UTS
UNIVERSITY OF TECHNOLOGY SYDNEY

2016

NO.1

UTS RANKED AUSTRALIA'S #1 YOUNG UNI

UTS ANNUAL REPORT

Financial statements

FINANCIAL STATEMENTS

University of Technology Sydney

Statement by appointed officers

STATEMENT BY APPOINTED OFFICERS

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

In accordance with a resolution of the Council of the University of Technology Sydney and pursuant to section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge and belief:

1. the financial statements present a true and fair value of the financial position of the University at 31 December 2016 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 2016 Reporting Period" issued by the Australian Government Department of Education and Training
3. the financial statements have been prepared in accordance with Australian Accounting Standards (AASB), AASB interpretations and other mandatory professional reporting requirements
4. we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate
5. there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due
6. the amount of Commonwealth grants expended during the reporting period was for the purposes for which it was granted, and
7. the University has complied in full with the requirements of various program guidelines that apply to the Commonwealth financial assistance identified in these financial statements.

A J Brungs
Vice-Chancellor

B Wilson
Chair, Finance Committee

12th April 2017

Independent auditor’s report

INDEPENDENT AUDITOR’S REPORT

University of Technology Sydney

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

Opinion

I have audited the accompanying financial statements of University of Technology Sydney (the University), which comprise the statements of financial position as at 31 December 2016, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year’s end or from time to time during the financial year.

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 2016, 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 2016 Reporting Period’ (the Guidelines), issued by the Australian Government Department of Education and Training, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Director 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’ (APES 110).

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

The PF&A Act further promotes independence by ensuring the Auditor–General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

Independent auditor's report (continued)

- mandating the Auditor–General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

University Council's Responsibility for the Financial Statements

The Council of the University 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 must assess the University's ability to continue as a going concern unless the University will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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_files/ar7.pdf.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

13 April 2017
SYDNEY

Income statement

FOR THE YEAR ENDED 31 DECEMBER 2016

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Income from continuing operations					
Australian Government financial assistance					
> Australian Government grants	2.1	267,793	238,168	267,793	238,168
> HELP — Australian Government payments	2.1	208,413	185,488	191,039	171,123
State and local government financial assistance	2.2	3,464	2,569	3,362	2,426
HECS-HELP — student payments		20,026	20,656	20,026	20,656
Fees and charges	2.3	359,360	303,587	289,396	243,047
Investment revenue	2.4	6,780	6,839	4,958	4,839
Royalties, trademarks and licences	2.5	120	421	114	528
Consultancy and contracts	2.6	26,075	23,957	25,578	18,838
Other revenue	2.7	25,149	21,973	33,098	28,600
Gains on disposal of assets	5	–	–	25	–
Share of profit or (loss) on investments accounted for using the equity method	14	(3,731)	1,896	–	–
Other investment income	2.4	874	658	874	658
Other income	2.7	21,255	21,001	23,589	22,958
Total income from continuing operations		**935,578**	**827,213**	**859,852**	**751,841**
Expenses from continuing operations					
Employee related expenses	3.1	507,947	459,839	463,478	418,369
Depreciation and amortisation	3.2	81,692	77,884	76,738	73,817
Repairs and maintenance	3.3	14,337	15,706	13,997	15,390
Borrowing costs	4	12,302	13,061	12,251	13,030
Impairment of assets	3.4	508	547	314	461
Losses on disposal of assets	5	454	287	–	248
Deferred superannuation expense	3.1	58	–	58	–
Other expenses	3.5	246,023	222,857	223,424	199,511
Total expenses from continuing operations		**863,321**	**790,181**	**790,260**	**720,826**
Net result before income tax		**72,257**	**37,032**	**69,592**	**31,015**
Income tax expense	6	108	41	–	–
Net result from continuing operations		**72,149**	**36,991**	**69,592**	**31,015**
Net result attributable to members of the University of Technology Sydney		**72,149**	**36,991**	**69,592**	**31,015**
Net result attributable to members from:					
> continuing operations		72,149	36,991	69,592	31,015
Total		**72,149**	**36,991**	**69,592**	**31,015**

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

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2016

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Net result after income tax for the period		72,149	36,991	69,592	31,015
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	22 (b)	(36)	91	–	–
Gain/(loss) on revaluation of available for sale financial assets, net of tax	22 (b)	1,829	4,345	1,829	4,345
Cash flow hedges, net of tax	22 (b)	2,352	1,337	2,352	1,337
Total items that may be reclassified to profit or loss		4,145	5,773	4,181	5,682
Items that will not be reclassified to profit or loss					
Gain/(loss) on revaluation of property, plant and equipment, net of tax	22 (b)	123,407	38,015	123,407	38,015
Net actuarial gains/(losses) recognised in respect of defined benefit plans	25	(182)	(1,008)	(182)	(1,008)
Total items that will not be reclassified to profit or loss		123,225	37,007	123,225	37,007
Total comprehensive income attributable to members of the University of Technology Sydney		**199,519**	**79,771**	**196,998**	**73,704**
Total comprehensive income attributable to members from:					
> continuing operations		199,519	79,771	196,998	73,704
Total		**199,519**	**79,771**	**196,998**	**73,704**

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

Statement of financial position

AS AT 31 DECEMBER 2016

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Assets					
Current assets					
Cash and cash equivalents	9	190,197	190,567	114,475	116,336
Receivables	10	23,059	19,452	21,767	17,423
Other financial assets	11	12,238	11,442	12,238	11,442
Other non-financial assets	12	20,493	17,723	15,220	13,195
Non-current assets classified as held for sale	13	–	–	–	–
Total current assets		**245,987**	**239,184**	**163,700**	**158,396**
Non-current assets					
Receivables	10	601,629	617,375	601,629	617,375
Investments accounted for using the equity method	14	5,198	9,322	–	–
Other financial assets	11	11,796	9,933	15,719	13,772
Other non-financial assets	12	7,618	570	7,618	570
Property, plant and equipment	15	1,872,600	1,704,829	1,854,457	1,695,096
Intangible assets	16	27,371	28,321	23,844	24,146
Total non-current assets		**2,526,212**	**2,370,350**	**2,503,267**	**2,350,959**
Total assets		**2,772,199**	**2,609,534**	**2,666,967**	**2,509,355**
Liabilities					
Current liabilities					
Trade and other payables	17	55,778	55,051	53,680	49,352
Borrowings	18	4,296	43,822	4,296	43,812
Provisions	19	101,106	95,807	97,546	92,760
Other financial liabilities	20	2,985	2,648	2,985	2,648
Other liabilities	21	54,235	46,444	25,028	19,175
Total current liabilities		**218,400**	**243,772**	**183,535**	**207,747**
Non-current liabilities					
Borrowings	18	204,363	203,813	204,363	203,813
Provisions	19	630,139	639,251	624,067	636,871
Other financial liabilities	20	2,148	5,068	2,148	5,068
Total non-current liabilities		**836,650**	**848,132**	**830,578**	**845,752**
Total liabilities		**1,055,050**	**1,091,904**	**1,014,113**	**1,053,499**
Net assets		**1,717,149**	**1,517,630**	**1,652,854**	**1,455,856**
Equity					
Parent entity interest					
Reserves	22 (a)	758,973	631,421	759,653	632,065
Retained earnings	22 (d)	958,176	886,209	893,201	823,791
Total equity		**1,717,149**	**1,517,630**	**1,652,854**	**1,455,856**

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 2016

	Reserves $'000	Retained earnings $'000	Total $'000
Consolidated			
Balance at 1 January 2015	**587,633**	**850,226**	**1,437,859**
Net result	–	36,991	36,991
Exchange differences on translation of foreign operations	91	–	91
Gain/(loss) on revaluation of available for sale financial assets	4,345	–	4,345
Gain/(loss) on revaluation of property, plant and equipment	38,015	–	38,015
Gain/(loss) on cash flow hedges	1,337	–	1,337
Net actuarial gains (losses) recognised in respect of defined benefit plans	–	(1,008)	(1,008)
Total comprehensive income	**43,788**	**35,983**	**79,771**
Balance at 31 December 2015	**631,421**	**886,209**	**1,517,630**
Balance at 1 January 2016	**631,421**	**886,209**	**1,517,630**
Net result	–	72,149	72,149
Exchange differences on translation of foreign operations	(36)	–	(36)
Gain/(loss) on revaluation of available for sale financial assets	1,829	–	1,829
Gain/(loss) on revaluation of property, plant and equipment	123,407	–	123,407
Gain/(loss) on cash flow hedges	2,352	–	2,352
Net actuarial gains (losses) recognised in respect of defined benefit plans	–	(182)	(182)
Total comprehensive income	**127,552**	**71,967**	**199,519**
Balance at 31 December 2016	**758,973**	**958,176**	**1,717,149**
Parent			
Balance at 1 January 2015	**588,368**	**793,784**	**1,382,152**
Net result	–	31,015	31,015
Exchange differences on translation of foreign operations	–	–	–
Gain/(loss) on revaluation of available for sale financial assets	4,345	–	4,345
Gain/(loss) on revaluation of property, plant and equipment	38,015	–	38,015
Gain/(loss) on cash flow hedges	1,337	–	1,337
Net actuarial gains (losses) recognised in respect of defined benefit plans	–	(1,008)	(1,008)
Total comprehensive income	**43,697**	**30,007**	**73,704**
Balance at 31 December 2015	**632,065**	**823,791**	**1,455,856**
Balance at 1 January 2016	**632,065**	**823,791**	**1,455,856**
Net result	–	69,592	69,592
Exchange differences on translation of foreign operations	–	–	–
Gain/(loss) on revaluation of available for sale financial assets	1,829	–	1,829
Gain/(loss) on revaluation of property, plant and equipment	123,407	–	123,407
Gain/(loss) on cash flow hedges	2,352	–	2,352
Net actuarial gains (losses) recognised in respect of defined benefit plans	–	(182)	(182)
Total comprehensive income	**127,588**	**69,410**	**196,998**
Balance at 31 December 2016	**759,653**	**893,201**	**1,652,854**

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 2016

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash flows from operating activities					
Australian Government grants	2.1	471,166	423,262	453,792	408,897
OS-Help (net)	33	(97)	1,102	(97)	1,102
State government grants received	2.2	2,631	1,443	2,529	1,300
Local government grants received	2.2	833	1,126	833	1,126
HECS-HELP — student payments		20,026	20,656	20,026	20,656
Receipts from student fees and other customers		467,185	393,296	403,846	336,511
Dividends received		–	263	–	263
Interest received		6,493	6,648	4,489	4,724
Payments to suppliers and employees (inclusive of goods and services tax)		(802,725)	(701,006)	(732,449)	(638,756)
Interest and other costs of finance		(12,583)	(11,697)	(12,583)	(11,695)
Income taxes paid		(84)	(33)	–	–
Net cash provided by/(used in) operating activities	32	**152,845**	**135,060**	**140,386**	**124,128**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	5	116	151	116	84
Proceeds from sale of financial assets		146	328	146	328
Payments for financial assets		(228)	(50)	(228)	(50)
Payments for property, plant and equipment		(108,661)	(99,159)	(97,768)	(94,152)
Net cash provided by/(used in) investing activities		**(108,627)**	**(98,730)**	**(97,734)**	**(93,790)**
Cash flows from financing activities					
Proceeds from borrowings		–	–	–	–
Repayment of borrowings		(40,075)	–	(40,000)	–
Payment of capitalised borrowing costs		(175)	(427)	(175)	(427)
Repayment of finance leases		(4,338)	(4,082)	(4,338)	(4,082)
Net cash provided by/(used in) financing activities		**(44,588)**	**(4,509)**	**(44,513)**	**(4,509)**
Net increase/(decrease) in cash and cash equivalents		(370)	31,821	(1,861)	25,829
Cash and cash equivalents at the beginning of the financial year		190,567	158,746	116,336	90,507
Cash and cash equivalents at end of the financial year	9	**190,197**	**190,567**	**114,475**	**116,336**
Financing arrangements	18(b)				
Non-cash financing and investing activities	24				

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied by all entities to all the years presented, unless otherwise stated. The financial statements include separate financial statements for the University of Technology Sydney as an individual entity and the consolidated entity consisting of the 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 12 April 2017.

(a) Basis of preparation

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

> the Australian Accounting Standards including the Australian equivalents to the International Financial Reporting Standards (AIFRS)

> other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and AASB Interpretations

> the Financial Statements Guidelines for Australian Higher Education Providers for the 2016 Reporting Period issued by the Commonwealth Department of Education

> the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2016

> the *Higher Education Support Act 2003*.

These financial statements have been prepared on an accrual accounting and going concern basis and under the historical cost convention, modified by the revaluation at fair value of land and buildings, financial assets, derivative instruments and certain classes of plant and equipment.

Compliance with International Financial Reporting Standards

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

Critical accounting estimates

The preparation of financial statements in conformity with the Australian equivalents to IFRS 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 or complexity, or areas where assumptions and estimates are significant to the financial statements, are the calculation of the defined superannuation benefits, land, buildings and building infrastructure, long service leave, annual leave and doubtful debt provisions.

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

Annual leave and long service leave provisions have been valued based on actuarial assessments conducted by Deloitte Actuaries & Consultants Limited. The major assumptions relate to future salary increases and the applicable discount rate. Future salary increases are based on the current Senior Staff Agreement, the UTS Academic Staff Agreement 2014 and the UTS Professional Staff Agreement 2014. The discount rates used is based on yields reported by the Reserve Bank of Australia on zero-coupon Australian Government bonds. The estimates and underlying assumptions are reviewed on an ongoing basis. The unfunded superannuation liabilities recorded in the statement of financial position under provisions have been determined by the fund's actuary (refer note 25). The projected unit credit valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. Actuarial gains and losses are recognised immediately in the statement of comprehensive income in the year in which they occur.

(b) Basis of consolidation

(i) Subsidiaries

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

> University of Technology Sydney

> Insearch Limited, a controlled entity of the university

> Insearch Shanghai Limited, a controlled entity of Insearch Limited

> Insearch Education International Pty Limited, a controlled entity of Insearch Limited

> accessUTS Pty Ltd, a controlled entity of the university

> Piivot Pty Ltd, a controlled entity of the university

> UTS Global Pty Ltd, a controlled entity of the university

> UTS Beijing Ltd, a controlled entity of UTS Global Pty Ltd.

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

The results and financial position of all the group entities (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 balance sheet presented are translated at the closing rate at the date of that balance sheet

> income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

> all resulting exchange differences are recognised as a separate component of equity.

(d) Revenue recognition

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

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

Investment income is recognised as it accrues.

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

Donations are accounted for on a cash basis.

(e) Income tax

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

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

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

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

(f) Leases

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

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

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

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

Operating lease commitments are recorded on a GST inclusive basis. Finance leases are recorded on a GST exclusive basis.

Details of leased assets are provided in note 23.

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

(g) Business combinations

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 that are known to be uncollectible are written off to the income statement.

(k) Inventories

The university holds no inventory.

(l) Non-current assets held for sale

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

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

(m) Investments and other financial assets

The group classifies its investments in the following categories:

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

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

(ii) Available-for-sale financial assets

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

(iii) Other financial assets

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

(n) Derivatives

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

(i) Cash flow hedge

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

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

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

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

(o) Fair value measurement

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

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(o) Fair value measurement (continued)

The fair value of assets or liabilities that are not traded in an active market (for example, defined benefit superannuation liabilities) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date (level 2). Fair value measurement of non-financial assets is based on the highest and best use of the asset. The group considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The value of long-term debt instruments has been calculated using the amortised cost method.

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

(p) Property, plant and equipment

(i) Initial recognition and measurement

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

The library collection is recorded at depreciated replacement cost.

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

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

(ii) Revaluations

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

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

(iii) Depreciation

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

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

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

(iv) Leasehold improvements

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

(v) Impairment

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

(vi) Disposals

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

(q) Intangible assets

(i) Research and development

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Software

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

(iii) Perpetual licences for online serials

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

(r) Unfunded superannuation

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

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

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

(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 2016 reporting period. These amounts are usually settled on 30 day terms.

(t) Borrowings

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

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

The university has obtained a $300 million revolving five-year debt facility ending in March 2018 to fund the current capital expenditure program. As at 31 December 2016 funds to the value of $200 million have been drawn down from this facility by the university.

(u) Borrowing costs

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

(v) Provisions

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

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

(w) Employee benefits

(i) Wages, salaries and sick leave

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

(ii) Long service leave and annual leave

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

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

The university in 2016 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 2015 by Deloitte.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(iii) Superannuation

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

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

The liability or asset in respect of the defined benefit plans is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service.

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

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

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for those benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(x) Joint ventures

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

(y) Associates

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

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

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

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

(z) Goods and services tax

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

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

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

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 2016 comparative figures have been adjusted to conform with the mandatory presentation for the current year. These reclassifications have no effect on the 2015 operating result (or the financial position) of the university.

(ab) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) New accounting standards and interpretations

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

(ad) Changes in accounting policy

There have been no changes to accounting policy in the 2016 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.

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'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]		209,197	180,628	209,197	180,628
Indigenous Support Program		741	836	741	836
Partnership and Participation Program[2]		3,308	3,259	3,308	3,259
Disability Support Program		382	408	382	408
Promotion of Excellence in Learning and Teaching		1,173	123	1,173	123
Australian Maths and Science Partnership Program		819	603	819	603
Total Commonwealth Grant Scheme and other grants		**215,620**	**185,857**	**215,620**	**185,857**
(b) Higher education loan programs (HELP)	33.2				
HECS-HELP		144,294	128,747	144,294	128,747
FEE-HELP		60,953	53,827	43,579	39,462
SA-HELP		3,166	2,914	3,166	2,914
Total higher education loan programs		**208,413**	**185,488**	**191,039**	**171,123**
(c) Scholarships	33.7				
Australian Postgraduate Awards		4,856	4,734	4,856	4,734
International Postgraduate Research Scholarships		376	367	376	367
Commonwealth Education Cost Scholarships[3]		43	25	43	25
Commonwealth Accommodation Scholarships[3]		13	15	13	15
Indigenous Access Scholarships		74	58	74	58
Total scholarships		**5,362**	**5,199**	**5,362**	**5,199**
(d) EDUCATION research	33.6				
Joint Research Engagement Program		6,113	5,680	6,113	5,680
JRE Engineering Cadetships		33	–	33	–
Research Training Scheme		11,123	10,755	11,123	10,755
Research Infrastructure Block Grants		2,419	2,511	2,419	2,511
Sustainable Research Excellence in Universities		2,119	2,024	2,119	2,024
Total EDUCATION research grants		**21,807**	**20,970**	**21,807**	**20,970**

1. Includes the basic CGS grant amount, CGS — Regional Loading, CGS — Enabling Loading, and CGS — Special Advances from Future Years.
2. Includes Access and Participaton Fund.
3. Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
2.1 Australian Government financial assistance including Australian Government loan programs (HELP) (continued)					
(e) Australian Research Council	33.3				
(i) Discovery					
Project		5,749	5,335	5,749	5,335
Future Fellowships		1,966	2,589	1,966	2,589
Early Career Researcher Award		2,026	2,090	2,026	2,090
Indigenous		320	201	320	201
Total Discovery		10,061	10,215	10,061	10,215
(ii) Linkages	33.4				
Projects		1,975	1,812	1,975	1,812
Infrastructure		240	442	240	442
Special research initiatives		13	13	13	13
Industrial Transformation Research Hubs		1,123	–	1,123	–
Total Linkages		3,351	2,267	3,351	2,267
(iii) Networks and centres	33.5				
Centres		530	552	530	552
Total networks and centres		530	552	530	552
Total ARC		**13,942**	**13,034**	**13,942**	**13,034**
(f) Other Australian Government financial assistance					
Non-capital					
National Health and Medical Research Council		1,731	1,298	1,731	1,298
Department of Health and Ageing		1,494	2,107	1,494	2,107
ARENA		1,291	625	1,291	625
Department of Education		1,032	820	1,032	820
CSIRO		845	1,814	845	1,814
Department of Foreign Affairs and Trade		645	933	645	933
Department of the Prime Minister and Cabinet		568	279	568	279
Monash University		484	818	484	818
University of New South Wales		30	194	30	194
Other		2,942	4,220	2,942	4,220
Total non-capital other Australian Government financial assistance		11,062	13,108	11,062	13,108
Total Australian Government financial assistance		**476,206**	**423,656**	**458,832**	**409,291**
Reconciliation					
Australian Government grants (a+c+d+e+f+g)		267,793	238,168	267,793	238,168
Higher education loan programs (b)		208,413	185,488	191,039	171,123
Total Australian Government financial assistance		**476,206**	**423,656**	**458,832**	**409,291**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
2. REVENUE FROM CONTINUING OPERATIONS (CONTINUED)					
(g) Australian Government grants received — cash					
CGS and other EDUCATION grants		214,404	185,857	214,404	185,857
Higher education loan programs		205,995	186,281	188,621	171,916
Scholarships		5,362	5,199	5,362	5,199
EDUCATION research		21,807	20,970	21,807	20,970
ARC grants — Discovery		9,713	9,909	9,713	9,909
ARC grants — Linkages		2,823	1,938	2,823	1,938
Other Australian Government grants		11,062	13,108	11,062	13,108
Total Australian Government grants received — cash basis		**471,166**	**423,262**	**453,792**	**408,897**
OS-HELP (net)		6,938	6,141	6,938	6,141
Total Australian Government funding received — cash basis		**478,104**	**429,403**	**460,730**	**415,038**
2.2 State and local government financial assistance					
Non-capital					
New South Wales State Government		1,809	1,411	1,707	1,268
Other state governments		72	32	72	32
Local government		833	1,126	833	1,126
Total non-capital		2,714	2,569	2,612	2,426
Capital					
New South Wales State Government		750	–	750	–
Total capital		750	–	750	–
Total state and local government financial assistance		**3,464**	**2,569**	**3,362**	**2,426**
2.3 Fees and charges					
Course fees and charges					
Fee-paying onshore overseas students		302,638	252,528	236,792	194,368
Fee-paying offshore overseas students		3,707	3,850	3,707	3,850
Continuing education		4,283	4,716	2,818	3,931
Fee-paying domestic postgraduate students		13,275	14,534	13,275	14,534
Fee-paying domestic undergraduate students		832	933	832	933
Other domestic course fees and charges		23,411	16,504	22,609	16,139
Total course fees and charges		**348,146**	**293,065**	**280,033**	**233,755**
Other non-course fees and charges					
Library charges		341	399	1,655	1,596
Student accommodation charges		2,582	2,019	–	–
Student services and amenities fee from students		5,810	5,250	5,810	5,250
Medical fees		933	868	973	910
English testing centre		925	1,536	925	1,536
Other fees and charges		623	450	–	–
Total other non-course fees and charges		**11,214**	**10,522**	**9,363**	**9,292**
Total fees and charges		**359,360**	**303,587**	**289,396**	**243,047**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
2.4 Investment revenue and other investment income					
Interest		6,780	6,576	4,958	4,576
Dividends		–	263	–	263
Total investment revenue		**6,780**	**6,839**	**4,958**	**4,839**
Net gain/(loss) arising on financial assets designated at fair value through profit or loss		874	658	874	658
Net gain/(loss) arising on financial assets classified as held for trading		–	–	–	–
Total other investment income/(loss)		**874**	**658**	**874**	**658**
Total investment income		**7,654**	**7,497**	**5,832**	**5,497**
2.5 Royalties, trademarks and licences		120	421	114	528
2.6 Consultancy and contracts					
Contract research		20,533	13,704	20,533	13,704
Consultancy		5,542	10,253	5,045	5,134
Total consultancy and contracts		**26,075**	**23,957**	**25,578**	**18,838**
2.7 Other revenue and income					
Other revenue					
Contribution from Insearch Limited		–	–	7,695	7,409
Donations and bequests		10,235	7,194	10,235	7,193
Foreign exchange gain/(loss) (net) (note (a))		(898)	(178)	(817)	(253)
Non-government grants		1,699	472	1,699	472
Scholarships and prizes		3,958	4,007	3,998	4,085
Services		2,908	2,842	2,932	2,077
Sponsorships		1,998	1,672	2,048	1,747
Other		5,249	5,964	5,308	5,870
Total other revenue		**25,149**	**21,973**	**33,098**	**28,600**
Other income					
Hire and rental		20,183	19,656	22,197	21,156
Contributions for salary from other entities		696	762	899	865
Sale of goods		376	583	493	937
Total other income		**21,255**	**21,001**	**23,589**	**22,958**
Total other revenue and income		**46,404**	**42,974**	**56,687**	**51,558**
(a) Net foreign exchange gain/(loss)					
Net foreign exchange gains included in other income for the year		(898)	(178)	(817)	(253)
Net foreign exchange gains/losses recognised in operating result before income tax for the year (as either other revenue or expense)		(898)	(178)	(817)	(253)

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
3. EXPENSES FROM CONTINUING OPERATIONS					
3.1 Employee related expenses					
Academic					
Salaries		199,061	180,563	180,705	164,759
Contributions to superannuation and pension schemes					
> Contributions to funded schemes		30,042	26,769	28,335	25,221
> Contributions to unfunded schemes		–	–	–	–
Payroll tax		13,121	11,647	11,866	10,535
Workers' compensation		478	580	403	524
Long service leave expense		6,355	5,485	5,896	5,223
Annual leave		12,134	12,918	11,997	11,448
Total academic		**261,191**	**237,962**	**239,202**	**217,710**
Non-academic					
Salaries		188,579	168,470	169,292	150,634
Contributions to superannuation and pension schemes					
> Contributions to funded schemes		27,210	24,989	25,677	23,707
> Contributions to unfunded schemes		–	–	–	–
Payroll tax		12,097	10,644	11,171	9,918
Workers' compensation		440	540	365	497
Long service leave expense		5,743	4,868	5,368	4,648
Annual leave		12,687	12,366	12,403	11,255
Other		–	–	–	–
Total non-academic		**246,756**	**221,877**	**224,276**	**200,659**
Total employee related expenses		**507,947**	**459,839**	**463,478**	**418,369**
Deferred superannuation expense	25	58	–	58	–
Total employee related expenses, including deferred government employee benefits for superannuation		**508,005**	**459,839**	**463,536**	**418,369**
3.2 Depreciation and amortisation					
Depreciation property, plant and equipment					
Buildings		24,437	24,606	24,437	24,606
Infrastructure		21,921	22,213	21,921	22,213
Equipment		20,497	16,786	16,953	14,115
Library collection		2,003	2,146	2,003	2,146
Motor vehicles		238	202	155	145
Total depreciation property, plant and equipment		69,096	65,953	65,469	63,225
Amortisation property, plant and equipment					
Leasehold improvements		598	195	598	195
Plant and equipment under finance leases		3,970	3,711	3,961	3,685
Total amortisation property, plant and equipment		4,568	3,906	4,559	3,880
Total depreciation and amortisation property, plant and equipment		**73,664**	**69,859**	**70,028**	**67,105**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
Amortisation intangibles					
Software		7,259	7,393	6,569	6,641
Licences perpetual		141	71	141	71
Patents and trademarks		628	561	–	–
Total amortisation intangibles		8,028	8,025	6,710	6,712
Total depreciation and amortisation		**81,692**	**77,884**	**76,738**	**73,817**
3.3 Repairs and maintenance					
Buildings		10,869	12,267	10,869	12,267
Plant and equipment		3,468	3,439	3,128	3,123
Total repairs and maintenance		**14,337**	**15,706**	**13,997**	**15,390**
3.4 Impairment of assets					
Bad debts		195	159	117	139
Increase/(decrease) in provision for doubtful debts		313	388	197	322
Impairment of financial assets		–	–	–	–
Impairment of intangible assets		–	–	–	–
Total impairment of assets		**508**	**547**	**314**	**461**
3.5 Other expenses					
Advertising, marketing and promotional expenses		9,801	8,696	6,277	5,216
Building rent and rates		9,895	9,248	3,097	3,220
Cleaning		9,312	9,336	8,790	8,933
Consultancy		19,337	20,677	16,186	16,403
Contributions other		9,399	8,860	9,864	9,529
Contributions research		6,562	5,816	6,562	5,816
Entertainment		5,632	5,554	5,288	5,298
Fees and subscriptions		45,425	38,174	53,567	42,121
Heating and lighting		7,333	8,604	6,952	8,250
Insurance		3,212	3,054	3,050	2,898
Laboratory supplies		4,482	3,809	4,482	3,809
Software maintenance		10,094	10,137	8,788	8,740
Minimum lease payments on operating lease rental expenses		1,866	2,096	1,686	2,082
Non-capitalised equipment		6,580	5,541	6,457	5,352
Other expenses		10,594	8,320	10,146	8,342
Postage		533	462	291	291
Printing		1,383	1,540	804	1,119
Scholarships, grants and prizes		30,370	26,564	29,288	25,742
Security contract staff		5,900	6,022	5,285	5,663
Stationery		1,349	1,375	1,345	1,367
Telecommunications		3,339	2,957	2,803	2,472
Travel and related staff development and training		20,398	18,422	17,675	15,889
Tuition fees		23,227	17,593	14,741	10,959
Total other expenses		**246,023**	**222,857**	**223,424**	**199,511**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
4. BORROWING COSTS					
Interest		12,391	12,734	12,391	12,734
Finance charges in respect of finance leases		359	327	308	296
		12,750	13,061	12,699	13,030
Less: amount capitalised		(448)	–	(448)	–
Total borrowing costs expensed		**12,302**	**13,061**	**12,251**	**13,030**
5. SALES OF ASSETS					
Proceeds from sale					
Property, plant and equipment		116	151	116	84
Carrying amount of assets sold					
Property, plant and equipment		570	438	91	332
Total carrying amount of assets		570	438	91	332
Net gain or (loss) on sale of assets		**(454)**	**(287)**	**25**	**(248)**
(a) Net gain on disposal of property, plant and equipment					
The consolidated net loss on disposal of property, plant and equipment in 2016 includes a loss of $5 (2015 $0) on disposal of buildings.					
6. INCOME TAX		108	41	–	–
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 (appointed December 2016)
Professor Vicki Sara, AO (ceased February 2016)
Professor Sally Varnham
Mr Michael G Sexton, SC (ceased October 2016)
Ms Michelene Collopy
Mr Tony Tobin
Mr Daniel Willis
Professor Attila Brungs
Mr Robert Kelly
Mr Brian Wilson
Mr Bikay Sapkota (appointed November 2016)
Professor Anthony Dooley (appointed November 2016)
Dr Ron Sandland, AM
Mr Russell Taylor, AM
Mr Peter Bennett
Professor Andrew Jakubowicz (ceased October 2016)
Mr Abhishek Loumish (ceased February 2016)
Mr Aaron Ngan (ceased October 2016)
Dr Merilyn Sleigh
Associate Professor Joanne Gray
Dr John Laker, AO
Mr Michael Rosser (appointed November 2016)

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

7. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Insearch Limited

Mr Jonathan Hutchison, AM

Professor William Purcell

Mr Peter Bennett

Professor Attila Brungs

Ms Anne Dwyer

Ms Dianne Hill

Professor Ross Milbourne, AO (appointed March 2016)

Professor Mary Spongberg

accessUTS Pty Limited

Mr Jeffrey Francis (ceased February 2016)

Mr Blair McRae

Professor John Daly

Professor David Robson

Associate Professor Paul Jonson

Ms Dianne Hill

UTS Global Pty Limited

Mr Patrick Woods

Professor William Purcell

Professor Roy Green

Piivot Pty Ltd

Mr Patrick Woods

Ms Catherine Meagher

Mr Mark Leigh (alternate director appointed October 2016)

(b) Other key management personnel

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

University

Professor Peter Booth

Ms Anne Dwyer

Professor Shirley Alexander

Professor Attila Brungs

Professor William Purcell

Mr Patrick Woods

Professor Glen Wightwick

INSEARCH Limited

Mr Timothy Laurence

Ms Belinda Howell

Mr Alex Murphy

Mr Peter Harris

Ms Carol Churches

Mr Nathan Patrick

Ms S Chatterjee

accessUTS Pty Limited

Mr Blair McRae

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Economic entity (Consolidated)		Parent entity (University)	
	2016	2015	2016	2015
7. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)				
(c) Remuneration of board members and executives				
The university's 17 responsible persons do not receive any remuneration in respect of their work as members of Council.				
Remuneration of board members				
$0 to $9,999	–	2	–	–
$60,000 to $69,999	3	3	–	–
$80,000 to $89,999	1	1	–	–
	4	6	–	–
Remuneration of executive officers				
$100,000 to $109,999	1	–	–	–
$260,000 to $269,999	–	1	–	–
$270,000 to $279,999	1	–	–	–
$300,000 to $309,999	1	1	–	–
$330,000 to $339,999	1	2	–	–
$340,000 to $349,999	1	–	–	–
$350,000 to $359,999	1	1	–	–
$420,000 to $429,999	–	1	–	–
$440,000 to $449,999	1	–	–	–
$460,000 to $469,999	–	1	–	1
$480,000 to $489,999	2	1	2	1
$500,000 to $509,999	1	–	1	–
$510,000 to $519,999	–	1	–	1
$570,000 to $579,999	1	1	1	1
$590,000 to $599,999	1	1	1	1
$610,000 to $619,999	1	–	1	–
$630,000 to $639,999	–	1	–	1
$720,000 to $729,999	–	1	–	1
$980,000 to $989,999	1	–	1	–
	14	13	7	7
Key management personnel compensation				
Short-term employee benefits	6,712,840	6,279,830	4,256,840	3,988,830
Post-employment benefits	–	–	–	–
	6,712,840	6,279,830	4,256,840	3,988,830

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Economic entity (Consolidated)		Parent entity (University)	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
8. REMUNERATION OF AUDITORS				
Fees paid to Audit Office of New South Wales for audit and review of financial statements	392	391	255	252
Fees paid to non-audit firms for the audit or review of financial statements of any entity in the consolidated group	146	229	–	–
Total remuneration for audit services	**538**	**620**	**255**	**252**
9. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	12,116	16,943	870	2,466
Short-term deposits at call	68,081	70,624	63,605	63,870
Fixed-term deposits	110,000	103,000	50,000	50,000
Total cash and cash equivalents	**190,197**	**190,567**	**114,475**	**116,336**
(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	190,197	190,567	114,475	116,336
> less: bank overdrafts	–	–	–	–
Balance as per statement of cash flows	**190,197**	**190,567**	**114,475**	**116,336**

(b) Cash at bank and on hand

Cash at bank are interest bearing with interest rates ranging between 0.1% and 1.4%. Cash on hand are non-interest bearing.

(c) Short-term deposits at call and term deposits

The deposits at call are bearing floating interest rates between 0% and 2.00% (2015: 1% and 3.19%). Term deposits are interest bearing with rates ranging between 1.50% and 2.72%. Term deposits are able to be recalled by providing 31 days notice.

	Economic entity 2016 $'000	Economic entity 2015 $'000	Parent entity 2016 $'000	Parent entity 2015 $'000
10. RECEIVABLES				
Current				
Trade debtors — other	21,341	17,257	18,064	14,431
> less: provision for impaired receivables	(326)	(358)	(315)	(354)
	21,015	16,899	17,749	14,077
Trade debtors — student	2,260	2,642	2,073	1,551
> less: provision for impaired receivables	(861)	(582)	(756)	(520)
	1,399	2,060	1,317	1,031
	22,414	18,959	19,066	15,108
Amounts receivable from wholly owned subsidiaries				
> Insearch Limited	–	–	511	8
> accessUTS Pty Limited	–	–	1,115	1,507
> UTS Global Pty Ltd	–	–	26	7
> Piivot Pty Ltd	–	–	404	300
Amounts receivable from related entities				
> Sydney Educational Broadcasting Limited	645	493	645	493
Total current receivables	**23,059**	**19,452**	**21,767**	**17,423**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Economic entity (Consolidated)		Parent entity (University)	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
10. RECEIVABLES (CONTINUED)				
Non-current				
Deferred government contribution for superannuation	601,629	617,375	601,629	617,375
Trade debtors — other	–	–	–	–
Total non-current receivables	601,629	617,375	601,629	617,375
Total trade and other receivables	**624,688**	**636,827**	**623,396**	**634,798**

As at 31 December 2016, receivables of $22,347,000 (2015: $19,017,000) were past due but not impaired. These relate to student and customers where payment is anticipated and there is no recent history of default.

The ageing of these receivables is as follows:

	2016 $'000	2015 $'000	2016 $'000	2015 $'000
0 to 6 months	20,598	18,196	21,055	16,988
6 to 12 months	1,749	2	–	–
Over 12 months	–	819	–	–
Total unimpaired receivables	22,347	19,017	21,055	16,988

(a) Impaired receivables

As at 31 December 2016 current receivables of the group with a nominal value of $1,899,000 (2015: $1,375,000) were impaired. The amount of the provision was $1,187,000 (2015: $940,000). The nominal impaired receivables includes a 100% provision for $594,000. It is anticipated that a portion of the impaired receivables will be recovered. The impaired receivables for the parent entity are $1,783,000 (2015: $1,309,000) with the amount of the provision being $1,071,000 (2015: $874,000)

The ageing of these receivables is as follows:

	2016 $'000	2015 $'000	2016 $'000	2015 $'000
0 to 6 months	273	649	178	623
6 to 12 months	1,449	507	1,428	471
Over 12 months	177	219	177	215
Total current impaired receivables	1,899	1,375	1,783	1,309

Movements in the provision for impaired receivables are as follows:

	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 January	940	655	874	552
Provision for impairment recognised during the year	508	547	314	461
Receivables written off during the year as uncollectible	(195)	(159)	(117)	(139)
Unused amounts reversed	(66)	(103)	–	–
At 31 December	1,187	940	1,071	874

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

		Economic entity (Consolidated)		Parent entity (University)	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
(b) Foreign exchange and interest rate risk					
The carrying amounts of the group's and parent entity's current and non-current receivables are denominated in the following currencies:					
Currency:					
> AUD		622,288	633,621	620,880	632,126
> CNY		3,192	4,020	3,192	3,420
> KRW		–	–	–	–
> GBP		21	16	21	16
> EUR		9	30	9	30
> USD		189	80	189	80
> NZD		13	–	13	–
> HKD		163	–	163	–
> SAR		–	–	–	–
		625,875	637,767	624,467	635,672
Current receivables		24,246	20,392	22,838	18,297
Non-current receivables		601,629	617,375	601,629	617,375
		625,875	637,767	624,467	635,672

11. OTHER FINANCIAL ASSETS

		2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current					
Other financial assets at fair value through profit or loss					
Managed funds — New South Wales Treasury Corporation	34(d)	12,238	11,442	12,238	11,442
Total current other financial assets at fair value through profit or loss		12,238	11,442	12,238	11,442
Total current other financial assets		**12,238**	**11,442**	**12,238**	**11,442**
Non-current					
Available-for-sale financial assets					
Australian listed equity securities		–	–	–	–
Unlisted shares		11,027	9,198	11,027	9,198
Total non-current available-for-sale financial assets		**11,027**	**9,198**	**11,027**	**9,198**
Other financial assets at cost					
Shares in subsidiaries		–	–	185	185
Shares in other entities		677	677	677	677
Interest in joint venture partnerships and investment in associates		–	–	3,830	3,712
Other unlisted securities — security deposits		92	58	–	–
Total non-current other financial assets at cost		**769**	**735**	**4,692**	**4,574**
Total non-current other financial assets		**11,796**	**9,933**	**15,719**	**13,772**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

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

(a) Investments in related parties

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

(b) Fair value

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

(c) Risk exposure

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

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

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
12. OTHER NON-FINANCIAL ASSETS					
Current					
Accrued income		3,102	1,495	2,928	1,140
Prepayments		17,391	16,228	12,292	12,055
Total current other non-financial assets		20,493	17,723	15,220	13,195
Non-current					
Prepayments		874	570	874	570
Prepaid rent		6,744	–	6,744	–
Total non-current other non-financial assets		7,618	570	7,618	570
Total other non-financial assets		**28,111**	**18,293**	**22,838**	**13,765**
13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE					
Current					
Land		–	–	–	–
Buildings and infrastructure		–	–	–	–
Motor vehicles		–	–	–	–
Total non-current assets classified as held for sale		**–**	**–**	**–**	**–**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	2015 $'000	Parent entity (University) 2016 $'000	2015 $'000
14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Investments in associates		1,613	5,795	–	–
Investments in joint ventures		3,585	3,527	–	–
Total investments accounted for using the equity method		**5,198**	**9,322**	**–**	**–**
(a) Reconciliation					
Balance at 1 January		9,322	8,000	–	–
Share of profit/(loss) for the year		(3,731)	1,896	–	–
Dividends		(555)	(819)	–	–
Foreign currency translation		(21)	69	–	–
Additional equity income		65	71	–	–
Add additional shares in associate		118	–	–	–
Disposal of joint venture		–	(675)	–	–
Joint venture reclassified		–	780	–	–
Balance at 31 December		**5,198**	**9,322**	**–**	**–**

1. Cicada Innovations Pty Ltd (formerly Australian Technology Park Innovation Proprietory Limited (ATPI)) has a reporting date of 30 June 2016. The university has relied on the statutory accounts to the 30 June 2016 for Cicada Innovations Pty Ltd.
2. Cicada Innovations Pty Ltd results included a correction of a prior period error of $15.6m (UTS share $3.9m) due to the reversal of a previously recognised fair value revaluation on an investment property which was leased by Cicada Innovations Pty Ltd. The university has recognised this loss during the 2016 financial year as the amount is deemed not material for the economic entity.
3. 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, when completed, will be owned by the SCG Trust and, in recognition of receipt of the building, the SCG Trust will provide leased premises within the building to the university at reduced rates for a minimum of 25 years.
4. Sabre Autonomous Solutions Pty Ltd has a reporting date of 30 June 2016. The university has relied on the statutory accounts to the 30 June 2016 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) 2016 $'000	2015 $'000	Parent entity (University) 2016 $'000	2015 $'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	(3,731)	1,896	–	–
Profit/(loss) from continuing operations after income tax	(3,731)	1,896	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	(3,731)	1,896	–	–
Total share of profit or loss on investments accounted for using the equity method	(3,731)	1,896	–	–

(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.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

15. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress $'000	Land $'000	Buildings $'000	Infrastructure $'000	Plant and equipment[1] $'000	Leasehold improvements $'000	Leased plant and equipment $'000	Library $'000	Other property, plant and equipment[2] $'000	Total $'000
Consolidated										
At 1 January 2015										
> cost	11,379	–	–	–	190,823	4,343	12,227	–	–	218,772
> valuation	–	396,856	1,212,719	519,155	–	–	–	106,600	2,530	2,237,860
Accumulated depreciation and impairment	–	–	(404,263)	(191,653)	(115,799)	(3,682)	(6,138)	(92,065)	–	(813,600)
Net book amount	11,379	396,856	808,456	327,502	75,024	661	6,089	14,535	2,530	1,643,032
Year ended 31 December 2015										
Opening net book amount	11,379	396,856	808,456	327,502	75,024	661	6,089	14,535	2,530	1,643,032
Revaluation surplus/(deficit)	–	47,960	(15,274)	5,329	–	–	–	–	–	38,015
Additions	9,485	331	30,450	13,440	33,604	453	4,503	1,710	–	93,976
Assets included in a disposal group classified as held for sale and other disposals	–	–	–	–	(295)	–	–	(40)	–	(335)
Depreciation charge	–	–	(24,606)	(22,213)	(16,988)	(195)	(3,711)	(2,146)	–	(69,859)
Closing net book amount	20,864	445,147	799,026	324,058	91,345	919	6,881	14,059	2,530	1,704,829
At 31 December 2015										
> cost	20,864	–	–	–	210,004	1,687	13,121	–	–	245,676
> valuation	–	445,147	1,244,709	531,656	–	–	–	108,114	2,530	2,332,156
Accumulated depreciation and impairment	–	–	(445,683)	(207,598)	(118,659)	(768)	(6,240)	(94,055)	–	(873,003)
Net book amount	20,864	445,147	799,026	324,058	91,345	919	6,881	14,059	2,530	1,704,829
Year ended 31 December 2016										
Opening net book amount	20,864	445,147	799,026	324,058	91,345	919	6,881	14,059	2,530	1,704,829
Revaluation surplus/(deficit)	–	67,258	44,300	11,751	–	–	–	–	98	123,407
Additions	27,887	73	29,560	11,973	41,697	335	5,294	1,452	197	118,468
Assets included in a disposal group classified as held for sale and other disposals	–	–	(3)	(2)	(428)	–	(5)	(2)	–	(440)
Depreciation charge	–	–	(24,437)	(21,921)	(20,735)	(598)	(3,970)	(2,003)	–	(73,664)
Closing net book amount	48,751	512,478	848,446	325,859	111,879	656	8,200	13,506	2,825	1,872,600
At 31 December 2016										
> cost	48,751	–	–	–	245,780	2,023	15,234	–	–	311,788
> valuation	–	512,478	1,226,798	509,523	–	–	–	109,548	2,825	2,361,172
Accumulated depreciation and impairment	–	–	(378,352)	(183,664)	(133,901)	(1,367)	(7,034)	(96,042)	–	(800,360)
Net book amount	**48,751**	**512,478**	**848,446**	**325,859**	**111,879**	**656**	**8,200**	**13,506**	**2,825**	**1,872,600**

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Construction in progress $'000	Land $'000	Buildings $'000	Infrastructure $'000	Plant and equipment[1] $'000	Leasehold improvements $'000	Leased plant and equipment $'000	Library $'000	Other property, plant and equipment[2] $'000	Total $'000
Parent entity										
At 1 January 2015										
> cost	9,462	–	–	–	164,863	4,343	11,202	–	–	189,870
> valuation	–	396,856	1,212,719	519,155	–	–	–	106,600	2,530	2,237,860
Accumulated depreciation and impairment	–	–	(404,263)	(191,653)	(96,532)	(3,682)	(5,150)	(92,065)	–	(793,345)
Net book amount	9,462	396,856	808,456	327,502	68,331	661	6,052	14,535	2,530	1,634,385
Year ended 31 December 2015										
Opening net book amount	9,462	396,856	808,456	327,502	68,331	661	6,052	14,535	2,530	1,634,385
Revaluation surplus/(deficit)	–	47,960	(15,274)	5,329	–	–	–	–	–	38,015
Additions	9,485	331	30,450	13,440	29,761	453	4,503	1,710	–	90,133
Assets included in a disposal group classified as held for sale and other disposals	–	–	–	–	(292)	–	–	(40)	–	(332)
Depreciation charge	–	–	(24,606)	(22,213)	(14,260)	(195)	(3,685)	(2,146)	–	(67,105)
Closing net book amount	18,947	445,147	799,026	324,058	83,540	919	6,870	14,059	2,530	1,695,096
At 31 December 2015										
> cost	18,947	–	–	–	180,204	1,687	12,096	–	–	212,934
> valuation	–	445,147	1,244,709	531,656	–	–	–	108,114	2,530	2,332,156
Accumulated depreciation and impairment	–	–	(445,683)	(207,598)	(96,664)	(768)	(5,226)	(94,055)	–	(849,994)
Net book amount	18,947	445,147	799,026	324,058	83,540	919	6,870	14,059	2,530	1,695,096
Year ended 31 December 2016										
Opening net book amount	18,947	445,147	799,026	324,058	83,540	919	6,870	14,059	2,530	1,695,096
Revaluation surplus/(deficit)	–	67,258	44,300	11,751	–	–	–	–	98	123,407
Additions	29,825	73	29,560	11,973	27,364	335	5,294	1,452	197	106,073
Assets included in a disposal group classified as held for sale and other disposals	–	–	(3)	(2)	(79)	–	(5)	(2)	–	(91)
Depreciation charge	–	–	(24,437)	(21,921)	(17,108)	(598)	(3,961)	(2,003)	–	(70,028)
Closing net book amount	48,772	512,478	848,446	325,859	93,717	656	8,198	13,506	2,825	1,854,457
At 31 December 2016										
> cost	48,772	–	–	–	201,996	2,023	14,209	–	–	267,000
> valuation	–	512,478	1,226,798	509,523	–	–	–	109,548	2,825	2,361,172
Accumulated depreciation and impairment	–	–	(378,352)	(183,664)	(108,279)	(1,367)	(6,011)	(96,042)	–	(773,715)
Net book amount	**48,772**	**512,478**	**848,446**	**325,859**	**93,717**	**656**	**8,198**	**13,506**	**2,825**	**1,854,457**

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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 2016 revaluations were based on independent assessments by Colliers International as at 31 December 2016. The revaluation surplus was credited/debited to the asset revaluation reserve in equity (note 22).
- The valuation basis of works of art is fair value based on an independent assessment by Colliers International as at 31 December 2016. The revaluation surplus was credited/debited to the asset revaluation reserve in equity (note 22).

(b) Non-current assets pledged as security

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

16. INTANGIBLE ASSETS

	Patents and trademarks $'000	Software $'000	Licences perpetual $'000	Goodwill $'000	Total $'000
Consolidated					
At 1 January 2015					
Cost	2,955	80,620	6,851	–	90,426
Accumulated amortisation and impairment	(1,153)	(61,073)	(665)	–	(62,891)
Net book amount	1,802	19,547	6,186	–	27,535
Year ended 31 December 2015					
Opening net book amount	1,802	19,547	6,186	–	27,535
Additions	736	7,618	560	–	8,914
Disposals	–	(103)	–	–	(103)
Impairment charge	–	–	–	–	–
Amortisation charge	(561)	(7,393)	(71)	–	(8,025)
Closing net book amount	1,977	19,669	6,675	–	28,321
At 31 December 2015					
Cost	3,691	87,810	7,411	–	98,912
Accumulated amortisation and impairment	(1,714)	(68,141)	(736)	–	(70,591)
Net book amount	1,977	19,669	6,675	–	28,321
Year ended 31 December 2016					
Opening net book amount	1,977	19,669	6,675	–	28,321
Additions	800	5,720	688	–	7,208
Disposals	–	(130)	–	–	(130)
Acquisition of subsidiary	–	–	–	–	–
Impairment charge	–	–	–	–	–
Amortisation charge	(628)	(7,259)	(141)	–	(8,028)
Closing net book amount	2,149	18,000	7,222	–	27,371
At 31 December 2016					
Cost	4,491	93,220	8,099	–	105,810
Accumulated amortisation and impairment	(2,342)	(75,220)	(877)	–	(78,439)
Net book amount	2,149	18,000	7,222	–	27,371
Closing net book amount	**2,149**	**18,000**	**7,222**	–	**27,371**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Patents and trademarks $'000	Software $'000	Licences perpetual $'000	Goodwill $'000	Total $'000
Parent entity					
At 1 January 2015					
Cost	–	69,776	6,851	–	76,627
Accumulated amortisation and impairment	–	(52,804)	(665)	–	(53,469)
Net book amount	–	16,972	6,186	–	23,158
Year ended 31 December 2015					
Opening net book amount	–	16,972	6,186	–	23,158
Additions	–	7,140	560	–	7,700
Disposals	–	–	–	–	–
Impairment charge	–	–	–	–	–
Amortisation charge	–	(6,641)	(71)	–	(6,712)
Closing net book amount	–	17,471	6,675	–	24,146
At 31 December 2015					
Cost	–	76,591	7,411	–	84,002
Accumulated amortisation and impairment	–	(59,120)	(736)	–	(59,856)
Net book amount	–	17,471	6,675	–	24,146
Year ended 31 December 2016					
Opening net book amount	–	17,471	6,675	–	24,146
Additions	–	5,720	688	–	6,408
Disposals	–	–	–	–	–
Acquisition of subsidiary	–	–	–	–	–
Impairment charge	–	–	–	–	–
Amortisation charge	–	(6,569)	(141)	–	(6,710)
Closing net book amount	–	16,622	7,222	–	23,844
At 31 December 2016					
Cost	–	82,131	8,099	–	90,230
Accumulated amortisation and impairment	–	(65,509)	(877)	–	(66,386)
Net book amount	–	16,622	7,222	–	23,844
Closing net book amount	–	**16,622**	**7,222**	–	**23,844**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
17. TRADE AND OTHER PAYABLES					
Current					
HELP liability to Australian Government		3,505	4,077	3,505	4,077
Deputy Commissioner of Taxation — PAYG		3,927	4,083	3,927	4,083
Office of State Revenue — payroll tax		2,852	2,468	2,852	2,468
Trade creditors and accruals		29,005	29,318	27,363	23,783
Capital accruals		5,093	882	5,093	882
Other payroll accruals		7,451	9,904	7,392	9,904
Other		3,945	4,319	3,548	4,155
Total trade and other payables		**55,778**	**55,051**	**53,680**	**49,352**
(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		54,394	53,935	52,357	48,306
> CAD		2	–	2	–
> CNY		–	11	–	–
> SEK		5	–	5	–
> EUR		80	197	80	197
> GBP		440	53	440	53
> JPY		3	–	3	–
> NZD		–	1	–	1
> INR		25	87	25	28
> IDR		61	–	–	–
> USD		764	751	764	751
> CHF		–	9	–	9
> SGD		3	7	3	7
> DKK		1	–	1	–
		55,778	55,051	53,680	49,352

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
18. BORROWINGS					
Current					
Finance lease liabilities	23	3,914	3,419	3,914	3,409
Hire purchase liabilities		382	403	382	403
Unsecured non-bank loans		–	40,000	–	40,000
Total current borrowings		4,296	43,822	4,296	43,812
Non-current					
Finance lease liabilities	23	4,428	3,603	4,428	3,603
Hire purchase liabilities		–	341	–	341
Unsecured bank loans		199,935	199,869	199,935	199,869
Unsecured non-bank loans		–	–	–	–
Total non-current borrowings		204,363	203,813	204,363	203,813
Total borrowings		**208,659**	**247,635**	**208,659**	**247,625**
Current					
Interest bearing borrowings		4,296	43,822	4,296	43,812
Non-current					
Interest bearing borrowings		204,363	203,813	204,363	203,813
Total borrowings		**208,659**	**247,635**	**208,659**	**247,625**
(a) Assets pledged as security					
Non-current					
Finance lease					
Plant and equipment	15	15,234	13,121	14,209	12,096
Total non-current assets pledged as security		**15,234**	**13,121**	**14,209**	**12,096**
(b) Financing arrangements					
Unrestricted access was available at balance date to the following lines of credit:					
Loan facilities					
Total facilities		300,000	340,000	300,000	340,000
Used at balance date		200,000	240,000	200,000	240,000
Unused at balance date		100,000	100,000	100,000	100,000
Borrowing commitments					
Within one year		–	40,000	–	40,000
Later than one year but not later than five years		200,000	200,000	200,000	200,000
Later than five years		–	–	–	–
Total borrowing commitments		**200,000**	**240,000**	**200,000**	**240,000**

(c) Interest rate risk exposures

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

(d) Fair value disclosures

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

18. BORROWINGS (CONTINUED)

(e) Borrowing classes and conditions

The university's borrowings comprise a revolving debt facility ($300 million) and lease liabilities. Details of the borrowings are listed in note 34.

The NAB revolving debt facility has certain conditions that 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 consent

> not to lessen the NAB'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.

(f) Risk exposure

At 31 December 2016, 100 per cent of the group's borrowings, which have been drawn down, are at a fixed rate of interest or covered by interest rate swap derivatives. 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	2016 $'000	2015 $'000	2016 $'000	2015 $'000
19. PROVISIONS					
Current provisions expected to be settled wholly within 12 months					
Employee benefits					
> annual leave	1 (v)/ 1(w)	23,370	23,931	20,925	21,556
> long service leave	1 (v)/ 1(w)	8,307	6,085	8,157	5,945
Subtotal		31,677	30,016	29,082	27,501
Make good provision		290	150	290	150
Total current provisions expected to be settled within 12 months		31,967	30,166	29,372	27,651
Current provisions expected to be settled wholly after more than 12 months					
Employee benefits					
> annual leave	1 (v)/ 1(w)	12,908	7,997	13,267	8,551
> long service leave	1 (v)/ 1(w)	56,231	57,644	54,907	56,558
Subtotal		69,139	65,641	68,174	65,109
Total current provisions		101,106	95,807	97,546	92,760
Non-current					
Employee benefits					
> long service leave	1 (v)/ 1(w)	23,835	19,734	21,249	18,488
> defined benefit obligation		602,818	618,383	602,818	618,383
Subtotal		626,653	638,117	624,067	636,871
Make good provision		3,486	1,134	–	–
Total non-current provisions		630,139	639,251	624,067	636,871
Total provisions		**731,245**	**735,058**	**721,613**	**729,631**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(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 2016		
Carrying amount at start of year	1,284	1,284
Additional provisions recognised	2,492	2,492
Amounts used	–	–
Unused amounts reversed	–	–
Carrying amount at end of year	3,776	3,776
Parent 2016		
Carrying amount at start of year	150	150
Additional provisions recognised	140	140
Amounts used	–	–
Unused amounts reversed	–	–
Carrying amount at end of year	290	290

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
20. OTHER FINANCIAL LIABILITIES					
Current					
Interest rate swaps on National Australia Bank loans	34	2,985	2,417	2,985	2,417
Foreign exchange forward contracts	34	–	231	–	231
Total current other financial liabilities		**2,985**	**2,648**	**2,985**	**2,648**
Non-current					
Interest rate swaps on National Australia Bank loans	34	2,148	5,068	2,148	5,068
Total non-current other financial liabilities		**2,148**	**5,068**	**2,148**	**5,068**
21. OTHER LIABILITIES					
Current					
Australian government unspent financial assistance		108	1,635	108	1,635
Prepaid student fees		50,913	38,713	22,980	15,817
Other		3,214	6,096	1,940	1,723
Total current other liabilities		54,235	46,444	25,028	19,175
Total other liabilities		**54,235**	**46,444**	**25,028**	**19,175**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
22. RESERVES AND RETAINED EARNINGS					
(a) Reserves comprise					
Property, plant and equipment revaluation reserve					
> freehold land		479,713	412,455	479,713	412,455
> buildings		78,472	34,172	78,472	34,172
> building infrastructure		193,870	182,119	193,870	182,119
> artworks		1,597	1,499	1,597	1,499
> library		116	116	116	116
> other assets		1	1	1	1
Available for sale investments revaluation reserve		11,017	9,188	11,017	9,188
Cash flow hedge reserve		(5,133)	(7,485)	(5,133)	(7,485)
Foreign currency translation reserve		(680)	(644)	–	–
Total reserves		**758,973**	**631,421**	**759,653**	**632,065**
(b) Movements in reserves					
Property, plant and equipment revaluation reserve					
Balance 1 January		630,362	592,347	630,362	592,347
Increase/(decrease) revaluation	15	123,407	38,015	123,407	38,015
Transfer of reserve to retained earnings		–	–	–	–
Balance 31 December		753,769	630,362	753,769	630,362
Available-for-sale investments revaluation reserve					
Balance 1 January		9,188	4,843	9,188	4,843
Increase/(decrease) revaluation		1,829	4,345	1,829	4,345
Balance 31 December		11,017	9,188	11,017	9,188
Cash flow hedge reserve					
Balance 1 January		(7,485)	(8,822)	(7,485)	(8,822)
Increase/(decrease) revaluation		2,352	1,337	2,352	1,337
Balance 31 December		(5,133)	(7,485)	(5,133)	(7,485)
Foreign currency translation reserve					
Balance 1 January		(644)	(735)	–	–
Net exchange differences on translation of foreign controlled entity		(36)	91	–	–
Balance 31 December		(680)	(644)	–	–
Total reserves		**758,973**	**631,421**	**759,653**	**632,065**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
(c) Nature and purpose of reserves					
Property, plant and equipment revaluation reserve refer note 1(p) for details of nature and purpose of reserve.					
Available-for-sale investments revaluation reserve refer note 1(m)(ii) for details of nature and purpose of reserve.					
Cash flow hedge reserve refer note 1(n)(i) for details of nature and purpose of reserve.					
Foreign currency translation reserve refer note 1(c)(iii) for details of nature and purpose of reserve.					
(d) Retained earnings					
Movements in retained earnings were as follows:					
> retained earnings at 1 January		886,209	850,226	823,791	793,784
> net result for the period		72,149	36,991	69,592	31,015
> net actuarial gains (losses) recognised in respect of defined benefit plans		(182)	(1,008)	(182)	(1,008)
Retained earnings at 31 December		**958,176**	**886,209**	**893,201**	**823,791**

23. COMMITMENTS

		Economic entity (Consolidated)		Parent entity (University)	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'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		95,659	40,314	95,659	34,615
> later than one year		–	27,500	–	27,500
Plant and equipment					
> within one year		3,745	2,444	3,745	2,444
Intangible assets					
> within one year		742	825	742	825
Total capital commitments		**100,146**	**71,083**	**100,146**	**65,384**
(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		10,840	8,946	1,692	1,174
> between one and five years		18,980	12,892	2,417	693
> later than five years		1,612	918	897	918
		31,432	22,756	5,006	2,785
Motor vehicles					
> within one year		16	23	16	23
> between one and five years		4	–	4	–
		20	23	20	23
Equipment					
> within one year		11	35	11	35
> between one and five years		6	9	6	9
		17	44	17	44
Total future minimum lease payments		**31,469**	**22,823**	**5,043**	**2,852**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Economic entity (Consolidated) 2016 $'000	Economic entity (Consolidated) 2015 $'000	Parent entity (University) 2016 $'000	Parent entity (University) 2015 $'000
23. COMMITMENTS (CONTINUED)					
Finance leases					
The University of Technology Sydney leases various plant and equipment with a carrying amount of $8,199,643 (2015: $6,870,923) under finance leases expiring within one to five years.					
Commitments for minimum lease payments in relation to finance leases are payable as follows:					
Equipment					
> within one year		4,185	3,663	4,185	3,653
> between one and five years		4,608	3,771	4,608	3,771
Total future minimum finance lease payments		8,793	7,434	8,793	7,424
Future finance charges		(451)	(412)	(451)	(412)
Recognised as finance lease liabilities		8,342	7,022	8,342	7,012
Representing lease liabilities					
> current liability	18	3,914	3,419	3,914	3,409
> non-current liability	18	4,428	3,603	4,428	3,603
		8,342	7,022	8,342	7,012

The weighted average interest rate implicit in the leases is 4.25% (2015: 4.63%).

Commitments for expenditure are recorded on a GST inclusive basis except for finance leases which are recorded on a GST exclusive basis. The potential GST credit on the above commitments is $11,965,000 (2015 $8,537,000) for the economic entity and $9,563,000 (2015: $6,203,000) for the parent entity.

	Economic entity 2016 $'000	Economic entity 2015 $'000	Parent entity 2016 $'000	Parent entity 2015 $'000
24. NON-CASH FINANCING AND INVESTING ACTIVITIES				
Acquisition of plant and equipment by means of finance leases	5,294	4,503	5,294	4,503

25. DEFINED BENEFITS PLANS

During the 2015 accounting period, the university contributed to the following superannuation schemes:

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

State Authorities Superannuation Trustee Corporation

The state schemes are administered by the State Authorities Superannuation Trustee Corporation (STC). The university maintains a reserve account within the STC to assist in financing the employer contributions to the state schemes. The 2016 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.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

Description of the regulatory framework

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

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

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

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

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

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

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

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

Description of risks

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

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

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

Description of significant events

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

Expected contributions

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

	SASS		SANCS		SSS		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Expected employer contributions	571,565	475,986	164,997	138,513	453,267	393,559	1,189,829	1,008,058

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 11.4 years (2015: 11.7 years).

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

25. DEFINED BENEFITS PLANS (CONTINUED)

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 2016*	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	2,229,552	1,900,293	329,259	–
Australian fixed interest	2,166,439	(22,099)	2,188,538	–
International fixed interest	734,274	28	734,246	–
Australian equities	9,637,532	9,158,485	479,024	23
International equities	12,111,062	8,529,666	2,556,171	1,025,225
Property	3,517,903	926,206	592,386	1,999,311
Alternatives	8,600,716	347,149	4,487,130	3,766,437
Total	38,997,478	20,839,728	11,366,754	6,790,996

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

	30 November 2016*	30 November 2015
	%	%
Asset category		
Short-term securities	5.70	7.50
Australian fixed interest	5.60	6.70
International fixed interest	1.90	2.10
Australian equities	24.70	24.00
International equities	31.10	31.40
Property	9.00	8.70
Alternatives	22.00	19.60
Total	100.00	100.00

* Actual asset allocation as at 31 December 2016 is not available as advised by the actuary therefore 30 November 2016 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 2016
Discount rate	2.78% pa
Salary increase rate (excluding promotional increases)	2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2015 actuarial investigation of the pooled fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

Actuarial assumptions and sensitivity

The entity's total defined benefit obligation as at 31 December 2016 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 2016.

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	2.78%	1.78%	3.78%	2.78%	2.78%	2.78%	2.78%
Rate of CPI increase	as above	as above	as above	as above rates plus 0.5% 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	660,311,378	740,196,897	593,812,966	695,992,073	627,414,140	661,896,751	658,776,343

		Scenario G	Scenario H
	Base case	lower mortality[1]	higher mortality[2]
Defined benefit obligation	660,311,378	668,086,434	653,263,917

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

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

(b) Balance sheet amounts

Present value obligations

	SASS		SANCS		SSS		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Opening defined benefit obligation	48,411,385	49,859,613	9,453,121	9,880,611	631,525,407	623,098,180	689,389,913	682,838,404
Current service cost	1,581,091	1,677,820	340,896	371,075	814,279	923,394	2,736,266	2,972,289
Past service cost	–	–	–	–	–	–	–	–
Interest expense/(income)	1,319,880	1,313,120	253,405	264,346	17,868,097	17,244,978	19,441,382	18,822,444
	51,312,356	52,850,553	10,047,422	10,516,032	650,207,783	641,266,552	711,567,561	704,633,137
Remeasurements								
Return on plan assets, excluding amounts included in interest expense	–	–	–	–	–	–	–	–
Actuarial losses/(gains) arising from changes in demographic assumptions	–	1,054,807	–	(174,214)	–	19,580,290	–	20,460,883
Actuarial losses/(gains) arising from changes in financial assumptions	176,918	(6,714)	46,840	4,989	1,856,142	(5,517,829)	2,079,900	(5,519,554)
Actuarial losses/(gains) arising from liability experience	1,700,160	(79,845)	219,867	(2,328)	(16,926,530)	550,737	(15,006,503)	468,564
	1,877,078	968,248	266,707	(171,553)	(15,070,388)	14,613,198	(12,926,603)	15,409,893
Contributions								
Employers	–	–	–	–	–	–	–	–
Plan participants	653,561	625,727	–	–	385,992	425,539	1,039,553	1,051,266
	653,561	625,727	–	–	385,992	425,539	1,039,553	1,051,266
Exchange differences on foreign plans	–	–	–	–			–	–
Taxes, premiums and expenses paid	(220,042)	(101,161)	155,950	(97,813)	1,393,529	2,279,764	1,329,437	2,080,790

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	SASS		SANCS		SSS		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
25. DEFINED BENEFITS PLANS (CONTINUED)								
Payments from plan								
Benefits paid	(11,395,562)	(5,931,982)	(1,997,186)	(793,545)	(27,305,822)	(27,059,646)	(40,698,570)	(33,785,173)
Settlements	–	–	–	–	–	–	–	–
	(11,395,562)	(5,931,982)	(1,997,186)	(793,545)	(27,305,822)	(27,059,646)	(40,698,570)	(33,785,173)
Liabilities from business combination	–	–	–	–	–	–	–	–
Closing defined benefit obligation	42,227,391	48,411,385	8,472,893	9,453,121	609,611,094	631,525,407	660,311,378	689,389,913
Present value of plan assets								
Opening fair value of plan assets	37,396,463	39,788,371	1,544,777	2,021,126	32,065,744	54,216,115	71,006,984	96,025,612
Current service cost	–	–	–	–	–	–	–	–
Past service cost	–	–	–	–	–	–	–	–
Interest income	1,017,471	1,046,196	29,063	46,766	783,280	1,150,528	1,829,814	2,243,490
	38,413,934	40,834,567	1,573,840	2,067,892	32,849,024	55,366,643	72,836,798	98,269,102
Remeasurements								
Actual return on fund assets less interest income	626,658	690,761	8,131	25,889	176,174	706,314	810,963	1,422,964
	626,658	690,761	8,131	25,889	176,174	706,314	810,963	1,422,964
Exchange differences on foreign plans	–	–	–	–	–	–	–	–
Contributions								
Employer	1,173,987	1,278,553	344,767	342,353	20,656,110	347,130	22,174,864	1,968,036
Plan participants	653,561	625,727	–	–	385,992	425,539	1,039,553	1,051,266
	1,827,548	1,904,280	344,767	342,353	21,042,102	772,669	23,214,417	3,019,302
Taxes, premiums and expenses paid	(220,043)	(101,161)	155,950	(97,813)	1,393,529	2,279,763	1,329,436	2,080,789
Payments from plan								
Benefits paid	(11,395,562)	(5,931,984)	(1,997,186)	(793,544)	(27,305,822)	(27,059,645)	(40,698,570)	(33,785,173)
Settlements	–	–	–	–	–	–	–	–
	(11,395,562)	(5,931,984)	(1,997,186)	(793,544)	(27,305,822)	(27,059,645)	(40,698,570)	(33,785,173)
Assets acquired in a business combination	–	–	–	–	–	–	–	–
Closing fair value of plans assets	29,252,535	37,396,463	85,502	1,544,777	28,155,007	32,065,744	57,493,044	71,006,984
Reconciliation of the net defined benefit liability/(asset)								
Net defined benefit liability/(asset) at start of year	11,014,922	10,071,242	7,908,344	7,859,485	599,459,663	568,882,065	618,382,929	586,812,792
Current service cost	1,581,091	1,677,820	340,896	371,075	814,279	923,394	2,736,266	2,972,289
Net interest on the net defined benefit liability/(asset)	302,410	266,925	224,342	217,579	17,084,817	16,094,451	17,611,569	16,578,955
Past service cost	–	–	–	–	–	–	–	–
(Gains)/losses arising from settlements	–	–	–	–	–	–	–	–

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	SASS		SANCS		SSS		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Reconciliation of the net defined benefit liability/(asset) (continued)								
Actual return on fund assets less interest income	(626,658)	(690,761)	(8,130)	(25,889)	(176,174)	(706,314)	(810,962)	(1,422,964)
Actuarial (gains)/losses arising from changes in demographic assumptions	–	1,054,807	–	(174,214)	–	19,580,290	–	20,460,883
Actuarial (gains)/losses arising from changes in financial assumptions	176,918	(6,714)	46,840	4,989	1,856,142	(5,517,829)	2,079,900	(5,519,554)
Actuarial (gains)/losses arising from liability experience	1,700,160	(79,845)	219,867	(2,328)	(16,926,530)	550,737	(15,006,503)	468,564
Adjustment for effect of asset ceiling	–	–	–	–	–	–	–	–
Employer contributions	(1,173,987)	(1,278,552)	(344,767)	(342,353)	(20,656,110)	(347,131)	(22,174,864)	(1,968,036)
Net defined benefit liability/(asset) at end of year note 19	12,974,856	11,014,922	8,387,392	7,908,344	581,456,087	599,459,663	602,818,335	618,382,929
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	10,538,936	10,071,242	7,769,831	7,859,485	599,066,104	568,882,065	617,374,871	586,812,792
Expected return on reimbursement rights	1,864,355	467,694	452,564	(89,654)	(18,063,284)	30,184,039	(15,746,365)	30,562,079
Closing value of reimbursement right	12,403,291	10,538,936	8,222,395	7,769,831	581,002,820	599,066,104	601,628,506	617,374,871
Net liability								
Defined benefit obligation	42,227,391	48,411,385	8,472,893	9,453,121	609,611,094	631,525,407	660,311,378	689,389,913
Fair value of plan assets	(29,252,535)	(37,396,463)	(85,502)	(1,544,777)	(28,155,007)	(32,065,744)	(57,493,044)	(71,006,984)
Net liability note 19	12,974,856	11,014,922	8,387,391	7,908,344	581,456,087	599,459,663	602,818,334	618,382,929
Reimbursement right note 10	12,403,291	10,538,936	8,222,395	7,769,831	581,002,820	599,066,104	601,628,506	617,374,871
Net liability/(asset) in balance sheet	571,565	475,986	164,996	138,513	453,267	393,559	1,189,828	1,008,058
Amounts recognised in the statement of financial position								
Liabilities								
Provision for deferred government benefits for superannuation	12,974,856	11,014,922	8,387,391	7,908,344	581,456,087	599,459,663	602,818,334	618,382,929
Total liabilities recognised in statement of financial position	12,974,856	11,014,922	8,387,391	7,908,344	581,456,087	599,459,663	602,818,334	618,382,929
Assets								
Receivable for deferred government contribution for superannuation	12,403,291	10,538,936	8,222,395	7,769,831	581,002,820	599,066,104	601,628,506	617,374,871
Total assets recognised in statement of financial position	12,403,291	10,538,936	8,222,395	7,769,831	581,002,820	599,066,104	601,628,506	617,374,871
Net liability recognised in the statement of financial position	571,565	475,986	164,996	138,513	453,267	393,559	1,189,828	1,008,058

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	SASS		SANCS		SSS		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
25. DEFINED BENEFITS PLANS (CONTINUED)								
Amounts recognised in other statements								
Amounts recognised in the income statement — expense recognised								
Current service cost	1,581,091	1,677,820	340,896	371,075	814,279	923,394	2,736,266	2,972,289
Net interest	302,410	266,925	224,343	217,579	17,084,817	16,094,451	17,611,570	16,578,955
Expected return on plan assets	–	–	–	–	–	–	–	–
Past service costs	–	–	–	–	–	–	–	–
Losses/(gains) arising from curtailments or settlements	–	–	–	–	–	–	–	–
Expense/(income)	1,883,501	1,944,745	565,239	588,654	17,899,096	17,017,845	20,347,836	19,551,244
Other comprehensive income								
Actuarial losses/(gains) on liabilities	1,877,078	968,248	266,707	(171,553)	(15,070,388)	14,613,198	(12,926,603)	15,409,893
Actual return on fund assets less interest income	(626,658)	(690,761)	(8,130)	(25,889)	(176,174)	(706,314)	(810,962)	(1,422,964)
Recognised in other comprehensive income	1,250,420	277,487	258,577	(197,442)	(15,246,562)	13,906,884	(13,737,565)	13,986,929

UniSuper Management Limited

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

> The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under superannuation law but is considered to be a defined contribution plan under Accounting Standard AASB 119.

> During the 2006 year clause 34 of the UniSuper Trust Deed was amended which substantially transfers the actuarial risks from the employer to the employee. The amendment to the trust deed has resulted in the UniSuper defined benefit fund to be reclassified as a defined contribution fund for the purposes of AASB 119 *Employee Benefits*.

> As at 30 June 2016, the assets of the DBD in aggregate were estimated to be $2.252 million above vested benefits, after allowing for various reserves. The vested benefit index based on funding assumptions was 112.2 per cent. The vested benefits are benefits that 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 2016, the assets of the DBD in aggregate were estimated to be $3.757 million above accrued benefits, after allowing for various reserves. The accrued benefit index based on best estimate assumptions was 122.2 per cent. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners that arise from membership of UniSuper up to the reporting date.

> The vested benefit and accrued benefit liabilities were determined by the fund's actuary using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the DBD as at 1 July 2016. The financial assumptions used were:

	Vested benefits	Accrued benefits
	% pa	% pa
Gross of tax investment return — DBD pensions	5.30	6.90
Gross of tax investment return — commercial rate indexed pensions	3.70	3.70
Net of tax investment return — non-pensioner members	4.60	6.10
Consumer Price Index	2.50	2.50
Inflationary salary increases long term	3.50	3.50

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

> Clause 34 monitoring periods were initiated following the 30 June 2012 and 30 June 2013 actuarial investigations.

> Following the end of the monitoring period commencing on 30 June 2012, the fund's actuary advised that the trustee is not required to take any further action, and that monitoring period is now ceased.

> The monitoring period commencing on 30 June 2013 is still in place.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) Contingent assets

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

(b) Contingent liabilities

> Consequent upon the HIH Insurance Group being placed in provisional liquidation on 16 March 2001, the university may have an exposure to the non-settlement of potential public liability claims. The extent of any potential exposure cannot be estimated.

> The federal and New South Wales governments have signed a memorandum of understanding (MOU) for the financial assistance of unfunded superannuation liabilities of New South Wales universities. Although the agreement provides funding to NSW universities for their liability in relation to the unfunded defined benefit plans any deemed liability resulting from payment of excess salaries (as defined in the MOU) is not covered under the agreement and therefore the liability remains with the university. To date an amount of $58,000 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 $1.19m, which has been recognised in the statement of other comprehensive income.

> There are ongoing legal matters where it is still not practical to estimate the potential effect of these matters but, legal advice indicates, based on current information, that any liabilities that may arise in the event that the claims are successful are unlikely to be significant in the context of the university's business.

> The university has provided a financial guarantee for the Insearch Limited lease on 645 Harris St, Ultimo. The university does not expect a financial obligation to arise from this guarantee.

The university is not aware of any other contingent liabilities.

27. ECONOMIC DEPENDENCY

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

28. SUBSIDIARIES

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

			Ownership interest/control		Equity	
Name of entity	Principal activities	Principal place of business	2016 %	2015 %	2016 $'000	2015 $'000
Parent entity						
University of Technology Sydney	Education services	Australia	–	–	1,654,711	1,460,458
Controlled entities						
Insearch Limited (company limited by guarantee)[1]	Education services	Australia	100	100	61,316	55,914
Insearch (Shanghai) Limited	Education services	China	100	100	474	379
Insearch Education International Pty Limited	Education services	Australia	100	100	184	184
accessUTS Pty Limited	Consulting	Australia	100	100	585	562
UTS Global Pty Ltd	Marketing services	Australia	100	100	247	134
UTS Beijing Ltd	Marketing services	China	100	100	(59)	59
Piivot Pty Ltd		Australia	100	100	(309)	(60)

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*.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

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 $7,695,356 (2015: $7,408,751) were paid or payable to the ultimate controlling entity.

> Donations amounting to $470,000 (2015: $400,750) were paid by the ultimate controlling entity to subsidiaries.

> Sale of services and fees $28,931,784 (2015: $21,911,860) to the wholly owned University of Technology Sydney group.

> Purchase of services and fees $22,098,460 (2015: $15,314,709) by the wholly owned University of Technology Sydney group.

> Purchase of shares in a subsidiary $0 (2015: $100) by the wholly owned University of Technology Sydney group.

(e) Outstanding balances

	Economic entity (Consolidated)		Parent entity (University)	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current receivables				
Subsidiaries	–	–	1,825	1,487
Current receivables (loans)				
Subsidiaries	–	–	335	335
Current payables				
Subsidiaries	–	–	104	1,016

Included in the total doubtful debts provision in the parent entity is a provision of $0 (2015: $0) for doubtful debts for outstanding balances due from related parties.

	Revenue		Results		Assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
30. DISAGGREGATION INFORMATION (CONSOLIDATED)						
Geographical (consolidated entity)						
Australia	928,862	821,468	68,636	32,953	2,768,089	2,605,586
China	6,707	5,658	3,519	3,997	3,435	3,273
United Kingdom	–	–	–	–	675	675
South-East Asia	9	87	(6)	41	–	–
Total	**935,578**	**827,213**	**72,149**	**36,991**	**2,772,199**	**2,609,534**

(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.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Economic entity (Consolidated)		Parent entity (University)	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
32. RECONCILIATION OF NET RESULT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Net result for the period	72,149	36,991	69,592	31,015
Depreciation, amortisation and impairment PPE and intangibles	81,692	77,884	76,738	73,817
Increase/(decrease) in provisions:				
> annual leave	4,350	2,168	4,085	1,962
> doubtful debts	247	285	197	322
> long service leave	4,910	4,504	3,322	4,162
> deferred superannuation	(15,565)	31,570	(15,565)	31,570
Decrease/(increase) in receivables	(3,854)	195	(4,541)	(123)
Decrease/(increase) in non-current receivables	15,746	(30,562)	15,746	(30,562)
Decrease/(increase) in prepayments and accrued income	(9,972)	143	(9,228)	(71)
(Decrease)/increase in accounts payable	(8,206)	15,415	(4,605)	13,211
(Decrease)/increase in income in advance	7,791	(568)	5,853	752
Amortisation of prepaid borrowing costs	63	65	63	65
(Profit)/loss on sale of assets	454	287	(25)	248
Share of profit of joint venture not received as dividends or distribution	4,286	(1,077)	–	–
Fair value gains on other financial assets at fair value through profit or loss	(1,064)	(1,232)	(1,064)	(1,232)
Actuarial gain/(loss) on deferred superannuation	(182)	(1,008)	(182)	(1,008)
Net cash provided by operating activities	152,845	135,060	140,386	124,128

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

33. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

33.1 Education — CGS and other education grants

		Parent entity (University) only							
		Commonwealth Grant Scheme[1]		Indigenous Support Program		Partnership and Participation Program[2]		Disability Support Program	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		207,981	180,628	741	836	3,308	3,259	382	408
Net accrual adjustments		1,216	–	–	–	–	–	–	–
Revenue for the period	2.1 (a)	209,197	180,628	741	836	3,308	3,259	382	408
Surplus/(deficit) from the previous year		–	–	–	–	–	–	–	–
Total revenue including accrued revenue		209,197	180,628	741	836	3,308	3,259	382	408
Less expenses including accrued expenses		(209,197)	(180,628)	(741)	(836)	(3,308)	(3,259)	(382)	(408)
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	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		1,173	123	819	603	214,404	185,857
Net accrual adjustments		–	–	–	–	1,216	–
Revenue for the period		1,173	123	819	603	215,620	185,857
Surplus/(deficit) from the previous year							
Total revenue including accrued revenue		1,173	123	819	603	215,620	185,857
Less expenses including accrued expenses		(1,173)	(123)	(819)	(603)	(215,620)	(185,857)
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.
2. Includes Access and Participation Fund.

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	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash payable/(receivable) at beginning of year		1,635	1,823	896	(58)	14	(13)	2,545	1,752
Financial assistance received in cash during the reporting period		142,460	128,559	43,104	40,416	3,057	2,941	188,621	171,916
Cash available for period		144,095	130,382	44,000	40,358	3,071	2,928	191,166	173,668
Net accrual adjustments		199	(1,635)	(421)	(896)	95	(14)	(127)	(2,545)
Revenue for the period	2.1 (b)	144,294	128,747	43,579	39,462	3,166	2,914	191,039	171,123
Cash payable/(receivable) at end of year		(199)	1,635	421	896	(95)	14	127	2,545

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

33.3 Australian Research Council grants

(a) Discovery

		Parent entity (University) only					
		Projects		Future Fellowships		Early Career Researcher Award	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		5,401	5,029	1,966	2,589	2,026	2,090
Net accrual adjustments		348	306	–	–	–	–
Revenue for the period	2.1 (e)(i)	5,749	5,335	1,966	2,589	2,026	2,090
Surplus/(deficit) from the previous year		9,086	8,466	1,427	1,529	874	311
Total revenue including accrued revenue		14,835	13,801	3,393	4,118	2,900	2,401
Less expenses including accrued expenses		(10,122)	(4,715)	(2,164)	(2,691)	(1,591)	(1,527)
Surplus/(deficit) for reporting period		4,713	9,086	1,229	1,427	1,309	874

		Parent entity (University) only			
		Indigenous		Total	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		320	201	9,713	9,909
Net accrual adjustments		–	–	348	306
Revenue for the period		320	201	10,061	10,215
Surplus/(deficit) from the previous year		201	55	11,588	10,361
Total revenue including accrued revenue		521	256	21,649	20,576
Less expenses including accrued expenses		(246)	(55)	(14,123)	(8,988)
Surplus/(deficit) for reporting period		275	201	7,526	11,588

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

33. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

33.4 Australian Research Council grants

(b) Linkages

		Parent entity (University) only					
		Projects		Infrastructure		Special Research Initiatives	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		1,700	1,508	–	430	–	–
Net accrual adjustments		275	304	240	12	13	13
Revenue for the period	2.1(e)(ii)	1,975	1,812	240	442	13	13
Surplus/(deficit) from the previous year		1,449	851	454	333	1	9
Total revenue including accrued revenue		3,424	2,663	694	775	14	22
Less expenses including accrued expenses		(392)	(1,214)	(176)	(321)	10	(21)
Surplus/(deficit) for reporting period		3,032	1,449	518	454	24	1

		Parent entity (University) only			
		Industrial Transformation Research Hubs		Total	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		1,123	–	2,823	1,938
Net accrual adjustments		–	–	528	329
Revenue for the period		1,123	–	3,351	2,267
Surplus/(deficit) from the previous year		–	–	1,904	1,193
Total revenue including accrued revenue		1,123	–	5,255	3,460
Less expenses including accrued expenses		–	–	(558)	(1,556)
Surplus/(deficit) for reporting period		1,123	–	4,697	1,904

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

33.5 Australian Research Council grants

(c) Networks and centres

		Parent entity (University) only			
		Centres		Total	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		–	–	–	–
Net accrual adjustments		530	552	530	552
Revenue for the period	2.1 (e)(iii)	530	552	530	552
Surplus/(deficit) from the previous year		263	274	263	274
Total revenue including accrued revenue		793	826	793	826
Less expenses including accrued expenses		(728)	(563)	(728)	(563)
Surplus/(deficit) for reporting period		65	263	65	263

33.6 Education research

		Parent entity (University) only					
		Joint Research Engagement Program		JRE Engineering Cadetships		Research Training Scheme	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		6,113	5,680	33	–	11,123	10,755
Net accrual adjustments		–	–	–	–	–	–
Revenue for the period	2.1 (d)	6,113	5,680	33	–	11,123	10,755
Surplus/(deficit) from the previous year		(714)	(713)	(62)	–	–	–
Total revenue including accrued revenue		5,399	4,967	(29)	–	11,123	10,755
Less expenses including accrued expenses		(6,175)	(5,681)	29	(62)	(11,123)	(10,755)
Surplus/(deficit) for reporting period		(776)	(714)	–	(62)	–	–

		Parent entity (University) only					
		Research Infrastructure Block Grants		Sustainable Research Excellence in Universities		Total	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		2,419	2,511	2,119	2,024	21,807	20,970
Net accrual adjustments		–	–	–	–	–	–
Revenue for the period		2,419	2,511	2,119	2,024	21,807	20,970
Surplus/(deficit) from the previous year		1,653	845	–	–	877	132
Total revenue including accrued revenue		4,072	3,356	2,119	2,024	22,684	21,102
Less expenses including accrued expenses		(2,418)	(1,703)	(2,119)	(2,024)	(21,806)	(20,225)
Surplus/(deficit) for reporting period		1,654	1,653	–	–	878	877

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

33. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

33.7 Scholarships

		Parent entity (University) only					
		Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships[1]	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		4,856	4,734	376	367	43	25
Net accrual adjustments		–	–	–	–	–	–
Revenue for the period	2.1 (c)	4,856	4,734	376	367	43	25
Surplus/(deficit) from the previous year		(125)	(181)	120	129	586	585
Total revenue including accrued revenue		4,731	4,553	496	496	629	610
Less expenses including accrued expenses		(4,111)	(4,678)	(389)	(376)	(39)	(24)
Surplus/(deficit) for reporting period		620	(125)	107	120	590	586

1. Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

		Parent entity (University) only					
		Commonwealth Accommodation Scholarships[1]		Indigenous Access Scholarships		Total	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		13	15	74	58	5,362	5,199
Net accrual adjustments		–	–	–	–	–	–
Revenue for the period		13	15	74	58	5,362	5,199
Surplus/(deficit) from the previous year		(458)	(458)	(106)	(106)	17	(31)
Total revenue including accrued revenue		(445)	(443)	(32)	(48)	5,379	5,168
Less expenses including accrued expenses		(13)	(15)	(74)	(58)	(4,626)	(5,151)
Surplus/(deficit) for reporting period		(458)	(458)	(106)	(106)	753	17

1. Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

33.8 OS–HELP

	Parent entity (University) only	
	OS-HELP	
	2016 $'000	2015 $'000
Cash received during the reporting period	6,938	6,141
Cash spent during the reporting period	(7,035)	(5,039)
Net cash received	(97)	1,102
Cash surplus/(deficit) from previous period	3,181	2,079
Cash surplus/(deficit) for reporting period	3,084	3,181

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

33.9 Student Services and Amenties Fee

	Parent entity (University) only	
	SA-HELP	
	2016 $'000	2015 $'000
Unspent/(overspent) revenue from previous period	–	–
SA-HELP revenue earned	3,166	2,914
Student services fees direct from students	5,810	5,250
Total revenue expendable in period	8,976	8,164
Student services expenses during period	(8,976)	(8,164)
Unspent/(overspent) student services revenue	–	–

34. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Market risk

Foreign exchange risk

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

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

Interest rate risk

The group's exposure to market risk for changes in interest rate relates primarily to the group's long-term debt obligations and investments in term deposits. Long-term debt obligations are managed mainly by a revolving $300 million debt facility. The $40 million fixed rate loan was repaid by the university in December 2016. As at 31 December 2016, 100 per cent of the group's borrowings are at a fixed rate of interest or covered by interest swap derivatives.

The economic entity in 2012 obtained a $300 million revolving five year debt facility to fund the current capital expenditure program. As at 31 December 2016, $200 million has been drawn down on this facility by the university. The university has entered into two (2) swap derivatives to manage the interest rate risk. The university will utilise hedge accounting to account for the swap derivatives.

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

Instruments used by the group

The group has the following instruments:

> revolving debt facility of $300 million

> interest rate swaps totalling $275 million.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash flow hedges

The university has the following cash flow hedges in order to fix the interest payments on highly probable drawdowns from the revolving credit facilities.

Description	Principal	Hedge start date	Hedge end date	Fair value as at 31 December 2016	Amount recognised in other comprehensive income during 2016
Interest rate swap	200,000,000	10-Jan-15	10-Oct-17	(2,985,297)	2,632,124
Interest rate swap	75,000,000	10-Oct-17	12-Oct-20	(2,147,473)	(280,331)
Total				(5,132,770)	2,351,793

Summarised sensitivity analysis

The following table summarises the sensitivity of the group's financial assets and financial liabilities to interest rate risk and foreign exchange risk. The group anticipates that interest rates may decrease by up to 0.50 per cent in the 2017 year.

	Carrying amount	Interest rate risk				Foreign exchange risk			
		0.50%		-0.50%		10%		-10%	
	$'000	Result $'000	Equity $'000	Result $'000	Equity $'000	Result $'000	Equity $'000	Result $'000	Equity $'000
31 December 2016									
Financial assets									
Cash and cash equivalents	190,197	951	951	(951)	(951)	–	–	–	–
Receivables	624,688	–	–	–	–	(359)	(359)	359	359
Managed funds	12,238	61	61	(61)	(61)	–	–	–	–
Forward exchange contracts	–	–	–	–	–	–	–	–	–
Shares in other organisations	11,796	–	–	–	–	–	–	–	–
Investments accounted for using the equity method	5,198	–	–	–	–	–	–	–	–
Total financial assets	**844,117**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Financial liabilities									
Payables	55,778	–	–	–	–	138	138	(138)	(138)
Loans	199,935	–	–	–	–	–	–	–	–
Finance leases and hire purchase liabilities	8,724	–	–	–	–	–	–	–	–
Forward exchange contracts	–	–	–	–	–	–	–	–	–
Derivatives — interest rate swaps	5,133	–	(1,462)	1,478	–	–	–	–	–
Total financial liabilities	**269,570**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total increase/(decrease)	**–**	**1,012**	**(450)**	**466**	**(1,012)**	**(221)**	**(221)**	**221**	**221**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	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 2015									
Financial assets									
Cash and cash equivalents	190,567	953	953	(953)	(953)	–	–	–	–
Receivables	636,827	–	–	–	–	(415)	(415)	415	415
Managed funds	11,442	57	57	(57)	(57)	–	–	–	–
Forward exchange contracts	–	–	–	–	–	–	–	–	–
Shares in other organisations	9,933	–	–	–	–	–	–	–	–
Investments accounted for using the equity method	9,322	–	–	–	–	–	–	–	
Total financial assets	**858,091**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Financial liabilities									
Payables	55,051	–	–	–	–	112	112	(112)	(112)
Loans	239,869	–	–	–	–	–	–	–	–
Finance leases and hire purchase liabilities	7,766	–	–	–	–	–	–	–	–
Forward exchange contracts	231	–	–	–	–	–	–	–	–
Derivatives — interest rate swaps	7,485	–	(2,439)	2,475	–	–	–	–	–
Total financial liabilities	**310,402**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total increase/(decrease)	**–**	**1,010**	**(1,429)**	**1,465**	**(1,010)**	**(303)**	**(303)**	**303**	**303**

(b) Credit risk

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

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

(c) Liquidity risk

The group's objective is to maintain a balance between continuity of funding and flexibility through use of bank loans and finance leases. The economic entity in 2012 obtained a $300 million revolving five year debt facility to fund the current capital expenditure program. As at 31 December 2016, $200 million has been drawn down on this facility by the university.

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Average interest rate %	Variable interest rate $'000	Less than 1 year $'000	1 to 5 years $'000	5+ years $'000	Non-interest $'000	Total
31 December 2016							
Financial assets							
Cash and cash equivalents	2.60	–	190,197	–	–	–	190,197
Receivables	–	–	–	–	–	624,688	624,688
Managed funds	7.66	–	–	12,238	–	–	12,238
Forward exchange contracts	–	–	–	–	–	–	–
Shares in other organisations	–	–	–	–	–	11,796	11,796
Investments accounted for using the equity method	–	–	–	–	–	5,198	5,198
Total financial assets	**–**	**–**	**190,197**	**12,238**	**–**	**641,682**	**844,117**
Financial liabilities							
Payables	–	–	–	–	–	55,778	55,778
Loans	5.00	–	–	–	199,935	–	199,935
Finance leases and hire purchase liabilities	4.25	–	4,296	4,428	–	–	8,724
Forward exchange contracts	–	–	–	–	–	–	–
Derivatives — interest rate swaps	1.71	–	2,985	2,148	–	–	5,133
Total financial liabilities	**–**	**–**	**7,281**	**6,576**	**199,935**	**55,778**	**269,570**
31 December 2015							
Financial assets							
Cash and cash equivalents	2.91	–	190,567	–	–	–	190,567
Receivables	–	–	–	–	–	636,827	636,827
Managed funds	6.03	–	–	11,442	–	–	11,442
Forward exchange contracts	–	–	–	–	–	–	–
Shares in other organisations	–	–	–	–	–	9,933	9,933
Investments accounted for using the equity method	–	–	–	–	–	9,322	9,322
Total financial assets	**–**	**–**	**190,567**	**11,442**	**–**	**656,082**	**858,091**
Financial liabilities							
Payables	–	–	–	–	–	55,051	55,051
Loans	5.02	–	40,000	–	199,869	–	239,869
Finance leases and hire purchase liabilities	4.63	–	3,822	3,944	–	–	7,766
Forward exchange contracts	–	–	231	–	–	–	231
Derivatives — interest rate swaps	1.45	–	2,417	5,068	–	–	7,485
Total financial liabilities	**–**	**–**	**46,470**	**9,012**	**199,869**	**55,051**	**310,402**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(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:

	2016		2015	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets				
Cash and cash equivalents	190,197	190,197	190,567	190,567
Receivables	624,688	624,688	636,827	636,827
Managed funds	12,238	12,238	11,442	11,442
Forward exchange contracts	–	–	–	–
Shares in other organisations	11,796	11,796	9,933	9,933
Total financial assets	**838,919**	**838,919**	**848,769**	**848,769**
Financial liabilities				
Payables	55,778	55,778	55,051	55,051
Loans	199,935	199,935	239,869	243,070
Finance leases	8,724	8,724	7,766	7,766
Forward exchange contracts	–	–	231	231
Derivatives — interest rate swaps	5,133	5,133	7,485	7,485
Total financial liabilities	**269,570**	**269,570**	**310,402**	**313,603**

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

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

(e) Fair value hierachy

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

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

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

	Notes	31 Dec 2015 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements					
Financial assets					
Receivables	10	617,375	–	617,375	–
Other financial assets — managed funds	11	11,442	11,442	–	–
Other financial assets — Australian unlisted securities	11	9,198	–	–	9,198
Other financial assets — unlisted securities	11	735	–	–	735
Total financial assets		**638,750**	**11,442**	**617,375**	**9,933**
Non-financial assets					
Land, buildings, infrastructure and works of art	15	1,570,761	–	2,530	1,568,231
Total non-financial assets		**1,570,761**	–	**2,530**	**1,568,231**
Financial liabilities					
Derivatives used for hedging	20	7,485	–	7,485	–
Not applicable all other financial liabilities at amortised cost		–	–	–	–
Total financial liabilities		**7,485**	**–**	**7,485**	**–**

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

(ii) Disclosed fair values

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

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

The fair value of non-current borrowings disclosed in note 18 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the group for similar financial instruments. For the period ending 31 December 2016, the borrowing rates were determined to be between 2.69 per cent and 6.41 per cent (2015: 3.11 per cent and 6.41 per cent). The fair value of current borrowings approximates the carrying amount as the impact of discounting is not significant.

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

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

The below fair value estimates are included in level 2:

> receivables — relates to the defined superannuation benefit funds listed in note 25 and valued independently on a yearly basis

> works of art — valued independently at least once every three years.

The below fair value estimates are included in level 3:

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

> unlisted investment securities.

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

The following table is a reconciliation of level 3 items for the periods ended 31 December 2016 and 31 December 2015.

	Unlisted securities $'000	Land, buildings and infrastructure[1] $'000	Total $'000
31 December 2016			
Opening balance	9,933	1,568,231	1,578,164
Acquisitions	34	41,606	41,640
Disposals	–	(5)	(5)
Transfers from level 1	–	–	–
Transfers from level 2	–	–	–
Transfers out of level 3	–	–	–
Recognised in profit or loss	–	(46,358)	(46,358)
Recognised in other comprehensive income	1,829	123,309	125,138
Closing balance	**11,796**	**1,686,783**	**1,698,579**
31 December 2015			
Opening balance	4,901	1,532,814	1,537,715
Acquisitions	687	44,221	44,908
Disposals	–	–	–
Transfers from level 1	–	–	–
Transfers from level 2	–	–	–
Transfers out of level 3	–	–	–
Recognised in profit or loss	–	(46,819)	(46,819)
Recognised in other comprehensive income	4,345	38,015	42,360
Closing balance	**9,933**	**1,568,231**	**1,578,164**

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 2016

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

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

   Professor William Purcell (Chairman)
   Mr Patrick Woods
   Professor Roy Green

2. The Directors held three (3) ordinary meetings and zero (0) annual general meeting during the year ended 31st December 2016. Attendance at those meetings was as follows:

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

3. Other directorships held by Directors are as follows:

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

   Mr Patrick Woods
   Director of Piivot Pty Ltd and Woods International Pty Ltd.
   Board member of Pain Management Research Institute.

   Professor Roy Green
   Nil

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 assistance UTS faculties, research centres and offices in their in-country activities.

5. Operations for the financial period ended 31 December 2016 resulted in a profit of $113,252.

Directors' report (continued)

UTS Global Pty Ltd
ACN 154 014 481

DIRECTORS' REPORT
For the year ended 31st December 2016

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

7. In 2016 the company oversaw the efficient and effective work of its subsidiary, UTS Beijing Ltd., which operates to further UTS interests in China. UTS Beijing Ltd. finished the year having supported the development of new pathway opportunities for UTS; deepened relationships with key technology partner institutions and key stakeholders in China; and ensured UTS remained one of the leading universities in Australia in terms of the number of China Scholarship Council-supported HDR students undertaking research at UTS.

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

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

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

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

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

Signed on 27/04/2017

Director
Professor William Purcell

Director
Mr Patrick Woods

Directors' declaration

UTS Global Pty Ltd
ACN 154 014 481

DIRECTORS' DECLARATION
For the year ended 31st December 2016

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 2016 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 27/04/2017 in accordance with a resolution of Directors.

Director
Professor William Purcell

Director
Mr Patrick Woods

Statement in accordance with the Public Finance and Audit Act

UTS Global Pty Ltd

ACN 154 014 481

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

For the year ended 31st December 2016

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 2016 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 27/04/2017

Director
Professor William Purcell

Director
Mr Patrick Woods

Independent auditor's report

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

UTS Global Pty Limited

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

Opinion

I have audited the accompanying financial statements of UTS Global Pty Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

The PF&A Act further promotes independence by ensuring the Auditor–General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

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

Independent auditor's report (continued)

Director's Responsibility for the Financial Statements

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

In preparing the financial statements, the directors must assess the Company's ability to continue as a going concern unless they intend to liquidate the Company or cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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_files/ar3.pdf

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

27 April 2017
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 2016, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

Caroline Karakatsanis
Director, Financial Audit Services

27 April 2017
SYDNEY

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

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $	2015 $
Continuing operations			
Revenue from continuing operations	2	470,835	386,003
Other expenses	3	357,583	288,904
Profit before income tax		113,252	97,099
Net result for the period for continuing operations		113,252	97,099
Net result for the period is attributable to the owners		113,252	97,099
Total comprehensive income is attributable to the owners		**113,252**	**97,099**

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

Statement of financial position

AS AT 31 DECEMBER 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	177,659	46,944
Receivables	5	3,025	1,278
Total current assets		**180,684**	**48,222**
Non-current assets			
Other financial assets	6	100,000	100,000
Total non-current assets		**100,000**	**100,000**
Total assets		**280,684**	**148,222**
Liabilities			
Current liabilities			
Payables	7	33,271	14,062
Total current liabilities		**33,271**	**14,062**
Total liabilities		**33,271**	**14,062**
Net assets		**247,413**	**134,161**
Equity			
Retained earnings	8	247,412	134,160
Share capital	9	1	1
Total equity		**247,413**	**134,161**

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

Statement of changes in equity

AS AT 31 DECEMBER 2016

	2016 $	2015 $
Balance as at 1 January 2016	134,161	37,062
Profit for the period	113,252	97,099
Other comprehensive income for the period	–	–
Total comprehensive income for the period	**113,252**	**97,099**
Transactions with owners recorded directly in equity	–	–
Balance at 31 December 2016	**247,413**	**134,161**

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

Statement of cash flows

AS AT 31 DECEMBER 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Contribution from UTS		470,000	382,000
GST refund		–	45,646
Interest received		835	4,003
Bank fees and charges		(60)	(60)
TFN witholding tax		–	–
Audit certificate fee		(60)	(60)
Consulting — UTS Beijing		(340,000)	(280,000)
Payment to UTS		–	(502,104)
Net cash provided by / (used in) operating activities	12	**130,715**	**(350,576)**
Cash flows from investing activities			
Net cash used in investing activities		–	–
Cash flows from financing activities			
Net cash used in financing activities		–	–
Net increase/(decrease) in cash and cash equivalents		130,715	(350,576)
Cash and cash equivalents at the beginning of the financial year		46,944	397,520
Cash and cash equivalents at the end of the financial year		**177,659**	**46,944**

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

(a) Basis of preparation

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

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

(b) Statement of compliance

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

(c) Financial instruments

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

(i) Cash

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

(ii) Receivables

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

(iii) Payables

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

(d) Investments and other financial assets

The group classifies its investments in the following categories:

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

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

(ii) Available-for-sale financial assets

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

(iii) Other financial assets

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

(e) Revenue recognition

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

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

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

Interest revenue is recognised as it accrues.

(f) Taxation

(i) Accounting for Goods and Services Tax

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

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

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

(g) Judgements and estimates

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

(h) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2016 reporting period. UTS Global has not exercised the right to early adopt any new or revised accounting standard.

(i) Changes in accounting policy

There have been no changes to accounting policy in the 2016 year.

	Notes	2016 $	2015 $
2. REVENUE FROM CONTINUING OPERATIONS			
Contribution from UTS		470,000	382,000
Interest earned		835	4,003
Total revenue from continuing operations		**470,835**	**386,003**
3. EXPENSES FROM CONTINUING OPERATIONS			
Consulting		340,600	280,300
Recruitment fee		10,353	–
Audit fee		6,352	8,243
Bank fees and charges		120	120
Other		158	241
Total expenses from continuing operations		**357,583**	**288,904**
4. CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		177,659	46,944
Total cash and cash equivalents		**177,659**	**46,944**
5. RECEIVABLES			
GST receivables		3,025	1,278
Total receivables		**3,025**	**1,278**
6. NON-CURRENT ASSETS			
Shares in UTS Beijing Ltd		100,000	100,000
Total other non-financial assets		**100,000**	**100,000**
7. PAYABLES			
Payables to parent		25,624	7,245
Accrual — audit		6,987	6,817
Accrual — company secretary fee		660	–
Total payables		**33,271**	**14,062**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $	2015 $
8. RETAINED EARNINGS			
Balance at the beginning of the period		134,160	37,061
Surplus/(deficit) for the period		113,252	97,099
Balance as at 31 December 2016		**247,412**	**134,160**
9. SHARE CAPITAL			
Ordinary shares		1	1
Total share capital		**1**	**1**

10. REMUNERATION OF DIRECTORS

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

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

Mr Patrick Woods

Mr William Purcell

Mr Roy Green

(b) Directors' remuneration

No remuneration was paid to the directors for the 2016 financial year.

11. FINANCIAL RISK MANAGEMENT

(a) Market risk

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

(b) Credit risk

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

	2016 $	2015 $
Credit risk by classification of counterparty:		
Cash and cash equivalent assets		
> Bank	177,658	46,943
> On hand	1	1
> Receivables	3,025	1,278
	180,684	**48,222**

(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.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

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:

	2016 $	2015 $
Cash at bank and on hand	177,659	46,944
(b) Reconciliation of profit to net cash provided by operating activities		
Profit/(loss) for the year	113,252	97,099
Decrease/(increase) in receivables	(1,746)	(1,278)
(Decrease)/increase in payables	19,209	(446,397)
Prepayments	–	–
Net cash provided by operating activities	**130,715**	**(350,576)**

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 2016.

	Notes	2016 $	2015 $
15. REMUNERATION OF AUDITORS			
Fees paid to the Audit Office of New South Wales for audit and review of financial statements		6,352	6,197

The auditors received no other remuneration.

16. GOING CONCERN

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

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

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

End of audited financial statements

Piivot Pty Ltd

Directors' report

Piivot Pty Ltd

ABN 37 606 702 087

DIRECTORS' REPORT

For the year ended 31st December 2016

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

1. The Directors in office during the financial year and at the date of this report are:
   Mr. Patrick Woods
   Ms. Catherine Meagher
   Mr. Mark Leigh (Appointed Oct-16)

2. The Directors held 0 ordinary meetings and 1 annual general meeting during the year ended 31st December 2016. Attendance at those meetings was as follows:

	Number of Meetings	Meetings Attended
Mr. Patrick Woods	1	1
Mr. Mark Leigh	0	0
Ms. Catherine Meagher	1	1

3. Other directorships held by Directors are as follows:
   Mr Patrick Woods
   Director of UTS Global Pty Ltd and Woods International Pty Ltd.
   Board member of Pain Management Research Institute.

   Mr Mark Leigh
   None

4. The objectives of the Company are to:
   a) Facilitate and support the creation of new start-ups and entrepreneurs with the ultimate objective of supporting the state economy of NSW; and
   b) Leverage the University's national and international profile and the growing profile of the local technology start-up community to develop a strong brand for Australian technology, digital and creative industries.

Directors' report (continued)

Piivot Pty Ltd

ABN 37 606 702 087

DIRECTORS' REPORT

For the year ended 31st December 2016

5. Operations for the financial period ended 31 December 2016 resulted in a loss of $248,929.

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

7. The Company carried out a number of projects in 2016 including Consensus Global Ecosystem Project, Women in Tech Event and Ecosystem Showcase Film.

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

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

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

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

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

Signed on 18/04/2017

Director
Mr Patrick Woods

Director
Mr Mark Leigh

Directors' report (continued)

Piivot Pty Ltd

ABN 37 606 702 087

DIRECTORS' REPORT

For the year ended 31st December 2016

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 2016 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 18/04/2017

Director
Mr Patrick Woods

Director
Mr Mark Leigh

Statement in accordance with the Public Finance and Audit Act

Piivot Pty Ltd

ABN 37 606 702 087

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

For the year ended 31st December 2016

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 2016 and transactions for the year then ended; and

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

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

Signed on 18/04/2017

Director
Mr Patrick Woods

Director
Mr Mark Leigh

Independent auditor's report

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Piivot Pty Limited

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

Opinion

I have audited the accompanying financial statements of Piivot Pty Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

The PF&A Act further promotes independence by ensuring the Auditor–General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

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

Independent auditor's report (continued)

Director's Responsibility for the Financial Statements

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

In preparing the financial statements, the directors must assess the Company's ability to continue as a going concern unless they intend to liquidate the Company or cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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_files/ar3.pdf

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

19 April 2017
SYDNEY

Auditor's independence declaration

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
Piivot Pty Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Piivot Pty Limited for the year ended 31 December 2016, 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

19 April 2017
SYDNEY

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

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $	2015 $
Continuing operations			
Revenue from continuing operations			
Grants and contributions		102,000	143,000
Other income		47,481	18,788
	2	149,481	161,788
Other expenses	3	398,410	222,194
Loss before income tax		**(248,929)**	**(60,406)**
Income tax		**–**	**–**
Net result for the period for continuing operations		(248,929)	(60,406)
Net result for the period is attributable to the owners		(248,929)	(60,406)
Total comprehensive income is attributable to the owners		**(248,929)**	**(60,406)**

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

Statement of financial position

AS AT 31 DECEMBER 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	104,558	222,007
Receivables	5	3,919	43,539
Other non-financial assets		–	–
Total current assets		**108,477**	**265,546**
Non-current assets		**–**	**–**
Total non-current assets		**–**	**–**
Total assets		**108,477**	**265,546**
Liabilities			
Current liabilities			
Payables	6	117,712	25,852
Total current liabilities		**117,712**	**25,852**
Non-current liabilities			
Loan from UTS	7	300,000	300,000
Total non-current liabilities		**300,000**	**300,000**
Total liabilities		**417,712**	**325,852**
Net liabilities		**(309,235)**	**(60,306)**
Equity			
Retained earnings	8	(309,335)	(60,406)
Share capital	9	100	100
Total equity		**(309,235)**	**(60,306)**

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

Statement of changes in equity

AS AT 31 DECEMBER 2016

	2016 $	2015 $
Balance as at 1 January 2016	(60,306)	–
Loss for the period	(248,929)	(60,406)
Other comprehensive income for the period	–	–
Total comprehensive income for the period	**(248,929)**	**(60,406)**
Transactions with owners recorded directly in equity	–	100
Balance at 31 December 2016	**(309,235)**	**(60,306)**

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

Statement of cash flows

AS AT 31 DECEMBER 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipt from customers		155,717	–
GST refunds		22,403	–
Interest received		1,434	37
Creditor payments		(296,877)	(78,119)
Bank fees		(126)	(11)
Net cash used in operating activities	12	**(117,449)**	**(78,093)**
Cash flows from investing activities		–	–
Net cash used in investing activities		–	–
Cash flows from financing activities			
Loan from UTS		–	300,000
Issuance of share capital		–	100
Net cash provided by financing activities		–	**300,100**
Net increase in cash and cash equivalents		**(117,449)**	**222,007**
Cash and cash equivalents at the beginning of the financial year		222,007	–
Cash and cash equivalents at the end of the financial year		**104,558**	**222,007**

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

(a) Basis of preparation

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

These financial statements have been prepared on an historical cost basis and are presented in Australian dollars, rounded to the nearest dollar. The financial statements were approved by the board of directors on 18 April 2016.

(b) Statement of compliance

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

(c) Financial instruments

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

(i) Cash

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

(ii) Receivables

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

(iii) Payables

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

(iv) Loans and borrowings

All loans are measured at the principal amount.

(d) Revenue recognition

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

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

Interest revenue is recognised as it accrues.

(e) Taxation

(i) Accounting for Goods and Services Tax

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

(ii) Income tax

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

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(f) Judgements and estimates

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

(g) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2016 reporting period. Piivot has not exercised the right to early adopt any new or revised accounting standard.

(h) Changes in accounting policy

There have been no changes to accounting policy in the 2016 year.

(i) Going concern

The company is supported by the University of Technology Sydney and will be able to meet its financial obligations when they fall due as expressed in the letter of support from the university.

	Notes	2016 $	2015 $
2. REVENUE FROM CONTINUING OPERATIONS			
Grants and contributions		102,000	143,000
Other income			
Ticket sales		46,106	–
UTS contribution		–	18,750
Interest earned		1,434	38
Other income		(58)	–
		47,481	18,788
Total revenue from continuing operations		**149,481**	**161,788**
3. EXPENSES FROM CONTINUING OPERATIONS			
Consulting		300,922	138,700
Event entertainment		55,764	–
Audit fee		10,795	14,000
Fees and subscriptions		14,845	–
Contributions		5,000	–
Expensed IT equipment		8,500	–
Legal fees		2,213	–
Marketing and advertising		–	50,058
Sponsorship		–	16,591
Other		246	2,834
Bank fees and charges		126	11
Total expenses from continuing operations		**398,410**	**222,194**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $	2015 $
4. CASH AND CASH EQUIVALENTS			
Cash at bank		104,558	222,007
Total cash and cash equivalents		**104,558**	**222,007**
5. RECEIVABLES			
Accounts receivable		2,200	–
Receivable from parent		–	37,391
GST receivable		1,719	6,148
Total receivables		**3,919**	**43,539**
6. PAYABLES			
Payable to parent		104,297	–
Accrued expenses		13,415	25,852
Total payables		**117,712**	**25,852**
7. BORROWINGS			
Loan from UTS		300,000	300,000
Total borrowings		**300,000**	**300,000**
8. RETAINED EARNINGS			
Balance at the beginning of the period		(60,406)	–
Surplus/(deficit) for the period		(248,929)	(60,406)
Balance as at 31 December 2016		**(309,335)**	**(60,406)**
9. SHARE CAPITAL			
100 shares issued to UTS at $1 per share		100	100
Total share capital		**100**	**100**

10. REMUNERATION OF DIRECTORS

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

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

Ms Catherine Meagher

Mr Patrick Woods

Mr Mark Leigh

(b) Directors' remuneration

No remuneration was paid to the directors for the 2016 financial year.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

11. FINANCIAL RISK MANAGEMENT

(a) Market risk

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

(b) Credit risk

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

	2016 $	2015 $
Credit risk by classification of counterparty:		
Cash and cash equivalent assets		
> Bank	104,558	222,007
> Receivables	3,919	43,539
	108,477	**265,546**

(c) Liquidity risk

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

(d) Defaults and breaches

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

12. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

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

	2016 $	2015 $
Cash at bank and on hand	104,558	222,007

(b) Reconciliation of profit to net cash provided by operating activities

	2016 $	2015 $
Loss for the year	(248,929)	(60,406)
(Increase)/decrease in receivables	39,619	(43,539)
Increase/(decrease) in payables	91,860	25,852
Net cash provided by operating activities	**(117,449)**	**(78,093)**

13. AFTER BALANCE DATE EVENTS

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

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities and no contingent assets as at 31 December 2016.

15. REMUNERATION OF AUDITORS

	2016 $	2015 $
Fees paid to Audit Office of New South Wales for the audit and review of financial statements	12,195	12,600

The auditors received no other remuneration.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

16. RELATED PARTIES

(a) Parent entity

The ultimate parent entity is the University of Technology Sydney.

(b) Transaction with related parties

Contributions in kind were provided in the form of services to Piivot by the University of Technology Sydney, amounting to $169,469 during the year ended 31 December 2016.

17. GOING CONCERN

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

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

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

End of audited financial statements

Insearch Limited

Report of the directors

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

Directors

The names of directors in office during the year and at the date of this report are:

	Date of appointment	Date of retirement
Emeritus Professor RD Milbourne, AO	1 March 2016	
Mr P Bennett	25 May 2011	
Ms AM Dwyer	2 March 2015	
Mr GA Freeland	28 March 2017	
Ms DN Hill	27 March 2008	27 March 2017
Mr JM Hutchison, AM	27 Nov. 2008	
Mr A Murphy	3 Sept. 2007	
Professor WR Purcell	21 May 2009	
Professor M Spongberg	1 July 2014	

Company secretary

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

Mr NL Patrick (appointed 21 October 2010)

Principal activities

The activities of the company during the financial year ended 31 December 2016 were the provision of English language, foundation and academic courses that are designed as pathways to university studies.

Review and result of operations

INSEARCH reported a surplus of $5.6m, after the payment of a donation to the University of Technology Sydney of $7.2m (note 6). This surplus added to the prior year accumulated surplus brings the balance of the accumulated funds to $61.8m.

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 19 of the financial report.

Insurance of directors and officers

During the financial year a premium to insure directors and officers of the company was paid by the University of Technology Sydney to the amount of $6,407 (2015: $6,297) per sections 300 (1)(g), 300(8) and 300(9) of the *Corporations Act 2001*.

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

Information on directors

Emeritus Professor Ross Milbourne, AO, BCom, MCom (UNSW), PhD (Calif), FASSA, FAICD

Chair of the Board, Non-Executive Director — March 2016

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

Emeritus Professor Milbourne was appointed Vice-Chancellor of the University of Technology Sydney (UTS) in 2002. During 12 years in the role, he led a major development of 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).

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

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

Mr Jonathan Hutchison, AM, BCom, CPA

Interim Chair of the Board — November 2015 to February 2016, Member of the Remuneration and Nominations Committee, Non-Executive Director

Mr Hutchison was elected Interim Chair of the Board in November 2015, following the retirement of Mr Mack Williams, who had held the position of Chair for seven years.

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

He was the Chief Executive Officer of Business Events Sydney from 1998 to 2011. Prior to that appointment, Mr Hutchison was the Managing Director of the Australian Tourist Commission, now known as Tourism Australia, following roles as NSW State Manager for Ansett and Chief Executive of Ansett Express Airlines.

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

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

Report of the directors (continued)

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

Ms Hill has 30 years' experience as a Chartered Accountant and is a former New South Wales President and National Councillor of Chartered Accountants Australia and New Zealand. She is a member of the Chartered Accountants Scholarship Fund and an advisory group that provides an ethical counselling service to Chartered Accountants.

Ms Hill has been a Non-Executive Director for 20 years and is a Fellow of the Australian Institute of Company Directors and a Trustee member of CEDA. She is also a member of the Australian Institute of Internal Auditors.

Ms Hill is a Director of CoAct Limited and Chair of its Audit and Risk Committee (ARC), Director of Scope Global Limited and Chair of its ARC, Director of accessUTS Pty Ltd, and of her management consulting company, Sector Research Pty Ltd. She is a member of the ARC of the NSW Department of Finance Services and Innovation, NSW Property Group, Service NSW, Land and Housing Corporation, and she is the Chair of the ARC and the Remuneration Commitee for the Audit Office of New South Wales and for the Sydney Children's Hospital Network. She is also a facilitator for Company Directors.

She is a former Director of the Australian Consumers Association (awarded Life Membership) and the Internal Audit Bureau of New South Wales

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

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

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

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

Mr Murphy has been a member of the St James Ethics Centre since 1997.

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

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 and Chair of the Audit and Risk Committee of Campbell Page.

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

Ms Dwyer has been the Deputy Vice-Chancellor and Vice-President (Corporate Services) at UTS since 2004. She joined UTS in 1999 as Director of the Information Technology Division and her current responsibilities include Human Resources, Information Technology, Student Administration, Marketing and Communication, Governance Support and Legal Services.

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

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

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

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

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

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

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

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

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

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

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

Mr Freeland is currently a Non-Executive Director of Thomas Holt, a residential and home-based aged care provider, and Chair of its Finance, Audit and Risk Management Committee. He is also an external Risk Committee member for Habitat for Humanity, an international NGO working across Australia and the Asia–Pacific region to address housing poverty.

Mr Freeland has been a Chartered Accountant for more than 35 years and is a Graduate Member of the AICD.

Information on Company Secretary

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

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

As CFO/Company Secretary he is responsible for 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.

Report of the directors (continued)

During the previous 30 years, he held senior financial, management and governance positions in the professional services, manufacturing and construction industries in Australia and Asia.

His career includes 15 years in diverse roles in 'Big 4' accounting firms and five years as the Chief Operating Officer of a law firm.

Mr Patrick is a Director of INSEARCH (Shanghai) Limited. He is on the management committee of the NSW Federation of Community Language Schools and is 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 2016, and the numbers of meetings attended by each director, were:

	INSEARCH Board meetings (8)		Audit and Risk Committee meetings (4)		Remuneration and Nominations Committee meetings (3)	
Director	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ross Milbourne, AO	7	7	-	4	-	-
Dianne Hill	8	8	4	4	-	-
Jon Hutchison, AM	8	8	-	4	3	3
William Purcell	8	8	-	1	3	3
Anne Dwyer	8	8	4	4	3	3
Mary Spongberg	8	6	-	-	-	-
Alex Murphy	8	8	-	3	-	-
Peter Bennett	8	8	4	4	3	3

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

Rounding of amounts

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

Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 99 of this report.

For and on behalf of the directors signed at Sydney this 23 March 2017.

Ross Milbourne

Emeritus Professor Ross Milbourne, AO
Director

Alex Murphy
Director

Directors' declaration

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

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

- (i) comply with Accounting Standards and the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015, as stated in accounting policy note 2 to the financial statements, and
- (ii) give a true and fair view of the financial position as at 31 December 2016 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

Ross Milbourne

Emeritus Professor Ross Milbourne, AO
Director

Alex Murphy
Director

Sydney 23 March 2017

Independent auditor's report

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Insearch Limited

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

Opinion

I have audited the accompanying financial statements of Insearch Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion the financial statements:

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

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

Basis for Opinion

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

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

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

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

The PF&A Act further promotes independence by ensuring the Auditor–General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

Independent auditor's report (continued)

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of Insearch Limited on 22 March 2017, 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 directors of the Company are responsible for the Other Information, which comprises the information in the Company's annual report for the year ended 31 December 2016, other than the financial report and my Independent Auditor's Report thereon.

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

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

I have nothing to report in this regard.

Directors' Responsibility 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 must assess the Company's ability to continue as a going concern unless they intend to liquidate the Company or cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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_files/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 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

24 March 2017
SYDNEY

Auditor's independence declaration

AUDITOR-GENERAL
NEW SOUTH WALES

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 2016, 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

22 March 2017
SYDNEY

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

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Consolidated entity		Parent entity	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue from continuing operations	4	109,022	92,627	109,575	93,444
Other income	5	275	826	275	826
Employee benefits expenses	6	(43,655)	(37,880)	(43,323)	(37,610)
Depreciation and amortisation expense	6	(4,954)	(4,054)	(4,943)	(4,039)
Other expenses	6	(55,480)	(47,967)	(55,834)	(48,236)
Finance costs		(51)	(32)	(51)	(32)
Share of net profit of associate and joint venture accounted for using the equity method	9	460	751	–	–
Surplus for the year attributable to members		**5,617**	**4,271**	**5,699**	**4,353**
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	18(a)	(34)	85	–	–
Other comprehensive (loss)/income for the year		(34)	85	–	–
Total comprehensive income for the year attributable to members		**5,583**	**4,356**	**5,699**	**4,353**

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

Statement of financial position

AS AT 31 DECEMBER 2016

	Notes	Consolidated entity		Parent entity	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
Assets					
Current assets					
Cash and cash equivalents	7	72,889	71,582	72,328	71,079
Trade and other receivables	8	9,862	9,607	10,074	9,759
Total current assets		82,751	81,189	82,402	80,838
Non-current assets					
Investments accounted for using the equity method	9	687	722	–	–
Property, plant and equipment	10	18,140	10,667	18,067	10,649
Intangible assets	11	3,527	4,175	3,527	4,175
Other non-current assets	12	93	59	574	440
Total non-current assets		22,447	15,623	22,168	15,264
Total assets		**105,198**	**96,812**	**104,570**	**96,102**
Liabilities					
Current liabilities					
Trade and other payables	13	1,395	1,938	1,292	1,869
Finance lease liability	14	–	10	–	10
Provisions	15	68	61	68	61
Employee benefit obligations	16	3,680	3,183	3,680	3,183
Other current liabilities	17	32,468	32,941	32,468	32,941
Total current liabilities		37,611	38,133	37,508	38,064
Non-current liabilities					
Provisions	15	3,594	1,278	3,594	1,278
Employee benefit obligations	16	2,918	1,909	2,918	1,909
Total non-current liabilities		6,512	3,187	6,512	3,187
Total liabilities		**44,123**	**41,320**	**44,020**	**41,251**
Net assets		**61,075**	**55,492**	**60,550**	**54,851**
Equity					
Reserves	18(a)	(686)	(652)	–	–
Retained surplus	18(b)	61,761	56,144	60,550	54,851
Total equity		**61,075**	**55,492**	**60,550**	**54,851**

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 2016

	Notes	Reserves	Retained surplus	Total equity
		$'000	$'000	$'000
Consolidated				
Balance at 1 January 2015		(737)	51,873	51,136
Surplus for the year	18(b)	–	4,271	4,271
Exchange differences on translation of foreign operations	18(a)	85	–	85
Total comprehensive income for the year		**85**	**4,271**	**4,356**
Balance at 31 December 2015		**(652)**	**56,144**	**55,492**
Balance at 1 January 2016		(652)	56,144	55,492
Surplus for the year	18(b)	–	5,617	5,617
Exchange differences on translation of foreign operations		(34)	–	(34)
Total comprehensive income for the year		**(34)**	**5,617**	**5,583**
Balance at 31 December 2016		**(686)**	**61,761**	**61,075**
Parent entity				
Balance at 1 January 2015		–	50,498	50,498
Surplus for the year	18(b)	–	4,353	4,353
Total comprehensive income for the year		**–**	**4,353**	**4,353**
Balance at 31 December 2015		**–**	**54,851**	**54,851**
Balance at 1 January 2016		–	54,851	54,851
Surplus for the year	18(b)	–	5,699	5,699
Total comprehensive income for the year		**–**	**5,699**	**5,699**
Balance at 31 December 2016		**–**	**60,550**	**60,550**

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 2016

	Notes	Consolidated entity		Parent entity	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		113,657	90,912	112,818	90,920
Donation paid to the University of Technology Sydney		(7,165)	(7,154)	(7,165)	(7,154)
Payment to suppliers and employees (inclusive of goods and services tax)		(100,137)	(75,221)	(99,433)	(75,242)
		6,355	8,537	6,220	8,524
Net interest received		1,979	1,901	1,977	1,899
Interest paid		–	(2)	–	(2)
Joint venture partnership distribution received		819	–	819	–
Input tax credit refund from Australian Taxation Office		2,199	1,365	2,199	1,365
Net cash inflow from operating activities	26	**11,352**	**11,801**	**11,215**	**11,786**
Cash flows from investing activities					
Payments for property and equipment and intangible assets		(9,960)	(5,993)	(9,891)	(5,977)
Loans to joint venture		(63)	–	(63)	–
Proceeds from sale of property, plant and equipment		–	66	–	66
Net cash (outflow) from investing activities		**(10,023)**	**(5,927)**	**(9,954)**	**(5,911)**
Cash flows from financing activities					
Finance lease payments		(12)	(35)	(12)	(35)
Net cash (outflow) from financing activities		**(12)**	**(35)**	**(12)**	**(35)**
Net increase in cash and cash equivalents		1,317	5,839	1,249	5,840
Cash and cash equivalents at the beginning of the financial year		71,582	65,723	71,079	65,239
Effects of exchange rate changes on cash and cash equivalents		(10)	20	–	–
Cash and cash equivalents at end of the financial year	7	**72,889**	**71,582**	**72,328**	**71,079**

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. THE COMPANY

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The consolidated financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 22 March 2017.

(i) Statement of compliance

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

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

(ii) Historical cost convention

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

(iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time in its annual reporting period commencing 1 January 2016:

> AASB 2014-3 *Amendments to Australian Accounting Standards — Accounting for Acquisitions of Interests in Joint Operations*

> AASB 2014-4 *Amendments to Australian Accounting Standards — Clarification of Acceptable Methods of Depreciation and Amortisation*

> AASB 2015-1 *Amendments to Australian Accounting Standards — Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*, and

> AASB 2015-2 *Amendments to Australian Accounting Standards — Disclosure Initiative: Amendments to AASB 101*.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

The group also elected to adopt the following amendments early:

> AASB 2016-2 *Amendments to Australian Accounting Standard — Disclosure Initiative: Amendments to AASB 107*.

This amendment requires disclosure of changes in liabilities arising from financing activities.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

Title of standard	Nature of change	Impact	Mandatory application date/ date of adoption by group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	Must be applied for financial years commencing on or after 1 January 2018. Expected date of adoption by the group: 1 January 2018.
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118, which covers revenue arising from the sale of goods and the rendering of services and AASB 111, which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management is currently assessing the effects of applying the new standard on the group's financial statements and has identified the following areas that are likely to be affected: > accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under AASB 15, and > rights of return — AASB 15 requires separate presentation on the statement of financial position of the right to recover the goods from the customer and the refund obligation At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next 12 months.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption Expected date of adoption by the group: 1 January 2018.
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $26,464,895, see note 23. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.	Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption At this stage, the group does not intend to adopt the standard before its effective date.

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2016 and the results of all subsidiaries for the year then ended. INSEARCH Limited and its subsidiaries together are referred to in these financial statements as the group or the consolidated entity.

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

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

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

(ii) Associates

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

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

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

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

(iii) Joint ventures

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

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

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

> all resulting exchange differences are recognised in other comprehensive income.

(iv) Foreign currency translation reserve

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

(d) Revenue recognition

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

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

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

(i) Fees

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

(ii) Other fees and charges

Fees are recognised as revenue when services are provided.

(iii) Other income

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

(e) Expense recognition

(i) Direct expenses

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

(ii) Other expenses

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

(f) Income tax

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

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

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

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

(h) Acquisition of assets

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

(i) Impairment of assets

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

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank is interest rate bearing with interest rates between 0.10% and 0.90% (2015: 0.10% and 1.40%). Deposits at call are bearing a floating interest rate at 1.40% (2015: 1.90%). Fixed term deposits are bearing interest rates between 1.95% and 2.70% (2015: 2.70% and 2.85%).

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date

The collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(l) Investments and other financial assets

Classification

The group classifies its financial assets in the following categories:

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

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

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Capitalisation threshold for all assets is $1000. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

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

(n) Intangible assets

(i) IT development and software

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(ii) Curriculum and course development and validation expenses

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

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

(iii) Website development

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

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

(o) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (notes 10, 14, and 23). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 23). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

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

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Other long-term employee benefit obligations

The recorded liability for provision of annual leave includes annual leave entitlements accrued but not expected to be taken within one year. These entitlements are measured at the present value of expected future payments to be made, including on costs of leave accrued by employees up to the end of the reporting period. The expected future payments of this leave provision is discounted using published market yield of the two-year Treasury Bond at the end of the reporting period of 1.86% (2015: 2.02%).

The provision for long service leave is recognised as a liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to on costs, expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using published market yield of the 10-year Treasury Bond at the end of each reporting period of 2.76% (2015: 2.88%).

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.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

3. FINANCIAL RISK MANAGEMENT

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

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

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

	Assets at FVOCI $'000	Assets at FVPL $'000	Derivatives used for hedging $'000	Financial assets at amortised cost $'000	Total $'000
Consolidated					
Financial assets					
2016					
Cash and cash equivalents	–	–	–	72,889	72,889
Trade and other receivables — current[1]	–	–	–	4,872	4,872
Other financial assets	–	–	–	93	93
	–	**–**	**–**	**77,854**	**77,854**
2015					
Cash and cash equivalents	–	–	–	71,582	71,582
Trade and other receivables — current[1]	–	–	–	5,506	5,506
Other financial assets	–	–	–	59	59
	–	**–**	**–**	**77,147**	**77,147**

1. Excluding prepayments and statutory receivables/payables.

	Liabilities at FVOCI $'000	Derivatives at FVPL $'000	Derivatives used for hedging $'000	Liabilities at amortised cost $'000	Total $'000
Consolidated					
Financial liabilities					
2016					
Trade and other payables	–	–	–	1,395	1,395
Other financial liabilities[1]	–	–	–	32,468	32,468
	–	**–**	**–**	**33,863**	**33,863**
2015					
Trade and other payables	–	–	–	1,938	1,938
Finance lease liability	–	–	–	10	10
Other financial liabilities[1]	–	–	–	32,991	32,991
	–	**–**	**–**	**34,939**	**34,939**

1. Excluding prepayments and statutory receivables/payables.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Assets at FVOCI $'000	Assets at FVPL $'000	Derivatives used for hedging $'000	Financial assets at amortised cost $'000	Total $'000
Parent entity					
Financial assets					
2016					
Cash and cash equivalents	–	–	–	72,328	72,328
Trade and other receivables — current[1]	–	–	–	5,090	5,090
Other financial assets	–	–	–	574	574
	–	**–**	**–**	**77,992**	**77,992**
2015					
Cash and cash equivalents	–	–	–	71,079	71,079
Trade and other receivables — current[1]	–	–	–	5,664	5,664
Other financial assets	–	–	–	440	440
	–	**–**	**–**	**77,183**	**77,183**

1. Excluding prepayments and statutory receivables/payables.

	Liabilities at FVOCI $'000	Derivatives at FVPL $'000	Derivatives used for hedging $'000	Liabilities at amortised cost $'000	Total $'000
Parent entity					
Financial liabilities					
2016					
Trade and other payables	–	–	–	1,292	1,292
Other financial liabilities[1]	–	–	–	32,468	32,468
	–	**–**	**–**	**33,760**	**33,760**
2015					
Trade and other payables	–	–	–	1,869	1,869
Finance lease liability	–	–	–	10	10
Other financial liabilities[1]	–	–	–	32,991	32,991
	–	**–**	**–**	**34,870**	**34,870**

1. Excluding prepayments and statutory receivables/payables.

(a) Market risk

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

(i) Foreign exchange risk

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

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

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

The movement in exchange rates in 2016 has contributed to the Australian dollar decrease in surplus for INSEARCH Limited.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Consolidated				
RMB/AUD exchange rate — increase 10%	–	–	91	86
RMB/AUD exchange rate — decrease 10%	–	–	(91)	(86)
USD/AUD exchange rate — increase 10%	–	–	(7)	–
USD/AUD exchange rate — decrease 10%	–	–	7	–
INR/AUD exchange rate — increase 10%	–	–	2	–
INR/AUD exchange rate — decrease 10%	–	–	(2)	–

(ii) Interest rate risk

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

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

Sensitivity

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

	Impact on surplus		Impact on other components of equity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Consolidated				
Interest rates — increase by 1%	731	720	–	–
Interest rates — decrease by 1%	(731)	(720)	–	–

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

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

(d) Fair value measurements

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
4. REVENUE				
Revenue from continuing operations				
Fees	107,224	90,650	107,224	90,650
Interest	1,798	1,977	1,796	1,975
Distributions from interest in associate	–	–	555	819
Total revenue	**109,022**	**92,627**	**109,575**	**93,444**
5. OTHER INCOME				
Net loss on disposal of non-current assets	(479)	(39)	(479)	(39)
Other	754	865	754	865
Total other income	**275**	**826**	**275**	**826**
6. EXPENSES				
Expenses from continuing operations				
(i) Employee benefits expenses				
Salaries and wages	35,771	28,715	35,439	28,446
Superannuation	3,241	2,830	3,241	2,830
Payroll tax	2,145	1,838	2,145	1,838
Other	2,498	4,497	2,498	4,496
Total employee benefits expenses	**43,655**	**37,880**	**43,323**	**37,610**
(ii) Depreciation and amortisation expense				
Depreciation				
Office equipment	199	152	198	149
Furniture and fittings	2,147	1,659	2,138	1,653
Motor vehicles	83	57	83	57
Reimbursement of motor vehicles for salary packaging	–	(11)	–	(11)
Computer equipment	1,207	884	1,206	878
Total depreciation	**3,636**	**2,741**	**3,625**	**2,726**
Amortisation				
Curriculum	628	561	628	561
Software	690	752	690	752
Total amortisation	**1,318**	**1,313**	**1,318**	**1,313**
Total depreciation and amortisation expense	**4,954**	**4,054**	**4,943**	**4,039**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
6. EXPENSES (CONTINUED)				
(iii) Other expenses				
Donation to the University of Technology Sydney	7,165	7,154	7,165	7,154
Occupancy	9,939	8,463	9,759	8,286
Security	639	359	639	359
Communications	716	575	674	540
Homestay and welcome	2,115	1,681	2,115	1,681
Educational expenses	4,645	3,874	4,645	3,874
Scholarships	612	623	612	623
Promotion and channel partner commissions	19,140	15,304	20,333	16,232
Travel	2,235	2,138	2,048	1,967
Staff appointments	520	551	520	551
Audit and accounting fees	246	326	244	324
Legal fees	504	409	504	409
Consultancy	1,589	1,789	1,589	1,789
Subscription and membership	211	175	210	175
Printing and stationery	591	421	582	413
Bad debt receivables write-off	183	82	183	82
Loss/(gain) on foreign exchange	82	(75)	82	(75)
Impairment losses of investments	–	–	(97)	(25)
Other	4,348	4,118	4,027	3,877
Total other expenses	**55,480**	**47,967**	**55,834**	**48,236**
Note: Prior year expenses have been consolidated for presentation purposes.				
7. CASH AND CASH EQUIVALENTS				
Current assets				
Cash at bank and in hand	8,834	12,242	8,273	11,739
Deposits at call	4,055	4,546	4,055	4,546
Term deposits	60,000	54,794	60,000	54,794
Total cash and cash equivalents	**72,889**	**71,582**	**72,328**	**71,079**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
8. TRADE AND OTHER RECEIVABLES						
Consolidated						
Trade receivables	2,073	–	2,073	1,946	–	1,946
Provision for impairment of receivables (see note 8(a))	(105)	–	(105)	(62)	–	(62)
	1,968	**–**	**1,968**	**1,884**	**–**	**1,884**
Prepayments	4,990	–	4,990	4,151	–	4,151
Other receivables	2,730	–	2,730	3,217	–	3,217
Accrued interest	174	–	174	355	–	355
Loan to UTS:INSEARCH Gramedia	–	–	–	–	–	–
Total trade and other receivables	**9,862**	**–**	**9,862**	**9,607**	**–**	**9,607**
Parent						
Trade receivables	2,073	–	2,073	1,946	–	1,946
Provision for impairment of receivables (see note 8(a))	(105)	–	(105)	(62)	–	(62)
	1,968	**–**	**1,968**	**1,884**	**–**	**1,884**
Prepayments	4,984	–	4,984	4,145	–	4,145
Other receivables	2,760	–	2,760	3,250	–	3,250
Accrued interest	174	–	174	355	–	355
Loan to UTS:INSEARCH Gramedia	188	–	188	125	–	125
Total trade and other receivables	**10,074**	**–**	**10,074**	**9,759**	**–**	**9,759**

(a) Impaired trade and other receivables

The current trade receivables of the group with a nominal value of $104,515 (2015: $62,118) were impaired and they relate to individually impaired receivables for student tuition fees, which were deemed potentially uncollectible.

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

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 January	62	103	62	103
Provision for impairment recognised during the year	105	62	105	62
Receivables written off during the year as uncollectible	(62)	(103)	(62)	(103)
At 31 December	**105**	**62**	**105**	**62**

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

(b) Past due but not impaired

As of 31 December 2016, the group trade receivables of $1,968,405 (2015: $1,883,808) and the parent trade receivables of $1,968,405 (2015: $1,883,808) were past due but not impaired. The ageing analysis of the receivables is as follows:

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Up to 3 months	135	1,805	135	1,805
3 to 6 months	1,380	79	1,380	79
Over 6 months	453	–	453	–
	1,968	**1,884**	**1,968**	**1,884**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Non-current assets				
Interest in associated undertaking	687	722	–	–
Total investments accounted for using the equity method	**687**	**722**	**–**	**–**
Share of profits and losses				
Associates	533	821	–	–
Joint venture	(73)	(70)	–	–
	460	751	–	–
Carrying amount of investment in associated entity	687	722	–	–
Share of assets and liabilities				
Current assets	469	663	–	–
Non-current assets	103	36	–	–
Total assets	**572**	**699**	**–**	**–**
Current liabilities	(115)	(23)	–	–
Non-current liabilities	–	–	–	–
Total liabilities	**(115)**	**(23)**	–	–
Net assets	**687**	**722**	**–**	**–**
Share of revenue and expenses				
Revenues	3,285	3,551	–	–
Expenses	(2,825)	(2,800)	–	–
Net profit	**460**	**751**	**–**	**–**

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

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

(b) Joint venture — UTS:INSEARCH Gramedia (UIG)

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

The company's investment in UIG was in the form of a loan amounting to $187,815. Subsequent losses of the joint venture have been recognised as an increase of the loan balance.

As at 31 December 2016, UIG's share of cumulative losses amounting to $265,073 (2015: $183,528) has been offset against the loan balance of $187,815. The remaining amount of $77,258 (2015: $58,528) is recorded as an amount due to the joint venture. Losses inclusive of net foreign exchange gains or losses recognised in 2016 were $81,545 (2015: $71,285).

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Office equipment	Motor vehicles	Furniture and fittings	Computer equipment	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
10. PROPERTY, PLANT AND EQUIPMENT						
Consolidated						
At 1 January 2015						
Cost	801	265	15,000	4,172	75	20,313
Accumulated depreciation	(368)	(181)	(8,950)	(2,169)	–	(11,668)
Net book amount	**433**	**84**	**6,050**	**2,003**	**75**	**8,645**
Year ended 31 December 2015						
Opening net book amount	433	84	6,050	2,003	75	8,645
Exchange differences	1	–	(5)	–	–	(4)
Additions[1]	–	–	15	1	4,763	4,779
Disposals	–	–	–	(1)	–	(1)
Transfers	21	160	325	1,264	(1,770)	–
Depreciation charge	(152)	(57)	(1,659)	(884)	–	(2,752)
Closing net book amount	**303**	**187**	**4,726**	**2,383**	**3,068**	**10,667**
At 31 December 2015						
Cost	823	254	15,241	5,090	3,068	24,476
Accumulated depreciation	(520)	(67)	(10,515)	(2,707)	–	(13,809)
Net book amount	**303**	**187**	**4,726**	**2,383**	**3,068**	**10,667**
Year ended 31 December 2016						
Opening net book amount	303	187	4,726	2,383	3,068	10,667
Exchange differences	(1)	–	(1)	(1)	–	(3)
Additions[1]	20	–	2,301	49	9,091	11,461
Disposals	–	–	(296)	(53)	–	(349)
Transfers	1,276	29	9,243	1,418	(11,966)	–
Depreciation charge	(199)	(83)	(2,147)	(1,207)	–	(3,636)
Closing net book amount	**1,399**	**133**	**13,826**	**2,589**	**193**	**18,140**
At 31 December 2016						
Cost	2,118	283	25,482	6,257	193	34,333
Accumulated depreciation	(719)	(150)	(11,656)	(3,668)	–	(16,193)
Net book amount	**1,399**	**133**	**13,826**	**2,589**	**193**	**18,140**

1. The addition of property, plant and equipment included non-cash acquisition of make good assets of $2,301,212 (2015: $nil).

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Office equipment	Motor vehicles	Furniture and fittings	Computer equipment	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)						
Parent entity						
At 1 January 2015						
Cost	790	265	14,881	4,141	75	20,152
Accumulated depreciation	(363)	(181)	(8,840)	(2,144)	–	(11,528)
Net book amount	**427**	**84**	**6,041**	**1,997**	**75**	**8,624**
Year ended 31 December 2015						
Opening net book amount	427	84	6,041	1,997	75	8,624
Additions[1]	–	–	–	–	4,763	4,763
Disposals	–	–	–	(1)	–	(1)
Transfers	21	160	325	1,264	(1,770)	–
Depreciation charge	(149)	(57)	(1,653)	(878)	–	(2,737)
Closing net book amount	**299**	**187**	**4,713**	**2,382**	**3,068**	**10,649**
At 31 December 2015						
Cost	811	254	15,205	5,057	3,068	24,395
Accumulated depreciation	(512)	(67)	(10,492)	(2,675)	–	(13,746)
Net book amount	**299**	**187**	**4,713**	**2,382**	**3,068**	**10,649**
Year ended 31 December 2016						
Opening net book amount	299	187	4,713	2,382	3,068	10,649
Additions[1]	–	–	2,301	–	9,091	11,392
Disposals	–	–	(296)	(53)	–	(349)
Transfers	1,276	29	9,243	1,418	(11,966)	–
Depreciation charge	(198)	(83)	(2,138)	(1,206)	–	(3,625)
Closing net book amount	**1,377**	**133**	**13,823**	**2,541**	**193**	**18,067**
At 31 December 2016						
Cost	2,087	283	25,449	6,176	193	34,188
Accumulated depreciation	(710)	(150)	(11,626)	(3,635)	–	(16,121)
Net book amount	**1,377**	**133**	**13,823**	**2,541**	**193**	**18,067**

1. The addition of property, plant and equipment included non-cash acquisition of make good assets of $2,301,212 (2015: $nil).

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Curriculum	Computer software	Capital work in progress	Total
	$'000	$'000	$'000	$'000
11. INTANGIBLE ASSETS				
Consolidated and parent entity				
At 1 January 2015				
Cost	2,459	9,085	1,110	12,654
Accumulated amortisation and impairment	(904)	(7,372)	–	(8,276)
Net book amount	**1,555**	**1,713**	**1,110**	**4,378**
Year ended 31 December 2015				
Opening net book amount	1,555	1,713	1,110	4,378
Additions	–	–	1,214	1,214
Disposals	–	(104)	–	(104)
Transfers	684	478	(1,162)	–
Amortisation charge	(561)	(752)	–	(1,313)
Closing net book amount	**1,678**	**1,335**	**1,162**	**4,175**
At 31 December 2015				
Cost	3,143	9,192	1,162	13,497
Accumulated amortisation and impairment	(1,465)	(7,857)	–	(9,322)
Net book amount	**1,678**	**1,335**	**1,162**	**4,175**
Year ended 31 December 2016				
Opening net book amount	1,678	1,335	1,162	4,175
Additions	–	–	800	800
Disposals	–	(130)	–	(130)
Transfers	–	1,229	(1,229)	–
Amortisation charge	(628)	(690)	–	(1,318)
Closing net book amount	**1,050**	**1,744**	**733**	**3,527**
At 31 December 2016				
Cost	3,143	10,141	733	14,017
Accumulated amortisation and impairment	(2,093)	(8,397)	–	(10,490)
Net book amount	**1,050**	**1,744**	**733**	**3,527**

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
12. OTHER NON-CURRENT ASSETS				
Non-current assets				
Security deposits	93	59	49	14
Interest in associate and joint venture	–	–	81	81
INSEARCH (Shanghai) Limited	–	–	444	345
Total other non-current assets	**93**	**59**	**574**	**440**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
13. TRADE AND OTHER PAYABLES						
Consolidated						
Trade and other payables	1,009	–	1,009	1,796	–	1,796
Amounts due to joint venture	77	–	77	59	–	59
University of Technology Sydney	283	–	283	73	–	73
Other creditors	26	–	26	10	–	10
	1,395	–	**1,395**	**1,938**	**–**	**1,938**
Parent						
Trade and other payables	1,009	–	1,009	1,796	–	1,796
Amounts due to joint venture	–	–	–	–	–	–
University of Technology Sydney	283	–	283	73	–	73
Other creditors	–	–	–	–	–	–
	1,292	**–**	**1,292**	**1,869**	**–**	**1,869**
14. FINANCE LEASE LIABILITY						
Consolidated						
Lease liabilities (note 23)	–	–	–	10		10
	–	**–**	**–**	**10**	**–**	**10**
Parent						
Lease liabilities (note 23)	–	–	–	10		10
	–	**–**	**–**	**10**	**–**	**10**

The group leases computer equipment with a carrying amount of $nil (2015: $9,241) under finance leases expiring within three years. Under the terms of the leases, the group has the option to acquire the leased assets on expiry of the leases by paying the difference amount between the value of the goods financed under the relevant lease schedule and the present value of the lease instalments.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
15. PROVISIONS						
Consolidated						
Make good provisions	–	3,486	3,486	–	1,134	1,134
Lease incentives	68	108	176	61	144	205
	68	**3,594**	**3,662**	**61**	**1,278**	**1,339**
Parent						
Make good provisions	–	3,486	3,486	–	1,134	1,134
Lease incentives	68	108	176	61	144	205
	68	**3,594**	**3,662**	**61**	**1,278**	**1,339**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(a) Information about individual provisions and significant estimates

Make good provision

The provision for make good in relation to fixtures installed at leased office space is required to be provided for under AASB 116 *Property, Plant and Equipment*. The make good obligations are expected to be settled within the next three 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	Lease incentives	Total
	$'000	$'000	$'000
Consolidated			
2016			
Current and non-current			
Carrying amount at start of year	1,134	205	1,339
Charged/(credited) to the profit or loss	51	(29)	22
Adjustment in statement of financial position to reflect an updated assessment to both existing and new leased properties	2,301	–	2,301
Carrying amount at end of year	**3,486**	**176**	**3,662**
Parent			
2016			
Current and non-current			
Carrying amount at start of year	1,134	205	1,339
Charged/(credited) to the profit or loss	51	(29)	22
Adjustment in statement of financial position to reflect an updated assessment to both existing and new leased properties	2,301	–	2,301
Carrying amount at end of year	**3,486**	**176**	**3,662**

16. EMPLOYEE BENEFIT OBLIGATIONS

	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Consolidated						
Leave obligations — annual leave (a)	2,086	–	2,086	1,820	–	1,820
Leave obligations — long service leave (a)	1,594	2,918	4,512	1,363	1,909	3,272
Total employee benefit obligations	**3,680**	**2,918**	**6,598**	**3,183**	**1,909**	**5,092**
Parent						
Leave obligations — annual leave (a)	2,086	–	2,086	1,820	–	1,820
Leave obligations — long service leave (a)	1,594	2,918	4,512	1,363	1,909	3,272
Total employee benefit obligations	**3,680**	**2,918**	**6,598**	**3,183**	**1,909**	**5,092**

(a) Leave obligations

The leave obligations cover the group's liability for long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $3,679,970 (2015: $3,183,222) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current annual leave obligations expected to be settled after 12 months	370	384	370	384
Current long service leave obligations expected to be settled after 12 months	627	574	627	574

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
17. OTHER CURRENT LIABILITIES				
Current liabilities				
Accrued expenses	4,143	7,816	4,143	7,816
Prepaid course fees	26,635	22,665	26,635	22,665
Others	1,690	2,460	1,690	2,460
Total other current liabilities	**32,468**	**32,941**	**32,468**	**32,941**
18. RESERVES AND RETAINED SURPLUS				
(a) Reserves				
Foreign currency translation reserve	(686)	(652)	–	–
Movements				
Foreign currency translation reserve				
Balance 1 January	(652)	(737)	–	–
Currency translation differences arising during the year	(34)	85	–	–
Balance 31 December	**(686)**	**(652)**	**–**	**–**
(b) Retained surplus				
Movements in retained surplus were as follows:				
Balance 1 January	56,144	51,873	54,851	50,498
Surplus for the year	5,617	4,271	5,699	4,353
Balance 31 December	**61,761**	**56,144**	**60,550**	**54,851**

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

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

(i) Non-executive chair

RD Milbourne, AO (appointed 01/03/2016)

JM Hutchison, AM (interim Chair from 01/11/2015 to 29/02/2016 and Non-Executive Director afterwards)

(ii) Executive director

A Murphy

(iii) Non-executive directors

P Bennett

AM Dwyer

DN Hill

WR Purcell

M Spongberg

(b) Other key management personnel

A Brungs

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(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	
	2016	2015	2016	2015
Remuneration of directors				
$0 to $49,999	–	–	–	–
$50,000 to $99,999	4	4	4	4
$100,000 to $149,999	–	–	–	–
$150,000 to $199,999	–	–	–	–
$200,000 to $249,999	–	–	–	–
$250,000 to $299,999	–	–	–	–
$300,000 to $349,999	–	–	–	–
$350,000 to $399,999	–	–	–	–
$400,000 to $449,999	1	1	1	1
$450,000+	–	–	–	–
	5	5	5	5

	Consolidated entity		Parent entity	
	2016 $	2015 $	2016 $	2015 $
Short-term employee benefits	668,154	640,269	668,154	640,269
Post-employment benefits	63,025	60,374	63,025	60,374
	731,179	**700,643**	**731,179**	**700,643**

20. 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 21.

(c) Transactions with related parties

The following transactions occurred with related parties:

> donation to the University of Technology Sydney $7,165,000 (2015: $7,154,375), this includes $165,000 (2015: $154,375) in respect of UTS staff acting as directors of the INSEARCH Board
> sales of services and fees to the University of Technology Sydney $182,384 (2015: $3,116)
> services rendered by the University of Technology Sydney to INSEARCH Limited $5,947,887 (2015: $4,445,619)
> consulting service income between INSEARCH (Shanghai) Limited and INSEARCH Limited $1,292,893 (2015: $1,019,305)
> consulting service expense between INSEARCH Limited and INSEARCH (Shanghai) Limited $1,292,893 (2015: $1,019,305).

(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	
	2016 $	2015 $	2016 $	2015 $
Current receivables (sales of goods and services)				
> INSEARCH (Shanghai) Limited	–	–	29,771	33,778

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

21. 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 2016 %	Equity holding 2015 %
INSEARCH (Shanghai) Limited	China	Ordinary	100	100
INSEARCH Education International Pty Limited	Australia	Ordinary	100	100

22. REMUNERATION OF AUDITORS

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

	Consolidated entity		Parent entity	
	2016 $	2015 $	2016 $	2015 $
(a) The Audit Office of New South Wales				
(i) Audit and other assurance services				
Audit and review of financial reports	99,703	97,271	99,703	97,271
Total auditors' remuneration	**99,703**	**97,271**	**99,703**	**97,271**

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
23. COMMITMENTS				
(a) Capital commitments				
Commitments for the acquisition of plant and equipment contracted for at the end of the reporting period but not recognised as liabilities, payable, with the input tax recoverable from the Australian Taxation Office.				
Property, plant and equipment	–	5,699	–	5,699
Input tax recoverable from the Australian Taxation Office	–	518	–	518
(b) Lease commitments				
(i) Non-cancellable operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable with the input tax recoverable from the Australian Taxation Office:				
> within one year	9,149	7,772	9,061	7,603
> later than one year but not later than five years	16,591	12,199	16,591	12,106
> later than five years	725	–	725	–
	26,465	19,971	26,377	19,709
Input tax recoverable from the Australian Taxation Office	2,392	1,790	2,392	1,790
(ii) Finance leases				
Commitments in relation to finance leases are payable as follows:				
> within one year	–	11	–	11
> later than one year but not later than five years	–	–	–	–
> later than five years	–	–	–	–
Minimum lease payments	–	11	–	11
Future finance charges	–	–	–	–
Present value of minimum lease payments inclusive of GST	–	11	–	11
Input tax recoverable from the Australian Taxation Office	–	1	–	1

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

24. 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.

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have occurred subsequent to year end that have significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

	Consolidated entity		Parent entity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
26. CASH FLOW INFORMATION				
Reconciliation of surplus for the year to net cash flows from operating activities				
Surplus for the year	5,617	4,271	5,699	4,353
Depreciation and amortisation	4,954	4,065	4,943	4,050
Non-cash movement in finance lease liability	2	7	2	7
Net loss on sale of non-current assets	479	39	479	39
Share of loss of joint venture	73	70	–	–
Share of profit of associates	(533)	(821)	–	–
Bad debt provisions	105	62	105	62
Non-cash adjustment on make good provision	(2,301)	–	(2,301)	–
Change in operating assets and liabilities				
> Decrease/(increase) in trade and other receivables	177	(2,377)	(357)	(3,129)
> (Increase) in other non-current assets	(34)	(12)	(134)	(35)
> (Decrease)/increase in trade and other payables	(543)	1,601	(577)	1,543
> Increase/(decrease) in provisions	2,323	(3)	2,323	(3)
> Increase in employee benefit obligations	1,506	1,348	1,506	1,348
> (Decrease)/increase in other liabilities	(473)	3,551	(473)	3,551
Net cash inflow from operating activities	**11,352**	**11,801**	**11,215**	**11,786**

End of audited financial statements

accessUTS Pty Limited

Directors' report

accessUTS Pty Limited
ABN 55 098 424 312
DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2016

Directors
The names of the directors of the company from the beginning of the financial year until the date of this report were:

Blair Peter McRae
Professor David James Robson
Dianne Norma Hill
Jeffrey John Francis (resigned 19 February 2016)
Professor John Daly
Dr Paul Jonson

All directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Principal Activities
The principal activity of the company during the financial year was developing and managing the consulting activities of the University of Technology, Sydney.
There has been no significant change in the nature of this activity during the year.

Operating Result
The income after income tax for the year ended 31 December 2016 was $23,055 (2015 profit of $86,223).

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

Dividends
The company did not pay a dividend during the year and the directors have recommended that no dividend be paid in respect of the 2016 year.

Significant Changes in the State of Affairs
There have been no significant changes in the state of affairs of the company during the year.

Significant Events After the Balance Date
There have been no significant events after the balance date that would materially affect the results presented at year end.

Environmental Regulation
The company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

Likely Developments
It is not foreseen that the company will undertake any change in its general direction during the coming financial year. The company will continue to pursue its financial trading activities as detailed earlier in the report to produce the most beneficial result for the members.

Indemnification and Insurance of Officers and Auditors

Indemnification

Since the end of the previous financial year, the company has not indemnified or made a relevant agreement for indemnifying against a liability of any person who is or has been an officer or auditor of the company.

Insurance Premiums

During the year, no premiums were paid to insure the directors against liability by accessUTS Pty Ltd. Although, its parent entity, the University of Technology, Sydney, paid the directors' insurance premium on behalf of company, which sufficiently insures the directors of accessUTS Pty Ltd.

Auditor's Independence Declaration
The Auditor's Independence Declaration for the year to 31 December 2016 has been received and can be found on page 131.

Signed in accordance with a resolution of the directors:

Professor David James Robson
Sydney, 12 April 2017

Blair McRae

Directors' declaration

accessUTS Pty Limited
ABN 55 098 424 312
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2016

In accordance with a resolution of the directors of accessUTS Pty Limited, we state that:

1. In the opinion of the directors:

   (a) the financial statements present a true and fair view of the company's financial position as at 31 December 2016 and of the company's performance for the year ended on that date; and

   (b) the financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015; and

   (c) the financial statements comply with Australian Accounting Standards and other mandatory professional reporting requirements, including Australian Accounting Interpretations; and

   (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

2. We are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Board:

Professor David James Robson

Blair McRae

Sydney, 12 April 2017

Independent auditor's report

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

accessUTS Pty Limited

To Members of the New South Wales Parliament and Members of accessUTS Pty Limited

Opinion

I have audited the accompanying financial statements of accessUTS Pty Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

The PF&A Act further promotes independence by ensuring the Auditor–General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

Independent auditor's report (continued)

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 7 April 2107 would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

Directors' Responsibility for the Financial Statements

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

In preparing the financial statements, the directors must assess the Company's ability to continue as a going concern unless they intend to liquidate the Company or cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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_files/ar7.pdf.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

Caroline Karakatsanis
Director, Finance Audit Services

12 April 2017
SYDNEY

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 2016, 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

7 April 2017
SYDNEY

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

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Revenue from continuing operations			
Revenue from services	4(a)	4,088,662	8,786,207
Investment revenue	4(b)	20,700	19,348
Total revenue		**4,109,362**	**8,805,555**
Expenses from continuing operations			
Employee related expenses	3(a)	210,443	3,343,784
Other operating expenses	3(b)	3,852,326	5,368,678
(Gain)/loss on foreign exchange	4(c)	(786)	1,341
Total expenses		**4,061,983**	**8,713,803**
Operating result before income tax		47,379	91,752
Income tax expense	5	(24,324)	(5,529)
Operating result from continuing operations		**23,055**	**86,223**
Total comprehensive income		**23,055**	**86,223**
Total comprehensive income for the year is attributable to:			
> owners of the parent		**23,055**	**86,223**

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	6	2,435,104	2,325,401
Receivables	7	411,168	753,289
Prepayments	8	109,287	13,931
Total current assets		**2,955,559**	**3,092,621**
Total assets		**2,955,559**	**3,092,621**
Liabilities			
Current liabilities			
Payables	9	1,466,830	2,526,953
Provisions	10	–	–
Other	11	893,242	–
Income tax payable	12	10,015	3,251
Total current liabilities		**2,370,087**	**2,530,204**
Total liabilities		**2,370,087**	**2,530,204**
Net assets		**585,472**	**562,417**
Equity			
Contributed equity	13	450,001	450,001
Accumulated profits	14	135,471	112,416
Total equity		**585,472**	**562,417**

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital $	Accumulated profits $	Total $
Balance at 1 January 2015	450,001	26,193	476,194
Net result for the year	–	86,223	86,223
Total comprehensive income	–	86,223	86,223
Balance at 31 December 2015	**450,001**	**112,416**	**562,417**
Balance at 1 January 2016	450,001	112,416	562,417
Net result for the year	–	23,055	23,055
Total comprehensive income	–	23,055	23,055
Balance at 31 December 2016	**450,001**	**135,471**	**585,472**

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Payments			
Employee related		210,066	3,686,632
Other		4,406,594	5,383,135
Total payments		**4,616,660**	**9,069,767**
Receipts			
Sale of goods and services		4,705,663	9,318,223
Interest received		20,700	19,348
Total receipts		**4,726,363**	**9,337,571**
Net cash inflows (outflows) from operating activities	15	**109,703**	**267,803**
Net increase (decrease) in cash		109,703	267,803
Opening cash and cash equivalents		2,325,401	2,057,598
Closing cash and cash equivalents	6	**2,435,104**	**2,325,401**

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. REPORTING ENTITY

accessUTS Pty Limited is a for-profit company limited by shares and is incorporated and domiciled in Australia and is a wholly owned subsidiary of the University of Technology Sydney. The registered office of accessUTS Pty Limited is level 14, Building 1, 1–9 Broadway, Ultimo NSW 2007.

These financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 12 April 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements have been prepared on an accruals basis, in accordance with applicable accounting standards and other mandatory professional reporting requirements (including Australian Accounting Interpretations), the requirements of the *Corporations Act 2001*, the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015.

These financial statements have been prepared on an historical cost basis and are presented in Australian dollars. The accounting policies set out below have been consistently applied to all years presented unless otherwise stated.

(b) Statement of compliance

These financial statements comply with Australian Accounting Standards, including Australian Accounting Interpretations.

(c) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained from both external and internal sources.

(d) Goods and Services Tax (GST)

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

> the net amount of GST recoverable from or payable to the taxation authority is included within payables or receivables in the balance sheet

> where the amount of GST is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

> cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Fee revenue

Service fee revenue represents revenue from services provided by the entity and is recognised when the services are provided.

Training course revenue

Training course revenue represents revenue from courses delivered in the period and is recognised when the courses are scheduled to run.

Investment income

Interest income is recognised as it accrues.

Asset sales

The net proceeds from the sale of assets is included as revenue of the entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale occurs.

Other revenue

Other revenue is brought to account when it becomes due and receivable.

(f) Income tax

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

> the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements

> current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination

> a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset

> deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

(g) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes deposits at call that are readily convertible to cash on hand and that are used in the cash management function on a day-to-day basis, net of any outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at fair value less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the entity will not be able to collect the debt.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments

Investments are valued either at cost less amounts written off for permanent diminution in the value of the investments, or at directors' valuation. Dividends and interest are brought to account when received.

(j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

(k) Other liabilities — income received in advance

Amounts received from clients are recognised as income in advance to the extent that they relate to work to be conducted or services to be performed in the future.

(l) Employee benefits and other provisions

Salaries and wages, annual leave, sick leave and on costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(m) Loans and borrowings

All loans are measured at the principal amount.

(n) New and revised Australian Accounting Standards

Where new or revised accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting period, accessUTS Pty Limited has not exercised the right to early adopt any such accounting standard.

(o) Translation of foreign currency transactions

On initial recognition in Australian currency, transactions in foreign currencies are recorded by applying the rate of exchange as at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially translated during the period, or in the previous financial statements, are recognised in profit or loss in the period in which they arise.

At each balance date, foreign currency monetary items are reported using the closing rate on the balance date.

	2016 $	2015 $
3. EXPENSES EXCLUDING LOSSES		
(a) Employee-related expenses		
Directors fees	1,500	7,000
Contractors	208,943	3,336,784
	210,443	**3,343,784**
(b) Other operating expenses		
Auditor's remuneration		
> audit of the financial statements	23,415	19,611
Consulting fees	2,485,146	4,362,512
Service level agreement — Commercial Services Unit	735,719	883,797
General and administrative expenses	608,046	102,758
	3,852,326	**5,368,678**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
4. REVENUE		
(a) Revenue from services		
Consulting fees	1,751,132	7,634,427
Training courses	2,337,530	1,151,780
	4,088,662	**8,786,207**
(b) Investment revenue		
Interest received or receivable	20,700	19,348
	20,700	**19,348**
(c) Gain/(loss) on foreign exchange		
Foreign exchange gains/(losses)	786	(1,341)
	786	**(1,341)**
5. INCOME TAX EXPENSE		
The income tax expense provided in the accounts is calculated as follows:		
> tax on operating profit/(loss) at 30%	14,214	27,526
Add/(less)		
> current year temporary difference not brought to account previously	10,110	(21,997)
> tax losses not previously tax effected — recouped this year	–	–
Income tax expense	24,324	5,529
Deferred tax assets/(liabilities) have not been recognised in the statement of financial position in respect of:		
> deductible temporary differences	18,335	36,186
6. CASH AND CASH EQUIVALENTS		
Cash at bank	2,014,369	1,911,363
Cash on deposit	420,735	414,038
	2,435,104	**2,325,401**
7. RECEIVABLES		
Current		
Trade and other receivables	344,524	657,175
Allowance for doubtful accounts	(10,644)	(3,575)
Receivable from parent entity (unsecured)	–	4,488
GST refundable	77,288	95,201
	411,168	**753,289**
8. PREPAYMENTS		
Current		
Prepayments	109,287	13,931
	109,287	**13,931**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
9. PAYABLES		
Current		
Trade creditors	50,172	43,653
Accrued expenses	316,948	91,888
Amounts payable to parent entity	1,010,815	1,476,590
Loan from parent entity (unsecured)	35,000	35,000
Other payables	53,895	879,822
	1,466,830	**2,526,953**
Loan from parent entity		
The loan from the parent entity is unsecured, interest-free and repayable on demand.		
10. PROVISIONS		
Current		
Provision for annual leave	–	–
	–	–
11. OTHER CURRENT LIABILITIES		
Current		
Income received in advance	893,242	–
	893,242	**–**
12. INCOME TAX PAYABLE		
Income tax payable	10,015	3,251
	10,015	**3,251**
13. CONTRIBUTED EQUITY		
Issued and paid up capital		
Ordinary shares fully paid	450,001	450,001
Movements in shares on issue		
Issued capital at the beginning of the year	450,001	450,001
Capital issued during the year	–	–
Issued capital at the end of the year	**450,001**	**450,001**
14. ACCUMULATED PROFITS		
Accumulated profits / (losses) at the beginning of the year	112,416	26,193
Net profit attributable to the member	23,055	86,223
Accumulated profits at the end of the year	**135,471**	**112,416**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
15. RECONCILIATION OF OPERATING PROFIT FOR THE YEAR WITH CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit after income tax	23,055	86,223
Non-cash items		
Annual leave	–	–
Provision for doubtful debts	6,644	3,575
Changes in operating assets and liabilities		
Decrease/(increase) in receivables and prepayments	144,560	2,893,251
Increase/(decrease) in payables and provisions	(77,798)	564,852
Increase/(decrease) in income in advance	13,242	(3,280,100)
Net cash inflow/(outflow) from operating activities	**109,703**	**267,803**
16. AUDITORS' REMUNERATION		
Amounts received or due and receivable by the auditors of accessUTS Pty Limited for:		
> an audit of the financial statements	20,090	19,611
	20,090	**19,611**

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of accessUTS Pty Limited during the year:

Mr Jeffrey Francis

Mr Blair McRae

Professor John Daly

Professor David Robson

Dr Paul Jonson

Ms Dianne Hill

(b) Remuneration of board members and executives

	2016 number	2015 number
Remuneration of board members		
$0–$9,999	1	2

18. 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.

19. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

20. ECONOMIC DEPENDENCY

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

21. RELATED PARTY TRANSACTIONS

(a) Directors

The names of the directors of the company during the financial year are set out on page 127 of these financial statements. The board includes non-independent directors who are employed by the University of Technology Sydney.

There have been no transactions with directors or director-related entities during the financial year, other than remuneration as detailed at note 17.

(b) Parent entity

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

Transactions with the parent entity

The following transactions occurred during the year between the company and UTS.

Services provided by UTS

UTS provided services to the company in accordance with the service level agreement between the two entities. Services included the provision of personnel and premises and the payment of various operating expenses.

Faculty costs charged by UTS

The services of various UTS personnel were utilised by the company during the year. In return, the company paid fees to various UTS faculties.

Training and development services provided to UTS

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

	2016 $	2015 $
Amounts included in revenue during the financial year		
Certification fees charged to the parent entity	–	–
Amounts included in assets and liabilities at the end of the financial year		
Amounts receivable from parent entity — current	95,357	4,488
Amounts payable to parent entity — current	119,152	1,427,902
Other payable to parent entity	987,019	48,688
Loans from parent entity (unsecured)	35,000	35,000

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

(c) Wholly owned group

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

	2016 $	2015 $
22. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES		
(a) Instruments reported by categories of financial assets and liabilities		
Financial assets		
Cash and cash equivalents	2,435,114	2,325,401
Trade and other receivables	333,880	753,289
	2,768,994	**3,078,690**
Financial liabilities		
Trade and other payables	50,172	1,647,131
	50,172	**1,647,131**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

(b) Risk exposures and responses

The company's financial instruments consist of cash, short-term deposits, accounts receivable and payable, and loans from the parent entity.

The company's main risks from its financial instruments are interest rate risk and credit risk. The company does not have any derivative instruments at the end of the financial year.

(c) Net fair values

The net fair values of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(d) Credit risk

The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

Receivables balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is limited.

The company does not have any material credit risk exposure to any single receivable or company of receivables under financial instruments entered into by the company. The company minimises concentrations of credit risks in relation to trade accounts receivable by undertaking transactions with many customers.

(e) Hedging transactions

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

(f) Interest risk

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

	2016		2015	
	Carrying amount $	Net fair value $	Carrying amount $	Net fair value $
Financial assets				
Cash and cash equivalents	2,435,114	2,435,114	2,325,401	2,325,401
Trade and other receivables	333,880	333,880	753,289	753,289
	2,768,994	**2,768,994**	**3,078,690**	**3,078,690**
Financial liabilities				
Trade and other payables	50,172	50,172	1,647,131	1,647,131
	50,172	**50,172**	**1,647,131**	**1,647,131**

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)	
	2016 $	2015 $	2016 $	2015 $
Judgements of reasonably possible movements				
+0.5% (50 basis points)	5,389	7,618	5,389	7,618
-0.5% (50 basis points)	(2,444)	(8,660)	(2,444)	(8,660)

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:

Editor
Governance Support Unit
University of Technology Sydney
PO Box 123
Broadway NSW 2007

publications@uts.edu.au

Acknowledgements

The *UTS Annual Report 2016* was produced by the Governance Support Unit, Division of the Deputy Vice-Chancellor and Vice-President (Corporate Services).

Editor: Bridget Shipstone (Governance Support Unit)

Design: Claudia Iacovella (Marketing and Communication Unit)

Printer: UTS Printing Services

Paper: Precision

ABN 77 257 686 961

Contacts

Postal address

University of Technology Sydney
PO Box 123
Broadway NSW 2007
Australia
+61 2 9514 2000

www.uts.edu.au

Street address

University of Technology Sydney
City campus
15 Broadway
Ultimo NSW 2007

UTS Student Centres

1300 ask UTS (1300 275 887)

+61 2 9514 1222

www.ask.uts.edu.au

UTS International

1800 774 816 (within Australia)

+61 3 9627 4816 (international)

international@uts.edu.au

CRICOS provider code 00099F

Access

UTS is open for general business from 9am to 5pm weekdays.

Many sections of the university are open at other times.

NO.1

UTS RANKED AUSTRALIA'S #1 YOUNG* UNI

*Times Higher Education 150 Under 50 rankings, 2016.
QS World University Rankings Top 50 Under 50, 2016–2017.

The UTS Annual Report 2016 provides a record of the university's performance and activities for the year. It is presented in two volumes: volume one is a review of our operations and statutory reporting; and volume two contains our financial statements.

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