



UNIVERSITY OF
TECHNOLOGY SYDNEY

UTS:
ANNUAL REPORT 2012

FINANCES AND APPENDICES

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FINANCIAL STATEMENTS

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Statement by appointed officers

STATEMENT BY APPOINTED OFFICERS

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

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

1. the financial statements present a true and fair value of the financial position of the University at 31 December 2012 and the results of its operations and transactions of the University for the year then ended
2. the financial statements have been prepared in accordance with the provisions of the New South Wales *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2010* and the "Financial Statement Guidelines for Australian Higher Education Providers for the 2012 Reporting Period" issued by the Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education
3. the financial statements have been prepared in accordance with Australian Accounting Standards (AASB), AASB interpretations and other mandatory professional reporting requirements
4. we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate
5. there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due
6. the amount of Commonwealth grants expended during the reporting period was for the purposes for which it was granted, and
7. the University has complied in full with the requirements of various program guidelines that apply to the Commonwealth financial assistance identified in these financial statements.



R D Milbourne
Vice-Chancellor



B Wilson
Chair, Finance Committee

17th April 2013

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

University of Technology, Sydney

To Members of the New South Wales Parliament

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

Opinion

In my opinion, the financial statements:

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

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

University Council's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Independent auditor's report

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

S Bond

Sally Bond
Director, Financial Audit Services

19 April 2013
SYDNEY

Income statement

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Income from continuing operations | | | | | |
| Australian Government financial assistance | | | | | |
| > Australian Government grants | 2.1 | 231,440 | 192,351 | 231,440 | 192,351 |
| > HELP — Australian Government payments | 2.1 | 139,131 | 124,675 | 131,072 | 118,751 |
| State and local government financial assistance | 2.2 | 6,044 | 7,425 | 6,044 | 7,425 |
| HECS-HELP — student payments | | 20,359 | 22,005 | 20,359 | 22,005 |
| Fees and charges | 2.3 | 214,468 | 213,175 | 184,189 | 181,049 |
| Investment revenue | 2.4 | 14,772 | 17,813 | 13,195 | 15,722 |
| Royalties, trademarks and licences | 2.5 | 73 | 745 | 48 | 709 |
| Consultancy and contracts | 2.6 | 14,976 | 11,115 | 11,470 | 9,805 |
| Other revenue | 2.7 | 19,153 | 18,391 | 19,950 | 23,259 |
| Total revenue from continuing operations | | 660,416 | 607,695 | 617,767 | 571,076 |
| Gains on disposal of assets | 5 | 155 | – | 236 | – |
| Share of profit on investments accounted for using the equity method | 14 | 1,286 | 1,377 | – | – |
| Other investment income | 2.4 | – | – | – | – |
| Other income | 2.7 | 21,257 | 15,133 | 22,301 | 16,226 |
| Total income from continuing operations | | 683,114 | 624,205 | 640,304 | 587,302 |
| Expenses from continuing operations | | | | | |
| Employee related expenses | 3.1 | 377,228 | 363,873 | 350,612 | 339,728 |
| Depreciation and amortisation | 3.2 | 62,651 | 58,226 | 58,501 | 55,371 |
| Repairs and maintenance | 3.3 | 9,353 | 9,799 | 8,937 | 9,486 |
| Borrowing costs | 4 | 3,323 | 3,011 | 3,271 | 3,022 |
| Impairment of assets | 3.4 | (117) | 374 | (124) | 325 |
| Losses on disposal of assets | 5 | – | 1,460 | – | 1,431 |
| Deferred super expense | 3.1 | 314 | 441 | 314 | 441 |
| Other expenses | 3.5 | 168,849 | 159,753 | 159,388 | 150,530 |
| Total expenses from continuing operations | | 621,601 | 596,937 | 580,899 | 560,334 |
| Operating result before income tax | | 61,513 | 27,268 | 59,405 | 26,968 |
| Income tax expense | 6 | 27 | 41 | – | – |
| Operating result from continuing operations | | 61,486 | 27,227 | 59,405 | 26,968 |
| Operating result attributable to members of the University of Technology, Sydney | | 61,486 | 27,227 | 59,405 | 26,968 |
| Operating result attributable to members from: | | | | | |
| > continuing operations | | 61,486 | 27,227 | 59,405 | 26,968 |
| Total | | 61,486 | 27,227 | 59,405 | 26,968 |

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

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|--------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Operating result after income tax for the period | | 61,486 | 27,227 | 59,405 | 26,968 |
| Exchange differences on translation of foreign operations | 21 (b) | (126) | 363 | – | – |
| Gain/(loss) on revaluation of available for sale financial assets | 21 (b) | 379 | (326) | 379 | (326) |
| Gain/(loss) on revaluation of property, plant and equipment | 21 (b) | 9,639 | 51,362 | 9,639 | 51,362 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | 24 | (667) | (949) | (667) | (949) |
| Total comprehensive income attributable to members of the University of Technology, Sydney | | 70,711 | 77,677 | 68,756 | 77,055 |

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

Statement of financial position

AS AT 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|--------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 9 | 241,097 | 253,650 | 198,868 | 216,393 |
| Receivables | 10 | 16,165 | 15,104 | 12,188 | 13,113 |
| Other financial assets | 11 | 49 | 47 | 49 | 47 |
| Other non-financial assets | 12 | 19,935 | 18,299 | 18,128 | 15,722 |
| Non-current assets classified as held for sale | 13 | - | - | - | - |
| Total current assets | | 277,246 | 287,100 | 229,233 | 245,275 |
| Non-current assets | | | | | |
| Receivables | 10 | 451,645 | 411,862 | 450,520 | 410,694 |
| Investments accounted for using the equity method | 14 | 8,144 | 9,493 | - | - |
| Other financial assets | 11 | 2,002 | 1,833 | 4,972 | 4,700 |
| Other non-financial assets | 12 | 607 | 514 | 607 | 514 |
| Property, plant and equipment | 15 | 1,226,960 | 1,127,653 | 1,213,818 | 1,114,311 |
| Intangible assets | 16 | 22,458 | 20,327 | 20,836 | 18,375 |
| Total non-current assets | | 1,711,816 | 1,571,682 | 1,690,753 | 1,548,594 |
| Total assets | | 1,989,062 | 1,858,782 | 1,919,986 | 1,793,869 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 17 | 46,768 | 37,830 | 42,256 | 34,408 |
| Borrowings | 18 | 3,617 | 3,555 | 3,370 | 3,311 |
| Provisions | 19 | 84,616 | 77,568 | 82,588 | 75,600 |
| Other liabilities | 20 | 31,334 | 27,992 | 15,094 | 13,125 |
| Total current liabilities | | 166,335 | 146,945 | 143,308 | 126,444 |
| Non-current liabilities | | | | | |
| Borrowings | 18 | 43,069 | 43,242 | 42,823 | 42,930 |
| Provisions | 19 | 471,003 | 430,631 | 469,294 | 428,690 |
| Other liabilities | 20 | 46 | 66 | - | - |
| Total non-current liabilities | | 514,118 | 473,939 | 512,117 | 471,620 |
| Total liabilities | | 680,453 | 620,884 | 655,425 | 598,064 |
| Net assets | | 1,308,609 | 1,237,898 | 1,264,561 | 1,195,805 |
| Equity | | | | | |
| Parent entity interest | | | | | |
| Reserves | 21 (a) | 573,322 | 563,430 | 574,723 | 564,705 |
| Retained earnings | 21 (d) | 735,287 | 674,468 | 689,838 | 631,100 |
| Total equity | | 1,308,609 | 1,237,898 | 1,264,561 | 1,195,805 |

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

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Reserves | Retained surplus | Total |
|---|----------------|------------------|------------------|
| Consolidated | | | |
| Balance at 1 January 2011 | 512,031 | 648,190 | 1,160,221 |
| Retrospective changes | - | - | - |
| Balance as restated | 512,031 | 648,190 | 1,160,221 |
| Profit or loss | - | 27,227 | 27,227 |
| Exchange differences on translation of foreign operations | 363 | - | 363 |
| Change in fair value of available for sale financial assets | (326) | - | (326) |
| Gain/(loss) on revaluation of property, plant and equipment | 51,362 | - | 51,362 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | - | (949) | (949) |
| Total comprehensive income | 51,399 | 26,278 | 77,677 |
| Balance at 31 December 2011 | 563,430 | 674,468 | 1,237,898 |
| Balance at 1 January 2012 | 563,430 | 674,468 | 1,237,898 |
| Profit or loss | - | 61,486 | 61,486 |
| Exchange differences on translation of foreign operations | (126) | - | (126) |
| Change in fair value of available for sale financial assets | 379 | - | 379 |
| Gain/(loss) on revaluation of property, plant and equipment | 9,639 | - | 9,639 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | - | (667) | (667) |
| Total comprehensive income | 9,892 | 60,819 | 70,711 |
| Balance at 31 December 2012 | 573,322 | 735,287 | 1,308,609 |
| Parent | | | |
| Balance at 1 January 2011 | 513,669 | 605,081 | 1,118,750 |
| Retrospective changes | - | - | - |
| Balance as restated | 513,669 | 605,081 | 1,118,750 |
| Profit or loss | - | 26,968 | 26,968 |
| Exchange differences on translation of foreign operations | - | - | - |
| Change in fair value of available for sale financial assets | (326) | - | (326) |
| Gain/(loss) on revaluation of property, plant and equipment | 51,362 | - | 51,362 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | - | (949) | (949) |
| Total comprehensive income | 51,036 | 26,019 | 77,055 |
| Balance at 31 December 2011 | 564,705 | 631,100 | 1,195,805 |
| Balance at 1 January 2012 | 564,705 | 631,100 | 1,195,805 |
| Profit or loss | - | 59,405 | 59,405 |
| Changes from comprehensive income | - | - | - |
| Exchange differences on translation of foreign operations | - | - | - |
| Change in fair value of available for sale financial assets | 379 | - | 379 |
| Gain/(loss) on revaluation of property, plant and equipment | 9,639 | - | 9,639 |
| Net actuarial gains (losses) recognised in respect of defined benefit plans | - | (667) | (667) |
| Total comprehensive income | 10,018 | 58,738 | 68,756 |
| Balance at 31 December 2012 | 574,723 | 689,838 | 1,264,561 |

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

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-----------|-----------------------------------|-----------------|-------------------------------|-----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Cash flows from operating activities | | | | | |
| Australian Government grants | 32 | 371,658 | 318,791 | 363,599 | 312,867 |
| OS-Help (net) | 32 | 210 | (277) | 210 | (277) |
| State government grants received | 2.2 | 5,666 | 6,011 | 5,666 | 6,011 |
| Local government grants received | 2.2 | 378 | 1,414 | 378 | 1,414 |
| HECS-HELP — student payments | | 20,359 | 22,005 | 20,359 | 22,005 |
| Receipts from student fees and other customers | | 301,233 | 283,323 | 266,087 | 255,233 |
| Dividends received | | 1,052 | 1,280 | 85 | 256 |
| Interest received | | 12,913 | 18,778 | 12,423 | 16,431 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (569,469) | (536,875) | (533,928) | (504,493) |
| Interest and other costs of finance | | (3,323) | (3,022) | (3,271) | (3,022) |
| Income taxes paid | | (27) | (41) | – | – |
| Net cash provided by/(used in) operating activities | 31 | 140,650 | 111,387 | 131,608 | 106,425 |
| Cash flows from investing activities | | | | | |
| Proceeds from sale of property, plant and equipment | 5 | 10,355 | 55,621 | 10,354 | 55,618 |
| Proceeds from sale of financial assets | | 62 | – | 61 | – |
| Payments for financial assets | | – | – | – | (2,815) |
| Payments for property, plant and equipment | | (159,262) | (154,022) | (155,378) | (141,906) |
| Net cash provided by/(used in) investing activities | | (148,845) | (98,401) | (144,963) | (89,103) |
| Cash flows from financing activities | | | | | |
| Payment of capitalised borrowing costs | | (327) | – | (327) | – |
| Repayment of finance leases | | (4,031) | (3,879) | (3,843) | (3,714) |
| Net cash provided by/(used in) financing activities | | (4,358) | (3,879) | (4,170) | (3,714) |
| Net increase/(decrease) in cash and cash equivalents | | (12,553) | 9,107 | (17,525) | 13,608 |
| Cash and cash equivalents at the beginning of the year | | 253,650 | 244,543 | 216,393 | 202,785 |
| Cash and cash equivalents at end of the financial year | 9 | 241,097 | 253,650 | 198,868 | 216,393 |
| Financing arrangements | 18(b) | | | | |
| Non-cash financing and investing activities | 23 | | | | |

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements were authorised for issue by the Council of the University of Technology, Sydney on 17 April 2013.

(a) Basis of preparation

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

- (i) the Australian Accounting Standards including the Australian equivalents to the International Financial Reporting Standards (AIFRS)
- (ii) other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and AASB Interpretations
- (iii) the *Financial Statements Guidelines for Australian Higher Education Providers for the 2012 Reporting Period* issued by the Commonwealth Department of Industry, Innovation, Science, Research and Tertiary Education (DIISTRE)
- (iv) the *Public Finance and Audit Act 1983* (NSW) and the *Public Finance and Audit Regulation 2010* (NSW).

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

Compliance with International Financial Reporting Standards (IFRS)

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

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the University of Technology, Sydney's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are the calculation of the long service leave and doubtful debt provisions.

(b) Basis of consolidation

(i) Subsidiaries

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

- > University of Technology, Sydney
- > INSEARCH Limited, a controlled entity of the University
- > INSEARCH Shanghai Limited, a controlled entity of INSEARCH Limited
- > INSEARCH Education International Pty Limited
- > INSEARCH Education Limited
- > accessUTS Pty Limited, a controlled entity of the University
- > UTS Global Pty Ltd, a controlled entity of the University.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition

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

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

Investment income is recognised as it accrues.

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

Donations are accounted for on a cash basis.

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

(e) Income tax

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

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

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

(f) Leases

The University leases a range of assets and accounts for these as either operating or finance leases in accordance with the requirements of AASB 117 *Leases*.

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

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

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

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

Details of leased assets are provided in note 22.

(g) Business combinations

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

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

(h) Impairment of assets

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

(i) Cash and cash equivalents

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

(j) Receivables

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

Non-current receivables are recognised at fair value.

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

(k) Inventories

The University holds no material inventory.

(l) Non-current assets held for sale

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(m) Investments and other financial assets

The group classifies its investments in the following categories:

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

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

(ii) Available-for-sale financial assets

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

(iii) Other financial assets

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

(n) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. Changes in the fair value of any derivative instrument are recognised immediately in the income statement.

Details of the derivatives held by the group are disclosed in note 33.

(o) Fair value estimation

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The value of long term debt instruments has been calculated using the amortised cost method.

(p) Property, plant and equipment

(i) Initial recognition and measurement

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

The library collection is recorded at depreciated replacement cost.

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

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

(ii) Revaluations

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

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

(iii) Depreciation

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

| Asset class | Depreciation rate (%) | Depreciation method |
|---|-----------------------|----------------------------|
| Buildings | 2.00 | Straight line |
| Building infrastructure | 4.00 | Straight line |
| Electrical installations | 4.00 | Straight line |
| Suspended ceilings | 5.00 | Straight line |
| Carpet and carpet tiles | 6.66 to 10.00 | Straight line |
| Motor vehicles | 20.00 | Straight line |
| Computers | 33.33 | Straight line |
| Computer software — major | 14.30 | Straight line |
| Office, teaching and research equipment | 20 to 25 | Straight line |
| Library collection | 12.50 | Straight line, 5% residual |

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Impairment

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

(v) Disposals

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

(q) Intangible assets

(i) Research and development

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

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

(ii) Software

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

(iii) Perpetual licences for online serials

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

(r) Unfunded superannuation

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

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

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

(s) Trade and other payables

Accounts payable, including accruals, represent liabilities for goods and services provided to the economic entity prior to the end of the 2012 reporting period. These amounts are usually settled on 30 day terms.

(t) Borrowings

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

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

The University has obtained a \$300 million revolving five-year debt facility with the National Australia Bank to fund the current capital expenditure program. As at 31 December 2012 no funds have been drawn down on this facility by the University.

(u) Borrowing costs

Borrowing costs except those incurred for the construction of any qualifying asset are expensed as per AASB 123 *Borrowing Costs*. Borrowing costs incurred for the construction of any qualifying assets are capitalised as per AASB 123 *Borrowing Costs*.

(v) Provisions

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(w) Employee benefits

(i) Wages, salaries, annual leave and sick leave

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

(ii) Long service leave

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. Expected future payments are discounted using market yields at the reporting date on national government bonds. The group records long service leave as a current liability when all conditions for settlement are met.

The University in 2012 engaged KPMG to conduct an actuarial assessment of the long service leave provision to satisfy the requirements of AASB 119 *Employee Benefits*. The actuarial assessment updated the previous assessment conducted in 2011.

(iii) Superannuation

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

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

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

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

(iv) Termination benefits

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

(x) Joint ventures

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

(y) 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.

(z) Comparative amounts

Where necessary, the classifications of 2011 comparative figures have been adjusted to conform with the mandatory presentation for the current year. These reclassifications have no effect on the 2011 operating result (or the financial position) of the University.

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting period. The University has not exercised the right to early adopt any new or revised accounting standard.

(ab) Changes in accounting policy

There have been no changes to accounting policy in the 2012 year.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 2. REVENUE FROM CONTINUING OPERATIONS | | | | | |
| 2.1 Australian Government financial assistance including Australian Government loan programs | | | | | |
| (a) Commonwealth Grant Scheme and other grants | | | | | |
| | 32.1 | | | | |
| Commonwealth Grant Scheme ¹ | | 152,965 | 136,895 | 152,965 | 136,895 |
| Indigenous Support Program | | 982 | 982 | 982 | 982 |
| Partnership and Participation Program ⁴ | | 2,298 | 2,365 | 2,298 | 2,365 |
| Workplace Reform Program | | – | – | – | – |
| Learning and Teaching Performance Fund | | – | – | – | – |
| Capital Development Pool | | – | 1,058 | – | 1,058 |
| Disability Support Program | | 246 | 205 | 246 | 205 |
| Diversity and Structural Adjustment Fund ² | | 373 | – | 373 | – |
| Transitional Cost Program | | 299 | 562 | 299 | 562 |
| Promotion of Excellence in Learning and Teaching | | 51 | – | 51 | – |
| Total Commonwealth Grant Scheme and other grants | | 157,214 | 142,067 | 157,214 | 142,067 |
| (b) Higher education loan programs | | | | | |
| | 32.2 | | | | |
| HECS-HELP | | 88,122 | 79,181 | 88,122 | 79,181 |
| FEE-HELP | | 49,052 | 45,494 | 40,993 | 39,570 |
| SA-HELP | | 1,957 | – | 1,957 | – |
| Total higher education loan programs | | 139,131 | 124,675 | 131,072 | 118,751 |
| (c) Scholarships | | | | | |
| | 32.7 | | | | |
| Australian Postgraduate Awards | | 4,354 | 3,645 | 4,354 | 3,645 |
| International Postgraduate Research Scholarships | | 384 | 370 | 384 | 370 |
| Commonwealth Education Cost Scholarships ³ | | 640 | 2,189 | 640 | 2,189 |
| Commonwealth Accommodation Scholarships | | 38 | 5 | 38 | 5 |
| Indigenous Access Scholarships | | 59 | 127 | 59 | 127 |
| Total scholarships | | 5,475 | 6,336 | 5,475 | 6,336 |

1. Includes the basic CGS grant amount, CGS — regional loading, CGS — enabling loading, maths and science transition loading and full fee places transition loading.

2. Includes Collaboration and Structural Reform Program.

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

4. Includes Equity Support Program.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| (d) DIISRTE research | 32.6 | | | | |
| Joint Research Engagement Program ⁵ | | 4,771 | 4,837 | 4,771 | 4,837 |
| Research Training Scheme | | 10,290 | 9,719 | 10,290 | 9,719 |
| Research Infrastructure Block Grants | | 2,345 | 2,080 | 2,345 | 2,080 |
| Australian Scheme for Higher Education Repositories | | - | - | - | - |
| Implementation Assistance Program | | - | - | - | - |
| Commercialisation Training Scheme | | - | 133 | - | 133 |
| Sustainable Research Excellence in Universities | | 1,576 | 1,335 | 1,576 | 1,335 |
| Small grants | | - | - | - | - |
| Total DIISRTE research grants | | 18,982 | 18,104 | 18,982 | 18,104 |
| (e) Australian Research Council | 32.3 | | | | |
| <i>(i) Discovery</i> | | | | | |
| > Project | | 5,515 | 5,687 | 5,515 | 5,687 |
| > Federation Fellowships | | (39) | (119) | (39) | (119) |
| > Future Fellowships | | 2,014 | 901 | 2,014 | 901 |
| > Indigenous Researchers Development | | 36 | 34 | 36 | 34 |
| > Early Career Researcher Award | | 380 | - | 380 | - |
| > Indigenous | | 34 | - | 34 | - |
| Total Discovery | | 7,940 | 6,503 | 7,940 | 6,503 |
| <i>(ii) Linkages</i> | 32.4 | | | | |
| > Projects | | 2,597 | 3,070 | 2,597 | 3,070 |
| > International | | - | - | - | - |
| > Infrastructure | | 364 | 130 | 364 | 130 |
| Total Linkages | | 2,961 | 3,200 | 2,961 | 3,200 |
| <i>(iii) Networks and centres</i> | 32.5 | | | | |
| > Research networks | | - | 6 | - | 6 |
| > Centres | | 116 | 110 | 116 | 110 |
| Total networks and centres | | 116 | 116 | 116 | 116 |
| (f) Other capital funding | 32.8 | | | | |
| Better Universities Renewal Funding Grant | | - | - | - | - |
| Teaching and Learning Capital Fund | | - | - | - | - |
| Education Investment Fund | | 28,200 | 4,800 | 28,200 | 4,800 |
| Total other capital funding | | 28,200 | 4,800 | 28,200 | 4,800 |

5. Includes Institutional Grants Scheme.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 2. REVENUE FROM CONTINUING OPERATIONS (continued) | | | | | |
| 2.1 Australian Government financial assistance including Australian Government loan programs (continued) | | | | | |
| (g) Other Australian Government financial assistance | | | | | |
| Non-capital | | | | | |
| National Health and Medical Research Council | | 1,795 | 2,156 | 1,795 | 2,156 |
| DIISRTE | | 1,425 | 1,156 | 1,425 | 1,156 |
| Department of Health and Ageing | | 959 | 1,927 | 959 | 1,927 |
| University of Queensland | | 518 | 385 | 518 | 385 |
| Monash University | | 495 | 172 | 495 | 172 |
| CSIRO | | 475 | 836 | 475 | 836 |
| University of New South Wales | | 436 | 237 | 436 | 237 |
| Cancer Australia | | 400 | 400 | 400 | 400 |
| DEEWR | | 305 | 640 | 305 | 640 |
| AusAID | | 116 | 509 | 116 | 509 |
| Other | | 3,628 | 2,807 | 3,628 | 2,807 |
| Total non-capital other Australian Government financial assistance | | 10,552 | 11,225 | 10,552 | 11,225 |
| Total Australian Government financial assistance | | 370,571 | 317,026 | 362,512 | 311,102 |
| Reconciliation | | | | | |
| Australian Government grants (a+c+d+e+f+g) | | 231,440 | 192,351 | 231,440 | 192,351 |
| HECS-HELP payments | | 88,122 | 79,181 | 88,122 | 79,181 |
| FEE-HELP payments | | 49,052 | 45,494 | 40,993 | 39,570 |
| SA-HELP payments | | 1,957 | – | 1,957 | – |
| Total Australian Government financial assistance | | 370,571 | 317,026 | 362,512 | 311,102 |
| (h) Australian Government grants received — cash basis | | | | | |
| CGS and other DIISRTE grants | | 157,214 | 142,067 | 157,214 | 142,067 |
| Higher education loan programs | | 141,078 | 127,755 | 133,019 | 121,831 |
| Scholarships | | 5,866 | 6,336 | 5,866 | 6,336 |
| DIISRTE research | | 18,982 | 18,104 | 18,982 | 18,104 |
| ARC grants — Discovery | | 7,229 | 5,873 | 7,229 | 5,873 |
| ARC grants — Linkages | | 2,537 | 2,631 | 2,537 | 2,631 |
| Other capital funding | | 28,200 | 4,800 | 28,200 | 4,800 |
| Other Australian Government grants | | 10,552 | 11,225 | 10,552 | 11,225 |
| Total Australian Government grants received — cash basis | | 371,658 | 318,791 | 363,599 | 312,867 |
| OS-HELP (net) | | 2,209 | 1,441 | 2,209 | 1,441 |
| Total Australian Government funding received — cash basis | | 373,867 | 320,232 | 365,808 | 314,308 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 2.2 State and local government financial assistance | | | | | |
| Non-capital | | | | | |
| New South Wales State Government | | 3,382 | 4,187 | 3,382 | 4,187 |
| Other state governments | | 1,388 | 1,520 | 1,388 | 1,520 |
| Local government | | 378 | 1,414 | 378 | 1,414 |
| Total | | 5,148 | 7,121 | 5,148 | 7,121 |
| Capital | | | | | |
| New South Wales State Government | | 896 | 304 | 896 | 304 |
| Total | | 896 | 304 | 896 | 304 |
| Total state and local government financial assistance | | 6,044 | 7,425 | 6,044 | 7,425 |
| 2.3 Fees and charges | | | | | |
| Course fees and charges | | | | | |
| Fee-paying overseas students | | 176,337 | 175,700 | 146,204 | 143,523 |
| Continuing education | | 5,694 | 5,947 | 5,700 | 5,949 |
| Fee-paying domestic postgraduate students | | 11,024 | 8,532 | 11,024 | 8,532 |
| Fee-paying domestic undergraduate students | | 2,522 | 3,541 | 2,522 | 3,541 |
| Other domestic course fees and charges | | 12,090 | 15,197 | 12,090 | 15,231 |
| Total course fees and charges | | 207,667 | 208,917 | 177,540 | 176,776 |
| Other non-course fees and charges | | | | | |
| Library charges | | 325 | 459 | 1,137 | 1,251 |
| Student accommodation charges | | 835 | 647 | - | - |
| Student Services and Amenities Fee from students | | 2,265 | - | 2,265 | - |
| Medical fees | | 582 | 702 | 603 | 702 |
| English Testing Centre | | 2,644 | 2,320 | 2,644 | 2,320 |
| Other fees and charges | | 150 | 130 | - | - |
| Total other non-course fees and charges | | 6,801 | 4,258 | 6,649 | 4,273 |
| Total fees and charges | | 214,468 | 213,175 | 184,189 | 181,049 |
| 2.4 Investment revenue and income | | | | | |
| Interest | | 14,687 | 17,557 | 13,110 | 15,466 |
| Dividends | | 85 | 256 | 85 | 256 |
| Total investment revenue | | 14,772 | 17,813 | 13,195 | 15,722 |
| Change in fair value of financial assets designated at fair value through profit and loss | | - | - | - | - |
| Change in fair value of financial assets classified as held for trading | | - | - | - | - |
| Total other investment income | | - | - | - | - |
| Net investment income | | 14,772 | 17,813 | 13,195 | 15,722 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 2. REVENUE FROM CONTINUING OPERATIONS (continued) | | | | | |
| 2.5 Royalties, trademarks and licences | | | | | |
| | | 73 | 745 | 48 | 709 |
| 2.6 Consultancy and contracts | | | | | |
| Contract research | | 8,297 | 7,501 | 8,297 | 7,501 |
| Consultancy | | 6,679 | 3,614 | 3,173 | 2,304 |
| Total consultancy and contracts | | 14,976 | 11,115 | 11,470 | 9,805 |
| 2.7 Other revenue and income | | | | | |
| Other revenue | | | | | |
| Contribution from INSEARCH Limited | | – | – | 1,099 | 5,001 |
| Donations and bequests | | 5,018 | 1,610 | 5,018 | 1,610 |
| Foreign exchange gain/(loss) (net) (note (a)) | | (41) | 47 | 5 | 28 |
| Non-government grants | | 1,047 | 1,479 | 1,047 | 1,479 |
| Scholarships and prizes | | 3,179 | 4,118 | 3,226 | 4,164 |
| Services | | 2,847 | 2,234 | 2,397 | 2,150 |
| Sponsorships | | 1,962 | 2,014 | 2,003 | 2,014 |
| Other | | 5,141 | 6,889 | 5,155 | 6,813 |
| Total other revenue | | 19,153 | 18,391 | 19,950 | 23,259 |
| Other income | | | | | |
| Contributions to fixed assets | | – | 32 | – | 32 |
| Hire and rental | | 18,126 | 11,611 | 18,881 | 12,407 |
| Profit/(loss) on sale of shares | | (45) | – | (45) | – |
| Contributions for salary from other entities | | 2,390 | 2,458 | 2,480 | 2,544 |
| Sale of goods | | 786 | 1,032 | 985 | 1,243 |
| Total other income | | 21,257 | 15,133 | 22,301 | 16,226 |
| (a) Net foreign exchange gain/(loss) | | | | | |
| Net foreign exchange gains included in other income for the year | | (41) | 47 | 5 | 28 |
| Exchange losses on foreign currency borrowings included in borrowing costs | | – | – | – | – |
| Net foreign exchange gains/losses recognised in operating result before income tax for the year (as either other revenue or expense) | | (41) | 47 | 5 | 28 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 3. EXPENSES FROM CONTINUING OPERATIONS | | | | | |
| 3.1 Employee related expenses | | | | | |
| Academic | | | | | |
| Salaries | | 142,237 | 135,051 | 132,926 | 124,194 |
| Contributions to superannuation and pension schemes | | 21,425 | 18,935 | 20,600 | 18,935 |
| Payroll tax | | 9,470 | 8,845 | 8,867 | 8,217 |
| Workers' compensation | | 867 | 676 | 667 | 604 |
| Long service leave expense | | 5,588 | 12,119 | 5,486 | 11,928 |
| Annual leave | | 8,906 | 8,568 | 8,418 | 8,220 |
| Total academic | | 188,493 | 184,194 | 176,964 | 172,098 |
| Non-academic | | | | | |
| Salaries | | 143,434 | 131,535 | 131,405 | 121,550 |
| Contributions to superannuation and pension schemes | | 21,168 | 18,461 | 20,291 | 18,461 |
| Payroll tax | | 8,196 | 8,494 | 7,628 | 7,955 |
| Workers' compensation | | 831 | 668 | 653 | 606 |
| Long service leave expense | | 4,676 | 10,919 | 4,605 | 10,667 |
| Annual leave | | 9,980 | 9,271 | 9,066 | 8,391 |
| Other | | 450 | 331 | | - |
| Total non-academic | | 188,735 | 179,679 | 173,648 | 167,630 |
| Total employee related expenses | | 377,228 | 363,873 | 350,612 | 339,728 |
| Deferred superannuation expense | 24 | 314 | 441 | 314 | 441 |
| Total employee related expenses, including deferred government employee benefits for superannuation | | 377,542 | 364,314 | 350,926 | 340,169 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 3. EXPENSES FROM CONTINUING OPERATIONS (continued) | | | | | |
| 3.2 Depreciation and amortisation | | | | | |
| Depreciation property, plant and equipment | | | | | |
| Buildings | | 34,279 | 32,418 | 34,279 | 32,418 |
| Equipment | | 15,023 | 11,949 | 12,311 | 10,125 |
| Library | | 2,711 | 2,927 | 2,711 | 2,927 |
| Motor vehicles | | 221 | 157 | 174 | 134 |
| Total depreciation property, plant and equipment | | 52,234 | 47,451 | 49,475 | 45,604 |
| Amortisation property, plant and equipment | | | | | |
| Leasehold improvements | | 202 | 467 | 202 | 467 |
| Plant and equipment under finance leases | | 4,159 | 3,924 | 3,878 | 3,765 |
| Total amortisation property, plant and equipment | | 4,361 | 4,391 | 4,080 | 4,232 |
| Total depreciation and amortisation property, plant and equipment | | 56,595 | 51,842 | 53,555 | 49,836 |
| Amortisation intangibles | | | | | |
| Software | | 6,056 | 6,384 | 4,946 | 5,535 |
| Patents and trademarks | | - | - | - | - |
| Development | | - | - | - | - |
| Total amortisation intangibles | | 6,056 | 6,384 | 4,946 | 5,535 |
| Total depreciation and amortisation | | 62,651 | 58,226 | 58,501 | 55,371 |
| 3.3 Repairs and maintenance | | | | | |
| Buildings | | 6,326 | 6,889 | 6,326 | 6,889 |
| Leasehold improvements | | - | - | - | - |
| Plant and equipment | | 3,027 | 2,910 | 2,611 | 2,597 |
| Total repairs and maintenance | | 9,353 | 9,799 | 8,937 | 9,486 |
| 3.4 Impairment of assets | | | | | |
| Bad debts | | 82 | 20 | 75 | 11 |
| Increase/(decrease) in provision for doubtful debts | | (237) | 293 | (237) | 253 |
| Impairment of financial assets | | - | - | - | - |
| Impairment of intangible assets | | 38 | 61 | 38 | 61 |
| Total impairment of assets | | (117) | 374 | (124) | 325 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 3.5 Other expenses | | | | | |
| Advertising, marketing and promotional expenses | | 5,300 | 5,378 | 3,630 | 3,784 |
| Building rent and rates | | 7,800 | 7,333 | 2,713 | 2,569 |
| Cleaning | | 6,928 | 5,625 | 6,734 | 5,397 |
| Consultancy | | 14,648 | 18,049 | 13,808 | 16,209 |
| Contributions other | | 8,804 | 4,599 | 8,804 | 4,599 |
| Contributions research | | 3,263 | 2,647 | 3,263 | 2,647 |
| Entertainment | | 3,916 | 3,699 | 3,796 | 3,502 |
| Fees and subscriptions | | 24,811 | 24,621 | 31,164 | 32,744 |
| Heating and lighting | | 9,737 | 7,787 | 9,375 | 7,435 |
| Insurance | | 2,157 | 2,005 | 2,144 | 1,881 |
| Laboratory supplies | | 2,641 | 2,105 | 2,641 | 2,105 |
| Maintenance software | | 6,094 | 4,797 | 5,267 | 4,311 |
| Minimum lease payments on operating lease rental expenses | | 1,590 | 2,290 | 1,558 | 2,245 |
| Non-capitalised equipment | | 4,921 | 5,614 | 4,883 | 5,509 |
| Other expenses | | 8,253 | 8,847 | 8,856 | 8,662 |
| Postage | | 757 | 973 | 522 | 671 |
| Printing | | 1,589 | 1,856 | 1,277 | 1,410 |
| Scholarships and prizes | | 21,641 | 19,123 | 21,200 | 18,787 |
| Security contract staff | | 4,075 | 3,357 | 3,767 | 2,966 |
| Stationery | | 1,549 | 1,620 | 1,545 | 1,617 |
| Telecommunications | | 2,853 | 3,439 | 2,433 | 2,923 |
| Travel and related staff development and training | | 14,804 | 15,211 | 13,711 | 13,932 |
| Tuition fees | | 10,718 | 8,778 | 6,297 | 4,625 |
| Total other expenses | | 168,849 | 159,753 | 159,388 | 150,530 |
| 4. BORROWING COSTS | | | | | |
| Gross borrowing costs | | 3,323 | 3,011 | 3,271 | 3,022 |
| Less: amount capitalised | | - | - | - | - |
| Total borrowing costs expensed | | 3,323 | 3,011 | 3,271 | 3,022 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 5. SALES OF ASSETS | | | | | |
| Proceeds from sale | | | | | |
| Property, plant and equipment | | 10,355 | 55,621 | 10,354 | 55,618 |
| Carrying amount of assets sold | | | | | |
| Property, plant and equipment | | 10,200 | 57,081 | 10,118 | 57,049 |
| Total carrying amount of assets | | 10,200 | 57,081 | 10,118 | 57,049 |
| Net gain or (loss) on sale of assets | | 155 | (1,460) | 236 | (1,431) |
| (a) Net gain on disposal of property, plant and equipment | | | | | |
| The consolidated net loss on disposal of property, plant and equipment in 2012 includes a loss of \$0 (2011: loss \$443,000) on disposal of buildings. | | | | | |
| 6. INCOME TAX | | | | | |
| The income tax expense represents tax liabilities for overseas entities in China. | | | | | |
| | | 27 | 41 | - | - |

7. KEY MANAGEMENT PERSONNEL DISCLOSURES**(a) Names of responsible persons and executive officers**

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

University

Professor Vicki Sara, AO

Associate Professor Sally Varnham

Mr Christopher Cahill (ended October 2012)

Ms Megan Cornelius, AM

Professor Ross Milbourne

Mr Michael G Sexton SC

Ms Michelene Collopy

Mr Tony Tobin

Mr Su-Ming Wong

Ms Rachael Durrant (ended October 2012)

Mr Daniel Willis (appointed November 2012)

Mr Douglas McDonald (appointed November 2012)

Mr Zohaib Raza (appointed November 2012)

Mr Robert Kelly

Professor Jenny Onyx

Mr Brian Wilson

Mr Thomas Robertson (ended October 2012)

Dr Ron Sandland, AM

Mr Russell Taylor

Professor Greg Skilbeck

Mr Peter Bennett

INSEARCH Limited

Professor Ross Milbourne

Mr Jon Hutchison, AM

Professor William Purcell

Mr Peter Bennett

Ms Dianne Hill

Mr Patrick Woods

Mr Mack Williams

Professor Bruce Milthorpe

accessUTS Pty Limited

Dr Jane Morrison

Mr Blair McRae

Professor Theo van Leeuwen

Mr Jeffrey Francis

Associate Professor Paul Jonson

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(b) Other key management personnel

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

University

| | |
|-----------------------------|---------------------------|
| Professor Peter Booth | Professor William Purcell |
| Ms Anne Dwyer | Professor Ross Milbourne |
| Professor Shirley Alexander | Mr Patrick Woods |
| Professor Attila Brungs | |

INSEARCH Limited

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

accessUTS Pty Limited

Mr Blair McRae

| | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-----------------------------------|------|-------------------------------|------|
| | 2012 | 2011 | 2012 | 2011 |
| (c) Remuneration of board members and executives | | | | |
| The University's responsible persons do not receive any remuneration in respect of their work as members of Council. | | | | |
| Remuneration of board members | | | | |
| \$0 to \$9,999 | 1 | 2 | - | - |
| \$20,000 to \$29,999 | - | 1 | - | - |
| \$30,000 to \$39,999 | 3 | 2 | - | - |
| \$60,000 to \$69,999 | 1 | 1 | - | - |
| | 5 | 6 | - | - |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-----------------------------------|----------------|-------------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| 7. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued) | | | | |
| Remuneration of executive officers | | | | |
| \$30,000 to \$39,999 | - | 1 | - | - |
| \$90,000 to \$99,999 | - | 1 | - | - |
| \$200,000 to \$209,999 | - | 1 | - | - |
| \$220,000 to \$229,999 | 1 | - | - | - |
| \$230,000 to \$239,999 | - | 1 | - | - |
| \$240,000 to \$249,999 | 1 | 2 | - | - |
| \$260,000 to \$269,999 | 2 | - | - | - |
| \$270,000 to \$279,999 | 1 | - | - | - |
| \$280,000 to \$289,999 | 1 | - | - | - |
| \$370,000 to \$379,999 | - | 1 | - | - |
| \$380,000 to \$389,999 | - | 2 | - | 2 |
| \$390,000 to \$399,999 | - | 2 | - | 2 |
| \$400,000 to \$409,999 | 4 | - | 4 | - |
| \$460,000 to \$469,999 | - | 2 | - | 2 |
| \$490,000 to \$499,999 | 2 | - | 2 | - |
| \$770,000 to \$779,999 | - | 1 | - | 1 |
| \$840,000 to \$849,999 | 1 | - | 1 | - |
| | 13 | 14 | 7 | 7 |
| Key management personnel compensation | | | | |
| Short-term employee benefits | \$4,004,316 | \$3,772,361 | \$3,466,841 | \$3,266,529 |
| Post-employment benefits | \$36,110 | \$34,444 | - | - |
| Termination benefits | - | - | - | - |
| | \$4,040,426 | \$3,806,805 | \$3,466,841 | \$3,266,529 |
| 8. REMUNERATION OF AUDITORS | | | | |
| Fees paid to Audit Office of New South Wales for audit and review of financial statements | 438 | 402 | 253 | 230 |
| Fees paid to non-audit firms for the audit or review of financial statements of any entity in the consolidated group | 221 | 199 | - | - |
| Total remuneration for audit services | 659 | 601 | 253 | 230 |
| 9. CASH AND CASH EQUIVALENTS | | | | |
| Cash at bank and on hand | 15,946 | 15,606 | 3,513 | 1,816 |
| Deposits at call | 36,651 | 55,544 | 35,355 | 49,577 |
| Fixed term deposits | 188,500 | 182,500 | 160,000 | 165,000 |
| Total cash and cash equivalents | 241,097 | 253,650 | 198,868 | 216,393 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| (a) Reconciliation to cash at the end of the year | | | | | |
| The above figures are reconciled to cash at the end of the year as shown in the cash flow statement as follows: | | | | | |
| > balances as above | | 241,097 | 253,650 | 198,868 | 216,393 |
| > less: bank overdrafts | | – | – | – | – |
| Balance as per cash flow statement | | 241,097 | 253,650 | 198,868 | 216,393 |
| (b) Cash at bank and on hand | | | | | |
| Cash at bank are interest bearing with interest rates ranging between 0.1% and 2.8%. Cash on hand are non-interest bearing. | | | | | |
| (c) Deposits at call and term deposits | | | | | |
| The deposits at call are bearing floating interest rates between 2.9% and 3.5% (2011: 4.15% and 4.75%). Term deposits are interest bearing with rates ranging between 4.25% and 4.95%. These deposits have an average maturity of 90 days. | | | | | |
| 10. RECEIVABLES | | | | | |
| Current | | | | | |
| Trade debtors – other | | 14,936 | 13,583 | 10,734 | 11,141 |
| > less: provision for impaired receivables | | (338) | (611) | (312) | (571) |
| | | 14,598 | 12,972 | 10,422 | 10,570 |
| Trade debtors – student | | 1,623 | 2,034 | 1,312 | 1,153 |
| > less: provision for impaired receivables | | (323) | (300) | (282) | (259) |
| | | 1,300 | 1,734 | 1,030 | 894 |
| | | 15,898 | 14,706 | 11,452 | 11,464 |
| Amounts receivable from wholly owned subsidiaries | | | | | |
| > INSEARCH Limited | | – | – | 297 | 356 |
| > accessUTS Pty Limited | | – | – | 163 | 895 |
| > UTS Global Pty Ltd | | – | – | 9 | – |
| Amounts receivable from related entities | | | | | |
| > Sydney Educational Broadcasting Limited | | 267 | 398 | 267 | 398 |
| Total current receivables | | 16,165 | 15,104 | 12,188 | 13,113 |
| Non-current | | | | | |
| Deferred government contribution for superannuation | | 450,520 | 410,694 | 450,520 | 410,694 |
| Trade debtors – other | | 1,125 | 1,168 | – | – |
| Total non-current receivables | | 451,645 | 411,862 | 450,520 | 410,694 |
| Total trade and other receivables | | 467,810 | 426,966 | 462,708 | 423,807 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Economic entity [Consolidated] | |
|--|-----------------------------------|----------------|
| | 2012 \$'000 | 2011 \$'000 |
| 10. RECEIVABLES (continued) | | |
| (a) Impaired receivables | | |
| As at 31 December 2012 current receivables of the group with a nominal value of \$1,144,000 (2011: \$1,038,000) were impaired. The amount of the provision was \$661,000 (2011: \$911,000). The nominal impaired receivables includes a 100% provision for \$319,000. It is anticipated that a portion of the impaired receivables will be recovered. The impaired receivables for the parent entity are \$1,076,000 (2011: \$957,000) with the amount of the provision being \$594,000 (2011: \$830,000). | | |
| The ageing of these receivables is as follows: | | |
| > 0 to 6 months | 735 | 551 |
| > over 6 months | 409 | 487 |
| | 1,144 | 1,038 |
| As at 31 December 2012, receivables of \$16,807,000 (2011: \$16,145,000) were past due but not impaired. These relate to student and customers where payment is anticipated and there is no recent history of default. | | |
| The ageing of these receivables is as follows: | | |
| > 0 to 6 months | 15,675 | 14,374 |
| > over 6 months | 1,132 | 1,771 |
| | 16,807 | 16,145 |
| Movements in the provision for impaired receivables are as follows: | | |
| > at 1 January | 911 | 638 |
| > provision for impairment recognised during the year | (168) | 293 |
| > receivables written off during the year as uncollectible | (82) | (20) |
| > unused amounts reversed | - | - |
| At 31 December | 661 | 911 |
| The creation and release of the provision for impaired receivables has been included in bad and doubtful debts in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. | | |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| (b) Foreign exchange and interest rate risk | | | | | |
| The carrying amounts of the group's and parent entity's current and non-current receivables are denominated in the following currencies: | | | | | |
| > AUD | | 465,246 | 425,376 | 461,667 | 424,538 |
| > CNY | | 1,601 | 77 | 1,367 | 40 |
| > EUR | | - | 7 | - | 7 |
| > GBP | | 1,422 | 1,378 | 66 | 36 |
| > USD | | 102 | 1,024 | 102 | 1 |
| > NZD | | 78 | 15 | 78 | 15 |
| > SGD | | 19 | - | 19 | - |
| > VUV | | 3 | - | 3 | - |
| | | 468,471 | 427,877 | 463,302 | 424,637 |
| Current receivables | | 16,826 | 16,015 | 12,782 | 13,943 |
| Non-current receivables | | 451,645 | 411,862 | 450,520 | 410,694 |
| | | 468,471 | 427,877 | 463,302 | 424,637 |

(c) Fair value and credit risk

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value.

The non-current receivable is based on actuarial assessment and relates to deferred government contribution for superannuation. The carrying amount equates to the fair value of the non-current receivable.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 11. OTHER FINANCIAL ASSETS | | | | | |
| Current | | | | | |
| Other financial assets at fair value through profit or loss | | | | | |
| Managed funds — New South Wales Treasury Corporation | 33(d) | 49 | 47 | 49 | 47 |
| Total current other financial assets at fair value through profit or loss | | 49 | 47 | 49 | 47 |
| Total current other financial assets | | 49 | 47 | 49 | 47 |
| Non-current | | | | | |
| Available-for-sale financial assets | | | | | |
| Australian listed equity securities | | 1,960 | 1,581 | 1,960 | 1,581 |
| Unlisted shares | | – | – | – | – |
| Total non-current available-for-sale financial assets | | 1,960 | 1,581 | 1,960 | 1,581 |
| Other financial assets at cost | | | | | |
| Shares in subsidiaries | | – | – | 185 | 185 |
| Shares in other entities | | 12 | 119 | 12 | 119 |
| Interest in joint venture partnerships and investment in associates | | – | – | 2,815 | 2,815 |
| Other unlisted securities — security deposits | | 30 | 133 | – | – |
| Total non-current other financial assets at cost | | 42 | 252 | 3,012 | 3,119 |
| Total non-current other financial assets | | 2,002 | 1,833 | 4,972 | 4,700 |

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

(a) Investments in related parties

Refer to note 14 and note 27 for information on the carrying amount of investments in subsidiaries, joint ventures and associates.

(b) Fair value

Refer note 33 for a comparison between fair value and carrying amount for the above other financial assets.

(c) Risk exposure

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

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

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 12. OTHER NON-FINANCIAL ASSETS | | | | | |
| Current | | | | | |
| Accrued income | | 2,988 | 3,570 | 3,966 | 3,417 |
| Prepayments | | 16,947 | 14,729 | 14,162 | 12,305 |
| Total current other non-financial assets | | 19,935 | 18,299 | 18,128 | 15,722 |
| Non-current | | | | | |
| Prepayments | | 607 | 514 | 607 | 514 |
| Total non-current other non-financial assets | | 607 | 514 | 607 | 514 |
| Total other non-financial assets | | 20,542 | 18,813 | 18,735 | 16,236 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE | | | | | |
| Current | | | | | |
| Land | | - | - | - | - |
| Buildings and infrastructure | | - | - | - | - |
| Motor vehicles | | - | - | - | - |
| Total non-current assets classified as held for sale | | - | - | - | - |
| 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD | | | | | |
| Interest in joint venture entity and investment in associates | | 8,144 | 9,493 | - | - |
| Total investments accounted for using the equity method | | 8,144 | 9,493 | - | - |
| Reconciliation | | | | | |
| Balance at 1 January | | 9,493 | 9,148 | - | - |
| Share of profit for the year | | 1,286 | 1,377 | - | - |
| Dividends | | (2,545) | (1,024) | - | - |
| Foreign currency translation | | (90) | 9 | - | - |
| Additional equity income | | - | - | - | - |
| Joint venture reclassified | | - | (17) | - | - |
| Balance at 31 December | | 8,144 | 9,493 | - | - |

The interest in the joint ventures and investment in associates are accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity.

Australian Technology Park Innovation Proprietary Limited (ATPI) has a reporting date of 30 June 2012. The University has relied on the statutory accounts to the 30 June 2012 for Australian Technology Park Innovation Proprietary Limited.

(a) Joint venture partnerships

The parent entity has an interest in the following joint venture entity, which is resident in Australia.

1. 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 an agreed donation paid on a yearly basis.

2. INSEARCH Limited, a controlled entity of the University, has the following joint ventures:

(a) Australia Centre for Education and Training (ACETs)

(b) UTS: INSEARCH ELTI Gamedia

3. Sydney Institute of Language and Commerce (SILC)

The Sydney Institute of Language and Commerce (SILC) is a joint venture between the University of Technology, Sydney and Shanghai University to provide education programs and courses in China. In 2011 INSEARCH transferred its interest in SILC to UTS due to government requirements in China.

4. AustLII Foundation Ltd

This is a joint venture between the University of New South Wales and the University of Technology, Sydney to provide free access to public legal information in Australia by means of an electronic public library.

5. Labshare Ltd

This is a joint venture between the University of Technology, Sydney and Curtin University of Technology to promote the sharing of laboratory and experimental resources for teaching, training and research, whether in the tertiary or secondary sector.

(b) Investment in associates

1. Sydney Institute of Marine Science Limited (SIMS)

SIMS is a not-for-profit entity to develop and operate a marine science research facility. The University of Technology, Sydney has a 25 per cent share of issued share capital with other shareholders being Macquarie University, University of Sydney and the University of New South Wales.

2. Australian Technology Park Innovation Proprietary Limited (ATPI)

The ATPI is an organisation involving the University of Technology, Sydney, the Australian National University, the University of Sydney and the University of New South Wales. The University of Technology, Sydney has a 25 per cent share of issued share capital. The organisation facilitates the incubation of research activity. The statutory accounts are prepared as at 30 June; which differs from the University's year end of 31 December. The difference in reporting periods is not regarded as being material.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued) | | | | | |
| (c) Summarised financial information in respect of associates is set out below | | | | | |
| Financial position | | | | | |
| Current assets | | 3,355 | 4,108 | - | - |
| Non-current assets | | 6,145 | 6,736 | - | - |
| Total assets | | 9,500 | 10,844 | - | - |
| Current liabilities | | 1,333 | 1,338 | - | - |
| Non-current liabilities | | 23 | 13 | - | - |
| Total liabilities | | 1,356 | 1,351 | - | - |
| Share of net assets | | 8,144 | 9,493 | - | - |
| Financial performance | | | | | |
| Revenues | | 4,653 | 4,424 | - | - |
| Expenses | | 3,367 | 3,047 | - | - |
| Share of profit/(loss) | | 1,286 | 1,377 | - | - |
| Share of commitments | | | | | |
| Lease commitments | | - | - | - | - |
| Other commitments (other than for the supply of inventories) | | - | - | - | - |
| Total expenditure commitments | | - | - | - | - |
| Capital commitments | | - | - | - | - |

(d) Contingent liabilities relating to joint ventures

No material losses are anticipated in respect to contingent liabilities.

(e) Joint ventures in Cooperative Research Centres (CRCs)

The University has an interest in the following joint ventures. The contributions are for year to 31 December 2012. Contributions in cash and in-kind are expensed and included in the income statement. In the event that a CRC research results in a move to commercialisation a separate legal entity is established and the University's share of the new entity is treated as an investment, joint venture, associate or subsidiary in the statement of financial position as appropriate.

| Name | Description | Cash contributions in 2012 \$'000 | In-kind contributions in 2012 \$'000 | Total contributions in 2012 \$'000 |
|--|---|--|---|---|
| Capital Markets CRC Ltd | The Capital Markets CRC Ltd's strategy is to target its research to current and future challenges faced by the capital markets. | 75 | 50 | 125 |
| CRC CARE (Contamination Assessment and Remediation of the Environment) Pty Ltd | The CRC for Contamination Assessment and Remediation of the Environment was established to devise new ways of dealing with and preventing contamination of soil, water and air. | 206 | 310 | 516 |
| | | 281 | 360 | 641 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Construction in progress | Land | Buildings | Infrastructure | Plant and equipment ¹ | Leasehold improvements | Leased plant and equipment | Library | Other property, plant and equipment ² | Total |
|--|-----------------------------|----------------|----------------|----------------|-------------------------------------|---------------------------|----------------------------------|---------------|---|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 15. PROPERTY, PLANT AND EQUIPMENT | | | | | | | | | | |
| Consolidated | | | | | | | | | | |
| At 1 January 2011 | | | | | | | | | | |
| > cost | 78,319 | - | - | - | 101,356 | 2,740 | 11,710 | - | - | 194,125 |
| > valuation | - | 295,510 | 753,400 | 368,190 | - | - | - | 106,308 | 2,362 | 1,525,770 |
| Accumulated depreciation | - | - | (357,425) | (208,884) | (74,237) | (2,167) | (5,469) | (89,476) | - | (737,658) |
| Net book amount | 78,319 | 295,510 | 395,975 | 159,306 | 27,119 | 573 | 6,241 | 16,832 | 2,362 | 982,237 |
| Year ended 31 December 2011 | | | | | | | | | | |
| Opening net book amount | 78,319 | 295,510 | 395,975 | 159,306 | 27,119 | 573 | 6,241 | 16,832 | 2,362 | 982,237 |
| Exchange differences | - | - | - | - | - | - | - | - | - | - |
| Revaluation surplus/(deficit) | - | 51,515 | (9,017) | 8,864 | - | - | - | - | - | 51,362 |
| Additions | (7,720) | 2,379 | 89,879 | 25,340 | 29,654 | 231 | 4,282 | 2,341 | 48 | 146,434 |
| Assets classified as held for sale and other disposals | - | - | (442) | - | (86) | - | (9) | (1) | - | (538) |
| Depreciation charge | - | - | (16,320) | (16,098) | (12,106) | (467) | (3,924) | (2,927) | - | (51,842) |
| Closing net book amount | 70,599 | 349,404 | 460,075 | 177,412 | 44,581 | 337 | 6,590 | 16,245 | 2,410 | 1,127,653 |
| At 31 December 2011 | | | | | | | | | | |
| > cost | 70,599 | - | - | - | 126,709 | 2,971 | 12,225 | - | - | 212,504 |
| > valuation | - | 349,404 | 837,238 | 398,702 | - | - | - | 108,648 | 2,410 | 1,696,402 |
| Accumulated depreciation | - | - | (377,163) | (221,290) | (82,128) | (2,634) | (5,635) | (92,403) | - | (781,253) |
| Net book amount | 70,599 | 349,404 | 460,075 | 177,412 | 44,581 | 337 | 6,590 | 16,245 | 2,410 | 1,127,653 |
| Year ended 31 December 2012 | | | | | | | | | | |
| Opening net book amount | 70,599 | 349,404 | 460,075 | 177,412 | 44,581 | 337 | 6,590 | 16,245 | 2,410 | 1,127,653 |
| Exchange differences | - | - | - | - | - | - | - | - | - | - |
| Revaluation surplus/(deficit) | - | 946 | (2,270) | 10,963 | - | - | - | - | - | 9,639 |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - | - | - |
| Additions | 84,222 | 12,882 | 22,326 | 11,521 | 18,660 | 394 | 4,011 | 2,438 | - | 156,454 |
| Assets classified as held for sale and other disposals | - | (6,712) | (1,947) | (1,242) | (278) | - | - | (12) | - | (10,191) |
| Depreciation charge | - | - | (16,792) | (17,487) | (15,244) | (202) | (4,159) | (2,711) | - | (56,595) |
| Closing net book amount | 154,821 | 356,520 | 461,392 | 181,167 | 47,719 | 529 | 6,442 | 15,960 | 2,410 | 1,226,960 |
| At 31 December 2012 | | | | | | | | | | |
| > cost | 154,821 | - | - | - | 141,860 | 3,364 | 12,383 | - | - | 312,428 |
| > valuation | - | 356,520 | 816,338 | 386,743 | - | - | - | 110,833 | 2,410 | 1,672,844 |
| Accumulated depreciation | - | - | (354,946) | (205,576) | (94,141) | (2,835) | (5,941) | (94,873) | - | (758,312) |
| Net book amount | 154,821 | 356,520 | 461,392 | 181,167 | 47,719 | 529 | 6,442 | 15,960 | 2,410 | 1,226,960 |

1. Plant and equipment includes all operational assets.

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Construction in progress | Land | Buildings | Infrastructure | Plant and equipment ¹ | Leasehold improvements | Leased plant and equipment | Library | Other property, plant and equipment ² | Total |
|--|-----------------------------|----------------|----------------|----------------|-------------------------------------|---------------------------|----------------------------------|---------------|---|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 15. PROPERTY, PLANT AND EQUIPMENT (continued) | | | | | | | | | | |
| Parent entity | | | | | | | | | | |
| At 1 January 2011 | | | | | | | | | | |
| > cost | 78,017 | - | - | - | 88,810 | 2,740 | 11,396 | - | - | 180,963 |
| > valuation | - | 295,510 | 753,400 | 368,190 | - | - | - | 106,308 | 2,362 | 1,525,770 |
| Accumulated depreciation | - | - | (357,425) | (208,884) | (64,972) | (2,167) | (5,445) | (89,476) | - | (728,369) |
| Net book amount | 78,017 | 295,510 | 395,975 | 159,306 | 23,838 | 573 | 5,951 | 16,832 | 2,362 | 978,364 |
| Year ended 31 December 2011 | | | | | | | | | | |
| Opening net book amount | 78,017 | 295,510 | 395,975 | 159,306 | 23,838 | 573 | 5,951 | 16,832 | 2,362 | 978,364 |
| Revaluation surplus/(deficit) | - | 51,515 | (9,017) | 8,864 | - | - | - | - | - | 51,362 |
| Additions | (9,335) | 2,379 | 89,879 | 25,340 | 20,195 | 231 | 3,849 | 2,341 | 48 | 134,927 |
| Assets classified as held for sale and other disposals | - | - | (442) | - | (56) | - | (7) | (1) | - | (506) |
| Depreciation charge | - | - | (16,320) | (16,098) | (10,259) | (467) | (3,765) | (2,927) | - | (49,836) |
| Closing net book amount | 68,682 | 349,404 | 460,075 | 177,412 | 33,718 | 337 | 6,028 | 16,245 | 2,410 | 1,114,311 |
| At 31 December 2011 | | | | | | | | | | |
| > cost | 68,682 | - | - | - | 104,734 | 2,971 | 11,480 | - | - | 187,867 |
| > valuation | - | 349,404 | 837,238 | 398,702 | - | - | - | 108,648 | 2,410 | 1,696,402 |
| Accumulated depreciation | - | - | (377,163) | (221,290) | (71,016) | (2,634) | (5,452) | (92,403) | - | (769,958) |
| Net book amount | 68,682 | 349,404 | 460,075 | 177,412 | 33,718 | 337 | 6,028 | 16,245 | 2,410 | 1,114,311 |
| Year ended 31 December 2012 | | | | | | | | | | |
| Opening net book amount | 68,682 | 349,404 | 460,075 | 177,412 | 33,718 | 337 | 6,028 | 16,245 | 2,410 | 1,114,311 |
| Revaluation surplus/(deficit) | - | 946 | (2,270) | 10,963 | - | - | - | - | - | 9,639 |
| Additions | 84,222 | 12,882 | 22,326 | 11,521 | 15,962 | 394 | 3,796 | 2,438 | - | 153,541 |
| Assets classified as held for sale and other disposals | - | (6,712) | (1,947) | (1,242) | (205) | - | - | (12) | - | (10,118) |
| Depreciation charge | - | - | (16,792) | (17,487) | (12,485) | (202) | (3,878) | (2,711) | - | (53,555) |
| Closing net book amount | 152,904 | 356,520 | 461,392 | 181,167 | 36,990 | 529 | 5,946 | 15,960 | 2,410 | 1,213,818 |
| At 31 December 2012 | | | | | | | | | | |
| > cost | 152,904 | - | - | - | 117,260 | 3,364 | 11,423 | - | - | 284,951 |
| > valuation | - | 356,520 | 816,338 | 386,743 | - | - | - | 110,833 | 2,410 | 1,672,844 |
| Accumulated depreciation | - | - | (354,946) | (205,576) | (80,270) | (2,835) | (5,477) | (94,873) | - | (743,977) |
| Net book amount | 152,904 | 356,520 | 461,392 | 181,167 | 36,990 | 529 | 5,946 | 15,960 | 2,410 | 1,213,818 |

1. Plant and equipment includes all operational assets.

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(a) Valuations of land and buildings

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2012 revaluations were based on independent assessments by Colliers International as at 19 December 2012. The revaluation surplus was credited/debited to the asset revaluation reserve in equity (note 21).

(b) Non-current assets pledged as security

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

| | Development costs \$'000 | Patents and trademarks \$'000 | Software \$'000 | Licences perpetual \$'000 | Goodwill \$'000 | Total \$'000 |
|---|-----------------------------|----------------------------------|--------------------|------------------------------|--------------------|-----------------|
| 16. INTANGIBLE ASSETS | | | | | | |
| Consolidated | | | | | | |
| At 1 January 2011 | | | | | | |
| Cost | - | 249 | 51,801 | 3,485 | - | 55,535 |
| Accumulated amortisation and impairment | - | (249) | (35,687) | (544) | - | (36,480) |
| Net book amount | - | - | 16,114 | 2,941 | - | 19,055 |
| Year ended 31 December 2011 | | | | | | |
| Opening net book amount | - | - | 16,114 | 2,941 | - | 19,055 |
| Additions | - | - | 5,860 | 1,857 | - | 7,717 |
| Disposals | - | - | - | - | - | - |
| Impairment charge | - | - | - | (61) | - | (61) |
| Amortisation charge | - | - | (6,384) | - | - | (6,384) |
| Closing net book amount | - | - | 15,590 | 4,737 | - | 20,327 |
| At 31 December 2011 | | | | | | |
| Cost | - | 249 | 57,329 | 5,342 | - | 62,920 |
| Accumulated amortisation and impairment | - | (249) | (41,739) | (605) | - | (42,593) |
| Net book amount | - | - | 15,590 | 4,737 | - | 20,327 |
| Year ended 31 December 2012 | | | | | | |
| Opening net book amount | - | - | 15,590 | 4,737 | - | 20,327 |
| Additions | - | - | 7,451 | 783 | - | 8,234 |
| Disposals | - | - | (9) | - | - | (9) |
| Acquisition of subsidiary | - | - | - | - | - | - |
| Impairment charge | - | - | - | (38) | - | (38) |
| Amortisation charge | - | - | (6,056) | - | - | (6,056) |
| Closing net book amount | - | - | 16,976 | 5,482 | - | 22,458 |
| At 31 December 2012 | | | | | | |
| Cost | - | 249 | 64,737 | 6,125 | - | 71,111 |
| Accumulated amortisation and impairment | - | (249) | (47,761) | (643) | - | (48,653) |
| Net book amount | - | - | 16,976 | 5,482 | - | 22,458 |
| Closing net book amount | - | - | 16,976 | 5,482 | - | 22,458 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Development costs \$'000 | Patents and trademarks \$'000 | Software \$'000 | Licences perpetual \$'000 | Goodwill \$'000 | Total \$'000 |
|--|-----------------------------|----------------------------------|--------------------|------------------------------|--------------------|-----------------|
| 16. INTANGIBLE ASSETS (continued) | | | | | | |
| Parent entity | | | | | | |
| At 1 January 2011 | | | | | | |
| Cost | - | - | 46,174 | 3,485 | - | 49,659 |
| Accumulated amortisation and impairment | - | - | (31,424) | (544) | - | (31,968) |
| Net book amount | - | - | 14,750 | 2,941 | - | 17,691 |
| Year ended 31 December 2011 | | | | | | |
| Opening net book amount | - | - | 14,750 | 2,941 | - | 17,691 |
| Additions | - | - | 4,423 | 1,857 | - | 6,280 |
| Disposals | - | - | - | - | - | - |
| Impairment charge | - | - | - | (61) | - | (61) |
| Amortisation charge | - | - | (5,535) | - | - | (5,535) |
| Closing net book amount | - | - | 13,638 | 4,737 | - | 18,375 |
| At 31 December 2011 | | | | | | |
| Cost | - | - | 50,265 | 5,342 | - | 55,607 |
| Accumulated amortisation and impairment | - | - | (36,627) | (605) | - | (37,232) |
| Net book amount | - | - | 13,638 | 4,737 | - | 18,375 |
| Year ended 31 December 2012 | | | | | | |
| Opening net book amount | - | - | 13,638 | 4,737 | - | 18,375 |
| Additions | - | - | 6,662 | 783 | - | 7,445 |
| Disposals | - | - | - | - | - | - |
| Acquisition of subsidiary | - | - | - | - | - | - |
| Impairment charge | - | - | - | (38) | - | (38) |
| Amortisation charge | - | - | (4,946) | - | - | (4,946) |
| Closing net book amount | - | - | 15,354 | 5,482 | - | 20,836 |
| At 31 December 2012 | | | | | | |
| Cost | - | - | 56,893 | 6,125 | - | 63,018 |
| Accumulated amortisation and impairment | - | - | (41,539) | (643) | - | (42,182) |
| Net book amount | - | - | 15,354 | 5,482 | - | 20,836 |
| Closing net book amount | - | - | 15,354 | 5,482 | - | 20,836 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 17. TRADE AND OTHER PAYABLES | | | | | |
| Current | | | | | |
| HELP liability to Australian Government | | 1,799 | – | 1,799 | – |
| Deputy Commissioner of Taxation — PAYG | | – | – | – | – |
| Office of State Revenue — payroll tax | | 2,257 | 2,743 | 2,257 | 2,743 |
| Trade creditors and accruals | | 24,674 | 18,837 | 20,171 | 16,813 |
| Capital accruals | | 5,582 | 3,728 | 5,582 | 3,728 |
| Other payroll accruals | | 10,279 | 9,101 | 10,279 | 9,101 |
| Other | | 2,177 | 3,421 | 2,168 | 2,023 |
| Total trade and other payables | | 46,768 | 37,830 | 42,256 | 34,408 |
| (a) Foreign currency risk | | | | | |
| The carrying amounts of the group's and parent entity's trade and other payables are denominated in the following currencies: | | | | | |
| > AUD | | 43,581 | 35,864 | 41,049 | 34,255 |
| > CAD | | 1 | 2 | 1 | 2 |
| > CHF | | – | 8 | – | 8 |
| > DKK | | – | – | – | – |
| > EUR | | 48 | 22 | 48 | 22 |
| > GBP | | 69 | 35 | 69 | 35 |
| > JPY | | – | – | – | – |
| > MYR | | – | – | – | – |
| > THB | | – | – | – | – |
| > NZD | | 1 | – | 1 | – |
| > INR | | 12 | – | 12 | – |
| > USD | | 3,055 | 1,899 | 1,075 | 86 |
| > SGD | | – | – | – | – |
| > HKD | | 1 | – | 1 | – |
| | | 46,768 | 37,830 | 42,256 | 34,408 |

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 33.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 18. BORROWINGS | | | | | |
| Current | | | | | |
| Secured | | | | | |
| Lease liabilities | 22 | 3,617 | 3,555 | 3,370 | 3,311 |
| Total current secured borrowings | | 3,617 | 3,555 | 3,370 | 3,311 |
| Unsecured | | | | | |
| Loans | | – | – | – | – |
| Total current unsecured borrowings | | – | – | – | – |
| Total current borrowings | | 3,617 | 3,555 | 3,370 | 3,311 |
| Non-current | | | | | |
| Secured | | | | | |
| Lease liabilities | 22 | 3,069 | 3,242 | 2,823 | 2,930 |
| Total non-current secured borrowings | | 3,069 | 3,242 | 2,823 | 2,930 |
| Unsecured | | | | | |
| TCorp loans | | 40,000 | 40,000 | 40,000 | 40,000 |
| Total non-current unsecured borrowings | | 40,000 | 40,000 | 40,000 | 40,000 |
| Total non-current borrowings | | 43,069 | 43,242 | 42,823 | 42,930 |
| Total borrowings | | 46,686 | 46,797 | 46,193 | 46,241 |
| (a) Assets pledged as security | | | | | |
| Non-current | | | | | |
| Finance lease | | | | | |
| Plant and equipment | 15 | 12,383 | 12,225 | 11,423 | 11,480 |
| Total non-current assets pledged as security | | 12,383 | 12,225 | 11,423 | 11,480 |
| (b) Financing arrangements | | | | | |
| Unrestricted access was available at balance date to the following lines of credit: | | | | | |
| Loan facilities | | | | | |
| Total facilities | | 340,000 | 40,000 | 340,000 | 40,000 |
| Used at balance date | | 40,000 | 40,000 | 40,000 | 40,000 |
| Unused at balance date | | 300,000 | – | 300,000 | – |
| Borrowing commitments | | | | | |
| Within one year | | – | – | – | – |
| Later than one year but not later than five years | | 40,000 | 40,000 | 40,000 | 40,000 |
| Later than five years | | – | – | – | – |
| Total borrowing commitments | | 40,000 | 40,000 | 40,000 | 40,000 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(c) Interest rate risk exposures

Details of the entity's exposure to interest rate changes on borrowings are set out in the financial instruments note 33.

(d) Fair value disclosures

Details of fair value of borrowings for the entity are set out in financial instruments note 33.

(e) Borrowing classes

The University's borrowings comprise a TCorp loan (\$40 million), National Australia Bank revolving debt facility (\$300 million) and lease liabilities. Details of the borrowings are listed in the financial instruments note 33.

(f) Risk exposure

At 31 December 2012, 100 per cent of the group's borrowings, which have been drawn down, are at a fixed rate of interest. The carrying amount of the economic entity's borrowings are denominated in Australian dollars. Details of risk exposure of borrowings for the entity are set out in financial instruments note 33.

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-----------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 19. PROVISIONS | | | | | |
| Current provisions expected to be settled within 12 months | | | | | |
| Employee benefits | | | | | |
| > annual leave | 1(v)/1(w) | 18,854 | 16,326 | 17,423 | 15,242 |
| > long service leave | 1(v)/1(w) | 4,702 | 4,107 | 4,546 | 4,041 |
| Subtotal | | 23,556 | 20,433 | 21,969 | 19,283 |
| Make good provision | | 823 | 430 | 823 | 430 |
| Total current provisions expected to be settled within 12 months | | 24,379 | 20,863 | 22,792 | 19,713 |
| Current provisions expected to be settled after more than 12 months | | | | | |
| Employee benefits | | | | | |
| > annual leave | 1(v)/1(w) | 8,322 | 9,790 | 8,585 | 9,698 |
| > long service leave | 1(v)/1(w) | 51,915 | 46,915 | 51,211 | 46,189 |
| Subtotal | | 60,237 | 56,705 | 59,796 | 55,887 |
| Total current provisions | | 84,616 | 77,568 | 82,588 | 75,600 |
| Non-current | | | | | |
| Employee benefits | | | | | |
| > long service leave | 1(v)/1(w) | 13,328 | 13,073 | 12,690 | 12,385 |
| > defined benefit obligation | | 456,604 | 416,305 | 456,604 | 416,305 |
| Subtotal | | 469,932 | 429,378 | 469,294 | 428,690 |
| Make good provision | | 1,071 | 1,253 | - | - |
| Total non-current provisions | | 471,003 | 430,631 | 469,294 | 428,690 |
| Total provisions | | 555,619 | 508,199 | 551,882 | 504,290 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 20. OTHER LIABILITIES | | | | | |
| Current | | | | | |
| Unearned Commonwealth Grants – CGS and HECS | | 1,494 | 1,339 | 1,494 | 1,339 |
| Prepaid student fees | | 25,131 | 21,413 | 11,535 | 11,010 |
| Other | | 4,709 | 5,240 | 2,065 | 776 |
| Total current other liabilities | | 31,334 | 27,992 | 15,094 | 13,125 |
| Non-current | | | | | |
| Other | | 46 | 66 | – | – |
| Total non-current other liabilities | | 46 | 66 | – | – |
| Total other liabilities | | 31,380 | 28,058 | 15,094 | 13,125 |
| 21. RESERVES AND RETAINED EARNINGS | | | | | |
| (a) Reserves comprise | | | | | |
| Property, plant and equipment revaluation reserve | | | | | |
| > freehold land | | 324,160 | 323,214 | 324,160 | 323,214 |
| > buildings | | 96,689 | 98,959 | 96,689 | 98,959 |
| > building infrastructure | | 151,963 | 141,000 | 151,963 | 141,000 |
| > artworks | | 1,654 | 1,654 | 1,654 | 1,654 |
| > library | | 116 | 116 | 116 | 116 |
| > other assets | | 1 | 1 | 1 | 1 |
| Available for sale investments revaluation reserve | | 140 | (239) | 140 | (239) |
| Foreign currency translation reserve | | (1,401) | (1,275) | – | – |
| Reserves from associates | | – | – | – | – |
| Total reserves | | 573,322 | 563,430 | 574,723 | 564,705 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| (b) Movements in reserves | | | | | |
| Property, plant and equipment revaluation reserve | | | | | |
| Balance 1 January | | 564,944 | 513,582 | 564,944 | 513,582 |
| Increase/(decrease) revaluation | 15 | 9,639 | 51,362 | 9,639 | 51,362 |
| Transfer of reserve to retained earnings | | - | - | - | - |
| Balance 31 December | | 574,583 | 564,944 | 574,583 | 564,944 |
| Available-for-sale investments revaluation reserve | | | | | |
| Balance 1 January | | (239) | 87 | (239) | 87 |
| Increase/(decrease) revaluation | | 379 | (326) | 379 | (326) |
| Balance 31 December | | 140 | (239) | 140 | (239) |
| Foreign currency translation reserve | | | | | |
| Balance 1 January | | (1,275) | (1,638) | - | - |
| Net exchange differences on translation of foreign controlled entity | | (126) | 363 | - | - |
| Balance 31 December | | (1,401) | (1,275) | - | - |
| Share of reserves from associates | | | | | |
| Balance 1 January | | - | - | - | - |
| Increase/(decrease) in reserves from associates | | - | - | - | - |
| Balance 31 December | | - | - | - | - |
| Total reserves | | 573,322 | 563,430 | 574,723 | 564,705 |
| (c) Nature and purpose of reserves | | | | | |
| Property, plant and equipment revaluation reserve refer note 1(p) for details of nature and purpose of reserve. | | | | | |
| Available-for-sale investments revaluation reserve refer note 1(m)(iii) for details of nature and purpose of reserve. | | | | | |
| Foreign currency translation reserve refer note 1(c)(iii) for details of nature and purpose of reserve. | | | | | |
| (d) Retained earnings | | | | | |
| Movements in retained earnings were as follows: | | | | | |
| > retained earnings at 1 January | | 674,468 | 648,190 | 631,100 | 605,081 |
| > operating result for the period | | 61,486 | 27,227 | 59,405 | 26,968 |
| > net actuarial gains (losses) recognised in respect of defined benefit plans | | (667) | (949) | (667) | (949) |
| > transferred from revaluation reserve | | - | - | - | - |
| > transferred from reserve from associates | | - | - | - | - |
| Retained earnings at 31 December | | 735,287 | 674,468 | 689,838 | 631,100 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 22. COMMITMENTS FOR EXPENDITURE | | | | | |
| (a) Capital expenditure commitments | | | | | |
| Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities are payable as follows: | | | | | |
| Building works | | | | | |
| > within one year | | 289,548 | 39,280 | 289,548 | 38,870 |
| > later than one year | | 137,964 | – | 137,964 | – |
| Plant and equipment | | | | | |
| > within one year | | 1,481 | 2,303 | 1,481 | 2,248 |
| Intangible assets | | | | | |
| > within one year | | – | – | – | – |
| Total capital commitments | | 428,993 | 41,583 | 428,993 | 41,118 |
| (b) Lease commitments | | | | | |
| Operating leases | | | | | |
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | | | | |
| Premises | | | | | |
| > within one year | | 7,702 | 7,785 | 1,773 | 1,759 |
| > between one and five years | | 18,769 | 8,605 | 939 | 2,515 |
| > later than five years | | 1,189 | 1,221 | 1,189 | 1,221 |
| | | 27,660 | 17,610 | 3,901 | 5,495 |
| Motor vehicles | | | | | |
| > within one year | | 1,259 | 1,188 | 1,259 | 1,188 |
| > between one and five years | | 1,174 | 872 | 1,174 | 872 |
| | | 2,433 | 2,060 | 2,433 | 2,060 |
| Equipment | | | | | |
| > within one year | | 302 | 426 | 302 | 426 |
| > between one and five years | | 204 | 535 | 204 | 535 |
| | | 506 | 961 | 506 | 961 |
| Total future minimum lease payments | | 30,599 | 20,631 | 6,840 | 8,516 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Finance leases | | | | | |
| The University of Technology, Sydney leases various plant and equipment with a carrying amount of \$5,946,282 (2011: \$6,028,416) under finance leases expiring within one to five years. | | | | | |
| Commitments for minimum lease payments in relation to finance leases are payable as follows: | | | | | |
| Equipment | | | | | |
| > within one year | | 4,087 | 3,995 | 3,722 | 3,710 |
| > between one and five years | | 3,126 | 3,463 | 2,958 | 3,130 |
| Total future minimum finance lease payments | | 7,213 | 7,458 | 6,680 | 6,840 |
| Future finance charges | | (527) | (661) | (487) | (599) |
| Recognised as finance lease liabilities | | 6,686 | 6,797 | 6,193 | 6,241 |
| Representing lease liabilities | | | | | |
| > current liability | 18 | 3,617 | 3,555 | 3,370 | 3,311 |
| > non-current liability | 18 | 3,069 | 3,242 | 2,823 | 2,930 |
| | | 6,686 | 6,797 | 6,193 | 6,241 |
| The weighted average interest rate implicit in the leases is 7.80% (2011: 8.36%) | | | | | |
| (c) Other expenditure commitments | | | | | |
| Commitments for trade creditors and salaries in existence at the reporting date but not recognised as liabilities payable: | | | | | |
| Trade creditors | | | | | |
| > within one year | | 2,132 | 4,007 | 1,731 | 3,795 |
| > between one and five years | | 181 | 188 | - | - |
| | | 2,313 | 4,195 | 1,731 | 3,795 |
| Remuneration commitments | | | | | |
| > within one year | | 536 | 907 | - | - |
| > between one and five years | | 41 | 128 | - | - |
| | | 577 | 1,035 | - | - |
| Total other expenditure commitments | | 2,890 | 5,230 | 1,731 | 3,795 |

Commitments for expenditure are recorded on a GST inclusive basis except for finance leases which are recorded on a GST exclusive basis. The potential GST credit on the above commitments is \$41,991,000 (2011: \$6,037,000) for the economic entity and \$39,779,000 (2011: \$4,857,000) for the parent entity.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Economic entity (Consolidated) | | Parent entity (University) | |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 23. NON-CASH FINANCING AND INVESTING ACTIVITIES | | | | | |
| Acquisition of plant and equipment by means of finance leases | | 4,011 | 4,282 | 3,796 | 3,849 |

24. DEFINED BENEFITS PLANS

During the 2012 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 2012 calculation of the liabilities of SSS, SASS and SANCS is based on the requirements of AASB 119.

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 STC assumptions:

| | 2012 % | 2011 % |
|---|-----------|-----------|
| Discount rate at 31 December | 3.3 | 3.7 |
| Expected return on plan assets at 31 December | 8.6 | 8.6 |
| Expected salary increases | 2.5 | 2.5 |
| Expected rate of CPI increase | 2.5 | 2.5 |

The history of experience adjustments is as follows:

| | 2012 \$ | 2011 \$ | 2010 \$ | 2009 \$ | 2008 \$ |
|---|---------------|---------------|---------------|---------------|---------------|
| Fair value of plan assets | (125,177,087) | (133,902,652) | (154,890,936) | (167,672,974) | (176,037,558) |
| Present value of defined benefit obligation | 581,781,050 | 550,207,192 | 447,675,230 | 427,851,774 | 476,959,268 |
| Surplus/(deficit) | 456,603,963 | 416,304,540 | 292,784,294 | 260,178,800 | 300,921,710 |
| Experience adjustments on plan liabilities | 37,308,064 | 98,877,188 | 16,625,778 | (45,319,798) | 111,148,497 |
| Experience adjustments on plan assets | (6,375,628) | 13,042,871 | 5,431,356 | (1,130,734) | 55,168,529 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | SASS | | SANCS | | SSS | | Total | |
|---|--------------|--------------|-------------|-------------|--------------|--------------|---------------|---------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Fair value of plan assets | (40,830,507) | (39,258,228) | (3,848,018) | (4,258,371) | (80,498,562) | (90,386,053) | (125,177,087) | (133,902,652) |
| Present value of defined benefit obligation | 50,395,763 | 48,128,009 | 9,931,920 | 9,869,364 | 521,453,367 | 492,209,819 | 581,781,050 | 550,207,192 |
| Surplus/(deficit) | 9,565,256 | 8,869,781 | 6,083,902 | 5,610,993 | 440,954,805 | 401,823,766 | 456,603,963 | 416,304,540 |
| Experience adjustments on plan liabilities | 4,365,958 | 1,958,886 | 749,016 | 420,622 | 32,193,090 | 96,497,680 | 37,308,064 | 98,877,188 |
| Experience adjustments on plan assets | (2,375,848) | 2,691,420 | (82,328) | 528,868 | (3,917,452) | 9,822,583 | (6,375,628) | 13,042,871 |
| Financial impact for funds guaranteed by Commonwealth Government | | | | | | | | |
| Present value obligations | | | | | | | | |
| Opening defined benefit obligation | 48,128,009 | 45,659,934 | 9,869,364 | 9,507,552 | 492,209,819 | 392,507,744 | 550,207,192 | 447,675,230 |
| Current service cost | 1,751,466 | 1,685,996 | 394,744 | 402,499 | 667,423 | 607,429 | 2,813,633 | 2,695,924 |
| Interest cost | 1,660,692 | 2,394,400 | 334,913 | 487,025 | 17,755,738 | 21,295,593 | 19,751,343 | 24,177,018 |
| Contributions from plan participants | 803,992 | 737,805 | - | - | 876,667 | 1,033,652 | 1,680,659 | 1,771,457 |
| Actuarial losses/(gains) | 4,365,958 | 1,958,886 | 749,016 | 420,622 | 32,193,090 | 96,497,680 | 37,308,064 | 98,877,188 |
| Past service costs | - | - | - | - | - | - | - | - |
| Losses/(gains) on curtailments | - | - | - | - | - | - | - | - |
| Liabilities extinguished on settlements | - | - | - | - | - | - | - | - |
| Liabilities assumed in a business combination | - | - | - | - | - | - | - | - |
| Exchange differences on foreign plans | - | - | - | - | - | - | - | - |
| Benefits paid | (6,314,354) | (4,309,012) | (1,416,117) | (948,334) | (22,249,370) | (19,732,279) | (29,979,841) | (24,989,625) |
| Closing defined benefit obligation | 50,395,763 | 48,128,009 | 9,931,920 | 9,869,364 | 521,453,367 | 492,209,819 | 581,781,050 | 550,207,192 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | SASS | | SANCS | | SSS | | Total | |
|--|--------------|--------------|-------------|-------------|--------------|--------------|---------------|---------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| 24. DEFINED BENEFITS PLANS (continued) | | | | | | | | |
| Present value of plan assets | | | | | | | | |
| Opening fair value of plan assets | 39,258,228 | 40,732,846 | 4,258,371 | 4,528,733 | 90,386,053 | 109,629,357 | 133,902,652 | 154,890,936 |
| Expected return on plan assets | 3,097,187 | 3,259,963 | 414,738 | 448,569 | 6,713,248 | 8,434,908 | 10,225,173 | 12,143,440 |
| Actuarial gains/(losses) | 2,375,848 | (2,691,420) | 82,328 | (528,868) | 3,917,452 | (9,822,583) | 6,375,628 | (13,042,871) |
| Exchange differences on foreign plans | - | - | - | - | - | - | - | - |
| Contributions from the employer | 1,609,606 | 1,528,046 | 508,698 | 758,271 | 854,512 | 842,998 | 2,972,816 | 3,129,315 |
| Contributions from plan participants | 803,992 | 737,805 | - | - | 876,667 | 1,033,652 | 1,680,659 | 1,771,457 |
| Benefits paid | (6,314,354) | (4,309,012) | (1,416,117) | (948,334) | (22,249,370) | (19,732,279) | (29,979,841) | (24,989,625) |
| Assets acquired in a business combination | - | - | - | - | - | - | - | - |
| Assets distributed on settlements | - | - | - | - | - | - | - | - |
| Closing fair value of plans assets | 40,830,507 | 39,258,228 | 3,848,018 | 4,258,371 | 80,498,562 | 90,386,053 | 125,177,087 | 133,902,652 |
| Reimbursement rights | | | | | | | | |
| Opening value of reimbursement right | 8,869,781 | 4,927,088 | - | - | 401,823,766 | 282,878,388 | 410,693,547 | 287,805,476 |
| Change in value | 695,475 | 3,942,693 | - | - | 39,131,039 | 118,945,378 | 39,826,514 | 122,888,071 |
| Closing value of reimbursement right | 9,565,256 | 8,869,781 | - | - | 440,954,805 | 401,823,766 | 450,520,061 | 410,693,547 |
| Net liability | | | | | | | | |
| Defined benefit obligation | 50,395,763 | 48,128,009 | 9,931,920 | 9,869,364 | 521,453,367 | 492,209,819 | 581,781,050 | 550,207,192 |
| Fair value of plan assets | (40,830,507) | (39,258,228) | (3,848,018) | (4,258,371) | (80,498,562) | (90,386,053) | (125,177,087) | (133,902,652) |
| Net liability/(asset) in balance sheet (note 19) | 9,565,256 | 8,869,781 | 6,083,902 | 5,610,993 | 440,954,805 | 401,823,766 | 456,603,963 | 416,304,540 |
| Expense recognised | | | | | | | | |
| Current service cost | 1,751,466 | 1,685,996 | 394,744 | 402,499 | 667,423 | 607,429 | 2,813,633 | 2,695,924 |
| Interest on obligation | 1,660,692 | 2,394,400 | 334,913 | 487,025 | 17,755,738 | 21,295,592 | 19,751,343 | 24,177,017 |
| Expected return on plan assets | (3,097,187) | (3,259,963) | (414,739) | (448,569) | (6,713,248) | (8,434,908) | (10,225,174) | (12,143,440) |
| Expected return on reimbursement rights | - | - | - | - | - | - | - | - |
| Past service costs | - | - | - | - | - | - | - | - |
| Losses/(gains) arising from curtailments or settlements | - | - | - | - | - | - | - | - |
| Adjustments for restriction on the defined benefit asset | - | - | - | - | - | - | - | - |
| Expense/(income) | 314,971 | 820,433 | 314,918 | 440,955 | 11,709,913 | 13,468,113 | 12,339,802 | 14,729,501 |
| Actual returns | | | | | | | | |
| Actual return on plan assets | 4,506,653 | (783,975) | 497,067 | (80,299) | 9,933,228 | (2,081,471) | 14,936,948 | (2,945,745) |
| Actual return on reimbursement right | - | - | - | - | - | - | - | - |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | SASS | | SANCS | | SSS | | Total | |
|---|--------------|--------------|-------------|-------------|--------------|---------------|---------------|---------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Other comprehensive income | | | | | | | | |
| Actuarial losses/(gains) on defined benefit | 4,365,958 | 1,958,886 | 749,016 | 420,622 | 32,193,090 | 96,497,680 | 37,308,064 | 98,877,188 |
| Actuarial losses/(gains) on plan assets | (2,375,848) | 2,691,420 | (82,328) | 528,868 | (3,917,452) | 9,822,583 | (6,375,628) | 13,042,871 |
| Change in reimbursement rights | (1,990,110) | (4,650,306) | - | - | (28,275,638) | (106,320,263) | (30,265,748) | (110,970,569) |
| Recognised in other comprehensive income | - | - | 666,688 | 949,490 | - | - | 666,688 | 949,490 |
| Details of the defined pension plan as extracted from the plans' most recent report calculated in accordance with AAS 25 <i>Financial Reporting by Superannuation Plans</i> | | | | | | | | |
| Accrued benefits | 44,846,984 | 45,155,887 | 8,194,934 | 9,030,687 | 312,109,301 | 308,627,106 | 365,151,219 | 362,813,680 |
| Net market value of fund assets | (40,830,507) | (39,258,228) | (3,848,018) | (4,258,371) | (80,498,562) | (90,386,053) | (125,177,087) | (133,902,652) |
| Net (surplus)/deficit | 4,016,477 | 5,897,659 | 4,346,916 | 4,772,316 | 231,610,739 | 218,241,053 | 239,974,132 | 228,911,028 |

UniSuper Management Limited

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

- The UniSuper Defined Benefit Division (DBD) is a defined benefit plan.
- During the 2006 year clause 34 of the UniSuper Trust Deed was amended which substantially transfers the actuarial risks from the employer to the employee. The amendment to the trust deed has resulted in the UniSuper defined benefit fund to be reclassified as a defined contribution fund for the purposes of AASB 119 *Employee Benefits*.
- As at 30 June 2012 the assets of the DBD in aggregate were estimated to be \$2,010.8 million in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.

As at 30 June 2012 the assets of the DBD in aggregate were estimated to be \$906.8 million in deficiency of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

- The vested benefit and accrued benefit liabilities were determined by the fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 15 November 2012 on the actuarial investigation of the DBD as at 30 June 2012. The financial assumptions used were:

| | Vested benefits % pa | Accrued benefits % pa |
|---|-------------------------|--------------------------|
| > Gross of tax investment return — DBD pensions | 5.85 | 7.50 |
| > Gross of tax investment return — commercial rate indexed pensions | 3.40 | 3.40 |
| > Net of tax investment return — non-pensioner members | 5.25 | 6.70 |
| > Consumer Price Index | 2.75 | 2.75 |
| > Inflationary salary increases short term (one year) | 5.00 | 5.00 |
| > Inflationary salary increases long term | 3.75 | 3.75 |

- Assets have been included at their net market value, that is allowing for realisation costs.
- The DBD as at 30 June 2012 is therefore in an 'unsatisfactory financial position' as defined by SIS Regulation 9.04. An 'unsatisfactory financial position' for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'. The actuary and the trustee have followed the procedure required by section 130 of the SIS Act when funds are found to be in an unsatisfactory financial position.
- Clause 34 was initiated following both the 31 December 2008 and 30 June 2011 actuarial investigation and it has again been initiated following the 30 June 2012 actuarial investigation.
- The actuary currently believes, in respect of the long-term financial condition of the fund, that assets as at 30 June 2012, together with current contribution rates, are not expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows either the 'best estimate' assumptions or the more conservative 'funding' assumptions.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

24. DEFINED BENEFITS PLANS (continued)

9. Clause 34 of the UniSuper Trust Deed outlines the process UniSuper must undertake (including employer notifications and notice periods) in order to reduce benefits to beneficiaries of the UniSuper defined benefit scheme in the event of insufficient assets held by the fund. The main points are:
- if, after an actuarial investigation and valuation of UniSuper, the trustee considers that UniSuper is or may be insufficient to provide benefits payable under the deed, the trustee must notify each employer
 - if, after the next two succeeding actuarial investigations and valuations of UniSuper (made in a period of not less than four years) the trustee still considers that UniSuper is or may be insufficient to provide the benefits payable under the deed, the trustee must reduce the benefits (including benefits in the course of payment) payable under Division A and Division B on a fair and equitable basis.

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) Contingent assets

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

(b) Contingent liabilities

- Consequent upon the HIH Insurance Group being placed in provisional liquidation on 16 March 2001, the University may have an exposure to the non-settlement of potential public liability claims. The extent of any potential exposure cannot be estimated.
- The University is currently involved in minor litigation. The associated potential liability cannot be estimated at this stage.

The University is not aware of any other contingent liabilities.

26. ECONOMIC DEPENDENCY

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

27. SUBSIDIARIES

| Name of entity | Principal activities | Country of incorporation | Ownership interest/control | | Equity | |
|--|----------------------|--------------------------|----------------------------|--------|-------------|-------------|
| | | | 2012 % | 2011 % | 2012 \$'000 | 2011 \$'000 |
| Parent entity | | | | | | |
| University of Technology, Sydney | Education services | Australia | – | – | 1,269,079 | 1,198,820 |
| Controlled entities | | | | | | |
| INSEARCH Limited (company limited by guarantee) ¹ | Education services | Australia | 100 | 100 | 38,744 | 38,289 |
| INSEARCH (Shanghai) Limited | Education services | China | 100 | 100 | 327 | 222 |
| INSEARCH Education International Pty Limited | Education services | Australia | 100 | 100 | 203 | 339 |
| INSEARCH Education Ltd | Education services | United Kingdom | 100 | 100 | – | – |
| accessUTS Pty Limited | Consulting | Australia | 100 | 100 | 265 | 228 |
| UTS Global Pty Ltd | Marketing services | Australia | 100 | 100 | (9) | – |

1. INSEARCH Limited is a controlled entity as defined by the Australian accounting standards.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

28. RELATED PARTIES

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

(c) Key management personnel

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

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

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

- (1) Donations amounting to \$1,099,000 (2011: \$5,000,000) were paid or payable to the ultimate controlling entity.
- (2) Sale of services and fees \$18,031,292 (2011: \$20,736,685) to the wholly owned University of Technology, Sydney group.
- (3) Purchase of services and fees \$12,398,206 (2011: \$15,243,664) by the wholly owned University of Technology, Sydney group.
- (4) Purchase of shares in a subsidiary \$0 (2011: \$0) by the wholly owned University of Technology, Sydney group.

(e) Outstanding balances

| | Economic entity (Consolidated) | | Parent entity (University) | |
|------------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Current receivables | | | | |
| Subsidiaries | – | – | 434 | 1,216 |
| Current receivables (loans) | | | | |
| Subsidiaries | – | – | 35 | 35 |

Included in the total doubtful debts provision in the parent entity is a provision of \$0 (2011: \$0) for doubtful debts for outstanding balances due from related parties.

| | Revenue | | Results | | Assets | |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 29. DISAGGREGATION INFORMATION (CONSOLIDATED) | | | | | | |
| Geographical (consolidated entity) | | | | | | |
| Australia | 680,152 | 621,565 | 59,873 | 26,590 | 1,986,659 | 1,856,312 |
| China | 2,884 | 2,538 | 1,465 | 531 | 337 | 320 |
| United Kingdom | – | – | 132 | 59 | 2,066 | 1,796 |
| South-East Asia | 78 | 102 | 16 | 47 | – | 354 |
| Total | 683,114 | 624,205 | 61,486 | 27,227 | 1,989,062 | 1,858,782 |

(a) Includes discontinued operations

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

30. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

| | Economic entity (Consolidated) | | Parent entity (University) | |
|--|-----------------------------------|----------------|-------------------------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 31. RECONCILIATION OF OPERATING RESULT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating result for the period | 61,486 | 27,227 | 59,405 | 26,968 |
| Depreciation, amortisation and impairment PPE and intangibles | 62,689 | 58,287 | 58,539 | 55,432 |
| Increase/(decrease) in provisions: | | | | |
| > annual leave | 1,060 | 2,373 | 1,068 | 2,229 |
| > doubtful debts | (250) | 273 | (236) | 252 |
| > long service leave | 5,850 | 19,152 | 5,832 | 18,776 |
| > deferred superannuation | 40,299 | 123,520 | 40,299 | 123,521 |
| Decrease/(increase) in receivables | (768) | (495) | 1,160 | (444) |
| Decrease/(increase) in non-current receivables | (39,827) | (122,889) | (39,826) | (122,889) |
| Decrease/(increase) in prepayments and accrued income | (1,694) | 344 | (2,464) | 301 |
| (Decrease)/increase in accounts payable | 7,810 | 2,305 | 6,720 | 1,084 |
| (Decrease)/increase in income in advance | 3,322 | 1,132 | 1,969 | 713 |
| (Profit)/loss on sale of assets | (110) | 1,460 | (191) | 1,431 |
| Increase in share of profit of joint venture not received as dividends or distribution | 1,450 | (353) | - | - |
| Actuarial gain/(loss) on deferred superannuation | (667) | (949) | (667) | (949) |
| Net cash provided by operating activities | 140,650 | 111,387 | 131,608 | 106,425 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

32. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

32.1 DIISRTE — CGS and other DIISRTE grants

| | Parent entity (University) only | | | | | | | | | | | | | | |
|--|--|-------------|----------------------------|-------------|--|-------------|--------------------------|-------------|---|-------------|--------------------------|-------------|----------------------------|-------------|--|
| | Commonwealth Grant Scheme ¹ | | Indigenous Support Program | | Partnership and Participation Program ³ | | Workplace Reform Program | | Learning and Teaching Performance Fund | | Capital Development Pool | | Disability Support Program | | |
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | |
| Notes | | | | | | | | | | | | | | | |
| Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program) | 152,965 | 136,895 | 982 | 982 | 2,298 | 2,365 | - | - | - | - | - | - | 1,058 | 205 | |
| Net accrual adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Revenue for the period | 152,965 | 136,895 | 982 | 982 | 2,298 | 2,365 | - | - | - | - | - | - | 1,058 | 205 | |
| Surplus/(deficit) from the previous year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total revenue including accrued revenue | 152,965 | 136,895 | 982 | 982 | 2,298 | 2,365 | - | - | - | - | - | - | 1,058 | 205 | |
| Less expenses including accrued expenses | (152,965) | (136,895) | (982) | (982) | (2,298) | (2,365) | - | - | - | - | - | - | (1,058) | (205) | |
| Surplus/(deficit) for reporting period | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Parent entity (University) only | | | | | | | | | | | | | | |
| | Reward Funding Targets | | | | Transitional Cost Program | | | | Promotion of Excellence in Teaching in Higher Education | | | | Total | | |
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | |
| Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program) | 373 | - | 299 | - | 562 | - | 51 | - | 157,214 | 142,067 | - | - | - | - | |
| Net accrual adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Revenue for the period | 373 | - | 299 | - | 562 | - | 51 | - | 157,214 | 142,067 | - | - | - | - | |
| Surplus/(deficit) from the previous year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total revenue including accrued revenue | 373 | - | 299 | - | 562 | - | 51 | - | 157,214 | 142,067 | - | - | - | - | |
| Less expenses including accrued expenses | (373) | - | (299) | - | (562) | - | (51) | - | (157,214) | (142,067) | - | - | - | - | |
| Surplus/(deficit) for reporting period | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |

1. Includes the basic CGS grant amount. CGS — regional loading, CGS — enabling loading, maths and science transition loading and full fee places transition loading.

2. Includes Collaboration and Structural Reform Program.

3. Includes Equity Support Program.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

32. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)
32.2 Higher education loan programs (excluding OS-HELP)

| | Parent entity (University) only | | | | | | | | | |
|--|---------------------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Notes | HECS-HELP (Australian Government payments only) | | FEE-HELP | | SA-HELP | | Total | | |
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 |
| Cash payable/(receivable) at beginning of year | | 1,339 | 37 | (237) | (2,015) | - | - | - | 1,102 | (1,978) |
| Financial assistance received in cash during the reporting period | | 88,277 | 80,483 | 42,854 | 41,348 | 1,888 | - | - | 133,019 | 121,831 |
| Cash available for period | | 89,616 | 80,520 | 42,617 | 39,333 | 1,888 | - | - | 134,121 | 119,853 |
| Net accrual adjustments | | (1,494) | (1,339) | (1,624) | 237 | 69 | - | - | (3,049) | (1,102) |
| Revenue for the period | 2.1(b) | 88,122 | 79,181 | 40,993 | 39,570 | 1,957 | - | - | 131,072 | 118,751 |
| Cash payable/(receivable) at end of year | | 1,494 | 1,339 | 1,624 | (237) | (69) | - | - | 3,049 | 1,102 |

32.3 Australian Research Council grants
(a) Discovery

| | Parent entity (University) only | | | | | | | | | | | | | | | |
|--|---------------------------------|----------------|----------------|---------------------------|----------------|-----------------------|----------------|---------------------------------------|----------------|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Notes | Projects | | Federation Fellowships | | Future Fellowships | | Indigenous Researchers Development | | Early Career Researcher Award | | Indigenous | | Total | | |
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 |
| Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs) | | 4,804 | 5,057 | (39) | (119) | 2,014 | 901 | 36 | 34 | 380 | - | 34 | - | - | 7,229 | 5,873 |
| Net accrual adjustments | | 711 | 630 | - | - | - | - | - | - | - | - | - | - | - | 711 | 630 |
| Revenue for the period | 2.1(e)(i) | 5,515 | 5,687 | (39) | (119) | 2,014 | 901 | 36 | 34 | 380 | - | 34 | - | - | 7,940 | 6,503 |
| Surplus/(deficit) from the previous year | | 4,347 | 3,363 | - | 28 | 537 | 80 | 6 | 38 | - | - | - | - | - | 4,890 | 3,509 |
| Total revenue including accrued revenue | | 9,862 | 9,050 | (39) | (91) | 2,551 | 981 | 42 | 72 | 380 | - | 34 | - | - | 12,830 | 10,012 |
| Less expenses including accrued expenses | | (5,229) | (4,703) | 39 | 91 | (1,313) | (444) | (34) | (66) | (180) | - | (12) | - | - | (6,729) | (5,122) |
| Surplus/(deficit) for reporting period | | 4,633 | 4,347 | - | - | 1,238 | 537 | 8 | 6 | 200 | - | 22 | - | - | 6,101 | 4,890 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

32.4 Australian Research Council grants

(b) Linkages

| Parent entity (University) only | | | | | | | | | |
|---|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Notes | Projects | | International | | Infrastructure | | Total | |
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program) | | 2,207 | 2,631 | - | - | 330 | - | 2,537 | 2,631 |
| Net accrual adjustments | | 390 | 439 | - | - | 34 | 130 | 424 | 569 |
| Revenue for the period | 2.1(e)(ii) | 2,597 | 3,070 | - | - | 364 | 130 | 2,961 | 3,200 |
| Surplus/(deficit) from the previous year | | 348 | 2,790 | 40 | 40 | 78 | 978 | 466 | 3,808 |
| Total revenue including accrued revenue | | 2,945 | 5,860 | 40 | 40 | 442 | 1,108 | 3,427 | 7,008 |
| Less expenses including accrued expenses | | (11) | (5,512) | - | - | 43 | (1,030) | 32 | (6,542) |
| Surplus/(deficit) for reporting period | | 2,934 | 348 | 40 | 40 | 485 | 78 | 3,459 | 466 |

32.5 Australian Research Council grants

(c) Networks and centres

| Parent entity (University) only | | | | | | | | |
|---|-------------|-------------------|----------------|----------------|----------------|----------------|----------------|-------|
| | Notes | Research networks | | Centres | | Total | | |
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | |
| Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program) | | - | - | - | - | - | - | - |
| Net accrual adjustments | | - | 6 | 116 | 110 | 116 | 116 | 116 |
| Revenue for the period | 2.1(e)(iii) | - | 6 | 116 | 110 | 116 | 116 | 116 |
| Surplus/(deficit) from the previous year | | - | 52 | 94 | 431 | 94 | 483 | 483 |
| Total revenue including accrued revenue | | - | 58 | 210 | 541 | 210 | 599 | 599 |
| Less expenses including accrued expenses | | - | (58) | (137) | (447) | (137) | (505) | (505) |
| Surplus/(deficit) for reporting period | | - | - | 73 | 94 | 73 | 94 | 94 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

32. ACQUISITION OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)
32.6 DIISRTE research

| | Parent entity (University) only | | | | | | | | | | | | | | | | | |
|--|-----------------------------------|-------------|--------------------------|-------------|--------------|-------------|--------------------------------|-------------|---|-------------|-----------------------------------|-------------|-----------------------------------|-------------|---|-------------|-------------|----------|
| | Joint Research Engagement Program | | Research Training Scheme | | Small Grants | | Research Infrastructure Grants | | Australian Scheme for Higher Education Repositories | | Implementation Assistance Program | | Commercialisation Training Scheme | | Sustainable Research Excellence in Universities | | Total | |
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | |
| Notes | | | | | | | | | | | | | | | | | | |
| Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program) | 4,771 | 4,837 | 10,290 | 9,719 | - | - | 2,345 | 2,080 | - | - | - | - | - | 133 | 1,576 | 1,335 | 18,982 | 18,104 |
| Net accrual adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Revenue for the period | 4,771 | 4,837 | 10,290 | 9,719 | - | - | 2,345 | 2,080 | - | - | - | - | - | 133 | 1,576 | 1,335 | 18,982 | 18,104 |
| Surplus/(deficit) from the previous year | 1,590 | - | - | - | - | - | 800 | 129 | - | - | - | - | - | 34 | 111 | 164 | 2,533 | 327 |
| Total revenue including accrued revenue | 6,361 | 4,837 | 10,290 | 9,719 | - | - | 3,145 | 2,209 | - | - | - | - | - | 167 | 1,687 | 1,499 | 21,515 | 18,431 |
| Less expenses including accrued expenses | (6,327) | (3,247) | (10,290) | (9,719) | - | - | (1,706) | (1,409) | - | - | - | - | - | (135) | (1,686) | (1,388) | (16,690) | (15,898) |
| Surplus/(deficit) for reporting period | 34 | 1,590 | - | - | - | - | 1,439 | 800 | - | - | - | - | - | 32 | 1 | 111 | 4,825 | 2,533 |

1. Includes Institutional Grants Scheme.

32.7 Scholarships

| | Parent entity (University) only | | | | | | | | | | | | | | | | | |
|---|---------------------------------|-------------|-------------|-------------|--|-------------|-------------|-------------|---|-------------|-------------|-------------|--|-------------|--------------------------------|-------------|-------------|--|
| | Australian Postgraduate Awards | | | | International Postgraduate Research Scholarships | | | | Commonwealth Education Cost Scholarships ¹ | | | | Commonwealth Accommodation Scholarships ¹ | | Indigenous Access Scholarships | | Total | |
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | |
| Notes | | | | | | | | | | | | | | | | | | |
| Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs) | 4,354 | 3,645 | 384 | 370 | 946 | 2,189 | 38 | 5 | 144 | 127 | 5,866 | 6,336 | - | - | - | - | - | |
| Net accrual adjustments | - | - | - | - | (306) | - | - | - | (85) | - | (391) | - | - | - | - | - | - | |
| Revenue for the period | 4,354 | 3,645 | 384 | 370 | 640 | 2,189 | 38 | 5 | 59 | 127 | 5,475 | 6,336 | - | - | - | - | | |
| Surplus/(deficit) from the previous year | 432 | (126) | 29 | 10 | 1,108 | 450 | (394) | (399) | (12) | (12) | 1,163 | (77) | - | - | - | - | | |
| Total revenue including accrued revenue | 4,786 | 3,519 | 413 | 380 | 1,748 | 2,639 | (356) | (394) | 47 | 115 | 6,638 | 6,259 | - | - | - | - | | |
| Less expenses including accrued expenses | (4,080) | (3,087) | (388) | (351) | (524) | (1,531) | - | - | (56) | (127) | (5,048) | (5,096) | - | - | - | - | | |
| Surplus/(deficit) for reporting period | 706 | 432 | 25 | 29 | 1,224 | 1,108 | (356) | (394) | (9) | (12) | 1,590 | 1,163 | - | - | - | - | | |

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

32.8 Other capital funding

| Parent entity (University) only | | | | | | | | |
|---|--|----------------|---------------------------------------|----------------|------------------------------|----------------|----------------|----------------|
| | Better Universities Renewal Funding | | Teaching and Learning Capital Fund | | Education Investment Fund | | Total | |
| Notes | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program) | - | - | - | - | 28,200 | 4,800 | 28,200 | 4,800 |
| Net accrual adjustments | - | - | - | - | - | - | - | - |
| Revenue for the period | 2.1(f) | - | - | - | 28,200 | 4,800 | 28,200 | 4,800 |
| Surplus/(deficit) from the previous year | - | - | 3,267 | 11,580 | 4,800 | - | 8,067 | 11,580 |
| Total revenue including accrued revenue | - | - | 3,267 | 11,580 | 33,000 | 4,800 | 36,267 | 16,380 |
| Less expenses including accrued expenses | - | - | (3,267) | (8,313) | (33,000) | - | (36,267) | (8,313) |
| Surplus/(deficit) for reporting period | - | - | - | 3,267 | - | 4,800 | - | 8,067 |

32.9 OS-HELP

| Parent entity (University) only | | |
|--|----------------|----------------|
| OS-HELP | | |
| | 2012 \$'000 | 2011 \$'000 |
| Cash received during the reporting period | 2,209 | 1,441 |
| Cash spent during the reporting period | (1,999) | (1,718) |
| Net cash received | 210 | (277) |
| Cash surplus/(deficit) from previous period | (35) | 242 |
| Cash surplus/(deficit) for reporting period | 175 | (35) |

32.10 Student Services and Amenties Fee

| Parent entity (University) only | | |
|---|----------------|----------------|
| SA-HELP | | |
| | 2012 \$'000 | 2011 \$'000 |
| Unspent/(overspent) revenue from previous period | - | - |
| SA-HELP revenue earned | 1,957 | - |
| Student services fees direct from students | 2,265 | - |
| Total revenue expendable in period | 4,222 | - |
| Student services expenses during period | (7,247) | - |
| Unspent/(overspent) student services revenue | (3,025) | - |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

33. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Market risk

Foreign exchange risk

The group's exposure to market risk for changes in foreign exchange rates relates primarily to the group's payments to overseas suppliers in payables and, to a lesser extent, foreign currency trade debtor invoices in receivables. The group's foreign currency payments and receipts are not significant and University practice is to use the spot rate when paying or receiving foreign currency amounts.

The group has minimal balance sheet exposure to foreign currency movements with the majority of operations of the group occurring within Australia. A subsidiary, INSEARCH Limited, has investments in the United Kingdom and South-East Asia, which can impact the subsidiary, however on an economic entity basis the impact is minimal.

Interest rate risk

The group's exposure to market risk for changes in interest rate relates primarily to the group's long-term debt obligations and investments in term deposits. Long-term debt obligations are managed mainly by fixed interest rate loans. At 31 December 2012, 100 per cent of the group's borrowings are at a fixed rate of interest.

The economic entity in 2012 obtained a \$300 million revolving five-year debt facility with the National Australia Bank to fund the current capital expenditure program. As at 31 December 2012, no funds have been drawn down on this facility by the University. The University will enter into a swap derivative in 2013 to manage the interest rate risk. The University intends to utilise hedge accounting to account for the swap derivative.

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

Instruments used by the group

The group has a fixed interest rate loan in the normal course of business in order to hedge exposure to fluctuations in interest rates for a TCorp long-term loan.

Summarised sensitivity analysis

The following table summarises the sensitivity of the group's financial assets and financial liabilities to interest rate risk and foreign exchange risk. The group anticipates that interest rates may decrease by up to 0.5 per cent in the 2013 year.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Carrying amount \$'000 | Interest rate risk | | | | Foreign exchange risk | | | |
|------------------------------------|---------------------------|--------------------|------------------|------------------|------------------|-----------------------|------------------|------------------|------------------|
| | | 0.5% | | -0.5% | | 10% | | -10% | |
| | | Result \$'000 | Equity \$'000 | Result \$'000 | Equity \$'000 | Result \$'000 | Equity \$'000 | Result \$'000 | Equity \$'000 |
| 31 December 2012 | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | 241,097 | 1,205 | 1,205 | (1,205) | (1,205) | - | - | - | - |
| Receivables | 467,810 | - | - | - | - | (323) | (323) | 323 | 323 |
| Managed funds | 49 | 0 | 0 | (0) | (0) | - | - | - | - |
| Shares in other organisations | 2,002 | - | - | - | - | - | - | - | - |
| Total financial assets | 710,958 | - | - | - | - | - | - | - | - |
| Financial liabilities | | | | | | | | | |
| Payables | 46,768 | - | - | - | - | 319 | 319 | (319) | (319) |
| TCorp loan | 40,000 | - | - | - | - | - | - | - | - |
| Finance leases | 6,686 | - | - | - | - | - | - | - | - |
| Total financial liabilities | 93,454 | - | - | - | - | - | - | - | - |
| Total increase/(decrease) | - | 1,205 | 1,205 | (1,205) | (1,205) | (4) | (4) | 4 | 4 |
| 31 December 2011 | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | 253,650 | 1,268 | 1,268 | (1,268) | (1,268) | - | - | - | - |
| Receivables | 426,966 | - | - | - | - | (250) | (250) | 250 | 250 |
| Managed funds | 47 | 0 | 0 | (0) | (0) | - | - | - | - |
| Shares in other organisations | 1,833 | - | - | - | - | - | - | - | - |
| Total financial assets | 682,496 | - | - | - | - | - | - | - | - |
| Financial liabilities | | | | | | | | | |
| Payables | 37,830 | - | - | - | - | 197 | 197 | (197) | (197) |
| TCorp loan | 40,000 | - | - | - | - | - | - | - | - |
| Finance leases | 6,797 | - | - | - | - | - | - | - | - |
| Total financial liabilities | 84,627 | - | - | - | - | - | - | - | - |
| Total increase/(decrease) | - | 1,268 | 1,268 | (1,268) | (1,268) | (54) | (54) | 54 | 54 |

(b) Credit risk

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

33. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The group's objective is to maintain a balance between continuity of funding and flexibility through use of bank loans and finance leases. The economic entity in 2012 obtained a \$300 million revolving five-year debt facility with the National Australia Bank to fund the current capital expenditure program. As at 31 December 2012 no funds have been drawn down on this facility by the University.

The government commenced phasing out full-fee-paying domestic undergraduate student fees from 1 July 2009. In 2012 the fee income received by the University for this category of student was \$2.5 million (2011: \$3.5 million).

The University has not entered into any financial guarantee contracts.

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

| | Average interest rate % | Variable interest rate \$'000 | Less than 1 year \$'000 | 1 to 5 years \$'000 | 5+ years \$'000 | Non-interest \$'000 | Total |
|------------------------------------|-------------------------------|-------------------------------------|-------------------------------|------------------------|--------------------|------------------------|----------------|
| 31 December 2012 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 6.09 | - | 241,097 | - | - | - | 241,097 |
| Receivables | - | - | - | - | - | 467,810 | 467,810 |
| Managed funds | 4.41 | 49 | - | - | - | - | 49 |
| Shares in other organisations | - | - | - | - | - | 2,002 | 2,002 |
| Total financial assets | - | 49 | 241,097 | - | - | 469,812 | 710,958 |
| Financial liabilities | | | | | | | |
| Payables | - | - | - | - | - | 46,768 | 46,768 |
| TCorp loan | 6.41 | - | - | 40,000 | - | - | 40,000 |
| Finance leases | 7.80 | - | 3,617 | 3,069 | - | - | 6,686 |
| Total financial liabilities | - | - | 3,617 | 43,069 | - | 46,768 | 93,454 |
| 31 December 2011 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 6.90 | - | 253,650 | - | - | - | 253,650 |
| Receivables | - | - | - | - | - | 426,966 | 426,966 |
| Managed funds | 5.23 | 47 | - | - | - | - | 47 |
| Shares in other organisations | - | - | - | - | - | 1,833 | 1,833 |
| Total financial assets | - | 47 | 253,650 | - | - | 428,799 | 682,496 |
| Financial liabilities | | | | | | | |
| Payables | - | - | - | - | - | 37,830 | 37,830 |
| TCorp loan | 6.41 | - | - | 40,000 | - | - | 40,000 |
| Finance leases | 8.36 | - | 3,555 | 3,242 | - | - | 6,797 |
| Total financial liabilities | - | - | 3,555 | 43,242 | - | 37,830 | 84,627 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(d) Fair value estimation

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

| | 2012 | | 2011 | |
|------------------------------------|---------------------------|----------------------|---------------------------|----------------------|
| | Carrying amount \$'000 | Fair value \$'000 | Carrying amount \$'000 | Fair value \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 241,097 | 241,097 | 253,650 | 253,650 |
| Receivables | 467,810 | 467,810 | 426,966 | 426,966 |
| Managed funds | 49 | 49 | 47 | 47 |
| Shares in other organisations | 2,002 | 2,002 | 1,833 | 1,833 |
| Total financial assets | 710,958 | 710,958 | 682,496 | 682,496 |
| Financial liabilities | | | | |
| Payables | 46,768 | 46,768 | 37,830 | 37,830 |
| TCorp loan | 40,000 | 44,690 | 40,000 | 44,129 |
| Finance leases | 6,686 | 6,686 | 6,797 | 6,797 |
| Total financial liabilities | 93,454 | 98,144 | 84,627 | 88,756 |

The fair value of financial instruments traded in active markets (such as publicly traded shares) is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market (for example, shares not listed on the stock exchange) is based on cost less impairment.

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

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

| | \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|---|----------------|-------------------|-------------------|-------------------|
| At 31 December 2012 | | | | |
| Financial assets | | | | |
| Receivables | 450,520 | – | 450,520 | – |
| Other financial assets – managed funds | 49 | 49 | – | – |
| Other financial assets – Australian listed securities | 2,002 | 2,002 | – | – |
| Total | 452,571 | 2,051 | 450,520 | – |
| Financial liabilities | | | | |
| Not applicable to financial liabilities at amortised cost | – | – | – | – |
| Total | – | – | – | – |
| At 31 December 2011 | | | | |
| Financial assets | | | | |
| Receivables | 410,694 | – | 410,694 | – |
| Other financial assets – managed funds | 47 | 47 | – | – |
| Other financial assets – Australian listed securities | 1,833 | 1,833 | – | – |
| Total | 412,574 | 1,880 | 410,694 | – |
| Financial liabilities | | | | |
| Not applicable to all financial liabilities at amortised cost | – | – | – | – |
| Total | – | – | – | – |

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Directors' report

UTS Global Pty Ltd

ACN 154 014 481

DIRECTORS' REPORT

For the period 31 October 2011 to 31 December 2012

Directors

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

Professor William Purcell (Chairman)

Mr Patrick Woods

Professor Roy Green

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

Principal activities

The Company carried out no activities other than establishment of the Company and carrying out of preliminary work on establishing a China subsidiary in 2012.

Operating result

Operations for the financial period ended 31 December 2012 resulted in a loss of \$8,642.20.

Dividends

The company did not pay a dividend during the period and the directors have recommended that no dividend be paid in respect of the 2012 year.

Significant changes in the state of affairs

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

Environmental regulation

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

Likely developments

The Company aims to establish subsidiary office in China which will provide to UTS profile building and marketing, manage government and media relationships, identify and assist in the development of collaborative research and teaching programs, market intelligence, organise senior executive visits and assist UTS faculties, research centres and offices in their in-country activities.

Indemnification and insurance of officers

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

Auditor's independent declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* can be found on page 66.

Signed on 18 April 2013 in accordance with a resolution of Directors.



Mr Patrick Woods
Director



Professor William Purcell
Director

Directors' report

UTS Global Pty Ltd

ACN 154 014 481

DIRECTORS' REPORT

For the period 31 October 2011 to 31 December 2012

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

In the opinion of the directors:

- (a) the financial statements and notes present a true and fair view of the financial position and performance of the Company as at 31 December 2012 and the results of its operations and transactions of the Company for the period then ended
- (b) the financial statements and notes have been prepared in accordance with the *Corporations Act 2001*
- (c) the financial statements and notes have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Regulations and other mandatory financial reporting requirements
- (d) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable with the continuing funding support from the University of Technology, Sydney, and
- (e) we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed on 18 April 2013 in accordance with a resolution of Directors.



Mr Patrick Woods
Director



Professor William Purcell
Director

Statement by appointed officers

UTS Global Pty Ltd

ACN 154 014 481

STATEMENT IN ACCORDANCE WITH THE *PUBLIC FINANCE AND AUDIT ACT 1983* For the Period 31 October 2011 to 31 December 2012


Pursuant to the requirements of the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulations 2010 and in accordance with the resolution of the Board of Directors, we declare that in our opinion:

- (a) The accompanying financial statements exhibit a true and fair view of the financial position and financial performance of the company for the period 31 October 2011 to 31 December 2012 and transactions for the period then ended; and
- (b) The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, as amended and Public Finance & Audit Regulations 2010, Australian Accounting Standards including Australian Accounting Interpretations, the Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board.

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

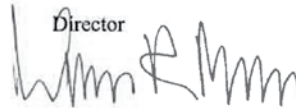
Signed at Sydney on 17th April 2013

Director



Mr Patrick Woods

Director



Professor William Purcell

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

UTS Global Pty Ltd

To Members of the New South Wales Parliament and Directors of UTS Global Pty Ltd.

I have audited the accompanying financial statements of UTS Global Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 31 October 2011 to 31 December 2012, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance for the period ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section [insert relevant section] of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Independent auditor's report

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the Directors of UTS Global Pty Ltd on 16 April 2013, would be in the same terms if provided to the Directors as at the time of this auditor's report.



Sally Bond
Director, Financial Audit Services

19 April 2013
SYDNEY

Auditor's independence declaration



To the Directors
UTS Global Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UTS Global Pty Ltd for the period 31 October 2011 to 31 December 2012, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

SBond

Sally Bond
Director, Financial Audit Services

16 April 2013
SYDNEY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD 31 OCTOBER 2011 TO 31 DECEMBER 2012

| | Note | 31 Oct 2011 – 31 Dec 2012 \$ |
|---|------|------------------------------------|
| Continuing operations | | |
| Revenue from continuing operations | 2 | – |
| Employee benefits expense | | – |
| Depreciation expense | | – |
| Other expenses | 3 | 8,642.20 |
| Profit/(loss) before income tax | | (8,642.20) |
| Income tax expense | | – |
| Profit/(loss) for the period for continuing operations | | (8,642.20) |
| Profit/(loss) for the period is attributable to the owners | | (8,642.20) |
| Other comprehensive income | | – |
| Income tax expense on other comprehensive income | | – |
| Other comprehensive income for the year, net of tax | | – |
| Total comprehensive income is attributable to the owners | | (8,642.20) |

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

STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD 31 OCTOBER 2011 TO 31 DECEMBER 2012

| | Note | 31 Oct 2011 – 31 Dec 2012 \$ |
|----------------------------|------|------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 4 | 1.00 |
| Total current assets | | 1.00 |
| Total assets | | 1.00 |
| Liabilities | | |
| Current liabilities | | |
| Payables | 5 | 8,642.20 |
| Total current liabilities | | 8,642.20 |
| Total liabilities | | 8,642.20 |
| Net assets | | (8,641.20) |
| Equity | | |
| Retained earnings | 7 | (8,642.20) |
| Share capital | | 1.00 |
| Total equity | | (8,641.20) |

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

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 31 OCTOBER 2011 TO 31 DECEMBER 2012

| | 31 Oct 2011 – 31 Dec 2012 \$ |
|--|------------------------------------|
| Balance at 31 October 2011 | – |
| Total comprehensive income for the period | – |
| Profit/(loss) for the period | (8,642.20) |
| Other comprehensive income for the period | – |
| Total comprehensive income for the period | (8,642.20) |
| Transactions with owners recorded directly in equity | 1.00 |
| Balance at 31 December 2012 | (8,641.20) |

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

STATEMENT OF CASH FLOWS

FOR THE PERIOD 31 OCTOBER 2011 TO 31 DECEMBER 2012

| | Note | 31 Oct 2011 – 31 Dec 2012 \$ |
|---|------|------------------------------------|
| Cash flows from operating activities | | – |
| Cash flows from investing activities | | |
| Proceeds from sale of shares | | 1.00 |
| Net cash inflow/(outflow) from investing activities | | 1.00 |
| Net increase/(decrease) in cash and cash equivalents | | 1.00 |
| Cash and cash equivalents at the beginning of the financial period | | – |
| Cash and cash equivalents at the end of the financial period | 10 | 1.00 |

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

Notes to the financial statements

FOR THE PERIOD 31 OCTOBER 2011 TO 31 DECEMBER 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

UTS Global Pty Ltd is a company limited by shares and is incorporated and domiciled in Australia and is a wholly owned subsidiary of the University of Technology, Sydney.

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

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

(b) Basis of preparation and statement of compliance

The company's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with Australian Accounting Standards, which include Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Public Finance and Audit Act 1983*, Public Finance and Audit Regulation 2010, the *Corporations Act 2001* and other mandatory reporting requirements.

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

The financial period refers to the period from the date of incorporation, 31 October 2011 to 31 December 2012.

(c) Depreciation of non-current assets

Plant and equipment is depreciated over the estimated useful life using the straight-line method. The company uses the following rates of depreciation for plant and equipment:

| Depreciable assets | Depreciation rates [%] |
|------------------------------------|------------------------|
| Alterations and renovations | 10 |
| Broadcast and production equipment | 6.67 and 15 |
| Computer equipment | 25 |
| Furniture and fittings | 15 |
| Office equipment | 20 |
| Plant and equipment | 20 |

(f) Financial instruments

Financial instruments give rise to positions that are financial assets or liabilities (or equity instruments) of either the company or its counterparties. These include cash at bank, receivables and accounts payable. Note 14 discloses the risk and management of those risks regarding financial instruments.

(i) Cash

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

(ii) Receivables

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

(iii) Payables

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

(g) Revenue recognition

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

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

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

Interest revenue is recognised as it accrues.

(h) Taxation

Accounting for Goods and Services Tax

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

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

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

(i) Judgments and estimates

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

Notes to the financial statements

FOR THE PERIOD 31 OCTOBER 2011 TO 31 DECEMBER 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2012 reporting period. UTS Global Pty Ltd has not exercised the right to early adopt any new or revised accounting standards.

(k) Changes in accounting policy

There have been no changes to UTS Global accounting policies during the period 31 October 2011 to 31 December 2012.

| | 31 Oct 2011 – 31 Dec 2012 \$ |
|---|------------------------------------|
| 2. REVENUE | – |
| 3. OTHER EXPENSES | |
| Set up costs | 7,642.20 |
| Company secretary fee | 1,000.00 |
| | 8,642.20 |
| 4. CASH AND CASH EQUIVALENTS | |
| Cash on hand | 1.00 |
| | 1.00 |
| 5. PAYABLES | |
| Trade payables | 8,642.20 |
| Total payables | 8,642.20 |
| 6. REMUNERATION OF DIRECTORS | |
| Directors of the company act in an honorary capacity as directors and therefore no director's fees are payable. | |
| 7. RETAINED EARNINGS | |
| Balance at beginning of period | – |
| Surplus/(deficit) for the year | (8,642.20) |
| Balance at 31 December 2012 | (8,642.20) |

8. RELATED PARTIES

(a) Directors

The names of directors who held office during the financial period are:

Mr Patrick Woods
Mr William Purcell
Mr Roy Green

(b) Director's remuneration

No remuneration was paid to the directors for the period ended 31 December 2012 as the company has not yet commenced operations.

Notes to the financial statements

FOR THE PERIOD 31 OCTOBER 2011 TO 31 DECEMBER 2012

9. FINANCIAL RISK MANAGEMENT

(a) Market risk

Foreign exchange risk

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

Interest rate risk

UTS Global does not have any exposure to market risk for changes in interest rate.

(b) Credit risk

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

Credit risk by classification of counterparty:

| | 31 Oct 2011 – 31 Dec 2012 \$ |
|---------------------------------|------------------------------------|
| Cash and cash equivalent assets | |
| Bank | 1.00 |
| | 1.00 |

(c) Liquidity risk

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

(d) Defaults and breaches

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

10. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

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

| | 31 Oct 2011 – 31 Dec 2012 \$ |
|--------------|------------------------------------|
| Cash on hand | 1.00 |
| | 1.00 |

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

| | 31 Oct 2011 – 31 Dec 2012 \$ |
|---|------------------------------------|
| Profit/(loss) for the year | (8,642.20) |
| Increase in payables | 8,642.20 |
| Net cash provided by operating activities | – |

11. AFTER BALANCE DATE EVENTS

There are no after balance date events.

Notes to the financial statements

FOR THE PERIOD 31 OCTOBER 2011 TO 31 DECEMBER 2012

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities and no contingent assets as at 31 December 2012.

13. REMUNERATION OF AUDITORS

No separate fee was charged for the audit of UTS Global during the period. The fee for the audit of UTS Global for the period was incorporated into the University of Technology, Sydney's 2012 audit fee.

14. GOING CONCERN

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

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

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

END OF AUDITED FINANCIAL STATEMENTS

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Report of the directors

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

DIRECTORS

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

| | Note 22 |
|---------------------------------------|---------------------|
| | Date of appointment |
| Mr M Williams (Chair from 23 Nov. 08) | 26 Jun 08 |
| Mr P Bennett | 25 May 11 |
| Ms D Hill | 27 Mar 08 |
| Mr JM Hutchison, AM | 27 Nov 08 |
| Professor B Milthorpe | 1 Aug 09 |
| Mr A Murphy | 3 Sep 07 |
| Professor W Purcell | 21 May 09 |
| Mr P Woods | 24 May 07 |

COMPANY SECRETARY

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

Mr NL Patrick (appointed 21 October 2010)

PRINCIPAL ACTIVITIES

The activities of the company during the financial year ended 31 December 2012 were the provision of English language, foundation and academic courses that are designed as pathways to university studies.

REVIEW AND RESULT OF OPERATIONS

In addition to the Chairman's year in review, INSEARCH also reported a profit of \$1.1m, after the payment of a donation to the University of Technology, Sydney of \$1.1m (note 6). This profit added to the prior year accumulated profits brings the balance of the accumulated funds to \$38.9m.

BUSINESS STRATEGIES AND FUTURE DEVELOPMENTS

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

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

DIRECTORS' BENEFITS

No director of the company has, during and since the end of the financial year, received or become entitled to receive a benefit, other than the benefit included in the aggregate amount of director's compensation shown on note 22 of the financial report.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year a premium to insure directors and officers of the company was paid by the University of Technology, Sydney to the amount of \$4,624 per s 300(1)(g), 300(8) and 300(9).

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

INFORMATION ON DIRECTORS

Mack Williams

Non-Executive Director, Chair of the Board, Chair of the Remuneration Committee

Mr Williams had a long career in the Australian Diplomatic Service, including as High Commissioner to Bangladesh and Ambassador to the Philippines and the Republic of Korea and senior positions in Canberra. He followed this with a range of consultancies in the commercial (including Coca-Cola Amatil) and academic (including for the Vice-Chancellor of the University of Sydney) sectors as well as active participation on the boards of a number of not-for-profit organisations.

Mr Williams has been vice-president of the Australia Korea Business Council, a member of the Australia Korea Foundation Board, President of the NSW Branch of Australian Institute of International Affairs and member of the board of the Research Institute for Asia and the Pacific at the University of Sydney.

Currently he is Chair of the Korea Research Institute at the University of New South Wales and a member of the Sight for Life Board at Sydney Eye Hospital.

Peter Bennett, BEc, DipEd (Monash), MBA (Melb), FCPA, GAICD, SA Fin

Non-Executive Director, Member of the Audit and Risk Committee

Mr Bennett has 30 years of experience in accounting and finance including senior executive roles in the finance industry and the consumer goods industry in the Asia-Pacific region. He is also a member of the University of Technology, Sydney Council.

Dianne Hill, BA Accounting, FCA, FAICD, MRSA, AIPM

Non-Executive Director, Chair of the Audit and Risk Committee

Ms Hill has 30 years of experience as a Chartered Accountant and is a former New South Wales president and national councillor. She is a current member of the Chartered Accountants Advisory Group, providing an ethical counselling service to members, and is a member of the Australian Institute of Internal Auditors.

Ms Hill is a director of Job Futures Limited, Austraining International Limited and of her management consulting company, Sector Research Pty Ltd. She is also a former director of the Australian Consumers Association (awarded life membership) and the Internal Audit Bureau of New South Wales.

Jon Hutchison, AM, BCom, CPA

Non-Executive Director, Member of Remuneration Committee

Mr Hutchison was the chief executive officer of Business Events Sydney (formerly Sydney Convention & Visitors Bureau) from 1998 to July 2011. Prior to this appointment, he held the position of managing director of the Australian Tourist Commission.

Mr Hutchison is an Adjunct Professor at the University of Technology, Sydney and is Chair of the Australian Centre for Event Management Advisory Board, UTS.

He is also a director of Tasman Cargo Airlines and Presdyn Pty Ltd, and is a tourism and business events consultant.

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

Report of the directors

Bruce Milthorpe, BA(Hons), PhD, GradDipHEd, FBSE, GAICD
Non-Executive Director

Professor Milthorpe is the Dean, Faculty of Science, at the University of Technology, Sydney. He has 27 years' experience in biomedical engineering and 10 years' experience in senior leadership roles in the tertiary education sector.

Professor Milthorpe is a director of the Sydney Institute of Marine Science and an editorial board member for the *International Journal of Biomaterials* and the *Journal of Materials Science: Materials in Medicine*.

Alex Murphy, BA(Hons), MAICD
Managing Director

Mr Murphy has 20 years' experience at UTS:INSEARCH in previous positions as head of sales and marketing, project manager and coordinator of Asian and European languages.

Mr Murphy majored in linguistics and Indonesian and Malayan Studies at the University of Sydney. He undertook research in Indonesian linguistics at the University of Sydney and lived in Indonesia from 1986 to 1989.

Mr Murphy has undertaken training in leadership and organisational dynamics through the former Australian Institute of Socio-analysis and the Tavistock Institute in the United Kingdom, and has been a member of the St James Ethics Centre since 1997.

William (Bill) Purcell, BCom(Hons), PhD (UNSW),
DipJapaneseStud (Kyoto U Foreign St)
Non-Executive Director, Member of Remuneration Committee

Professor Purcell is Deputy Vice-Chancellor and Vice-President (International and Development) at the University of Technology, Sydney. He was formerly Deputy Vice-Chancellor (International) at the University of Newcastle. He has 20 years of experience as a senior manager especially in the area of corporate internationalisation and international joint venturing.

Professor Purcell has held a number of corporate board positions including chair and chief executive officer of UON Singapore Pte Ltd, IDP Education Australia Ltd and AHIEA Ltd.

Professor Purcell is currently a director of Sydney Educational Broadcasting Ltd, International Education Association of Australia Ltd, UTS Global Pty Ltd, and is a trustee of the Mitsui Education Foundation. Professor Purcell is the current Chair of the Universities Australia Deputy Vice-Chancellors' (International) committee and is a member of the Art Gallery of New South Wales VisAsia Board.

Professor Purcell has served as both a business and government advisor and consultant in Australia and across Asia for the past 25 years.

Patrick Woods, BSc, MBA, ACPA, FAICD
Non-Executive Director, Member of Audit and Risk Committee

Mr Woods is the Deputy Vice-Chancellor (Resources) at the University of Technology, Sydney.

Prior to joining the University of Technology, Sydney in 2006, Mr Woods spent 28 years in the private corporate sector and held a number of positions as chief executive officer and company officeholder in various local and international companies in North America, Asia and the Middle East.

Mr Woods is also a board member of the Pain Management Research Institute.

INFORMATION ON COMPANY SECRETARY

Mr Nathan Patrick, BBus, GradDipACG, FCA, ACSA, ACIS, GAICD
Company Secretary

Mr Patrick was appointed the Chief Financial Officer of INSEARCH Limited in February 2010. Prior to joining INSEARCH Limited, Mr Patrick had 25 years of experience in senior financial and management roles in the professional services, manufacturing and construction industries.

He has a Bachelor of Business and a Graduate Diploma in Applied Corporate Governance from Chartered Secretaries Australia. He is a Fellow of the Institute of Chartered Accountants and has completed the Company Directors Diploma with the Australian Institute of Company Directors.

DIRECTORS' MEETINGS 2012

The number of directors' meetings (including meetings of committees) held, and the number of meetings each director was eligible to attend and actually attended during the financial year, are as follows.

| Director | Board meetings | | Audit and Risk Management Committee meetings | | Remuneration Committee meetings | |
|-----------------|---------------------------|-----------------|--|-----------------|---------------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Mack Williams | 8 | 8 | - | - | 3 | 3 |
| Dianne Hill | 8 | 8 | 4 | 4 | - | - |
| Jon Hutchison | 8 | 8 | - | 1 | 3 | 3 |
| William Purcell | 8 | 8 | - | - | 3 | 2 |
| Bruce Milthorpe | 8 | 8 | - | - | - | - |
| Alex Murphy | 8 | 7 | - | 4 | - | - |
| Patrick Woods | 8 | 6 | 4 | 3 | - | - |
| Peter Bennett | 8 | 8 | 4 | 4 | - | - |

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

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 to the nearest thousand dollars in accordance with that Class Order, unless shown otherwise.

AUDITOR

A copy of the Auditor's Independent Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 79 of this report.

For and on behalf of the directors signed at Sydney this 4 April 2013.



Mr Mack Williams
Director



Mr Alex Murphy
Director

Directors' declaration

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

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001* (Cwlth) and:
 - (i) comply with Accounting Standards and the *Public Finance and Audit Act 1983* (NSW) and the Public Finance and Audit Regulation 2010 (NSW), as stated in accounting policy note 2 to the financial statements, and
 - (ii) give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the consolidated group.
- (b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors



Mr M Williams

Director
4 April 2013



Mr A Murphy

Director
4 April 2013

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

Insearch Limited

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

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

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's and consolidated entity's financial positions as at 31 December 2012 and of their performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Independent auditor's report (continued)

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Insearch Limited on 3 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.



Sally Bond
Director, Financial Audit Services

9 April 2013
SYDNEY

Auditor's independence declaration



To the Directors
Insearch Limited

Auditor's Independence Declaration

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

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

SBond

Sally Bond
Director, Financial Audit Services

3 April 2013
SYDNEY

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Consolidated entity | | Parent entity | |
|--|-------|---------------------|----------------|----------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Revenue from continuing operations | 4 | 52,340 | 54,897 | 54,885 | 55,920 |
| Other income | 5 | 216 | 560 | 216 | 3,700 |
| Employee benefits expenses | 6 | (23,903) | (23,786) | (23,783) | (23,664) |
| Depreciation and amortisation expense | 6 | (4,126) | (2,843) | (4,095) | (2,823) |
| Other expenses | 6 | (24,635) | (29,645) | (24,687) | (29,632) |
| Finance income/(costs) | | 111 | (25) | 118 | (32) |
| Share of net profits of joint venture partnership accounted for using the equity method | 25 | 1,095 | 1,491 | - | - |
| Surplus before income tax | | 1,098 | 649 | 2,654 | 3,469 |
| Income tax expense | | - | - | - | - |
| Surplus for the year | | 1,098 | 649 | 2,654 | 3,469 |
| Other comprehensive income | | | | | |
| Exchange differences on translation of foreign operations | 21(a) | (126) | 363 | - | - |
| Other comprehensive income for the year, net of tax | | (126) | 363 | - | - |
| Total comprehensive income for the year | | 972 | 1,012 | 2,654 | 3,469 |
| Surplus is attributable to: Equity holders of INSEARCH Limited | | 1,098 | 649 | 2,654 | 3,469 |
| Total comprehensive income is attributable to: Equity holders of INSEARCH Limited | | 972 | 1,012 | 2,654 | 3,469 |

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

Statement of financial position

AS AT 31 DECEMBER 2012

| | Notes | Consolidated entity | | Parent entity | |
|---|-------|---------------------|----------------|----------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 38,366 | 33,705 | 37,976 | 33,297 |
| Trade and other receivables | 8 | 7,520 | 4,936 | 7,571 | 4,957 |
| Inventories | 9 | 1 | 93 | 1 | 93 |
| Total current assets | | 45,887 | 38,734 | 45,548 | 38,347 |
| Non-current assets | | | | | |
| Receivables | 10 | 1,125 | 1,168 | 1,125 | 1,124 |
| Investments accounted for using the equity method | 11 | 569 | 2,109 | – | – |
| Property, plant and equipment | 12 | 9,753 | 13,349 | 9,689 | 13,253 |
| Intangible assets | 13 | 4,956 | 1,953 | 4,956 | 1,953 |
| Other non-current assets | 14 | 31 | 133 | 313 | 393 |
| Total non-current assets | | 16,434 | 18,712 | 16,083 | 16,723 |
| Total assets | | 62,321 | 57,446 | 61,631 | 55,070 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 16 | 1,555 | 1,117 | 1,544 | 1,105 |
| Borrowings | 15 | 305 | 244 | 305 | 244 |
| Provisions | 17 | 2,027 | 2,343 | 2,027 | 2,341 |
| Other current liabilities | 18 | 17,575 | 13,689 | 17,574 | 13,687 |
| Total current liabilities | | 21,462 | 17,393 | 21,450 | 17,377 |
| Non-current liabilities | | | | | |
| Borrowings | 19 | 161 | 312 | 161 | 312 |
| Provisions | 20 | 1,755 | 1,770 | 1,755 | 1,770 |
| Total non-current liabilities | | 1,916 | 2,082 | 1,916 | 2,082 |
| Total liabilities | | 23,378 | 19,475 | 23,366 | 19,459 |
| Net assets | | 38,943 | 37,971 | 38,265 | 35,611 |
| Equity | | | | | |
| Reserves | 21(a) | (1,401) | (1,275) | – | – |
| Retained surplus | 21(b) | 40,344 | 39,246 | 38,265 | 35,611 |
| Total equity | | 38,943 | 37,971 | 38,265 | 35,611 |

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

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Consolidated entity | | Parent entity | |
|--|-------|---------------------|----------------|----------------|----------------|
| | | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Cash flows from operating activities | | | | | |
| Receipts from customers (inclusive of goods and services tax) | | 55,427 | 53,739 | 56,492 | 53,668 |
| Donation paid to the University of Technology, Sydney | | (1,098) | (5,000) | (960) | (5,000) |
| Payment to suppliers and employees (inclusive of goods and services tax) | | (49,349) | (50,268) | (49,601) | (49,991) |
| | | 4,980 | (1,529) | 5,931 | (1,323) |
| Net interest received | | 1,555 | 2,173 | 1,554 | 2,172 |
| Interest paid | | (49) | (36) | (49) | (36) |
| Joint venture partnership distribution received | | 967 | – | – | – |
| Input tax credit refund from Australian Taxation Office | | 903 | 1,704 | 903 | 1,704 |
| Net cash inflow from operating activities | 31 | 8,356 | 2,312 | 8,339 | 2,517 |
| Cash flows from investing activities | | | | | |
| Payment for property and equipment and intangible assets | | (3,423) | (12,530) | (3,424) | (12,434) |
| Proceeds from sale of joint ventures | | – | 2,832 | – | 2,832 |
| Proceeds from sale of property, plant and equipment | | 1 | 3 | 1 | 3 |
| Net cash outflow from investing activities | | (3,422) | (9,695) | (3,423) | (9,599) |
| Cash flows from financing activities | | | | | |
| Finance lease payments | | (237) | (151) | (237) | (151) |
| Net cash outflow from financing activities | | (237) | (151) | (237) | (151) |
| Net increase/(decrease) in cash and cash equivalents | | | | | |
| Cash and cash equivalents at the beginning of the financial year | | 33,705 | 40,885 | 33,297 | 40,520 |
| Effects of exchange rate changes on cash and cash equivalents | | (36) | 354 | – | 10 |
| Cash and cash equivalents at the end of the financial year | 7 | 38,366 | 33,705 | 37,976 | 33,297 |

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

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Reserves | Retained earnings | Total equity |
|--|-------|----------------|-------------------|---------------|
| | | \$'000 | \$'000 | \$'000 |
| Consolidated entity | | | | |
| Balance at 1 January 2011 | | (1,638) | 38,597 | 36,959 |
| Surplus for the year | 21(b) | - | 649 | 649 |
| Exchange differences on translation of foreign operation | 21(a) | 363 | - | 363 |
| Total comprehensive income for the year | | 363 | 649 | 1,012 |
| Balance at 31 December 2011 | | (1,275) | 39,246 | 37,971 |
| Balance at 1 January 2012 | | (1,275) | 39,246 | 37,971 |
| Surplus for the year | 21(b) | - | 1,098 | 1,098 |
| Exchange differences on translation of foreign operation | 21(a) | (126) | - | (126) |
| Total comprehensive income for the year | | (126) | 1,098 | 972 |
| Balance at 31 December 2012 | | (1,401) | 40,344 | 38,943 |
| Parent entity | | | | |
| Balance at 1 January 2011 | | - | 32,142 | 32,142 |
| Surplus for the year | 21(b) | - | 3,469 | 3,469 |
| Other comprehensive income | 21(a) | - | - | - |
| Total comprehensive income for the year | | - | 3,469 | 3,469 |
| Balance at 31 December 2011 | | - | 35,611 | 35,611 |
| Balance at 1 January 2012 | | - | 35,611 | 35,611 |
| Surplus for the year | 21(b) | - | 2,654 | 2,654 |
| Other comprehensive income | 21(a) | - | - | - |
| Total comprehensive income for the year | | - | 2,654 | 2,654 |
| Balance at 31 December 2012 | | - | 38,265 | 38,265 |

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

1. THE COMPANY

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

The company has the wholly owned entities, INSEARCH Education International Pty Limited, INSEARCH Education and INSEARCH (Shanghai) Limited. INSEARCH Education is a company registered as a charity in the United Kingdom and was formed in 2004. INSEARCH (Shanghai) Limited provides consulting, marketing support and other services to INSEARCH Limited. INSEARCH (Shanghai) Limited was formed in 2001 in the People's Republic of China.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Public Finance and Audit Act 1983* (NSW), the Public Finance and Audit Regulations 2010 (NSW) and the *Corporations Act 2001* (Cwth). Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. INSEARCH Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial report for the year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 2 April 2013.

(i) Statement of compliance

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

Generally accepted accounting principles, authoritative pronouncements of the AASB, including interpretations, the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010 and the *Corporations Act 2001* have been used to prepare the subsidiaries' financial statements.

(ii) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of the revised AASB 124 *Related Party Disclosures* resulted in the disclosure of additional related party transactions and required the restatement of some comparative information in note 23, and the adoption of AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* enabled the removal of certain disclosures in relation to commitments and the franking of dividends.

(iii) Early adoption of standards

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 January 2012.

(iv) Historical cost convention

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

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies.

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of INSEARCH Limited ('company' or 'parent entity') as at 31 December 2012 and the results of all subsidiaries for the year then ended. INSEARCH Limited and its subsidiaries together are referred to in these financial statements as the group or the consolidated entity.

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

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

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(ii) Joint ventures

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Details relating to the partnership are set out in note 25.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

- > assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statement of financial position
- > income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- > all resulting exchange differences are recognised in other comprehensive income.

(iv) Foreign currency translation reserve

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

(d) Revenue recognition

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

Revenue is recognised for the major business activities as follows:

(i) Fees

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

(ii) Other fees and charges

Fees are recognised as revenue when services are provided.

(iii) Other income

Other income including interest received, share of net profit from joint ventures and sale of non-current assets are recognised on an accrual basis. The net gain or loss on disposal of non-current assets is disclosed in other income.

(e) Expense recognition

(i) Direct expenses

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

(ii) Other expenses

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

(f) Income tax

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Goods and Services Tax (GST)

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

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

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

(h) Acquisition of assets

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

(i) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(j) Cash and cash equivalents

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

Cash at bank is interest rate bearing with interest rates between 0.10% and 2.50% (2011: 0.10% and 3.75%). Deposits at call are bearing a floating interest rate between 2.90% and 4.15% (2011: 4.15% and 4.65%). Fixed term deposits are bearing interest rates between 4.25% and 5.60% (2011: 5.25% and 5.81%).

(k) Trade and other receivables

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

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

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

(l) Inventories

The inventory for INSEARCH Limited represents IELTS textbooks, which are held for sale. Inventory is valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

Investments, with the exception of financial assets at amortised cost, are measured at fair value. Changes in the fair value are either taken to the statement of comprehensive income or to an equity reserve.

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, financial assets at amortised cost, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were required. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(n) Property, plant and equipment

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

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

(o) Intangible assets

(i) IT development and software

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

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

(ii) Curriculum and course development and validation expenses

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

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

(iii) Preparation for IELTS publication

This asset represents the intellectual property of designing and developing the IELTS course books. The asset includes costs associated with the layout, design, review, editorial and proofreading. The asset has a finite life cycle and is carried at cost less accumulated amortisation and impairment losses.

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

(iv) Website development

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

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

(p) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 19). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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

(q) Trade and other payables

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

(r) Provisions

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits

(i) Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the end of the reporting period, are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Annual leave

The recorded current liability for provision of annual leave represents the total value including on costs of leave accrued by employees but not taken.

The recorded liability for provision of annual leave includes annual leave entitlements accrued but not expected to be taken within one year. These entitlements are measured at the present value of expected future payments to be made, including on costs of leave accrued by employees up to the end of the reporting period. The expected future payments of this leave provision is discounted using published market yield of the two-year Treasury Bond at the end of the reporting period of 2.75% (2011: 3.16%).

(iii) Long service leave

The provision for long service leave is recognised as a liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to on costs, expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using published market yield of the 10-year Treasury Bond at the end of each reporting period of 3.39% (2011: 3.74%).

(iv) Superannuation

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

(t) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, the nearest dollar.

(u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied in the financial statements. The group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards — Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since *AASB 9* only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from *AASB 139 Financial Instruments: Recognition and Measurement* and have not been changed. The group has not yet decided when to adopt *AASB 9*.

- (ii) *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards, which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 31 December 2013.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

- (iii) Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* and AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. Since INSEARCH Limited does not have any defined benefit obligations, the amendments will not have any impact on the group's financial statements. The group has not yet decided when to adopt the new standard.

- (iv) AASB 2011-9 *Amendments to Australian Accounting Standards — Presentation of Items of Other Comprehensive Income* (effective 1 July 2012)

In September 2011, the AASB made an amendment to AASB 101 *Presentation of Financial Statements*, which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the statements of financial position or the profit or loss in the current period. The group intends to adopt the new standard from 1 January 2013.

- (v) AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013)

In July 2011, the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

- (vi) AASB 2012-3 *Amendments to Australian Accounting Standard — Offsetting Financial Assets and Financial Liabilities* and AASB 2012-2 *Disclosures — Offsetting Financial Assets and Financial Liabilities* (effective 1 January 2014 and 1 January 2013 respectively)

In June 2012, the AASB approved amendments to the application guidance in AASB 132 *Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements. However, the AASB has also introduced more extensive disclosure requirements into AASB 7, which will apply from 1 January 2013. When they become applicable, the group will have to provide a number of additional disclosures in relation to its offsetting arrangements. The group intends to apply the new rules for the first time in the financial year commencing 1 January 2013.

- (vii) AASB 2012-5 *Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 Cycle* (effective for annual periods beginning on or after 1 January 2013)

In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The group will apply the amendments from 1 January 2013. The group does not expect that any adjustments will be necessary as the result of applying the revised rules.

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

(v) Comparative information

Comparative data has been reclassified where necessary to enhance comparability in respect of changes in the current year. Where prior year data was not disclosed or where it is not practical to calculate the information, comparative data has been omitted.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL RISK MANAGEMENT

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

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

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

| | Consolidated entity | | Parent entity | |
|---|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 38,366 | 33,705 | 37,976 | 33,297 |
| Trade and other receivables — current | 4,839 | 2,582 | 4,894 | 2,607 |
| Trade and other receivables — non-current | 1,125 | 1,168 | 1,125 | 1,124 |
| Other financial assets | 31 | 133 | 313 | 393 |
| | 44,361 | 37,588 | 44,308 | 37,421 |
| Financial liabilities | | | | |
| Trade and other payables | 1,555 | 1,117 | 1,544 | 1,105 |
| Borrowings | 466 | 556 | 466 | 556 |
| Other financial liabilities | 15,444 | 11,779 | 15,443 | 11,777 |
| | 17,465 | 13,452 | 17,453 | 13,438 |

(a) Market risk

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

(i) Foreign exchange risk

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

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

INSEARCH Limited also has a receivable from the United Kingdom from a sale of business in 2009. The stated balance will be subject to currency fluctuations until fully paid in 2019.

INSEARCH Limited views these exposures to movements in exchange rates as long term and therefore does not hedge against foreign exchange movements. The movement in exchange rates in 2012 have contributed to the Australian dollar decrease in surplus for INSEARCH Limited.

(ii) Interest rate risk

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

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

(iii) Sensitivity

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Carrying amount \$'000 | Interest rate risk | | | | Foreign exchange risk | | | |
|---|---------------------------|--------------------|------------------------|------------------|------------------------|-----------------------|------------------------|------------------|------------------------|
| | | +1% | | -1% | | +10% | | -10% | |
| | | Profit \$'000 | Other equity \$'000 | Profit \$'000 | Other equity \$'000 | Profit \$'000 | Other equity \$'000 | Profit \$'000 | Other equity \$'000 |
| Consolidated | | | | | | | | | |
| 31 December 2012 | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | 38,366 | 377 | – | (377) | – | – | 95 | – | (95) |
| Trade and other receivables — current | 4,839 | – | – | – | – | – | 37 | – | (37) |
| Trade and other receivables — non-current | 1,125 | – | – | – | – | – | 112 | – | (112) |
| Other financial assets | 31 | – | – | – | – | – | – | – | – |
| Total increase/(decrease) in financial assets | – | 377 | – | (377) | – | – | 244 | – | (244) |
| Financial liabilities | | | | | | | | | |
| Trade and other payables | 1,555 | – | – | – | – | – | (1) | – | 1 |
| Borrowings | 466 | – | – | – | – | – | – | – | – |
| Other financial liabilities | 15,444 | – | – | – | – | – | – | – | – |
| Total increase/(decrease) in financial liabilities | – | – | – | – | – | – | (1) | – | 1 |
| 31 December 2011 | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | 33,705 | 331 | – | (331) | – | – | 76 | – | (76) |
| Trade and other receivables — current | 2,582 | – | – | – | – | – | 29 | – | (29) |
| Trade and other receivables — non-current | 1,168 | – | – | – | – | – | 117 | – | (117) |
| Other financial assets | 133 | 2 | – | (2) | – | – | – | – | – |
| Total increase/(decrease) in financial assets | – | 333 | – | (333) | – | – | 222 | – | (222) |
| Financial liabilities | | | | | | | | | |
| Trade and other payables | 1,117 | – | – | – | – | – | (1) | – | 1 |
| Borrowings | 556 | – | – | – | – | – | – | – | – |
| Other financial liabilities | 11,779 | – | – | – | – | – | – | – | – |
| Total increase/(decrease) in financial liabilities | – | – | – | – | – | – | (1) | – | 1 |

(b) Credit risk

Credit risk arises where there is a possibility of the entity's debtors defaulting on their contractual obligations, resulting in a financial loss to the entity. INSEARCH Limited has limited exposure to credit risk due to the collection of the majority of tuition fees prior to the provision of services. The group's position with regard to credit risk is monitored monthly with outstanding items being actively managed.

The non-current portion of receivables relates to a contractual obligation associated with the sale of the operations in the United Kingdom.

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

(c) Liquidity risk

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

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

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

All of the group's financial liabilities are non-interest bearing and are due and payable within 12 months.

(d) Fair value measurements

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

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 4. REVENUE | | | | |
| Revenue from continuing operations | | | | |
| Fees | 50,767 | 52,798 | 50,767 | 52,798 |
| Interest | 1,522 | 2,026 | 1,521 | 2,025 |
| Other fees and charges | 51 | 73 | 51 | 73 |
| Distribution from interest in joint venture partnerships | - | - | 2,546 | 1,024 |
| Total revenue | 52,340 | 54,897 | 54,885 | 55,920 |
| 5. OTHER INCOME | | | | |
| Net loss on sale of non-current assets | (81) | (29) | (81) | (29) |
| Net loss on disposal of operations | - | (15) | - | (15) |
| Net gain on sale of joint venture investments | - | - | - | 2,777 |
| Other | 297 | 604 | 297 | 967 |
| Total other income | 216 | 560 | 216 | 3,700 |
| 6. EXPENSES | | | | |
| Expenses from continuing operations | | | | |
| Employee benefits expenses | | | | |
| Superannuation | 1,702 | 1,729 | 1,702 | 1,729 |
| Salaries and wages | 18,627 | 18,807 | 18,507 | 18,686 |
| Payroll tax | 1,172 | 1,167 | 1,172 | 1,167 |
| Other | 2,402 | 2,083 | 2,402 | 2,082 |
| Total employee benefits expenses | 23,903 | 23,786 | 23,783 | 23,664 |
| Depreciation | | | | |
| Office equipment | 80 | 78 | 80 | 77 |
| Furniture and fittings | 2,233 | 1,342 | 2,208 | 1,327 |
| Motor vehicles | 47 | 24 | 47 | 24 |
| Reimbursement of motor vehicles for salary packaging | (23) | (13) | (23) | (13) |
| Computer equipment | 679 | 563 | 673 | 559 |
| Total depreciation | 3,016 | 1,994 | 2,985 | 1,974 |
| Amortisation | | | | |
| Software | 1,110 | 849 | 1,110 | 849 |
| Total amortisation | 1,110 | 849 | 1,110 | 849 |
| Total depreciation and amortisation | 4,126 | 2,843 | 4,095 | 2,823 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Other expenses | | | | |
| Donation to the University of Technology, Sydney | 1,098 | 5,000 | 960 | 5,000 |
| Occupancy | 6,840 | 6,383 | 6,728 | 6,309 |
| Security | 308 | 391 | 308 | 391 |
| Communications | 580 | 756 | 548 | 729 |
| Channel partner commissions | 5,821 | 5,857 | 5,821 | 5,857 |
| Homestay and welcome | 655 | 538 | 655 | 538 |
| Educational expenses | 1,584 | 1,815 | 1,584 | 1,815 |
| Registration and accreditation | 46 | 106 | 46 | 106 |
| Scholarships | 285 | 336 | 285 | 336 |
| Library fees | 818 | 918 | 818 | 918 |
| Promotion | 1,582 | 1,883 | 1,562 | 1,875 |
| Overseas travel | 579 | 695 | 579 | 695 |
| Local travel | 248 | 254 | 165 | 206 |
| Staff appointments | 244 | 138 | 244 | 138 |
| Audit and accounting fees | 406 | 355 | 404 | 354 |
| Legal fees | 184 | 246 | 184 | 244 |
| Consultancy | 427 | 572 | 427 | 572 |
| Subscription and membership | 232 | 248 | 232 | 248 |
| Printing and stationery | 312 | 445 | 306 | 442 |
| Bad debt receivables and inventory write-off | 62 | 169 | 62 | 9 |
| (Gain)/loss on foreign exchange | (9) | 353 | 21 | 376 |
| Impairment losses of investments | - | - | (18) | (34) |
| Exhibition and interview program | 230 | 249 | 230 | 249 |
| Offshore representation expenses | 110 | 67 | 673 | 508 |
| Other | 1,993 | 1,871 | 1,863 | 1,751 |
| Total other expenses | 24,635 | 29,645 | 24,687 | 29,632 |
| 7. CURRENT ASSETS — CASH AND CASH EQUIVALENTS | | | | |
| Cash at bank and in hand | 8,955 | 10,609 | 8,565 | 10,201 |
| Deposits at call | 911 | 5,596 | 911 | 5,596 |
| Term deposits | 28,500 | 17,500 | 28,500 | 17,500 |
| Total cash and cash equivalents | 38,366 | 33,705 | 37,976 | 33,297 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 8. CURRENT ASSETS — TRADE AND OTHER RECEIVABLES | | | | |
| Trade receivables | 548 | 881 | 548 | 897 |
| Provision for impairment of receivables (a) | (41) | (201) | (41) | (41) |
| | 507 | 680 | 507 | 856 |
| Prepayments | 2,681 | 2,354 | 2,677 | 2,350 |
| Other receivables | 4,212 | 1,749 | 4,267 | 1,598 |
| Accrued interest | 120 | 153 | 120 | 153 |
| Total trade and other receivables | 7,520 | 4,936 | 7,571 | 4,957 |

(a) Impaired trade and other receivables

As at 31 December 2012, current trade receivables of the group with a nominal value of \$41,288 and they relate to individually impaired receivables for student tuition fees which were uncollectable from students who have graduated. In 2012, \$160,000 related to profit share from SILC joint venture was written-off. The remaining balance of \$41,288 was deemed adequate to cover impaired receivables for 2012.

Movements in the provision for impairment of receivables are as follows:

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| At 1 January | 201 | 60 | 41 | 60 |
| Provision for impairment recognised during the year | – | 160 | – | – |
| Receivables written-off during the year as uncollectible | (160) | (19) | – | (19) |
| At 31 December | 41 | 201 | 41 | 41 |

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

(b) Past due but not impaired

As of 31 December 2012, the group trade and other receivables of \$333,167 (2011: \$863,778) and the parent trade and other receivables of \$333,167 (2011: \$961,563) were past due but not impaired. The ageing analysis of the receivables is as follows:

| | Consolidated entity | | Parent entity | |
|------------------|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| > up to 3 months | 252 | 768 | 252 | 753 |
| > 3 to 6 months | 74 | 81 | 74 | 179 |
| > over 6 months | 7 | 15 | 7 | 30 |
| | 333 | 864 | 333 | 962 |

9. CURRENT ASSETS — INVENTORIES

| | | | | |
|--------------------------|----------|-----------|----------|-----------|
| Finished goods | | | | |
| > at cost | 1 | 93 | 1 | 93 |
| Total inventories | 1 | 93 | 1 | 93 |

10. NON-CURRENT ASSETS — RECEIVABLES

| | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| Other receivables | 1,125 | 1,168 | 1,125 | 1,124 |
| Total receivables | 1,125 | 1,168 | 1,125 | 1,124 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Consolidated entity | | Parent entity | |
|---|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 11. NON-CURRENT ASSETS — INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD | | | | |
| Interest in joint venture partnership (note 25) | 569 | 2,109 | – | – |
| Total investments accounted for using the equity method | 569 | 2,109 | – | – |

(a) Australia Centres for Education and Training (ACETs)

This is a joint venture between INSEARCH Limited and IDP Education Australia (Vietnam) Limited to deliver general English classes in Vietnam. INSEARCH Limited has a 50% ownership interest in the ACETs and is entitled to a 40% share of its retained earnings

| | Office equipment | Motor vehicles | Furniture and fittings | Computer equipment | Capital work in progress | Total |
|--|---------------------|-------------------|---------------------------|-----------------------|-----------------------------|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

12. NON-CURRENT ASSETS — PROPERTY, PLANT AND EQUIPMENT

Consolidated entity

At 1 January 2011

| | | | | | | |
|--------------------------|------------|----------|--------------|--------------|--------------|--------------|
| Cost | 954 | 27 | 6,660 | 3,122 | 1,087 | 11,850 |
| Accumulated depreciation | (769) | (27) | (5,122) | (2,068) | – | (7,986) |
| Net book amount | 185 | – | 1,538 | 1,054 | 1,087 | 3,864 |

Year ended 31 December 2011

| | | | | | | |
|--------------------------------|------------|------------|--------------|--------------|--------------|---------------|
| Opening net book amount | 185 | – | 1,538 | 1,054 | 1,087 | 3,864 |
| Additions | 85 | 171 | 8,921 | 726 | 1,622 | 11,525 |
| Disposals | (2) | – | (26) | (4) | – | (32) |
| Depreciation charge | (79) | (24) | (1,341) | (564) | – | (2,008) |
| Closing net book amount | 189 | 147 | 9,092 | 1,212 | 2,709 | 13,349 |

At 31 December 2011

| | | | | | | |
|--------------------------|------------|------------|--------------|--------------|--------------|---------------|
| Cost | 958 | 198 | 14,974 | 3,540 | 2,709 | 22,379 |
| Accumulated depreciation | (769) | (51) | (5,882) | (2,328) | – | (9,030) |
| Net book amount | 189 | 147 | 9,092 | 1,212 | 2,709 | 13,349 |

Year ended 31 December 2012

| | | | | | | |
|--------------------------------|------------|------------|--------------|--------------|----------|--------------|
| Opening net book amount | 189 | 147 | 9,092 | 1,212 | 2,709 | 13,349 |
| Additions | 71 | – | 1,217 | 937 | – | 2,225 |
| Disposals | (42) | – | (12) | (19) | – | (73) |
| Transfers to intangible assets | – | – | – | – | (2,709) | (2,709) |
| Depreciation charge | (80) | (47) | (2,233) | (679) | – | (3,039) |
| Closing net book amount | 138 | 100 | 8,064 | 1,451 | – | 9,753 |

At 31 December 2012

| | | | | | | |
|--------------------------|------------|------------|--------------|--------------|----------|--------------|
| Cost | 450 | 198 | 13,305 | 3,609 | – | 17,562 |
| Accumulated depreciation | (312) | (98) | (5,241) | (2,158) | – | (7,809) |
| Net book amount | 138 | 100 | 8,064 | 1,451 | – | 9,753 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Office equipment | Motor vehicles | Furniture and fittings | Computer equipment | Capital work in progress | Total |
|---|---------------------|-------------------|---------------------------|-----------------------|-----------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 12. NON-CURRENT ASSETS — PROPERTY, PLANT AND EQUIPMENT (continued) | | | | | | |
| Parent entity | | | | | | |
| At 1 January 2011 | | | | | | |
| Cost | 947 | 27 | 6,644 | 3,101 | 1,087 | 11,806 |
| Accumulated depreciation | (766) | (27) | (5,108) | (2,062) | – | (7,963) |
| Net book amount | 181 | – | 1,536 | 1,039 | 1,087 | 3,843 |
| Year ended 31 December 2011 | | | | | | |
| Opening net book amount | 181 | – | 1,536 | 1,039 | 1,087 | 3,843 |
| Additions | 84 | 171 | 8,837 | 715 | 1,622 | 11,429 |
| Disposals | (2) | – | (26) | (4) | – | (32) |
| Depreciation charge | (78) | (24) | (1,327) | (558) | – | (1,987) |
| Closing net book amount | 185 | 147 | 9,020 | 1,192 | 2,709 | 13,253 |
| At 31 December 2011 | | | | | | |
| Cost | 953 | 198 | 14,879 | 3,516 | 2,709 | 22,255 |
| Accumulated depreciation | (768) | (51) | (5,859) | (2,324) | – | (9,002) |
| Net book amount | 185 | 147 | 9,020 | 1,192 | 2,709 | 13,253 |
| Year ended 31 December 2012 | | | | | | |
| Opening net book amount | 185 | 147 | 9,020 | 1,192 | 2,709 | 13,253 |
| Additions | 72 | – | 1,217 | 937 | – | 2,226 |
| Disposals | (42) | – | (12) | (19) | – | (73) |
| Transfers to intangible assets | – | – | – | – | (2,709) | (2,709) |
| Depreciation charge | (80) | (47) | (2,208) | (673) | – | (3,008) |
| Closing net book amount | 135 | 100 | 8,017 | 1,437 | – | 9,689 |
| At 31 December 2012 | | | | | | |
| Cost | 445 | 198 | 13,211 | 3,585 | – | 17,439 |
| Accumulated depreciation | (310) | (98) | (5,194) | (2,148) | – | (7,750) |
| Net book amount | 135 | 100 | 8,017 | 1,437 | – | 9,689 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Patents, trademarks and other rights | Computer software | Capital work in progress | Total |
|---|---|----------------------|-----------------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 13. NON-CURRENT ASSETS — INTANGIBLE ASSETS | | | | |
| Consolidated entity | | | | |
| At 1 January 2011 | | | | |
| Cost | 73 | 5,367 | – | 5,440 |
| Accumulated amortisation and impairment | (73) | (4,003) | – | (4,076) |
| Net book amount | – | 1,364 | – | 1,364 |
| Year ended 31 December 2011 | | | | |
| Opening net book amount | – | 1,364 | – | 1,364 |
| Additions | – | 1,438 | – | 1,438 |
| Amortisation charge | – | (849) | – | (849) |
| Closing net book amount | – | 1,953 | – | 1,953 |
| At 31 December 2011 | | | | |
| Cost | – | 6,805 | – | 6,805 |
| Accumulated amortisation and impairment | – | (4,852) | – | (4,852) |
| Net book amount | – | 1,953 | – | 1,953 |
| Year ended 31 December 2012 | | | | |
| Opening net book amount | – | 1,953 | – | 1,953 |
| Additions | – | 788 | 625 | 1,413 |
| Disposals | – | (9) | – | (9) |
| Transfers from plant and equipment | – | – | 2,709 | 2,709 |
| Amortisation charge | – | (1,110) | – | (1,110) |
| Closing net book amount | – | 1,622 | 3,334 | 4,956 |
| At 31 December 2012 | | | | |
| Cost | – | 7,139 | 3,334 | 10,473 |
| Accumulated amortisation and impairment | – | (5,517) | – | (5,517) |
| Net book amount | – | 1,622 | 3,334 | 4,956 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Patents, trademarks and other rights | Computer software | Capital work in progress | Total |
|--|---|----------------------|-----------------------------|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 |

13. NON-CURRENT ASSETS — INTANGIBLE ASSETS (continued)**Parent entity****At 1 January 2011**

| | | | | |
|---|----------|--------------|----------|--------------|
| Cost | 73 | 5,367 | – | 5,440 |
| Accumulated amortisation and impairment | (73) | (4,003) | – | (4,076) |
| Net book amount | – | 1,364 | – | 1,364 |

Year ended 31 December 2011

| | | | | |
|--------------------------------|----------|--------------|----------|--------------|
| Opening net book amount | – | 1,364 | – | 1,364 |
| Additions | – | 1,438 | – | 1,438 |
| Amortisation charge | – | (849) | – | (849) |
| Closing net book amount | – | 1,953 | – | 1,953 |

At 31 December 2011

| | | | | |
|---|----------|--------------|----------|--------------|
| Cost | – | 6,805 | – | 6,805 |
| Accumulated amortisation and impairment | – | (4,852) | – | (4,852) |
| Net book amount | – | 1,953 | – | 1,953 |

Year ended 31 December 2012

| | | | | |
|------------------------------------|----------|--------------|--------------|--------------|
| Opening net book amount | – | 1,953 | – | 1,953 |
| Additions | – | 788 | 625 | 1,413 |
| Disposals | – | (9) | – | (9) |
| Transfers from plant and equipment | – | – | 2,709 | 2,709 |
| Amortisation charge | – | (1,110) | – | (1,110) |
| Closing net book amount | – | 1,622 | 3,334 | 4,956 |

At 31 December 2012

| | | | | |
|---|----------|--------------|--------------|--------------|
| Cost | – | 7,139 | 3,334 | 10,473 |
| Accumulated amortisation and impairment | – | (5,517) | – | (5,517) |
| Net book amount | – | 1,622 | 3,334 | 4,956 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 14. NON-CURRENT ASSETS — OTHER NON-CURRENT ASSETS | | | | |
| Other | 31 | 133 | – | 102 |
| Interest in joint venture partnerships | – | – | 81 | 80 |
| INSEARCH (Shanghai) Limited | – | – | 232 | 211 |
| Total other non-current assets | 31 | 133 | 313 | 393 |
| 15. CURRENT LIABILITIES — BORROWINGS | | | | |
| Lease liabilities (note 28) | 305 | 244 | 305 | 244 |
| Total current borrowings | 305 | 244 | 305 | 244 |
| 16. CURRENT LIABILITIES — TRADE AND OTHER PAYABLES | | | | |
| Trade and other payables | 1,081 | 758 | 1,079 | 759 |
| University of Technology, Sydney | 223 | 356 | 223 | 356 |
| Other creditors | 251 | 3 | 242 | (10) |
| Total trade and other payables | 1,555 | 1,117 | 1,544 | 1,105 |
| 17. CURRENT LIABILITIES — PROVISIONS | | | | |
| Employee benefits — annual leave | 1,147 | 1,176 | 1,147 | 1,175 |
| Employee benefits — long service leave | 860 | 793 | 860 | 792 |
| Make good (note 20) | – | 237 | – | 237 |
| Lease incentives | 20 | 137 | 20 | 137 |
| Total current provisions | 2,027 | 2,343 | 2,027 | 2,341 |
| 18. CURRENT LIABILITIES — OTHER CURRENT LIABILITIES | | | | |
| Student fees received in advance | 2,131 | 1,910 | 2,131 | 1,910 |
| Accrued expenses | 3,028 | 3,081 | 3,028 | 3,081 |
| Prepaid course fees | 11,349 | 7,810 | 11,349 | 7,810 |
| Others | 1,067 | 888 | 1,066 | 886 |
| Total other current liabilities | 17,575 | 13,689 | 17,574 | 13,687 |
| 19. NON-CURRENT LIABILITIES — BORROWINGS | | | | |
| Secured | | | | |
| Lease liabilities (note 28) | 161 | 312 | 161 | 312 |
| Total non-current borrowings | 161 | 312 | 161 | 312 |

The group lease computer equipment with a carrying amount of \$493,977 under finance leases expiring within three years. Under the terms of the leases, the group has the option to acquire the leased assets on expiry of the leases by paying the difference amount between the value of the goods financed under the relevant lease schedule and the present value of the lease instalments.

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Consolidated entity | | Parent entity | |
|---|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 20. NON-CURRENT LIABILITIES — PROVISIONS | | | | |
| Employee benefits — long service leave | 638 | 688 | 638 | 688 |
| Make good | 1,071 | 1,016 | 1,071 | 1,016 |
| Lease incentives | 46 | 66 | 46 | 66 |
| Total non-current provisions | 1,755 | 1,770 | 1,755 | 1,770 |

(a) Make good provision

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

(b) Movements in provisions

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

| | Make good \$'000 |
|--|---------------------|
| Consolidated entity — 2012 | |
| Current and non-current | |
| Carrying amount at start of year | 1,253 |
| Charged/(credited) to the profit or loss | 59 |
| Make good expenses charged against provision | (241) |
| Carrying amount at end of year | 1,071 |
| Parent entity — 2012 | |
| Current and non-current | |
| Carrying amount at start of year | 1,253 |
| Charged/(credited) to the profit or loss | 59 |
| Make good expenses charged against provision | (241) |
| Carrying amount at end of year | 1,071 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 21. RESERVES AND RETAINED EARNINGS | | | | |
| (a) Reserves | | | | |
| Foreign currency translation reserve | (1,401) | (1,275) | – | – |
| Movements | | | | |
| Foreign currency translation reserve | | | | |
| Balance 1 January | (1,275) | (1,638) | – | – |
| Adjustment to prior year | | | | |
| Currency translation differences arising during the year | (126) | 363 | – | – |
| Balance 31 December | (1,401) | (1,275) | – | – |
| (b) Retained earnings | | | | |
| Movements in retained earnings were as follows: | | | | |
| Balance 1 January | 39,246 | 38,597 | 35,611 | 32,142 |
| Surplus for the year | 1,098 | 649 | 2,654 | 3,469 |
| Balance 31 December | 40,344 | 39,246 | 38,265 | 35,611 |

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

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

(i) Chairman — non-executive

M Williams

(ii) Executive director

A Murphy

(iii) Non-executive directors

D Hill

J Hutchison, AM

P Woods

W Purcell

B Milthorpe

P Bennett

(b) Key management personnel compensation

| | Consolidated entity | | Parent entity | |
|------------------------------|---------------------|----------------|----------------|----------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Short-term employee benefits | 537,475 | 505,832 | 537,475 | 505,832 |
| Post-employment benefits | 36,110 | 34,444 | 36,110 | 34,444 |
| | 573,585 | 540,276 | 573,585 | 540,276 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

23. RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity in the wholly owned group is INSEARCH Limited. The controlling entity of INSEARCH Limited is the University of Technology, Sydney.

(b) Subsidiaries

Interests in subsidiaries are set out in note 24.

(c) Transactions with related parties

The following transactions occurred with related parties:

- > donation to the University of Technology, Sydney \$1,097,500 (2011: \$5,000,000)
- > sales of services and fees to the University of Technology, Sydney \$4,193,423 (2011: \$6,249,287)
- > services rendered by the University of Technology, Sydney to INSEARCH Limited \$3,288,131 (2011: \$3,518,484)
- > consulting service income between INSEARCH (Shanghai) Limited and INSEARCH Limited \$563,494 (2011: \$441,288)
- > consulting service expense between INSEARCH Limited and INSEARCH (Shanghai) Limited \$563,494 (2011: \$441,288)

(d) Outstanding balances arising from sales/purchases of goods and services

Aggregate amounts receivable from and payable to each class of related parties at balance date are set out below:

| | Consolidated entity | | Parent entity | |
|---|---------------------|------------|---------------|------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Current receivables (sales of goods and services) | | | | |
| > INSEARCH (Shanghai) Limited | – | – | 95,291 | 111,494 |
| Non-current receivables (loans) | | | | |
| > INSEARCH Education International | – | – | – | 1,935 |

24. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 2(b).

| Name of entity | Country of incorporation | Class of shares | Equity holding | |
|--|--------------------------|-----------------|----------------|-----------|
| | | | 2012 % | 2011 % |
| INSEARCH (Shanghai) Limited | China | Ordinary | 100 | 100 |
| INSEARCH Education | United Kingdom | Ordinary | 100 | 100 |
| INSEARCH Education International Pty Limited | Australia | Ordinary | 100 | 100 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

25. INTERESTS IN JOINT VENTURES

(a) Joint venture partnership

The company has joint ventures in Vietnam, for which investments are accounted for using the equity method per AASB131 *Interests in Joint Ventures*.

Australia Centres for Education and Training (ACETs) is a joint venture between INSEARCH Limited and IDP Education Australia (Vietnam) Limited to deliver general English classes in Vietnam. INSEARCH Limited has a 50 per cent ownership interest in the ACETs and is entitled to a 40 per cent share of its retained earnings.

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Carrying amount of investment in partnership | 569 | 2,109 | – | – |

| | Consolidated entity | |
|---|---------------------|----------------|
| | 2012 \$'000 | 2011 \$'000 |
| Share of partnership's assets and liabilities | | |
| Current assets | 1,059 | 2,560 |
| Non-current assets | 88 | 76 |
| Total assets | 1,147 | 2,636 |
| Current liabilities | 578 | 527 |
| Non-current liabilities | – | – |
| Total liabilities | 578 | 527 |
| Net assets | 569 | 2,109 |
| Share of partnership's revenue, expenses and results | | |
| Revenues | 3,288 | 3,631 |
| Expenses | (2,193) | (2,140) |
| Profit before income tax | 1,095 | 1,491 |

26. REMUNERATION OF AUDITORS

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

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| (a) The Audit Office of New South Wales | | | | |
| Audit and other assurance services | | | | |
| > Audit and review of financial reports | 168,401 | 156,901 | 168,401 | 145,000 |
| Total auditors' remuneration | 168,401 | 156,901 | 168,401 | 145,000 |

27. CONTINGENCIES

(a) Contingent liabilities

The group had no contingent liabilities at 31 December 2012.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Consolidated entity | | Parent entity | |
|--|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 28. COMMITMENTS | | | | |
| (a) Capital commitments | | | | |
| Commitments for the acquisition of plant and equipment contracted for at the end of the reporting period but not recognised as liabilities payable with the input tax recoverable from the Australian Taxation Office. | | | | |
| Property, plant and equipment | - | 423 | - | 423 |
| Input tax recoverable from the Australian Taxation Office | - | 38 | - | 38 |
| (b) Lease commitments | | | | |
| (i) Non-cancellable operating leases | | | | |
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable with the input tax recoverable from the Australian Taxation Office: | | | | |
| > within one year | 5,404 | 5,478 | 5,288 | 5,360 |
| > later than one year but not later than five years | 16,211 | 5,636 | 16,143 | 5,451 |
| | 21,615 | 11,114 | 21,431 | 10,811 |
| Input tax recoverable from the Australian Taxation Office | 1,948 | 1,013 | 1,948 | 1,013 |
| (ii) Finance leases | | | | |
| Commitments in relation to finance leases are payable as follows: | | | | |
| > within one year | 368 | 314 | 368 | 314 |
| > later than one year but not later than five years | 185 | 366 | 185 | 366 |
| Minimum finance lease payments | 553 | 680 | 553 | 680 |
| Future finance charges | (40) | (68) | (40) | (68) |
| Present value of minimum lease payments inclusive of GST | 513 | 612 | 513 | 612 |
| Input tax recoverable from the Australian Taxation Office | 47 | 56 | 47 | 56 |
| (c) Other expenditure commitments | | | | |
| Commitments for trade creditors contracted for at the end of the reporting period but not recognised as liabilities payable with the input tax recoverable from the Australian Taxation Office | | | | |
| > within one year | 401 | 212 | 401 | 212 |
| > later than one year but not later than five years | 181 | 188 | 181 | 188 |
| | 582 | 400 | 582 | 400 |
| Input tax recoverable from the Australian Taxation Office | 53 | 36 | 53 | 36 |
| (d) Remuneration commitments | | | | |
| Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the end of each reporting period but not recognised as liabilities payable: | | | | |
| > within one year | 536 | 907 | 536 | 907 |
| > later than one year but not later than five years | 41 | 128 | 41 | 128 |
| | 577 | 1,035 | 577 | 1,035 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

29. MEMBERS' GUARANTEE

INSEARCH Limited is incorporated under the *Corporations Act 2001* (Cwlth) and is a company limited by guarantee. If the company is wound up, its constitution states that each member is required to contribute a maximum of \$20 towards meeting its outstanding obligations. At reporting date, there were nine members of the entity.

30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year end that has 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 subsequent financial years.

| | Consolidated entity | | Parent entity | |
|---|---------------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| 31. RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Surplus for the year | 1,098 | 649 | 2,654 | 3,469 |
| Depreciation and amortisation | 4,149 | 2,857 | 4,118 | 2,836 |
| Provision for impairment of receivables | - | 169 | - | 9 |
| Non-cash borrowings | (68) | - | (68) | - |
| Net loss/(gain) on sale of non-current assets | 81 | 29 | 81 | (2,748) |
| Share of profit of associates and joint venture partnership | 1,450 | (307) | - | - |
| Net exchange differences | - | (16) | - | (24) |
| Change in operating assets and liabilities | | | | |
| > (Increase) in trade and other receivables | (2,541) | (237) | (2,615) | (183) |
| > Decrease (increase) in inventories | 92 | (52) | 92 | (52) |
| > Decrease in other non-current assets | 102 | 121 | 80 | 113 |
| > Increase in trade and other payables | 438 | 229 | 439 | 224 |
| > [Decrease] increase in provisions | (331) | 401 | (329) | 399 |
| > Increase (decrease) in other liabilities | 3,886 | (1,531) | 3,887 | (1,526) |
| Net cash inflow from operating activities | 8,356 | 2,312 | 8,339 | 2,517 |

END OF AUDITED FINANCIAL STATEMENTS

Contents: accessUTS Pty Limited

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Directors' report

Your directors submit their report for the year ended 31 December 2012.

Directors

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

Blair Peter McRae
Jane Morrison
Jeffrey John Francis
Theodoor Jacob Van Leeuwen
Paul Jonson

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

Principal activities

The principal activity of the company during the financial year was developing and managing the consulting activities of the University of Technology, Sydney.

There has been no significant change in the nature of this activity during the year.

Operating result

The income after income tax for the year ended 31 December 2012 was \$37,602 (2011 loss of \$119,874).

Review of operations

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

Dividends

The company did not pay a dividend during the year and the directors have recommended that no dividend be paid in respect of the 2012 year.

Significant changes in the state of affairs

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

Significant events after the balance date

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

Environmental regulation

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

Likely developments

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

Indemnification and insurance of officers and auditors

Indemnification

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

Insurance premiums

During the year, no premiums were paid to insure the directors against liability.

Auditor's independence declaration

The auditor's independence declaration for the year to 31 December 2012 has been received and can be found on page 111.

Signed in accordance with a resolution of the directors:



Jeffrey Francis
Director



Blair Peter McRae
Director

Sydney, 19 April 2013

Directors' declaration

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

In the opinion of the directors:

- (a) the financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulations 2010* and the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2012 and of the company's performance for the year ended on that date, and
 - (ii) complying with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, the *Corporations Regulations 2001* and other mandatory reporting requirements, 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

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

On behalf of the board:



Jeffrey Francis
Director



Blair Peter McRae
Director

Sydney, 19 April 2013

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

accessUTS Pty Limited

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

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

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent auditor's report (continued)

My opinion does *not* provide assurance:

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

Independence

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

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

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



Sally Bond
Director, Financial Audit Services

23 April 2013
SYDNEY

Auditor's independence declaration



To the Directors
accessUTS Pty Limited

Auditor's Independence Declaration

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

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

SBond

Sally Bond
Director, Financial Audit Services

19 April 2013
SYDNEY

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | 2012 \$ | 2011 \$ |
|--|-------|---------------|------------------|
| Continuing operations | | | |
| Revenue | 4 | 5,879,692 | 2,982,759 |
| Consulting fees and Service Level Agreement | 5(a) | (3,298,859) | (2,933,419) |
| Employee benefits expense | 5(b) | (2,426,537) | (10,054) |
| Foreign exchange gains/(losses) | 5(c) | (15,765) | 18,974 |
| Other expenses | 5(d) | (100,929) | (178,135) |
| Profit/(loss) before income tax | | 37,602 | (119,874) |
| Income tax expense | 6 | - | - |
| Net profit/(loss) for the year | | 37,602 | (119,874) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year | | 37,602 | (119,874) |
| Total comprehensive income/(loss) for the year is attributable to: > owners of the parent | | 37,602 | (119,874) |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of financial position

AS AT 31 DECEMBER 2012

| | Notes | 2012 \$ | 2011 \$ |
|----------------------------------|-------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 3,862,563 | 3,551,899 |
| Trade and other receivables | 8 | 747,020 | 819,407 |
| Total current assets | | 4,609,583 | 4,371,306 |
| Total assets | | 4,609,583 | 4,371,306 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 2,468,205 | 2,331,030 |
| Provisions | 10 | 21,199 | - |
| Other liabilities | 11 | 1,854,870 | 1,812,569 |
| Total current liabilities | | 4,344,274 | 4,143,599 |
| Total liabilities | | 4,344,274 | 4,143,599 |
| Net assets | | 265,309 | 227,707 |
| Equity | | | |
| Contributed equity | 12 | 450,001 | 450,001 |
| Accumulated losses | 13 | (184,692) | (222,294) |
| Total equity | | 265,309 | 227,707 |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Share capital \$ | Accumulated losses \$ | Total \$ |
|--|---------------------|--------------------------|----------------|
| Balance at 1 January 2011 | 450,001 | (102,420) | 347,581 |
| Total comprehensive income/(loss) for the year | – | (119,874) | (119,874) |
| Balance at 31 December 2011 (opening balance at 1 January 2012) | 450,001 | (222,294) | 227,707 |
| Total comprehensive income/(loss) for the year | – | 37,602 | 37,602 |
| Balance at 31 December 2012 | 450,001 | (184,692) | 265,309 |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | 2012 \$ | 2011 \$ |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from customers and the parent entity | | 5,962,532 | 4,631,969 |
| Payments to suppliers, employees and the parent entity | | (5,706,469) | (2,018,120) |
| Interest received | | 54,601 | 64,655 |
| Net cash provided by/(used in) operating activities | 14 | 310,665 | 2,678,504 |
| Net increase/(decrease) in cash and cash equivalents | | 310,665 | 2,678,504 |
| Cash and cash equivalents at the beginning of the year | | 3,551,898 | 873,394 |
| Cash and cash equivalents at the end of the year | 7 | 3,862,563 | 3,551,898 |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

1. CORPORATE INFORMATION

The financial report of accessUTS Pty Limited for the year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 19 April 2013.

accessUTS Pty Limited is a company limited by shares and is incorporated and domiciled in Australia and is a wholly owned subsidiary of the University of Technology, Sydney. The registered office of accessUTS Pty Limited is level 14, Building 1, 1–9 Broadway Ultimo NSW 2007. The company had no employees as at 31 December 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report and has been prepared on an accruals basis, in accordance with the requirements of the *Corporations Act 2001* (Cwlth) and the *Public Finance and Audit Act 1983* (NSW), including applicable accounting standards and other mandatory professional reporting requirements.

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

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, including Australian equivalents of International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Critical accounting estimates and judgments

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

(d) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(e) Goods and Services Tax (GST)

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

- (i) the net amount of GST recoverable from or payable to the taxation authority is included within payables or receivables in the balance sheet
- (ii) where the amount of GST is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- (iii) receivables and payables, which are stated with the amount of GST included, and
- (iv) cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Fee revenue

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

Interest income

Interest income is recognised as it accrues.

Asset sales

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

Other revenue

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

(g) Income tax

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

- > The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements.
- > Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination.
- > A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset.
- > Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

(h) Cash and cash equivalents

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(i) Investments

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

(j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. These amounts represent liabilities for goods and services provided to the 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.

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

(k) Loans and borrowings

All loans are measured at the principal amount.

(l) New and revised Australian Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting period. accessUTS Pty Limited has not exercised the right to early adopt any new or revised accounting standard.

(m) Translation of foreign currency transactions

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

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

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

3. SEGMENT INFORMATION

The company operates predominantly in one industry — consulting services, and in one geographical area — Australia.

| | 2012 \$ | 2011 \$ |
|---|------------------|------------------|
| 4. REVENUE | | |
| Consulting fees | 4,918,080 | 2,094,226 |
| Training courses | 297,011 | 363,879 |
| Short course administration | 610,000 | 460,000 |
| Interest received or receivable | 54,601 | 64,654 |
| Total revenue | 5,879,692 | 2,982,759 |
| 5. EXPENSES | | |
| (a) Consulting fees and SLA | | |
| Consulting fees | 2,353,708 | 2,053,338 |
| Service level agreement — Commercial Service Unit | 945,151 | 880,081 |
| | 3,298,859 | 2,933,419 |
| (b) Employee benefits expense | | |
| Directors fees | 6,064 | 7,700 |
| Contractors | 2,420,473 | – |
| Other | – | 2,354 |
| | 2,426,537 | 10,054 |
| (c) Foreign exchange losses/(gains) | | |
| Foreign exchange loss/(gain) | 15,765 | (18,974) |
| | 15,765 | (18,974) |
| (d) Other expenses | | |
| General and administrative expenses | 100,929 | 178,135 |
| | 100,929 | 178,135 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 \$ | 2011 \$ |
|--|------------|------------|
| 6. INCOME TAX EXPENSE | | |
| The income tax expense provided in the accounts is calculated as follows: | | |
| > tax on operating profit/(loss) at 30% | 11,281 | (35,962) |
| Add/(less) | | |
| > current year tax losses not brought to account | – | 57,646 |
| > current year temporary difference not brought to account | 34,704 | (21,684) |
| > tax losses not previously tax effected — recouped this year | (45,985) | – |
| Income tax expense | – | – |
| Deferred tax assets/(liabilities) have not been recognised in the statement of financial position in respect of: | | |
| > deductible temporary differences | 92,382 | (75,783) |
| Unused tax losses | 152,601 | 305,884 |
| 7. CASH AND CASH EQUIVALENTS | | |
| Cash at bank | 3,477,618 | 3,181,339 |
| Cash on deposit | 384,945 | 370,559 |
| | 3,862,563 | 3,551,899 |
| 8. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Trade and other receivables | 463,604 | 772,620 |
| Allowance for doubtful accounts | (25,728) | (40,000) |
| Receivable from parent entity (unsecured) | 155,497 | – |
| GST receivable | 103,535 | 86,787 |
| Interest receivable | 50,112 | – |
| | 747,020 | 819,407 |
| 9. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Trade creditors | 88,657 | 689,952 |
| Accrued expenses | 858,896 | 754,631 |
| Amounts payable to parent entity | 1,485,652 | 851,447 |
| Loan from parent entity (unsecured) | 35,000 | 35,000 |
| | 2,468,205 | 2,331,030 |
| Loan from parent entity | | |
| The loan from the parent entity is unsecured, interest-free and repayable on demand. | | |
| 10. PROVISIONS | | |
| Current | | |
| Provision for annual leave | 21,199 | – |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 \$ | 2011 \$ |
|--|------------|------------|
| | 21,199 | – |
| 11. OTHER CURRENT LIABILITIES | | |
| Current | | |
| Income received in advance | 1,854,870 | 1,812,569 |
| | 1,854,870 | 1,812,569 |
| 12. CONTRIBUTED EQUITY | | |
| Issued and paid up capital | | |
| Ordinary shares fully paid | 450,001 | 450,001 |
| Movements in shares on issue | | |
| Issued capital at the beginning of the year | 450,001 | 450,001 |
| Capital issued during the year | – | – |
| Issued capital at the end of the year | 450,001 | 450,001 |
| 13. ACCUMULATED LOSSES | | |
| Accumulated losses at the beginning of the year | (222,294) | (102,420) |
| Net profit/(loss) attributable to the member | 37,602 | (119,874) |
| Accumulated losses at the end of the year | (184,692) | (222,294) |
| 14. RECONCILIATION OF OPERATING PROFIT FOR THE YEAR WITH CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating profit/(loss) after income tax | 37,602 | (119,874) |
| Non-cash items | | |
| Annual leave | 21,199 | – |
| Provision for doubtful debts | (14,272) | 40,000 |
| Changes in operating assets and liabilities | | |
| Decrease/(increase) in trade receivables | 75,869 | (200,616) |
| Increase/(decrease) in trade payables | 147,966 | 1,190,146 |
| Decrease/(increase) in income in advance | 42,301 | 1,768,848 |
| Net cash inflow/(outflow) from operating activities | 310,665 | 2,678,504 |
| 15. AUDITORS' REMUNERATION | | |
| Amounts received or due and receivable by the auditors of accessUTS Pty Limited for: | | |
| > an audit or review of the financial statements | 15,000 | 15,000 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

16. DIRECTORS' REMUNERATION

Directors

The names of persons holding the position of director of the company at any time during the financial year are set out on page 107 of this report.

Remuneration of specified directors

Directors' remuneration paid by the company is set out below. All other remuneration and retirement benefits for directors of the company have been paid by the parent entity.

| | Salary and fees \$ | Superannuation \$ | Cash bonus \$ | Non-cash benefits \$ | Other \$ | Total \$ |
|---------------|-----------------------|----------------------|------------------|-------------------------|-------------|-------------|
| 2012 | | | | | | |
| Jane Morrison | 6,064 | – | – | – | – | 6,064 |
| 2011 | | | | | | |
| Jane Morrison | 7,700 | – | – | – | – | 7,700 |

17. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities that have not been disclosed in the financial statements.

18. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

19. ECONOMIC DEPENDENCY

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

20. RELATED PARTY TRANSACTIONS

(a) Directors

The names of the directors of the company during the financial year are set out on page 107 of this report.

There have been no transactions with directors or director-related entities during the financial year, other than remuneration as detailed at note 16.

(b) Parent entity

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

Transactions with the parent entity

The following transactions occurred during the year between the company and University of Technology, Sydney (UTS).

Services provided by UTS

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

Faculty costs charged by UTS

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

Training and development services provided to UTS

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

| | 2012 \$ | 2011 \$ |
|--|------------|------------|
| Amounts included in revenue during the financial year | | |
| Certification fees charged to the parent entity | 38,510 | 24,055 |
| Amounts included in assets and liabilities at the end of the financial year | | |
| Amounts receivable from parent entity – current | 155,497 | – |
| Amounts payable to parent entity – current | 1,485,652 | 851,447 |
| Loans from parent entity (unsecured) | 35,000 | 35,000 |

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

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

(c) Wholly owned group

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

21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Instruments reported by categories of financial assets and liabilities

| | 2012 \$ | 2011 \$ |
|------------------------------------|------------|------------|
| Loans and receivables | | |
| Cash and cash equivalents | 3,862,563 | 3,551,899 |
| Trade and other receivables | 747,020 | 819,407 |
| | 4,609,583 | 4,371,306 |
| Other financial liabilities | | |
| Trade and other payables | 2,468,205 | 2,331,030 |
| Income received in advance | 1,854,870 | 1,812,569 |
| | 4,323,075 | 4,143,599 |

(b) Risk exposures and responses

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

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

(c) Net fair values

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

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

(d) Credit risk

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

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

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

(e) Hedging transactions

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

(f) Interest risk

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

| | 2012 | | 2011 | |
|------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Carrying amount \$ | Net fair value \$ | Carrying amount \$ | Net fair value \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 3,862,563 | 3,862,563 | 3,551,899 | 3,551,899 |
| Trade and other receivables | 747,020 | 747,020 | 819,407 | 819,407 |
| | 4,609,583 | 4,609,583 | 4,371,306 | 4,371,306 |
| Financial liabilities | | | | |
| Trade and other payables | 2,468,205 | 2,468,205 | 2,331,030 | 2,331,030 |
| Income received in advance | 1,854,870 | 1,854,870 | 1,812,569 | 1,812,569 |
| | 4,323,075 | 4,323,075 | 4,143,599 | 4,143,599 |

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

The company's exposure to market risk for changes in interest rates relates primarily to its holding of cash. The company seeks to maximise the interest earned on cash and deposits balanced against the length of investment and impact on liquidity. The company's policy is to manage its interest rate exposure with a mixture of fixed and floating rate deposits.

The following sensitivity analysis is based on the interest rate risk exposures in existence as at the balance date.

At year end, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit would have been affected as follows:

| | Equity higher/(lower) | | Post-tax profit higher/(lower) | |
|---|--------------------------|------------|-----------------------------------|------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Judgments of reasonably possible movements | | | | |
| +0.5% (50 basis points) | 13,519 | 12,432 | 13,519 | 12,432 |
| -0.5% (50 basis points) | (13,519) | (12,432) | (13,519) | (12,432) |

END OF AUDITED FINANCIAL STATEMENTS

APPENDIX 1

Controlled entities

accessUTS Pty Limited

accessUTS Pty Limited is the wholly owned commercial arm of the University of Technology, Sydney. The company was established in 2001 and is responsible for the provision of UTS consultant expertise to business, industry, the community and government.

accessUTS consultants work across a range of academic disciplines, in the fields of business and finance; communications and social inquiry; design, architecture and building; education and training; engineering; health sciences; information technology; law; nursing, midwifery and health; and science, providing consulting and expert opinion services, laboratory testing and analysis, training programs and study tours.

INSEARCH Limited

INSEARCH Limited is a registered Australian higher education institution and a leading premium provider of pathway courses that qualify students to enter into university education.

UTS:INSEARCH has been educating students for over 25 years and, with over 3000 students, is considered an important member of the UTS community. The special relationship between UTS:INSEARCH and UTS means that all UTS:INSEARCH students benefit from UTS's academic standards and reputation for excellence.

UTS:INSEARCH offers UTS foundation studies (on behalf of UTS) and a broad choice of higher education diplomas that are designed to prepare students for direct entry into UTS. Many students graduating from a UTS:INSEARCH diploma can articulate into the second year of a UTS degree.

These academic courses are developed in consultation with the relevant UTS faculty and the course is then recommended to the UTS Academic Board for articulation approval.

UTS:INSEARCH also provides leading English language training for students wishing to improve their spoken, written and academic English language skills and offers academic English (IELTS) preparation courses.

UTS is represented on the INSEARCH Limited Board and the UTS Academic Board is represented on the INSEARCH Academic Board.

APPENDIX 2

Meetings of Council members

The numbers of meetings of the members of the UTS Council and of each committee and group held during the year ended 31 December 2012, and the numbers of meetings attended by each member, were:

| | Council | | Audit and Risk Committee | | Commercial Activities Committee | | Finance Committee | | Governance Committee | |
|---|---------------------|-------------------|--------------------------|-------------------|---------------------------------|-------------------|---------------------|-------------------|----------------------|-------------------|
| | Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held | Meetings attended |
| Members of the Council of the University | | | | | | | | | | |
| Mr Peter Bennett | 7 | 7 | - | - | - | - | 6 | 5 | - | - |
| Mr Christopher Cahill (ended October 2012) | 6 | 6 | - | - | - | - | - | - | - | - |
| Ms Michelene Collopy | 7 | 6 | 4 | 4 | - | - | 6 | 6 | - | - |
| Ms Megan Cornelius, AM | 7 | 6 | - | - | 5 | 4 | - | - | - | - |
| Ms Rachael Durrant (ended October 2012) | 6 | 5 | - | - | - | - | - | - | - | - |
| Mr Robert Kelly | 7 | 7 | 4 | 4 | - | - | - | - | 4 | 4 |
| Mr Douglas McDonald (appointed November 2012) | 1 | 1 | - | - | - | - | - | - | - | - |
| Professor Ross Milbourne | 7 | 6 | - | - | 5 | 4 | 6 | 5 | 4 | 3 |
| Professor Jenny Onyx | 7 | 6 | - | - | - | - | - | - | - | - |
| Mr Zohaib Raza (appointed November 2012) | 1 | 0 | - | - | - | - | - | - | - | - |
| Mr Thomas Robertson (ended October 2012) | 6 | 6 | - | - | - | - | - | - | - | - |
| Dr Ron Sandland, AM | 7 | 6 | - | - | 5 | 5 | - | - | - | - |
| Professor Vicki Sara, AO | 7 | 7 | - | - | - | - | - | - | 4 | 4 |
| Mr Michael G Sexton SC | 7 | 4 | - | - | - | - | - | - | 4 | 4 |
| Professor Greg Skilbeck | 7 | 6 | - | - | - | - | - | - | - | - |
| Mr Russell Taylor | 7 | 5 | - | - | - | - | - | - | - | - |
| Mr Toby Tobin | 7 | 5 | - | - | - | - | - | - | - | - |
| Associate Professor Sally Varnham | 7 | 6 | - | - | - | - | - | - | - | - |
| Mr Daniel Willis (appointed November 2012) | 1 | 1 | - | - | - | - | - | - | - | - |
| Mr Brian Wilson | 7 | 6 | - | - | - | - | 6 | 5 | - | - |
| Mr Su-Ming Wong | 7 | 5 | - | - | 5 | 4 | - | - | - | - |

1. Represents the number of meetings held during the time the member held office or was a member of the committee during the year.

2. Represents the number of meetings attended by the member.

| Honorary Awards Committee | | Nominations Committee | | Student/Council Liaison Group | | Equity Reference Group | | Physical Infrastructure Committee | | Remuneration Committee | | Joint Audit and Risk and Finance Committee | | Total | |
|---------------------------|-------------------|-----------------------|-------------------|-------------------------------|-------------------|------------------------|-------------------|-----------------------------------|-------------------|------------------------|-------------------|--|-------------------|----------------------------------|--------------------------------|
| Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held | Meetings attended | Total meetings held ¹ | Meetings attended ² |
| - | 1 | - | - | - | - | - | - | - | - | - | - | - | - | 13 | 13 |
| - | - | - | - | 3 | 3 | - | - | - | - | - | - | - | - | 9 | 9 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | 17 | 16 |
| 1 | 1 | - | - | - | - | - | - | - | - | - | - | - | - | 13 | 11 |
| - | - | - | - | 3 | 0 | - | - | - | - | - | - | - | - | 9 | 5 |
| - | - | 1 | 1 | - | - | - | - | - | - | - | - | 0 | 0 | 16 | 16 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| 1 | 1 | 1 | 1 | - | - | - | - | 6 | 5 | - | - | - | - | 30 | 25 |
| 1 | 1 | - | - | - | - | - | - | - | - | - | - | - | - | 8 | 7 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | - |
| - | - | - | - | 3 | 3 | - | - | - | - | - | - | - | - | 9 | 9 |
| 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | 13 | 11 |
| 1 | 1 | 1 | 1 | - | - | - | - | - | - | 1 | 1 | - | - | 14 | 14 |
| - | - | - | - | 3 | 3 | - | - | - | - | - | - | - | - | 14 | 11 |
| - | - | - | - | - | - | - | - | 6 | 6 | - | - | - | - | 13 | 12 |
| 1 | 1 | - | - | - | - | 1 | 1 | - | - | - | - | - | - | 9 | 7 |
| - | - | - | - | - | - | - | - | 6 | 6 | - | - | - | - | 13 | 11 |
| 1 | 0 | - | - | - | - | - | - | - | - | - | - | - | - | 8 | 6 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| 1 | 0 | 1 | 1 | - | - | - | - | 6 | 5 | 1 | 1 | 0 | - | 22 | 18 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | 12 | 9 |

APPENDIX 3

Executive performance and remuneration

Number of executive staff of the University by gender

| | 2009 | 2010 | 2011 | 2012 |
|--------------|----------|----------|----------|----------|
| Female | 2 | 2 | 2 | 2 |
| Male | 5 | 5 | 5 | 5 |
| Total | 7 | 7 | 7 | 7 |

Executive remuneration approach and structure

UTS Council recognises that the University operates in a global environment and that our performance depends on the quality of our people. Remuneration and benefits are used to attract and retain quality executive leaders to support the long-term sustainability of the University.

Key principles of our executive remuneration model

- > To provide competitive rewards to attract, motivate and retain highly skilled executive leaders
- > To ensure remuneration arrangements are equitable and reflect appropriate relativities within our industry sector in Australia
- > To provide flexibility in the structure of the remuneration package to create maximum value to the individual within the specified total package cost
- > To hold the executive leaders jointly and individually accountable for a demanding set of key performance indicators (KPIs) including both academic and organisational sustainability outcomes
- > To link a component of pay to performance outcomes.

Components of executive remuneration

The remuneration paid and payable to members of the UTS Senior Executive comprises fixed and at-risk components. The manner in which these are determined is outlined below.

| Component | Policy |
|-----------------------|--|
| 1. Base salary | <ul style="list-style-type: none"> > Reviewed annually based on contribution and market relativities. > Targeted at industry median levels for comparable roles in universities of similar complexity and size. > Hay Group Guide Chart — Profile Method of Job Evaluation is used to determine the relative 'size' or importance of all senior staff jobs at UTS. > Market data from the Australian higher education sector (including a benchmark group of 10 most relevant comparator universities) and the general market is used to benchmark salary levels. |
| 2. Retirement benefit | <ul style="list-style-type: none"> > Provide industry norm level of employer contribution (17 per cent) to choice of defined benefit or accumulation superannuation fund. > Provide the option for an individual to reduce the employer contribution level to the SG complying level (9 per cent) with the difference paid as additional salary. |
| 3. Other benefits | <ul style="list-style-type: none"> > All non-cash benefits are provided on a salary-sacrifice basis. > Senior executive members can elect non-cash benefits based on individual preferences. > The only exceptions to this are the residence and vehicle provided for use by the Vice-Chancellor. > The value of the FBT payable on the market value is included in the calculation of the value of these benefits. |
| 4. At-risk incentive | <ul style="list-style-type: none"> > As part of the performance planning process each calendar year, a number of key deliverables/strategic goals are articulated for each executive staff member. > In July each year the Vice-Chancellor (in the case of Deputy Vice-Chancellors) or the Council Remuneration Committee (in the case of the Senior Deputy Vice-Chancellor and Vice-Chancellor) makes decisions on each of the senior executive staff member's overall performance for the prior calendar year with specific reference to the University's performance outcomes, the individual workplan objectives and levels of performance against those objectives. This assessment determines the level of payment from the at-risk component. Thus the performance component paid in 2012 relates to performance in 2011. The only exception to this is the Deputy Vice-Chancellor (Research), whose performance payment relates to performance outcomes during the financial year 2011/12. > Where service in the 12-month performance plan period is greater than three and less than nine months payment is pro rated. |

The sum of the values of remuneration elements 1–3 are reported as 2012 remuneration package¹ in the following table.

At-risk performance incentive (or performance-based pay) is reported separately as required by the regulation².

1. As defined for remuneration package (c) in the Annual Reports (Statutory Bodies) Regulation 2010 (NSW).

2. In section 11(3)(c) of the Annual Reports (Statutory Bodies) Regulation 2010 (NSW).

3. Key management personnel disclosures, including remuneration of executive officers, are also included in note 7 of the UTS financial statements on page 24.

4. All members of the executive were in their positions for the full 2012 calendar year.

Executive performance and remuneration³

| Name | Position and level ⁴ | 2012 remuneration package (not including performance incentive) | Market relativity | Payment based on 2011 performance | Results |
|-----------------------------|--|---|--|-----------------------------------|---|
| Professor Ross Milbourne | Vice-Chancellor and President — senior staff level 7 | \$706,793 (including salary: \$434,314, superannuation: \$73,833, vehicle, inclusive of FBT: \$15,746 and accommodation, inclusive of FBT: \$182,900) | At/around median for Vice-Chancellors in our selected comparator group of universities | \$142,500 | The University's performance was strong in 2011, particularly in the areas of research and international. Professor Milbourne successfully met the performance expectations contained in his performance agreement and contributed strongly to building the external profile of UTS and the national higher education debate. |
| Professor Peter Booth | Senior Deputy Vice-Chancellor and Senior Vice-President — senior staff level 6 | \$425,564 (including salary: \$363,730 and superannuation: \$61,834) | At/around median for Senior Deputy Vice-Chancellors in our selected comparator group of universities | \$70,000 | Professor Booth successfully met the performance expectations in his performance agreement including implementing the new strategic plan, managing quality and standards, oversight of faculty performance and contribution to TEQSA legislation. |
| Professor Shirley Alexander | Deputy Vice-Chancellor and Vice-President (Teaching, Learning and Equity) — senior staff level 5 | \$352,194 (including salary: \$301,020 and superannuation: \$51,174) | At/around median for Deputy Vice-Chancellors in our selected comparator group of universities | \$55,000 | Professor Alexander successfully met the performance expectations in her performance agreement including the complete restructure of English language support across UTS, improved graduate workplace success, meeting widening participation targets and representing UTS externally. |
| Professor Attila Brungs | Deputy Vice-Chancellor and Vice-President (Research) — senior staff level 5 | \$351,507 (including salary: \$322,484 and superannuation: \$29,023) | At/around median for Deputy Vice-Chancellors in our selected comparator group of universities | \$55,000 | Professor Brungs successfully met the performance expectations in his performance agreement including implementation of UTS's research strategy resulting in research income exceeding target and UTS entering the Academic Ranking of World Universities for the first time. |
| Ms Anne Dwyer | Deputy Vice-Chancellor and Vice-President (Corporate Services) — senior staff level 5 | \$351,508 (including salary: \$300,434 and superannuation: \$51,074) | At/around median for Deputy Vice-Chancellors in our selected comparator group of universities | \$55,000 | Ms Dwyer successfully met the performance expectations in her performance agreement including integration of IT infrastructure into campus development, implementing the creative industries strategy, academic leadership program and the UTS compliance framework. |
| Professor William Purcell | Deputy Vice-Chancellor and Vice-President (International and Development) — senior staff level 5 | \$352,405 (including salary: \$310,237 and superannuation: \$42,168) | At/around median for Deputy Vice-Chancellors in our selected comparator group of universities | \$55,000 | Professor Purcell successfully met the performance expectations in his performance agreement including exceeding international student recruitment targets, increasing student mobility, establishing international agreements and networks and strengthening alumni relations. |
| Mr Patrick Woods | Deputy Vice-Chancellor and Vice-President (Resources) — senior staff level 5 | \$439,112 (including salary: \$384,258 and superannuation: \$42,290, vehicle benefit: \$7,000 and Income Protection Insurance: \$5,564) | At/around median for chief financial officers in the general market in similar sized organisations | \$55,000 | Mr Woods successfully met the performance expectations in his performance agreement including delivery of the campus master plan projects, oversight of financial management and external engagement with the City of Sydney and neighbouring organisations. |

1. As defined for remuneration package (c) in the Annual Reports (Statutory Bodies) Regulation 2010 (NSW).

2. In section 11(3)(c) of the Annual Reports (Statutory Bodies) Regulation 2010 (NSW).

3. Key management personnel disclosures, including remuneration of executive officers, are also included in note 7 of the UTS financial statements on page 24.

4. All members of the executive were in their positions for the full 2012 calendar year.

APPENDIX 4

Employees

Workforce size: full-time equivalent (FTE)¹ and actual

| | Academic | Support | Total |
|-------------------------------------|---------------|---------------|-------------|
| FTE staff² | | | |
| 2010 | 929.0 | 1377.0 | 2306 |
| 2011 | 934.6 | 1410.7 | 2345 |
| 2012 | 966.3 | 1487.8 | 2454 |
| Casual staff | | | |
| 2010 | 340.3 | 234.7 | 575 |
| 2011 | 395.6 | 246.6 | 642 |
| 2012 | 382.3 | 236.9 | 619 |
| Actual persons^{2,3} | | | |
| 2010 | 973.9 | 1433.7 | 2408 |
| 2011 | 996.0 | 1506.8 | 2503 |
| 2012 | 1036.9 | 1592.5 | 2629 |

1. FTE is averaged over the calendar year.

2. Continuing and fixed term.

3. Some staff are employed as both academic and support staff.

Profile of academic staff by classification

Number of academic staff at each level as a percentage of total academic staff¹.

| | 2010 | 2011 | 2012 |
|---------------------|------|------|------|
| Professor | 13.5 | 15.9 | 16.1 |
| Associate Professor | 11.1 | 10.5 | 11.7 |
| Senior Lecturer | 33.8 | 33.9 | 30.7 |
| Lecturer | 34.6 | 33.6 | 33.9 |
| Associate Lecturer | 7.1 | 6.1 | 7.5 |

During 2012 the proportion of academics at all levels except senior lecturer increased slightly. Senior lecturers decreased by three per cent.

1. These figures exclude casual academic staff, however they include the substantive appointment of senior staff group academics.

Staff turnover

In the 12 months ending 31 December 2012, the staff turnover rate due to resignations was 4.18 per cent.

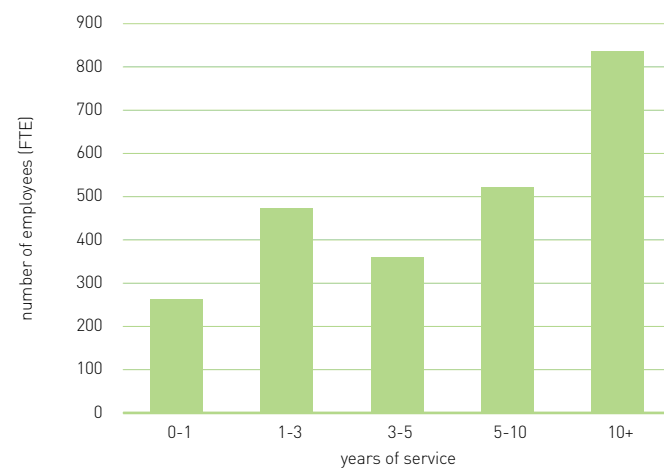
Professional Experience Programs (PEP)

Number of academic staff proceeding on a PEP during 2012.

| | Male | Female | Total |
|---------------------|-----------|-----------|-----------|
| Professor | 5 | 7 | 12 |
| Associate Professor | 9 | 1 | 10 |
| Senior Lecturer | 11 | 15 | 26 |
| Lecturer | 11 | 9 | 20 |
| Associate Lecturer | - | - | 0 |
| Total | 36 | 32 | 68 |

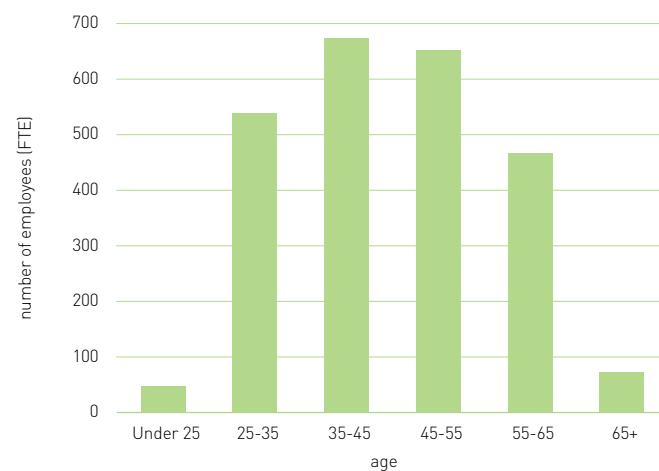
During 2012, 68 academic staff undertook a PEP, a decrease of 10 from the 2011 figure. There was a decrease in the percentage of females and males undertaking PEP in 2012. There was an increase of females from 44.9 per cent of staff on PEP in 2011 to 47.1 per cent in 2012.

Length of service profile



As at 31 December 2012 the largest group of staff in terms of service is those with 10 years service and above.

Age profile



As at 31 December 2012 the University's workforce was predominantly middle aged.

APPENDIX 5

Equal employment opportunity (EEO) trends

These tables show trends over the last five years in the representation of EEO groups and the distribution of EEO groups across salary levels for both academic and general staff.

Table A: Trends in the representation of EEO groups¹

| | Benchmark or target | % of total staff ² | | | | |
|---|---------------------|-------------------------------|------|------|------|------|
| | | 2008 | 2009 | 2010 | 2011 | 2012 |
| General staff | | | | | | |
| Women | 50 | 57 | 58 | 59 | 60 | 58 |
| Aboriginal people and Torres Strait Islanders | 2 | 1.3 | 1.8 | 1.9 | 1.3 | 2.3 |
| People whose language first spoken as a child was not English | 19 | 35 | 35 | 35 | 37 | 37 |
| People with a disability | 12 | 8 | 9 | 9 | 8 | 8 |
| People with a disability requiring adjustment at work | 7 | 1.5 | 1.6 | 1.5 | 1 | 1 |
| Academic staff | | | | | | |
| Women | 50 | 43 | 44 | 44 | 43 | 42 |
| Aboriginal people and Torres Strait Islanders | 2 | 1.7 | 1.8 | 1.9 | 1 | 2 |
| People whose language first spoken as a child was not English | 19 | 30 | 31 | 34 | 34 | 36 |
| People with a disability | 12 | 8 | 8 | 8 | 8 | 6 |
| People with a disability requiring adjustment at work | 7 | 2.9 | 3.2 | 2.9 | 2.8 | 2.8 |

Table B: Trends in the distribution of EEO groups¹

| | Benchmark | Distribution index ³ | | | | |
|---|-----------|---------------------------------|------|------|------|------|
| | | 2008 | 2009 | 2010 | 2011 | 2012 |
| General staff | | | | | | |
| Women | 100 | 92 | 93 | 92 | 92 | 94 |
| Aboriginal people and Torres Strait Islanders | 100 | n/a | 93 | 96 | n/a | 93 |
| People whose language first spoken as a child was not English | 100 | 93 | 93 | 93 | 92 | 93 |
| People with a disability | 100 | 97 | 99 | 93 | 98 | 96 |
| People with a disability requiring adjustment at work | 100 | 100 | 102 | 100 | n/a | 104 |
| Academic staff | | | | | | |
| Women | 100 | 92 | 90 | 90 | 92 | 93 |
| Aboriginal people and Torres Strait Islanders | 100 | n/a | n/a | n/a | n/a | n/a |
| People whose language first spoken as a child was not English | 100 | 89 | 90 | 90 | 91 | 92 |
| People with a disability | 100 | 96 | 102 | 105 | 103 | 109 |
| People with a disability requiring adjustment at work | 100 | 103 | 101 | 106 | 107 | 109 |

Table C: Number and percentage of female executive officers

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------|------|------|------|------|------|
| Number | 4 | 2 | 2 | 2 | 2 |
| % | 50 | 50 | 28 | 28 | 28 |

1. Information is provided on the actual number of all permanent, probationary and fixed-term contract full-time and part-time staff. Staff records are consistent with the Department of Education, Employment and Workplace Relations data collections of the same date.

2. Casual staff are not included.

3. A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The distribution index is automatically calculated by the software provided by the Office of the Director of Equal Opportunity in Public Employment. The distribution index is not calculated where numbers are statistically small.

APPENDIX 6

Multicultural policies and services

The University is committed to supporting and fully engaging all members of its culturally and linguistically diverse staff and student community.

In 2012 UTS undertook a wide range of activities devoted towards this goal.

UTS Network Cafe

The Network Cafe has weekly meetings on Thursdays throughout the semester where new international, study abroad and exchange students have the opportunity to meet experienced local students (peer networkers) who answer questions, share tips of local culture, help practise new language skills or just socialise. The cafe is a practical and active way of supporting new international, study abroad and exchange students settling in to UTS and the Sydney community.

The Network Cafe builds a social network and contributes to cultural exchange by allowing local students to gain an international perspective of the challenges of studying in a foreign country. Often the friendships formed throughout the semester go far beyond the University. There is also an internet chat option for international students pre-arrival.

UTS In-fusion Festival

The In-fusion Festival is a vibrant, public cultural festival hosted annually by UTS. It is run by the Student Services Unit and sponsored by the UTS Union and the City of Sydney. The aim of this internationally themed festival is to celebrate the cultural diversity that exists at UTS and within the surrounding community. The festival brings together UTS students, staff and members of the local community and showcases a variety of cultures that contribute to a week of colourful music, food, art, education and dance.

In 2012 highlights from the festival included an Acknowledgement of Country and educational performance, a Flamenco dance, Arabian and Egyptian belly dancing, Sumo wrestling, a Chinese lion dance and an array of market stalls selling international food, jewellery and art. In 2012 students from across the globe also contributed to a cultural photo competition and a cultural talent quest. There was a world fiesta night in collaboration with UTS's student ethno-cultural collective.

UTS HELPS

UTS's Higher Education Language and Presentation Support (HELPS) is a new entity dedicated to providing English language and academic literacy support to undergraduate and postgraduate coursework students via free non-credit programs and services. HELPS commenced in 2012.

It enables students to access skill development workshops on study, writing, presentation, pronunciation and reading. Students attend drop-in consultations at various sites and are able to obtain assistance with individual or group assignments. There are writing clinics where students can work on their assignments with the help of an adviser, and advisers also assist students to access self-help learning resources about essential academic skills.

Institute for Interactive Media and Learning

In 2012, the Institute for Interactive Media and Learning (IML) ran three teaching and learning in culturally diverse tutorials for academics. These professional development workshops were designed to address issues reported by both academic staff and students in either running or participating in tutorials with a culturally diverse student cohort.

The sessions were run by academics who had worked extensively with students from culturally diverse backgrounds and were informed by academic research and UTS's commissioned research on the experiences of international students. These sessions specifically addressed issues of inclusive pedagogy, and were designed around a framework that provided suggested ways in which academics may question and modify their existing practices. The sessions aimed to develop approaches for academics to use to foster communication between students from diverse cultural and language backgrounds, ensure that academics are aware of the range of UTS support services that are available to students and develop understandings of group work processes that produce positive results in culturally diverse classes.

The response to these workshops was positive, with many of the academics noting specific activities that they would incorporate into their own teaching.

IML maintains a diversity in the classroom webpage, which provides guidelines for effective teaching practices in culturally diverse classes.

Two academic staff members from the University's Faculty of Law were successful in obtaining extension grant funding from the Department of Industry, Innovation, Science, Research and Tertiary Education's Office for Learning and Teaching. This funded a one-day symposium for 27 staff from UTS and other New South Wales universities on 'Internationalisation of the curriculum: Using role-play simulations to enhance intercultural engagement in a practice-oriented context'. The symposium was well attended and received.

UTS Refugee Special Admission Scheme

The nationally recognised UTS Refugee Special Admission Scheme continues to support university applicants with a refugee background. UTS also provides an alternative assessment for permanent resident refugees who are unable to provide documentation of their past education due to their circumstances.

Applicants to both undergraduate and postgraduate courses come from a wide range of countries including Afghanistan, Iraq, Iran, Sierra Leone, Sudan, Burma, Uganda, and Jordan. This program aims to improve employment and resettlement prospects through tertiary education.

Grievance procedures

All UTS students are provided with information about the process for lodging of grievances through the University's Policy on Handling Student Complaints and the UTS Student Ombuds Office. The UTS website provides detailed information about the policy and procedures relating to student complaints. Additional advice or support for culturally diverse students can be sought from the Student Services Unit, the UTS Student Centres and UTS International. Further information on grievances and complaints received in 2012 is available in the consumer response appendix.

APPENDIX 7

Disability plans

In 2012 the Equity and Diversity Unit conducted a mid-term review of the University's Disability Action Plan 2010–2014, being two years into its implementation phase. The implementation of the plan brought together all areas of the University to collaboratively increase accessibility for our staff and students and to work towards global best practice in disability confidence.

A major challenge for the plan is the integration of good practices into mainstream processes and policies. This has been an ongoing focus of all projects and new developments, which have been significant in transforming 'disability consciousness' to being integral to all aspects of the University's functioning. This has been achieved with the establishment of sub-committees made up of individuals representing relevant units and faculties across UTS.

The disability action plan teaching and learning committee has worked on several issues including course-related work experience, accessible documents and course materials and graduate attributes. The virtual environments working group has worked to ensure issues around accessibility of UTS's online environment, in particular the posting of materials and content by academic staff onto UTS Online. The sub-committees, along with longstanding groups such as the accessible environments advisory group, demonstrate the commitment from a broad range of staff across the University to improving UTS's services, reputation and inclusive approach to people with a disability.

APPENDIX 8

Safety and wellbeing

Policy review

In 2012, a number of policies, guidelines and procedures were updated in consultation with staff, both as part of the University's cycle of continuous improvement and also in order to align with the new nationally harmonised work health and safety legislation. (Further information is available in volume one in the staff section.)

Risk management

The University worked to further embed health and safety risk management and consultation principles into its key business processes, and continued its review and improvement of the systems surrounding student placements, fieldwork, research in health care settings, and research in overseas hazardous facilities including laboratories, workshops and factories.

Hazards, accidents and incidents

During 2012, a total of 416 hazard and incident reports were submitted online. Eighty-five hazards were reported and 331 reports related to incidents, continuing the trend of increasing numbers of incident reports in effect for the past four years.

Workers compensation insurance claims

A total of 116 notifications to the workers compensation insurer were made in 2012. From these notifications 25 remained as notifications only with no further action taken, 23 were accepted journey/recess claims (which do not affect the University's workers compensation insurance premium), 55 were premium impacting claims and the remaining 13 were for journey claims notified after the June changes to the legislation, which were not accepted.

The number of premium-impacting workers compensation claims remained virtually the same between 2011 (54 claims) and 2012 (55 claims); however, due to effective claims management, the average claim cost significantly decreased from \$5799 to \$2063.

The University's workers compensation insurance premium remains lower than the industry tariff rate set by the WorkCover Authority of New South Wales (WorkCover). The industry tariff rate for 2012 was set at 0.607 per cent of wages (\$1.985 million), while the University's premium was 0.475 per cent of wages (\$1.553 million).

Workers compensation statistics

| | |
|------------------------------------|-------------|
| Number of premium-impacting claims | 55 |
| Net incurred costs | \$113,450 |
| Average cost per claim | \$2063 |
| Premium cost | \$1,552,699 |

WorkCover investigations and prosecutions

There were no prosecutions under the *Work Health and Safety Act 2011* (NSW).

In November, WorkCover commenced investigation of an incident that occurred on a UTS building site. The incident, which occurred while the building site was under the control of a principal contractor, involved a fire and subsequent collapse of a tower crane's jib. Fortunately, no injuries were sustained. At the time of writing, investigations by both WorkCover and the principal contractor are pending. (Further information is available in volume one on page 63.)

Training and assessment

2012 saw an increase in the number of staff attending face-to-face training sessions dedicated to both support staff supervisors and to academics.

| | 2011 | 2012 |
|--------------------------------------|------|------|
| Safety and wellbeing for supervisors | 81 | 81 |
| Safety and wellbeing for academics | 41 | 58 |

One hundred and eighty-seven staff completed the online safety and wellbeing essentials training during the year, while 88 staff attended an October mock health and safety prosecution concerning unacceptable workplace behaviour.

The Human Resources Unit conducted 313 assessments of staff members' workstation ergonomics, with staff members receiving recommendations on amendments to their workstation layout and configuration. This represented a 54 per cent increase in the number of assessments performed when compared to 2011 (202 assessments).

Wellbeing program

In 2012, the major themes of the wellbeing program were mental health awareness and maintaining a healthy work/life balance.

The program was host to a variety of activities, including wellbeing expos held at the Broadway and Kuring-gai campuses during September and October that were well attended by the UTS community.

APPENDIX 9

Consumer response

There are a number of key areas within the University that deal with more complicated staff and student complaints and concerns, where matters could not be resolved at the faculty or local work unit level.

The primary points of contact for staff with complaints are the Human Resources Unit and the Equity and Diversity Unit (the latter if the complaint involves matters of discrimination or harassment).

Students can take complaints to, among other areas, the Student Administration Unit, the Student Services Unit and the Student Ombuds Office, which is the office of last resort for student complaints. Students can also see the Equity and Diversity Unit in relation to complaints about discrimination or harassment.

Student Ombuds Office

Primarily, the Student Ombuds Office deals with complaints from students who have a grievance related to either administrative or academic decisions. In 2012, the office had 12 formal requests for assistance, and 87 informal requests.

Equity and Diversity Unit

As part of its aim to promote a fair and equitable work and study environment UTS encourages staff and students to raise concerns about discrimination, harassment or unfair treatment. The Equity and Diversity Unit is a contact point for staff and students who have complaints that involve elements of unlawful discrimination or harassment. The unit provides information, advice and support for staff and students, in addition to assisting in the resolution of matters.

The unit also provides information and advice to staff on handling discrimination and harassment issues, and works with other areas such as the Human Resources Unit, the Student Services Unit and the Students' Association to address systemic issues that may arise.

In most cases, unit staff assist students and staff to resolve matters themselves, at a low level, where this is appropriate.

In 2012 only two matters that came to the unit proceeded to an investigation stage. All other matters were handled through the provision of advice, information or support to students and/or staff seeking to address issues themselves, or through the provision of assistance in the resolution of matters at a local level.

Overall the Equity and Diversity Unit handled 31 new student matters and 19 new staff matters in 2012.

The single largest number of inquiries and complaints about potentially unlawful harassment or discrimination from students concerned disability issues (eight matters), followed by concerns about family and carer responsibilities (seven matters), race (six matters), sexual harassment and transgender (two each) and one complaint that included allegations of age discrimination. There were five inquiries about non-equity related matters.

The majority of matters that were referred to the unit by staff in 2012 involved policies or procedures that fell outside the formal definitions of discrimination or harassment. Of those that involved allegations of potentially unlawful discrimination and harassment, three inquiries concerned allegations of unfair treatment on the ground of race (a category that includes colour, descent, national or ethnic origin and ethno-religious background), three involved allegations of sexual or sex-based harassment, two related to disability and the remaining two related to allegations of unfair treatment on the basis of age (one) and family/carer responsibilities (one).

APPENDIX 10

Overseas travel

The University paid \$6.9 million for staff overseas travel in 2012 (compared with \$6.9 million in 2011). These payments supported a wide range of activities, including attendance and presentation of research papers at international conferences, staff development, and research and teaching at affiliated institutions.

APPENDIX 11

Legal change

Regulatory matters

A significant judicial decision affecting UTS in 2012 was the High Court's decision in *Roadshow Films v iiNet Limited [2012] HCA 16*. This decision was an appeal from the decision of the Full Federal Court that iiNet, one of Australia's largest internet service providers, did not authorise its users to engage in copyright infringements through peer-to-peer file sharing by users downloading and distributing pirated films and could not reasonably have been expected to act on takedown notices sent to it by Roadshow Films. The High Court dismissed the appeal and confirmed that iiNet could not reasonably have been expected to act on the incomplete takedown notices sent to it and was not required to terminate its arrangements with those of its customers infringing the copyright of Roadshow Films.

This decision provides some certainty for universities in providing internet access to staff and students, where those facilities may be used to download copyright materials. As the High Court noted, the current principle of authorisation liability is 'not readily suited to enforcing the rights of copyright owners in respect of widespread infringements occasioned by peer-to-peer file sharing'. It may be that new legislation or other industry response that follows as a consequence of this decision will provide better protection for copyright owners.

Another significant decision for the university sector in 2012 was the case of *Malago Pty Ltd v AW Ellis Engineering Pty Ltd [2012] NSWCA 227*. The New South Wales Court of Appeal considered the enforceability of a Heads of Agreement entered into between the parties following mediation to resolve a commercial dispute. UTS uses heads of agreements and memoranda of understanding extensively, particularly in relation to arrangements with international counterpart institutions.

In the Malago case the parties envisaged that they would subsequently execute a more formal agreement. However, the Court of Appeal held that in the circumstances the parties had objectively intended that the Heads of Agreement would be binding on them. The fact that the documentation was ambiguous and incomplete did not prevent the Heads of Agreement being binding on the parties and was not void for uncertainty.

Legislative matters

Defence Trade Controls Act 2012 (Cwlth)

This legislation received Royal Assent on 13 November 2012 and most of the operative provisions do not come into effect until the finalisation of the Defence Trade Cooperation Treaty between Australia and the United States. However, universities have expended a significant effort during the year in relation to this legislation due to concerns regarding the potential of the legislation to erode the independence of universities and their continued ability to publish research. Penalties for infringement are extremely harsh, including up to 10 years jail.

The Act introduces a new kind of export control on so-called 'intangible transfers'. These are transfers relating to exports of information about controlled technologies rather than physical shipment of goods. Controlled technology is technology or software controlled by the *Customs Act 1901* (Cwlth) and the Customs (Prohibited Exports) Regulations 1958 (Cwlth) and the list of sanctioned goods is in the Defence and Strategic Goods List (DSGL) in those regulations. The DSGL covers both military/defence and dual-use items. Dual-use items are technologies that have been developed to meet other needs but may also have military/defence application (eg software with a high level of encryption functionality or tooling equipment that can be used for high precision manufacturing). A person in Australia will require a permit from the Department of Defence to provide controlled technology in an intangible form (eg by email, fax, telephone, internet and potentially cloud storage of such technology) to any person outside Australia. There is also a new offence relating to the unauthorised publication or dissemination of controlled technology to the public both within and outside Australia.

The Act affects universities in Australia particularly when communicating in relation to research or collaborating with overseas academics and when contemplating publication relating to any controlled technology. Universities will have to put in place procedures to determine whether the technology is controlled (ie it is within the DSGL); there is a supply outside Australia or a proposed publication of the technology; there is any exemption; and it will be possible to obtain a permit.

Tertiary Education Quality and Standards Agency Act 2011 (Cwlth)

This legislation established a new national regulatory and quality assurance agency for higher education in Australia. The agency, known as TEQSA, assumed its full regulatory functions in January 2012 and is responsible for registering and assessing the performance of UTS and other higher education providers against the higher education standards framework. There are now certain standards, which all providers have to meet in order to register and maintain their registration as a higher education provider. The Act creates new requirements for UTS and others to actively collect certain data, report material changes to TEQSA, file financial statements with TEQSA and generally comply with the Act. There are significant penalties in the event of failure to comply with the Act.

Streamlined visa processing

During 2012, the Commonwealth Government introduced arrangements allowing certain higher education providers to offer international students streamlined visa processing for those enrolled in bachelor or certain higher degree courses. This was effected under a legislative instrument issued by the Minister for Immigration and Citizenship pursuant to the Migration Regulations 1994 (Cwlth). This was provided in response to an important recommendation of the Knight Review of the Student Visa Program, namely that streamlined visa processing arrangements be made available for prospective international students with a confirmation of enrolment from a participating university at bachelor, master's or doctoral degree level.

UTS opted into the system during 2012 with a view to reducing visa processing times. Since then, applicants have been assessed as though they are lower migration risk (similar to the current Assessment Level 1), regardless of their country of origin.

Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Act 2011

While some of the provisions of the Act came into effect in September 2011, a number of consequential amendments to the *Higher Education Support Act 2003* (Cwlth) (HESA) commenced on 1 January 2012. The purpose of the legislation was to respond to a recommendation of the 2008 Bradley Review of Australian Higher Education for the Commonwealth to create a demand driven system for Commonwealth-supported places in Australian universities.

Essentially the effect is to 'uncap' the number of Commonwealth-supported places (CSPs) by allowing the university, rather than the government, to determine the number of students they will enrol at undergraduate level for which the government will provide CSPs. There are some exceptions for certain designated courses, such as non-research postgraduate courses. However, there is some limit on government expenditure on the CSPs through government requirements for universities to enter into mission-based compacts with the government on an annual basis. These compacts include a number of performance-based improvements, including improvements in Indigenous education, research, innovation, and teaching and learning, as well as the capacity for the government to specify the maximum basic grant of government funding for non-designated courses. The legislation has also embedded a principle of free intellectual inquiry into HESA.

APPENDIX 12

Privacy

UTS respects the privacy of each individual's personal and health information and is committed to protecting the information it holds and uses about all individuals.

The University is bound by the 12 information protection principles contained within the *Privacy and Personal Information Protection Act 1998* (NSW) (PPIP Act). This Act covers the University in relation to how it manages personal information on or after 1 July 2000, and health information on or after 1 July 2000 until 1 September 2004. The University is also bound by the 15 health privacy principles contained within the *Health Records and Information Privacy Act 2002* (NSW) (HRIP Act). This Act covers the University in relation to how it manages health information on or after 1 September 2004.

The management of personal and health information is governed by the University's Privacy and Protection of Personal Information Vice-Chancellor's Directive, which is the University's privacy policy. Privacy is also governed by the University's Privacy Management Plan. The Privacy Management Plan is required under the PPIP Act and is essentially a statement of how UTS complies with both New South Wales privacy acts. The plan includes provisions for policies and practices to ensure compliance, information and training programs for staff; information on how UTS will comply with information protection and health privacy principles; and details of the University's internal review process. Both of these policy documents are available on the University's policy website.

Activities during 2012

The University's Privacy Management Plan underwent some redrafting leading into 2012. During 2012, there was consultation with key areas of UTS responsible for the management of personal and health information. The plan was also reviewed against the new 'Privacy Management Plan assessment checklist for agencies' issued by the New South Wales Information and Privacy Commission. The existing plan was amended and will be submitted for approval by the Vice-Chancellor in early 2013 following a final round of internal consultation.

The University's new privacy website was launched early in 2012. The site provides information to members of the public in relation to how UTS manages its information and protects its privacy, including information on accessing and amending information, proof of identity when dealing with UTS, how personal and health information will be managed, and how an individual can make a privacy-related complaint.

In addition to this information, further resources were developed for staff to provide guidance on implementing privacy requirements in their own areas and business processes, including guidance on collection practices, how information can be used or disclosed, managing outsourcing and contractors, retention of information and assessing privacy implications for projects and business processes. This resource provides added assistance to staff in understanding their privacy obligations and embedding them into their everyday activities.

No requests for an internal privacy review were received by the University during 2012.

APPENDIX 13

Right to information

1. Review of proactive release program

Under section 7 of the *Government Information (Public Access) Act 2009* (NSW) (GIPA Act), agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

The University's program for the proactive release of information involves decisions made at the business activity level regarding what information should be made public on the University's website. In addition, a review of proactive release is undertaken annually.

Information relating to ongoing business and key University projects and activities considered of interest to the wider community is proactively released on the University's website.

- > News: The University includes information on its website under the UTS: Newsroom, which informs the public of activities happening across UTS and stories of interest, including media releases. Members of the public can also search this site to identify the most appropriate person within UTS to contact with questions in relation to specific fields of expertise.
- > Campus Master Plan (CMP): The University is currently undergoing an extensive program of building works and improvements. Details of the CMP are of interest to not only staff and students, but to potential staff and students, as well as the local community.
- > Facts, figures and ratings: Information known to be of interest to the public includes information on the University's ratings against other universities, and other facts and figures including information on student numbers, diversity, student performance and completion rates, and graduate employment. This information is released for the benefit of past, present and future students, as well as donors, partners and supporters.
- > Governance: The GIPA Act requires certain governance information to be made public, such as policy documents. These are available on the University's policy website. Additional governance information is proactively released to inform staff, students and members of the public about the governance frameworks at UTS and important University decisions. Governance information proactively released includes information about the University's Council and Academic Board and associated committees, agenda and minute documents, and the Academic Board's newsletter.

A further review of proactive release was undertaken during the reporting period. In addition to the above, the review focused on trends identifiable through requests for information, including applications under the GIPA Act and the preceding Freedom of Information Act 1989 (NSW). Any information available regarding informal requests was also considered. No trends in requests were identified. As a result no further information was proactively released.

2. Number of access applications received

During the reporting period, UTS received a total of six formal and valid access applications.

3. Number of refused applications for Schedule 1 information

During the reporting period, UTS did not refuse any formal access applications because the information requested was information referred to in Schedule 1 to the GIPA Act.

4. Statistical information about access applications

Table A: Number of applications by type of applicant and outcome¹

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Media | – | – | – | – | – | – | – | – |
| Members of parliament | – | – | – | – | – | – | – | – |
| Private sector business | – | – | – | – | – | – | – | – |
| Not-for-profit organisations or community groups | – | – | – | 2 | – | – | – | – |
| Members of the public (application by legal representative) | 1 | – | – | 1 | – | – | – | – |
| Members of the public (other) | 2 | 3 | 2 | – | – | – | – | – |

1. More than one decision was made for some access applications. Each decision is reflected.

Table B: Number of applications by type of application and outcome¹

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Personal information applications | 2 | 1 | 1 | 1 | – | – | – | – |
| Access applications (other than personal information applications) | 1 | 2 | 1 | 2 | – | – | – | – |
| Access applications that are partly personal information applications and partly other | – | – | 1 | – | – | – | – | – |

1. More than one decision was made for some access applications. Each decision is reflected.

APPENDIX 13 (continued)

Table C: Invalid applications

| Reason for invalidity | Number |
|--|--------|
| Application does not comply with formal requirements (s 41) | 1 |
| Application is for excluded information of the agency (s 43) | – |
| Application contravenes restraint order (s 110) | – |
| Total number of invalid applications received | 1 |
| Invalid applications that subsequently became valid applications | 1 |

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to the Act

| Overriding public interest against disclosure | Number of times consideration used |
|---|------------------------------------|
| Overriding secrecy laws | – |
| Cabinet information | – |
| Executive Council information | – |
| Contempt | – |
| Legal professional privilege | – |
| Excluded information | – |
| Documents affecting law enforcement and public safety | – |
| Transport safety | – |
| Adoption | – |
| Care and protection of children | – |
| Ministerial code of conduct | – |
| Aboriginal and environmental heritage | – |

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act

| Public interest considerations against disclosure | Number of occasions when application not successful ¹ |
|--|--|
| Responsible and effective government | 1 |
| Law enforcement and security | – |
| Individual rights, judicial processes and natural justice | 3 |
| Business interests of agencies and other persons | 2 |
| Environment, culture, economy and general matters | – |
| Secrecy provisions | – |
| Exempt documents under interstate freedom of information legislation | – |

1. More than one public interest consideration applied for some applications. Each considered have been recorded only once per application.

Table F: Timeliness

| | Number of applications |
|--|------------------------|
| Decided within the statutory timeframe (20 days plus any extensions) | 6 |
| Decided after 35 days (by agreement with applicant) | – |
| Not decided within time (deemed refusal) | – |
| Total | 6 |

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

| Type of review | Decision varied | Decision upheld | Total |
|--|-----------------|-----------------|----------|
| Internal review | 1 | 1 | 2 |
| Review by Information Commissioner | – | 1 ¹ | 1 |
| Internal review following recommendation under section 93 of the Act | – | – | – |
| Review by Administrative Decisions Tribunal | – | – | – |
| Total | 1 | 2 | 3 |

1. This decision is related to a GIPA application determined in 2011.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

| Applicants for review | Number of applications for review |
|--|-----------------------------------|
| Applications by access applicants | 1 |
| Applications by persons to whom information the subject of access application relates (s 54) | 1 |

APPENDIX 14

Public interest disclosures

The University has a Fraud and Corruption Prevention and Public Interest Disclosures Policy. The policy addresses the University's legal and ethical obligations to prevent, monitor and report fraud and corrupt conduct. The policy also describes the framework for dealing with fraud and corruption risks faced by UTS. It provides a system within UTS for reporting disclosures of corrupt conduct, maladministration, serious and substantial waste and failure to publicly disclose certain government information as required by law.

It is available on the UTS website and as a PDF document. The policy was made known to staff in a University-wide staff notice sent out in May.

The University received no public interest disclosures in 2012.

APPENDIX 15

Public inquiry

In September 2012, the New South Wales Independent Commission Against Corruption (ICAC) held a public inquiry as part of an investigation into the conduct of a former UTS employee.

The nature of the allegations investigated and the general scope and purpose of the inquiry were that the employee solicited and accepted money and other benefits from UTS contractors, and knowingly breached UTS policies and procedures for his own benefit and for the benefit of UTS contractors. The breaches included improperly disclosing confidential UTS information, failing to disclose any conflicts of interest to UTS arising from his relationship with UTS contractors and engaging in unauthorised secondary employment (outside work).

ICAC's investigation spanned a number of years, with the University cooperating fully throughout. ICAC released its findings in a public report in late March 2013 and has made a set of recommendations to assist the University in its efforts to prevent any recurrence of such activity. The University is currently preparing a response to these recommendations.

APPENDIX 16

Internal audit

Internal audit program 2012

| Audit area | Senior executive | High-level indication of scope |
|---------------------------------------|---------------------------------------|---|
| Financial management of income | Senior DVC; DVC (CS); DVC (Resources) | Student income (Commonwealth grants) |
| Payroll management | DVC (Resources) | Payroll (end to end process and Oracle application) |
| Campus Master Plan | DVC (Resources) | Campus Master Plan — project management |
| IT security | DVC (CS) | IT network security (core) |
| IT delivery | DVC (CS); All | IT projects management |
| Teaching and learning | DVC (TLE) | Teaching and learning course accreditation |
| Teaching and learning IT applications | DVC (TLE); DVC (CS) | Teaching and learning IT applications — course information system application |
| Commercial activities — short courses | DVC (Resources); DVC (TLE) | Commercial activities — short course management |
| Higher degree by research students | DVC (Research) | Postgraduate research students (selection and admission) |
| Research | DVC (Research) | Collaborative research with industries |

Key to abbreviations

Senior DVC: Senior Deputy Vice-Chancellor and Senior Vice-President

DVC (Research): Deputy Vice-Chancellor and Vice-President (Research)

DVC (TLE): Deputy Vice-Chancellor and Vice-President (Teaching, Learning and Equity)

DVC (Resources): Deputy Vice-Chancellor and Vice-President (Resources)

DVC (CS): Deputy Vice-Chancellor and Vice-President (Corporate Services)

All: all senior executive

APPENDIX 17

Risk management

UTS uses a number of strategies to effectively manage and minimise risk to the University. Significant risks are reviewed and assessed twice yearly, and risk assessments are also conducted to manage specific areas of risk, including building projects; environment, health and safety; information technology security and projects; disaster recovery; emergency management; financial risk management; and business continuity planning.

In addition to these University-wide risk assessments, operational risks at the faculty and unit level are also examined.

The University has a Risk Management Policy and associated guidelines in place.

2013 strategic risk assessment

The strategic risks for 2013 are currently under review. The University's research performance, research reform agenda, campus planning and the reputational and operational impact of campus construction were identified as high risks.

Although not critical, all of the nine strategic risks present ongoing challenges for UTS and need to be closely monitored.

| Risk | Inherent risk | Residual risk assessment | Comments |
|---|---------------|--------------------------|---|
| Student income — fees | critical | moderate | Uncertainty in international and postgraduate market trends remains. |
| Student income — Commonwealth Grant Schemes (CGS) | moderate | low | Some emerging risks in meeting student load targets in science and at Kuring-gai campus. |
| Achieving operating result | critical | low | |
| Research performance | critical | high | Risk of not achieving our research investment plan performance targets that are core to our positioning. |
| Deregulation and new performance regulations | critical | low | Potential impact of student load deregulation and new government policies related to performance. |
| Campus Master Plan — project implementation | critical | high | Now in implementation of several Campus Master Plan projects. |
| Campus Master Plan — reputational/operational impact during campus construction and relocations | high | high | Attraction and retention of both students and staff during construction phases of the Campus Master Plan. |
| Achieving changes in teaching delivery | high | moderate | 2013 is critical in planning to achieve effective use of redesigned teaching spaces, which will open in 2014. |
| Research reform agenda (ERA) | critical | high | The government's research reform agenda may impact on grant outcomes for UTS. |

Risk ratings

Critical: Needs active management, planning and decision-making at senior levels in short term to manage risk.

High: Senior management attention and action needed in short to medium term to reduce risk to acceptable levels.

Moderate: Line management responsibility must be defined to ensure risks are being monitored and managed effectively.

Low: No major concern and can be managed by routine controls or procedures.

APPENDIX 18

Insurance

General insurance

UTS has a range of insurance policies to manage risks associated with physical assets and commercial activities. These insurance policies include, but are not limited to, property insurance including business interruption, general third party and product liability; breach of professional duty including medical malpractice; and business travel, property in transit and damage to watercraft including associated vessels and equipment.

These policies are all placed with insurers with a Standard & Poor's financial security rating of 'A' or above. UTS conducts risk profiling and insurable risk gap analyses on a regular basis to ensure the insurance program continues to meet the evolving and dynamic nature of the organisation.

Insurance of officers

UTS has comprehensive directors' and officers' insurance. Coverage includes fees and expenses in defence of a claim against wrongful acts, a prosecution in a court of criminal jurisdiction or an inquiry, hearing, tribunal or professional association.

The level of cover purchased by UTS benchmarks extremely well among its peers and the policy is placed with insurers with a Standard & Poor's rating of 'A' or above.

APPENDIX 19

Consultants

The University paid \$31.59 million for external consulting services in 2012, of which \$18.12 million was for capital works. A total of \$7.09 million was paid for consultancies consisting individually of less than \$50,000.

Payments in excess of \$50,000 totalled \$24,496,546.82 and are listed below.

| Company | Category | Project | \$ |
|--|---------------------------|---|--------------|
| Gehry Partners LLP | architect | Dr Chau Chak Wing Building | 1,767,020.58 |
| LTC Language & Testing Consultants Pty Ltd | language testing | language proficiency tests | 1,583,444.16 |
| The Trustee for Daryl Jackson Robin Dyke Unit Trust | architect | Dr Chau Chak Wing Building, child care amalgamation — Blackfriars precinct seed funding | 1,455,295.81 |
| The Trustee for DCM Trust t/a Denton Corker Marshall Pty Ltd ATF DCM Trust | architect | Broadway Building initial design | 1,285,881.02 |
| BNV Architecture Pty t/a Bligh Voller Nield | architect/design | Thomas Street Building initial design | 1,173,061.40 |
| Arup Pty Limited t/a Ove Arup Pty Ltd | engineer | Dr Chau Chak Wing Building, Broadway Building initial design, Thomas Street Building initial design | 835,768.65 |
| AECOM Australia Pty Ltd | engineer | Dr Chau Chak Wing Building | 744,668.45 |
| accessUTS Pty Limited | course facilitation | various short courses | 647,784.68 |
| Gehry Technologies Inc | architect/design | Dr Chau Chak Wing Building | 604,023.43 |
| Cadence Australia Pty Ltd | project management | Dr Chau Chak Wing Building | 514,206.80 |
| Highgate Management Pty Ltd | project management | Broadway Building initial design, Dr Chau Chak Wing Building, Thomas Street Building initial design | 500,112.81 |
| Waterman AHW Pty Ltd | mechanical engineer | Broadway Building initial design | 494,674.13 |
| NDY Management Pty Ltd | sustainability engineer | energy audit implementation plan, UTS buildings | 477,919.00 |
| Alerton Australia Pty Ltd | energy management | energy audit Implementation plan, UTS buildings | 457,632.80 |
| Steensen Varming (Australia) Pty Ltd | mechanical engineer | Thomas Street Building initial design, Great Hall | 389,141.60 |
| Davis Langdon Australia Pty Limited t/a Davis Langdon | quantity surveyor | Broadway Building initial design, Thomas Street Building initial design | 381,542.50 |
| PreviousNext Pty Ltd | website design | 10EAS-05 public website | 364,530.47 |
| DTDigital Pty Limited t/a DTDigital | website developers | 10EAS-05 public website | 361,818.10 |
| Aurecon Australia Pty Ltd | structural engineer | Broadway Building initial design | 357,139.15 |
| Patch Solutions Pty Ltd | software consulting | 10EAS-14 iRecruitment system replacement, 11EAS-40 CASS rewards module | 351,350.00 |
| Rider Levett Bucknall NSW Pty Ltd | cost planner | Dr Chau Chak Wing Building | 341,970.00 |
| Robert Walters Pty Ltd t/a Robert Walters | project management | 10EAS-14 iRecruitment System replacement, 11EAS-10 Online Learning Management (OLM), 12CTI-01 LDAP licence project, 12EAS-40 Sharepoint infrastructure 2012 | 301,090.00 |
| UniQuest Pty Limited | research | CRB projects UniQuest Mic D account | 255,297.97 |
| Meteora Consulting Group Pty Ltd | project management | Centre for Study of Choice programs | 254,327.55 |
| The Trustee For Australian Museum Trust | archaeological consultant | Dr Chau Chak Wing Building | 251,005.00 |
| V2 Systems Pty Ltd | contractor | systems implementation | 248,560.00 |
| The Trustee for W L Sandy Trust t/a Total Procurement | contractor | procurement services | 229,765.02 |
| V Ahuja & RK Anderson & KM Astridge & SJ Audeyev & ML Austin & M Barker & AT Bartlett & A Baykitch & TG Bednall & DA Bell & T Blue & HE Bolitho & MT Bonnell & D Bortoluzzi & Others t/a King & Wood Mallesons | legal services | Broadway Building initial design, Thomas Street Building initial design, Dr Chau Chak Wing Building | 201,863.96 |
| Australasian Performing Right Association Ltd t/a APRA | business consulting | micro finance project | 185,083.13 |
| Caldwell Consulting Pty Limited | contractor | 12EAS-01 Oracle project closing and management modules | 180,000.00 |

| Company | Category | Project | \$ |
|---|----------------------------|--|------------|
| Digital Eskimo Pty Limited | software consulting | 2011001252 Benn ongoing management and development, 12EAS-13 Newsroom online events portal development | 176,328.00 |
| Frost Design Pty Ltd | design consultant | UTS wayfinding and public spaces design, Dr Chau Chak Wing Building | 174,513.85 |
| Burtenshaw Scoufis Architecture Pty Ltd | architect | seed funding relocation of level 16, Building 1; CB10, level 8, Faculty of Arts and Social Sciences Centre for Local Government, level 11, Institute for Sustainable Futures; Building 10, Faculty of Health design and construction | 167,563.77 |
| Foran Design Pty Ltd | architect | modifications to TAFE Building U, Harris Street, Ultimo upgrade; Bon Marche, levels 1 and 2; public spaces, relocation of special needs room, level 4, Building 2 | 163,060.00 |
| The Trustee For Ionita Family Trust & the Trustee for Skinner Family Trust t/a Lean Six Sigma and Business Excellence Institute | course facilitation | various short courses | 160,083.84 |
| SThree Australia Pty Limited | project management | 10EAS-05 public website, 11EAS 72 Cognos BI 10 upgrade, 12EAS-06 flexible learning admin development 2012 | 151,912.18 |
| Clarkson ITT Pty Limited | course facilitation | financial analysis certificate — using Excel | 146,301.55 |
| PureProfile Pty Limited | research | various research projects | 144,840.00 |
| Jeffery and Katauskas Pty Limited | environmental engineer | Dr Chau Chak Wing Building, Broadway Building initial design, Thomas Street Building initial design | 143,455.99 |
| Hassell Ltd | architect/ interior design | Thomas Street Building initial design, library stacker design, Great Hall | 139,158.00 |
| Symonds, Daniel | project management | 12CTI-01 LDAP licence project | 136,785.00 |
| The Trustee for C Minus Development Trust | project management | CRB strategic funded projects | 135,536.58 |
| The Trustee for Taylor Thomson Whitting NSW Trust t/a Taylor Thomson Whitting NSW Trust | civil engineer | Thomas Street Building initial design, library stacker design | 128,740.00 |
| DVE Business Solutions Pty Ltd | business consulting | faculty strategic fund | 127,000.00 |
| Tonkin Zulaikha Greer Pty Limited | architect | Tower Building 1 core upgrade | 126,242.36 |
| Colliers International Consultancy & Valuation Pty Limited | asset valuation | property assessment/valuation | 126,000.00 |
| Beijing Consulting Group Pty Ltd t/a Australia China Alumni Association | alumni organisation | China-in-country office, international engagement | 125,087.82 |
| Solution Impact Pty Ltd | research | Centre for Study of Choice | 121,800.00 |
| Meinhardt (NSW) Pty Ltd | project management | Building 1 central chiller plant upgrade, new 3000 KW chiller; CB10 base building (L00-L02) upgrade | 119,541.72 |
| Qubix Pty Ltd | software consulting | 11EAS-20 performance reporting | 115,593.15 |
| Entity Solutions Services Pty Ltd | project management | 12EAS-01 Oracle project closing and management modules | 113,000.00 |
| TestPro Pty Ltd | project management | ITD flexible learning support | 111,980.00 |
| Pipeline Inspection and Condition Analysis Corp | research | 2011000692-Dissanay-advanced condition assess | 110,429.42 |
| The Trustee for Gardner Wetherill Unit Trust t/a Gardner Wetherill & Associates Pty Limited | architect | Building 6 podium cold shell, relocation of student engagement and development team, level 6, Building 1; Higher Education Language & Presentation Support (HELPS) home base levels 3 and 5, Building 2 | 110,107.00 |
| Siddiqui, Jamshed Ahmed | business consulting | India in-country office VCSF, international development | 110,080.49 |
| Bradford, Gail Patricia t/a Gail Bradford | research | various research projects | 107,971.27 |
| Australian Indigenous Mentoring Experience Indigenous Corporation | course facilitation | PPS — Student Services Unit, Jumbunna, TAJ Indigenous student program | 104,000.00 |
| IGOL SOFTSERVE PTY LTD | project management | transparent costing trial | 103,850.00 |

APPENDIX 19 (continued)

| Company | Category | Project | \$ |
|--|----------------------|---|------------|
| Carrington Associates Asia Pacific Pty Ltd | business consulting | 11EAS 72 Cognos BI 10 upgrade, NEO transition support team | 101,272.09 |
| Stonecash Associates Pty Limited | course facilitation | air force improvement (AFI) initial employment training, British Consulate, economics course, etc. | 101,136.36 |
| The Happiness Institute Services Pty Ltd | course facilitation | Executive Certificate in Positive Psychology Coaching courses | 100,200.28 |
| Global Integration Technology Pty Ltd | project management | 12EAS-06 flexible learning admin development 2012, 12EAS-44 BEIMS-Oracle interface | 99,200.00 |
| Ensyst Pty Limited | project management | 10EAS-05 public website, 12EAS-40 Sharepoint infrastructure 2012 | 97,000.00 |
| Ernst & Young | business consulting | 2011000773-Benn-leadership and change, etc | 96,874.30 |
| CDM Smith Australia Pty Ltd | research | Institute for Sustainable Futures contract research expenses 2012, 2012000535-Langham-energy supply and distribution | 93,666.60 |
| Bass, Martin t/a Bass Martin | course facilitation | Centre for Local Government projects, rural-remote and Indigenous local government | 89,692.50 |
| Deloitte Touche Tohmatsu | business consulting | asset management assistance engagement and other tax advice | 88,834.22 |
| Architectus Group Pty Ltd | architect | CB10 base building (L00-L02) upgrade | 82,350.00 |
| IBM Australia Ltd | software consulting | 11EAS 72 Cognos BI 10 upgrade, 12CTI-02 automated testing for NEO 12CTI-11 message broker JUNIT test development | 81,556.37 |
| The Trustee for Kwiksceipts Trust | project management | careers forum July 2010 — student transcription services | 78,737.50 |
| The Trustee for Kinrite Consulting | project management | Tower EDB upgrade, Building 1, levels 9 to 27 | 77,199.04 |
| O'Connor Marsden & Associates Pty Limited | probity advice | Thomas Street Building initial design, Broadway Building initial design, library stacker design, Dr Chau Chak Wing Building | 76,801.10 |
| DEGW Asia-Pacific Pty Ltd | planning consultants | Alumni Green design, Campus Master Plan design | 75,151.62 |
| The Trustee for Helgonet Unit Trust t/a Media Saints | project management | Creative Industries Innovation Centre — Isis Vic. pilot project | 75,000.00 |
| Zone 4 Digital Media Pty Ltd | project management | Creative Industries Innovation Centre — Isis Qld pilot project | 75,000.00 |
| Toggle Media Pty Ltd | project management | Creative Industries Innovation Centre — Isis NSW pilot project | 74,999.59 |
| Playground Inspectors of Australia Pty Limited t/a Safety Adventure Forensic Engineering | course facilitation | Faculty of Engineering and Information Technology — playground ENG | 74,769.31 |
| New South Wales Treasury Corporation t/a NSW Treasury Corporation | finance consulting | VCSF — debt funding strategy & sourcing (Financial Services Unit) | 74,195.00 |
| Blue Sky Design Group Pty Ltd | project management | Creative Industries Innovation Centre — DIPP pilots (NSW) | 74,000.00 |
| Co-ordinated Landscapes Pty Limited | project management | Kuring-gai child care centre — relocation of play area | 72,399.00 |
| Higgs, Katherine | research | CRB strategic funded projects | 71,131.25 |
| Integreat Consulting Engineers Pty Ltd | mechanical engineer | Building 1 central chiller plant upgrade — new 3000 KW chiller, base building infrastructure remediation works — noise and vibration issues L7 B4, Blackfriars Building 1, carpet and misc upgrade work | 70,395.00 |
| Fishburners Limited | project management | Creative Innovation Internships (CII) | 70,000.00 |
| Nine Rewards Pty Ltd | research | 2012000601-Flynn-the housing choices of OL, 2012000973 Flynn patient access medical | 68,130.70 |

| Company | Category | Project | \$ |
|---|--------------------------|---|----------------------|
| X.OP Pty Ltd t/a Exploring Opportunities | website developers | Broadway Building initial design, Thomas Street Building initial design, Dr Chau Chak Wing Building | 67,320.00 |
| TRA Global Pty Ltd | project management | 11CTI-13 exchange managed service | 66,482.50 |
| Ken Dysart Consulting Pty Ltd | contractor | Financial Services Unit, manager, strategic planning and budgeting, 11EAS-20 performance reporting | 66,354.28 |
| Voice Project Pty Ltd | organisational surveying | UTS staff survey | 65,603.00 |
| Creative Industries Precinct Pty Ltd | project management | Creative Industries Innovation Centre — ISIS project, micro finance project | 64,400.00 |
| Monash University | research | 2008001035-GIURCO-future sustainability of CSIRO flagship col. research, 2010002467-Farrell-peopling educational | 64,142.00 |
| Hollow Road Farms Inc | business consulting | Research and Innovation Office international initiatives UTS strategic funds | 64,117.82 |
| Prospect Research & Marketing Pty Ltd t/a Robert Lawrence & Associates | research | marketing research, Equity and Diversity Unit future WPS project | 64,092.00 |
| AP Kumnick & GC McDonald & AW Whittaker t/a FINGO | project management | Creative Industries Innovation Centre — ISIS SA pilot project | 62,000.00 |
| Bruce Searles Consulting Pty Ltd & Rainy Hill Pty Ltd t/a Benchmarking Partnerships | business consulting | process improvements, Planning and Quality Unit | 61,382.50 |
| Government Relations Australia Advisory Pty Ltd | business consulting | VCSF funded government relations — strategic advisory specialising in public policy and government affairs | 60,693.19 |
| ASPECT Studios Pty Ltd | landscape architect | Alumni Green design | 59,000.00 |
| Institute of Public Works Engineering Australia Limited | project consulting | LGRF workforce and data project | 58,454.54 |
| Department of Regional Australia Regional Development and Local Government | project consulting | LGRF workforce and data project | 56,441.28 |
| Rutovitz, Jacqueline t/a Jay Rutovitz | research | Institute for Sustainable Futures contract research expenses 2012 | 55,324.55 |
| Salford Systems | research | 2008001399-Goldbaum-experiments in the dynamics | 55,261.89 |
| Tanner & Associates Pty Ltd | architect | Blackfriars precinct — remedial works to Buildings 2, 5 and 7 | 53,364.09 |
| University of Western Sydney | research | Student Services Unit low-SES student housing subsidy, 2011001155 Boud — Building Local Leadership, SSU inclusive community UTS housing | 52,660.91 |
| Medland Mitropoulos Pty Ltd | design consultant | CB10, level 8, FASS, Centre for Local Government; level 11 Institute for Sustainable Futures, CB10 base building (L00-L02) upgrade | 52,600.00 |
| Procure Group Pty Ltd | project consulting | energy audit implementation plan, UTS buildings, 11EAS-01 smart cards, 11CTI-21 data centre housing | 52,572.11 |
| Josh Usher t/a Mistywest | research | Institute for Sustainable Futures contract research expenses 2012, 2011000667 Dunstan electric driveway project | 52,463.75 |
| Zarvov Brothers Pty Ltd t/a Northedge Consulting | project consulting | energy audit implementation plan, UTS buildings, Haberfield Rowing Club, development application stage | 52,380.00 |
| Colliers International Project Services Pty Ltd | project consulting | 11CTI-21 data centre housing | 51,420.42 |
| 60Sox Pty Ltd t/a 60Sox | project management | ISIS project | 51,124.00 |
| The Trustee for CEAD TV Trust No 1 & Others t/a CEAD TV Partnership | software consulting | 12EAS 54 DISE upgrade, 11EAS-58 timetabling and room occupancy signage | 50,260.00 |
| Total | | | 24,496,546.82 |

APPENDIX 20

Land disposals

On 20 December 2012 UTS transferred ownership of its Kuring-gai campus to the New South Wales Minister for Education.

UTS is now a lessee with exclusive possession of the campus under a lease agreement until 19 December 2015.

APPENDIX 21

Land register

| Building/property | Campus | Use | Building/ infrastructure valuation \$'000 | Land valuation \$'000 |
|--|----------------|----------------------------|--|-----------------------------|
| Broadway | | | 513,300 | 215,300 |
| Building 1 (Tower) | city | educational | – | – |
| Building 2 (annex to Tower) | city | educational | – | – |
| Building 3 (Bon Marche) | city | educational | – | – |
| Building 4 | city | educational | – | – |
| Building 6 (Faculty of Design, Architecture and Building) | city | educational | – | – |
| The Terraces (9-13 Broadway) | city | educational | – | – |
| The Loft (rear of the Terraces) | city | educational | – | – |
| Building 10 (Fairfax) | city | educational | – | – |
| Broadway subtotal | | | 513,300 | 215,300 |
| Other buildings | | | | |
| Building 5 (Haymarket) | city | educational | 78,800 | 69,300 |
| Blackfriars campus | city | educational/ child care | 3,900 | 13,600 |
| Bulga Ngurra Student Housing | city | student housing | 7,600 | 4,300 |
| Geegal Student Housing | city | student housing | 4,900 | 2,800 |
| Gumal Ngurang Student Housing | city | student housing | 28,750 | 17,650 |
| Stroud Research Field Station | Stroud NSW | research station | 300 | 250 |
| Yarrowood Research Centre | Yarramundi NSW | educational/ research | 200 | 1,650 |
| Vice-Chancellor's Residence | Pyrmont NSW | housing | 2,300 | – |
| Frank Gehry Building | city | educational | – | 17,700 |
| 644 Harris St | city | educational | 50 | 1,950 |
| 634–642 Harris St | city | educational | – | 5,400 |
| 622–632 Harris St | city | educational | 3,200 | 6,700 |
| Total land and buildings | | | 643,300 | 356,600 |

Notes:

Values are based on Collier's valuation dated 31 December 2012.

Yura Mudang student housing component is included in Building 6 (Broadway).

Kuring-gai campus was sold in 2012.


Acquisition of properties 634–642 Harris St and 622–632 Harris St in 2012.

APPENDIX 22

Works in progress and completed

| Building/property | | \$'000 |
|-------------------|--|----------------|
| Fairfax site | Broadway Building | 43,455 |
| Gehry site | Dr Chau Chak Wing Building | 30,279 |
| B1 | CB01 core upgrade | 8,611 |
| B6 | Building 6 podium | 7,117 |
| B2 | Library stacker | 6,901 |
| Thomas Street | Thomas Street Building | 6,658 |
| B1 | energy audit implementation plan, UTS buildings | 3,272 |
| B10 | Faculty of Nursing, Midwifery and Health, levels 6 and 7, and short courses, level 7 | 2,378 |
| B1/B4 | New anatomy facilities (CB04.7 and CB01.2) | 1,626 |
| B1 | Relocation of Jumbunna (CB01.6) | 1,199 |
| Blackfriars | Remedial works, Buildings 2, 5 and 7 | 1,104 |
| B1 | Great Hall | 875 |
| B5 | Upgrade library toilets | 760 |
| B3 | New production spaces and building works | 756 |
| B6 | Student housing | 684 |
| B2 | Higher Education Language & Presentation Support (HELPS) home base | 643 |
| B1 | Relocation of Union Offices (CB01.16) | 642 |
| B5 | Modifications to UTS Business School, Block B | 368 |
| B1 | Tower EDB upgrade (CB01, levels 9 to 27) | 354 |
| B2 | Building 2 upgrade | 286 |
| Building U | Modifications to ex-TAFE Building U | 281 |
| B10 | Base Building (L00-L02) upgrade | 268 |
| Public spaces | UTS wayfinding and public spaces branding | 245 |
| B5 | Replace carpet in Library (CM5A.2) | 244 |
| B3 | Upgrade public spaces, levels 1 and 2 | 217 |
| Stroud | New enclosure — Alderley Glen Field Station | 202 |
| Total | | 119,425 |

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THE UTS ANNUAL REPORT 2012 PROVIDES A RECORD OF THE UNIVERSITY'S PERFORMANCE AND ACTIVITIES FOR THE YEAR. IT IS PRESENTED IN TWO VOLUMES. VOLUME ONE IS A REVIEW OF OUR OPERATIONS; AND VOLUME TWO CONTAINS OUR FINANCIAL STATEMENTS AND APPENDICES.