contracts with customers as per AASB15	2	1,120,735		1,030,217	
Total income of not–for–profit as per AASB1058	2	48,823		67,549	
Total revenue and income from continuing operations		1,169,558		1,097,766	

3. Expenses from continuing operations

3.1 Employee related expenses

	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
Academic				
Salaries	263,799	242,923	244,182	223,170
Contributions to superannuation and pension schemes				
Contributions to funded schemes	42,054	37,669	40,228	35,813
Contributions to unfunded schemes	–	–	–	–
Payroll tax	18,360	16,159	17,147	14,842
Workers' compensation	2,091	929	1,972	859
Long service leave expense	8,849	9,238	8,632	9,198
Annual leave	16,494	14,505	16,626	14,560
Total academic	**351,647**	**321,423**	**328,787**	**298,442**

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
Non-academic					
Salaries		246,200	225,387	221,695	200,561
Contributions to superannuation and pension schemes					
Contributions to funded schemes		35,776	32,047	33,726	30,117
Contributions to unfunded schemes		–	–	–	–
Payroll tax		16,146	15,231	14,871	14,041
Workers' compensation		1,847	845	1,709	767
Long service leave expense		6,687	8,872	6,407	8,562
Annual leave		15,946	14,092	15,905	13,778
Other		–	–	–	–
Total non-academic		**322,602**	**296,474**	**294,313**	**267,826**
Total employee related expenses		**674,249**	**617,897**	**623,100**	**566,268**
Deferred superannuation expense	25	106	270	106	270
Total employee related expenses, including deferred government employee benefits for superannuation		**674,355**	**618,167**	**623,206**	**566,538**
3.2 Depreciation and amortisation					
Depreciation property, plant and equipment					
Buildings		28,558	26,486	28,558	26,486
Infrastructure		24,888	23,380	24,888	23,380
Right-of-use assets		25,480	–	14,496	–
Equipment		29,575	27,874	25,921	23,499
Library collection		1,584	1,722	1,584	1,722
Motor vehicles		197	208	123	130
Total depreciation property, plant and equipment		110,282	79,670	95,570	75,217
Amortisation property, plant and equipment					
Leasehold improvements		4,871	1,804	4,871	1,804
Plant and equipment under finance leases		–	5,418	–	5,418
Total amortisation property, plant and equipment		4,871	7,222	4,871	7,222
Total depreciation and amortisation property, plant and equipment		**115,153**	**86,892**	**100,441**	**82,439**
Amortisation intangibles					
Software		11,342	9,098	9,977	8,127
Licences perpetual		628	402	628	402
Patents and trademarks		156	303	–	–
Total amortisation intangibles		12,126	9,803	10,605	8,529
Total depreciation and amortisation		**127,279**	**96,695**	**111,046**	**90,968**
3.3 Repairs and maintenance					
Buildings		11,362	11,018	11,362	11,018
Plant and equipment		3,490	3,922	3,252	3,589
Total repairs and maintenance		**14,852**	**14,940**	**14,614**	**14,607**
3.4 Impairment of assets					
Bad debts		170	302	170	284
Increase/(decrease) in provision for doubtful debts		91	(88)	47	6
Impairment of intangible assets		–	205	–	205
Total impairment of assets		**261**	**419**	**217**	**495**

	Notes	Economic entity (Consolidated)		Parent entity (University)	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
3.5 Other expenses					
Advertising, marketing and promotional expenses		12,625	12,549	7,829	7,779
Building rent and rates		3,897	18,634	3,674	9,011
Cleaning		11,005	10,239	10,363	9,537
Consultancy		25,345	24,321	23,430	21,371
Contributions other		11,348	9,388	12,448	9,788
Contributions research		5,528	8,020	5,528	8,020
Entertainment		6,533	5,816	6,343	5,487
Fees and subscriptions		58,610	54,889	66,341	65,010
Heating and lighting		11,456	11,999	11,099	11,543
Insurance		3,382	3,035	3,229	2,851
Laboratory supplies		6,748	5,912	6,748	5,912
Software maintenance		17,878	12,434	15,547	11,066
Minimum lease payments on operating lease rental expenses		2,469	2,844	2,469	2,797
Non–capitalised equipment		9,680	7,390	9,605	7,390
Other expenses		14,664	12,914	14,806	13,323
Postage		382	586	250	309
Printing		1,183	1,369	811	896
Scholarships, grants and prizes		40,502	42,168	39,881	41,079
Security contract staff		8,451	7,040	7,858	6,505
Stationery		1,452	1,516	1,450	1,515
Telecommunications		3,415	3,552	2,974	2,837
Travel and related staff development and training		26,092	24,254	23,538	21,700
Tuition fees		41,707	37,309	34,266	29,149
Total other expenses		**324,352**	**318,178**	**310,487**	**294,875**
4. Borrowing costs					
Interest expense on financial liabilities at amortised cost		12,547	13,100	12,547	13,100
Finance charges in respect of finance leases		–	385	–	385
Interest expense on lease liabilities		6,084	–	3,883	–
		18,631	13,485	16,430	13,485
Less: amount capitalised		(6,246)	(6,033)	(6,246)	(6,033)
Total borrowing costs expensed		**12,385**	**7,452**	**10,184**	**7,452**
5. Sales of assets					
Proceeds from sale					
Property, plant and equipment		126	72	43	23
Less carrying amount of assets sold					
Property, plant and equipment		475	174	456	105
Total carrying amount of assets		475	174	456	105
Net gain or (loss) on sale of assets		**(349)**	**(102)**	**(413)**	**(82)**

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

The consolidated net loss on disposal of property, plant and equipment in 2019 includes a loss of $0 (2018: $0) on disposal of buildings.

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
6. Income tax		81	(20)	–	–

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
Ms Michelene Collopy
Mr Tony Tobin
Professor Attila Brungs
Dr Sue Barrell
Professor Larissa Behrendt
Ms Alicia Pearce
Mr Aaron Ngan
Ms Dianne Hill (commenced July 2019)
Dr Ron Sandland, AM
Mr Peter Bennett
Dr Merilyn Sleigh (ceased November 2019)
Professor Joanne Gray
Dr John Laker, AO
Mr Aden Ridgeway
Associate Professor Sarah Kaine
Mr Priyanshu Bhardwaj

Insearch Limited

Professor Chris Earley
Mr Mark Leigh (commenced October 2019)
Mr Peter Bennett (ceased May 2019)
Professor Attila Brungs
Ms Anne Dwyer
Mr Iain Watt
Emeritus Professor Ross Milbourne, AO
Mr Alex Murphy
Mr G Freeland
Ms N Anderson

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Mr Patrick Woods
Ms Roula Christodoulides
Mr Nicholas William Glover (commenced November 2018)
Ms Taia Rowe (commenced November 2018)

UTS Global Pty Limited

Mr Patrick Woods
Professor Chris Earley
Mr Iain Watt

(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 Attila Brungs
Ms Anne Dwyer (ceased September 2019)
Professor Shirley Alexander
Mr Patrick Woods
Ms Christine Burns (commenced September 2019)
Professor Glen Wightwick
Professor Andrew Parfitt
Professor Kate McGrath
Mr Iain Watt

Insearch Limited

Mr Timothy Laurence

Ms Belinda Howell (ceased July 2019)

Mr Alex Murphy

Mr Peter Harris

Ms Carol Churches

Mr Nathan Patrick

Ms S Chatterjee

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Mr Patrick Woods

	Economic entity (Consolidated)		Parent entity (University)	
	2019	2018	2019	2018
(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	–	–	–
$20,000 to $29,999	1	–	–	–
$50,000 to $59,999	–	–	–	–
$60,000 to $69,999	2	2	–	–
$70,000 to $79,999	–	1	–	–
$100,000 to $109,999	1	1	–	–
	5	4	–	–
Remuneration of executive officers				
$140,000 to $149,999	–	1	–	1
$220,000 to $229,999	–	1	–	1
$250,000 to $259,999	–	2	–	1
$280,000 to $289,999	–	–	–	–
$310,000 to $319,999	1	–	–	–
$330,000 to $339,999	–	1	–	–
$340,000 to $349,999	1	–	–	–
$350,000 to $359,999	–	1	–	–
$370,000 to $379,999	1	–	–	–
$380,000 to $389,999	–	1	–	–
$390,000 to $399,999	1	1	–	–
$400,000 to $409,999	–	1	–	–
$430,000 to $439,999	1	–	–	–
$440,000 to $449,999	1	1	1	–
$450,000 to $459,999	1	–	–	–
$460,000 to $469,999	1	–	1	–
$490,000 to $499,999	–	2	–	2
$500,000 to $509,999	2	1	1	1
$510,000 to $519,999	–	1	–	–
$520,000 to $529,999	–	1	–	1
$530,000 to $539,999	1	–	1	–

	Economic entity (Consolidated)		Parent entity (University)	
	2019	2018	2019	2018
$580,000 to $589,999	–	–	–	–
$590,000 to $599,999	1	1	1	1
$610,000 to $619,999	–	–	–	–
$620,000 to $629,999	–	1	–	1
$640,000 to $649,999	1	–	1	–
$700,000 to $719,999	1	–	1	–
$1050,000 to $1059,999 *	–	1	–	1
$1090,000 to $1099,999 *	1	–	–	–
	15	18	8	10
Key management personnel compensation				
Short–term employee benefits	8,105,151	7,909,434	5,003,151	4,926,434
Post–employment benefits	–	–	–	–
	8,105,151	7,909,434	5,003,151	4,926,434

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

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
8. Remuneration of auditors					
Fees paid to Audit Office of New South Wales for audit and review of financial statements		577	378	364	248
Fees paid to non–audit firms for the audit or review of financial statements of any entity in the consolidated group		437	363	–	–
Total remuneration for audit services		**1,014**	**741**	**364**	**248**
9. Cash and cash equivalents					
Cash at bank and on hand		10,088	8,045	474	757
Short–term deposits at call		52,200	84,726	45,983	81,942
Fixed–term deposits		84,000	121,000	50,000	65,000
Total cash and cash equivalents		**146,288**	**213,771**	**96,457**	**147,699**
(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		146,288	213,771	96,457	147,699
less: bank overdrafts		–	–	–	–
Balance as per statement of cash flows		**146,288**	**213,771**	**96,457**	**147,699**

(b) Cash at bank and on hand

Cash at bank are interest bearing with interest rates ranging between 0% and 1.20% (2018: 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 1.25% (2018: 0% and 2%). Term deposits are interest bearing with rates ranging between 1.05% and 1.76%. Term deposits are able to be recalled by providing 31 days notice.

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
10. Receivables and contract assets					
Current					
Trade debtors — other		26,831	25,098	25,487	23,618
less: provision for impaired receivables		(452)	(385)	(449)	(385)
		26,379	24,713	25,038	23,233
Trade debtors — student		4,194	1,913	3,906	1,808
less: provision for impaired receivables		(676)	(676)	(641)	(658)
		3,518	1,237	3,265	1,150
		29,897	25,950	28,303	24,383
Amounts receivable from wholly owned subsidiaries					
Insearch Limited		–	–	261	538
accessUTS Pty Limited		–	–	518	1,033
UTS Global Pty Ltd		–	–	–	–
Piivot Pty Ltd		–	–	–	–
Amounts receivable from related entities					
Sydney Educational Broadcasting Limited		321	368	321	368
Total current receivables		**30,218**	**26,318**	**29,403**	**26,322**
Contract assets					
Contract expenditures for partially completed contracts with customers		1,824	–	1,824	–
Total current contract assets		1,824	–	1,824	–
Non–current					
Deferred government contribution for superannuation		636,330	603,200	636,330	603,200
Total non–current receivables		636,330	603,200	636,330	603,200
Contract assets					
Contract expenditures for partially completed contracts with customers					
Total non–current contract assets		**–**	**–**	**–**	**–**
As at 31 December 2019, the parent entity has total contract assets of $1,824,000 which is net of an allowance for expected credit losses of $0					
Total receivables and contract assets		**668,372**	**629,518**	**667,557**	**629,522**
Set out below is the movement in the allowance for expected credit losses of receivables:					
At 1 January		1,061	1,130	1,043	1,037
Provision for expected credit losses		261	214	217	290
Write off		(194)	(283)	(170)	(284)
Unused amounts reversed		–	–	–	–
At 31 December		1,128	1,061	1,090	1,043
The information about the credit exposures are disclosed in note 34.					

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
11. Other financial assets					
Current					
Other financial assets at fair value through profit or loss					
Managed funds — New South Wales Treasury Corporation	34(d)	17,511	15,045	17,511	15,045
Derivative — Power Purchase Agreement		870	–	870	–
Total current other financial assets at fair value through profit or loss		18,381	15,045	18,381	15,045
Total current other financial assets		**18,381**	**15,045**	**18,381**	**15,045**
Non-current					
Investments in equity instruments designated at fair value through other comprehensive income					
Unlisted shares		54,769	36,857	54,769	36,857
Listed shares		–	411	–	411
Total investments in equity instruments designated at fair value through other comprehensive income		54,769	37,268	54,769	37,268
Other financial assets at amortised cost					
Shares in subsidiaries		–	–	1,785	185
Shares in other entities		119	–	119	–
Interest in joint venture partnerships and investment in associates		–	–	3,010	3,010
Other unlisted securities — security deposits		322	107	–	–
Total non-current other financial assets at cost		**441**	**107**	**4,914**	**3,195**
Total non-current other financial assets		**55,210**	**37,375**	**59,683**	**40,463**
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) Allowance for debt instruments other than receivables					
At 1 January		–	248	–	248
Provision for expected credit losses		–	–	–	–
Write-off		–	248	–	248
At 31 December		–	–	–	–

The information about the credit exposures are disclosed in note 34.

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
12. Other non–financial assets					
Current					
Accrued income		5,207	4,270	5,141	4,028
Prepayments		21,721	20,468	16,476	15,336
Total current other non–financial assets		26,928	24,738	21,617	19,364
Non–current					
Prepayments		802	1,780	802	1,780
Prepaid rent		–	13,547	–	13,547
Total non–current other non–financial assets		802	15,327	802	15,327
Total other non–financial assets		**27,730**	**40,065**	**22,419**	**34,691**

13. Non–current assets classified as held for sale

There are no non–current assets classified as held for sale at 31 December 2019 (31 December 2018: $0)

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
14. Investments accounted for using the equity method					
Investments in associates		2,273	2,121	–	–
Investments in joint ventures		3,556	3,362	–	–
Total investments accounted for using the equity method		**5,829**	**5,483**	**–**	**–**
(a) Reconciliation					
Balance at 1 January		5,483	4,871	–	–
Share of profit/(loss) for the year		946	1,233	–	–
Dividends		(622)	(710)	–	–
Foreign currency translation		22	49	–	–
Additional equity income		–	40	–	–
Add additional shares in associate		–	–	–	–
Disposal of joint venture		–	–		
Joint venture reclassified		–	–	–	–
Balance at 31 December		**5,829**	**5,483**	–	–

- Cicada Innovations Pty Ltd (formally Australian Technology Park Innovation Proprietory Limited (ATPI)) has a reporting date of 30 June 2019. The university has relied on the statutory accounts to the 30 June 2019 for Cicada Innovations Pty Ltd.
- 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 2019. The university has relied on the statutory accounts to the 30 June 2019 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)	
	2019 $'000	2018 $'000	2019 $'000	2018 $'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	946	1,233	–	–
Profit/(loss) from continuing operations after income tax	946	1,233	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	946	1,233	–	–
Total share of profit or loss on investments accounted for using the equity method	946	1,233	–	–

(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	Sub-total property, plant and equipment owned	Right-of-use assets	Total $'000
Consolidated												
At 1 January 2018												
cost	123,334	–	–	–	279,855	19,310	16,877	–	–	439,376		439,376
valuation	–	543,453	1,309,633	544,071	–	–	–	110,856	2,792	2,510,805	–	2,510,805
Accumulated depreciation and impairment	–	–	(424,818)	(211,575)	(155,638)	(1,168)	(7,502)	(97,869)	–	(898,570)		(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	–	2,051,611
Year ended 31 December 2018												
Opening net book amount	123,334	543,453	884,815	332,496	124,217	18,142	9,375	12,987	2,792	2,051,611	–	2,051,611
Revaluation surplus/(deficit)	–	24,950	9,327	6,410	–	1,963	–	–	(8)	42,642	–	42,642
Additions	138,703	–	15,242	5,070	33,281	36,420	5,219	1,261	13	235,209	–	235,209
Assets included in a disposal group classified as held for sale and other disposals	–	–	–	–	(155)	–	–	(19)	–	(174)	–	(174)
Depreciation charge	–	–	(26,486)	(23,380)	(28,082)	(1,804)	(5,418)	(1,722)	–	(86,892)	–	(86,892)
Closing net book amount	262,037	568,403	882,898	320,596	129,261	54,721	9,176	12,507	2,797	2,242,396	–	2,242,396
At 31 December 2018												
cost	262,037	–	–	–	310,615	57,660	18,644	–	–	648,956	–	648,956
valuation	–	568,403	1,346,504	561,098	–	–	–	112,088	2,797	2,590,890	–	2,590,890
Accumulated depreciation and impairment	–	–	(463,606)	(240,502)	(181,354)	(2,939)	(9,468)	(99,581)	–	(997,450)	–	(997,450)
Net book amount	262,037	568,403	882,898	320,596	129,261	54,721	9,176	12,507	2,797	2,242,396	–	2,242,396
Year ended 31 December 2019												
Opening net book amount	262,037	568,403	882,898	320,596	129,261	54,721	–	12,507	2,797	2,233,220	9,176	2,242,396
Adoption of AASB16										–	165,207	165,207
Revaluation surplus/(deficit)	–	13,841	14,543	7,030	–	1,198	–	–	22	36,634	–	36,634
Additions	(220,646)	–	246,309	89,909	70,117	24,410	–	711	425	211,235	20,504	231,739
Assets included in a disposal group classified as held for sale and other disposals	–	–	–	–	(167)	–	–	(307)	–	(474)	(1)	(475)
Depreciation charge	–	–	(28,558)	(24,888)	(29,772)	(4,871)	–	(1,584)	–	(89,673)	(25,480)	(115,153)
Closing net book amount	41,391	582,244	1,115,192	392,647	169,439	75,458	–	11,327	3,244	2,390,942	169,406	2,560,348

	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	Sub-total property, plant and equipment owned	Right-of-use assets	Total $'000
At 31 December 2019												
cost	41,391	–	–	–	375,199	83,172	–	–	–	499,762	199,223	698,985
valuation	–	582,244	1,616,025	656,796	–	–	–	110,810	3,244	2,969,119	–	2,969,119
Accumulated depreciation and impairment	–	–	(500,833)	(264,149)	(205,760)	(7,714)	–	(99,483)	–	(1,077,939)	(29,817)	(1,107,756)
Net book amount	**41,391**	**582,244**	**1,115,192**	**392,647**	**169,439**	**75,458**	**–**	**11,327**	**3,244**	**2,390,942**	**169,406**	**2,560,348**
Parent entity												
At 1 January 2018												
cost	123,355	–	–	–	233,853	19,310	15,852	–	–	392,370		392,370
valuation	–	543,453	1,309,633	544,071	–	–	–	110,856	2,792	2,510,805		2,510,805
Accumulated depreciation and impairment	–	–	(424,818)	(211,575)	(125,446)	(1,168)	(6,479)	(97,869)	–	(867,355)		(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	–	2,035,820
Year ended 31 December 2018												
Opening net book amount	123,355	543,453	884,815	332,496	108,407	18,142	9,373	12,987	2,792	2,035,820	–	2,035,820
Revaluation surplus/(deficit)	–	24,950	9,327	6,410	–	1,963	–	–	(8)	42,642	–	42,642
Additions	138,703	–	15,242	5,070	33,214	31,404	5,219	1,261	13	230,126	–	230,126
Assets included in a disposal group classified as held for sale and other disposals	–	–	–	–	(86)	–	–	(19)	–	(105)	–	(105)
Depreciation charge	–	–	(26,486)	(23,380)	(23,629)	(1,804)	(5,418)	(1,722)	–	(82,439)	–	(82,439)
Closing net book amount	262,058	568,403	882,898	320,596	117,906	49,705	9,174	12,507	2,797	2,226,044	–	2,226,044
At 31 December 2018												
cost	262,058	–	–	–	264,617	52,644	17,619	–	–	596,938	–	596,938
valuation	–	568,403	1,346,504	561,098	–	–	–	112,088	2,797	2,590,890	–	2,590,890
Accumulated depreciation and impairment	–	–	(463,606)	(240,502)	(146,711)	(2,939)	(8,445)	(99,581)	–	(961,784)	–	(961,784)
Net book amount	262,058	568,403	882,898	320,596	117,906	49,705	9,174	12,507	2,797	2,226,044	–	2,226,044
Year ended 31 December 2019												
Opening net book amount	262,058	568,403	882,898	320,596	117,906	49,705	–	12,507	2,797	2,216,870	9,174	2,226,044
Adoption of AASB16	–	–	–	–	–	–	–	–	–	–	105,010	105,010
Revaluation surplus/(deficit)	–	13,841	14,543	7,030	–	1,198	–	–	22	36,634	–	36,634
Additions	(220,646)	–	246,309	89,909	68,519	19,149	–	711	425	204,376	13,603	217,979

	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	Sub-total property, plant and equipment owned	Right-of-use assets	Total $'000
Assets included in a disposal group classified as held for sale and other disposals	–	–	–	–	(148)	–	–	(307)	–	(455)	(1)	(456)
Depreciation charge	–	–	(28,558)	(24,888)	(26,044)	(4,871)	–	(1,584)	–	(85,945)	(14,496)	(100,441)
Closing net book amount	41,412	582,244	1,115,192	392,647	160,233	65,181	–	11,327	3,244	2,371,480	113,290	2,484,770
At 31 December 2019												
cost	41,412	–	–	–	327,623	72,895	–	–	–	441,930	131,100	573,030
valuation	–	582,244	1,616,025	656,796	–	–	–	110,810	3,244	2,969,119		2,969,119
Accumulated depreciation and impairment	–	–	(500,833)	(264,149)	(167,390)	(7,714)	–	(99,483)	–	(1,039,569)	(17,810)	(1,057,379)
Net book amount	41,412	582,244	1,115,192	392,647	160,233	65,181	–	11,327	3,244	2,371,480	113,290	2,484,770

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 2019 revaluations were based on independent assessments by Colliers International as at 31 December 2019. The revaluation surplus was credited/debited to the asset revaluation reserve in equity (note 23).
- The valuation basis of works of art is fair value based on an independent assessment by Colliers International as at 31 December 2019. The revaluation surplus was credited/debited to the asset revaluation reserve in equity (note 23).

(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.

(c) **Right-of-use assets**

	Economic entity (Consolidated)	Parent entity (University)
	2019 $'000	2019 $'000
Buildings		
At 1 January 2019	165,207	105,010
Additions of right-of-use assets	15,651	8,750
Depreciation charge	(19,901)	(8,917)
At 31 December 2019	**160,957**	**104,843**
Computer equipment		
At 1 January 2019	9,176	9,174
Additions of right-of-use assets	4,852	4,852
Depreciation charge	(5,579)	(5,579)
At 31 December 2019	**8,449**	**8,447**
Total right-of-use asset	**169,406**	**113,290**

16. Intangible assets

	Patents and trademarks $'000	Software $'000	Licences perpetual $'000	Total $'000
Consolidated				
At 1 January 2018				
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
Year ended 31 December 2018				
Opening net book amount	2,573	22,148	8,301	33,022
Additions	–	13,108	1,371	14,479
Disposals	–	–	–	–
Impairment charge	–	–	(205)	(205)
Amortisation charge	(303)	(9,098)	(402)	(9,803)
Closing net book amount	2,270	26,158	9,065	37,493
At 31 December 2018				
Cost	5,544	118,070	10,789	134,403
Accumulated amortisation and impairment	(3,274)	(91,912)	(1,724)	(96,910)
Net book amount	2,270	26,158	9,065	37,493

	Patents and trademarks $'000	Software $'000	Licences perpetual $'000	Total $'000
Year ended 31 December 2019				
Opening net book amount	2,270	26,158	9,065	37,493
Additions	–	17,887	2,002	19,889
Disposals	–	–	–	–
Acquisition of subsidiary	–	–	–	–
Impairment charge	–	–	–	–
Amortisation charge	(156)	(11,342)	(628)	(12,126)
Closing net book amount	2,114	32,703	10,439	45,256
At 31 December 2019				
Cost	5,544	135,957	12,791	154,292
Accumulated amortisation and impairment	(3,430)	(103,254)	(2,352)	(109,036)
Net book amount	2,114	32,703	10,439	45,256
Closing net book amount	**2,114**	**32,703**	**10,439**	**45,256**
Parent entity				
At 1 January 2018				
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
Year ended 31 December 2018				
Opening net book amount	–	20,307	8,301	28,608
Additions	–	11,470	1,371	12,841
Disposals	–	–	–	–
Impairment charge	–	–	(205)	(205)
Amortisation charge	–	(8,127)	(402)	(8,529)
Closing net book amount	–	23,650	9,065	32,715
At 31 December 2018				
Cost	–	104,221	10,789	115,010
Accumulated amortisation and impairment	–	(80,571)	(1,724)	(82,295)
Net book amount	–	23,650	9,065	32,715
Year ended 31 December 2019				
Opening net book amount	–	23,650	9,065	32,715
Additions	–	15,406	2,002	17,408
Disposals	–	–	–	–
Acquisition of subsidiary	–	–	–	–
Impairment charge	–	–	–	–
Amortisation charge	–	(9,977)	(628)	(10,605)
Closing net book amount	–	29,079	10,439	39,518
At 31 December 2019				
Cost	–	119,627	12,791	132,418
Accumulated amortisation and impairment	–	(90,548)	(2,352)	(92,900)
Net book amount	–	29,079	10,439	39,518
Closing net book amount	–	**29,079**	**10,439**	**39,518**

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
17. Trade and other payables					
Current					
OS–HELP liability to Australian Government		4,221	4,539	4,221	4,539
Deputy Commissioner of Taxation — PAYG		5,475	5,016	5,467	5,016
Office of State Revenue — payroll tax		3,198	2,815	3,186	2,815
Trade creditors and accruals		53,737	48,042	51,295	45,041
Capital accruals		1,857	4,632	1,857	4,632
Other payroll accruals		16,503	13,930	16,486	13,907
Other		3,477	5,880	3,371	5,461
Total trade and other payables		**88,468**	**84,854**	**85,883**	**81,411**
(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		85,507	82,521	83,111	79,473
CAD		–	2	–	2
CHF		5	137	5	137
EUR		624	589	624	589
GBP		393	95	393	95
NZD		3	–	3	–
RMB		34	373	–	–
INR		125	9	6	9
LKR		36	–	–	–
IDR		–	15	–	–
USD		1,707	1,111	1,707	1,104
SGD		5	2	5	2
DKK		29	–	29	–
		88,468	84,854	85,883	81,411

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

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
18. Borrowings					
Current					
Finance lease liabilities	24	–	5,117		5,117
Lease liabilities		26,956	–	14,912	–
Total current borrowings		26,956	5,117	14,912	5,117
Non–current					
Finance lease liabilities	24	–	4,267	–	4,267
Lease liabilities		145,568	–	99,707	–
Bond issued		298,537	298,373	298,537	298,373
Total non–current borrowings		444,105	302,640	398,244	302,640
Total borrowings		**471,061**	**307,757**	**413,156**	**307,757**

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
Current					
Interest bearing borrowings		26,956	5,117	14,912	5,117
Non-current					
Interest bearing borrowings		444,105	302,640	398,244	302,640
Total borrowings		**471,061**	**307,757**	**413,156**	**307,757**
(a) Assets pledged as security					
Non-current					
Finance lease					
Plant and equipment	15	17,340	18,644	17,340	17,619
Total non-current assets pledged as security		**17,340**	**18,644**	**17,340**	**17,619**
(b) Financing arrangements					
Unrestricted access was available at balance date to the following lines of credit:					
Loan facilities					
Total facilities		150,000	150,000	150,000	150,000
Used at balance date		–	–	–	–
Unused at balance date		150,000	150,000	150,000	150,000
Borrowing commitments					
Within one year		–	–	–	–
Later than one year but not later than five years		–	–	–	–
Later than five years		300,000	300,000	300,000	300,000
Total borrowing commitments		**300,000**	**300,000**	**300,000**	**300,000**

(c) Lease liabilities

	Economic entity (Consolidated) 2019 $'000	Parent entity (University) 2019 $'000
Amounts recognised in the income statement		
Interest on lease liabilities	6,084	3,883
Expenses relating to short-term leases	1,618	1,048
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	908	908
Total lease expenses recognised in income statement	**8,610**	**5,839**
Maturity analysis — undiscounted contractual cash flows		
Less than one year	27,379	15,293
One to five years	82,556	41,863
More than 5 years	98,718	87,501
Total undiscounted contractual cash flows	**208,653**	**144,657**
Total lease liabilities recognised in the statement of financial position		
Current	**26,956**	**14,912**
Non-current	**145,568**	**99,707**
Total	172,524	114,619

(d) Interest rate risk exposures

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

(e) **Fair value disclosures**

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

(f) **Borrowing classes and conditions**

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

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.

(g) **Risk exposure**

At 31 December 2019, 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.

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2019 $'000	2018 $'000	2019 $'000	2018 $'000
19. Provisions					
Current provisions expected to be settled wholly within 12 months					
Employee benefits					
annual leave	1 (v)/ 1(w)	33,915	29,320	30,689	26,591
long service leave	1 (v)/ 1(w)	9,284	7,367	8,749	6,732
Total current provisions expected to be settled within 12 months		43,198	36,687	39,437	33,323
Current provisions expected to be settled wholly after more than 12 months					
Employee benefits					
annual leave	1 (v)/ 1(w)	11,399	13,640	12,104	13,758
long service leave	1 (v)/ 1(w)	66,305	61,724	63,865	59,826
Total current employee benefit provisions expected to be settled wholly after more than 12 months		77,705	75,364	75,970	73,584
Make good provision		20	20	20	20
Total current provisions		120,923	112,071	115,427	106,927
Non–current					
Employee benefits					
long service leave	1 (v)/ 1(w)	31,819	31,357	29,100	28,694
defined benefit obligation		637,079	603,869	637,079	603,869
defined benefit obligation — payroll tax		12,013	11,354	12,013	11,354
Total non–current employee benefit provisions		680,911	646,580	678,192	643,917
Make good provision		9,278	6,460	4,849	3,382
Total non–current provisions		690,189	653,040	683,041	647,299
Total provisions		**811,112**	**765,111**	**798,468**	**754,226**

(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 2019		
Carrying amount as at 1 January 2019	6,480	6,480
Additional provisions recognised	2,912	2,912
Amounts used	(97)	(97)
Unused amounts reversed	(17)	(17)
Carrying amount as at 31 December 2019	9,278	9,278
Parent 2019		
Carrying amount as at 1 January 2019	3,402	3,402
Additional provisions recognised	1,581	1,581
Amounts used	(97)	(97)
Unused amounts reversed	(17)	(17)
Carrying amount as at 31 December 2019	4,869	4,869

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2019 $'000	2018 $'000	2019 $'000	2018 $'000
20. Other financial liabilities					
Current					
Other financial liabilities at amortised cost	34	3,232	–	3,232	–
Foreign exchange forward contracts	34	–	–	–	–
Total current other financial liabilities		**3,232**	–	**3,232**	–
Non-current					
Other financial liabilities at amortised cost	34	–	–	–	–
Foreign exchange forward contracts	34	–	–	–	–
Total non current other financial liabilities		–	–	–	–
There are no other financial liabilities as at 31 December 2019 (31 December 2018: $0)					
21. Other liabilities					
Current					
Australian government unspent financial assistance		1,825	1,037	1,825	1,037
Prepaid student fees		63,846	62,177	41,468	36,629
Other		5,842	9,470	2,394	6,016
Total current other liabilities		71,513	72,684	45,687	43,682
Total other liabilities		**71,513**	**72,684**	**45,687**	**43,682**
22. Contract liabilities					
Current					
Amount received in advance from customers for partially completed contracts		40,510	–	40,510	–
Total current contract liabilities		40,510	–	40,510	–
Non-current					
Amount received in advance from customers for partially completed contracts		–	–	–	–
Total non-current contract liabilities		–	–	–	–
Total contract liabilities		40,510	–	40,510	–

23. Reserves and retained earnings

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
(a) Reserves comprise					
Property, plant and equipment revaluation reserve					
freehold land		544,973	531,132	544,973	531,132
buildings		133,848	119,305	133,848	119,305
building infrastructure		221,219	214,189	221,219	214,189
leasehold improvements		3,161	1,963	3,161	1,963
artworks		1,531	1,509	1,531	1,509
library		116	116	116	116
other assets		1	1	1	1
Financial assets at fair value through other comprehensive income (OCI)		54,167	36,141	54,167	36,141
Cash flow hedge reserve		(173)	(762)	(173)	(762)
Foreign currency translation reserve		(724)	(670)	–	–
Total reserves		**958,119**	**902,924**	**958,843**	**903,594**
(b) Movements in reserves					
Property, plant and equipment revaluation reserve					
Balance 1 January		868,215	825,573	868,215	825,573
Increase/(decrease) revaluation	15	36,634	42,642	36,634	42,642
Transfer of reserve to retained earnings		–	–	–	–
Balance 31 December		904,849	868,215	904,849	868,215
Investments revaluation reserve					
Balance 1 January		36,141	16,191	36,141	16,191
Retrospective changes		–	10,902	–	10,902
Balance as restated		36,141	27,093	36,141	27,093
Increase/(decrease) revaluation		18,026	9,048	18,026	9,048
Balance 31 December		54,167	36,141	54,167	36,141
Cash flow hedge reserve					
Balance 1 January		(762)	(1,928)	(762)	(1,928)
Increase/(decrease) revaluation		589	1,166	589	1,166
Balance 31 December		(173)	(762)	(173)	(762)
Foreign currency translation reserve					
Balance 1 January		(670)	(735)	–	–
Net exchange differences on translation of foreign controlled entity		(54)	65	–	–
Balance 31 December		(724)	(670)	–	–
Total reserves		**958,119**	**902,924**	**958,843**	**903,594**

(c) Nature and purpose of reserves

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

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.

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
(d) Retained earnings					
Movements in retained earnings were as follows:					
Retained earnings at 1 January		1,087,816	1,020,337	1,035,509	960,585
Retrospective adjustment for application of AASB15		(24,445)	–	(24,445)	–
Retrospective adjustment for application of AASB16		4,464	–	4,423	–
Net result for the period		15,644	67,257	27,599	74,702
Net actuarial gains/(losses) recognised in respect of defined benefit plans		(80)	222	(80)	222
Retained earnings at 31 December		**1,083,399**	**1,087,816**	**1,043,006**	**1,035,509**

24. Commitments

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
(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		57,302	131,242	55,802	128,842
between one and five years		–	23,294	–	23,294
Plant and equipment					
within one year		5,370	8,654	5,370	8,654
Intangible assets					
within one year		759	1,325	759	1,325
Total capital commitments		**63,431**	**164,515**	**61,931**	**162,115**
(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			24,976		12,627
between one and five years			62,295		40,694
later than five years			101,500		101,500
			188,771		154,821
Motor vehicles					
within one year			13		13
between one and five years			9		9
			22		22
Equipment					
within one year			146		146
between one and five years			207		207
			353		353
Total future minimum lease payments			**189,146**		**155,196**

	Notes	Economic entity (Consolidated) 2019 $'000	Economic entity (Consolidated) 2018 $'000	Parent entity (University) 2019 $'000	Parent entity (University) 2018 $'000
Finance leases					
For 2018 comparatives prior to the adoption of AASB 16 Leases.					
Commitments for minimum lease payments in relation to finance leases are payable as follows:					
Equipment					
within one year			5,394		5,394
between one and five years			4,391		4,391
Total future minimum finance lease payments			9,785		9,785
Future finance charges			(401)		(401)
Recognised as finance lease liabilities			9,384		9,384
Representing lease liabilities					
current liability	18		5,117		5,117
non-current liability	18		4,267		4,267
			9,384		9,384

The weighted average interest rate implicit in the leases is 3.32% (2018: 3.97%).

25. Defined benefit plans

During the 2019 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 (STC)

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 2019 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 Commonwealth's *Superannuation Industry (Supervision) Act 1993* (SIS). 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 2018. The next actuarial investigation will be performed at 30 June 2021.

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 which 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 2019 A$	Financial year to 31 December 2019 A$	Financial year to 31 December 2019 A$	Financial year to 31 December 2019 A$
Expected employer contributions	0	909,687	0	909,687

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 10.7 years (2018: 11.2 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 2019*	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	3,761,027	1,820,905	1,940,122	0
Australian fixed interest	1,474,232	–	1,474,232	0
International fixed interest	2,054,882	17,668	2,033,168	4,046
Australian equities	8,164,849	7,603,409	561,440	0
International equities	13,273,396	11,376,130	1,897,221	45
Property	3,690,299	748,491	831,249	2,110,559
Alternatives	9,980,311	21,100	5,412,428	4,546,783
Total	42,398,996	21,587,703	14,149,860	6,661,433

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

	30 November 2019*	30 November 2018*
	%	%
Asset category		
Short-term securities	8.87	9.80
Australian fixed interest	3.48	5.60
International fixed interest	4.85	3.50
Australian equities	19.26	19.30
International equities	31.31	26.20
Property	8.70	8.90
Alternatives	23.54	26.70
Total	100.00	100.00

* Actual asset allocation as at 31 December 2019 is not available as advised by the actuary therefore 30 November 2019 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 2019
Discount rate	1.37%pa
Salary increase rate (excluding promotional increases)	3.2%pa
Rate of CPI increase	1.75% for 2019/2020 and 2020/2021; 2.00% for 2021/2022 and 2022/2023; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2018 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 2019 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 2019.

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.

		Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
	Base case	–1.0% discount rate	+1.0% discount rate	+0.5% rate of CPI increase	–0.5% rate of CPI increase	+0.5% salary increase rate	–0.5% salary increase rate
Discount rate	1.37%	0.37%	2.37%	1.37%	1.37%	1.37%	1.37%
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	691,135,141	776,578,449	620,097,831	732,739,698	652,844,532	692,128,697	690,175,392

		Scenario G	Scenario H
	Base case	lower mortality[1]	higher mortality[2]
Defined benefit obligation	691,135,141	699,577,214	682,959,451

1. Assumes the short-term pensioner mortality improvement factors for years 2019–2023 also apply for years after 2023.
2. Assumes the long-term pensioner mortality improvement factors for years post 2023 also apply for years 2019–2023.

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		SANCS		SSS		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Opening defined benefit obligation	35,304,468	39,485,717	6,599,265	7,346,202	615,503,881	605,651,512	657,407,614	652,483,431
Current service cost	716,819	890,321	204,243	234,574	–	671,718	921,062	1,796,613
Past service cost	–	–	–	–	–	–	–	–
Interest expense/(income)	765,796	984,940	138,382	179,625	14,119,837	15,614,485	15,024,015	16,779,050
	36,787,083	41,360,978	6,941,890	7,760,401	629,623,718	621,937,715	673,352,691	671,059,094
Remeasurements								
Return on plan assets, excluding amounts included in interest expense	–	–	–	–	–	–	–	–
Actuarial losses/(gains) arising from changes in demographic assumptions	–	(162,099)	–	(52,146)	–	2,942,025	–	2,727,780
Actuarial losses/(gains) arising from changes in financial assumptions	848,609	350,849	209,801	86,685	54,604,453	20,302,043	55,662,863	20,739,577
Actuarial losses/(gains) arising from liability experience	1,775,732	(1,744,437)	(40,261)	(483,304)	(2,425,347)	(610,347)	(689,876)	(2,838,088)
	2,624,341	(1,555,687)	169,540	(448,765)	52,179,106	22,633,721	54,972,987	20,629,269
Contributions								
Employers	–	–	–	–	–	–	–	–
Plan participants	412,133	468,184	–	–	304,515	300,691	716,648	768,875
	412,133	468,184	–	–	304,515	300,691	716,648	768,875
Exchange differences on foreign plans	–	–	–	–	–	–	–	–
Taxes, premiums and expenses paid	(94,842)	(155,136)	261,795	(86,539)	(1,560,572)	(1,620,443)	(1,393,619)	(1,862,118)
Payments from plan								
Benefits paid	(7,481,453)	(4,813,871)	(1,349,114)	(625,832)	(27,682,999)	(27,747,803)	(36,513,566)	(33,187,506)
Settlements	–	–	–	–	–	–	–	–
	(7,481,453)	(4,813,871)	(1,349,114)	(625,832)	(27,682,999)	(27,747,803)	(36,513,566)	(33,187,506)
Liabilities from business combination	–	–		–		–	–	–
Closing defined benefit obligation	32,247,262	35,304,468	6,024,111	6,599,265	652,863,768	615,503,881	691,135,141	657,407,614
Present value of plan assets								
Opening fair value of plan assets	19,571,795	23,731,090	1,785,194	1,047,436	32,181,999	29,672,629	53,538,988	54,451,155
Current service cost	–	–	–	–	–	–	–	–
Past service cost	–	–	–	–	–	–	–	–
Interest income	401,892	567,442	40,609	31,622	917,551	762,575	1,360,052	1,361,639
	19,973,687	24,298,532	1,825,803	1,079,058	33,099,550	30,435,204	54,899,040	55,812,794
Remeasurements								
Actual return on fund assets less interest income	1,331,289	(225,914)	(14,475)	(8,976)	166,172	(244,549)	1,482,986	(479,439)
	1,331,289	(225,914)	(14,475)	(8,976)	166,172	(244,549)	1,482,986	(479,439)
Exchange differences on foreign plans	–	–	–	–	–	–	–	–
Contributions								
Employer	228,953	–	1,235,668	1,427,483	33,400,289	31,058,899	34,864,910	32,486,382
Plan participants	412,133	468,184	–	–	304,515	300,691	716,648	768,875

	SASS		SANCS		SSS		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
	641,086	468,184	1,235,668	1,427,483	33,704,804	31,359,590	35,581,558	33,255,257
Taxes, premiums and expenses paid	(94,842)	(155,136)	261,795	(86,539)	(1,560,571)	(1,620,443)	(1,393,618)	(1,862,118)
Payments from plan								
Benefits paid	(7,481,453)	(4,813,871)	(1,349,114)	(625,832)	(27,682,999)	(27,747,803)	(36,513,566)	(33,187,506)
Settlements	–	–	–	–	–	–	–	–
	(7,481,453)	(4,813,871)	(1,349,114)	(625,832)	(27,682,999)	(27,747,803)	(36,513,566)	(33,187,506)
Assets acquired in a business combination	–	–	–	–	–	–	–	–
Closing fair value of plans assets	14,369,767	19,571,795	1,959,677	1,785,194	37,726,956	32,181,999	54,056,400	53,538,988
Reconciliation of the net defined benefit liability/(asset)								
Net defined benefit liability/(asset) at start of year	15,732,672	15,754,626	4,814,072	6,298,767	583,321,882	575,978,883	603,868,626	598,032,276
Current service cost	716,819	890,321	204,243	234,574	–	671,718	921,062	1,796,613
Net interest on the net defined benefit liability/(asset)	363,904	417,498	97,772	148,003	13,202,286	14,851,910	13,663,962	15,417,411
Past service cost	–	–	–	–	–	–	–	–
(Gains)/losses arising from settlements	–	–	–	–	–	–	–	–
Actual return on fund assets less interest income	(1,331,288)	225,914	14,475	8,976	(166,172)	244,549	(1,482,985)	479,439
Actuarial (gains)/losses from changes in demographic assumptions	–	(162,099)	–	(52,146)	–	2,942,025	–	2,727,780
Actuarial (gains)/losses from changes in financial assumptions	848,609	350,849	209,801	86,685	54,604,453	20,302,043	55,662,863	20,739,577
Actuarial (gains)/losses from liability experience	1,775,732	(1,744,437)	(40,262)	(483,304)	(2,425,347)	(610,347)	(689,877)	(2,838,088)
Adjustment for effect of asset ceiling	–	–		–		–	–	–
Employer contributions	(228,953)	–	(1,235,668)	(1,427,483)	(33,400,289)	(31,058,899)	(34,864,910)	(32,486,382)
Net defined benefit liability/(asset) at end of year note 19	17,877,495	15,732,672	4,064,433	4,814,072	615,136,813	583,321,882	637,078,741	603,868,626
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	15,509,962	15,360,842	4,724,703	6,180,561	582,965,655	575,600,134	603,200,320	597,141,537
Expected return on reimbursement rights	2,100,047	149,120	(776,945)	(1,455,858)	31,806,648	7,365,521	33,129,750	6,058,783
Closing value of reimbursement right	17,610,009	15,509,962	3,947,758	4,724,703	614,772,303	582,965,655	636,330,070	603,200,320
Net liability								
Defined benefit obligation	32,247,262	35,304,468	6,024,111	6,599,265	652,863,768	615,503,881	691,135,141	657,407,614
Fair value of plan assets	(14,369,767)	(19,571,795)	(1,959,677)	(1,785,194)	(37,726,956)	(32,181,999)	(54,056,400)	(53,538,988)
Net liability note 19	17,877,495	15,732,673	4,064,434	4,814,071	615,136,812	583,321,882	637,078,741	603,868,626
Reimbursement right note 10	17,610,009	15,509,962	3,947,758	4,724,703	614,772,303	582,965,655	636,330,070	603,200,320
Net liability/(asset) in balance sheet	267,486	222,711	116,676	89,368	364,509	356,227	748,671	668,306

	SASS		SANCS		SSS		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Amounts recognised in the statement of financial position								
Liabilities								
Provision for deferred government benefits for superannuation	17,877,495	15,732,673	4,064,434	4,814,071	615,136,812	583,321,882	637,078,741	603,868,626
Total liabilities recognised in statement of financial position	17,877,495	15,732,673	4,064,434	4,814,071	615,136,812	583,321,882	637,078,741	603,868,626
Assets								
Receivable for deferred government contribution for superannuation	17,610,009	15,509,962	3,947,758	4,724,703	614,772,303	582,965,655	636,330,070	603,200,320
Total assets recognised in statement of financial position	17,610,009	15,509,962	3,947,758	4,724,703	614,772,303	582,965,655	636,330,070	603,200,320
Net liability recognised in the statement of financial position	267,486	222,711	116,676	89,368	364,509	356,227	748,671	668,306
Amounts recognised in other statements								
Amounts recognised in the income statement								
Current service cost	716,819	890,321	204,243	234,574	–	671,718	921,062	1,796,613
Net interest	363,904	417,498	97,773	148,003	13,202,286	14,851,910	13,663,963	15,417,411
Expected return on plan assets	–	–	–	–	–	–	–	–
Past service costs	–	–	–	–	–	–	–	–
Losses/(gains) arising from curtailments or settlements	–	–	–	–	–	–	–	–
Expense/(income)	1,080,723	1,307,819	302,016	382,577	13,202,286	15,523,628	14,585,025	17,214,024
Other comprehensive income								
Actuarial losses/(gains) on liabilities	2,624,341	(1,555,687)	169,539	(448,765)	52,179,106	22,633,721	54,972,986	20,629,269
Actual return on fund assets less interest income	(1,331,288)	225,914	14,475	8,976	(166,173)	244,549	(1,482,986)	479,439
Recognised in other comprehensive income	1,293,053	(1,329,773)	184,014	(439,789)	52,012,933	22,878,270	53,490,000	21,108,708

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 AASB 119 *Employee Benefits*.
- 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.
- As at 30 June 2019, the assets of the DBD in aggregate were estimated to be $5.643 million above vested benefits, after allowing for various reserves. The vested benefit index based on funding assumptions was 125.4 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 2019, the assets of the DBD in aggregate were estimated to be $7.301 million above accrued benefits, after allowing for various reserves. The accrued benefit index based on best estimate assumptions was 135.5 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 30 June 2019. The financial assumptions used were:

	Vested benefits	Accrued benefits
	% pa	% pa
Gross of tax investment return — DBD pensions	4.80	6.61
Gross of tax investment return — commercial rate indexed pensions	2.40	2.40
Net of tax investment return — non–pensioner members	4.30	5.50
Consumer Price Index	2.00	2.00
Inflationary salary increases long term		
for the next 3 years	2.75	2.75
beyond 3 years	3.00	3.00

- Assets have been included at their net market value, that is allowing for realisation costs.

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

- 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 $538,000 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 $748,671 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 Ltd 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).

			Ownership interest/control		Equity	
Name of entity	Principal activities	Principal place of business	2018 %	2017 %	2019 $'000	2018 $'000
Parent entity						
University of Technology Sydney	Education services	Australia			2,000,436	1,940,781
Controlled entities						
Insearch Limited (company limited by guarantee)[1]	Education services	Australia	100	100	34,738	48,642
Insearch (Shanghai) Limited	Education services	China	100	100	745	555
Insearch Education International Pty Limited	Education services	Australia	100	100	183	183
Insearch India LLP	Education services	India	100	100	160	56
Insearch Global Pty Ltd	Education services	Australia	100	–	3	–
Insearch Lanka PVT	Education services	Sri Lanka	100	–	1,213	–
accessUTS Pty Limited	Consulting	Australia	100	100	238	420
UTS Global Pty Ltd	Marketing services	Australia	100	100	2,291	248
UTS Beijing Ltd	Marketing services	China	100	100	(35)	(145)
UTS Shenzhen Ltd	Research and education services	China	100	–	1,546	–

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 $17,651,818 (2018 $18,065,226) were paid or payable to the ultimate controlling entity.
- Donations amounting to $1,100,000 (2018 $400,000) were paid by the ultimate controlling entity to subsidiaries.
- Sale of services and fees $27,266,503 (2018 $31,725,331) to the wholly owned University of Technology Sydney group.
- Purchase of services and fees $22,655,384 (2018 $25,284,730) by the wholly owned University of Technology Sydney group.
- Purchase of shares in a subsidiary $1,600,000 (2018 $0) by the wholly owned University of Technology Sydney group.

(e) Outstanding balances

	Economic entity (Consolidated)		Parent entity (University)	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current receivables				
Subsidiaries	–	–	748	1,540
Current receivables (loans)				
Subsidiaries	–	–	35	35
Current payables				
Subsidiaries	–	–	4	4

Included in the total doubtful debts provision in the parent entity is a provision of $0 (2018: $0) for doubtful debts for outstanding balances due from related parties.

30.Disaggregation information (consolidated)

	Revenue		Results		Assets	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Geographical (consolidated entity)						
Australia	1,165,551	1,119,178	13,377	65,074	3,520,238	3,220,180
China	3,998	4,012	2,660	2,122	3,439	835
United Kingdom	–	–	–	–	–	–
India	9	–	(393)	61	3,737	131
Total	**1,169,558**	**1,123,190**	**15,644**	**67,257**	**3,527,414**	**3,221,146**

(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.

	Economic entity (Consolidated)		Parent entity (University)	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
32. Reconciliation of net result after income tax to net cash flows from operating activities				
Net result for the period	15,644	67,257	27,599	74,702
Depreciation, amortisation and impairment PPE	127,279	96,695	111,046	90,968
Impairment of intangibles	–	205	–	205
Increase/(decrease) in provisions:				
annual leave	2,354	2,526	2,444	2,268
doubtful debts	67	(69)	47	6
long service leave	6,960	11,509	6,462	11,160
deferred superannuation	33,210	5,837	33,210	5,837
payroll tax on deferred super provision	659	403	659	403
Decrease/(increase) in receivables	(3,967)	1,035	(3,128)	2,450
Decrease/(increase) in non-current receivables	(33,130)	(6,058)	(33,130)	(6,058)
Decrease/(increase) in prepayments and accrued income	(3,812)	(1,557)	(3,875)	(1,117)
(Decrease)/increase in accounts payable	16,237	5,516	17,095	4,987
(Decrease)/increase in income in advance	21,764	4,166	24,940	4,790
Amortisation of prepaid borrowing costs	311	714	311	714
(Profit)/loss on sale of assets	349	102	413	82
Share of profit of joint venture not received as dividends or distribution	(859)	(524)	–	–
Fair value gains on other financial assets at fair value through profit or loss	(3,528)	7	(3,528)	7
Actuarial gain/(loss) on deferred superannuation	(80)	222	(80)	222
Net cash provided by operating activities	179,458	187,986	180,485	191,626

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	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		214,246	214,744	1,641	1,460	3,474	3,097	483	385
Net accrual adjustments		(284)	–	–	–	–	–	–	–
Revenue and income for the period	2.1 (a)	213,962	214,744	1,641	1,460	3,474	3,097	483	385
Surplus/(deficit) from the previous year		–	–	–	–	–	–	–	–
Total revenue and income including accrued revenue		213,962	214,744	1,641	1,460	3,474	3,097	483	385
Less expenses including accrued expenses		(213,962)	(214,744)	(1,641)	(1,460)	(3,474)	(3,097)	(483)	(385)
Surplus/(deficit) for reporting period		–	–	–	–	–	–	–	–

		Parent entity (University) only					
		Promotion of Excellence in Teaching in Higher Education		Australian Maths and Science Partnership Program		Total	
	Notes	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		–	–	–	–	219,844	219,686
Net accrual adjustments		–	–	–	–	(284)	–
Revenue and income for the period	2.1 (a)	–	–	–	–	219,560	219,686
Surplus/(deficit) from the previous year		–	–	–	–	–	–
Total revenue and income including accrued revenue		–	–	–	–	219,560	219,686
Less expenses including accrued expenses		–	–	–	–	(219,560)	(219,686)
Surplus/(deficit) for reporting period		–	–	–	–	–	–

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	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash payable/(receivable) at beginning of year		1,036	750	1,874	1,499	3	4	2,913	2,253
Financial assistance received in cash during the reporting period		170,121	162,143	43,086	43,783	3,501	3,333	216,708	209,259
Cash available for period		171,157	162,893	44,960	45,282	3,504	3,337	219,621	211,512
Net accrual adjustments		(1,541)	(1,036)	74	(1,874)	6	(3)	(1,461)	(2,913)
Revenue and income for the period	2.1 (b)	169,616	161,857	45,034	43,408	3,510	3,334	218,160	208,599
Cash payable/(receivable) at end of year		1,541	1,036	(74)	1,874	(6)	3	1,461	2,913

33.3 Australian Research Council grants

		Parent entity (University) only					
		Discovery		Linkages		Networks and centres	
	Notes	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		12,700	13,292	2,928	2,881	–	–
Net accrual adjustments		(3,321)	480	(466)	323	239	424
Revenue for the period	2.1(d)	9,379	13,772	2,462	3,204	239	424
Surplus/(deficit) from the previous year		10,007	7,208	4,464	5,226	266	170
Total revenue including accrued revenue		19,386	20,980	6,926	8,430	505	594
Less expenses including accrued expenses		(9,890)	(10,973)	(2,965)	(3,966)	(329)	(328)
Surplus/(deficit) for reporting period		9,496	10,007	3,961	4,464	176	266

	Notes	Special research initiatives 2019 $'000	Special research initiatives 2018 $'000	Total 2019 $'000	Total 2018 $'000
		Parent entity (University) only			
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		–	–	15,628	16,173
Net accrual adjustments		–	–	(3,548)	1,227
Revenue for the period	2.1 (d)	–	–	12,080	17,400
Surplus/(deficit) from the previous year		24	24	14,761	12,628
Total revenue including accrued revenue		24	24	26,841	30,028
Less expenses including accrued expenses		(6)	–	(13,190)	(15,267)
Surplus/(deficit) for reporting period		18	24	13,651	14,761

33.4 Other capital funding

	Notes	Linkage Infrastructure, Equipment and Facilities 2019 $'000	Linkage Infrastructure, Equipment and Facilities 2018 $'000	Total 2019 $'000	Total 2018 $'000
		Parent entity (University) only			
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		1,995	1,402	1,995	1,402
Net accrual adjustments		(949)	2	(949)	2
Revenue for the period	2.1 (e)	1,046	1,404	1,046	1,404
Surplus/(deficit) from the previous year		2,718	1,523	2,718	1,523
Total revenue including accrued revenue		3,764	2,927	3,764	2,927
Less expenses including accrued expenses		(2,575)	(209)	(2,575)	(209)
Surplus/(deficit) for reporting period		1,189	2,718	1,189	2,718

33.5 Education research

	Notes	Research Training Program[1] 2019 $'000	Research Training Program[1] 2018 $'000	Research Support Program[2] 2019 $'000	Research Support Program[2] 2018 $'000	Total 2019 $'000	Total 2018 $'000
		Parent entity (University) only					
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		17,386	17,087	13,264	12,517	30,650	29,604
Net accrual adjustments		–	–	–	–	–	–
Revenue for the period	2.1 (c)	17,386	17,087	13,264	12,517	30,650	29,604
Surplus/(deficit) from the previous year		–	–	–	–	–	–
Total revenue including accrued revenue		17,386	17,087	13,264	12,517	30,650	29,604
Less expenses including accrued expenses		(17,386)	(17,087)	(13,264)	(12,517)	(30,650)	(29,604)
Surplus/(deficit) for reporting period		–	–	–	–	–	–

1. Research Training Program has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017.
2. Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017.

33.5 Total Higher Education Provider research training program expenditure

	Total domestic students $'000	Total overseas students $'000
Research training program fees offsets	6,105	211
Research training program stipends	9,766	1,305
Research training program allowances	–	–
Total for all types of support	15,871	1,516

33.6 OS–HELP

	Parent entity (University) only	
	OS–HELP	
	2019 $'000	2018 $'000
Cash received during the reporting period	5,618	3,336
Cash spent during the reporting period	(5,937)	(4,977)
Net cash received	(319)	(1,641)
Cash surplus/(deficit) from previous period	4,539	6,180
Cash surplus/(deficit) for reporting period	4,220	4,539

33.7 Higher Education Superannuation Program

	Parent entity (University) only	
	Superannuation program	
	2019 $'000	2018 $'000
Cash received during the reporting period	33,400	31,059
University contribution in respect of current employees	–	–
Cash available	33,400	31,059
Cash surplus/(deficit) from previous period	–	–
Cash available for current period	33,400	31,059
Contributions to specified defined benefit funds	(33,400)	(31,059)
Cash surplus/(deficit) for reporting period	–	–

33.8 Student Services and Amenties Fee

	Parent entity (University) only	
	SA–HELP	
	2019 $'000	2018 $'000
Unspent/(overspent) revenue from previous period	–	–
SA–HELP revenue earned	3,510	3,334
Student services fees direct from students	6,850	6,695
Total revenue expendable in period	10,360	10,029
Student services expenses during period	(10,360)	(10,029)
Unspent/(overspent) student services revenue	–	–

34.Financial risk management

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

The university manages its exposure to key financial risks including interest rate and currency risk in accordance with the university's investment procedures 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 university's financial instruments are interest rate risks, foreign currency risk, credit risk and liquidity risk. The university 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 university's exposure to market risk for changes in foreign exchange rates relates primarily to the university's payments to overseas suppliers in payables and to a lesser extent foreign currency trade debtor invoices in receivables . The university'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 university 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 Southeast Asia, India and China that can impact the subsidiary however on an economic entity basis the impact is minimal.

Interest rate risk

The university's exposure to market risk for changes in interest rate relates primarily to the university'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 ($75 million) and the Commonwealth Bank of Australia ($75 million). As at 31 December 2019, 100 per cent of the university's borrowings which has been drawn down is at a fixed rate of interest.

The university 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 university:

The university has the following instruments:

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

Cash flow hedges

The university has no cash flow hedges as at 31 December 2019.

Summarised sensitivity analysis

The following table summarises the sensitivity of the university's financial assets and financial liabilities to interest rate risk and foreign exchange risk. The group anticipates that interest rates may move by up to 0.25 per cent in the 2019 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 2019									
Financial assets									
Cash and cash equivalents	146,288	366	366	(366)	(366)	–	–	–	–
Receivables	666,548	–	–	–	–	(160)	(160)	160	160
Managed funds	17,511	44	44	(44)	(44)	–	–	–	–
Derivatives	870	–	–	–	–	–	–	–	–
Shares in other organisations	55,210	–	–	–	–	–	–	–	–
Investments accounted for using the equity method	5,829	–	–	–	–	–	–	–	–
Total financial assets	892,256								

	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
Financial liabilities									
Payables	88,468	–	–	–	–	296	296	(296)	(296)
Bonds	298,537	–	–	–	–	–	–	–	–
Lease liabilities	172,524	–	–	–	–	–	–	–	–
Forward exchange contracts	–	–	–	–	–	–	–	–	–
Derivatives — interest rate swaps	–	–	–	–	–	–	–	–	–
Total financial liabilities	**559,529**								
Total increase/(decrease)		409	409	(409)	(409)	136	136	(136)	(136)
31 December 2018									
Financial assets									
Cash and cash equivalents	213,771	534	534	(534)	(534)	–	–	–	–
Receivables	629,518	–	–	–	–	(156)	(156)	156	156
Managed funds	15,045	38	38	(38)	(38)	–	–	–	–
Forward exchange contracts	–	–	–	–	–	–	–	–	–
Shares in other organisations	37,375	–	–	–	–	–	–	–	–
Investments accounted for using the equity method	5,483	–	–	–	–	–	–	–	–
Total financial assets	**901,192**								
Financial liabilities									
Payables	84,854	–	–	–	–	233	233	(233)	(233)
Bonds	298,373	–	–	–	–	–	–	–	–
Finance leases and hire purchase liabilities	9,384	–	–	–	–	–	–	–	–
Forward exchange contracts	–	–	–	–	–	–	–	–	–
Derivatives — interest rate swaps	–	–	–	–	–	–	–	–	–
Total financial liabilities	**392,611**								
Total increase/(decrease)		572	572	(572)	(572)	77	77	(77)	(77)

(b) Credit risk

Credit risk arises from the financial assets of the university, which comprises cash and cash equivalents (including term deposits), trade and other receivables and other financial assets. The university'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 university trades only with recognised, creditworthy third parties and as such collateral is not requested.

Receivables balances are monitored on an ongoing basis with the result that the university's exposure to bad debts is not significant. For trade and student receivables the university applies a simplified approach in calculating expected credit losses. Therefore, the university does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The university has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(c) Liquidity risk

The university'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 has two 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 2019, no funds have been drawn down on these facilities by the university.

The parent entity liquidity ratio in 2019 has been impacted by reduced cash balances due to the university's investment in new physical infrastructure to improve student facilities. The university expects a major portion of the employee leave provision liabilities to be paid after 12 months, which therefore significantly reduces any liquidity risk to the university.

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

The following tables summarises the maturity of the university's financial assets and financial liabilities. The below table includes principle payments only.

	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 2019							
Financial assets							
Cash and cash equivalents	2.08	–	146,288	–	–	–	146,288
Receivables	–	–	–	–	–	666,548	666,548
Managed funds	16.74	–	–	17,511	–	–	17,511
Derivatives	–	–	–	–	–	870	870
Shares in other organisations	–	–	–	–	–	55,210	55,210
Investments accounted for using the equity method	–	–	–	–	–	5,829	5,829
Total financial assets		**–**	**146,288**	**17,511**	**–**	**728,457**	**892,256**
Financial liabilities							
Payables	–	–	–	–	–	88,468	88,468
Bonds	3.83	–	–	–	298,537	–	298,537
Lease liabilities	3.83	–	26,956	83,856	61,712	–	172,524
Total financial liabilities		**–**	**26,956**	**83,856**	**360,249**	**88,468**	**559,529**
31 December 2018							
Financial assets							
Cash and cash equivalents	2.34	–	213,771	–	–	–	213,771
Receivables	–	–	–	–	–	629,518	629,518
Managed funds	0.50	–	–	15,045	–	–	15,045
Derivatives	–	–	–	–	–	–	–
Shares in other organisations	–	–	–	–	–	37,375	37,375
Investments accounted for using the equity method	–	–	–	–	–	5,483	5,483
Total financial assets		**–**	**213,771**	**15,045**	**–**	**672,376**	**901,192**
Financial liabilities							
Payables	–	–	–	–	–	84,854	84,854
Bonds	3.83	–	–	–	298,373	–	298,373
Finance leases and hire purchase liabilities	3.97	–	5,117	4,267	–	–	9,384
Total financial liabilities		**–**	**5,117**	**4,267**	**298,373**	84,854	**392,611**

(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:

	2019		2018	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets				
Cash and cash equivalents	146,288	146,288	213,771	213,771
Receivables	666,548	666,548	629,518	629,518
Managed funds	17,511	17,511	15,045	15,045
Derivatives	870	870	–	–
Shares in other organisations	55,210	55,210	37,375	37,375
Total financial assets	**886,427**	**886,427**	**895,709**	**895,709**
Financial liabilities				
Payables	88,468	88,468	84,854	84,854
Bonds	298,537	298,537	298,373	298,373
Finance leases	172,524	172,524	9,384	9,384
Total financial liabilities	**559,529**	**559,529**	**392,611**	**392,611**

The university 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
- investments in equity instruments designated at fair value through other comprehensive income
- 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 2019 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements					
Financial assets					
Receivables	10	636,330	–	636,330	–
Other financial assets at fair value through profit or loss — managed funds	11	18,381	18,381	–	–
Investments in equity instruments designated at fair value through other comprehensive income	11	54,769	–	54,769	–
Other financial assets at amortised cost	11	441	441	–	–
Total financial assets		**709,921**	**18,822**	**691,099**	**–**
Non-financial assets					
Land, buildings, infrastructure and works of art	15	2,093,327	–	3,244	2,090,083
Total non-financial assets		**2,093,327**	**–**	**3,244**	**2,090,083**
Financial liabilities					
Derivatives used for hedging	20	–	–	–	–
Not applicable all other financial liabilities at amortised cost		–	–	–	–
Total financial liabilities		–	–	–	–

	Notes	31 Dec 2018 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements					
Financial assets					
Receivables	10	603,200	–	603,200	–
Other financial assets at fair value through profit or loss — managed funds	11	15,045	15,045	–	–
Investments in equity instruments designated at fair value through other comprehensive income	11	37,268	411	36,857	–
Other financial assets at amortised cost	11	107	107	–	–
Total financial assets		**655,620**	**15,563**	**640,057**	**–**
Non–financial assets					
Land, buildings, infrastructure and works of art	15	1,774,694	–	2,797	1,771,897
Total non–financial assets		**1,774,694**	–	**2,797**	**1,771,897**
Financial liabilities					
Derivatives used for hedging	20	–	–	–	–
Not applicable all other financial liabilities at amortised cost		–	–	–	–
Total financial liabilities		–	–	–	–

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 an external valuation using either the net asset or deprival methods.

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 2019, the borrowing rate is 3.825 per cent which is the yield rate on the $300 million bond. The fair value of current borrowings approximates the carrying amount as the impact of discounting is not significant.

(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 observable market data or valuation techniques. 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.
- Investments in equity instruments designated at fair value through other comprehensive income: relates to investments in unlisted shares valued independently on an annual 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 university updates the assessment of the fair value of each property taking into account the most recent independent valuation.

(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 2019 and 31 December 2018.

	Unlisted securities $'000	Land, buildings and infrastructure $'000	Total $'000
31 December 2019			
Opening balance	–	1,771,897	1,771,897
Acquisitions		336,218	336,218
Disposals	–	–	–
Transfers from level 1		–	–
Transfers from level 2	–	–	–
Transfers out of level 3		–	–
Recognised in profit or loss	–	(53,446)	(53,446)
Recognised in other comprehensive income		35,414	35,414
Closing balance	**–**	**2,090,083**	**2,090,083**
31 December 2018			
Opening balance	17,459	1,760,764	1,778,223
Acquisitions		20,312	20,312
Disposals	–	–	–
Transfers from level 1		–	–
Transfers from level 2	–	–	–
Transfers out of level 3	(17,459)	–	(17,459)
Recognised in profit or loss	–	(49,866)	(49,866)
Recognised in other comprehensive income		40,687	40,687
Closing balance	**–**	**1,771,897**	**1,771,897**

End of audited financial statements

UTS Global Pty Ltd

Directors' report

UTS Global Pty Ltd
ACN 154 014 481
DIRECTORS' REPORT
For the year ended 31st December 2019

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 Iain Watt (Chair)
   Mr Patrick Woods
   Professor Chris Earley

2. The Directors held three (3) ordinary meetings and zero (0) annual general meeting during the year ended 31st December 2019. Attendance at those meetings was as follows:

	Number of Meetings	Meetings Attended
Mr Iain Watt	3	3
Mr Patrick Woods	3	3
Professor Chris Earley	3	2

3. Other directorships held by Directors are as follows:

   Mr Iain Watt
   Insearch Pty Ltd
   UTS Insearch (Shanghai) Ltd
   UTS Beijing Ltd
   UTS Research and Innovation Institute (Shenzhen) Co. Ltd

   Mr Patrick Woods
   Woods International Pty Ltd
   accessUTS
   Cancer Care Associates P/L
   Board Member of Capital Advancement Committee - (Sub-committee of Uniting)

   Professor Chris Earley
   Insearch Pty Ltd

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.

Directors' report (continued)

UTS Global Pty Ltd
ACN 154 014 481
DIRECTORS' REPORT
For the year ended 31st December 2019

5. Operations for the financial period ended 31 December 2019 resulted in a profit of $442,989.

6. The Company issued one share with University of Technology Sydney as the sole shareholder with $1.6 million shareholding. The University's total shareholding in The Company is $1,600,001.

7. The Company has invested $1.6 million in UTS Research and Innovation Institute (Shenzhen) Co. Ltd. UTS Research and Innovation Institute (Shenzhen) Co. Ltd is a company limited by shares, incorporated and domiciled in China and is a wholly owned subsidiary of the UTS Global Pty Ltd.

   The company's principal business activities are to jointly work with University Technology Sydney to provide research activities and programs in the areas of computational intelligence and its applications.

8. In 2019 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.

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

10. 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.

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

12. 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.

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

Signed on 6 April 2020

Director	Director
Mr Iain Watt	**Mr Patrick Woods**

Directors' declaration

UTS Global Pty Ltd

ACN 154 014 481

DIRECTORS' DECLARATION
For the year ended 31st December 2019

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 2019 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 6 April 2020 in accordance with a resolution of Directors.

Director
Mr Iain Watt

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 2019

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 2019 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 6 April 2020

Director
Mr Iain Watt

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 Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, 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 2019 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 (including Independence Standards)’ (APES 110).

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

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

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

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 6 April 2020, would be in the same terms if provided to the directors as at the time of this Independent Auditor’s Report.

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Independent auditor's report (continued)

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

Other Information

The Company's annual report for the year ended 31 December 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Directors' Report and Directors' Declaration.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise 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, *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

Independent auditor's report (continued)

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

Delegate of the Auditor-General for New South Wales

8 April 2020
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 2019, 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

Delegate of the Auditor-General for New South Wales

6 April 2020
SYDNEY

Statement of comprehensive income

for the year ended 31 December 2019

	Notes	2019 $	2018 $
Continuing operations			
Income from continuing operations	2	1,100,360	400,603
Other expenses	3	657,371	413,441
Profit before income tax		**442,989**	**(12,838)**
Net result for the period for continuing operations		442,989	(12,838)
Net result for the period is attributable to the owners		442,989	(12,838)
Total comprehensive income is attributable to the owners		**442,989**	**(12,838)**

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

Statement of financial position

as at 31 December 2019

	Notes	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	4	2,165,249	154,154
Receivables	5	33,497	1,459
Total current assets		**2,198,746**	**155,613**
Non–current assets			
Other financial assets	6	1,700,000	100,000
Total non–current assets		**1,700,000**	**100,000**
Total assets		**3,898,746**	**255,613**
Liabilities			
Current liabilities			
Payables	7	1,607,371	7,227
Total current liabilities		**1,607,371**	**7,227**
Total liabilities		**1,607,371**	**7,227**
Net assets		**2,291,375**	**248,386**
Equity			
Retained earnings	8	691,374	248,385
Share capital	9	1,600,001	1
Total equity		**2,291,375**	**248,386**

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

Statement of changes in equity

as at 31 December 2019

	Retained earnings $	Share capital $	Total $
Balance at 1 January 2018	261,223	1	261,224
Profit for the period	(12,838)	–	(12,838)
Balance at 31 December 2018	248,385	1	248,386
Balance at 1 January 2019	248,385	1	248,386
Profit for the period	442,989	–	442,989
Transactions with owners recorded directly in equity	–	1,600,000	1,600,000
Balance at 31 December 2019	**691,374**	**1,600,001**	**2,291,375**

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

Statement of cash flows

as at 31 December 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Contribution from UTS		1,100,000	400,000
Interest received		360	603
Bank fees and charges		(120)	(120)
Payment to supplier and other related parties		(690,603)	(421,315)
GST refund		1,458	-
Net cash provided by/(used in) operating activities	12	**411,095**	**(20,832)**
Cash flows from investing activities			
Net cash used in investing activities		–	–
Cash flows from financing activities			
Issue capital in UTS Global		1,600,000	–
Net cash used in financing activities		1,600,000	–
Net increase/(decrease) in cash and cash equivalents		2,011,095	(20,832)
Cash and cash equivalents at the beginning of the financial year		154,154	174,986
Cash and cash equivalents at the end of the financial year		**2,165,249**	**154,154**

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 (UTS).

TThe 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 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.

(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 uncollectable 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

UTS Global Pty Ltd classifies its investments in the following categories.

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

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) Financial assets at fair value through other comprehensive income

Investments in equity investments in non-listed companies are classified as financial assets at fair value through other comprehensive income. The policy of management is to elect to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. These assets will initially be 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 other comprehensive income statement.

(e) Income recognition

Income is comprised primarily of contributions from parent entity UTS in order for UTS Global Pty Ltd to pursue its objectives. These contributions received do not give rise to any specific performance obligations and as such are recognised upfront as revenue in accordance with AASB 1058 Income of Not-For-Profit Entities.

Income from sales or the provision of services including consultancy and contract revenue is recognised under AASB 15 Revenue from Contracts with Customers and is recognised as revenue in the period in which the spcific performance obligations have been met.

Income 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**

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue, AASB 111 Construction Contracts and four interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The standard applies to UTS Global Pty Ltd for financial year beginning 1 January 2019. The standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management expects no material impact on the 2019 financial statements.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities has been adopted by UTS Global Pty Ltd for financial year beginning 1 January 2019.

AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases and will apply to UTS Global Pty Ltd for financial years beginning 1 January 2019. AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability. UTS Global Pty Ltd does not anticipate on entering into any lessee arrangements in the next 12 months.

(i) **Changes in accounting policy**

There have been no changes to accounting policy in the 2019 year apart from the adoption of certain mandatory standards.

(j) **Basis of consolidation**

UTS Global has two subsidiaries, UTS Beijing Limited and UTS Research and Innovation Institute (Shenzhen) Co Limited, which are consolidated at the ultimate parent level.

	Notes	2019 $	2018 $
2. Income from continuing operations			
Contribution from UTS		1,100,000	400,000
Interest earned		360	603
Total revenue from continuing operations		**1,100,360**	**400,603**
3. Expenses from continuing operations			
Consulting		650,550	406,751
Audit fee		6,701	6,570
Bank fees and charges		120	120
Total expenses from continuing operations		**657,371**	**413,441**
4. Cash and cash equivalents			
Cash at bank and on hand		2,165,249	154,154
Total cash and cash equivalents		**2,165,249**	**154,154**
5. Receivables			
UTS Shenzhen Limited		32,826	-
GST receivables		671	1,459
Total receivables		**33,497**	**1,459**

	Notes	2019 $	2018 $
6. Non–current assets			
Shares in UTS Beijing Limited		100,000	100,000
Shares in UTS Shenzhen Limited		1,600,000	-
Total other non–financial assets		**1,700,000**	**100,000**
7. Payables			
UTS Shenzhen Limited		1,600,000	-
Accrual — audit		7,371	7,227
Total payables		**1,607,371**	**7,227**
8. Retained earnings			
Balance at the beginning of the period		248,385	261,223
Surplus/(deficit) for the period		442,989	(12,838)
Balance as at 31 December		**691,374**	**248,385**
9. Share capital			
Ordinary shares — UTS Beijing Limited		1	1
Ordinary shares — UTS Shenzhen Limited		1,600,000	-
Total share capital		**1,600,001**	**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

Professor Chris Earley

Mr Iain Watt

(b) Directors' remuneration

No remuneration was paid to the directors for the 2019 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.

Interest rate risk — UTS Global's exposure to market risk for changes in interest rates is limited to cash at bank for operating activities.

(b) Credit risk

Credit risk arises from the financial assets of UTS Global Pty Ltd, which comprises of 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.

	2019 $	2018 $
Credit risk by classification of counterparty:		
Cash and cash equivalent assets		
bank	2,165,248	154,153
on hand	1	1
receivables	33,497	1,459
	2,198,746	**155,613**

(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:

	2019 $	2018 $
Cash at bank and on hand	2,165,249	154,154
(b) **Reconciliation of profit to net cash provided by operating activities**		
Profit/(loss) for the year	442,989	(12,838)
Decrease/(increase) in receivables	(32,038)	(808)
(Decrease)/increase in payables	144	(7,186)
Prepayments	–	–
Net cash provided by operating activities	**411,095**	**(20,832)**

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 2019.

	Notes	2019 $	2018 $
15. Remuneration of auditors			
Fees paid to the Audit Office of New South Wales for audit and review of financial statements		6,701	6,570

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 have 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

accessUTS Pty Limited

Directors' report

for the year ended 31 December 2019

accessUTS Pty Limited
DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2019.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Patrick Thomas Woods	Director
Nicholas William Glover	Director
Taia Rowe	Director
Roula Christodoulidies	Director

Principal activities

The principal activities 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 and financial review

The net loss after tax of the Company for year ended 31 December 2019 was $84,262 (2018 loss : $275,539)

The operations of the company and the results of those operations were satisfactory.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Dividends

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

Significant events after the balance date

There have been no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Likely developments and expected results

It is not forseen 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.

Environmental regulation and performance

The Company is not subject to any particular or significant environmental regulation 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.

Directors' report (continued)

for the year ended 31 December 2019

accessUTS Pty Limited
DIRECTORS' REPORT (CONTINUED)

Indemnification and insurance of directors and officers

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 the company, which sufficiently insures the directors of accessUTS Pty Ltd.

Auditor independence and non-audit services

The directors received the following declaration of independence from the auditor of accessUTS Pty Limited. This has been included on page 94.

Signed in accordance with a resolution of the directors.

Patrick Thomas Woods
Director

Roula Christodoulidies
Director

Sydney, 31 - MARCH - 2020

2

Directors' declaration

for the year ended 31 December 2019

accessUTS Pty Limited
DIRECTORS' DECLARATION

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 and notes of accessUTS Pty Limited for the financial year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards and other mandatory professional reporting requirements; and;

      (iii) 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

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

2. The directors 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

Patrick Thomas Woods
Director

Roula Christodoulidies
Director

Sydney, 31- MARCH - 2020

Statutory audit report

Mr Patrick Woods
Deputy Vice Chancellor
accessUTS Pty Limited
PO BOX 123
BROADWAY NSW 2000

Contact:	Caroline Karakatsanis
Phone no:	02 9275 7143
Our ref:	D2005502/1242

31 March 2020

Dear Mr Woods

STATUTORY AUDIT REPORT

for the year ended 31 December 2019

accessUTS Pty Limited

I have audited the financial statements of accessUTS Pty Limited (the Company) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 31 December 2019, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Company. The PF&A Act requires me to send this report to the Company, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Company's financial statements. I enclose the Independent Auditor's Report, together with the Company's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all the matters you may find of governance interest. Therefore, other governance matters may exist that I have not reported to you.

My audit is continuous. If I identify new significant matters, I will report these to you immediately.

Audit result

I expressed an unmodified opinion on the Company's financial statements and I have not identified any significant matters.

Misstatements in the financial statements

Misstatements (both monetary and disclosure deficiencies) are differences between what has been reported in the financial statements and what is required in accordance with the Company's financial reporting framework. Misstatements can arise from error or fraud.

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Statutory audit report (continued)

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes are reported in a Statutory Audit Report
- the Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be communicated to those charged with governance
- statutory obligations require the Auditor-General to report misstatements resulting from or not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to the Company.

The financial statements did not contain misstatements.

Compliance with legislative requirements

My audit procedures are targeted specifically towards forming an opinion on the Company's financial statements. This includes testing whether the Company complied with key legislative requirements relevant to the preparation and presentation of the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Auditor-General's Report to Parliament

The 2020 Auditor-General's Report to Parliament will incorporate the results of the audit.

Publication of the Statutory Audit Report

I consider this Statutory Audit Report to fall within the definition of 'excluded information' contained in Schedule 2(2) of the *Government Information (Public Access) Act 2009*. Under Schedule 1(6) of this Act, please seek the Audit Office's consent before releasing this report publicly. Agencies are advised to also seek approval from the Minister(s) and the Treasurer before publishing this report.

Acknowledgment

I thank the Company's staff for their courtesy and assistance.

Yours sincerely

Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

Auditor's independence declaration

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 2019, 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

Delegate of the Auditor-General for New South Wales

25 March 2020
SYDNEY

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2019

	Note	2019 $	2018 $
Rendering of services	3.1	2,191,768	2,994,669
Interest income		7,917	12,449
Revenue		**2,199,685**	**3,007,118**
Other operating (expense)/income			
Other operating income	4.1	(1,775)	204
Employee benefits expense	4.3	(549,908)	(504,445)
Other operating expenses	4.2	(1,732,264)	(2,778,416)
Loss before income tax		(84,262)	(275,539)
Loss for the year		(84,262)	(275,539)
Other comprehensive income/(loss) for the year, net of tax		–	–
Total comprehensive loss for the year, net of tax:		(84,262)	(275,539)
Attributable to:		(84,262)	(275,539)
Equity holders of the parent		(84,262)	(275,539)

The accompanying notes form part of these financial statements.

Statement of financial position

as at 31 December 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and short-term deposits	5	887,651	1,454,684
Trade and other receivables	6	153,531	268,553
Current tax receivables		1,495	7,720
		1,042,677	1,730,957
Total assets		**1,042,677**	**1,730,957**
Liabilities			
Current liabilities			
Trade and other payables	7	607,309	1,172,265
Interest-bearing loans and borrowings	14.2	35,000	35,000
Income received in advance		162,226	201,288
		804,535	1,408,553
Total liabilities		**804,535**	**1,408,553**
Net assets		**238,142**	**322,404**
Equity			
Issued capital	8	450,001	450,001
Accumulated losses		(211,859)	(127,597)
Equity attributable to equity holders of the parent		**238,142**	**322,404**
Total equity		**238,142**	**322,404**

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2019

	Attributable to the equity holders of the parent		
	Issued capital $	Retained earnings $	Total $
As at 1 January 2018	450,001	147,942	597,943
Loss for the period	–	(275,539)	(275,539)
Total comprehensive income	–	(275,539)	(275,539)
As at 31 December 2018	**450,001**	**(127,597)**	**322,404**
Balance at 1 January 2019	450,001	(127,597)	322,404
Loss for the period	–	(84,262)	(84,262)
Total comprehensive income	–	(84,262)	(84,262)
Balance at 31 December 2019	**450,001**	**(211,859)**	**238,142**

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 31 December 2019

	Note	2019 $	2018 $
Operating activities			
Receipts from customers		2,419,648	3,295,232
Other		(2,447,902)	(3,321,301)
Employee related		(546,696)	(508,876)
Interest received		7,917	12,449
Net cash flows used in operating activities	5	**(567,033)**	**(522,496)**
Investing activities			
Net cash flows from/(used in) investing activities		–	–
Financing activities			
Net cash flows from/(used in) financing activities		–	–
Net (decrease) in cash and cash equivalents		(567,033)	(522,496)
Cash and cash equivalents at 1 January		1,454,684	1,977,180
Closing cash and cash equivalents at 31 December	5	**887,651**	**1,454,684**

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 'University of Technology Sydney', 15–79 Broadway, Ultimo NSW 2007.

These financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors dated in 2020.

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2015, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar ($), except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which this legislative instrument applies.

The financial statements provide comparative information in respect of the previous period.

2.2 Summary of significant accounting policies

(a) Fair value measurement

The company measures financial instruments such as derivatives, and non–financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non–financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(b) Revenue from contracts with customers

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the company's right to an amount of consideration that is unconditional (ie only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (c) Financial instruments — initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

Rendering of services

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 courses delivered in the period and is recognised when the courses are scheduled to run.

Training course revenue

Training course revenue represents revenue from services provided by the entity and is recognised when the services are provided.

Consulting revenue

Consulting revenue represents revenue from external consulting projects undertaken and is recognised upon completion of service delivery or satisfaction of performance obligations.

VET course revenue

VET course revenue represents revenue from delivering workplace specific skills and knowledge and is recognised upon completion of service delivery or satisfaction of performance obligations.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

(c) Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (ie removed from the company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either: (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 14.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- when receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Foreign currencies

The company's financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The company uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (ie translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

(f) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

(g) Provisions

General

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Long service leave and annual leave

The company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The company recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 11 Construction Contracts, AASB 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

AASB 15 was adopted using the modified retrospective approach and, as such, comparatives have not been restated. The adoption of these standards did not have a material impact on the financial statements.

AASB 16 Leases

The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 Leases and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

The directors have considered the impact of AASB 16 and have deemed that there is no impact on the financial statements, and comparatives have not been restated.

	2019 $	2018 $
3. Revenue from contracts with customers		
3.1 Trading revenue		
Consulting fees	572,997	786,619
Training courses	1,618,771	2,208,050
Total rendering of services	**2,191,768**	**2,994,669**
4. Other income/expenses		
4.1 Other operating income		
Foreign exchange gains (net)	(1,775)	204
Total other operating income	**(1,775)**	**204**
4.2 Other operating expenses		
Other operating expenses		
Consulting fees	881,363	1,333,682
General and administrative expenses	393,824	579,066
Service level agreement — Commercial Service Unit	427,331	845,268
Auditor remuneration	29,746	20,400
Total other operating expenses	**1,732,264**	**2,778,416**
4.3 Employees benefits expense		
Included in cost of administrative expenses:		
Employee benefits expense	549,908	504,445
Total employee benefits expense	**549,908**	**504,445**

	2019 $	2018 $
5. Cash and short-term deposits		
Bank balances	450,380	1,022,026
Short-term deposits	437,271	432,658
	887,651	**1,454,684**
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:		
Cash flow reconciliation		
Reconciliation of net profit before tax to net cash flows from operations:		
Profit before tax from continuing operations	(84,262)	(275,539)
Adjustments to reconcile profit before tax to net cash flows:		
provision for doubtful debts	3,489	(8,874)
Working capital adjustments:		
Increase in trade and other receivables, contract assets and prepayments	117,758	68,334
Increase/(decrease) in payables and provisions	(564,956)	(243,661)
Increase/(decrease) in income in advance	(39,062)	(62,756)
	(567,033)	(522,496)
Net cash flows used in operating activities	**(567,033)**	**(522,496)**
6. Trade and other receivables		
Trade receivables		
Trade receivables	124,197	173,592
Provision for impairment of receivables	(3,489)	–
Other receivables	31,849	58,764
Prepayments	974	36,197
	153,531	**268,553**
	153,531	**268,553**
7. Trade and other payables		
Trade payables	40,827	31,034
Other payables	32,991	28,542
Amounts due to associates	470,064	965,353
Accrued expenses	63,427	147,336
	607,309	**1,172,265**
8. Issued capital and reserves		
Issued shares		
Ordinary shares	450,001	450,001
	450,001	**450,001**

	2019 $	2018 $

9. Commitments and contingencies

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.

10. Auditors' remuneration

	2019 $	2018 $
Amounts received or due and receivable by for:		
an audit or review of the financial report of the entity and any other entity in the consolidated group	29,746	20,090
	29,746	20,090

11. Economic dependency

The company's economic viability is dependent upon the continued financial support of its parent entity.

12. Events after the reporting period

There have been no significant events after the balance date that would materially affect the results presented at the end of the year.

13. Related party disclosures

(a) Directors

The names of the directors of the company during the financial year are set out in 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 year, other than remuneration as detailed below.

(b) Parent entity

The parent entity is University of Technology Sydney, an entity incorporated in New South Wales.

Transactions with the parent entity

The following transactions occurred during the year between the company and University of Technology Sydney.

Services provided by University of Technology Sydney

University of Technology Sydney 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 University of Technology Sydney

The services of various University of Technology Sydney 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 University of Technology Sydney

The company is a registered training organisation (RTO) and provided training and development services to University of Technology Sydney. In return, the company charged certification fees to University of Technology Sydney.

There are no fixed terms for the repayment of the loan, which is unsecured. No interest has been charged by the parent entity.

	Financial year	Amounts receivable $	Amounts payable $	Other payable $	Loans from parent entity
Entity with significant influence over the company:					
University of Technology Sydney	2019	35,615	(5,337)	446,958	35,000
	2018	58,924	41,323	982,905	35,000

(c) Wholly owned group

The wholly–owned group consists of University of Technology Sydney (UTS) and its controlled entities, accessUTS Pty Ltd, UTS Global Pty Limited, Piivot Pty Limited, Insearch Educational International Pty Ltd, Insearch Education Limited, Insearch Limited and Insearch (Shanghai) Limited.

Transactions with key management personnel

	2019 $	2018 $
Compensation of key management personnel of the group		
Renumeration of board members	–	3,250
Total compensation paid to key management personnel	–	**3,250**

	Note	2019 $	2018 $
14. Financial assets and financial liabilities			
14.1 Financial assets			
Financial assets at amortised cost			
Trade and other receivables	6	153,531	268,553
Trade and other financial assets		**153,531**	**268,553**
Total current		**153,531**	**268,553**
14.2 Financial liabilities: interest-bearing loans and borrowings			
Unsecured		35,000	35,000
Total current interest-bearing loans and borrowings		35,000	35,000
Total interest-bearing loans and borrowings		**35,000**	**35,000**

14.3 Financial instruments risk management objectives and policies

The company's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets include trade receivables, cash and short-term deposits that derive directly from its operations. The company also holds investments in debt and equity instruments and enters into derivative transactions.

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.

Net fair values

The net fair values of assets and liabilities approximate their amortised cost. 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.

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.

Hedging transactions

The company did not enter into any hedging transactions during the year.

Liquidity risk

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

- maintaining a reputable credit profile
- managing credit risk related to financial assets, and
- only investing surplus cash with major financial institutions.

Interest rate risk

Interest rate sensitivity

At balance date the company had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	2019		2018	
	Carrying amount $	Net fair value $	Carrying amount $	Net fair value $
Financial assets				
Cash and cash equivalents	887,649	887,649	1,454,684	1,454,684
	887,649	**887,649**	**1,454,684**	**1,454,684**

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)	
	2019 $	2018 $	2019 $	2018 $
Judgements of reasonably possible movements				
+0.5% (50 basis points)	2,602	6,310	2,602	6,310
–0.5% (50 basis points)	(459)	(3,281)	(459)	(3,281)

End of audited financial statements

Insearch Limited

Directors' report

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 21), unless otherwise stated are:

	Date of appointment	Date of resignation
Emeritus Vice-Chancellor RD Milbourne, AO	1 March 2016	
Ms JN Anderson	28 November 2017	
Mr P Bennett	25 May 2011	24 May 2019
Dr AM Dwyer	2 March 2015	30 September 2019
Dr AM Dwyer (re-appointed)	25 November 2019	
Mr GA Freeland	28 March 2017	
Mr A Murphy	3 September 2007	
Mr I Watt	17 July 2018	
Professor PC Earley	1 July 2018	
Professor E Mossop	25 May 2019	24 November 2019
Mr MA Leigh	1 October 2019	

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 2019 were the provision of English language, foundation and academic courses that are designed as pathways to university studies.

There was no significant change in the nature of the activity of the company during the year.

Review and result of operations

In addition to the Chair's letter, Insearch Limited also reported a surplus of $4.6 million before the payment of a donation to the University of Technology Sydney of $17.2 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.

Director's 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's compensation shown in note 21 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 $8,137 (2018: $9,558) 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 Vice-Chancellor Ross Milbourne, AO, BCom, MCom (UNSW), PhD (Calif), FASSA, FAICD

Non-Executive Director, Chair of the Board

Emeritus Vice-Chancellor Milbourne became Chair of the Insearch Limited Board on 1 March 2016.

He 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 the university'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).

Directors' report (continued)

Emeritus Vice-Chancellor Milbourne is internationally recognised as an economist and researcher. He 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. In 2015, he was made an Officer of the Order of Australia (AO) for his distinguished service to higher education.

Emeritus Vice-Chancellor Milbourne holds a Master of Commerce from the University of New South Wales. He 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
Chair of the Remuneration and Nominations Committee

Ms Anderson has over 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 and MedicAlert 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 (to 24 May 2019)
Member of the Audit and Risk Committee (to 24 May 2019)
Member of the Remuneration and Nominations Committee (to 24 May 2019)

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 Master 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.

Ms Anne Dwyer, BBus (CSU), MAICD

Non-Executive Director (reappointed from 25 November 2019)
Member of the Audit and Risk Committee (reappointed from 25 November 2019)
Member of the Remuneration and Nominations Committee (reappointed from 25 November 2019)

Ms Dwyer was reappointed to the Insearch Limited Board as the UTS Council-appointed Director, effective 25 November 2019. She was previously a director for a four year period between March 2015 and September 2019.

Ms Dwyer was formerly Deputy Vice-Chancellor and Vice-President (Corporate Services) at UTS from 2004 until 2019, where she oversaw Human Resources, Information Technology, Student Administration, Marketing and Communication, Governance Support and Legal Services.

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

Ms Dwyer completed a Bachelor of Business at Charles Sturt University and is a Member of the Australian Institute of Company Directors.

Mr Guy Freeland, BCom, CA, GAICD

Non-Executive Director
Chair of the Audit and Risk Committee

Mr Freeland has held senior executive positions in the construction, information technology, industrial products and non-profit 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 an advisory board member for a privately-owned services company, a Non-Executive director of Leep NGO and a Finance, Audit and Risk Committee member for Habitat for Humanity.

Mr Freeland holds a Bachelor of Commerce from the University of New South Wales, 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 has been with UTS Insearch for close to 30 years, having worked in education and marketing roles and, from late 2007, in the role of Managing Director. His background is in linguistics, philosophy and Indonesian and Malayan Studies.

During his time with the organisation, he has focused on working with the fantastic staff at UTS Insearch to lead improving the student experience, investing in our leadership and capability development and expanding and diversifying the student population, including transnational students.

He is also committed to leading Insearch's engagement with First Australians, which is underpinned by the development of a Reflect phase of a Reconciliation Action Plan (RAP) and ongoing sponsorship of Indigenous student scholarships and the South East Aboriginal Arts Initiative.

He looks forward to the next phase of development for UTS Insearch, which includes achieving our new vision to actualise potential and enhance lives through the power of learning, our actions and our people, embedding our integral leadership program and launching new programs and ventures.

Directors' report (continued)

Mr Iain Watt, BSc (ANU)

Non–Executive Director

Mr Watt joined UTS in June 2018 as Deputy Vice–Chancellor and Vice–President (International) and is responsible for envisioning and driving the implementation of UTS's next stage of internationalisation.

Mr Watt is a Director of Insearch (Shanghai) Limited.

Prior to joining UTS, he was Pro Vice–Chancellor, International at the University of Western Australia (UWA), a role he held for five years. Preceding his tenure at UWA, he was Director of International Operations and Student Recruitment at the Australian National University (ANU). Mr Watt has extensive international experience and a record of significant and successful leadership in international education. In five years at the ANU he led international and domestic student recruitment and admissions and was responsible for international strategic alliances and partnerships.

Mr Watt also spent eight years with the Australian Embassy in Beijing. While at the embassy he held positions of Counsellor (Education) for four years and later, Minister–Counsellor (Education). In both positions he was the Australian Government's senior education representative in China. Mr Watt also lived and worked for six years in Taipei and is fluent in Mandarin.

Mr Watt holds a Bachelor of Science degree (in mathematics and statistics) from the ANU and also undertook his postgraduate studies in Chinese language, economy and culture at the ANU.

Professor Chris Earley

Doctor of Philosophy (Psychology)

Non–Executive Director
Member of the Remuneration and Nominations Committee

Professor Chris Earley has over 25 years of teaching and research experience at top business schools around the globe and over 12 years of administrative experience as a dean across three continents. He has been Dean of UTS Business School since November 2017 after serving as the Dean of the Tasmanian School of Business and Economics.

Previously, he was the James Brooke Henderson Chair of Management at Krannert School of Management at Purdue University. Before arriving at Purdue, he was Dean and Auran J. Fox Chair in Business at the University of Connecticut as well as the Dean and Cycle and Carriage Chair at the Business School at the National University of Singapore.

Professor Earley has held chairs at London Business School and the Kelley School of Business at Indiana University. He also held professorships at Sasin Institute of Business Administration in Thailand, Hong Kong University of Science and Technology, the University of Minnesota and the Graduate School of the University of California, Irvine, among others.

Professor Elizabeth Mossop

Non–Executive Director (from 25 May 2019 to 24 November 2019)

Professor Elizabeth Mossop is Dean of the UTS Faculty of Design, Architecture and Building and a landscape architect and urbanist with wide–ranging experience in both landscape design and urban planning.

Professor Mossop is a founding principal of Spackman Mossop & Michaels landscape architects based in Sydney and New Orleans. Her professional practice concentrates on urban infrastructure and open space projects such as the multiple award–winning Bowen Place Crossing in Canberra, Press Street Gardens in New Orleans and Sydney's Cook and Phillip Park. She has also been involved in many aspects of the post–hurricane reconstruction of New Orleans and the Gulf Coast and the ongoing revitalisation of Detroit.

With an academic career spanning 25 years, Professor Mossop has held key roles at universities in both the United States and Australia. Before joining UTS, she was Professor of Landscape Architecture and Director of the Robert Reich School of Landscape Architecture at Louisiana State University, one of the highest ranked landscape architecture programs in the US. Previously, she was the Director of the Master of Landscape Architecture program at the Harvard Graduate School of Design.

Her research and teaching focuses on landscape and urbanism, through investigation of contemporary landscape design both at the urban scale and at the site scale. Her publications include Contemporary Landscape Design in Australia (2006), Hong Kong: Defining the Edge (2001), and City Spaces: Art and Design (2001).

Mr Mark Leigh, BEcon, CPA, GAICD

Non–Executive Director (from 1 October 2019)
Member of the Audit and Risk Committee (from 1 October 2019)

Mr Leigh is the Chief Financial Office (CFO) for UTS. With a large organisation reporting directly to him, he is responsible for supporting the UTS strategy of excellence in teaching and learning, research and engagement. He is directly responsible for all finance functions including long–term strategic planning, university performance, debt and capital management, shared services operations, procurement, compliance and other finance functions.

Mr Leigh is a transformational CFO with experience in leading Australian and US multinational companies. He has worked for leading companies and institutions including five years at Qantas, nine years at Microsoft (including two years based in Singapore), six years at Hudson Global and two years at Mylan (Alphapharm).

He has extensive experience in building and leading high performance Finance and IT functions that are focused on delivering business insight, business excellence and leadership.

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.

Directors' report (continued)

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.

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 2019, and the numbers of meetings attended by each Director were:

	Insearch Board meetings (7)		Audit and Risk Committee meetings (4)[1]		Remuneration and Nominations Committee meetings (3)		Academic Board meetings (4)	
Director	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Ross Milbourne AO	7	7	4[2]	4	3[2]	–	4[2]	2
Nell Anderson	7	7	–	1	3	3	–	1
Peter Bennett	3	3	2	2	1	1	–	–
Anne Dwyer	6	6	4	4	2	1	–	–
Guy Freeland	7	7	4	4	–	–	–	–
Alex Murphy	7	7	–	4	–	3	–	4
Iain Watt	7	5	–	–	–	–	–	–
Chris Earley	7	6	–	1	2	2	–	–
Elizabeth Mossop	3	3[3]	–	–	–	–	–	–
Mark Leigh	2	2	1	1	–	–	–	–

Note:

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

2. Ex-officio member of all board committees

3. Attended one additional board meeting as an observer on 23 May

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 in this report.

For and on behalf of the directors signed at Sydney this 25 March 2020.

Emeritus Vice-Chancellor R D Milbourne, AO
Director

Mr A Murphy
Director

Sydney

25 March 2020

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 set out on pages 8 to 52 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 2019 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 Vice-Chancellor RD Milbourne, AO, Director

Mr A Murphy, Director

Independent auditor's report

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 Statement of Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December, 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, of the Company and the consolidated entity (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:
  - giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2019 and of their 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 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 (including Independence Standards)' (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 / councils]
- precluding the Auditor-General from providing non-audit services.

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Independent auditor's report (continued)

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 25 March 2020, 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.

Other Information

The Company's annual report for the year ended 31 December 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Directors' Report and Directors' declaration.

My opinion on the financial statements does not cover the other Information. Accordingly, I do not express any form of assurance conclusion on the other Information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise 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 are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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: 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 their 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

Delegate of the Auditor-General for New South Wales

26 March 2020
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 2019, 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

Delegate of the Auditor-General for New South Wales

25 March 2020
SYDNEY

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Statement of comprehensive income

for the year ended 31 December 2019

	Notes	Consolidated entity		Parent entity	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue from contracts with customers	5	108,022	115,995	108,013	115,995
Other income	6	1,544	2,487	2,042	3,196
Employee benefits expenses	7	(49,021)	(49,490)	(48,268)	(48,954)
Depreciation and amortisation expense	7	(16,175)	(5,722)	(15,769)	(5,702)
Net impairment (losses)/gains on financial assets		(41)	79	(41)	79
Other expenses	7	(38,268)	(52,810)	(39,306)	(53,397)
Finance costs		(2,268)	(91)	(2,235)	(91)
Share of net profit of associate and joint venture accounted for using the equity method	11	837	477	–	–
Operating surplus before donation		**4,630**	**10,925**	**4,436**	**11,126**
Donation to University of Technology Sydney		(17,194)	(17,165)	(17,194)	(17,165)
Deficit for the year attributable to members		**(12,564)**	**(6,240)**	**(12,758)**	**(6,039**
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	20(a)	(62)	69	–	–
Other comprehensive (loss)/income for the year		(62)	69	–	–
Total comprehensive loss for the year attributable to members		**(12,626)**	**(6,171)**	**(12,758)**	**(6,039**

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

Statement of financial position

as at 31 December 2019

	Notes	Consolidated entity		Parent entity	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
Assets					
Current assets					
Cash and cash equivalents	8	46,423	64,250	45,421	63,535
Trade receivables	9	520	89	518	89
Financial assets at amortised cost	10	1,166	1,481	1,105	1,782
Other assets	15	5,238	5,091	5,171	5,064
Total current assets		53,347	70,911	52,215	70,470
Non-current assets					
Investments accounted for using the equity method	11	746	509	–	–
Property, plant and equipment	12	75,161	16,349	71,654	16,276
Intangible assets	14	5,870	4,778	5,870	4,778
Other assets	15	323	108	2,622	663
Total non-current assets		82,100	21,744	80,146	21,717
Total assets		**135,447**	**92,655**	**132,361**	**92,187**
Liabilities					
Current liabilities					
Trade and other payables	16	1,727	1,885	1,575	1,725
Lease liabilities	13	11,877	–	11,216	–
Contract liabilities	5(b)	22,217	25,502	22,214	25,502
Provisions	17	–	40	–	40
Employee benefit obligations	18	5,495	5,144	5,495	5,144
Other current liabilities	19	4,552	4,938	4,523	4,924
Total current liabilities		45,868	37,509	45,023	37,335
Non-current liabilities					
Lease liabilities	13	45,612	–	43,797	–
Provisions	17	4,429	3,078	4,429	3,078
Employee benefit obligations	18	2,719	2,663	2,719	2,663
Total non-current liabilities		52,760	5,741	50,945	5,741
Total liabilities		**98,628**	**43,250**	**95,968**	**43,076**
Net assets		**36,819**	**49,405**	**36,393**	**49,111**
Equity					
Reserves	20(a)	(733)	(671)	–	–
Retained surplus	20(b)	37,552	50,076	36,393	49,111
Total equity		**36,819**	**49,405**	**36,393**	**49,111**

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 2019

	Notes	Reserves	Retained surplus	Total equity
		$'000	$'000	$'000
Consolidated				
Balance at 1 January 2018		(740)	56,316	55,576
Deficit for the year	20(b)	–	(6,240)	(6,240)
Exchange differences on translation of foreign operations	20(a)	69	–	69
Total comprehensive income/(loss) for the year		**69**	**(6,240)**	**(6,171)**
Balance at 31 December 2018		**(671)**	**50,076**	**49,405**
Balance at 1 January 2019		(671)	50,076	49,405
Change in accounting policy	3	–	40	40
Restated total equity at 1 January 2019		–	40	40
Deficit for the year	20(b)	–	(12,564)	(12,564)
Exchange differences on translation of foreign operations	20(a)	(62)	–	(62)
Total comprehensive loss for the year		**(62)**	**(12,524)**	**(12,586)**
Balance at 31 December 2019		**(733)**	**37,552**	**36,819**
Parent entity				
Balance at 1 January 2018		–	55,150	55,150
Deficit for the year	20(b)	–	(6,039)	(6,039)
Total comprehensive loss for the year		–	**(6,039)**	**(6,039**
Balance at 31 December 2018		–	**49,111**	**49,111**
Balance at 1 January 2019		–	49,111	49,111
Change in accounting policy	3	–	40	40
Restated total equity at 1 January 2019		–	40	40
Deficit for the year	20(b)	–	(12,758)	(12,758)
Total comprehensive loss for the year		**–**	**(12,718)**	**(12,718)**
Balance at 31 December 2019		–	**36,393**	**36,393**

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 2019

	Notes	Consolidated entity		Parent entity	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		106,927	117,704	106,917	117,674
Donation paid to the University of Technology Sydney		(17,194)	(17,165)	(17,194)	(17,165)
Payment to suppliers and employees (inclusive of goods and services tax)		(91,401)	(107,142)	(91,448)	(107,486)
		(1,668)	(6,603)	(1,725)	(6,977)
Net interest received		1,188	1,607	1,254	1,606
Joint venture partnership distribution received		710	–	710	–
Input tax credit refund from Australian Taxation Office		1,506	1,269	1,506	1,269
Net cash inflow/(outflow) from operating activities	28	**1,736**	**(3,727)**	**1,745**	**(4,102)**
Cash flows from investing activities					
Payments for property, plant and equipment		(5,816)	(5,073)	(4,752)	(5,049)
Payments for intangibles		(2,613)	(1,638)	(2,613)	(1,638)
Payment for establishment of subsidiary		–	–	(1,775)	–
Proceeds from sale of property, plant and equipment		45	49	45	49
Net cash (outflow) from investing activities		**(8,384)**	**(6,662)**	**(9,095)**	**(6,638)**
Cash flows from financing activities					
Interest elements of lease payments		(2,199)	–	(2,166)	–
Principal elements of lease payments		(8,920)	–	(8,598)	–
Net cash (outflow) from financing activities		(11,119)	–	(10,764)	–
Net decrease in cash and cash equivalents		(17,767)	(10,389)	(18,114)	(10,740)
Cash and cash equivalents at the beginning of the financial year		64,250	74,622	63,535	74,275
Effects of exchange rate changes on cash and cash equivalents		(60)	17	–	–
Cash and cash equivalents at the end of the financial year	8	**46,423**	**64,250**	**45,421**	**63,535**
Non cash investing and financing activities	28(a)				

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, Insearch (Shanghai) Limited, Insearch India LLP, Insearch Global Pty Ltd and Insearch Lanka (Private) 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. Insearch India LLP is a partnership between Insearch Limited (90% owned) and Insearch Education International Pty Limited (10% owned). The entity provides consulting, marketing support and other services to Insearch Limited across the sub-continent region. Insearch India LLP was formed in 2018 in India. Insearch Lanka (Private) Limited was formed in 2019 in Sri Lanka to provide pathway courses to university studies. In 2019, Insearch Global Pty Ltd (previously known as Educonnect Australia Pty Ltd) was created and exists as a holding company to Insearch Lanka (Private) Limited.

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 2019 were authorised for issue in accordance with a resolution of the Directors on 25 March 2020.

(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) Reclassifications

Certain accounts in prior years are reclassified to be consistent with current year classifications

(iv) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time in its annual reporting period commencing 1 January 2019:

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-Profit Entities, AASB 2016-7 Amendments to Australian Accounting Standards — Deferral of AASB 15 for Not-for-Profit Entities and
- AASB 2016-8 Amendments to Australian Accounting Standards — Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2018-4 Amendments to Australian Accounting Standards — Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB2018-8 Amendments to Australian Accounting Standards — Right-of-Use Assets of Not-for-Profit Entities
- AASB 2017-7 Amendments to Australian Accounting Standards —Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards — Annual Improvements 2015-2017 Cycle
- Interpretation 23 Uncertainty over Income Tax Treatments.

The group had to change its accounting policies as a result of adopting AASB 15 and 16. This is disclosed in note 3. The other amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These new standards and interpretations are set out below:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards — Definition of Material (AASB 101 and AASB 108)
- AASB 2019-1 Amendments to Australian Accounting Standards — References to the Conceptual Framework
- AASB 2019-5 Amendments to Australian Accounting Standards — Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia (AASB 1054).

(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 2019 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 where 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 an impairment of the transferred asset. 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 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 joint venture 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 joint venture are set out in note 11. 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 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 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

IItems 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 at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to 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

In accordance with AASB 15 Revenue from contracts with customers and AASB1058 Income of not-for-profit entities, the group recognises revenue when the performance obligations are satisfied, 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 recognised as revenue over the time of course delivery. Education fees is disclosed net of refunds.

(ii) Other fees and charges

Fees are recognised at a point in time as revenue when services are provided.

(iii) Other income

Other income includes net gain or loss on disposal of non-current assets, interest income and distributions from associates.

(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 overseas entities.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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, and other short-term, highly liquid investments with original maturities of four 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 bearing with interest rates between 0.10% and 1.20% (2018: 0.10% and 0.65%). Deposits at call are bearing a floating interest rate between 0.65% and 1.00% (2018: 1.15% and 1.40%). Fixed term deposits are bearing interest rates between 1.05% and 1.42% (2018: 1.90% and 2.44%).

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. 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 collectability of trade receivables is reviewed on an ongoing basis and based on the expected credit losses. 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 on trade receivables is presented as net impairment losses in the statement of comprehensive income. When a trade receivable for which an impairment loss had been recognised becomes uncollectible in a subsequent period, it is written off against the impairment account. Subsequent recoveries of amounts previously written off are credited against net impairment losses line in the statement of comprehensive income.

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

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. As of 31 December 2019 and 31 December 2018, the group only has financial assets to be measured at amortised cost.

(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	5 years
Office equipment	3-5 years
Motor vehicles	3-4 years
Computer equipment	3-5 years
Right-of-use assets	1-8 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, including options.

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

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**

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 with 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

As explained in note 2(a) the group has changed its accounting policy for leases where the group is the lessee. The impact of the change is described in note 3.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases (note 25). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

The group leases various office space. Rental contracts are typically made for fixed terms of one month to more than five years, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

(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

Annual leave and long service leave entitlements 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) Long–term 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 are discounted using published market yield of the two-year Treasury Bond at the end of the reporting period of 0.91% (2018: 1.93%).

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 the reporting period of 1.31% (2018: 2.36%).

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. Changes in accounting policies

This note explains the impact of the adoption of AASB 1058 Income of Not–for–Profit Entities, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases on the group's financial statements.

(a) AASB 1058 Income of Not–for–Profit Entities and AASB 15 Revenue from Contracts with Customers

AASB 1058 introduces major changes to the income recognition by public and private sector not–for–profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 Contributions, NFPs will now need to determine whether a transaction is a genuine donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15 Revenue from Contracts with Customers). Implementation guidance has been added to AASB 15 to assist with this determination.

A contract is within the scope of AASB 15 if

- the entity has an enforceable contract with a customer, and
- the contract includes sufficiently specific promises for the NFP entity to transfer goods or services to the customer or third party beneficiaries.

Under AASB 15 income will only be recognised as the obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to the current accounting under AASB 1004.

AASB 1058 also introduces new requirements for income recognition in several other types of transactions which don't fall within the scope of AASB, including:

- below–market leases
- obligations to acquire or construct a specific asset for an entity's own use, and
- other transactions such as volunteer services, donated inventories, endowments and bequests.

If NFPs account for income under AASB 15, the relevant disclosures will also apply. In addition, AASB 1058 includes incremental disclosures for NFPs such as the disaggregation of income.

The group has adopted AASB 1058 and AASB15 from 1 January 2019. The group's main sources of income are course fees and other student charges and management has determined that these income streams falls under the scope of AASB 15. The adoption of the standard did not have a major impact on the measurement and recognition of amounts disclosed in the financial report. The group's revenue and liability presentation has been changed to reflect the adoption of AASB 15.

(b) AASB 16 Leases

As indicated in note 2(a) above, the group has adopted AASB 16 Leases retrospectively from 1 January 2019 under modified retrospective method, where the impact has been calculated from the inception date, but has not restated comparatives for the 2018 reporting year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2(o).

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.8%.

The net impact on retained earnings on 1 January 2019 was an increase of $39,676.

(i) Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- right-of-use assets — increase by $60,197,084
- lease liabilities — increase by $60,197,084
- lease incentive — decrease by $39,676
- retained earnings — increase by $39,676

(ii) Practical expedients applied

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(iii) Measurement of lease liabilities

	2019 $'000
Operating lease commitments disclosed as at 31 December 2018	33,950
Discounted using the lessee's incremental borrowing rate at the date of initial application	(1,955)
(Less): short-term leases not recognised as a liability	(195)
Add: adjustments as a result of a different treatment of extension and termination options	31,549
(Less): adjustments relating to changes in the index or rate affecting variable payments	(98)
(Less): GST on leases	(3,054)
Lease liability recognised as at 1 January 2019	**60,197**
Of which are:	
Current lease liabilities	11,386
Non-current lease liabilities	48,811
	60,197

4. 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.

	Financial assets at amortised cost $'000	Total $'000
Consolidated		
Financial assets		
2019		
Cash and cash equivalents		46,423
Trade receivables — current[1]		520
Other non–current assets		323
		47,266
2018		
Cash and cash equivalents		64,250
Trade receivables — current[1]		89
Other non–current assets		108
		64,447

1. Excluding prepaid student fees and statutory receivables/payables.

	Liabilities at amortised cost $'000	Total $'000
Consolidated		
Financial liabilities		
2019		
Trade and other payables		1,727
Contract liabilities		22,217
Other current liabilities[1]		4,552
		28,496
2018		
Trade and other payables		1,885
Contract liabilities		25,502
Other current liabilities[1]		4,938
		32,325

1. Excluding prepaid student fees and statutory receivables/payables.

	Financial assets at amortised cost $'000	Total $'000
Parent entity		
Financial assets		
2019		
Cash and cash equivalents		45,421
Trade receivables — current[1]		518
Other non–current assets		2,622
		48,561
2018		
Cash and cash equivalents		63,535
Trade receivables — current[1]		89
Other non–current assets		663
		64,287

1. Excluding prepaid student fees and statutory receivables/payables.

	Liabilities at amortised cost $'000	Total $'000
Parent entity		
Financial liabilities		
2019		
Trade and other payables		1,575
Contract liabilities		22,214
Other current liabilities[1]		4,523
		28,312
2018		
Trade and other payables		1,725
Contract liabilities		25,502
Other financial liabilities[1]		4,924
		32,151

1. Excluding prepaid student fees 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 Sri Lanka 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 2019 has contributed to the Australian dollar decrease in deficit 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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Consolidated				
RMB/AUD exchange rate — increase 10%	–	–	119	106
RMB/AUD exchange rate — decrease 10%	–	–	(119)	(106)
USD/AUD exchange rate — increase 10%	–	–	–	(1)
USD/AUD exchange rate — decrease 10%	–	–	–	1
INR/AUD exchange rate — increase 10%	–	–	(5)	4
INR/AUD exchange rate — decrease 10%	–	–	5	(4)
LKR/AUD exchange rate — increase 10%	–	–	10	–
LKR/AUD exchange rate — decrease 10%	–	–	(10)	–

(ii) Interest rate risk

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

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.

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Consolidated				
Interest rates — increase by 1%	465	645	–	–
Interest rates — decrease by 1%	(465)	(645)	–	–

(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 and ANZ Bank. Interest on these accounts is earned on the daily bank balance.

(i) Impairment of financial assets

Trade receivables

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of revenue over a period of 36 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward–looking information on macroeconomic factors affecting the ability of the students to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Consolidated entity

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 (on adoption of AASB 9) was determined as follows for both trade receivables.

	Current (less than 90 days past due) $'000	90–180 days past due $'000	More than 180 days past due $'000	Total $'000
Consolidated entity				
31 December 2019				
Expected loss rate	2.99%	100%	100%	
Gross carrying amount — trade receivables	535	19	–	554
Loss allowance	**16**	**19**	–	**35**
31 December 2018				
Expected loss rate	6.32%	100%	100%	
Gross carrying amount — trade receivables	95	11	1	107
Loss allowance	**6**	**11**	**1**	**18**

	Current (less than 90 days past due) $'000	90–180 days past due $'000	More than 180 days past due $'000	Total $'000
Parent entity				
31 December 2019				
Expected loss rate	3.00%	100%	100%	
Gross carrying amount — trade receivables	533	19	–	552
Loss allowance	**16**	**19**	–	**35**
31 December 2018				
Expected loss rate	6.32%	100%	100%	
Gross carrying amount — trade receivables	95	11	–	107
Loss allowance	**6**	**11**	–	**18**

(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.

(i) Maturities of lease liabilities

The tables below analyse the group's lease liabilities into relevant maturity groupings based on their contractual maturities.

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

Contractual maturities of lease liabilities	Less than 1 year $'000	Between 1 and 5 years $'000	Later than 5 years $'000	Total contractual cash flows $'000	Less: Imputed interest $'000	Carrying amount liabilities $'000
Consolidated entity — At 31 December 2019						
Lease liabilities	12,086	40,693	11,217	63,996	(6,507)	57,489
Parent entity — At 31 December 2019						
Lease liabilities	11,414	38,677	11,217	61,308	(6,295)	55,013

(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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
5. Revenue from contracts with customers				
Revenue from continuing operations				
Fees	108,022	115,995	108,013	115,995

(a) Disaggregation of revenue from students and contracts with customers

The group derives revenue from contracts with customers over time and at a point in time as follows:

	Australia $'000	Subcontinent $'000	Total $'000
Consolidated 2019			
Timing of revenue recognition			
At a point in time — Other fees	1,863	–	1,863
Over time — Education course fees	106,150	9	106,159
	108,013	**9**	**108,022**
Consolidated 2018			
Timing of revenue recognition			
At a point in time — Other fees	3,705	–	3,705
Over time — Education course fees	112,290	–	112,290
	115,995	–	115,995

	Australia $'000
Parent entity 2019	
Timing of revenue recognition	
At a point in time — Other fees	1,863
Over time — Education course fees	106,150
	108,013
Parent entity 2018	
Timing of revenue recognition	
At a point in time — Other fees	3,705
Over time — Education course fees	112,290
	115,995

	Consolidated entity		Parent entity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
(b) Liabilities related to contracts with customers				
Total prepaid course fees	22,217	25,502	22,214	25,502
6. Other income				
Net gain/(loss) on disposal of non-current assets	64	(20)	64	(20)
Interest	1,081	1,699	1,078	1,698
Distributions from interest in associate	–	–	622	710
Other	399	808	278	808
Total other income	**1,544**	**2,487**	**2,042**	**3,196**
7. Expenses				
Expenses from continuing operations				
(i) Employee benefits expenses				
Salaries and wages	41,091	41,470	40,361	40,934
Superannuation	3,846	3,786	3,835	3,786
Payroll tax	2,469	2,506	2,468	2,506
Other	1,615	1,728	1,604	1,728
Total employee benefits expenses	**49,021**	**49,490**	**48,268**	**48,954**
(ii) Depreciation and amortisation expense				
Depreciation				
Office equipment	411	397	397	392
Furniture and fittings	2,271	2,978	2,267	2,977
Motor vehicles	74	77	74	77
Computer equipment	952	996	916	982
Right-of-use assets	10,946	–	10,594	–
Total depreciation	**14,654**	**4,448**	**14,248**	**4,428**
Amortisation				
Curriculum	156	303	156	303
Software	1,365	971	1,365	971
Total amortisation	**1,521**	**1,274**	**1,521**	**1,274**
Total depreciation and amortisation expense	**16,175**	**5,722**	**15,769**	**5,702**

	Consolidated entity		Parent entity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
(iii) Other expenses				
Occupancy	2,262	12,373	1,890	11,970
Security	593	535	586	535
Communications	487	710	407	639
Homestay and welcome	688	2,449	688	2,449
Educational expenses	3,385	4,065	3,385	4,065
Scholarships	221	619	221	619
Promotion and channel partner commissions	20,015	21,021	22,432	22,834
Travel	1,625	1,507	1,349	1,323
Staff appointments	406	399	406	399
IT costs	2,460	1,497	2,457	1,497
Staff wellbeing	431	380	40	37
Sponsorships	290	414	287	414
Audit and accounting fees	584	466	455	414
Legal fees	322	365	321	365
Consultancy	1,389	1,997	1,362	1,980
Subscription and membership	267	264	267	264
Printing and stationery	369	456	346	444
Loss/(gain) on foreign exchange	87	42	87	42
Impairment losses of investments	–	–	63	(39)
Other	2,387	3,251	2,257	3,146
Total other expenses	**38,268**	**52,810**	**39,306**	**53,397**

8. Cash and cash equivalents

Current assets				
Cash at bank and in hand	6,643	5,899	5,641	5,184
Deposits at call	5,780	2,351	5,780	2,351
Term deposits	34,000	56,000	34,000	56,000
Total cash and cash equivalents	**46,423**	**64,250**	**45,421**	**63,535**

	2019			2018		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
9. Trade receivables						
Consolidated						
Trade receivables	555	–	555	107	–	107
Loss allowance (see note 9(a))	(35)	–	(35)	(18)	–	(18)
	520	**–**	**520**	**89**	**–**	**89**
Parent						
Trade receivables	553		553	107		107
Loss allowance (see note 9(a))	(35)	–	(35)	(18)	–	(18)
	518	**–**	**518**	**89**	**–**	**89**

(a) Loss allowance

The current trade receivables of the group with a nominal value of $35,338 (2018: $17,919) were impaired and they relate to individually impaired receivables for student tuition fees which were deemed potentially uncollectable.

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

	Consolidated entity		Parent entity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
At 1 January	18	131	18	131
Increase/(decrease) in loss allowance recognised in profit or loss during the year	41	(85)	41	(85)
Receivables written off during the year as uncollectible	(24)	(28)	(24)	(28)
At 31 December	**35**	**18**	**35**	**18**

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

	2019			2018		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
10. Financial assets at amortised cost						
Consolidated						
Loan to UTS Insearch Gramedia (UIG)	–	–	–	–	–	–
Accrued interest	66	–	66	242	–	242
Other receivables	1,100	–	1,100	1,239	–	1,239
	1,166	**–**	**1,166**	**1,481**	**–**	**1,481**
Parent						
Loan to UTS Insearch Gramedia (UIG)	–	–	–	248	–	248
Accrued interest	66	–	66	242	–	242
Other receivables	1,039	–	1,039	1,292	–	1,292
	1,105	–	**1,105**	**1,782**	–	**1,782**

11. Investments accounted for using the equity method

	Consolidated entity		Parent entity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current assets				
Interest in associated undertaking	746	509	–	–
Total investments accounted for using the equity method	**746**	**509**	–	–
Share of profits and losses				
Associate	837	504	–	–
Joint venture		(27)	–	–
	837	477	–	–

	Consolidated entity	
	2019 $'000	2018 $'000
Carrying amount of investment in associated entity	746	509
Share of assets and liabilities		
Current assets	1,390	1,005
Non-current assets	1,095	57
Total assets	**2,485**	**1,062**
Current liabilities	1,703	553
Non-current liabilities	36	–
Total liabilities	**1,739**	**553**
Net assets	**746**	**509**
Share of revenue and expenses		
Revenues	3,940	3,308
Expenses	(3,103)	(2,831)
Net profit	**837**	**477**

(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% ownership interest in ACET and is entitled to a 40% 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 2018, UIG's share of cumulative losses amounting to $370,371 has been offset against the loan balance of $247,521. The excess amount of $122,850 is recorded as an amount due to the joint venture. Losses inclusive of net foreign exchange gains or losses recognised were $39,469. In 2019, the outstanding liability was written off and recognised as an income in the profit or loss.

12. Property, plant and equipment

	Office equipment	Motor vehicles	Furniture and fittings	Computer equipment	Capital work in progress	Right-of-use assets[1]	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated							
At 1 January 2018							
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**
Year ended 31 December 2018							
Opening net book amount	1,402	106	12,018	1,938	326		15,790
Exchange differences	1	–	–	2	–	–	3
Additions	–	–	37	21	5,015	–	5,073
Disposals	–	–	(69)	–	–	–	(69)
Transfers	75	132	555	720	(1,482)	–	–
Depreciation charge	(397)	(77)	(2,978)	(996)	–	–	(4,448)
Closing net book amount	**1,081**	**161**	**9,563**	**1,685**	**3,859**	**–**	**16,349**
At 31 December 2018							
Cost	2,374	322	26,310	6,686	3,859		39,551
Accumulated depreciation	(1,293)	(161)	(16,747)	(5,001)	–	–	(23,202)
Net book amount	**1,081**	**161**	**9,563**	**1,685**	**3,859**	**–**	**16,349**
At 1 January 2019							
Cost	2,374	322	26,310	6,686	3,859		39,551
Accumulated depreciation	(1,293)	(161)	(16,747)	(5,001)	–	–	(23,202)
Net book amount	**1,081**	**161**	**9,563**	**1,685**	**3,859**	**–**	**16,349**
Year ended 31 December 2019							
Opening net book amount	1,081	161	9,563	1,685	3,859		16,349
Transition adjustment to AASB 16 (note 3)	–	–	–	–	–	60,197	60,197
Exchange differences	(5)	–	–	(17)	–	–	(22)
Additions	80	–	1,322	173	5,262	6,473	13,310
Disposals	–	–	–	(19)	–	–	(19)
Transfers	448	52	6,104	1,330	(7,934)	–	–
Depreciation charge	(411)	(74)	(2,271)	(952)	–	(10,946)	(14,654)
Closing net book amount	**1,193**	**139**	**14,718**	**2,200**	**1,187**	**55,724**	**75,161**
At 31 December 2019							
Cost	2,900	304	33,736	8,146	1,187	66,670	112,943
Accumulated depreciation	(1,707)	(165)	(19,018)	(5,946)	–	(10,946)	(37,782)
Net book amount	**1,193**	**139**	**14,718**	**2,200**	**1,187**	**55,724**	**75,161**
Parent entity							
At 1 January 2018							
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**

	Office equipment	Motor vehicles	Furniture and fittings	Computer equipment	Capital work in progress	Right-of-use assets[1]	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2018							
Opening net book amount	1,385	106	12,018	1,889	326		15,724
Additions	–	–	34	–	5,015	–	5,049
Disposals	–	–	(69)	–	–	–	(69)
Transfers	75	132	555	720	(1,482)	–	–
Depreciation charge	(392)	(77)	(2,977)	(982)	–	–	(4,428)
Closing net book amount	**1,068**	**161**	**9,561**	**1,627**	**3,859**	**–**	**16,276**
At 31 December 2018							
Cost	2,349	322	26,281	6,603	3,859		39,414
Accumulated depreciation	(1,281)	(161)	(16,720)	(4,976)	–	–	(23,138)
Net book amount	**1,068**	**161**	**9,561**	**1,627**	**3,859**	**–**	**16,276**
At 1 January 2019							
Cost	2,349	322	26,281	6,603	3,859		39,414
Accumulated depreciation	(1,281)	(161)	(16,720)	(4,976)	–	–	(23,138)
Net book amount	**1,068**	**161**	**9,561**	**1,627**	**3,859**	**–**	**16,276**
Year ended 31 December 2019							
Opening net book amount	1,068	161	9,561	1,627	3,859		16,276
Transition adjustment to AASB 16 (note 3)	–	–	–	–	–	59,936	59,936
Additions	–	–	1,282	–	4,752	3,675	9,709
Disposals	–	–	–	(19)	–	–	(19)
Transfers	448	52	6,104	1,330	(7,934)	–	–
Depreciation charge	(397)	(74)	(2,267)	(916)	–	(10,594)	(14,248)
Closing net book amount	**1,119**	**139**	**14,680**	**2,022**	**677**	**53,017**	**71,654**
At 31 December 2019							
Cost	2,797	304	33,666	7,894	677	63,611	108.949
Accumulated depreciation	(1,678)	(165)	(18,986)	(5,872)	–	(10,594)	(37,295)
Net book amount	**1,119**	**139**	**14,680**	**2,022**	**677**	**53,017**	**71,654**

1. Right-of-use assets relates to leased office space.

	2019			2018		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
13. Lease liabilities						
Consolidated						
Lease liabilities	11,877	45,612	57,489	–	–	–
Parent						
Lease liabilities	11,216	43,797	55,013	–	–	–

The group has entered into various non-cancellable lease agreements for teaching and office premises. These leases have lease periods expiring between 2021 and 2027. Certain leases include one or more options to renew. The group does not include renewals in the determination of the lease term unless the renewals are deemed to be reasonably certain.

The following amounts related to leases were recognised in the statement of comprehensive income:

	Consolidated entity		Parent entity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest expense (included in finance cost)	2,199	–	2,166	–
Expense relating to short-term leases (included in occupancy cost)	495	–	99	–

The total cash outflow for leases in 2019, excluding short-term leases, was $11,381,346 for the group and $10,764,285 for the parent entity.

	Curriculum	Computer software	Capital work in progress	Total
	$'000	$'000	$'000	$'000
14. Intangible assets				
Consolidated and parent entity				
At 1 January 2018				
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**
Year ended 31 December 2018				
Opening net book amount	421	2,206	1,787	4,414
Additions	–	–	1,638	1,638
Transfers	209	2,511	(2,720)	–
Amortisation charge	(303)	(971)	–	(1,274)
Closing net book amount	**327**	**3,746**	**705**	**4,778**
At 31 December 2018				
Cost	3,352	13,428	705	17,485
Accumulated amortisation and impairment	(3,025)	(9,682)	–	(12,707)
Net book amount	**327**	**3,746**	**705**	**4,778**
Year ended 31 December 2019				
Opening net book amount	327	3,746	705	4,778
Additions	–	–	2,613	2,613
Transfers	–	426	(426)	–
Amortisation charge	(156)	(1,365)	–	(1,521)
Closing net book amount	171	2,807	2,892	5,870

	Curriculum	Computer software	Capital work in progress	Total
	$'000	$'000	$'000	$'000
At 31 December 2019				
Cost	3,352	13,855	2,892	20,099
Accumulated amortisation and impairment	(3,181)	(11,048)		(14,229)
Net book amount	**171**	**2,807**	**2,892**	**5,870**

	2019			2018		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
15. Other assets						
Consolidated						
Prepayments	5,238	–	5,238	5,091	–	5,091
Security deposits	–	323	323	–	108	108
Interest in associate and joint venture	–	–	–	–	–	–
Insearch (Shanghai) Limited	–	–	–	–	–	–
Insearch India LLP	–	–	–	–	–	–
Insearch Global Pty Ltd	–	–	–	–	–	–
	5,238	**323**	**5,561**	**5,091**	**108**	**5,199**
Parent						
Prepayments	5,171	–	5,171	5,064	–	5,064
Security deposits	–	25	25	–	25	25
Interest in associate and joint venture	–	81	81	–	81	81
Insearch (Shanghai) Limited	–	739	739	–	555	555
Insearch India LLP	–	2	2	–	2	2
Insearch Global Pty Ltd	–	1,775	1,775	–	–	–
	5,171	**2,622**	**7,793**	**5,064**	**663**	**5,727**
16. Trade and other payables						
Consolidated						
Trade and other payables	1,681	–	1,681	1,709	–	1,709
Amounts due to joint venture	–	–	–	123	–	123
University of Technology Sydney	–	–	–	10	–	10
Other creditors	46	–	46	43	–	43
	1,727	**–**	**1,727**	**1,885**	**–**	**1,885**

	2019			2018		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Parent						
Trade and other payables	1,575	–	1,575	1,715	–	1,715
Amounts due to joint venture	–	–	–	–	–	–
University of Technology Sydney	–	–	–	10	–	10
Other creditors	–	–	–	–	–	–
	1,575	**–**	**1,575**	**1,725**	**–**	**1,725**

17. Provisions

	2019 Current $'000	2019 Non-current $'000	2019 Total $'000	2018 Current $'000	2018 Non-current $'000	2018 Total $'000
Consolidated						
Make good provision	–	4,429	4,429	–	3,078	3,078
Lease incentives	–	–	–	40	–	40
	–	**4,429**	**4,429**	**40**	**3,078**	**3,118**
Parent						
Make good provision	–	4,429	4,429	–	3,078	3,078
Lease incentives	–	–	–	40	–	40
	–	**4,429**	**4,429**	**40**	**3,078**	**3,118**

(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 137 Provisions, contingent liabilities and contingent assets. The make good obligations are expected to be settled within the next five to nine 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 $'000	Lease incentives $'000	Total $'000
Consolidated			
2019			
Current and non-current			
Carrying amount at start of year	3,078	40	3,118
Additional provision charged to plant and equipment	1,286	–	1,286
Charged/(credited) to the profit or loss	65	(40)	25
Carrying amount at end of year	**4,429**	**–**	**4,429**
Parent			
2019			
Current and non-current			
Carrying amount at start of year	3,078	40	3,118
Additional provision charged to plant and equipment	1,286	–	1,286
Charged/(credited) to the profit or loss	65	(40)	25
Carrying amount at end of year	**4,429**	**–**	**4,429**

	2019			2018		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
18. Employee benefit obligations						
Consolidated						
Leave obligations — annual leave (a)	2,520	–	2,520	2,611	–	2,611
Leave obligations — long service leave (a)	2,975	2,719	5,694	2,533	2,663	5,196
Total employee benefit obligations	**5,495**	**2,719**	**8,214**	**5,144**	**2,663**	**7,807**
Parent						
Leave obligations — annual leave (a)	2,520	–	2,520	2,611	–	2,611
Leave obligations — long service leave (a)	2,975	2,719	5,694	2,533	2,663	5,196
Total employee benefit obligations	**5,495**	**2,719**	**8,214**	**5,144**	**2,663**	**7,807**

(a) Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 2(r).

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 $5,495,042 (2018: $5,144,527) 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 to be expected to be taken or paid within the next 12 months.

	Consolidated entity		Parent entity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current annual leave obligations expected to be settled after 12 months	589	542	589	542
Current long service leave obligations expected to be settled after 12 months	911	789	911	789
19. Other liabilities				
Current liabilities				
Accrued expenses	3,815	4,438	3,786	4,424
Others	737	500	737	500
Total other current liabilities	**4,552**	**4,938**	**4,523**	**4,924**
20. Reserves and retained surplus				
(a) Reserves				
Foreign currency translation reserve	(733)	(671)	–	–
Movements				
Foreign currency translation reserve				
Balance 1 January	(671)	(740)	–	–
Currency translation differences arising during the year	(62)	69	–	–
Balance 31 December	**(733)**	**(671)**	–	–
(b) Retained surplus				
Movements in retained surplus were as follows:				
Balance 1 January	50,076	56,316	49,111	55,150
Deficit for the year	(12,564)	(6,240)	(12,758)	(6,039)
Changes in accounting policies	40	–	40	–
Balance 31 December	**37,552**	**50,076**	**36,393**	**49,111**

21. Key management personnel disclosures

(a) Directors

The following persons were directors of Insearch Limited during the financial year:

(i) Non-executive chair

Emeritus Vice-Chancellor RD Milbourne, AO

(ii) Executive director

A Murphy

(iii) Non-executive directors

Mr I Watt

Professor PC Earley

Ms AM Dwyer (resigned 30 September 2019; reappointed 25 November 2019)

Professor E Mossop (interim: from 25 May 2019 to 24 November 2019)

Mr P Bennett (resigned 24 May 2019)

Mr MA Leigh (appointed 1 October 2019)

Mr GA Freeland

Ms JN Anderson

(b) Other key management personnel

Professor 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	
	2019	2018	2019	2018
Remuneration of directors				
$0 to $49,999	6	6	6	6
$50,000 to $99,999	2	3	2	3
$100,000 to $149,999	1	1	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	–	–	–	–
$450,000 to $499,999	–	–	–	–
$500,000+	1	1	1	1
	10	11	10	11

	Consolidated entity		Parent entity	
	2019 $	2018 $	2019 $	2018 $
Short-term employee benefits	735,743	770,784	735,743	770,784
Post-employment benefits	47,413	59,552	47,413	59,552
	783,156	**830,336**	**783,156**	**830,336**

22. 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 23.

(c) Transactions with related parties

The following transactions occurred with related parties:

- donation to the University of Technology Sydney $17,193,789 (2018: $17,164,502), this includes $193,789 (2018: $164,502) in respect of UTS staff acting as directors on the Insearch Board
- sales of services and fees to the University of Technology Sydney $109,260 (2018: $67,716)
- services rendered by the University of Technology Sydney to Insearch Limited $4,361,993 (2018: $5,880,268)
- consulting service income between Insearch (Shanghai) Limited and Insearch Limited $1,972,631 (2018: $1,477,409)
- consulting service expense between Insearch Limited and Insearch (Shanghai) Limited $1,972,631 (2018: $1,477,409)
- consulting service income between Insearch India LLP and Insearch Limited $980,012 (2018: $495,161)
- consulting service expense between Insearch Limited and Insearch India LLP $980,012 (2018: $495,161).

(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	
	2019 $	2018 $	2019 $	2018 $
Current receivables (sales of goods and services)				
Insearch (Shanghai) Limited	–	–	13,219	20,886
Insearch India LLP	–	–	29,744	54,839

23. 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	
			2019 %	2018 %
Insearch (Shanghai) Limited	China	Ordinary	100	100
Insearch Global Pty Ltd	Australia	Ordinary	100	–
Insearch Education International Pty Limited	Australia	Ordinary	100	100
Insearch India LLP[1]	India	Ordinary	90	90
Insearch Lanka (Private) Limited	Sri Lanka	Ordinary	100	–

1. 10 per cent of Insearch India LLP is owned by Insearch Education International Pty Limited.

24. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, Insearch Limited, its related practices and non-related audit firms:

	Consolidated entity		Parent entity	
	2019 $	2018 $	2019 $	2018 $
(a) The Audit Office of New South Wales				
(i) Audit and other assurance services				
Audit and review of financial statementss	175,973	102,695	96,435	102,695
Total auditors' remuneration	**175,973**	**102,695**	**96,435**	**102,695**

	Consolidated entity		Parent entity	
	2019 $'000[1]	2018 $'000	2019 $'000[1]	2018 $'000
25. Commitments				
(a) Capital commitments				
Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:				
Building works	–	2,400	–	2,400
Input tax recoverable from the Australian Taxation Office	–	218	–	218
(b) Lease commitments				
(i) Non-cancellable operating leases				
From 1 January 2019, the group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 3 for further information.				
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	–	12,349	–	11,981
later than one year but not later than five years	–	21,601	–	21,502
	–	33,950	–	33,483
Input tax recoverable from the Australian Taxation Office	–	3,043	–	3,043

1. As at 31 December 2019, there are no capital commitments.

26. 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.

27. Events occurring after the reporting period

The Covid-19 pandemic is anticipated to have an impact on Insearch's international student revenue in 2020 mainly in relation to students from the People's Republic of China. The financial impact from the pandemic is not yet known.

No other 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.

	Consolidated entity		Parent entity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
28. Cash flow information				
Reconciliation of deficit for the year to net cash inflow/(outflow) from operating activities				
Deficit for the year	(12,564)	(6,240)	(12,758)	(6,039)
Depreciation and amortisation	16,175	5,722	15,769	5,702
Impairment losses on investments	–	–	63	–
Gain on debt write-off	(121)	–	–	–
Interest expense classified as financing cash flows	2,199	–	2,166	–
Non-cash adjustment on make good provision	–	(610)	–	(610)
Net loss/(gain) on sale of non-current assets	(26)	20	(26)	20
Share of loss of joint venture	–	27	–	–
Share of profit of associates	(837)	(504)	–	–
Bad debt provisions	41	(85)	41	(85)
Change in operating assets and liabilities:				
(Increase)/decrease in trade receivables	(472)	727	(470)	57
Decrease in financial assets at amortised cost	139	569	253	539
Decrease/(increase) in other current assets	29	(337)	69	(316)
Decrease in other non-current assets	407	34	–	28
(Decrease)/increase in trade and other payables	(39)	921	(149)	587
Decrease in contract liabilities	(3,285)	(2,242)	(3,288)	(2,242)
Increase in provisions	69	57	69	57
Increase in employee benefit obligations	407	608	407	608
Decrease in other liabilities	(386)	(2,394)	(401)	(2,408)
Net cash inflow/(outflow) from operating activities	**1,736**	**(3,727)**	**1,745**	**(4,102)**

(a) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets amounting to $6,473,000 for the group and $3,675,000 for the parent entity — note 12.

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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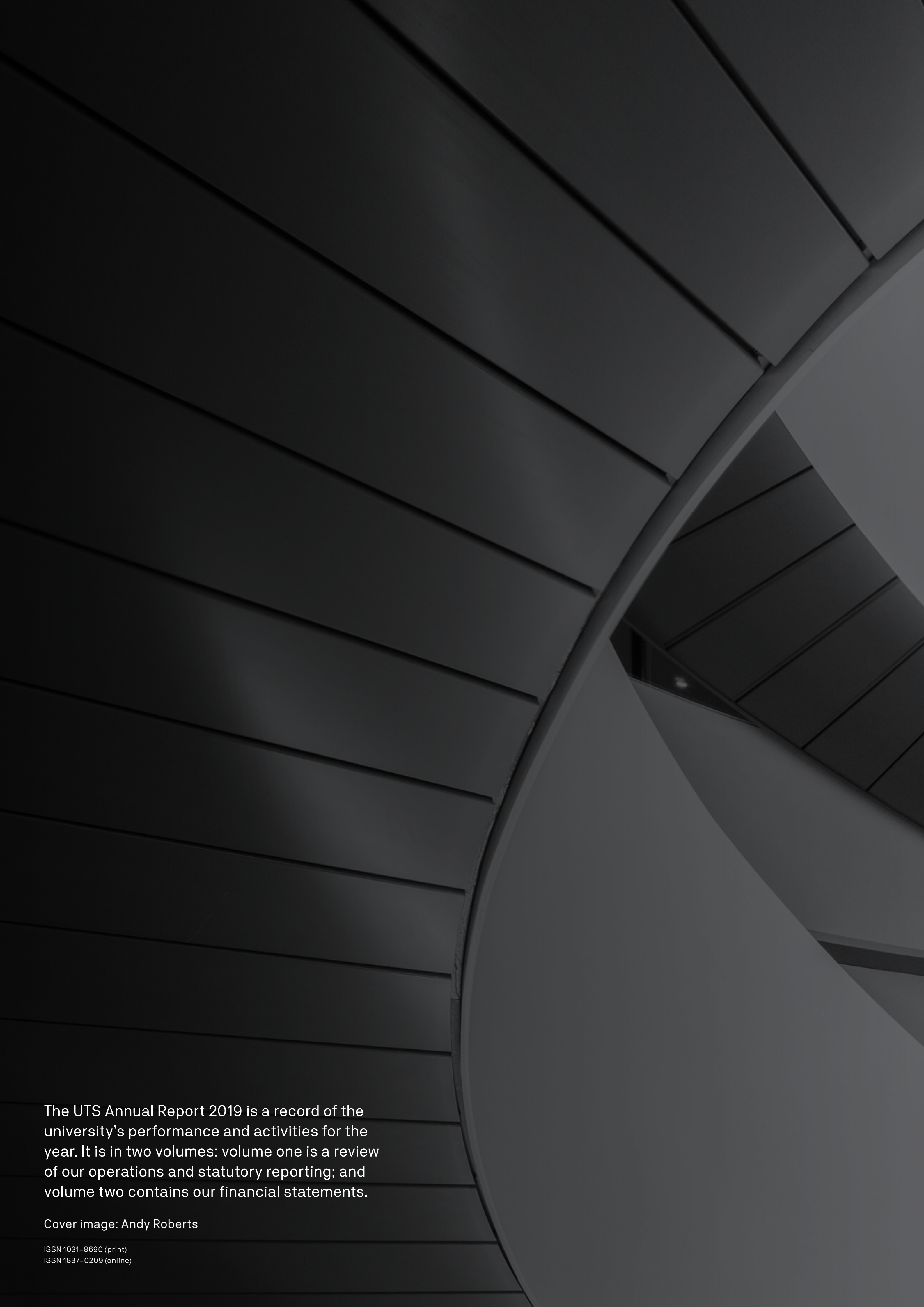
Access

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 2019 is 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.

Cover image: Andy Roberts

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