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FINANCIAL STATEMENTS 2003



UNIVERSITY OF
TECHNOLOGY SYDNEY



2003 FINANCIAL STATEMENTS

UNIVERSITY OF TECHNOLOGY, SYDNEY

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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 reports present a true and fair view of the financial position of the University at 31 December 2003 and the results of its operations and transactions of the University for the year then ended
2. the financial reports have been prepared in accordance with the provisions of the New South Wales *Public Finance and Audit Act 1983* and the Commonwealth Guidelines for the Preparation of Annual Financial Statements for the 2003 Reporting Period by Australian Higher Education Institutions
3. the financial reports have been prepared in accordance with applicable Australian Accounting Standards, other authoritative announcements of the Australian Accounting Standards Board and Consensus views of the Urgent Issues Group
4. we are not aware of any circumstances which would render any particulars included in the financial reports 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.



R D Milbourne
Vice-Chancellor



K J Rennie
Chair, Finance Committee

19 April 2004

INDEPENDENT AUDIT REPORT



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

University of Technology, Sydney

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the University of Technology, Sydney:

- (a) presents fairly the University's and the consolidated entity's financial position as at 31 December 2003 and their financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with:
 - (i) section 41B of the *Public Finance and Audit Act 1983* (the Act), and
 - (ii) the Guidelines for the Preparation of the Annual Financial Reports for the 2003 Reporting Period by Australian Higher Education Institutions, issued pursuant to the *Higher Education Funding Act 1988*.

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

The Council's Role

The financial report is the responsibility of the Council. It consists of the statements of financial position, the statements of financial performance, the statements of cash flows and the accompanying notes for the University and the consolidated entity. The consolidated entity comprises the University and the entities controlled at the year's end, or during the financial year.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Council in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that members of the Council had not fulfilled their reporting obligations.

INDEPENDENT AUDIT REPORT

My opinion does *not* provide assurance:

- about the future viability of the University or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

P.K. Brown

P K Brown FCA
Director of Audit

SYDNEY
20 April 2004

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Notes	Economic entity [Consolidated]		Parent entity [University]	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenue from ordinary activities					
Commonwealth Government financial assistance	2.1	109,504	106,627	109,504	106,627
State Governments financial assistance	2.2	3,367	2,929	3,367	2,929
Higher Education Contribution Scheme (HECS)					
> Student contributions	35.1	15,983	15,891	15,983	15,891
> Commonwealth payments	35.1	49,374	47,477	49,374	47,477
Postgraduate Education Loans Scheme (PELS)	35.1	15,128	8,674	15,128	8,674
Bridging for Overseas-trained Professionals Loan Scheme (BOTPLS)	35.1	35	0	35	0
Fees and charges	2.3	125,535	105,838	86,105	72,665
Superannuation					
> Deferred Government contributions		13,469	32,600	13,469	32,600
Investment income	2.4	5,317	5,138	4,029	4,216
Royalties, trademarks and licenses	2.5	58	52	58	52
Consultancy and contract research	2.6	6,587	8,545	5,760	6,799
Other revenue	2.7	15,560	16,458	21,788	22,356
Total revenue from ordinary activities		359,917	350,229	324,600	320,286
Share of net result of associates and joint ventures accounted for using the equity method		191	251	0	0
Total revenue		360,108	350,480	324,600	320,286
Expenses from ordinary activities					
Employee benefits	3.1	209,428	219,474	195,526	206,593
Depreciation and amortisation	3.2	25,003	15,647	23,522	14,337
Buildings and grounds	3.3	13,327	8,976	9,922	5,992
Bad and doubtful debts	3.4	963	(687)	976	(691)
Borrowing cost expense	4	2,869	2,564	2,869	2,564
Other	3.5	96,048	84,416	82,744	75,013
Total expenses from ordinary activities		347,638	330,390	315,559	303,808
Operating result from ordinary activities – before income tax expense		12,470	20,090	9,041	16,478
Income tax related to ordinary activities	6	17	0	0	0
Operating result – after related income tax		12,453	20,090	9,041	16,478
Net operating result		12,453	20,090	9,041	16,478
> [Decrease] in foreign currency translation reserve	21	(291)	(95)	0	0
> Increase in asset revaluation reserve	21	53,489	56,469	53,489	56,469
Total revenue, expense and valuation adjustments recognised directly in equity		53,198	56,374	53,489	56,469
Total changes in equity other than those resulting from transactions with owners as owners		65,651	76,464	62,530	72,947

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2003

	Notes	Economic entity [Consolidated]		Parent entity [University]	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Current assets					
Cash assets	9	28,591	25,782	1,899	3,161
Receivables	10	13,367	7,158	15,049	8,267
Other financial assets	11	79,834	74,096	79,461	74,096
Other assets	12	8,343	7,243	13,263	11,096
Total current assets		130,135	114,279	109,672	96,620
Non-current assets					
Receivables	10	137,413	123,944	137,413	123,944
Other financial assets	11	1,445	1,760	0	0
Investments accounted for using the equity method	13	487	0	0	0
Property, plant and equipment	14	702,605	611,345	696,047	606,169
Intangible assets	15	544	633	0	0
Total non-current assets		842,494	737,682	833,460	730,113
Total assets		972,629	851,961	943,132	826,733
Current liabilities					
Payables	16	12,253	11,823	9,859	9,037
Interest-bearing liabilities	17	1,838	0	1,838	0
Current tax liabilities	18	0	17	0	0
Provisions	19	11,712	9,804	11,045	9,259
Other liabilities	20	21,024	15,318	12,754	8,040
Total current liabilities		46,827	36,962	35,496	26,336
Non-current liabilities					
Interest-bearing liabilities	17	70,829	40,000	70,829	40,000
Provisions	19	167,044	152,748	166,451	152,571
Other liabilities	20	27	0	0	0
Total non-current liabilities		237,900	192,748	237,280	192,571
Total liabilities		284,727	229,710	272,776	218,907
Net assets		687,902	622,251	670,356	607,826
Equity					
Reserves	21	275,854	222,656	276,240	222,751
Accumulated funds	22	412,048	399,595	394,116	385,075
Total equity		687,902	622,251	670,356	607,826

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Notes	Economic entity [Consolidated]		Parent entity [University]	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	33				
Inflows					
Financial assistance					
> Commonwealth Government		108,427	106,627	108,427	106,627
> New South Wales Government		3,367	2,864	3,367	2,864
> Other State Governments		0	65	0	65
Higher Education Contribution Scheme (HECS)					
> Student payments		15,983	14,567	15,983	14,567
> Commonwealth payments		49,336	48,486	49,336	48,486
Postgraduate Education Loans Scheme (PELS)		14,997	7,753	14,997	7,753
Bridging for Overseas-trained Professionals Loan Scheme (BOTPLS)		35	0	35	0
Fees and charges		129,594	99,218	88,615	70,298
Investment income		4,747	5,848	3,458	4,926
Royalties, trademarks and licenses		58	52	58	52
Consultancies and contract research		7,683	7,905	5,760	6,799
Other operating revenue		25,080	33,701	30,519	34,847
Total inflows		359,307	327,086	320,555	297,284
Outflows					
Salaries and associated costs		(192,724)	(183,387)	(178,822)	(172,383)
Borrowing costs		(2,869)	(2,564)	(2,869)	(2,564)
Non-salary items		(124,271)	(107,298)	(107,263)	(95,564)
Total outflows		(319,864)	(293,249)	(288,954)	(270,511)
Net cash provided/used by operating activities		39,443	33,837	31,601	26,773
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows					
Proceeds from sale of investment securities		174,000	209,254	174,000	209,254
Proceeds from sale of assets		369	3,687	138	3,535
Total inflows		174,369	212,941	174,138	212,789
Outflows					
Payments for investment securities		(179,910)	(171,865)	(179,314)	(172,052)
Purchase of shares		(52)	0	(52)	0
Payments for purchase of land, buildings, plant and equipment		(60,339)	(71,279)	(57,135)	(67,316)
Total outflows		(240,301)	(243,144)	(236,501)	(239,368)
Net cash provided/used in investing activities		(65,932)	(30,203)	(62,363)	(26,579)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows					
Proceeds from loan		29,500	0	29,500	0
Net cash provided/used by financing activities		29,500	0	29,500	0
Net increase/(decrease) in cash held		3,011	3,634	(1,262)	194
Effect of exchange rates on cash holdings in foreign currencies		(202)	0	0	0
Cash at beginning of reporting period		25,782	22,148	3,161	2,967
Cash at end of reporting period		28,591	25,782	1,899	3,161

NOTES TO THE FINANCIAL STATEMENTS

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

1. SUMMARY OF ACCOUNTING POLICIES

Financial reporting framework

The Financial Report is a general purpose report prepared in accordance with the requirements of:

- (i) the Australian Accounting Standards and Urgent Issues Group Consensus Views
- (ii) other authoritative pronouncements of the Public Sector Accounting Standards Board and the Australian Accounting Standards Board (AASB)
- (iii) the *Guidelines for the Preparation of Annual Financial Statements for the 2003 Reporting Period by Australian Higher Education Institutions*, issued by the Commonwealth Department of Education, Science and Training
- (iv) the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2000*.

The Financial Report has been prepared on an accrual accounting and going concern basis and the policies have been applied consistently throughout the period.

The measurement base applied is historical cost accounting, except to the extent that non-current assets have been valued as disclosed elsewhere in the notes.

Where necessary, comparative information has been reclassified to achieve consistency with current financial year amounts.

Significant accounting policies

(a) Principles of consolidation

The Financial Report is for the University reporting entity consisting of:

- > University of Technology, Sydney
- > Insearx Limited, a controlled entity of the University
- > Insearx Shanghai Limited, a controlled entity of Insearx Limited
- > accessUTS Pty Ltd, a controlled entity of the University.

The accounting policies adopted in preparing the Financial Report 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 reports have been eliminated. Separate financial reports are prepared by the University's controlled entities, which are audited by the Auditor General of New South Wales.

(b) Revenue recognition

In accordance with AASB1004, Revenue, the operating and research grants provided by the Government under the *Higher Education Funding Act* are recognised in the year in which they are received. Payments from the Higher Education Trust Fund 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. The contribution from Insearx is accounted for on an accrual basis.

(c) Basis of valuation of non-current assets

Assets with a useful life of more than 12 months and an acquisition cost of more than \$5,000 are initially capitalised at cost. Costs incurred on plant and equipment which do not meet the capitalisation criteria are expensed as incurred.

Land, buildings and infrastructure are recorded at fair value, including the lessor's interest in the property where applicable. Land, buildings and infrastructure are subject to a periodic independent revaluation, with independent desk-top revaluations as required in the intervening years. Fair value for land, buildings and infrastructure has been assessed on the basis of market value for the existing use.

Works of art are valued at fair value and are revalued every five years. Fair value has been assessed on the basis of market value for existing use.

The library collection is recorded at fair value on the basis of depreciated replacement value.

Equipment and motor vehicles are stated at acquisition cost less accumulated depreciation.

(d) Depreciation

Depreciation rates are based on the estimated useful life to the University of each class of asset. The assessment of the useful lives of buildings considered the age, present condition and the likely need for refurbishment and replacement of each building. Pro-rata depreciation is charged in the year of acquisition and disposal.

The depreciation method for office, teaching and research equipment, major software applications and computers has been changed in the current reporting period to the straight line method. In prior years the reducing balance method was used for these asset classes.

Depreciation rates and methods are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Asset class	Depreciation rate (%)	Depreciation method
Buildings	1.85–10.26	Straight line
Building infrastructure – Building 10	10.00	Straight line
Other building infrastructure	1.85–20	Straight line
Motor vehicles	20.00	Straight line
Computers	33.33	Straight line
Major software applications	14.29	Straight line
Office, teaching and research equipment	20.00	Straight line
Library collection	12.50	Straight line, 5% residual

(e) Employee entitlements

The recorded liability for annual leave represents the total nominal value including on costs of leave accrued by employees but not taken. Accrued annual leave is treated as a current liability.

The liability for long service 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. Accrued long service leave is treated as a non-current liability.

(f) Superannuation

During the 2003 accounting period, the University contributed to the following superannuation schemes:

- > Unisuper
- > the State Superannuation Scheme (SSS)
- > the State Authorities Superannuation Scheme (SASS)
- > the State Authorities Non-Contributory Superannuation Scheme (SANCS)

The State schemes are administered by the State Authorities Superannuation Trustee Corporation.

For the purposes of Note 3.1, contributions to Unisuper are listed as Funded and contributions to the State superannuation schemes are listed as Emerging.

The University has recognised its unfunded superannuation liability as a receivable from the Commonwealth and NSW State Governments in accordance with UIG Abstract 51, Recovery of Unfunded Superannuation of Universities. This liability has arisen in relation to past service by University employees covered by the State Superannuation Schemes. It is recorded on the basis that past practice indicates that the University controls a receivable and that its recovery is probable. The net increase in the unfunded past service costs arising in the 2003 reporting period has been recorded as revenue (Deferred Government contributions) and an equal amount has been recorded as an expense (Deferred employee benefits for superannuation).

(g) Payables

Accounts payable, including accruals, represent liabilities for goods and services provided to the economic entity prior to the end of the 2003 reporting period. These amounts are usually settled on 30-day terms.

(h) Borrowings

The borrowings have been brought to account at cost, representing the principal amounts.

(i) Capitalisation of borrowings

Borrowing costs are expensed in the financial year in which they occur, except when they are directly attributable to the acquisition or construction of a qualifying asset, in which case they are capitalised in accordance with AASB 1036, Borrowing Costs.

(j) Inventories

The University holds no material inventory.

(k) Cash assets

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at banks and deposits at call. The University holds cash at bank in trust for AusAid. Deposits held under the *Educational Services for Overseas Students Act 1991* consist of a trust money market account.

(l) Goodwill

The University's controlled entity, Insearch Limited, purchased the Insearch Language Centre in 1998 and is amortising the goodwill arising from this purchase over a period of 10 years.

(m) Leased assets

The University leases a range of assets and accounts for these as either operating or finance leases in accordance with the requirements of AASB 1008, Leases. Details of leased assets are provided in Note 25. Lease commitments are recorded on a GST-inclusive basis.

(n) Other financial assets

The University's investments consist of funds held under management with Macquarie Investment Management Limited (MIML). The portfolio at balance date contained cash, bank bills, negotiable certificates of deposit, floating rate notes, other short-term fixed-interest investments and Commonwealth and semi-Government bonds. The portfolio is recorded at cost plus realised interest.

(o) Acquisition of assets

All assets acquired, including property, plant and equipment and software are initially recorded at the date of acquisition, at their purchase price plus incidental costs directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

(p) 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.

(q) Foreign currency

(i) 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.

(ii) The assets and liabilities of the subsidiaries' self-sustaining foreign operations are translated into Australian currency at rates of exchange current at balance date, while their revenues and expenses are translated at the average of rates for the year. Exchange differences arising on translation are taken to the foreign currency reserve under the current rate method.

(r) Research and development costs

Research and Development costs are not deferred but are recognised in the year in which they are incurred.

(s) Financial instruments

In accordance with AASB1033, Presentation and Disclosure of Financial Instruments, information regarding Financial Instruments is disclosed in Note 33. Financial Instruments include cash, receivables, investments and creditors.

All classes of instruments are recorded at cost. All financial instruments including revenue, expenses or other cash flows arising from instruments are recognised on an accruals basis.

(t) Derivative financial instruments

The University has entered into a swap agreement in order to cap its interest rate exposure from a loan of \$29,500,000 from the ANZ Banking Group Limited.

(u) Joint ventures

The interest in a joint venture is accounted for using the equity method. Under this method, the share of the profits or losses of the joint venture is recognised in the Statement of Financial Performance, whilst the share of retained earnings is recognised in the Statement of Financial Position.

(v) Comparative figure

Where necessary, 2003 comparative figures have been adjusted to conform with the mandatory presentation for the current year. The reclassifications have no effect on the 2003 operating result (or the financial position) of the University.

Other minor changes have been made to the comparative figures in order to improve the quality of information in the report. These changes are not considered material.

	Notes	Economic entity [Consolidated]		Parent entity [University]	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
2. REVENUE FROM ORDINARY ACTIVITIES					
2.1 Commonwealth Government financial assistance (including superannuation contributions from the Commonwealth, but excluding HECS, PELS and BOTPLS)					
Teaching and learning	35.1				
Operating, excluding HECS, PELS and BOTPLS		81,455	80,802	81,455	80,802
Capital development pool		0	2,610	0	2,610
		81,455	83,412	81,455	83,412
Australian Research Council	35.2				
Discovery – projects (large grants)		2,222	1,566	2,222	1,566
Linkage – projects		1,898	1,765	1,898	1,765
Discovery – fellowships		157	164	157	164
Linkage – international		101	50	101	50
Linkage – infrastructure		244	964	244	964
Linkage – special research initiatives		80	0	80	0
Linkage – centres		700	0	700	0
		5,402	4,509	5,402	4,509

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Notes	Economic entity [Consolidated]		Parent entity [University]	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Department of Education, Science and Training	35.3				
Institutional Grants Scheme		3,619	3,367	3,619	3,367
Research Training Scheme		10,119	10,179	10,119	10,179
Australian Postgraduate Awards		1,368	1,320	1,368	1,320
International Postgraduate Research Scholarships		173	141	173	141
Research infrastructure		1,259	1,056	1,259	1,056
Small grants		0	0	0	0
		16,538	16,063	16,538	16,063
Other Commonwealth Government financial assistance					
Department of Education, Science and Training		1,732	1,180	1,732	1,180
National Health and Medical Research Council		1,654	200	1,654	200
Australian National Training Authority		375	225	375	225
Commonwealth Scientific Industrial Research Organisation		342	289	342	289
University of New South Wales		252	0	252	0
Meat and Livestock Australia		232	0	232	0
Australian Centre for International Agricultural Research		225	123	225	123
Department of Family and Community Services		144	0	144	0
University of Sydney		140	0	140	0
Cooperative Research Centre for Asthma Limited		129	0	129	0
Department of Health and Aged Care		119	90	119	90
Rural Industries Research and Development Corporation		90	87	90	87
Horticultural Research and Development Corporation		85	10	85	10
University of Melbourne		68	0	68	0
Cooperative Research Centre for Satellite Education		60	0	60	0
Department of Industry Tourism and Recreation		51	0	51	0
Cooperative Research Centre for Rice Production		44	0	44	0
Macquarie University		40	0	40	0
The High Court of Australia		40	0	40	0
Australian Federal Police		35	0	35	0
Other		252	439	252	439
		6,109	2,643	6,109	2,643
Total Commonwealth Government financial assistance		109,504	106,627	109,504	106,627
2.2 State Governments financial assistance					
New South Wales State Government		3,248	2,864	3,248	2,864
Other State Governments		119	65	119	65
Total State Governments financial assistance		3,367	2,929	3,367	2,929
2.3 Fees and charges					
Continuing education		5,126	4,116	5,196	4,117
Fee-paying overseas students		102,484	82,830	63,015	49,267
Fee-paying domestic postgraduate students		13,470	15,439	13,470	15,439
Fee-paying domestic non-award students		179	474	179	474
Other fees and charges		4,276	2,979	4,245	3,368
Total fees and charges		125,535	105,838	86,105	72,665
2.4 Investment income					
Distribution from managed funds and interest		5,317	5,138	4,029	4,216
2.5 Royalties, trademarks and licenses					
Total royalties, trademarks and licenses		58	52	58	52
2.6 Consultancy and contract research					
Contract research and development		3,091	5,157	3,241	5,157
Consulting		3,496	3,388	2,519	1,642
Total consultancy and contract research		6,587	8,545	5,760	6,799

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Economic entity [Consolidated]		Parent entity [University]	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
2.7 Other revenue				
Proceeds from the sale of assets (see Note 5)	373	3,663	138	3,535
Donations	720	677	820	677
Contribution from Insearch Limited	0	0	5,700	4,800
Hire and rental	3,294	2,767	3,313	2,767
Sale of goods	1,236	1,186	1,118	1,225
Scholarships and prizes	1,686	1,909	1,706	1,909
Services	2,097	2,116	2,489	3,178
Sponsorship	3,122	1,382	3,229	1,382
Other	3,032	2,758	3,275	2,883
Total other revenue	15,560	16,458	21,788	22,356

3. EXPENSES FROM ORDINARY ACTIVITIES**3.1 Employee benefits****Academic**

Salaries	74,770	67,468	68,489	61,469
Payroll tax	5,479	5,315	5,104	4,977
Workers' compensation	512	564	443	534
Long service leave	2,878	4,087	2,667	4,078
Annual leave	5,487	5,293	5,364	5,233
Other	4	0	0	0
	89,130	82,727	82,067	76,291

Non-academic

Salaries	74,310	70,064	69,226	65,094
Payroll tax	5,193	5,325	4,898	4,978
Workers' compensation	479	563	463	533
Long service leave	1,896	2,616	1,675	2,505
Annual leave	5,216	6,035	5,083	5,892
Other	140	23	0	0
	87,234	84,626	81,345	79,002

Employee superannuation benefit

Contributions to superannuation and pension schemes:

> Deferred employee benefits for superannuation	11,523	33,528	11,523	32,707
> Emerging cost	5,409	4,945	5,409	4,945
> Funded	16,132	13,648	15,182	13,648
	33,064	52,121	32,114	51,300

Total employee benefits	209,428	219,474	195,526	206,593
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3.2 Depreciation and amortisation

Buildings and infrastructure	13,072	9,953	13,072	9,953
Equipment	11,592	5,457	10,352	4,367
Motor vehicles	198	132	98	17
Amortisation of goodwill and patents and trademarks	141	105	0	0
Total depreciation and amortisation	25,003	15,647	23,522	14,337

3.3 Buildings and grounds

Maintenance	3,662	3,228	3,409	3,033
Rent and rates	4,950	4,751	1,908	1,962
Minor works	4,311	720	4,311	720
Other	404	277	294	277
Total buildings and grounds expenses	13,327	8,976	9,922	5,992

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Economic entity [Consolidated]		Parent entity [University]	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
3.4 Bad and doubtful debts				
Bad debts	0	43	0	38
Increase/(decrease) in provision for doubtful debts	963	(730)	976	(729)
Total bad and doubtful debts	963	(687)	976	(691)
3.5 Other expenses				
Scholarships and prizes	7,636	8,053	7,105	7,830
Library revaluation decrement	3,018	0	3,018	0
Insurance	1,210	1,151	1,210	1,151
Telecommunications	2,781	3,762	2,603	3,597
Marketing and advertisements	2,114	1,881	2,114	1,881
Non-capitalised equipment	6,576	4,314	6,576	4,202
Repairs and maintenance	1,165	1,037	1,165	1,037
Travel, staff development and entertainment	12,944	12,465	12,196	11,740
Operating lease rental expenses	5,006	4,438	5,000	4,419
Cleaning	4,187	4,056	3,662	3,496
Consultancy	5,263	4,125	4,735	4,144
Fees and subscriptions	13,252	9,075	10,195	8,996
Heating and lighting	2,906	2,562	2,796	2,459
Postage	788	821	649	668
Printing	2,194	1,994	1,999	1,676
Stationery	2,396	2,590	2,297	2,587
Security contract staff	1,807	1,990	1,807	1,990
Tuition fees expense	2,119	686	2,119	686
Carrying amount of assets sold (See note 5)	788	2,875	392	2,736
Other expenses	17,898	16,541	11,106	9,718
Total other expenses	96,048	84,416	82,744	75,013
4. BORROWING COST EXPENSE				
Total borrowing cost expense	2,869	2,564	2,869	2,564
5. SALES OF ASSETS				
Proceeds from sale				
Property, plant and equipment	373	3,663	138	3,535
Carrying amount of assets sold				
Property, plant and equipment	788	2,875	392	2,736
6. INCOME TAX				
Total income tax	17	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

7. RESPONSIBLE PERSONS AND EXECUTIVE OFFICERS

7.1 Responsible persons

(a) Names of persons who were responsible persons

<i>University</i>	
The Hon. Sir F G Brennan, AC, KBE	Ms Dianne Leckie
Professor Tony Baker (commenced March 2003)	Dr Valerie Levy
Emeritus Professor Steve Bakoss	Professor Ross Milbourne
Professor Larissa Behrendt	Mr Nirav Parekh
Associate Professor Di Brown	Mr Ken Rennie
The Hon. Tony Burke, MLC (commenced May 2003)	Ms Anne Robinson
Ms Megan Cornelius, AM (commenced April 2003)	The Hon. Helen Sham-Ho, ML (ceased March 2003)
Emeritus Professor Helen Garnett (ceased July 2003)	The Hon. Ian F Sheppard, AO, QC
Mr Colin E Grady	Mr AP (Tony) Stewart, MP
Mr Patrick Healy	Mr Warwick Watkins
Ms Margo Humphreys	Mr Garth Williams
Professor A M Johnson (ceased January 2003)	Dr Katherine Woodthorpe (commenced December 2003)
<i>Insearch Limited</i>	
Mr Richard Hill	Professor Bob Robertson
Dr Doreen Clark, AM	Dr Katherine Woodthorpe
Professor Tony Moon	Mr W H Wright
Mr Ken Rennie	
<i>accessUTS Proprietary Limited</i>	
Professor Bob Robertson	Professor Archie Johnston
Professor Peter Booth	

	Economic entity [Consolidated]		Parent entity [University]	
	2003	2002	2003	2002
(b) Remuneration of responsible persons				
\$1 to \$9,999	2	0	0	0
\$10,000 to \$19,999	0	1	0	0
\$20,000 to \$29,999	5	3	0	0
\$30,000 to \$39,999	0	1	0	0
	7	5	0	0
Aggregate remuneration of responsible persons	112,000	118,000	0	0

(c) Retirement and superannuation benefits of responsible persons

Total retirement and superannuation benefits of responsible persons	6,000	5,600	0	0
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The University's responsible persons do not receive any remuneration in respect of their work as members of Council.

7.2 Executive officers

(a) Executive officers' remuneration

\$100,000 to \$109,999	1	0	0	0
\$110,000 to \$119,999	2	1	0	0
\$120,000 to \$129,999	1	2	1	1
\$130,000 to \$139,999	1	0	0	0
\$140,000 to \$149,999	1	1	1	1
\$150,000 to \$159,999	0	2	0	0
\$170,000 to \$179,999	2	1	0	0
\$200,000 to \$209,999	1	2	0	2
\$210,000 to \$219,999	2	2	2	2
\$220,000 to \$229,999	2	1	3	1
\$240,000 to \$249,999	0	1	0	1
\$250,000 to \$259,999	1	0	1	0
\$270,000 to \$279,999	1	0	0	0
\$300,000 to \$309,999	0	1	0	0
\$340,000 to \$349,999	1	0	0	0
\$390,000 to \$399,999	0	1	0	1
\$450,000 to \$459,999	1	0	1	0
	17	15	9	9
Aggregate remuneration of executives	3,464,953	2,996,002	2,100,882	1,975,158

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Economic entity [Consolidated]		Parent entity [University]	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
(b) Retirement and superannuation benefits of executive officers				
Total retirement and superannuation benefits of executive officers	370,773	361,505	270,180	278,505

8. REMUNERATION OF AUDITORS

Total remuneration of auditors	244	183	157	140
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9. CASH ASSETS

Cash at end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash at bank	6,262	6,862	1,861	3,129
Cash on hand	46	42	38	32
Deposits at call	23,000	11,600	0	0
Deposits held under ESOS Act 1991 requirements	(717)	7,278	0	0
Total cash assets	28,591	25,782	1,899	3,161

10. RECEIVABLES

Current

Trade debtors – other	12,216	6,969	11,183	5,429
Provision for doubtful debts	(494)	(327)	(494)	(293)
	11,722	6,642	10,689	5,136
Trade debtors – student	2,860	1,026	2,860	1,026
Provision for doubtful debts	(1,435)	(660)	(1,435)	(660)
	1,425	366	1,425	366
	13,147	7,008	12,114	5,502

Amounts receivable from wholly owned subsidiaries

Insearch Limited	0	0	2,212	2,010
accessUTS Proprietary Limited	0	0	503	605

Amounts receivable from related entities

Sydney Educational Broadcasting Limited	220	150	220	150
	13,367	7,158	15,049	8,267

Non-current

Commonwealth and New South Wales Government accrued superannuation liability	137,413	123,944	137,413	123,944
Total receivables	150,780	131,102	152,462	132,211

11. OTHER FINANCIAL ASSETS

Current

Managed funds – Macquarie Investment Management Limited	79,379	74,067	79,379	74,067
Managed funds – New South Wales Treasury Corporation	30	29	30	29
Shares in other organisations	52	0	52	0
Other	373	0	0	0
	79,834	74,096	79,461	74,096

Non-current

Other	1,445	1,760	0	0
Total financial assets	81,279	75,856	79,461	74,096

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Economic entity [Consolidated]		Parent entity [University]	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
12. OTHER ASSETS				
Current				
Accrued income	2,490	1,889	7,927	6,689
Future income tax benefit	0	17	0	0
Prepayments	5,853	5,337	5,336	4,407
Total other assets	8,343	7,243	13,263	11,096
13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Non-current	487	0	0	0
14. PROPERTY, PLANT AND EQUIPMENT				
Freehold land				
At fair value	150,193	132,785	150,193	132,785
	150,193	132,785	150,193	132,785
Buildings				
At valuation	464,835	422,930	464,835	422,930
Accumulated depreciation	0	(18,790)	0	(18,790)
	464,835	404,140	464,835	404,140
Buildings under construction				
At cost	6,375	7,571	6,240	7,571
Plant and equipment				
Office, teaching and research equipment				
At cost	85,949	73,612	75,877	65,908
Accumulated depreciation	(41,616)	(37,963)	(37,463)	(34,928)
	44,333	35,649	38,414	30,980
Motor vehicles				
At cost	1,220	1,205	584	554
Accumulated depreciation	(359)	(310)	(227)	(166)
	861	895	357	388
Equipment under finance lease				
At capitalised cost	3,686	0	3,686	0
Accumulated amortisation	(554)	0	(554)	0
	3,132	0	3,132	0
Other assets				
Library collection				
At fair value	18,393	19,815	18,393	19,815
Works of art				
At fair value	1,861	1,805	1,861	1,805
Other assets				
At fair value	12,622	8,685	12,622	8,685
Total property, plant and equipment	702,605	611,345	696,047	606,169
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:				
(i) Buildings	13,072	9,953	13,072	9,953
(ii) Plant and equipment and other assets	11,790	5,589	10,450	4,384
	24,862	15,542	23,522	14,337

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Movement in carrying amounts

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

	Freehold land	Buildings	Plant and equipment and other assets	Leased plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Economic entity					
Balance at beginning of the year	132,785	411,711	66,849	0	611,345
Additions	0	40,428	22,326	3,686	66,440
Disposals	0	0	(788)	0	(788)
Net revaluation increments	17,408	32,143	919	0	50,470
Depreciation expense	0	(13,072)	(11,236)	(554)	(24,862)
Carrying amount at end of reporting period	150,193	471,210	78,070	3,132	702,605
(b) Parent entity					
Balance at beginning of the year	132,785	411,711	61,673	0	606,169
Additions	0	40,293	19,343	3,686	63,322
Disposals	0	0	(392)	0	(392)
Net revaluation increments	17,408	32,143	919	0	50,470
Depreciation expense	0	(13,072)	(9,896)	(554)	(23,522)
Carrying amount at end of reporting period	150,193	471,075	71,647	3,132	696,047

	Notes	Economic entity [Consolidated]		Parent entity [University]	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000

15. INTANGIBLE ASSETS

	Notes	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Opening balance		633	738	0	0
Additions		68	0	0	0
Amortisation		(157)	(105)	0	0
Closing balance		544	633	0	0

16. PAYABLES

Current

	Notes	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Deputy Commissioner of Taxation – PAYG		1,674	1,631	1,638	1,590
Office of State Revenue – payroll tax		1,266	1,061	1,156	1,055
Trade creditors		595	923	0	312
Other payroll accruals		1,802	1,474	1,802	1,474
Other		6,916	6,734	5,263	4,606
Total payables		12,253	11,823	9,859	9,037

17. INTEREST-BEARING LIABILITIES

Current

	Notes	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Within 1 year		1,838	0	1,838	0

Non-current

	Notes	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Due later than 1 year		70,829	40,000	70,829	40,000
Total interest-bearing liabilities		72,667	40,000	72,667	40,000

18. TAX LIABILITIES

	Notes	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Current		0	17	0	0
Deferred		0	0	0	0
Total tax liabilities		0	17	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Notes	Economic entity [Consolidated]		Parent entity [University]	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
19. PROVISIONS					
Employee entitlements					
Current					
Annual leave	1 (e)	11,712	9,804	11,045	9,259
		11,712	9,804	11,045	9,259
Non-current					
Long service leave	1 (e)	29,050	25,957	28,457	25,780
Superannuation		137,994	126,471	137,994	126,471
Annual leave		0	320	0	320
		167,044	152,748	166,451	152,571
Total provisions		178,756	162,552	177,496	161,830
20. OTHER LIABILITIES					
Current					
Prepaid commonwealth grants – HECS		4,766	4,804	4,766	4,804
Prepaid student fees		15,440	3,236	7,657	3,236
Other		818	7,278	331	0
		21,024	15,318	12,754	8,040
Non-current					
Other		27	0	0	0
		27	0	0	0
Total other liabilities		21,051	15,318	12,754	8,040
21. RESERVES					
(a) Reserves comprise					
Freehold land		96,407	78,999	96,407	78,999
Buildings		154,365	126,124	154,365	126,124
Building infrastructure		14,797	10,895	14,797	10,895
Art works		1,512	1,512	1,512	1,512
Other assets		9,159	5,221	9,159	5,221
Foreign currency translation reserve		(386)	(95)	0	0
		275,854	222,656	276,240	222,751
(b) Movements in reserves					
Balance at the beginning of the reporting period		222,656	166,282	222,751	166,282
Changes in equity – transactions with owners as owners: Increase recognised in the Statement of Financial Performance on revaluation of assets		53,198	56,374	53,489	56,469
Balance at the reporting date		275,854	222,656	276,240	222,751
22. RETAINED SURPLUS					
Balance at the beginning of the reporting period		399,595	379,505	385,075	368,597
Changes in equity – transactions with owners as owners: Net operating result		12,453	20,090	9,041	16,478
Balance at the reporting date		412,048	399,595	394,116	385,075

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Notes	Economic entity [Consolidated]		Parent entity [University]	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
23. COMMITMENTS FOR EXPENDITURE					
(a) Capital expenditure commitments					
Building works					
Not later than 1 year		6,588	1,506	6,083	1,506
Plant and equipment					
Not later than 1 year		6,371	3,743	5,888	2,743
(b) Lease commitments					
Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 25 to the Financial Statements.					
(c) Other expenditure commitments					
Trade creditors					
Not later than 1 year		1,280	1,375	625	1,375
Remuneration commitments					
Not later than 1 year		306	581	0	0
Later than 1 year and not later than 5 years		148	196	0	0
		454	777	0	0

Commitments for expenditure are recorded on a GST inclusive basis. The potential GST credit on the above commitments is \$1,294,000 (2002 \$602,000) for the economic entity and \$1,145,000 (2002 \$511,000) for the parent entity.

24. SUPERANNUATION PLANS

During the 2003 accounting period, the University contributed to the following superannuation schemes:

- > Unisuper
- > the State Superannuation Scheme (SSS)
- > the State Authorities Superannuation Scheme (SASS)
- > the State Authorities Non-Contributory Superannuation Scheme (SANCS)

State Authorities Superannuation Trustee Corporation (STC)

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

The 2003 calculation of the liabilities of SSS, SASS and SANCS is based on the full requirements of AASB1028.

The STC actuary has assessed the University's net accrued liability in respect of completed service by contributors of the above State superannuation schemes based on the following assumptions:

	2003/2004	2004/2005	2005/2006	Thereafter
	%	%	%	%
Rate of investment return	7.0	7.0	7.0	7.0
Rate of salary increase	4.0	4.0	4.0	4.0
Rate of CPI increase	2.5	2.5	2.5	2.5

The actuary did not provide a statement as to the effect on the calculation of the liability of the adoption of different values in these assumptions.

The University's liability in respect of each scheme is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Gross liability assessed as at 31 December 2003	(19,430)	(10,019)	(228,561)	(258,010)
Less reserve account balance	17,731	9,439	92,846	120,016
[Deficiency]/surplus as at 31 December 2003	(1,699)	(580)	(135,715)	(137,994)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

24. SUPERANNUATION PLANS (CONTINUED)

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.

An actuarial assessment of the present value of future payments to members of the defined benefit scheme was conducted as at 31 December 2002 and completed on 16 May 2003. The economic assumptions used in the assessment have not been disclosed.

Details of the University's share of the defined benefit scheme assessed by the actuary as at 30 June 2003 are as follows:

	\$'000
Accrued benefits	55,002
Vested benefits	65,825
Net market value of assets	58,004
Net surplus (deficiency)	3,002

Unisuper is not considered to be controlled by the University and therefore the surplus due to the excess of assets over accrued benefits has not been included in the University's accounts.

25. 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 University is currently involved in minor litigation, the potential liability from which is estimated to be not greater than \$45,000.
- The University may have a liability for severance payments to temporary staff up to a maximum of \$190,000.
- A subsidiary of the University may have a liability in relation to a management restructure up to \$150,000.

The University is not aware of any other contingent liabilities.

	Economic entity [Consolidated]		Parent entity [University]	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
26. LEASES				
Operating leases				
Premises				
Within 1 year	3,034	3,584	687	1,259
Later than 1 year and not later than 5 years	4,970	3,700	209	829
Later than 5 years	1,350	1,626	1,350	1,626
	9,354	8,910	2,246	3,714
Motor vehicles				
Within 1 year	1,166	1,021	1,166	1,021
Later than 1 year and not later than 5 years	771	798	771	798
	1,937	1,819	1,937	1,819
Equipment				
Within 1 year	2,560	3,319	2,553	3,312
Later than 1 year and not later than 5 years	1,028	3,280	1,027	3,273
	3,588	6,599	3,580	6,585
Total operating leases	14,879	17,328	7,763	12,118

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Economic entity [Consolidated]		Parent entity [University]	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
26. LEASES (CONTINUED)				
Finance leases				
Equipment				
Within 1 year	1,286	0	1,286	0
Later than 1 year and not later than 5 years	2,148	0	2,148	0
Total minimum finance lease payments	3,434	0	3,434	0
Future finance charges	(267)	0	(267)	0
Lease liability	3,167	0	3,167	0
Current liability	1,130	0	1,130	0
Non-current liability	2,037	0	2,037	0
Total finance leases	3,167	0	3,167	0

Operating lease commitments are recorded on a GST-inclusive basis. The potential GST credit on the above operating lease commitments is \$1,353,000 (2002 \$1,570,000) for the economic entity and \$706,000 (2002 \$1,096,000) for the parent entity. Finance leases are recorded on a GST-exclusive basis.

27. ECONOMIC DEPENDENCY

The University has no economic dependency on any other economic entity not clearly discernable in the Statement of Financial Performance or Statement of Financial Position.

28. JOINT VENTURE OPERATIONS

The University has not entered into any joint venture arrangements.

29. CONTROLLED ENTITIES

	Country of incorporation	Ownership interest	
		2003 %	2002 %
Parent entity			
University of Technology, Sydney	Australia		
Controlled entities			
Insearch Limited (company limited by guarantee)	Australia	100	100
Insearch (Shanghai) Limited	China	100	100
AccessUTS Proprietary Limited	Australia	100	100

30. RELATED PARTY TRANSACTIONS

(a) Responsible persons

The names of persons who were responsible persons of the University of Technology, Sydney at any time during the financial year are disclosed in Note 7.

(b) Remuneration

Information on remuneration of responsible persons is disclosed in Note 7.

(c) 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.

- (1) Donations amounting to \$5,700,000 (2002 \$4,800,000) were paid or payable to the ultimate controlling entity.
- (2) Sale of services and fees \$2,343,284 (2002 \$2,570,721) to the wholly owned University of Technology, Sydney group.

(d) Amounts due to and receivable from related parties in the wholly owned group

Appropriate disclosure of these amounts is contained in the respective Notes to the Financial Statements.

(e) Ultimate controlling entity

The ultimate controlling entity is the University of Technology, Sydney.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

31. DISAGGREGATION INFORMATION (CONSOLIDATED)

The consolidated entity operates predominantly in the higher education industry. Revenues and results for all other segments are not material.

32. SUBSEQUENT EVENTS

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

	Economic entity [Consolidated]		Parent entity [University]	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
33. NOTES TO THE STATEMENT OF CASH FLOWS				
Reconciliation of cash flow from operations with operating result after related income tax				
Net operating result	12,453	20,090	9,041	16,478
Depreciation	24,862	15,542	23,522	14,337
Increase/(decrease) in provisions:				
> Annual leave	1,588	2,191	1,466	2,108
> Donation	0	0	0	0
> Doubtful debts	942	(730)	976	(729)
> Long service leave	3,093	3,494	2,677	3749
> Deferred superannuation	11,523	32,708	11,523	32,708
Decrease/(increase) in receivables	(7,151)	510	(7,758)	(216)
Decrease/(increase) in non-current receivables	(13,469)	(32,600)	(13,469)	(32,600)
Decrease/(increase) in prepayments and accrued income	(1,100)	(4,227)	(2,167)	(4,139)
Decrease/(increase) in inventories	0	86	0	86
(Decrease)/increase in accounts payable	430	4,294	823	3,623
(Decrease)/increase in current tax liabilities	(17)	0	0	0
(Decrease)/increase in income in advance and accrued expenses	5,733	(6,773)	4,713	(7,837)
(Profit)/loss on sale of assets	415	(761)	254	(795)
Goodwill	141	105	0	0
Write back of motor vehicles	0	0	0	0
Capitalisation of previous year's expenditure	0	0	0	0
Change in unrealised foreign exchange gain decrease/(increase)	0	(92)	0	0
Adjustment to accumulated funds at beginning of year	0	0	0	0
Net cash provided by operating activities	39,443	33,837	31,601	26,773

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

34. FINANCIAL INSTRUMENTS

34.1 The following are the University's accounting policies and terms and conditions for each class of financial asset, financial liability and equity instruments.

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
Financial assets			
Cash	9	Cash is recorded at nominal value.	Interest is calculated on the closing daily bank account balances and credited monthly.
Trade receivables	10	Trade receivables are recorded at original invoice amount less provision for doubtful debts.	Terms are 30 days. No interest rate is applied.
Receivables – related parties	10	Receivables – related parties are recorded at original invoice value.	Terms are 30 days. No interest rate is applied.
Term deposits	11	Term deposits are recorded at cost value.	Terms range from 0 to 180 days.
The financial assets listed below are under the management of Macquarie Investment Management Limited. The weighting of the University's investment portfolio is 15% fixed-interest securities and 85% cash and short-term deposits.			
At call investments	11	At call investments are recorded at cost value.	Interest rate variable.
Bank bills	11	Bank bills are recorded at cost value.	Terms range from 0 to 180 days
Negotiable certificates of deposit	11	Negotiable certificates of deposit are recorded at cost value.	Terms range from 0 to 180 days invested at variable interest rates.
Fixed interest securities	11	Fixed interest securities are recorded at cost value.	Varying terms with maturity dates up to 2008. Interest rates vary from 5.0% to 6.0%.
Government and semi-government bonds	11	Government and semi-government bonds are recorded at cost value.	Varying terms with maturity dates up to 2008. Interest rate varies from 6.5% to 8.75%.
Financial liabilities			
Government loan	16	The NSW Treasury Corporation loan is recorded at the principal amount.	Interest-only loan for 15 years term and rate fixed at 6.41%.
ANZ Bank Loan	16	The ANZ Bank loan is recorded at the principal amount.	Interest and principal loan for 18 years term. Interest rate is capped at 7.5%, excluding margins.
Trade creditors	15	Trade creditors are recorded at cost.	Terms are 30 days. No interest rate is applied.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

34.2 The following table details the economic entity's exposure to interest rate risk as at 31 December 2003:

	Average yield	Variable interest rate	Fixed interest rate maturity			Non-interest bearing	Total
			Less than 1 year	1 to 5 years	More than 5 years		
2003	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash	4.49	28,545				46	28,591
Investments	4.41						
> At call		11,693					11,693
> Negotiable certificates of deposit		57,248					57,248
> Fixed interest securities				6,041			6,041
> Government and semi-government bonds				5,864			5,864
> Shares in other organisations		547					547
> Other						373	373
Receivables	N/A					13,367	13,367
		98,033	0	11,905	0	13,786	123,724
Financial liabilities							
Government loan	6.41				40,000		40,000
ANZ Bank loan	5.37	29,500					29,500
Finance leases	5.82		1,130	2,037			3,167
Accounts payable	N/A					12,253	12,253
		29,500	1,130	2,037	40,000	12,253	84,920
2002							
	Average yield	Variable interest rate	Fixed interest rate maturity			Non-interest bearing	Total
	%	\$'000	Less than 1 year	1 to 5 years	More than 5 years	\$'000	\$'000
Financial assets							
Cash	4.28	25,750				32	25,782
Investments	5.41						
> At call		8,254					8,254
> Bank bills			5,951				5,951
> Negotiable certificates of deposit		49,546					49,546
> Fixed interest securities				1,508			1,508
> Government and semi-government bonds			2,095	4,516	3,986		10,597
Receivables	N/A					7,158	7,158
		83,550	8,046	6,024	3,986	7,190	108,796
Financial liabilities							
Government loan	6.41				40,000		40,000
Accounts payable	N/A					11,823	11,823
		0	0	0	40,000	11,823	51,823

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

34.3 The following table details the net fair value compared to the carrying amount of the economic entity's financial assets and liabilities as at 31 December 2003:

	Carrying amount		Net fair value	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Financial assets				
Cash	28,591	25,782	28,591	25,782
Investments				
> At call	11,693	8,254	11,774	6,548
> Bank bills	0	5,951	0	6,044
> Non-interest bearing deposits	0	0	0	0
> Negotiable certificates of deposit	57,248	49,546	57,562	49,735
> Fixed interest securities	6,041	1,508	6,032	1,559
> Government and semi-government bonds	5,864	10,597	5,904	10,825
> Shares in other organisations	547	0	547	0
> Other	373	0	373	0
Receivables	13,367	7,158	13,367	7,158
	123,724	108,796	124,150	107,651
Financial liabilities				
Government loan	40,000	40,000	40,000	40,000
ANZ Bank loan	29,500	0	29,500	0
Finance leases	3,167	0	3,167	0
Accounts payable	12,253	11,823	12,253	11,823
	84,920	51,823	84,920	51,823

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

35. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE

35.1 Teaching and learning

	Operating financial assistance		Capital development pool		Parent entity [University] ONLY				Bridging for Overseas-trained Professionals Loan Scheme (BOTPLS)	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	Higher Education Contribution Scheme (HECS) 2003 \$'000	2002 \$'000	Postgraduate Education Loans Scheme (PELS) 2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
A. Financial assistance in advance (paid in previous reporting period for current reporting period)	6,350	5,941	0	0	3,985	3,794	0	0	0	0
B. Plus financial assistance received during reporting period	80,482	80,396	0	2,610	49,741	48,287	14,076	7,753	35	0
C. Plus contributions actually received from students	0	0	0	0	15,983	15,891	0	0	0	0
D. Less financial assistance in advance (received in the reporting period for the next reporting period)	(6,596)	(6,350)	0	0	(3,920)	(3,985)	0	0	0	0
Total from DEST A+B+C-D	80,236	79,987	0	2,610	65,789	63,987	14,076	7,753	35	0
Accrual adjustments	327	409	0	0	0	200	1,052	921	0	0
Adjustments to financial assistance received in advance (in previous reporting period)	0	0	0	0	0	0	0	0	0	0
Adjustment for over/(under) enrolments	892	406	0	0	(66)	0	0	0	0	0
Adjustment to estimated upfront receipts	0	0	0	0	(366)	(819)	0	0	0	0
Revenue attributed to reporting period	81,455	80,802	0	2,610	65,357	63,368	15,128	8,674	35	0
Plus surplus/deficit prior year	0	556	0	0	0	0	0	0	0	0
Funds available for reporting period	81,455	81,358	0	2,610	65,357	63,368	15,128	8,674	35	0
Less expenses for current period	(81,455)	(81,358)	0	(2,610)	(65,357)	(63,368)	(15,128)	(8,674)	(35)	0
Surplus/deficit for reporting period	0	0	0	0	0	0	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

35. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONT'D)

35.2 Australian Research Council

	Parent entity [University] ONLY													
	Discovery – projects (large grants)		Discovery – fellowships		Linkage – projects		Linkage – international		Linkage – infrastructure		Linkage – special research initiatives		Linkage – centres	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
A. Financial assistance in advance (paid in previous reporting period for current reporting period)	176	0	12	0	128	0	4	0	384	500	0	0	0	0
B. Plus financial assistance received during reporting period	2,222	1,502	157	164	1,898	1,631	101	50	0	964	80	0	0	0
C. Less financial assistance in advance (received in reporting period for the next reporting period)	0	(176)	0	(12)	0	(128)	0	(4)	0	(384)	0	0	0	0
Total from DEST A+B-C	2,398	1,326	169	152	2,026	1,503	105	46	384	1,080	80	0	0	0
Transfers from other institutions	0	64	0	0	0	134	0	0	244	0	0	0	700	0
Accrual adjustments	(176)	176	(12)	12	(128)	128	(4)	4	(384)	(116)	0	0	0	0
Revenue attributed to reporting period	2,222	1,566	157	164	1,898	1,765	101	50	244	964	80	0	700	0
Plus surplus/deficit prior year	770	622	34	30	1,047	1,034	20	6	934	489	0	0	0	0
Funds available for reporting period	2,992	2,188	191	194	2,945	2,799	121	56	1,178	1,453	80	0	700	0
Less expenses for current period	(1,755)	(1,418)	(156)	(160)	(1,537)	(1,752)	(47)	(36)	(1,178)	(519)	0	0	(24)	0
Surplus/deficit for reporting period	1,237	770	35	34	1,408	1,047	74	20	0	934	80	0	676	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

35. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONT'D)

35.3 DEST research financial assistance

	Institutional grants scheme		Research training scheme		Small grants		Parent entity [University] ONLY		Research infrastructure		Australian postgraduate awards (pre-2002 funding component)		Australian postgraduate awards (2002 onwards funding component)		International postgraduate research scholarships	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	
A. Financial assistance in advance (paid in previous reporting period for current reporting period)	287	267	808	814	0	0	99	83	0	0	0	0	0	0	0	
B. Plus financial assistance received during reporting period	3,619	3,367	10,119	10,179	0	0	1,259	1,056	733	971	635	349	173	141		
C. Less financial assistance in advance (received in reporting period for the next reporting period)	(309)	(287)	(808)	(808)	0	0	(114)	(99)	0	0	0	0	0	0	0	
Total from DEST A+B-C	3,597	3,347	10,119	10,185	0	0	1,244	1,040	733	971	635	349	173	141		
Accrual adjustments	22	20	0	(6)	0	0	15	16	0	0	0	0	0	0	0	
Revenue attributed to reporting period	3,619	3,367	10,119	10,179	0	0	1,259	1,056	733	971	635	349	173	141		
Plus surplus/deficit prior year	332	0	0	0	20	101	199	334	17	112	112	19	13	0		
Funds available for reporting period	3,951	3,367	10,119	10,179	20	101	1,458	1,390	750	1,083	747	368	186	141		
Less expenses for current period	(3,951)	(3,035)	(10,119)	(10,179)	(6)	(81)	(1,255)	(1,191)	(692)	(1,066)	(701)	(256)	(72)	(128)		
Surplus/deficit for reporting period	0	332	0	0	14	20	203	199	58	17	46	112	114	13		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

35. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONT'D)

35.4 Summary of unspent financial assistance

Category of financial assistance	Amount of unspent financial assistance as at 31 December 2003	Amount of unspent financial assistance that it is more likely will be approved by the Commonwealth for carry forward	Amount of unspent financial assistance that it is more likely will be recovered by the Commonwealth
	2003 \$'000	2003 \$'000	2003 \$'000
Teaching and learning			
Operating, excluding HECS, PELS and BOTPLS	0	0	0
HECS	0	0	0
PELS	0	0	0
BOTPLS	0	0	0
Australian Research Council			
Discovery – projects (large grants)	1,237	1,237	0
Discovery – fellowships	35	35	0
Linkage – projects	1,408	1,408	0
Linkage – international	74	74	0
Linkage – infrastructure	0	0	0
Linkage – special research initiatives	80	80	0
Linkage – centres	676	676	0
Department of Education, Science and Training			
Small grants	14	14	0
Research infrastructure	203	203	0
Australian postgraduate awards (pre-2002 funding component)	58	58	0
Australian postgraduate awards (2002 onwards funding component)	46	46	0
International postgraduate research scholarships	114	114	0
	3,945	3,945	0

36. OTHER ACTIVITIES

Sydney Educational Broadcasting Limited (2SER-FM)

The company is an enterprise jointly funded by Macquarie University and the University of Technology, Sydney to broadcast programs for continuing and adult education and for courses conducted by both Universities. The funding is via a set donation paid on a yearly basis.

The result of operations for the year ended 31 December 2003 was a surplus of \$90,000 (2002 \$63,896 deficit)

Australian Technology Park Innovation Proprietary Limited (ATPI)

The ATPI is an organisation involving the University of Technology, Sydney, Australian National University, University of Sydney and the University of New South Wales. The organisation facilitates the incubation of research activity.

End of audited Financial Statements of the University of Technology, Sydney.

DIRECTORS' DECLARATION

Pursuant to Section 295 (4) of the *Corporations Act 2001*, we, the directors whose signatures and names appear below, do hereby state that in the opinion of the directors:

- (a) the financial statements and notes for the financial period ending 31 December 2003 have been prepared in accordance with accounting standards, the corporations regulations and other mandatory professional reporting requirements
- (b) the financial statements and notes for the financial period ending 31 December 2003 present a true and fair view of the financial position and performance of the company
- (c) there are reasonable grounds to believe that the company will be able to pay its debts at and when they become due and payable, and
- (d) the financial statements and notes are in accordance with the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.

Dated this 15th day of April 2004

For and on behalf of the board.



Richard J Hill
Director



Murray L Laurence
Director

STATEMENT BY APPOINTED OFFICERS

Statement in accordance with the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulations 2000*

Pursuant to the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulations 2000*, and in accordance with a resolution of the board of directors, we declare that in our opinion:

1. the accompanying financial statements present a true and fair view of the financial position of the company as at 31 December 2003 and transactions for the period then ended, and
2. the statements have been prepared in accordance with section 41B of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulations 2000*. The policies adopted by the company follow accounting standards and other mandatory professional requirements including Urgent Issues Group Consensus Views, the *Corporations Act 2001* and other authoritative pronouncements of the Public Sector Accounting Standards Board and/or 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.



Richard J Hill
Director



Murray L Laurence
Director

16 April 2003

INDEPENDENT AUDIT REPORT



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

INSEARCH LIMITED

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

Audit Opinion

In my opinion, the financial report of Insearch Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Insearch Limited's and consolidated entity's financial position as at 31 December 2003 and financial performance for the year ended on that date, and
 - (ii) complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- (b) other mandatory financial reporting requirements in Australia, and
- (c) section 41B of the *Public Finance and Audit Act 1983*.

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

The Directors' Role

The financial report is the responsibility of the company's directors. It consists of the statements of financial position, the statements of financial performance, the statements of cash flows, the accompanying notes and directors' declaration for the Insearch Limited and the consolidated entity. The consolidated entity comprises the Insearch Limited and the entities controlled at the year's end, or during the financial year.

The Auditor's Role and the Audit Scope

As required by the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of Insearch Limited that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

INDEPENDENT AUDIT REPORT

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the company or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The *Public Finance and Audit Act 1983* further promotes independence by:

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



R J Sendt
Auditor-General

SYDNEY
16 April 2004

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated		Parent entity	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Revenue from ordinary activities	3	41,865	38,209	39,340	35,931
Share of net profits from joint venture accounted for using the equity method	9(b)	167	251	167	251
Total revenue		42,032	38,460	39,507	36,182
Employee benefits expense	5(a)	(13,632)	(12,784)	(13,367)	(12,590)
Depreciation and amortisation expenses	5(b)	(1,545)	(1,307)	(1,457)	(1,266)
Other expenses from ordinary activities	5(c)	(22,998)	(21,031)	(20,679)	(18,807)
Total expenses		(38,175)	35,122	(35,503)	32,663
Profit from ordinary activities before income tax expense		3,857	3,338	4,004	3,519
Income tax expense	2(b)	-	-	-	-
Net profit		3,857	3,338	4,004	3,519
Increase (decrease) in foreign currency translation reserve	4(b)	(215)	(97)	-	-
Total revenues, expenses and valuation adjustments recognised directly in equity		(215)	(97)	-	-
Total changes in equity other than those resulting from transactions with owners as owners		3,642	3,241	4,004	3,519

The accompanying notes form part of the financial report.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2003

	Note	Consolidated		Parent entity	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash assets	16	26,262	22,924	25,374	22,124
Receivables	6	1,035	730	1,228	885
Other financial assets	7	786	229	802	217
Total current assets		28,083	23,883	27,404	23,226
Non-current assets					
Investments accounted for using the equity method	9	421	497	421	497
Plant and equipment	10	6,523	5,117	6,410	4,857
Intangible assets	2(i), 11	544	662	544	662
Other financial assets	8	1,540	1,436	2,482	2,378
Total non-current assets		9,028	7,712	9,857	8,394
Total assets		37,111	31,595	37,261	31,620
Current liabilities					
Payables	12	3,003	2,349	3,013	2,480
Provisions	14	6,549	5,537	6,549	5,537
Other	13	9,149	9,357	9,101	9,425
Total current liabilities		18,701	17,243	18,663	17,442
Non-current liabilities					
Provisions	15	619	203	619	203
Total non-current liabilities		619	203	619	203
Total liabilities		19,320	17,446	19,282	17,645
Net assets		17,791	14,149	17,979	13,975
Equity					
Retained profits	4(a)	18,103	14,246	17,979	13,975
Foreign currency translation reserve	4(b)	(312)	(97)	-	-
Total equity		17,791	14,149	17,979	13,975

The accompanying notes form part of the financial report.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated		Parent entity	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from customers		40,269	39,208	38,086	36,743
Donation paid to the University of Technology, Sydney		(5,000)	(4,092)	(5,000)	(4,092)
Payment to suppliers and employees		(31,069)	(30,241)	(29,173)	(27,792)
		4,200	4,875	3,913	4,859
Dividends received		-	-	-	231
Interest received		1,108	915	1,105	907
Joint venture partnership distributions received		193	251	193	251
Input tax credit refund from Australian Taxation Office		1,165	986	1,165	986
Net cash provided by operating activities	17	6,666	7,027	6,376	7,234
Cash flows from investing activities					
Acquisition of plant and equipment		(3,300)	(3,105)	(3,300)	(3,088)
Purchase of investments		(61)	(207)	(61)	(207)
Proceeds from sale of plant and equipment		235	128	235	128
Net cash used in investing activities		(3,126)	(3,184)	(3,126)	(3,167)
Net increase (decrease) in cash held		3,540	3,843	3,250	4,067
Cash at the beginning of the year		22,924	19,181	22,124	18,057
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year		(202)	(100)	-	-
Cash at end of year	16	26,262	22,924	25,374	22,124

The accompanying notes form part of the financial report.

NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

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NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

1. THE COMPANY

Insearch Limited is a public company, limited by guarantee, having no share capital. The University of Technology, Sydney provides this guarantee. The company is incorporated and domiciled in Australia, its registered office and principal place of business is Level 2, 187 Thomas Street, Haymarket, NSW, 2000. The company provides education services in English language, business, information technology and other disciplines to Australian and international students, in Australia and offshore. The company has a wholly owned entity, Insearch (Shanghai) Limited, operating in the People's Republic of China (PRC).

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The company's financial statements are a general purpose financial report which has been prepared on an accruals basis in accordance with:

- > applicable Australian Accounting Standards;
- > other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- > Urgent Issues Group (UIG) Consensus Views;
- > the requirements of the *Public Finance and Audit Act and Regulations*; and
- > *Corporations Act 2001*.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS6 'Accounting Policies' is considered.

Except for certain investments and plant and equipment, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Unless otherwise stated, the accounting policies are consistent with those adopted in the previous year.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Insearch Limited (parent entity) as at 31 December 2003 and the results of controlled entity for the year then ended. Insearch Limited and its controlled entity (Insearch (Shanghai) Limited) together are referred to in this financial report as the consolidated entity. The effects of all transactions between these entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Statement of Financial Performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(b) Income tax

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

(c) Receivables

A provision for doubtful debts is raised based on a review of all outstanding amounts at year-end. Bad debts are written off in the year they are identified. Trade debtors are recognised at the amounts receivable as they are usually settled within 30 days.

(d) Investments

All current investments in the financial statements are shown at cost. Non-current investments are shown at fair value.

The interest in a joint venture is accounted for as set out in note 2(i).

(e) Foreign currency transactions

(i) Transactions

Foreign currency transactions during the year are translated into Australian currency at the rate of exchange at the date of the transaction. At balance date, amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are reported in the Statement of Financial Performance.

(ii) Foreign operations

The assets and liabilities of the company's self-sustaining foreign operations are translated into Australian currency at rates of exchange current at balance date, while their revenues and expenses are translated at the average of rates ruling during the year. Exchange differences arising on translation are taken to the foreign currency translation reserve under the current rate method.

(f) Revenue recognition

(i) Education fees

Fees are recognised on an accrual basis over the period of enrolment.

(ii) Consulting income

The company recognises income when services are provided. For long-term consultancies profit is recognised in the period in which it occurs, provided that profit is virtually certain.

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

- (iii) **Income from outside operating activities**
Income from outside operating activities are recognised on accrual basis and includes interest and proceeds from the sale of assets.
- (g) **Depreciation of property, plant and equipment**
Plant and equipment are depreciated over their estimated useful lives to the company using the straight-line method. Depreciation periods are five years for furniture and fittings and motor vehicles and three to five years for office equipment.
Profit and loss on the disposal of plant and equipment is taken into account in determining the operating result for the year.
- (h) **Leases**
Operating lease payments are charged against income in the periods in which they are incurred. Lease commitments are reported inclusive of GST with the input tax recoverable from the Australian Taxation Office.
Operating leases have been accounted in accordance with the Australian Accounting Standards.
- (i) **Intangible assets**
- (i) **Goodwill**
Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. The goodwill is amortised on a straight-line basis over 10 years.
- (ii) **Patents and trademarks**
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the periods of their expected benefits, which vary from three to five years.
- (j) **Trade and other creditors**
These amounts represent liabilities for goods and services provided to the company prior to the end of the year and which are unpaid. The amounts are usually paid within 30 days of recognition.
- (k) **Financial instruments**
The net fair value of cash, cash equivalents, other financial assets and financial liabilities shown in the Statement of Financial Position approximates their carrying value.
Classes of instruments recorded at cost comprise: cash assets, investments, receivables and trade and other creditors.
Financial instruments' information is disclosed in Note 20, in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried in the accounts at net fair value unless otherwise stated.
- (l) **Joint ventures**
The interest in a joint venture is accounted for using the equity method. Under this method, the share of the profits or losses of the joint venture is recognised in the Statement of Financial Performance, whilst the share of retained earnings is recognised in the Statement of Financial Position.
- (m) **Employee entitlements**
- (i) **Annual leave**
The recorded liability for annual leave represents the total value including on costs of leave accrued by employees but not taken. Accrued annual leave is treated as a current liability.
- (ii) **Long service leave**
The liability for long service leave is calculated on a present value basis. This is done using the total 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 wages increase. Accrued long service leave is treated as a non-current liability.
- (iii) **Superannuation**
The amount charged to the Statement of Financial Performance represents contributions made by the company to the superannuation fund.
- (n) **Cash**
For the purpose of the Statement of Cash Flows, cash is represented by cash on hand, cash at banks and deposits at call with financial institutions. The deposits have a floating interest of approximately 4.75% (2002 4.33%).
- (o) **Rounding of amounts**
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless shown otherwise.
- (p) **Comparative figures**
Where necessary, comparative previous year figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
3. REVENUE				
Revenue from operating activities				
Fees	40,020	35,919	37,498	33,419
Consulting and other	131	765	131	764
	40,151	36,684	37,629	34,183
Revenue from outside the operating activities				
Interest	1,282	915	1,279	907
Sale of non-current assets	235	128	235	128
Export market development grant	-	84	-	84
Dividends from Insearch (Shanghai) Limited	-	-	-	231
Other	197	398	197	398
	1,714	1,525	1,711	1,748
Revenue from ordinary activities	41,865	38,209	39,340	35,931
4. RETAINED PROFITS AND RESERVES				
(a) Retained profits				
Retained profits at the beginning of the year	14,246	10,908	13,975	10,456
Profits from operating activities	3,857	3,338	4,004	3,519
Retained profits at the end of the year	18,103	14,246	17,979	13,975
(b) Reserves				
Foreign currency translation reserve at the beginning of the year	(97)	-	-	-
Translation of foreign operations	(215)	(97)	-	-
Reserves at the end of the year	(312)	(97)	-	-
5. EXPENSES FROM ORDINARY ACTIVITIES				
(a) Employee benefits expense				
Salaries and wages	11,137	11,005	10,872	10,811
Superannuation	929	822	929	822
Payroll tax	654	587	654	587
Other	912	370	912	370
Total employee benefits expense	13,632	12,784	13,367	12,590
(b) Depreciation and amortisation expense				
Depreciation				
> Office equipment	859	642	819	637
> Furniture and fittings	468	431	420	404
> Motor vehicles	100	115	100	106
Total depreciation	1,427	1,188	1,339	1,147
Amortisation				
> Goodwill	105	105	105	105
> Patents and trademarks	13	14	13	14
Total amortisation	118	119	118	119
Total depreciation and amortisation expense	1,545	1,307	1,457	1,266

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
5. EXPENSES FROM ORDINARY ACTIVITIES (CONTINUED)				
(c) Other expenses from ordinary activities				
Donation to the University of Technology, Sydney	5,500	4,997	5,500	4,997
Occupancy	3,381	3,063	3,293	2,923
Agents commissions	2,982	2,270	2,982	2,270
Homestay and Pickup	942	895	942	895
Educational expenses	3,126	3,709	1,091	1,794
University of Technology, Sydney library costs	770	669	770	669
Carrying value of plant and equipment sold	467	139	408	139
Bad and doubtful debts	(13)	(16)	(13)	(16)
(Gain)/loss on foreign exchange	88	35	88	35
Other	5,755	5,270	5,618	5,101
Total other expenses from ordinary activities	22,998	21,031	20,679	18,807

(d) Individually significant items

Insearch Limited was unable to re-negotiate an extension of the lease of level 3, Prince Centre, which expired on 7 November 2003. The following costs were incurred and expensed during this process: legal costs \$148,000, costs of making good \$90,000, write-off assets \$196,000, totalling \$434,000.

6. CURRENT ASSETS – RECEIVABLES

Trade debtors	725	127	650	282
Less: provision for doubtful debts	-	(14)	-	(14)
	725	113	650	268
Other debtors	310	617	578	617
Total receivables	1,035	730	1,228	885

7. CURRENT ASSETS – OTHER FINANCIAL ASSETS

Prepayments	420	75	411	63
Other	366	154	391	154
Total other financial assets	786	229	802	217

8. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

Investments in managed funds	1,437	1,333	1,437	1,333
Insearch (Shanghai) Limited	-	-	942	942
Other	103	103	103	103
Total non-current other financial assets	1,540	1,436	2,482	2,378

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
9. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
(a) Joint venture with:				
> The University of Technology, Sydney, (IELTS)	65	153	65	153
> Northeastern University China, (ACIB)	62	62	62	62
> IDP Education Australia, (Vietnam)	219	207	219	207
> Shanghai University, (SILC)	75	75	75	75
Total investments accounted for using the equity method	421	497	421	497

The company has an interest in several joint ventures within the PRC, Australia and Vietnam, for which investments are carried at cost.

- (i) **International English Language Testing System (IELTS) Joint Venture**
This is a joint venture between Insearch Limited and the University of Technology, Sydney, to operate the 'IELTS Sydney Test Centre' and 'Prepare for IELTS'. The investment is a 50% share of retained earnings.
- (ii) **Australia China Institute of Business (ACIB)**
This is a joint venture between Insearch Limited and Northeastern University China, to provide English language and business courses. Insearch Limited is entitled to repatriation of direct expenses and management fees.
- (iii) **IDP joint venture in Vietnam (IDP)**
This is a joint venture between Insearch Limited and IDP Education Australia (Vietnam) Limited to deliver International English Language Testing System (IELTS) Preparatory and General English classes in Vietnam. This investment is a 40% share of retained earnings and does not have substantial assets or liabilities.
- (iv) **Sydney Institute of Language and Commerce (SILC)**
This is a joint venture between Insearch Limited and Shanghai University, to provide English language and business courses. Insearch Limited is entitled to repatriation of direct expenses and management fees.

Non-current assets – other financial assets and investments accounted for using the equity method reconciliations

	Sydney Institute of Language and Commerce \$'000	Australia China Institute of Business \$'000	Investment with IDP in Vietnam \$'000	IELTS \$'000	Total \$'000
Joint venture partnerships					
(b) Parent entity and consolidated					
Carrying amount at start of year	75	62	207	153	497
Additional investments	-	-	12	-	12
Distribution received/receivable	-	-	-	(255)	(255)
Share of profit	-	-	-	167	167
Carrying amount at end of year	75	62	219	65	421
(c) Share of assets and liabilities of joint venture					
Current assets	75	62	219	237	593
Non-current assets	-	-	-	10	10
Current liabilities	-	-	-	(182)	(182)
Non-current liabilities	-	-	-	-	-
Share of net assets	75	62	219	65	421

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
10. NON-CURRENT ASSETS – PLANT AND EQUIPMENT				
Office equipment at cost	4,271	4,332	4,224	4,275
Less accumulated depreciation	(2,524)	(1,704)	(2,486)	(1,696)
Carrying value	1,747	2,628	1,738	2,579
Furniture and fittings at cost	3,735	3,272	3,606	3,098
Less accumulated depreciation	(1,719)	(1,290)	(1,639)	(1,240)
Carrying value	2,016	1,982	1,967	1,858
Motor vehicles at cost	636	650	558	545
Less accumulated depreciation	(132)	(143)	(109)	(125)
Carrying value	504	507	449	420
Capital work in process	2,256	–	2,256	–
Total plant and equipment at cost	10,898	8,254	10,644	7,918
Less accumulated depreciation	(4,375)	(3,137)	(4,234)	(3,061)
Carrying value of plant and equipment	6,523	5,117	6,410	4,857

Reconciliations

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the current and previous financial year are set out below.

	Furniture and fittings	Office equipment	Motor vehicles	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2003					
Carrying amount at start of year	1,982	2,628	507	–	5,117
Additions	712	2	330	2,256	3,300
Disposals	(210)	(24)	(233)	–	(467)
Depreciation	(468)	(859)	(100)	–	(1,427)
Carrying amount at end of year	2,016	1,747	504	2,256	6,523
Parent entity 2003					
Carrying amount at start of year	1,858	2,579	420	–	4,857
Additions	712	2	330	2,256	3,300
Disposals	(183)	(24)	(201)	–	(408)
Depreciation	(420)	(819)	(100)	–	(1,339)
Carrying amount at end of year	1,967	1,738	449	2,256	6,410

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
11. NON-CURRENT ASSETS – INTANGIBLE ASSETS				
Goodwill at cost	1,055	1,055	1,055	1,055
Less accumulated amortisation	(527)	(422)	(527)	(422)
Carrying amount	528	633	528	633
Patents and trademarks	68	68	68	68
Less accumulated amortisation	(52)	(39)	(52)	(39)
Carrying amount	16	29	16	29
Total intangible assets	544	662	544	662

12. CURRENT LIABILITIES – PAYABLES

Trade creditors	784	426	784	398
University of Technology, Sydney	2,212	1,768	2,212	1,768
Other creditors	7	155	17	314
Total payables	3,003	2,349	3,013	2,480

13. CURRENT LIABILITIES – OTHER

Accrued expenses	1,057	1,704	1,009	1,721
Other	309	375	309	426
Prepaid course fees	5,615	2,574	5,615	2,574
Student fees received in advance	2,168	4,704	2,168	4,704
Total other	9,149	9,357	9,101	9,425

14. CURRENT LIABILITIES – PROVISIONS

Provision for donation to the University of Technology, Sydney	5,500	5,000	5,500	5,000
Provision for holiday pay	655	537	655	537
Other	394	-	394	-
Total current provisions	6,549	5,537	6,549	5,537

15. NON-CURRENT LIABILITIES – PROVISIONS

Provision for long service leave	593	203	593	203
Other	26	-	26	-
Total provision for long service leave	619	203	619	203

Long service leave and holiday pay provisions are recognised as per note 2(m).

The number of full-time staff at 31 December 2003 was 172 (2002 120); part-time and casuals numbered 78 (2002 172).

16. RECONCILIATION OF CASH BALANCE

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and money market investments readily convertible to cash, net of outstanding bank overdrafts.

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Cash balance represented by:				
Cash at bank	3,262	11,324	2,374	10,524
Deposits at call	23,000	11,600	23,000	11,600
	26,262	22,924	25,374	22,124

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
17. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Profit from ordinary activities	3,857	3,338	4,004	3,519
Depreciation	1,427	1,188	1,339	1,147
Amortisation	118	119	118	119
Gain/loss on sale of assets	232	(11)	173	(11)
Doubtful debts provision	(13)	(21)	(13)	(21)
Gain/loss on foreign exchange	88	-	88	-
Increase in value of managed funds	(43)	-	(43)	-
Changes in assets and liabilities				
Receivables	(305)	271	(343)	275
Other financial assets	(557)	(178)	(585)	(179)
Other investments	-	(490)	-	(490)
Accounts payable	654	597	533	601
Foreign currency revaluation reserve	-	(50)	-	-
Provisions	1,417	752	1,453	752
Other	(209)	1,512	(348)	1,522
Net cash provided by operating activities	6,666	7,027	6,376	7,234

18. SUPERANNUATION

Insearch Limited contributes to several superannuation funds on behalf of employees admitted as members to these funds. All funds are of the defined contribution type and do not require an actuarial valuation to be performed. The funds to which the company contribute to are:

(a) AMP Mobile Superannuation Plan

Employees are entitled to join this plan after employment for a qualifying period. The plan provides benefits on retirement, disability or death. Employees contribute to the plan at various percentages of their wages and salaries, and the company contributes to the plan.

(b) Other funds

Employees covered under the Government Superannuation Guarantee Scheme are entitled to have the company contribute at 9% of ordinary earnings. Employees covered by this scheme are entitled to benefits on retirement, disability or death, and members can make voluntary contributions.

19. AUDIT FEES – AUDIT OF FINANCIAL REPORT

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
The Audit Office of New South Wales				
Audit of financial report				
> Insearch Limited	65	35	65	35
> Insearch (Shanghai) Limited	28	4	28	4
	93	39	93	39

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

20. FINANCIAL INSTRUMENTS (NOTE 2(K))

(a) Credit risk

The credit risk on financial assets of the company recognised in the Statement of Financial Position, is generally the carrying amount, net of any provision for doubtful debts. The company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the financial statements.

(b) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The company's exposure to interest risk and the effective weighted average interest rate for financial assets is set out below. There is no interest rate risk for financial liabilities.

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Financial assets				
Cash (note # 2(n))	26,262	22,924	25,374	22,124
	26,262	22,924	25,374	22,124
Floating interest rate				
Weighted average interest calculated monthly	4.75%	4.33%	4.75%	4.33%
Receivables – non-interest bearing	1,035	730	1,228	885
Investments non-current – floating interest	1,437	1,333	2,379	2,275
Investments – non-current – non-interest bearing	421	497	421	497
	2,893	2,560	4,028	3,657
Financial liabilities				
Accounts payable	3,003	2,349	3,013	2,480
Other payable	9,149	9,357	9,101	9,425
	12,152	11,706	12,114	11,905
Net financial assets	17,003	13,778	17,288	13,876
Reconciliation of net financial assets to net assets				
Net financial assets as above	17,003	13,778	17,288	13,876
Non-financial assets				
> Current other financial assets	786	229	802	217
> Non-current other financial assets	103	103	103	103
> Plant and equipment	6,523	5,117	6,410	4,857
> Intangible assets	544	662	544	662
> Provisions	(7,168)	(5,740)	(7,168)	(5,740)
Net assets	17,791	14,149	17,979	13,975

Cash and the majority of investments are held within the banking system, receivables are held with other organisations.

The net fair value of financial assets and liabilities approximates their carrying value.

21. REMUNERATION OF DIRECTORS

(a) Income paid or payable, or otherwise made available, to directors of the company by the company for the year ended 31 December 2003:

	Consolidated		Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
	112	118	112	118

(b) The number of directors whose income received from the company was within the following bands:

\$	Numbers 2003	Numbers 2002
0–9,999	2	2
10,000–19,999	–	1
20,000–29,999	5	3
30,000–39,999	–	1

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

22. RELATED PARTIES

(a) Directors

The names of persons who were directors at any time during the year were D V Clark, R J Hill, M L Laurence, A R Moon, K J Rennie, R W Robertson, W H Wright, and K L Woodthorpe.

(b) Remuneration and retirement benefits

Information on remuneration and retirement benefits of directors is disclosed in Note 21.

(c) Other transactions with directors and director-related entities

- (i) A director, R J Hill, is a director of Hillandip Pty Limited. Insearch Limited entered into a contract with Hillandip Pty Limited during the year for the provision of R J Hill's services as a director of Insearch Limited. The contract was based on normal commercial terms and conditions.
- (ii) A director, K L Woodthorpe, is a director of People and Innovation Corporate Advisers Pty Ltd. Insearch Limited entered into a contract with People and Innovation Corporate Advisers Pty Ltd during the year for the provision of K L Woodthorpe's services as a director of Insearch Limited. The contract was based on normal commercial terms and conditions.

Aggregate amount of remuneration and retirement benefits of directors and their director-related entities is disclosed in Note 21.

(d) Wholly owned group

- (i) The parent entity in the wholly owned group is Insearch Limited. The ultimate parent entity is the University of Technology, Sydney, which acts as guarantor for the parent entity. Insearch Limited entered into the following transactions during the period with the University of Technology, Sydney:
 - > Donation amounting to \$5,500,000 is payable (2002 \$5,000,000)
 - > Donation for Technology Development Group \$150,000 (2002 \$91,000)
 - > Sales of services and fees \$1,512,988, (2002 \$2,570,721)
- (ii) The wholly owned group consists of Insearch Limited and its wholly owned controlled entity, Insearch (Shanghai) Limited, which is 100% owned by Insearch Limited referred to in note 2(a). Insearch Limited entered into the following transactions during the period with Insearch (Shanghai) Limited:
 - > Profit remitted to Insearch Limited: nil (2002 \$231,000)
 - > Consultancy expenses \$492,000 (2002 \$480,000)
- (iii) Australia Centre Medan is an offshore centre of Insearch Limited. Insearch Limited entered into a loan transaction of \$100,000 in February 2002. The loan is an interest free loan.

All other loans and transactions were based on normal terms and conditions.

23. CONTINGENT LIABILITIES

In accordance with Australian Accounting Standard AASB1044 'Provisions, Contingent Liabilities and Contingent Assets', the company's contingent liabilities at balance date consisted of:

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
> Restructure of the management	-	150	-	150
> Market research offshore	-	180	-	180
> Legal expenses	75	-	75	-
	75	330	75	330

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

24. COMMITMENTS

(a) Capital commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable, with the input tax recoverable from the Australian Taxation Office \$90,800 (2002 \$100,000).

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	998	1,100	998	1,100

(b) Lease commitments

Commitments for minimum lease payments, in relation to non-cancellable operating leases, contracted for at the reporting date but not recognised as liabilities, payable with the input tax recoverable from the Australian Taxation Office.

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	2,323	2,324	2,314	2,163
Later than 1 year but not later than 5 years	4,733	2,871	4,732	2,775
Total inclusive of GST	7,056	5,195	7,046	4,938
Input tax recoverable from the Australian Taxation Office	584	472	584	449

(c) Remuneration commitments

Commitments for payment of salaries under employment contracts not recognised as liabilities.

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	348	758	348	758
Later than 1 year but not later than 5 years	722	551	722	551
	1,070	1,309	1,070	1,309

(d) Other expenditure commitments

Commitments for trade creditors contracted for at the reporting date but not recognised as liabilities, payable with the input tax recoverable from the Australian Taxation Office were not material at reporting date.

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	-	-	-	-

NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

25. SEGMENT INFORMATION

(a) Business segments

Insearch Limited operates in the field of education.

(b) Geographic segments

Insearch Limited operates predominantly in Australia. The company also operates in the People's Republic of China (PRC) and other areas of South East Asia.

	Segment revenue		Segment assets		Acquisition of property, plant and equipment, intangibles and others	
	2003	2002	2003	2002	Non-current segment assets	
	\$'000	\$'000	\$'000	\$'000	2003	2002
					\$'000	\$'000
Australia	38,188	34,212	35,619	30,197	3,300	2,655
PRC	3,615	4,224	1,492	1,398	-	(57)
Other countries	229	24	-	-	-	-
	42,032	38,460	37,111	31,595	3,300	2,598

End of audited financial statements of Insearch Limited.

DIRECTORS' DECLARATION

The directors declare that the Financial Statement and notes set out on pages 56 to 67:

- (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and cash flows for the financial year ended on that date.

In the directors' opinion:

- (a) the Financial Statement and notes thereto are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the company will be able to meet any obligations or liabilities to which it is, or may become, liable.

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



Professor Peter Booth
Director



Professor Archie Johnston
Director

Sydney
23 March 2004

STATEMENT BY APPOINTED OFFICERS

Statement in accordance with the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulations 2000*

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

1. the accompanying Financial Statements present a true and fair view of the financial position of the company as at 31 December 2003 and transactions for the period then ended
2. the statements have been prepared in accordance with section 41B of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulations 2000*. The policies adopted by the company follow Accounting Standards and other mandatory professional requirements including Urgent Issues Group Consensus Views, the *Corporations Act 2001* and other authoritative pronouncements of the Public Sector Accounting Standards Board and/or the Australian Accounting Standards Board.

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



Professor Peter Booth
Director



Professor Archie Johnston
Director

Sydney
24 March 2004

INDEPENDENT AUDIT REPORT



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

accessUTS Pty Limited

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

Audit Opinion

In my opinion the financial report of accessUTS Pty Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the accessUTS Pty Limited's financial position as at 31 December 2003 and financial performance for the year ended on that date, and
 - (ii) complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- (b) other mandatory financial reporting requirements in Australia, and
- (c) section 41B of the *Public Finance and Audit Act 1983*.

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

The Directors' Role

The financial report is the responsibility of the company's directors. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes, and directors' declaration.

The Auditor's Role and the Audit Scope

As required by the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the Members of accessUTS Pty Limited that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

INDEPENDENT AUDIT REPORT

My opinion does *not* provide assurance:

- about the future viability of the company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The *Public Finance and Audit Act 1983* further promotes independence by:

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



R J Sendt
Auditor-General

SYDNEY
15 April 2004

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	2003 \$	2002 \$
Revenue from ordinary activities	2	1,483,348	2,139,355
Employee benefits expense	3(a)	(280,825)	(230,904)
Depreciation and amortisation expense		(3,828)	(3,291)
Other expenses from ordinary activities	3(b)	(1,356,756)	(1,906,967)
Loss from ordinary activities before income tax expense		(158,061)	(1,807)
Income tax expense relating to ordinary activities	4	(16,736)	(185)
Loss from ordinary activities after related income tax expense		(174,797)	(1,992)
Net loss		(174,797)	(1,992)
Total changes in equity other than those resulting from transactions with owners as owners		(174,797)	(1,992)

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2003

	Note	2003 \$	2002 \$
Current assets			
Cash assets	5	430,113	488,585
Receivables	6	304,958	621,639
Other	7	51,049	34,731
Total current assets		786,120	1,144,955
Non-current assets			
Property, plant and equipment	8	15,781	15,293
Other financial assets	9	67	67
Deferred tax asset	10	-	16,736
Total non-current assets		15,848	32,096
Total assets		801,968	1,177,051
Current liabilities			
Payables	11	724,305	1,058,872
Current tax liabilities	12	-	16,921
Provisions	13	12,416	23,130
Other	14	207,035	45,119
Total current liabilities		943,756	1,144,042
Non-current liabilities			
Non-interest bearing liabilities	15	35,000	35,000
Total non-current liabilities		35,000	35,000
Total liabilities		978,756	1,179,042
Net liabilities		176,788	1,991
Equity			
Contributed equity	16	1	1
Accumulated losses	17	(176,789)	(1,992)
Total equity		(176,788)	(1,991)

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	2003 \$	2002 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,961,474	1,512,338
Payments to suppliers and employees (inclusive of goods and services tax)		(2,023,660)	(1,084,764)
Income tax paid		(16,921)	-
Interest received		24,951	7,401
Net cash provided by/(used in) operating activities	18	(54,156)	434,975
Cash flows from investing activities			
Payments for investment securities		-	(67)
Payments for property, plant and equipment		(4,316)	(5,360)
Proceeds from acquisition of business		-	64,322
Payment for business		-	(40,285)
Net cash provided by/(used in) investing activities		(4,316)	18,610
Cash flows from financing activities			
Proceeds from borrowings		-	35,000
Net cash provided by financing activities		-	35,000
Net increase/(decrease) in cash held		(58,472)	488,585
Cash at the beginning of the financial year		488,585	-
Cash at the end of the financial year	5	430,113	488,585

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

(a) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement in no more than 30 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(c) Cash

For the purpose of the Statement of Cash Flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(d) Trade and other creditors

These amounts represent liabilities for goods and services provided to the company 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.

(e) Depreciation of property plant and equipment

Depreciation is calculated on a diminishing value basis so as to write-off the net cost of each item of property, plant and equipment over its expected useful life which is estimated as:

Computer software	3.75 years
Fixtures and fittings	7.5 – 13.3 years
Office equipment	6 years

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

(g) Recoverable amount of non-current assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

(h) Revenue recognition

Revenue is recognised on an accruals basis.

(i) Investments

Interests in listed and unlisted securities are brought to account at cost and dividend income is recognised in the statement of financial performance, when received.

(j) Leased non-current assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

(k) Employee entitlements

(i) Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Bonuses

A liability for bonuses is recognised, and is measured according to employee contracts.

(iii) Superannuation

Contributions are made to employee superannuation funds and are charged as expenses when incurred.

(l) Going concern

As at 31 December 2003, the company has a deficiency in the amount of \$176,788 (2002 \$1,991). This resulted from an operating loss during the financial year ending on that date. The shareholder has undertaken to provide sufficient financial assistance to the company, as and when it is needed, to enable the company to continue its operations and fulfil its financial obligations.

2. REVENUE

	2003 \$	2002 \$
Revenue from operating activities		
Consulting fees	1,440,627	2,127,347
	1,440,627	2,127,347
Revenue from outside the operating activities		
Other	15,409	4,607
Interest	27,312	7,401
	42,721	12,008
Total revenue from ordinary and outside operating activities	1,483,348	2,139,355

3. EXPENSES

	2003 \$	2002 \$
(a) Employee benefits expense		
Salary and wages	242,214	166,706
Superannuation	22,119	14,025
Other	16,492	50,173
	280,825	230,904
(b) Other expenses from ordinary activities		
Consultancy fees	1,161,140	1,683,756
General and administration expenses	195,616	192,378
Other expenses	-	30,833
	1,356,756	1,906,967

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

4. INCOME TAX EXPENSE

The income tax benefit for the financial year differs from the amount calculated on the result. The differences are reconciled as follows:

	2003 \$	2002 \$
Loss from ordinary activities before income tax benefit	(158,061)	(1,807)
Income tax benefit calculated at 30%	(47,418)	(542)
Add Tax effect of permanent differences	(428)	727
Income tax expense/(benefit) adjusted for permanent differences	(47,846)	185
Tax effect of timing differences:		
<i>Add/(less):</i>		
Provision for annual leave	1,186	2,332
Provision for doubtful debts	(6,000)	6,000
Provision for fringe benefits tax	1	206
Accrued expenses	6,587	3,058
Interest receivable	(709)	-
Provision for bonuses	(4,401)	4,401
Superannuation accrued	(63)	739
	(3,399)	16,736
Income tax expense/(benefit) adjusted for timing differences	(51,245)	16,921
Future income tax benefit not brought to account	51,245	-
Future income tax benefit brought to account at 31 December 2002	16,736	(16,736)
Income tax expense	16,736	185
Income tax expense comprises:		
Current tax provision	-	16,921
Future income tax benefit	16,736	(16,736)
	16,736	185

The directors estimate that the potential future income tax benefit at 31 December 2003, in respect of tax losses and timing differences, not brought to account is \$51,245.

This benefit for tax losses will only be obtained if:

- (i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; or
- (ii) the company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the company in realising the benefits from the deductions for the losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

5. CURRENT ASSETS – CASH

	2003	2002
	\$	\$
Bank	429,981	488,440
Cash on hand	132	145
	430,113	488,585

Reconciliation of cash

Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to items in the balance sheet, as follows:

Bank	429,981	488,440
Cash on hand	132	145
	430,113	488,585

6. CURRENT ASSETS – RECEIVABLES

Trade debtors	304,958	641,639
Less: Provision for doubtful debts	–	(20,000)
	304,958	621,639

7. CURRENT ASSETS – OTHER

GST refund due	16,488	30,031
Prepayments	2,200	2,360
Deferred expenditure	30,000	2,340
Interest receivable	2,361	–
	51,049	34,731

8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Furniture & fittings	Computer software	Total
	\$	\$	\$
Carrying amount at 1 January 2003	11,501	3,792	15,293
Additions	680	3,636	4,316
Depreciation/amortisation expense	(1,331)	(2,497)	(3,828)
Carrying amount at 31 December 2003	10,850	4,931	15,781

9. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	2003	2002
	\$	\$
Shares in Sunshine Heart Company Pty Limited – at cost	67	67

The company holds 66,757 ordinary \$0.001 shares in the issued capital of Sunshine Heart Company Pty Limited.

10. NON-CURRENT ASSETS – DEFERRED TAX ASSET

	2003	2002
	\$	\$
Future income tax benefit	–	16,736

11. CURRENT LIABILITIES – PAYABLES

Trade creditors	96,273	210,920
Payables to parent entity	587,628	832,685
Superannuation	2,254	2,463
Accrued expenses	38,150	12,804
	724,305	1,058,872

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	2003 \$	2002 \$
12. CURRENT LIABILITIES – CURRENT TAX LIABILITIES		
Income tax	–	16,921
	–	16,921

13. CURRENT LIABILITIES – PROVISIONS		
Fringe benefits tax	690	687
Bonuses	–	14,671
Annual leave	11,726	7,772
	12,416	23,130

14. CURRENT LIABILITIES – OTHER		
Prepaid income	198,000	–
Customer deposits	9,035	45,119
	207,035	45,119

15. NON-CURRENT LIABILITIES – NON-INTEREST BEARING LIABILITIES		
Unsecured loan from parent entity	35,000	35,000

16. CONTRIBUTED EQUITY**(a) Share capital**

Ordinary shares - fully paid	1	1
------------------------------	---	---

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds are winding up of the company in proportion to the number of and amount paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

17. ACCUMULATED LOSSES

	2003 \$	2002 \$
Accumulated losses at the beginning of the financial year	1,992	–
Loss for the year	174,797	1,992
Accumulated losses at the end of the financial year	176,789	1,992

18. RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating loss after income tax	(174,797)	(1,992)
Depreciation and amortisation	3,828	3,291
Work in progress acquired	–	27,215
Other non-cash items	2,686	(4,494)
Provision for doubtful debts	(8,107)	20,000
Change in operating assets and liabilities:		
> (Increase)/decrease in trade debtors	320,513	(641,639)
> (Increase)/decrease in other operating assets	25,139	(34,731)
> (Increase)/decrease in trade creditors and payables	(228,808)	1,058,872
> (Increase)/decrease in other operating liabilities	(11,345)	8,453
> Decrease in future income tax benefit	16,735	–
Net cash inflow from operating activities	(54,156)	434,975

19. AUDITORS REMUNERATION

Remuneration of the auditor for:		
> Auditing the financial report	9,000	8,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

20. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Note	Weighted average interest rate %	Floating interest rate \$	Within 1 year \$	Non- interest bearing \$	Total \$
2003						
Financial assets						
Cash and deposits	5	4.75	429,981	-	132	430,113
Receivables	6,7	-	-	-	304,958	304,958
			429,981	-	305,090	735,071
Financial liabilities						
Trade and other creditors	11	-	-	-	683,902	683,902
Other loans	15	-	-	-	35,000	35,000
			-	-	718,902	718,902
Net financial assets/ (liabilities)			429,981	-	(413,812)	16,169

	Note	Weighted average interest rate %	Floating interest rate \$	Within 1 year \$	Non- interest bearing \$	Total \$
2002						
Financial assets						
Cash and deposits	5	3.55	488,440	-	145	488,585
Receivables	6/7	-	-	-	621,639	621,639
			488,440	-	621,784	1,110,224
Financial liabilities						
Trade and other creditors	11	-	-	-	1,058,872	1,058,872
Other loans	15	-	-	-	35,000	35,000
			-	-	1,093,872	1,093,872
Net financial assets/ (liabilities)			488,440	-	(472,088)	16,352

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors as at 31 December 2003.

(c) Net fair values of financial assets and liabilities

The fair value of financial assets and liabilities is not materially different to the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

21. COMMITMENTS FOR EXPENDITURE

Lease commitments

Commitments in relation to operating lease contracted for at the reporting date but not recognised as liabilities, payable:

	2003 \$	2002 \$
Within one year	6,360	6,360
Later than one year but not later than 5 years	1,150	7,510
Total commitments (including GST)	7,510	13,870
Input tax credits	683	1,261

22. CONTINGENT LIABILITIES

As at the reporting date, the directors are not aware of any contingent liabilities not otherwise disclosed in the financial statements.

23. REMUNERATION OF DIRECTORS

	2003 \$	2002 \$
Income paid or payable, or otherwise made available to directors of the company in connection with the management of affairs of the company.	-	-

The number of directors whose total income from the company or related parties was within the specified bands are as follows:

\$	Number
0-9,999	3

24. REMUNERATION OF EXECUTIVES

Remuneration received, or due and receivable from executive officers of the company whose remuneration was at least \$100,000.

	2003 \$	2002 \$
Executive officers	107,612	-

The number of executive officers whose total income from the company or related parties was within the specified bands are as follows:

\$	\$		Number
100,000	109,999	1	-

25. RELATED PARTY TRANSACTIONS

Directors

The names of persons being directors of access UTS Pty Limited at any time during the financial year are as follows: R Robertson, A Johnston and P Booth.

Remuneration and retirement benefits

Remuneration and retirement benefits for directors of the company have been paid by a director-related entity. Refer to Note 23.

Loans from directors and director related entities

Loans from director and director related entities disclosed in Note 15 comprise:

	2003 \$	2002 \$
Loans received		
Loan from University of Technology, Sydney	35,000	35,000
	35,000	35,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Other transactions with directors and director-related entities

There were no other related party transactions during the financial year.

Wholly-owned group

The wholly-owned group consists of University of Technology, Sydney and its controlled entities accessUTS Pty Limited, Insearch Limited and Insearch (Shanghai) Limited. Transactions between accessUTS Pty Limited and other entities in the group during the year ended 31 December 2003 consisted of:

- (a) Expenses paid by University of Technology, Sydney invoiced to accessUTS Pty Limited.
- (b) Faculty costs payable to University of Technology, Sydney.

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

	2003 \$	2002 \$
Aggregate amounts included in the determination of loss from ordinary activities before income tax that resulted from transactions with entities in the wholly owned group:		
Rent	23,760	23,760
License fee	29,275	41,280
Service fee	15,000	15,000
Faculty costs	480,811	662,739
Service level agreement	5,598	5,336
Operating lease	5,986	4,878
Public liability indemnity	6,000	-
Aggregate amounts payable by the company to the parent entity at balance date:		
Current liabilities	587,628	832,685
Non-current liabilities (loan)	35,000	35,000

26. EVENTS OCCURRING AFTER REPORTING DATE

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

End of audited Financial Statements of accessUTS Pty Limited.



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