



# FINANCIAL STATEMENTS

for the year ended 31 December 2006



|   | 2006           |              | 2005           |              | 2004           |              | 2003           |              | 2002           |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|   | \$'000         | %            | \$'000         | %            | \$'000         | %            | \$'000         | %            | \$'000         | %            |
| <b>INCOME</b>   |                |              |                |              |                |              |                |              |                |              |
| Australian Government assistance  |                |              |                |              |                |              |                |              |                |              |
| Australian Government grants  | 97,608         | 31.2         | 86,704         | 30.8         | 74,065         | 30.6         | 64,136         | 30.0         | 63,486         | 31.8         |
| HECS-HELP & FEE-HELP  | 38,455         | 12.3         | 37,451         | 13.3         | 37,386         | 15.5         | 35,194         | 16.5         | 33,247         | 16.6         |
| Scholarships and research   | 77,069         | 24.6         | 72,597         | 25.8         | 58,725         | 24.3         | 57,651         | 27.0         | 49,138         | 24.6         |
| State Government grants   | 9,691          | 3.1          | 9,437          | 3.4          | 7,599          | 3.1          | 6,462          | 3.0          | 6,166          | 3.1          |
| HECS-HELP student payments  | 5,933          | 1.9          | 5,610          | 2.0          | 4,171          | 1.7          | 3,162          | 1.5          | 3,132          | 1.6          |
| Fees & charges  | 36,675         | 11.7         | 34,293         | 12.2         | 32,989         | 13.6         | 28,238         | 13.2         | 24,159         | 12.1         |
| Superannuation – deferred govt contrib.   | (1,536)        | -0.5         | 921            | 0.3          | (142)          | -0.1         | (310)          | -0.1         | 35             | 0.0          |
| Investment income   | 19,716         | 6.3          | 14,132         | 5.0          | 10,326         | 4.3          | 2,741          | 1.3          | 1,798          | 0.9          |
| Consultancy and contract research   | 18,987         | 6.1          | 10,110         | 3.6          | 6,777          | 2.8          | 5,688          | 2.7          | 6,174          | 3.1          |
| Other revenue   | 10,481         | 3.3          | 10,048         | 3.6          | 9,820          | 4.1          | 10,732         | 5.0          | 12,375         | 6.2          |
| <b>TOTAL INCOME</b>   | <b>313,079</b> | <b>100.0</b> | <b>281,303</b> | <b>100.0</b> | <b>241,716</b> | <b>100.0</b> | <b>213,694</b> | <b>100.0</b> | <b>199,710</b> | <b>100.0</b> |
| <b>EXPENDITURE</b>  |                |              |                |              |                |              |                |              |                |              |
| Academic salary costs   | 83,205         | 31.2         | 77,503         | 30.9         | 69,960         | 31.0         | 64,714         | 31.3         | 61,337         | 30.7         |
| Non-academic salary costs   | 70,802         | 26.5         | 64,116         | 25.6         | 58,708         | 26.0         | 53,451         | 25.9         | 51,896         | 26.0         |
| Depreciation and amortisation   | 16,020         | 6.0          | 15,815         | 6.3          | 16,287         | 7.2          | 17,113         | 8.3          | 16,994         | 8.5          |
| Buildings & grounds   | 11,618         | 4.4          | 12,685         | 5.1          | 8,485          | 3.8          | 6,523          | 3.2          | 7,832          | 3.9          |
| Bad & doubtful debts  | 571            | 0.2          | 14             | 0.0          | 409            | 0.2          | (66)           | 0.0          | 440            | 0.2          |
| Other expenses  | 84,446         | 31.7         | 80,498         | 32.1         | 72,145         | 31.9         | 64,952         | 31.4         | 60,987         | 30.6         |
| <b>TOTAL EXPENDITURE</b>  | <b>266,662</b> | <b>100.0</b> | <b>250,631</b> | <b>100.0</b> | <b>225,994</b> | <b>100.0</b> | <b>206,687</b> | <b>100.0</b> | <b>199,486</b> | <b>100.0</b> |
| <b>OPERATING RESULT</b>   | <b>46,417</b>  |              | <b>30,672</b>  |              | <b>15,722</b>  |              | <b>7,007</b>   |              | <b>224</b>     |              |
| <b>KEY RATIOS</b>   |                |              |                |              |                |              |                |              |                |              |
| 1. Financial stability and liquidity  |                |              |                |              |                |              |                |              |                |              |
| – Current ratio   | 5.2            |              | 3.7            |              | 4.7            |              | 2.5            |              | 2.3            |              |
| – Net cash balances   | 27,792         |              | 8,083          |              | 8,438          |              | 8,319          |              | 8,411          |              |
| – Net assets  | 508,141        |              | 384,371        |              | 353,678        |              | 338,880        |              | 296,370        |              |
| 2. Revenue  |                |              |                |              |                |              |                |              |                |              |
| – DEST load/HECS  | 131,171        |              | 116,875        |              | 114,573        |              | 99,492         |              | 99,405         |              |
| – DEST capital grants   | 10,825         |              | 12,890         |              | 1,049          |              | 3,000          |              | 460            |              |
| – Scholarships and research   | 77,069         |              | 72,597         |              | 58,725         |              | 57,651         |              | 49,138         |              |
| – Other University income   | 94,014         |              | 78,941         |              | 67,369         |              | 53,551         |              | 50,707         |              |
| <b>TOTAL UNIVERSITY INCOME</b>  | <b>313,079</b> |              | <b>281,303</b> |              | <b>241,716</b> |              | <b>213,694</b> |              | <b>199,710</b> |              |
| DEST load/HECS as a % of total income<br>commonwealth funded students<br>(full-time equivalents)* | 9,416          | 42           | 9,013          | 42           | 9,000          | 47           | 8,709          | 47           | 8,704          | 50           |
| Average Commonwealth recurrent grant  | 13,931         |              | 12,845         |              | 12,730         |              | 11,424         |              | 11,421         |              |

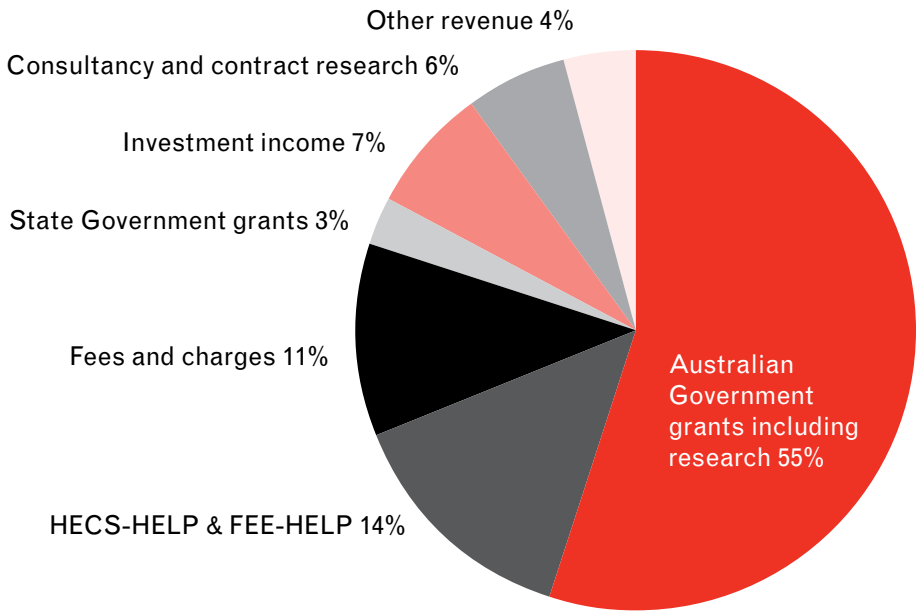
\* Source: UTAS Statistics – DEST Operating Grant Load (excluding research higher degree students)

Note: From 2004, information presented in accordance with International Financial Reporting Standards



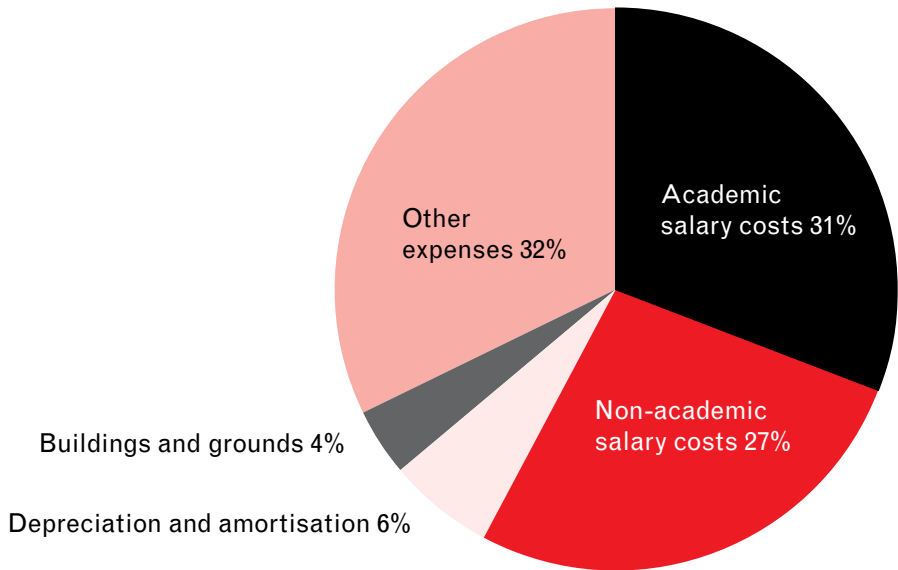
|   | 2006           |              | 2005           |              | 2004           |              | 2003           |              | 2002           |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|   | \$'000         | %            | \$'000         | %            | \$'000         | %            | \$'000         | %            | \$'000         | %            |
| <b>INCOME</b>                           |                |              |                |              |                |              |                |              |                |              |
| Australian Government assistance        |                |              |                |              |                |              |                |              |                |              |
| Australian Government grants            | 97,608         | 30.7         | 86,704         | 30.3         | 74,065         | 30.1         | 64,136         | 29.6         | 63,486         | 31.7         |
| HECS-HELP & FEE-HELP                    | 38,455         | 12.1         | 37,451         | 13.1         | 37,386         | 15.2         | 35,194         | 16.2         | 33,247         | 16.6         |
| Scholarships and research               | 77,069         | 24.2         | 72,597         | 25.4         | 58,725         | 23.8         | 57,651         | 26.6         | 49,138         | 24.5         |
| State Government grants                 | 9,691          | 3.0          | 9,437          | 3.3          | 7,599          | 3.1          | 6,462          | 3.0          | 6,166          | 3.1          |
| HECS-HELP student payments              | 5,933          | 1.9          | 5,610          | 2.0          | 4,171          | 1.7          | 3,162          | 1.5          | 3,132          | 1.6          |
| Fees & charges                          | 36,732         | 11.5         | 34,293         | 12.0         | 32,989         | 13.4         | 28,238         | 13.0         | 24,159         | 12.1         |
| Superannuation – deferred govt contrib. | (1,536)        | -0.5         | 921            | 0.3          | (142)          | -0.1         | (310)          | -0.1         | 35             | 0.0          |
| Investment income                       | 22,576         | 7.1          | 16,495         | 5.8          | 12,332         | 5.0          | 3,337          | 1.5          | 1,747          | 0.9          |
| Consultancy and contract research       | 18,883         | 5.9          | 10,110         | 3.5          | 6,777          | 2.8          | 5,688          | 2.6          | 6,174          | 3.1          |
| Other revenue                           | 13,156         | 4.1          | 12,695         | 4.4          | 12,443         | 5.1          | 13,456         | 6.2          | 13,199         | 6.6          |
| <b>TOTAL INCOME</b>                     | <b>318,567</b> | <b>100.0</b> | <b>286,313</b> | <b>100.0</b> | <b>246,345</b> | <b>100.0</b> | <b>217,014</b> | <b>100.0</b> | <b>200,483</b> | <b>100.0</b> |
| <b>EXPENDITURE</b>                      |                |              |                |              |                |              |                |              |                |              |
| Academic salary costs                   | 83,195         | 31.0         | 77,503         | 30.7         | 69,960         | 31.0         | 64,714         | 31.0         | 61,337         | 30.7         |
| Non-academic salary costs               | 71,407         | 26.6         | 64,665         | 25.6         | 58,930         | 26.1         | 53,660         | 25.7         | 52,129         | 26.1         |
| Depreciation and amortisation           | 16,022         | 6.0          | 15,817         | 6.3          | 16,318         | 7.2          | 17,127         | 8.2          | 17,012         | 8.5          |
| Buildings & grounds                     | 11,705         | 4.4          | 12,685         | 5.0          | 8,485          | 3.8          | 6,523          | 3.1          | 7,832          | 4.7          |
| Bad & doubtful debts                    | 573            | 0.2          | 14             | 0.0          | 409            | 0.2          | (66)           | 0.0          | 539            | 0.3          |
| Other expenses                          | 85,137         | 31.8         | 81,813         | 32.4         | 71,258         | 31.6         | 67,322         | 31.9         | 60,987         | 29.7         |
| <b>TOTAL EXPENDITURE</b>                | <b>268,039</b> | <b>100.0</b> | <b>252,497</b> | <b>100.0</b> | <b>225,360</b> | <b>100.0</b> | <b>209,280</b> | <b>100.0</b> | <b>199,640</b> | <b>100.0</b> |
| <b>OPERATING RESULT</b>                 | <b>50,528</b>  |              | <b>33,816</b>  |              | <b>20,985</b>  |              | <b>7,730</b>   |              | <b>843</b>     |              |
| <b>KEY RATIOS</b>                       |                |              |                |              |                |              |                |              |                |              |
| 1. Financial stability and liquidity    |                |              |                |              |                |              |                |              |                |              |
| – Current ratio                         | 5.2            |              | 4.2            |              | 5.3            |              | 2.7            |              | 2.6            |              |
| – Net cash balances                     | 27,792         |              | 11,008         |              | 8,453          |              | 8,393          |              | 8,684          |              |
| – Net assets                            | 508,141        |              | 403,839        |              | 370,002        |              | 349,820        |              | 306,587        |              |

Note: From 2004, information presented in accordance with International Financial Reporting Standards



**INCOME**

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**EXPENDITURE**

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|  | Notes | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|--|-------|-----------------------------------|----------------|-------------------------------|----------------|
|  |       | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| <b>REVENUE FROM CONTINUING OPERATIONS</b>          | 2     |                                   |                |                               |                |
| Australian Government financial assistance         |       |                                   |                |                               |                |
| Australian Government grants                       | 2.1   | 174,677                           | 159,301        | 174,677                       | 159,301        |
| HECS-HELP – Australian Government payments         | 2.1   | 36,937                            | 36,134         | 36,937                        | 36,134         |
| FEE-HELP   | 2.1   | 1,518                             | 1,317          | 1,518                         | 1,317          |
| Tasmanian Government financial assistance          | 2.2   | 9,691                             | 9,437          | 9,691                         | 9,437          |
| HECS-HELP – student payments                       |       | 5,933                             | 5,610          | 5,933                         | 5,610          |
| Fees & charges                                     | 2.3   | 36,732                            | 34,293         | 36,675                        | 34,293         |
| Investment income                                  | 2.4   | 22,576                            | 16,495         | 19,716                        | 14,132         |
| Consultancy and contract research                  | 2.5   | 18,883                            | 10,110         | 18,987                        | 10,110         |
| Other revenue                                      | 2.6   | 13,156                            | 12,695         | 10,481                        | 10,048         |
|  |       | 320,103                           | 285,392        | 314,615                       | 280,382        |
| Superannuation – deferred government contributions |       | (1,536)                           | 921            | (1,536)                       | 921            |
| <b>Total revenue from continuing operations</b>    |       | <b>318,567</b>                    | <b>286,313</b> | <b>313,079</b>                | <b>281,303</b> |
| <b>EXPENSES FROM CONTINUING OPERATIONS</b>         | 3     |                                   |                |                               |                |
| Employee benefits                                  | 3.1   | 154,602                           | 142,168        | 154,007                       | 141,619        |
| Depreciation and amortisation                      | 3.2   | 16,022                            | 15,817         | 16,020                        | 15,815         |
| Repairs and maintenance                            | 3.3   | 11,705                            | 12,685         | 11,618                        | 12,685         |
| Bad & doubtful debts                               | 3.4   | 573                               | 14             | 571                           | 14             |
| Other expenses                                     | 3.5   | 85,135                            | 81,803         | 84,446                        | 80,498         |
| <b>Total expenses from continuing operations</b>   |       | <b>268,037</b>                    | <b>252,487</b> | <b>266,662</b>                | <b>250,631</b> |
| <b>Operating result before income tax</b>          |       | <b>50,530</b>                     | <b>33,826</b>  | <b>46,417</b>                 | <b>30,672</b>  |
| Income tax expense                                 |       | 2                                 | 10             | -                             | -              |
| <b>Operating result for the year</b>               |       | <b>50,528</b>                     | <b>33,816</b>  | <b>46,417</b>                 | <b>30,672</b>  |

This statement should be read in conjunction with the accompanying notes.



|   | Notes | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
|   |       | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| <b>CURRENT ASSETS</b>                                       |       |                                   |                |                               |                |
| Cash and cash equivalents                                   | 4     | 27,792                            | 11,008         | 24,059                        | 8,083          |
| Receivables   | 5     | 8,937                             | 9,590          | 9,020                         | 9,417          |
| Inventories   | 6     | 170                               | 161            | 167                           | 148            |
| Other financial assets at fair value through profit or loss | 7     | 166,089                           | 137,969        | 145,500                       | 121,527        |
| Other non-financial assets                                  | 8     | 3,447                             | 4,120          | 3,432                         | 4,112          |
|   |       | 206,435                           | 162,848        | 182,178                       | 143,287        |
| Non-current assets classified as held for sale              | 9     | -                                 | 11,265         | -                             | 11,265         |
| <b>Total current assets</b>                                 |       | <b>206,435</b>                    | <b>174,113</b> | <b>182,178</b>                | <b>154,552</b> |
| <b>NON-CURRENT ASSETS</b>                                   |       |                                   |                |                               |                |
| Receivables   | 5     | 7,230                             | 8,973          | 7,230                         | 8,973          |
| Other financial assets at fair value through profit or loss | 7     | 2,764                             | 1,395          | 2,764                         | 1,395          |
| Property, plant and equipment                               | 10    | 355,531                           | 286,350        | 355,527                       | 286,347        |
| Intangible assets   | 11    | 1,000                             | 1,000          | 1,000                         | 1,000          |
| <b>Total non-current assets</b>                             |       | <b>366,525</b>                    | <b>297,718</b> | <b>366,521</b>                | <b>297,715</b> |
| <b>Total assets</b>   |       | <b>572,960</b>                    | <b>471,831</b> | <b>548,699</b>                | <b>452,267</b> |
| <b>CURRENT LIABILITIES</b>                                  |       |                                   |                |                               |                |
| Payables  | 12    | 10,171                            | 15,678         | 9,997                         | 16,213         |
| Provisions  | 13    | 18,482                            | 17,334         | 18,401                        | 17,255         |
| Other liabilities   | 14    | 11,067                            | 8,607          | 10,640                        | 8,055          |
| <b>Total current liabilities</b>                            |       | <b>39,720</b>                     | <b>41,619</b>  | <b>39,038</b>                 | <b>41,523</b>  |
| <b>NON-CURRENT LIABILITIES</b>                              |       |                                   |                |                               |                |
| Provisions  | 13    | 25,099                            | 26,373         | 25,099                        | 26,373         |
| <b>Total non-current liabilities</b>                        |       | <b>25,099</b>                     | <b>26,373</b>  | <b>25,099</b>                 | <b>26,373</b>  |
| <b>Total liabilities</b>                                    |       | <b>64,819</b>                     | <b>67,992</b>  | <b>64,137</b>                 | <b>67,896</b>  |
| <b>Net assets</b>   |       | <b>508,141</b>                    | <b>403,839</b> | <b>484,562</b>                | <b>384,371</b> |
| <b>EQUITY</b>   |       |                                   |                |                               |                |
| Reserves  | 15    | 247,995                           | 194,221        | 247,995                       | 194,221        |
| Statutory funds   | 15    | 61,778                            | 45,511         | 38,221                        | 26,458         |
| Retained surplus  | 15    | 198,368                           | 164,107        | 198,346                       | 163,692        |
| <b>Total equity</b>   |       | <b>508,141</b>                    | <b>403,839</b> | <b>484,562</b>                | <b>384,371</b> |

This statement should be read in conjunction with the accompanying notes.



|  | Note | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|--|------|-----------------------------------|----------------|-------------------------------|----------------|
|  |      | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| Total equity at the beginning of the financial year  |      | 403,839                           | 370,002        | 384,371                       | 353,678        |
| Increase in asset revaluation reserve                | 15   | 53,774                            | 21             | 53,774                        | 21             |
| Net income recognised directly in equity             |      | 53,774                            | 21             | 53,774                        | 21             |
| Operating result for the year                        |      | 50,528                            | 33,816         | 46,417                        | 30,672         |
| Total recognised income and expense for the year     |      | 104,302                           | 33,837         | 100,191                       | 30,693         |
| <b>Total equity at the end of the financial year</b> |      | <b>508,141</b>                    | <b>403,839</b> | <b>484,562</b>                | <b>384,371</b> |

This statement should be read in conjunction with the accompanying notes.



|  | Notes | Economic Entity<br>(Consolidated) |                       | Parent Entity<br>(University) |                       |
|--|-------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|  |       | 2006<br>\$'000                    | 2005<br>\$'000        | 2006<br>\$'000                | 2005<br>\$'000        |
|  |       | Inflows<br>(Outflows)             | Inflows<br>(Outflows) | Inflows<br>(Outflows)         | Inflows<br>(Outflows) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |       |                                   |                       |                               |                       |
| Australian Government                                      |       | 212,648                           | 199,861               | 212,648                       | 199,861               |
| Tasmanian Government                                       |       | 10,660                            | 10,380                | 10,660                        | 10,380                |
| HECS-HELP – student payments                               |       | 5,933                             | 5,610                 | 5,933                         | 5,610                 |
| Fees & charges   |       | 35,888                            | 35,694                | 35,716                        | 35,345                |
| Investment income  |       | 19,343                            | 9,772                 | 17,061                        | 8,264                 |
| Other revenue  |       | 40,170                            | 26,705                | 39,773                        | 24,079                |
| Payments to suppliers and employees (inclusive of GST)     |       | (267,607)                         | (241,770)             | (269,136)                     | (239,318)             |
| <b>Net cash inflow (outflow) from operating activities</b> | 19    | <b>57,035</b>                     | <b>46,252</b>         | <b>52,655</b>                 | <b>44,221</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |       |                                   |                       |                               |                       |
| Proceeds from sale of property, plant and equipment        |       | 13,989                            | 923                   | 13,989                        | 923                   |
| Payments for investments                                   |       | (26,266)                          | (27,158)              | (22,697)                      | (27,918)              |
| Payments for property, plant and equipment                 |       | (31,466)                          | (15,999)              | (31,463)                      | (16,118)              |
| Loans receivable repaid                                    |       | 200                               | -                     | 200                           | -                     |
| Reduction in bonds held                                    |       | 88                                | (6)                   | 88                            | (6)                   |
| Reduction in monies held on behalf of CRCs                 |       | 3,204                             | (1,457)               | 3,204                         | (1,457)               |
| <b>Net cash inflow (outflow) from investing activities</b> |       | <b>(40,251)</b>                   | <b>(43,697)</b>       | <b>(36,679)</b>               | <b>(44,576)</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |       |                                   |                       |                               |                       |
|  |       | -                                 | -                     | -                             | -                     |
| Net increase/(decrease) in cash held                       |       | 16,784                            | 2,555                 | 15,976                        | (355)                 |
| Cash at beginning of reporting period                      |       | 11,008                            | 8,453                 | 8,083                         | 8,438                 |
| <b>Cash at end of reporting period</b>                     | 19    | <b>27,792</b>                     | <b>11,008</b>         | <b>24,059</b>                 | <b>8,083</b>          |

This statement should be read in conjunction with the accompanying notes.





## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### a) Basis of preparation

This financial report is a general purpose financial report that has been prepared on an accrual basis in accordance with:

- the *Financial Management and Audit Act 1990*;
- the *University of Tasmania Act 1992*;
- Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS);
- interpretations adopted by the Australian Accounting Standards Board; and
- the requirements of the Department of Education, Science and Training (DEST).

### COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The financial statements and notes of the University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

### HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and revaluations of land, buildings, and leasehold improvements.

### b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the University (parent entity) as at 31 December 2006 and the results of all controlled entities for the year then ended. The University and its controlled entities together are referred to in this financial report as the Group or consolidated entity.

A controlled entity is any entity controlled by the University of Tasmania. Control exists where the University has the capacity to control decision making in relation to the financial and operating policies of another entity so that the other entity operates with the University to achieve University objectives. A list of controlled entities is contained in Note 18 to the financial statements.

The purchase method of accounting is used to account for the acquisition of controlled entities (refer Note 1[f]).

The financial statements for the consolidated entity include all controlled entities, with all inter-company balances and transactions having been eliminated on consolidation.

There were no changes to controlled entities during the year.

### c) Revenue recognition

Australian Government operating grants received under the *Higher Education Funding Act 1988*, and revenues received from other government sources, are recognised as revenue at the time of receipt. A liability is recognised where unspent monies are required to be refunded to the funding body.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Donations and bequests are recognised when the right to receive the funds has been established.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from consulting and contract research, relating to the University's subsidiary UTAS Innovation Ltd, is recognised on a percentage of completion basis. Unearned revenue is brought to account over the life of the contracts to coincide with the relevant stage of completion.

All revenue is stated net of the amount of goods and services tax (GST).

### d) Foreign currency translation

#### FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements 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's functional and presentation currency.

#### TRANSACTIONS AND BALANCES

Transactions made using foreign currency are converted into Australian currency at market exchange rates applicable at the date of the transactions. Amounts payable or receivable in foreign currencies at balance date are converted into Australian currency at market exchange rates at balance date. Currency conversion gains and losses are included in the operating result for the year.

### e) Tax status

#### INCOME TAX

The University entity does not provide for Australian income tax as it is exempt from income tax in accordance with the provisions of Division 50 of the *Income Tax Assessment Act 1997*. However, UTAS Innovation Ltd and Southern Ice Porcelain Pty Ltd, subsidiaries of the University, are subject to the provisions of this Act.

#### FRINGE BENEFITS TAX

The University is liable to pay fringe benefits tax, and this is included in the income statement.

#### GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of 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 cost of acquisition of the asset or as part of an item of the 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.

Cash flows are included in the cash flow statement on a gross basis. 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.

### f) Acquisitions of assets

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

**g) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation or depreciation 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.

**h) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term highly liquid investments with 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.

**i) Receivables**

All receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are typically due for settlement no more than 30 days from the date of recognition.

The collection of receivables is reviewed on an ongoing basis. Debts known to be uncollectable are written off. A provision for doubtful debts is established where there is evidence the University will not be able to collect all amounts due according to the original terms of receivables. The amount of any movement in the provision is recognised in the income statement, with the balance of the provision recognised in the balance sheet.

**j) Inventories**

Inventories are valued at the lower of cost or net realisable value. Cost is assigned on a weighted average basis. Stocks are valued on a first-in first-out basis.

**k) Investments and other financial assets**

The University's investments are being measured at fair value through profit or loss, therefore changes in fair value are taken to the income statement.

The University currently classifies its investments in the following two categories – financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This category relates to those assets designed at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short-term or the asset is subject to frequent changes in fair value.

These assets comprise:

- Investment and trust funds – the University's investments are managed as pooled funds by a number of independent portfolio managers. Funds are invested in cash deposits, Australian equities, overseas equities, fixed interest securities and property trusts under an approved investment policy. The majority of specific-purpose endowments received by the University to fund research activities, scholarships and prizes are also managed in this pooled investment fund.

- Investment properties – these are properties owned by the University and rented. Income received is brought to account as revenue in the income statement.
- Unlisted shares.

Investments are initially recognised at fair value, and subsequently carried at fair value.

**LOANS AND RECEIVABLES**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the University provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

The University assesses at each balance date whether there is objective evidence that a financial asset is impaired.

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

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

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

**m) Capital works in progress**

Capital works in progress on buildings represents the cost associated with the construction of buildings and other projects of a capital nature, which have not reached their date of practical completion.

**n) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The valuation methodology adopted for asset classes is as follows:

| Asset class                           | Valuation basis | Detail  |
|---------------------------------------|-----------------|---|
| Property (land and buildings)         | Fair value      | Freehold land and buildings were revalued during 2006 by independent valuers Mr Jeffrey Tempany, AAPI and Mr Frank Julier, AAPI from Rushton Valuers.   |
| Plant and equipment                   | Cost            | All plant and equipment items with a cost equal to or exceeding \$10,000 have been capitalised.   |
| Library                               | Cost            |   |
| Works of art and cultural collections | Fair value      | Valuations for works of art were carried out in 2004 by an independent valuer Mr Steven Joyce from Despard Gallery in relation to the Fine Art Collection and Dr Paul Gallivan from the University of Tasmania in relation to the John Elliott Classics Museum. |





The depreciable amount of all property, plant and equipment including buildings, but excluding freehold land and works of art, is depreciated on a straight-line basis over their useful lives to the University commencing from the time the asset is held ready for use.

Depreciation rates applicable during 2006 are as follows, and are consistent with the prior year:

| Asset class         | %       |
|---------------------|---------|
| Buildings           | 2       |
| Plant and equipment | 10 - 33 |
| Library collections | 5       |

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

Where land and buildings or works of art are subject to revaluation, any increment is taken to the asset revaluation reserve.

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

**o) Intangible assets**

Intangible assets that are acquired by the University are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Where intangible assets have a definite useful life, amortisation is charged to the income statement on a straight-line basis over the estimated useful life. Amortisation commences from the date they are available for use. The estimated useful lives are as follows:

- Right of use 15 years

**p) Payables**

These amounts represent liabilities for goods and services provided to the University prior to the end of the year and which are unpaid. The amounts are unsecured and are normally settled within 30 days.

**q) Employee benefits and on-costs**

**WAGES AND SALARIES, AND SICK LEAVE**

Liabilities for wages and salaries are recognised as payables in respect of employees' services up to the reporting date. Sick leave entitlements provided to the employees of the University are non-vesting and are based on a cumulative sick leave system. Liabilities for non-accumulating sick leave are recognised when the leave is taken.

**ANNUAL LEAVE**

Liabilities for annual leave in respect to non-academic staff are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date. Related on-costs have been included in the provision. Annual leave for academic staff is deemed to be taken in the year in which it is accrued, hence no provision is made in respect of these employees.

**LONG SERVICE LEAVE**

The liability for long service leave for employees is measured as the present value of the estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration has been given to future increases in salary levels, experience of employee departures and periods of service. Related on-costs have been included in the provision. Expected future payments are discounted using market yields on government bonds at the reporting date.

**SUPERANNUATION**

The University has a policy of compulsory superannuation for continuing staff members. The majority of University employees are members of UniSuper Limited and are entitled to benefits on retirement, disability or death. UniSuper has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the University and the University's legal or constructive obligation is limited to these contributions. As detailed in Note 22, the UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, as a result of amendments to Clause 34 of UniSuper, a defined contribution plan under Accounting Standard AASB 119.

Unfunded superannuation and retirement benefit liabilities relate to the following schemes, all of which are closed to future membership:

- Retirement Benefits Fund;
- Supplementary Pension Scheme; and
- Lump Sum Compensation Benefits.

Unfunded liabilities in respect to the Retirement Benefits Fund and the Supplementary Pension Scheme have been determined by an actuary (refer Note 22 for further detail). Actuarial gains and losses have been recognised immediately in the income statement.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the University's beneficiaries of the State Superannuation Scheme (Retirement Benefits Fund) on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, the *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the balance sheet under provisions with a corresponding asset recognised under receivables. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University and its controlled entities.

**r) Leases**

All University leases are operating leases. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

**s) Joint venture operations**

The University participates in five Cooperative Research Centres. The University interests are not considered material, and expenditure incurred by the University as a result of its participation is expensed.

**t) Rounding of amounts**

Amounts in the financial report have been rounded off to the nearest \$1,000.



## 2 REVENUE FROM ORDINARY ACTIVITIES

### 2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND OTHER AUSTRALIAN GOVERNMENT LOAN PROGRAMMES

#### (a) Commonwealth Grants Scheme and other grants

| Notes       | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|-------------|-----------------------------------|----------------|-------------------------------|----------------|
|             | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
|             | 81,890                            | 74,639         | 81,890                        | 74,639         |
|             | 950                               | 771            | 950                           | 771            |
|             | 951                               | 848            | 951                           | 848            |
|             | 1,018                             | 963            | 1,018                         | 963            |
|             | 750                               | -              | 750                           | -              |
| 20.1        | 8,165                             | 8,002          | 8,165                         | 8,002          |
|             | 738                               | 619            | 738                           | 619            |
|             | 3,146                             | 862            | 3,146                         | 862            |
| <b>20.1</b> | <b>97,608</b>                     | <b>86,704</b>  | <b>97,608</b>                 | <b>86,704</b>  |

#### (b) Higher Education Loan Programmes

|      |               |               |               |               |
|------|---------------|---------------|---------------|---------------|
| 20.2 | 36,937        | 36,134        | 36,937        | 36,134        |
| 20.2 | 1,518         | 1,317         | 1,518         | 1,317         |
|      | <b>38,455</b> | <b>37,451</b> | <b>38,455</b> | <b>37,451</b> |

#### (c) Scholarships

|      |              |              |              |              |
|------|--------------|--------------|--------------|--------------|
| 20.3 | 2,161        | 2,122        | 2,161        | 2,122        |
| 20.3 | 358          | 322          | 358          | 322          |
| 20.3 | 978          | 592          | 978          | 592          |
| 20.3 | 1,972        | 1,099        | 1,972        | 1,099        |
|      | <b>5,469</b> | <b>4,135</b> | <b>5,469</b> | <b>4,135</b> |

#### (d) DEST – Research

|      |               |               |               |               |
|------|---------------|---------------|---------------|---------------|
| 20.4 | 7,235         | 7,201         | 7,235         | 7,201         |
| 20.4 | 15,179        | 15,680        | 15,179        | 15,680        |
| 20.4 | 2,660         | 4,888         | 2,660         | 4,888         |
| 20.4 | 5,532         | 4,914         | 5,532         | 4,914         |
|      | <b>30,606</b> | <b>32,683</b> | <b>30,606</b> | <b>32,683</b> |

#### (e) Australian Research Council

|                      |              |              |              |              |
|----------------------|--------------|--------------|--------------|--------------|
| <i>(i) Discovery</i> |              |              |              |              |
| 20.5                 | 4,820        | 5,383        | 4,820        | 5,383        |
| 20.5                 | 158          | 118          | 158          | 118          |
|                      | <b>4,978</b> | <b>5,501</b> | <b>4,978</b> | <b>5,501</b> |

#### *(ii) Linkages*

|      |              |              |              |              |
|------|--------------|--------------|--------------|--------------|
| 20.5 | 139          | 136          | 139          | 136          |
| 20.5 | 263          | 914          | 263          | 914          |
| 20.5 | 2,757        | 2,489        | 2,757        | 2,489        |
|      | <b>3,159</b> | <b>3,539</b> | <b>3,159</b> | <b>3,539</b> |

#### *(iii) Centres*

|      |              |            |              |            |
|------|--------------|------------|--------------|------------|
| 20.5 | 4,685        | 484        | 4,685        | 484        |
|      | <b>4,685</b> | <b>484</b> | <b>4,685</b> | <b>484</b> |

#### (f) Other Australian Government financial assistance

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 3,446         | 2,784         | 3,446         | 2,784         |
|  | 16,244        | 13,599        | 16,244        | 13,599        |
|  | 6,819         | 4,955         | 6,819         | 4,955         |
|  | 1,663         | 4,917         | 1,663         | 4,917         |
|  | <b>28,172</b> | <b>26,255</b> | <b>28,172</b> | <b>26,255</b> |

#### Total Australian Government financial assistance

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
|  | <b>213,132</b> | <b>196,752</b> | <b>213,132</b> | <b>196,752</b> |
|--|----------------|----------------|----------------|----------------|

#### Reconciliation

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
|  | 174,677        | 159,301        | 174,677        | 159,301        |
|  | 36,937         | 36,134         | 36,937         | 36,134         |
|  | 1,518          | 1,317          | 1,518          | 1,317          |
|  | <b>213,132</b> | <b>196,752</b> | <b>213,132</b> | <b>196,752</b> |



## 2 REVENUE FROM ORDINARY ACTIVITIES (continued)

### 2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND OTHER AUSTRALIAN GOVERNMENT LOAN PROGRAMMES

#### (g) Australian Government Grants received – cash basis

|  | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| CGS and other DEST grants  | 97,608                            | 86,704         | 97,608                        | 86,704         |
| Higher Education Loan Programmes                                 | 38,455                            | 37,451         | 38,455                        | 37,451         |
| Scholarships   | 5,469                             | 4,135          | 5,469                         | 4,135          |
| DEST Research  | 30,606                            | 32,683         | 30,606                        | 32,683         |
| ARC grants – Discovery   | 4,978                             | 5,501          | 4,978                         | 5,501          |
| ARC grants – Linkages  | 3,159                             | 3,539          | 3,159                         | 3,539          |
| ARC grants – Centres   | 4,685                             | 484            | 4,685                         | 484            |
| Other Australian Government grants                               | 27,443                            | 26,255         | 27,443                        | 26,255         |
| <b>Total Australian Government grants received – cash basis</b>  | <b>212,403</b>                    | <b>196,752</b> | <b>212,403</b>                | <b>196,752</b> |
| OS-HELP (Net)  | 73                                | 150            | 73                            | 150            |
| <b>Total Australian Government funding received – cash basis</b> | <b>212,476</b>                    | <b>196,902</b> | <b>212,476</b>                | <b>196,902</b> |

### 2.2 TASMANIAN GOVERNMENT FINANCIAL ASSISTANCE

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| Tasmanian Aquaculture and Fisheries Institute          | 2,981        | 2,600        | 2,981        | 2,600        |
| Tasmanian Institute of Agricultural Research           | 4,039        | 2,221        | 4,039        | 2,221        |
| Menzies Research Institute                             | 510          | 985          | 510          | 985          |
| Tasmania Law Reform Institute                          | 179          | 56           | 179          | 56           |
| Institute for Inclusive Learning Communities           | 396          | 2,116        | 396          | 2,116        |
| Other State Government income                          | 1,586        | 1,459        | 1,586        | 1,459        |
| <b>Total Tasmanian Government financial assistance</b> | <b>9,691</b> | <b>9,437</b> | <b>9,691</b> | <b>9,437</b> |

### 2.3 FEES AND CHARGES

#### Course fees and charges

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Fee-paying overseas students              | 26,502        | 23,477        | 26,502        | 23,477        |
| Fee-paying domestic postgraduate students | 730           | 974           | 730           | 974           |
| <b>Total course fees and charges</b>      | <b>27,232</b> | <b>24,451</b> | <b>27,232</b> | <b>24,451</b> |

#### Other fees and charges

|                                     |               |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Child Care Centre fees              | 1,305         | 1,154         | 1,305         | 1,154         |
| Accommodation charges               | 5,554         | 5,046         | 5,554         | 5,046         |
| Services and Amenities fees         | 1,094         | 2,490         | 1,094         | 2,490         |
| Other                               | 1,547         | 1,152         | 1,490         | 1,152         |
| <b>Total other fees and charges</b> | <b>9,500</b>  | <b>9,842</b>  | <b>9,443</b>  | <b>9,842</b>  |
| <b>Total fees and charges</b>       | <b>36,732</b> | <b>34,293</b> | <b>36,675</b> | <b>34,293</b> |

### 2.4 INVESTMENT INCOME

|                                |               |               |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|
| Investment income              | 22,576        | 16,495        | 19,716        | 14,132        |
| <b>Total investment income</b> | <b>22,576</b> | <b>16,495</b> | <b>19,716</b> | <b>14,132</b> |

### 2.5 CONSULTANCY AND CONTRACT RESEARCH

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Industry and other research                     | 14,731        | 5,482         | 14,731        | 5,482         |
| Research consultancies                          | 2,470         | 2,666         | 2,171         | 2,666         |
| Research donations and bequests                 | 318           | 524           | 721           | 524           |
| Industry support to linkage projects            | 662           | 826           | 662           | 826           |
| Industry support to other Commonwealth research | 417           | 325           | 417           | 325           |
| Industry support to research centres            | 285           | 287           | 285           | 287           |
| <b>Total consultancy and contract research</b>  | <b>18,883</b> | <b>10,110</b> | <b>18,987</b> | <b>10,110</b> |

### 2.6 OTHER REVENUE

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Donations and bequests  | 3,645         | 3,538         | 1,152         | 1,411         |
| Scholarships and prizes   | 192           | 154           | 192           | 154           |
| Contract revenue (other than consultancy and contract research) | 844           | 701           | 844           | 701           |
| Sale of goods   | 2,066         | 1,933         | 2,055         | 1,877         |
| Miscellaneous income  | 6,409         | 6,369         | 6,238         | 5,905         |
| <b>Total other revenue</b>                                      | <b>13,156</b> | <b>12,695</b> | <b>10,481</b> | <b>10,048</b> |



### 3 EXPENSES FROM ORDINARY ACTIVITIES

#### 3.1 EMPLOYEE BENEFITS AND ON-COSTS

|   | Notes | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
|   |       | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| <b>Academic</b>                                   |       |                                   |                |                               |                |
| Salaries  |       | 66,323                            | 59,602         | 66,323                        | 59,602         |
| Contribution to superannuation & pension schemes: |       |                                   |                |                               |                |
| Deferred employee benefits for superannuation     |       | (837)                             | 506            | (837)                         | 506            |
| Emerging costs                                    |       | 1,393                             | 1,547          | 1,393                         | 1,547          |
| Funded  |       | 9,679                             | 8,826          | 9,679                         | 8,826          |
| Provisions for future emerging costs              |       | (414)                             | (320)          | (414)                         | (320)          |
| Payroll tax                                       |       | 4,418                             | 4,092          | 4,418                         | 4,092          |
| Workers' Compensation                             |       | 293                               | 333            | 293                           | 333            |
| Long service leave expense                        |       | 770                               | 1,585          | 770                           | 1,585          |
| Annual leave                                      |       | -                                 | -              | -                             | -              |
| Other expenses                                    |       | 1,570                             | 1,332          | 1,580                         | 1,332          |
| <b>Total academic</b>                             |       | <b>83,195</b>                     | <b>77,503</b>  | <b>83,205</b>                 | <b>77,503</b>  |
| <b>Non-academic</b>                               |       |                                   |                |                               |                |
| Salaries  |       | 58,129                            | 51,077         | 57,524                        | 50,528         |
| Contribution to superannuation & pension schemes: |       |                                   |                |                               |                |
| Deferred employee benefits for superannuation     |       | (699)                             | 414            | (699)                         | 414            |
| Emerging costs                                    |       | 815                               | 669            | 815                           | 669            |
| Funded  |       | 7,863                             | 7,034          | 7,863                         | 7,034          |
| Provisions for future emerging costs              |       | (204)                             | (173)          | (204)                         | (173)          |
| Payroll tax                                       |       | 3,763                             | 3,406          | 3,763                         | 3,406          |
| Workers' Compensation                             |       | 244                               | 289            | 244                           | 289            |
| Long service leave expense                        |       | 647                               | 1,391          | 647                           | 1,391          |
| Annual leave                                      |       | 492                               | 351            | 492                           | 351            |
| Other expenses                                    |       | 357                               | 207            | 357                           | 207            |
| <b>Total non-academic</b>                         |       | <b>71,407</b>                     | <b>64,665</b>  | <b>70,802</b>                 | <b>64,116</b>  |
| <b>Total employee benefits and on-costs</b>       |       | <b>154,602</b>                    | <b>142,168</b> | <b>154,007</b>                | <b>141,619</b> |
| <b>3.2 DEPRECIATION AND AMORTISATION</b>          |       |                                   |                |                               |                |
| Depreciation                                      |       |                                   |                |                               |                |
| Buildings   | 10    | 8,307                             | 8,241          | 8,307                         | 8,241          |
| Plant and equipment                               | 10    | 3,865                             | 3,794          | 3,863                         | 3,792          |
| Library collections                               | 10    | 2,831                             | 2,764          | 2,831                         | 2,764          |
| Amortisation                                      |       |                                   |                |                               |                |
| Leasehold improvements                            | 10    | 1,019                             | 1,018          | 1,019                         | 1,018          |
| <b>Total depreciation and amortisation</b>        |       | <b>16,022</b>                     | <b>15,817</b>  | <b>16,020</b>                 | <b>15,815</b>  |
| <b>3.3 REPAIRS AND MAINTENANCE</b>                |       |                                   |                |                               |                |
| Buildings and grounds                             |       | 11,705                            | 12,685         | 11,618                        | 12,685         |
| <b>Total repairs and maintenance</b>              |       | <b>11,705</b>                     | <b>12,685</b>  | <b>11,618</b>                 | <b>12,685</b>  |
| <b>3.4 BAD AND DOUBTFUL DEBTS</b>                 |       |                                   |                |                               |                |
| Debtors   |       | 573                               | 14             | 571                           | 14             |
| <b>Total bad and doubtful debts</b>               |       | <b>573</b>                        | <b>14</b>      | <b>571</b>                    | <b>14</b>      |





### 3 EXPENSES FROM ORDINARY ACTIVITIES (continued)

#### 3.5 OTHER EXPENSES

|  | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| Scholarships and prizes                              | 16,266                            | 15,817         | 15,512                        | 14,725         |
| Non-capitalised equipment                            | 6,112                             | 7,160          | 6,127                         | 7,160          |
| Public relations and marketing                       | 3,068                             | 3,317          | 3,057                         | 3,301          |
| Telecommunications                                   | 1,262                             | 1,570          | 1,249                         | 1,556          |
| Travel and staff development                         | 10,004                            | 8,379          | 9,959                         | 8,330          |
| Consumables  | 13,364                            | 8,754          | 13,363                        | 8,746          |
| Loss/(gain) on sale of property, plant and equipment | (1,589)                           | 704            | (1,589)                       | 704            |
| Office administration                                | 3,371                             | 3,246          | 3,355                         | 3,224          |
| Consultancy services                                 | 10,897                            | 10,255         | 11,468                        | 10,024         |
| Library materials                                    | 1,911                             | 1,664          | 1,911                         | 1,664          |
| Electricity and heating fuel                         | 3,016                             | 3,590          | 3,016                         | 3,590          |
| Cleaning   | 2,299                             | 2,204          | 2,299                         | 2,204          |
| Security   | 1,176                             | 1,106          | 1,176                         | 1,106          |
| Audit fees – external                                | 84                                | 82             | 79                            | 75             |
| Audit Fees – internal                                | 223                               | 205            | 223                           | 205            |
| Operating lease payments                             | 1,096                             | 330            | 1,096                         | 1,026          |
| Insurance  | 1,401                             | 1,152          | 1,391                         | 1,144          |
| New appointment expenses                             | 1,700                             | 1,060          | 1,700                         | 1,060          |
| Service & Amenities fees paid to student unions      | 1,130                             | 2,247          | 1,130                         | 2,247          |
| Other  | 8,344                             | 8,961          | 7,924                         | 8,407          |
| <b>Total other expenses</b>                          | <b>85,135</b>                     | <b>81,803</b>  | <b>84,446</b>                 | <b>80,498</b>  |

### 4 CASH AND CASH EQUIVALENTS

#### Current

|  |               |               |               |              |
|--|---------------|---------------|---------------|--------------|
| Cash at bank and on hand               | 24,135        | 7,904         | 21,059        | 5,123        |
| Short-term deposits and bills          | 3,657         | 3,104         | 3,000         | 2,960        |
| <b>Total cash and cash equivalents</b> | <b>27,792</b> | <b>11,008</b> | <b>24,059</b> | <b>8,083</b> |

#### (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 statements as follows:

|                                   |        |        |        |       |
|-----------------------------------|--------|--------|--------|-------|
| Balances as above                 | 27,792 | 11,008 | 24,059 | 8,083 |
| Balance per cash flow statements: | 27,792 | 11,008 | 24,059 | 8,083 |

#### (b) Cash at bank and on hand

Cash on hand is non-interest bearing.

Cash at bank accounts bear floating interest rates between 5.35% and 6.20% (2005: 4.75% and 5.35%).

#### (c) Short-term deposits and bills

The deposits are bearing floating interest rates of 6.12% (2005 5.5%). These deposits have an average maturity of 90 days.



## 5 RECEIVABLES

### Current

Debtors  
Less provision for doubtful receivables

DEST superannuation reimbursement  
Accrued revenue  
GST  
Sundry loans and advances

### Non-current

DEST superannuation reimbursement  
Sundry loans and advances

### Total receivables

|   | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|---|-----------------------------------|----------------|-------------------------------|----------------|
|   | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| Debtors                                 | 7,379                             | 7,023          | 7,565                         | 6,985          |
| Less provision for doubtful receivables | (599)                             | (536)          | (599)                         | (536)          |
|   | 6,780                             | 6,487          | 6,966                         | 6,449          |
| DEST superannuation reimbursement       | 886                               | 879            | 886                           | 879            |
| Accrued revenue                         | 272                               | 262            | 188                           | 160            |
| GST                                     | 999                               | 1,712          | 980                           | 1,679          |
| Sundry loans and advances               | -                                 | 250            | -                             | 250            |
|   | <b>8,937</b>                      | <b>9,590</b>   | <b>9,020</b>                  | <b>9,417</b>   |
| DEST superannuation reimbursement       | 7,230                             | 8,773          | 7,230                         | 8,773          |
| Sundry loans and advances               | -                                 | 200            | -                             | 200            |
|   | <b>7,230</b>                      | <b>8,973</b>   | <b>7,230</b>                  | <b>8,973</b>   |
| <b>Total receivables</b>                | <b>16,167</b>                     | <b>18,563</b>  | <b>16,250</b>                 | <b>18,390</b>  |

## 6 INVENTORIES

### Current

### Total inventories

|                          |            |            |            |            |
|--------------------------|------------|------------|------------|------------|
| Current                  | 170        | 161        | 167        | 148        |
| <b>Total inventories</b> | <b>170</b> | <b>161</b> | <b>167</b> | <b>148</b> |

## 7 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

### Current

Trust investments  
Investment fund

### Non-current

Shares – unlisted  
Investment properties

### Total other financial assets

|                                     |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Trust investments                   | 3,304          | 3,087          | 3,304          | 3,087          |
| Investment fund                     | 162,785        | 134,882        | 142,196        | 118,440        |
|                                     | <b>166,089</b> | <b>137,969</b> | <b>145,500</b> | <b>121,527</b> |
| Shares – unlisted                   | 1              | 1              | 1              | 1              |
| Investment properties               | 2,763          | 1,394          | 2,763          | 1,394          |
|                                     | <b>2,764</b>   | <b>1,395</b>   | <b>2,764</b>   | <b>1,395</b>   |
| <b>Total other financial assets</b> | <b>168,853</b> | <b>139,364</b> | <b>148,264</b> | <b>122,922</b> |

### Reconciliation – Investment properties

Opening balance  
Disposals  
Reclassification from/(to) non-current assets held for sale  
Restatement to fair value (recognised through profit and loss)  
Closing balance

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| Opening balance  | 1,394        | 12,659       | 1,394        | 12,659       |
| Disposals  | (240)        | -            | (240)        | -            |
| Reclassification from/(to) non-current assets held for sale    | 230          | (11,265)     | 230          | (11,265)     |
| Restatement to fair value (recognised through profit and loss) | 1,379        | -            | 1,379        | -            |
| Closing balance  | <b>2,763</b> | <b>1,394</b> | <b>2,763</b> | <b>1,394</b> |

## 8 OTHER ASSETS

### Current

Prepayments

### Total other assets

|                           |              |              |              |              |
|---------------------------|--------------|--------------|--------------|--------------|
| Prepayments               | 3,447        | 4,120        | 3,432        | 4,112        |
| <b>Total other assets</b> | <b>3,447</b> | <b>4,120</b> | <b>3,432</b> | <b>4,112</b> |

## 9 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

### Current

Investment property

### Total non-current assets held for sale

|   |          |               |          |               |
|---|----------|---------------|----------|---------------|
| Investment property                           | -        | 11,265        | -        | 11,265        |
| <b>Total non-current assets held for sale</b> | <b>-</b> | <b>11,265</b> | <b>-</b> | <b>11,265</b> |





## 10 PROPERTY, PLANT AND EQUIPMENT

|   | (a) Economic Entity (Consolidated) – \$'000 |               |                |                |                           |                      |               |                 |                |
|---|---|---------------|----------------|----------------|---------------------------|----------------------|---------------|-----------------|----------------|
|   | Notes                                       | Land          | Buildings      | Capital<br>WIP | Leasehold<br>Improvements | Plant &<br>Equipment | Library       | Works<br>of Art | Total          |
| <b>At 1 January 2005</b>                      |   |               |                |                |                           |                      |               |                 |                |
| At cost                                       |   | -             | -              | 779            | -                         | 45,705               | 53,299        | -               | 99,783         |
| At valuation                                  |   | 15,705        | 421,551        | -              | 51,285                    | -                    | -             | 6,305           | 494,846        |
| Accumulated depreciation                      |   | -             | (234,089)      | -              | (29,400)                  | (31,561)             | (14,800)      | -               | (309,850)      |
| <b>Net book amount</b>                        |   | <b>15,705</b> | <b>187,462</b> | <b>779</b>     | <b>21,885</b>             | <b>14,144</b>        | <b>38,499</b> | <b>6,305</b>    | <b>284,779</b> |
| <b>Year ended 31 December 2005</b>            |   |               |                |                |                           |                      |               |                 |                |
| Opening net book amount                       |   | 15,705        | 187,462        | 779            | 21,885                    | 14,144               | 38,499        | 6,305           | 284,779        |
| Add: additions                                |   | 2,995         | 1,061          | 6,925          | -                         | 5,662                | 2,492         | 183             | 19,318         |
| Add: transfers from capital works in progress |   | -             | 3,555          | (3,555)        | -                         | -                    | -             | -               | -              |
| Add: revaluation increment                    |   | -             | -              | -              | -                         | -                    | -             | 21              | 21             |
| Less: disposals                               |   | -             | -              | (40)           | -                         | (1,841)              | (20)          | (50)            | (1,951)        |
| Balance 31 December                           |   | 18,700        | 192,078        | 4,109          | 21,885                    | 17,965               | 40,971        | 6,459           | 302,167        |
| Less: depreciation charge                     | 3.2   | -             | (8,241)        | -              | (1,018)                   | (3,794)              | (2,764)       | -               | (15,817)       |
| <b>Closing net book amount</b>                |   | <b>18,700</b> | <b>183,837</b> | <b>4,109</b>   | <b>20,867</b>             | <b>14,171</b>        | <b>38,207</b> | <b>6,459</b>    | <b>286,350</b> |
| <b>At 31 December 2005</b>                    |   |               |                |                |                           |                      |               |                 |                |
| At cost                                       |   | -             | -              | 4,109          | -                         | 49,526               | 55,771        | 183             | 109,589        |
| At valuation                                  |   | 18,700        | 426,168        | -              | 51,285                    | -                    | -             | 6,276           | 502,429        |
| Accumulated depreciation                      |   | -             | (242,331)      | -              | (30,418)                  | (35,355)             | (17,564)      | -               | (325,668)      |
| <b>Net book amount</b>                        |   | <b>18,700</b> | <b>183,837</b> | <b>4,109</b>   | <b>20,867</b>             | <b>14,171</b>        | <b>38,207</b> | <b>6,459</b>    | <b>286,350</b> |
| <b>Year ended 31 December 2006</b>            |   |               |                |                |                           |                      |               |                 |                |
| Opening net book amount                       |   | 18,700        | 183,837        | 4,109          | 20,867                    | 14,171               | 38,207        | 6,459           | 286,350        |
| Add: additions                                |   | 3,081         | 500            | 19,519         | -                         | 6,434                | 3,052         | 65              | 32,651         |
| Add: transfers from capital works in progress |   | -             | -              | -              | -                         | -                    | -             | -               | -              |
| Add: revaluation increment                    |   | 20,195        | 29,510         | -              | 4,069                     | -                    | -             | -               | 53,774         |
| Less: disposals                               |   | -             | -              | -              | -                         | (1,191)              | (30)          | (1)             | (1,222)        |
| Balance 31 December                           |   | 41,976        | 213,847        | 23,628         | 24,936                    | 19,414               | 41,229        | 6,523           | 371,553        |
| Less: depreciation charge                     | 3.2   | -             | (8,307)        | -              | (1,019)                   | (3,865)              | (2,831)       | -               | (16,022)       |
| <b>Closing net book amount</b>                |   | <b>41,976</b> | <b>205,540</b> | <b>23,628</b>  | <b>23,917</b>             | <b>15,549</b>        | <b>38,398</b> | <b>6,523</b>    | <b>355,531</b> |
| <b>At 31 December 2006</b>                    |   |               |                |                |                           |                      |               |                 |                |
| At cost                                       |   | -             | -              | 23,628         | -                         | 46,895               | 56,892        | -               | 127,415        |
| At valuation                                  |   | 41,976        | 499,272        | -              | 61,338                    | -                    | -             | 6,523           | 609,109        |
| Accumulated depreciation                      |   | -             | (293,732)      | -              | (37,421)                  | (31,346)             | (18,494)      | -               | (380,993)      |
| <b>Net book amount</b>                        |   | <b>41,976</b> | <b>205,540</b> | <b>23,628</b>  | <b>23,917</b>             | <b>15,549</b>        | <b>38,398</b> | <b>6,523</b>    | <b>355,531</b> |



## 10 PROPERTY, PLANT AND EQUIPMENT (continued)

|   | (b) Parent Entity (University) – \$'000 |               |                |               |                        |                   |               |              |                |
|---|---|---------------|----------------|---------------|------------------------|-------------------|---------------|--------------|----------------|
|   | Notes                                   | Land          | Buildings      | Capital WIP   | Leasehold Improvements | Plant & Equipment | Library       | Works of Art | Total          |
| <b>At 1 January 2005</b>                      |   |               |                |               |                        |                   |               |              |                |
| At cost                                       |   | -             | -              | 739           | -                      | 45,558            | 53,299        | -            | 99,596         |
| At valuation                                  |   | 15,705        | 421,551        | -             | 51,285                 | -                 | -             | 6,305        | 494,846        |
| Accumulated depreciation                      |   | -             | (234,090)      | -             | (29,400)               | (31,497)          | (14,800)      | -            | (309,787)      |
| <b>Net book amount</b>                        |   | <b>15,705</b> | <b>187,461</b> | <b>739</b>    | <b>21,885</b>          | <b>14,061</b>     | <b>38,499</b> | <b>6,305</b> | <b>284,655</b> |
| <b>Year ended 31 December 2005</b>            |   |               |                |               |                        |                   |               |              |                |
| Opening net book amount                       |   | 15,705        | 187,461        | 739           | 21,885                 | 14,061            | 38,499        | 6,305        | 284,655        |
| Add: additions                                |   | 2,995         | 1,062          | 6,925         | -                      | 5,657             | 2,492         | 183          | 19,314         |
| Add: transfers from capital works in progress |   | -             | 3,555          | (3,555)       | -                      | -                 | -             | -            | -              |
| Add: revaluation increment                    |   | -             | -              | -             | -                      | -                 | -             | 21           | 21             |
| Less: disposals                               |   | -             | -              | -             | -                      | (1,758)           | (20)          | (50)         | (1,828)        |
| Balance 31 December                           |   | 18,700        | 192,078        | 4,109         | 21,885                 | 17,960            | 40,971        | 6,459        | 302,162        |
| Less: depreciation charge                     | 3.2                                     | -             | (8,241)        | -             | (1,018)                | (3,792)           | (2,764)       | -            | (15,815)       |
| <b>Closing net book amount</b>                |   | <b>18,700</b> | <b>183,837</b> | <b>4,109</b>  | <b>20,867</b>          | <b>14,168</b>     | <b>38,207</b> | <b>6,459</b> | <b>286,347</b> |
| <b>At 31 December 2005</b>                    |   |               |                |               |                        |                   |               |              |                |
| At cost                                       |   | -             | -              | 4,109         | -                      | 49,457            | 55,771        | 183          | 109,520        |
| At valuation                                  |   | 18,700        | 426,168        | -             | 51,285                 | -                 | -             | 6,276        | 502,429        |
| Accumulated depreciation                      |   | -             | (242,331)      | -             | (30,418)               | (35,289)          | (17,564)      | -            | (325,602)      |
| <b>Net book amount</b>                        |   | <b>18,700</b> | <b>183,837</b> | <b>4,109</b>  | <b>20,867</b>          | <b>14,168</b>     | <b>38,207</b> | <b>6,459</b> | <b>286,347</b> |
| <b>Year ended 31 December 2006</b>            |   |               |                |               |                        |                   |               |              |                |
| Opening net book amount                       |   | 18,700        | 183,837        | 4,109         | 20,867                 | 14,168            | 38,207        | 6,459        | 286,347        |
| Add: additions                                |   | 3,081         | 500            | 19,519        | -                      | 6,431             | 3,052         | 65           | 32,648         |
| Add: transfers from capital works in progress |   | -             | -              | -             | -                      | -                 | -             | -            | -              |
| Add: revaluation increment                    |   | 20,195        | 29,510         | -             | 4,069                  | -                 | -             | -            | 53,774         |
| Less: disposals                               |   | -             | -              | -             | -                      | (1,191)           | (30)          | (1)          | (1,222)        |
| Balance 31 December                           |   | 41,976        | 213,847        | 23,628        | 24,936                 | 19,408            | 41,229        | 6,523        | 371,547        |
| Less: depreciation charge                     | 3.2                                     | -             | (8,307)        | -             | (1,019)                | (3,863)           | (2,831)       | -            | (16,020)       |
| <b>Closing net book amount</b>                |   | <b>41,976</b> | <b>205,540</b> | <b>23,628</b> | <b>23,917</b>          | <b>15,545</b>     | <b>38,398</b> | <b>6,523</b> | <b>355,527</b> |
| <b>At 31 December 2006</b>                    |   |               |                |               |                        |                   |               |              |                |
| At cost                                       |   | -             | -              | 23,628        | -                      | 46,869            | 56,892        | -            | 127,389        |
| At valuation                                  |   | 41,976        | 499,272        | -             | 61,338                 | -                 | -             | 6,523        | 609,109        |
| Accumulated depreciation                      |   | -             | (293,732)      | -             | (37,421)               | (31,324)          | (18,494)      | -            | (380,971)      |
| <b>Net book amount</b>                        |   | <b>41,976</b> | <b>205,540</b> | <b>23,628</b> | <b>23,917</b>          | <b>15,545</b>     | <b>38,398</b> | <b>6,523</b> | <b>355,527</b> |

### (c) Valuations of Land, Buildings and Leasehold Improvements

An independent valuation of the University's land, buildings and leasehold improvements was performed by Messrs Jeffrey Tempamy, AAPI and Frank Julier, AAPI of Rushton Valuers Pty Ltd during 2006. The valuation was performed to determine fair value in accordance with AASB 116 – Property, Plant and Equipment.

In relation to buildings and leasehold improvements, and excluding residential properties, fair value was determined with reference to a market-related depreciated replacement cost. In relation to land, fair value was determined with reference to market value.



|   | Notes | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|---|-------|-----------------------------------|----------------|-------------------------------|----------------|
|   |       | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| <b>11 INTANGIBLE ASSETS</b>   |       |                                   |                |                               |                |
| <b>Movements</b>  |       |                                   |                |                               |                |
| Opening net book amount   |       | 1,000                             | -              | 1,000                         | -              |
| Additions   |       | -                                 | 1,000          | -                             | 1,000          |
| Amortisation charge   |       | -                                 | -              | -                             | -              |
| Impairment charge   |       | -                                 | -              | -                             | -              |
| <b>Closing net book amount</b>  |       | <b>1,000</b>                      | <b>1,000</b>   | <b>1,000</b>                  | <b>1,000</b>   |
| <b>At 31 December 2006</b>  |       |                                   |                |                               |                |
| Cost  |       | 1,000                             | 1,000          | 1,000                         | 1,000          |
| Accumulated amortisation and impairment                                 |       | -                                 | -              | -                             | -              |
| <b>Net book amount</b>  |       | <b>1,000</b>                      | <b>1,000</b>   | <b>1,000</b>                  | <b>1,000</b>   |
| <b>12 PAYABLES</b>  |       |                                   |                |                               |                |
| <b>Current</b>  |       |                                   |                |                               |                |
| Creditors and accruals  |       | 10,121                            | 15,624         | 9,947                         | 16,159         |
| OS-HELP liability to Australian Government                              |       | 50                                | 54             | 50                            | 54             |
| <b>Total payables</b>   |       | <b>10,171</b>                     | <b>15,678</b>  | <b>9,997</b>                  | <b>16,213</b>  |
| <b>13 PROVISIONS</b>  |       |                                   |                |                               |                |
| <b>Current</b>  |       |                                   |                |                               |                |
| Annual leave  |       | 4,443                             | 3,952          | 4,401                         | 3,908          |
| Long service leave  |       | 11,730                            | 11,044         | 11,691                        | 11,009         |
| Deferred benefits for superannuation                                    | 22(b) | 2,309                             | 2,338          | 2,309                         | 2,338          |
|   |       | <b>18,482</b>                     | <b>17,334</b>  | <b>18,401</b>                 | <b>17,255</b>  |
| <b>Non-current</b>  |       |                                   |                |                               |                |
| Long service leave  |       | 5,581                             | 4,731          | 5,581                         | 4,731          |
| Deferred benefits for superannuation                                    | 22(b) | 19,518                            | 21,642         | 19,518                        | 21,642         |
|   |       | <b>25,099</b>                     | <b>26,373</b>  | <b>25,099</b>                 | <b>26,373</b>  |
| <b>Total provisions</b>   |       | <b>43,581</b>                     | <b>43,707</b>  | <b>43,500</b>                 | <b>43,628</b>  |
| (1) Annual leave liabilities above include the following on-costs       |       | 860                               | 765            | 852                           | 756            |
| (2) Long service leave liabilities above include the following on-costs |       | 3,351                             | 3,053          | 3,343                         | 3,046          |
| <b>14 OTHER LIABILITIES</b>   |       |                                   |                |                               |                |
| <b>Current</b>  |       |                                   |                |                               |                |
| Unspent government financial assistance                                 |       | -                                 | 484            | -                             | 484            |
| Revenue in advance  |       | 5,877                             | 6,225          | 5,450                         | 5,673          |
| Bonds and deposits held   |       | 343                               | 255            | 343                           | 255            |
| Monies held on behalf of Cooperative<br>Research Centres (CRCs)         |       | 4,847                             | 1,643          | 4,847                         | 1,643          |
| <b>Total other liabilities</b>  |       | <b>11,067</b>                     | <b>8,607</b>   | <b>10,640</b>                 | <b>8,055</b>   |



## 15 EQUITY

### Reserves

#### Asset revaluation reserve

|  | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| Balance at end of previous year                      | 194,221                           | 194,200        | 194,221                       | 194,200        |
| Add: revaluation increment on art works              | -                                 | 21             | -                             | 21             |
| Add: revaluation increment on land                   | 20,195                            | -              | 20,195                        | -              |
| Add: revaluation increment on buildings              | 29,510                            | -              | 29,510                        | -              |
| Add: revaluation increment on leasehold improvements | 4,069                             | -              | 4,069                         | -              |
| <b>Balance at end of year</b>                        | <b>247,995</b>                    | <b>194,221</b> | <b>247,995</b>                | <b>194,221</b> |

### Statutory funds

The Income Statement combines a number of funds which, under granting conditions, can only be utilised for specified expenditure purposes.

These statutory funds cannot be allocated to general purpose expenditure categories. Statutory funds comprise:

**Trust funds** – donations for endowments and specified purposes such as prizes and scholarships

**Other restricted funds** – specific research grants, consultancies and other contract funds

|                                     |               |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Balance at end of previous year     | 45,511        | 36,972        | 26,458        | 20,745        |
| Transfer from/(to) retained surplus | 16,267        | 8,539         | 11,763        | 5,713         |
| <b>Balance at end of year</b>       | <b>61,778</b> | <b>45,511</b> | <b>38,221</b> | <b>26,458</b> |

### Retained surplus

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Balance at end of previous year           | 164,107        | 138,830        | 163,692        | 138,733        |
| Operating result (inclusive of transfers) | 50,528         | 33,816         | 46,417         | 30,672         |
| Transfer from/(to) statutory funds        | (16,267)       | (8,539)        | (11,763)       | (5,713)        |
| <b>Balance at end of year</b>             | <b>198,368</b> | <b>164,107</b> | <b>198,346</b> | <b>163,692</b> |

### Key components of operating result

The operating result reported in the Income Statement is derived after accounting for all income received by the University. The nature of certain types of income is such that significant amounts may be received for capital works, with the future depreciation charge allocated over many years. Also, amounts may be received where there is a significant timing difference between receipt of income, and payment of expenditure, for example research grants. The following reconciliation highlights some key components of the operating result.

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Capital Development Pool monies received           | 8,165         | 8,002         | 8,165         | 8,002         |
| Systemic Infrastructure Initiative monies received | 2,660         | 4,888         | 2,660         | 4,888         |
| Net result from trust and other restricted funds   | 12,767        | 8,539         | 8,263         | 5,713         |
| Balance of operating result                        | 26,936        | 12,387        | 27,329        | 12,069        |
| <b>Operating result as per income statement</b>    | <b>50,528</b> | <b>33,816</b> | <b>46,417</b> | <b>30,672</b> |



**16 COMMITMENTS FOR EXPENDITURE**

**Capital expenditure commitments**

Contracted but not provided for and payable not later than one year

|       | Economic Entity (Consolidated) |                | Parent Entity (University) |                |
|-------|--------------------------------|----------------|----------------------------|----------------|
|       | 2006<br>\$'000                 | 2005<br>\$'000 | 2006<br>\$'000             | 2005<br>\$'000 |
| Total | 9,973                          | 7,955          | 9,973                      | 7,955          |

**Lease commitments**

**Operating leases**

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

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Within one year                                   | 1,471 | 1,093 | 1,395 | 1,012 |
| Later than one year but not later than five years | 2,336 | 2,328 | 2,251 | 2,267 |
| Later than five years                             | 4,297 | 4,292 | 4,297 | 4,292 |

|              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|
| <b>Total</b> | <b>8,104</b> | <b>7,713</b> | <b>7,943</b> | <b>7,571</b> |
|--------------|--------------|--------------|--------------|--------------|

**17 CONTINGENT LIABILITIES**

The consolidated entity had contingent liabilities at 31 December 2006 in respect of:

**Claims**

The University's wholly owned subsidiary, UTAS Innovation Ltd was the subject of a GST audit during 2005, and in December 2005 the Australian Taxation Office (ATO) issued amended business activity statements for the quarters ended 30 September 2001 to 30 June 2005 inclusive. The resultant additional GST, interest and penalties sought from the company amounts to \$320,609. The company has lodged an objection to these amended assessments.

**18 SUBSIDIARIES**

**Consolidated Entities**

The University is the parent entity or ultimate parent entity of the following entities, which are all incorporated in Australia.

**University of Tasmania Foundation Inc.**

The University Foundation is an incorporated association that raises money to endow scholarships, support research and build resources, while developing links between the University, industry and the community.

**UTAS Innovation Limited**

UTAS Innovation is a company limited by guarantee and is involved in consulting, contract research and the management and commercial development of intellectual property.

**Southern Ice Porcelain Pty Ltd**

Southern Ice Porcelain is a proprietary company involved in the manufacture and sale of high-quality porcelain.

**Ownership Interest**

| 2006<br>% | 2005<br>% |
|-----------|-----------|
| 100       | 100       |
| 100       | 100       |
| 100       | 100       |



## 19 NOTES TO THE CASH FLOW STATEMENTS

### Reconciliation of Cash

For the purposes of the Cash Flow Statements – the University considers cash to include cash on hand, short-term deposits at call and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the reporting period, as shown in the Cash Flow Statements, is reconciled to the related items in the Balance Sheet as follows:

|  | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| Cash   | 10,635                            | 4,374          | 7,559                         | 1,593          |
| Cash deposits at call  | 13,500                            | 3,530          | 13,500                        | 3,530          |
| Bank bills of exchange   | 3,657                             | 3,104          | 3,000                         | 2,960          |
|  | <b>27,792</b>                     | <b>11,008</b>  | <b>24,059</b>                 | <b>8,083</b>   |
| <b>Reconciliation of net cash used in operating activities to operating result</b> |                                   |                |                               |                |
| Operating result   | 50,528                            | 33,816         | 46,417                        | 30,672         |
| Depreciation   | 16,022                            | 15,817         | 16,020                        | 15,815         |
| (Profit)/loss on sale of property, plant and equipment                             | (1,589)                           | 704            | (1,589)                       | 704            |
| Loss on write down of investments  | -                                 | 472            | -                             | 492            |
| Write off sundry loan  | 250                               | -              | 250                           | -              |
| Movement in unrealised gains on investments  | (1,854)                           | (6,723)        | (1,276)                       | (5,868)        |
| Fair value movement in investment properties                                       | (1,379)                           | -              | (1,379)                       | -              |
| <b>Change in assets and liabilities</b>  |                                   |                |                               |                |
| (Increase)/decrease in receivables   | 1,893                             | (3,399)        | 1,655                         | (3,346)        |
| (Decrease)/increase in provision for doubtful debts                                | 63                                | (62)           | 63                            | (56)           |
| (Increase)/decrease in inventories   | (9)                               | (52)           | (19)                          | (39)           |
| (Increase)/decrease in sundry loans & advances                                     | -                                 | 50             | -                             | 50             |
| (Increase)/decrease in accrued revenue   | (10)                              | 49             | (28)                          | 149            |
| (Increase)/decrease in prepayments   | 673                               | (1,992)        | 680                           | (2,000)        |
| (Decrease)/increase in accounts payable  | (6,595)                           | 2,675          | (7,304)                       | 3,178          |
| (Decrease)/increase in employee entitlements                                       | (126)                             | 1,743          | (128)                         | 1,803          |
| (Decrease)/increase in unspent government financial assistance                     | (484)                             | 484            | (484)                         | 484            |
| (Decrease)/increase in revenue in advance  | (348)                             | 2,670          | (223)                         | 2,183          |
| <b>Net cash provided or used by operating activities</b>                           | <b>57,035</b>                     | <b>46,252</b>  | <b>52,655</b>                 | <b>44,221</b>  |
| <b>Financing arrangements</b>  |                                   |                |                               |                |
| The consolidated and parent entities have access to the following lines of credit: |                                   |                |                               |                |
| Bank overdraft (Commonwealth Bank)   |                                   |                |                               |                |
| Total facility   | 100                               | 100            | 100                           | 100            |
| Utilised at reporting date   | -                                 | -              | -                             | -              |
| Not utilised at reporting date   | 100                               | 100            | 100                           | 100            |
| Mastercard facility  | 5,000                             | 5,000          | 5,000                         | 5,000          |



**20 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE**

UNIVERSITY ONLY

2006 2005 2006 2005 2006 2005 2006 2005 2006 2005 2006 2005  
 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000

**20.1 DEST – CGS AND OTHER DEST GRANTS**

|   | Commonwealth Grants Scheme |               | Indigenous Support Fund |            | Equity Programmes |            | Workplace Reform Programme |            | Workplace Productivity Programme |          |
|---|----------------------------|---------------|-------------------------|------------|-------------------|------------|----------------------------|------------|----------------------------------|----------|
| Financial assistance received in cash during reporting period | 81,890                     | 74,639        | 950                     | 771        | 951               | 848        | 1,018                      | 963        | 750                              | -        |
| Net accrual adjustments                                       | -                          | -             | -                       | -          | -                 | -          | -                          | -          | -                                | -        |
| <b>Revenue for the period</b>                                 | <b>81,890</b>              | <b>74,639</b> | <b>950</b>              | <b>771</b> | <b>951</b>        | <b>848</b> | <b>1,018</b>               | <b>963</b> | <b>750</b>                       | <b>-</b> |
| Surplus/(deficit) from the previous year                      | -                          | -             | -                       | -          | -                 | -          | -                          | -          | -                                | -        |
| <b>Funds available for the period</b>                         | <b>81,890</b>              | <b>74,639</b> | <b>950</b>              | <b>771</b> | <b>951</b>        | <b>848</b> | <b>1,018</b>               | <b>963</b> | <b>750</b>                       | <b>-</b> |
| Less expenses including accrued expenses                      | (81,890)                   | (74,639)      | (950)                   | (771)      | (580)             | (848)      | (1,018)                    | (963)      | -                                | -        |
| <b>Surplus/(deficit) for the reporting period</b>             | <b>-</b>                   | <b>-</b>      | <b>-</b>                | <b>-</b>   | <b>371</b>        | <b>-</b>   | <b>-</b>                   | <b>-</b>   | <b>750</b>                       | <b>-</b> |

**Capital Development Pool**

|   | Capital Development Pool |              | Superannuation Programme |            | Collaboration & Structural Reform Programme |            | Total          |               |
|---|--------------------------|--------------|--------------------------|------------|---|------------|----------------|---------------|
| Financial assistance received in cash during reporting period | 8,165                    | 8,002        | 738                      | 619        | 3,146                                       | 862        | 97,608         | 86,704        |
| Net accrual adjustments                                       | 562                      | -            | -                        | -          | -   | -          | 562            | -             |
| <b>Revenue for the period</b>                                 | <b>8,727</b>             | <b>8,002</b> | <b>738</b>               | <b>619</b> | <b>3,146</b>                                | <b>862</b> | <b>98,170</b>  | <b>86,704</b> |
| Surplus/(deficit) from the previous year                      | 7,301                    | -            | -                        | -          | 585   | -          | 7,886          | -             |
| <b>Funds available for the period</b>                         | <b>16,028</b>            | <b>8,002</b> | <b>738</b>               | <b>619</b> | <b>3,731</b>                                | <b>862</b> | <b>106,056</b> | <b>86,704</b> |
| Less expenses including accrued expenses                      | (4,412)                  | (701)        | (738)                    | (619)      | (1,737)                                     | (271)      | (91,325)       | (78,818)      |
| <b>Surplus (deficit) for the reporting period</b>             | <b>11,616</b>            | <b>7,301</b> | <b>-</b>                 | <b>-</b>   | <b>1,994</b>                                | <b>585</b> | <b>14,731</b>  | <b>7,886</b>  |

**20.2 HIGHER EDUCATION LOAN PROGRAMMES**

|   | HECS-HELP     |               | FEE-HELP     |              | Total         |               |
|---|---------------|---------------|--------------|--------------|---------------|---------------|
| Financial assistance received in cash during reporting period | 36,937        | 36,134        | 1,518        | 1,371        | 38,455        | 37,505        |
| Net accrual adjustments                                       | -             | -             | -            | (54)         | -             | (54)          |
| <b>Revenue for the period</b>                                 | <b>36,937</b> | <b>36,134</b> | <b>1,518</b> | <b>1,317</b> | <b>38,455</b> | <b>37,451</b> |
| Surplus/(deficit) from the previous year                      | -             | -             | -            | -            | -             | -             |
| <b>Funds available for the period</b>                         | <b>36,937</b> | <b>36,134</b> | <b>1,518</b> | <b>1,317</b> | <b>38,455</b> | <b>37,451</b> |
| Less expenses including accrued expenses                      | (36,937)      | (36,134)      | (1,518)      | (1,317)      | (38,455)      | (37,451)      |
| <b>Surplus/(deficit) for the reporting period</b>             | <b>-</b>      | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>-</b>      | <b>-</b>      |

**20.3 SCHOLARSHIPS**

|   | Australian Postgraduate Awards |              | International Postgraduate Research Scholarships |            | Commonwealth Education Costs Scholarships |            | Commonwealth Accommodation Scholarships |              | Total        |              |
|---|--------------------------------|--------------|--|------------|---|------------|---|--------------|--------------|--------------|
| Financial assistance received in cash during reporting period | 2,161                          | 2,122        | 358  | 322        | 978                                       | 592        | 1,972                                   | 1,099        | 5,469        | 4,135        |
| Net accrual adjustments                                       | -                              | -            | -  | -          | -   | -          | -                                       | -            | -            | -            |
| <b>Revenue for the period</b>                                 | <b>2,161</b>                   | <b>2,122</b> | <b>358</b>                                       | <b>322</b> | <b>978</b>                                | <b>592</b> | <b>1,972</b>                            | <b>1,099</b> | <b>5,469</b> | <b>4,135</b> |
| Surplus/(deficit) from the previous year                      | 204                            | 171          | (1)  | 49         | (9)                                       | 5          | 66                                      | 20           | 260          | 245          |
| <b>Funds available for the period</b>                         | <b>2,365</b>                   | <b>2,293</b> | <b>357</b>                                       | <b>371</b> | <b>969</b>                                | <b>597</b> | <b>2,038</b>                            | <b>1,119</b> | <b>5,729</b> | <b>4,380</b> |
| Less expenses including accrued expenses                      | (2,137)                        | (2,089)      | (400)  | (372)      | (944)                                     | (606)      | (1,882)                                 | (1,053)      | (5,363)      | (4,120)      |
| <b>Surplus/(deficit) for the reporting period</b>             | <b>228</b>                     | <b>204</b>   | <b>(43)</b>                                      | <b>(1)</b> | <b>25</b>                                 | <b>(9)</b> | <b>156</b>                              | <b>66</b>    | <b>366</b>   | <b>260</b>   |

**20 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)**
**UNIVERSITY ONLY**

|   | 2006         | 2005         | 2006          | 2005          | 2006         | 2005         | 2006         | 2005         | 2006          | 2005          |
|---|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|
|   | \$'000       | \$'000       | \$'000        | \$'000        | \$'000       | \$'000       | \$'000       | \$'000       | \$'000        | \$'000        |
| <b>20.4 DEST RESEARCH</b>                                     |              |              |               |               |              |              |              |              |               |               |
| Financial assistance received in cash during reporting period | 7,235        | 7,201        | 15,179        | 15,680        | 2,660        | 4,888        | 5,532        | 4,914        | 30,606        | 32,683        |
| Net accrual adjustments                                       | -            | -            | -             | -             | 797          | -            | -            | -            | 797           | -             |
| <b>Revenue for the period</b>                                 | <b>7,235</b> | <b>7,201</b> | <b>15,179</b> | <b>15,680</b> | <b>3,457</b> | <b>4,888</b> | <b>5,532</b> | <b>4,914</b> | <b>31,403</b> | <b>32,683</b> |
| Surplus/(deficit) from the previous year                      | -            | -            | -             | -             | 5,688        | 3,000        | -            | -            | 5,688         | 3,000         |
| <b>Funds available for the period</b>                         | <b>7,235</b> | <b>7,201</b> | <b>15,179</b> | <b>15,680</b> | <b>9,145</b> | <b>7,888</b> | <b>5,532</b> | <b>4,914</b> | <b>37,091</b> | <b>35,683</b> |
| Less expenses including accrued expenses                      | (7,235)      | (7,201)      | (15,179)      | (15,680)      | (341)        | (2,200)      | (5,532)      | (4,914)      | (28,287)      | (29,995)      |
| <b>Surplus/(deficit) for the reporting period</b>             | <b>-</b>     | <b>-</b>     | <b>-</b>      | <b>-</b>      | <b>8,804</b> | <b>5,688</b> | <b>-</b>     | <b>-</b>     | <b>8,804</b>  | <b>5,688</b>  |

**20.5 AUSTRALIAN RESEARCH COUNCIL**
**(a) Discovery**

|   | Projects     |              | Fellowships |            | Total        |              |
|---|--------------|--------------|-------------|------------|--------------|--------------|
| Financial assistance received in cash during reporting period | 4,719        | 5,383        | 158         | 118        | 4,877        | 5,501        |
| Net accrual adjustments                                       | 101          | -            | -           | -          | 101          | -            |
| <b>Revenue for the period</b>                                 | <b>4,820</b> | <b>5,383</b> | <b>158</b>  | <b>118</b> | <b>4,978</b> | <b>5,501</b> |
| Surplus/(deficit) from the previous year                      | 1,632        | 1,341        | -           | 35         | 1,632        | 1,376        |
| <b>Funds available for the period</b>                         | <b>6,452</b> | <b>6,724</b> | <b>158</b>  | <b>153</b> | <b>6,610</b> | <b>6,877</b> |
| Less expenses including accrued expenses                      | (4,705)      | (5,092)      | (96)        | (153)      | (4,801)      | (5,245)      |
| <b>Surplus/(deficit) for the reporting period</b>             | <b>1,747</b> | <b>1,632</b> | <b>62</b>   | <b>-</b>   | <b>1,809</b> | <b>1,632</b> |

**(b) Linkages**

|   | Special Research Initiatives |            | Infrastructure |              | Projects     |              | Total        |              |
|---|------------------------------|------------|----------------|--------------|--------------|--------------|--------------|--------------|
| Financial assistance received in cash during reporting period | 139                          | 136        | 263            | 914          | 2,510        | 2,489        | 2,912        | 3,539        |
| Net accrual adjustments                                       | -                            | -          | -              | -            | 940          | 502          | 940          | 502          |
| <b>Revenue for the period</b>                                 | <b>139</b>                   | <b>136</b> | <b>263</b>     | <b>914</b>   | <b>3,450</b> | <b>2,991</b> | <b>3,852</b> | <b>4,041</b> |
| Surplus/(deficit) from the previous year                      | 133                          | -          | 537            | 428          | 2,005        | 1,357        | 2,675        | 1,785        |
| <b>Funds available for the period</b>                         | <b>272</b>                   | <b>136</b> | <b>800</b>     | <b>1,342</b> | <b>5,455</b> | <b>4,348</b> | <b>6,527</b> | <b>5,826</b> |
| Less expenses including accrued expenses                      | (227)                        | (3)        | (878)          | (805)        | (3,232)      | (2,343)      | (4,337)      | (3,151)      |
| <b>Surplus/(deficit) for the reporting period</b>             | <b>45</b>                    | <b>133</b> | <b>(78)</b>    | <b>537</b>   | <b>2,223</b> | <b>2,005</b> | <b>2,190</b> | <b>2,675</b> |

**(c) Centres**

|   | Centres of Excellence |              | Total        |              |
|---|-----------------------|--------------|--------------|--------------|
| Financial assistance received in cash during reporting period | 4,653                 | 968          | 4,653        | 968          |
| Net accrual adjustments                                       | 32                    | (484)        | 32           | (484)        |
| <b>Revenue for the period</b>                                 | <b>4,685</b>          | <b>484</b>   | <b>4,685</b> | <b>484</b>   |
| Surplus/(deficit) from the previous year                      | (354)                 | -            | (354)        | -            |
| <b>Funds available for the period</b>                         | <b>4,331</b>          | <b>484</b>   | <b>4,331</b> | <b>484</b>   |
| Less expenses including accrued expenses                      | (3,203)               | (838)        | (3,203)      | (838)        |
| <b>Surplus/(deficit) for the reporting period</b>             | <b>1,128</b>          | <b>(354)</b> | <b>1,128</b> | <b>(354)</b> |





## 21 FINANCIAL INSTRUMENTS

The University's activities expose it to a variety of financial risks, as follows:

### MARKET RISK

Investments mainly comprise investments in managed investment funds. The Investment Fund has a prudent longer-term investment strategy with a growth-style portfolio including equities. It is acknowledged there may be short-term fluctuations in asset values from time to time with such a strategy. The possibility of a negative return is approximately one year in seven. Historical trends for such a strategy indicate that, with reasonable probability, unrealised losses will be recovered in the short to medium-term.

The managers place a great deal of emphasis on risk management and constantly examine the risk and return profiles of the portfolios in terms of both asset allocation and the active management of each asset class within the portfolio. This ensures a well-diversified portfolio of assets, which has proven successful in adding value in an environment of risk aversion and falling equity markets.

### CREDIT RISK

The maximum exposure to credit risk on financial assets of the consolidated entity, excluding investments, relates to receivables that are exposed to the risk of financial loss due to the other party to the contract failing to discharge a financial obligation. The maximum credit risk exposure in relation to receivables is the carrying amount less the provision for doubtful debts. The economic entity is not materially exposed to any individual or group. Accounts receivable credit terms are 30 days.

### FOREIGN CURRENCY RISK

The University does not hold any foreign currency bank accounts. Amounts payable or receivable in foreign currencies at balance date are converted into Australian currency at market exchange rates at balance date. Currency conversion gains and losses are included in the operating result for the year.

### INTEREST RATE RISK

The consolidated entity's exposure to interest rate risk, and the effective weighted average interest rate by class of asset or liability is set out in the table on the following page. The table also details the fair values of financial assets and liabilities. Exposures arise predominantly from asset and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.



## 21 FINANCIAL INSTRUMENTS (continued)

### Financial assets 2006

|                               | Non-interest bearing \$'000 | Floating \$'000 | 1 year or less \$'000 | Over 1 year to 5 years \$'000 | More than 5 years \$'000 | Carrying amount as per balance sheet \$'000 | Weighted average interest rate % | Fair value \$'000 |
|-------------------------------|-----------------------------|-----------------|-----------------------|-------------------------------|--------------------------|---|----------------------------------|-------------------|
| Cash                          |                             | 24,135          |                       |                               |                          | 24,135                                      | 5.68                             | 24,135            |
| Short-term deposits and bills |                             |                 | 3,657                 |                               |                          | 3,657                                       | 6.12                             | 3,657             |
| Trade debtors                 | 6,780                       |                 |                       |                               |                          | 6,780                                       | n/a                              | 6,780             |
| Other receivables             | 999                         |                 |                       |                               |                          | 999   | n/a                              | 999               |
| Investment fund               |                             | 138,816         | 23,969                |                               |                          | 162,785                                     | 14.10                            | 162,785           |
| Trust investments             |                             | 3,121           | 183                   |                               |                          | 3,304                                       | 9.50                             | 3,304             |
| Shares unlisted               | 1                           |                 |                       |                               |                          | 1   | n/a                              | 1                 |
| <b>Total financial assets</b> | <b>7,780</b>                | <b>166,072</b>  | <b>27,809</b>         | <b>-</b>                      | <b>-</b>                 | <b>201,661</b>                              |                                  | <b>201,661</b>    |

### Financial liabilities 2006

|                               |               |              |          |          |          |               |      |               |
|-------------------------------|---------------|--------------|----------|----------|----------|---------------|------|---------------|
| Creditors and accruals        | 10,171        |              |          |          |          | 10,171        | n/a  | 10,171        |
| Bonds and deposits            | 343           |              |          |          |          | 343           | n/a  | 343           |
| Monies held on behalf of CRCs |               | 4,847        |          |          |          | 4,847         | 6.05 | 4,847         |
| <b>Total liabilities</b>      | <b>10,514</b> | <b>4,847</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>15,361</b> |      | <b>15,361</b> |

### Financial assets 2005

|                               |              |                |               |          |          |                |       |                |
|-------------------------------|--------------|----------------|---------------|----------|----------|----------------|-------|----------------|
| Cash                          |              | 7,904          |               |          |          | 7,904          | 4.75  | 7,904          |
| Short-term deposits and bills |              |                | 3,104         |          |          | 3,104          | 5.52  | 3,104          |
| Trade debtors                 | 6,487        |                |               |          |          | 6,487          | n/a   | 6,487          |
| Other receivables             | 1,712        |                |               |          |          | 1,712          | n/a   | 1,712          |
| Sundry loans                  |              | 450            |               |          |          | 450            | n/a   | 450            |
| Investment fund               |              | 111,719        | 23,163        |          |          | 134,882        | 13.77 | 134,882        |
| Trust investments             |              | 2,910          | 177           |          |          | 3,087          | 10.51 | 3,087          |
| Shares unlisted               | 1            |                |               |          |          | 1              | n/a   | 1              |
| <b>Total financial assets</b> | <b>8,650</b> | <b>122,533</b> | <b>26,444</b> | <b>-</b> | <b>-</b> | <b>157,627</b> |       | <b>157,627</b> |

### Financial liabilities 2005

|                               |               |              |          |          |          |               |      |               |
|-------------------------------|---------------|--------------|----------|----------|----------|---------------|------|---------------|
| Creditors and accruals        | 15,678        |              |          |          |          | 15,678        | n/a  | 15,678        |
| Bonds and deposits            | 255           |              |          |          |          | 255           | n/a  | 255           |
| Monies held on behalf of CRCs |               | 1,643        |          |          |          | 1,643         | 5.35 | 1,643         |
| <b>Total liabilities</b>      | <b>15,933</b> | <b>1,643</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>17,576</b> |      | <b>17,576</b> |



**22 SUPERANNUATION COMMITMENTS**

**(a) Schemes operational and open to membership**

*i) UniSuper Limited*

The majority of University staff are members of schemes and plans administered and managed by UniSuper Limited. University contributions are expensed as incurred.

UniSuper Accumulation Super is a defined contribution plan.

The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, as a result of amendments to Clause 34 of UniSuper, a defined contribution plan under Accounting Standard AASB 119.

As at 30 June 2006 the assets of the DBD in aggregate were estimated to be \$958 million in excess of vested benefits. The vested benefits are benefits that are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of Consumer Price index (CPI) indexed pensions being provided by the DBD.

As at 30 June 2006 the assets of the DBD in aggregate were estimated to be \$1,834 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefits payments to members and CPI 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 13 July 2006 on the actuarial investigation of the DBD as at 31 December 2005. The financial assumptions used were:

|  | Vested Benefits | Accrued Benefits |
|--|-----------------|------------------|
| Gross of tax investment return                 | 7.00%           | 8.30%            |
| Net of tax investment return                   | 6.50%           | 7.80%            |
| Consumer Price Index                           | 2.50%           | 2.50%            |
| Inflationary salary increases long term        | 3.50%           | 3.50%            |
| Inflationary salary increases next three years | 5.00%           | 5.00%            |

(Additional promotional salary increases are assumed to apply based on past experience)

Assets have been included at their net market value, i.e. allowing for realisation costs.

**(b) Schemes closed to future membership**

The University of Tasmania Staff Superannuation and Additional Benefits Scheme was closed on 31 December 1982 and wound up. Two aspects of the scheme remain: the lump sum compensation benefits scheme and the supplementary pension scheme.

*i) Lump Sum Compensation Benefits*

As part of the winding up of the University of Tasmania Staff Superannuation and Additional Benefits Scheme it was agreed with members that staff transferring contributions to SSAU would be compensated at retirement. The calculation of compensation is formula-based and consistent with terms determined by Council in 1982. Compensation is adjusted in line with movements in the CPI. It is financed on an emerging cost basis and charged against operating funds.

|  | 2006<br>\$'000 | 2005<br>\$'000 |
|--|----------------|----------------|
| <b>Liabilities recognised in the balance sheet</b> |                |                |
| Total liability – current                          | 22             | 21             |

*ii) Supplementary Pension Scheme Liability*

The University of Tasmania has a liability in respect of pensions paid, being supplementary pensions being paid and reversionary pensions which may become payable to spouses in the future. This is a closed scheme.

In a 31 December 2005 actuarial report prepared by Mr Brian Bendzulla of Bendzulla Actuarial Pty Ltd dated 3 January 2006, the University's liability was as follows:

|  | 2006<br>\$'000 | 2005<br>\$'000 |
|--|----------------|----------------|
| <b>Liabilities recognised in the balance sheet</b> |                |                |
| Total liability                                    | 13,689         | 14,307         |
| Current  | 1,401          | 1,438          |
| Non-current  | 12,288         | 12,869         |
|  | 13,689         | 14,307         |
| <b>Principal actuarial assumptions</b>             | %              | %              |
| Discount rate                                      | 5.40           | 5.40           |
| Inflation (pensions)                               | 4.50           | 4.50           |



## 22 SUPERANNUATION COMMITMENTS (continued)

### iii) Retirement Benefits Fund

The University of Tasmania has a liability in respect of a small number of staff who transferred from the Tasmanian College of Advanced Education and who are members of the State Government scheme, the Retirement Benefits Fund (RBF).

The right to reimbursement from the Commonwealth for the unfunded past service liability of \$8.116m (2005: \$9.652m) is recognised as an asset in Note 5 – Receivables.

The RBF is a defined benefit fund which pays lump sum and pension benefits to members upon retirement (most of which are calculated as a multiple of the member's final average salary).

In an actuarial report prepared by Catherine Nance of PriceWaterhouseCoopers dated 5 July 2006, the University's liability (as at 30 June 2006) was as follows:

|   | 2006<br>\$'000 | 2005<br>\$'000 |
|---|----------------|----------------|
| <b>Liabilities recognised in the balance sheet</b>  |                |                |
| Defined benefit obligations   | 12,651         | 14,231         |
| Fair value of plan assets   | (4,535)        | (4,579)        |
| Net liability   | 8,116          | 9,652          |
| Current   | 886            | 879            |
| Non-current   | 7,230          | 8,773          |
|   | 8,116          | 9,652          |
| <b>Movements in the net liability for defined benefit obligations recognised in the balance sheet</b>   |                |                |
| Net liability for defined benefit obligations at 1 January  | 9,652          | 8,732          |
| Contributions received  | (763)          | (579)          |
| Expense/(gain) recognised in the income statement   | (773)          | 1,499          |
|   | 8,116          | 9,652          |
| <b>Expense recognised in the income statement</b>   |                |                |
| Employer service cost   | 47             | 51             |
| Interest cost   | 670            | 727            |
| Expected return on plan assets  | (305)          | (291)          |
| Recognised actuarial losses/(gains)   | (1,185)        | 1,012          |
| Expense/(gain) recognised   | (773)          | 1,499          |
| <b>Principal actuarial assumptions</b>  |                |                |
|   | %              | %              |
| Discount rate (gross of tax)  | 5.80           | 5.30           |
| Discount rate (net of tax)  | 5.70           | 5.20           |
| Expected return on plan assets  | 7.00           | 7.00           |
| Salary rate   | 4.50           | 4.50           |
| Inflation (pensions)  | 2.50           | 2.50           |
| The expected return on plan assets (net of tax) has been based on the expected long-term returns for each of the major asset classes in which the Plan invests. |                |                |
| <b>Plan assets</b>  |                |                |
| Australian equities   | 38             | 36             |
| Overseas equities   | 20             | 20             |
| Fixed interest securities   | 21             | 25             |
| Property  | 21             | 19             |
|   | 100            | 100            |
| <b>Funded status of defined benefit obligations</b>   |                |                |
|   | \$'000         | \$'000         |
| Funded  | 4,758          | 5,956          |
| Unfunded  | 7,893          | 8,275          |
|   | 12,651         | 14,231         |

The above information represents the material disclosures required by AASB 119. After considering materiality, further detailed reconciliations have not been included because their inclusion does not enhance the information already reported.



**23 REMUNERATION OF AUDITORS**

During the year the following fees were paid for services provided to the University by the auditor and non-related audit firms:

**Audit services**

|  | Economic Entity<br>(Consolidated) |                | Parent Entity<br>(University) |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | 2006<br>\$'000                    | 2005<br>\$'000 | 2006<br>\$'000                | 2005<br>\$'000 |
| Fees paid to the Tasmanian Audit Office for the audit of financial reports | 84                                | 75             | 79                            | 75             |
| Fees paid to other audit firms for the audit of financial reports          | -                                 | 7              | -                             | -              |
| <b>Total remuneration for audit services</b>                               | <b>84</b>                         | <b>82</b>      | <b>79</b>                     | <b>75</b>      |

**Assurance services**

Fees paid to other audit firms:

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Internal audit services                          | 201        | 180        | 201        | 180        |
| Audit of grant monies                            | 22         | 25         | 22         | 25         |
| Other assurance services                         | 178        | -          | 178        | -          |
| <b>Total remuneration for assurance services</b> | <b>401</b> | <b>205</b> | <b>401</b> | <b>205</b> |

**24 REMUNERATION OF BOARD MEMBERS AND EXECUTIVES**

**Board members**

The Council is the governing body of the University. Remuneration is not paid to members.

**Executive officers**

The number of executive positions where the total remuneration (including salary, superannuation and other benefits) for the reporting period exceeded \$100,000 within bands of \$10,000 were:

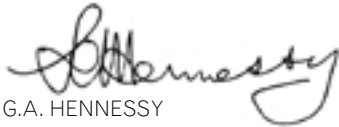
|                                      | No.       | No.       | No.       | No.       |
|--------------------------------------|-----------|-----------|-----------|-----------|
| \$100,000 to \$109,999               | -         | 1         | -         | 1         |
| \$110,000 to \$119,999               | -         | 1         | -         | 1         |
| \$140,000 to \$149,999               | -         | 2         | -         | 2         |
| \$160,000 to \$169,999               | 1         | 1         | 1         | 1         |
| \$170,000 to \$179,999               | 1         | 3         | 1         | 3         |
| \$180,000 to \$189,999               | 1         | 1         | 1         | 1         |
| \$190,000 to \$199,999               | 2         | -         | 2         | -         |
| \$210,000 to \$219,999               | 1         | 2         | 1         | 2         |
| \$220,000 to \$229,999               | 3         | 1         | 3         | 1         |
| \$230,000 to \$239,999               | 1         | -         | 1         | -         |
| \$360,000 to \$369,999               | -         | 1         | -         | 1         |
| \$400,000 to \$409,999               | 1         | -         | 1         | -         |
|                                      | <b>11</b> | <b>13</b> | <b>11</b> | <b>13</b> |
| Aggregate remuneration of executives | 2,456     | 2,463     | 2,456     | 2,463     |

"Executives" are defined as including the Vice-Chancellor and those senior staff who report to him as the Chief Executive Officer.

**STATEMENT BY PRINCIPAL ACCOUNTING OFFICER****In my opinion:**

- (a) the financial statements present a true and fair view of the financial position of the University and the consolidated entity as at 31 December 2006 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date, and comply with Australian Accounting Standards and the Financial Statement Guidelines for Australian Higher Education Providers for the 2006 Reporting Period (issued by the Australian Government Department of Education, Science and Training);
- (b) at the time of signing the statements there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due; and
- (c) the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended, and the University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.

In addition, at the date of signing I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

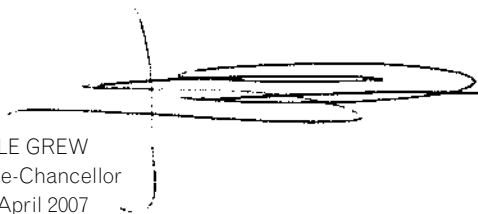


G.A. HENNESSY  
Director Financial Services  
19 April 2007


**STATEMENT BY THE VICE-CHANCELLOR AND THE CHIEF FINANCIAL OFFICER****In our opinion:**

- a) the financial statements present a true and fair view of the financial position of the University and the consolidated entity as at 31 December 2006 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date, and comply with Australian Accounting Standards and the Financial Statement Guidelines for Australian Higher Education Providers for the 2006 Reporting Period (issued by the Australian Government Department of Education, Science and Training);
- b) at the time of signing the statements there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due; and
- c) the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended, and the University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.

In addition, at the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



D. LE GREW  
Vice-Chancellor  
19 April 2007



B.J. LILLIS  
Executive Director Finance and Administration  
19 April 2007



## **INDEPENDENT AUDIT REPORT**

**To the Members of the Parliament of Tasmania**

### **UNIVERSITY OF TASMANIA**

Financial Statements for the Year Ended 31 December 2006

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

This audit report relates to the consolidated financial statements published in both the annual report and on the website of the University of Tasmania for the year ended 31 December 2006. The Members of the University Council are responsible for the integrity of both the annual report and its website.

The audit report refers only to the financial statements and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the University of Tasmania's annual report.

#### **Scope**

*The financial statements and the responsibilities of Members of the University Council*

The financial statements comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, accompanying notes to the financial statements, and the Statement by the Vice-Chancellor and the Chief Financial Officer for the year ended 31 December 2006. The financial statements include the consolidated financial statements of the economic entity, comprising the University of Tasmania and the entities it controlled at the financial year end, or from time to time during the financial year.

The Members of the University Council are responsible for the preparation and true and fair presentation of the financial statements in accordance, with applicable legislation. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

#### **Audit approach**

I conducted an independent audit in order to express an opinion to the Members of the Parliament of Tasmania. My audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

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I performed procedures to assess whether in all material respects the financial statements present fairly, in accordance with applicable legislation, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the University of Tasmania's financial position, and of its performance as represented by the results of its operations and cash flows.

I formed my audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of my procedures, my audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

### **Independence**

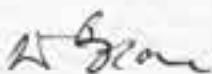
In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

### **Audit Opinion**

In my opinion the financial statements of the University of Tasmania:

- a) Present fairly the financial position of the University of Tasmania and the consolidated entity as at 31 December 2006, and the results of their operations, changes in equity and cash flows for the year then ended; and
- b) Are in accordance with applicable legislation, Accounting Standards and other mandatory financial reporting requirements in Australia.

TASMANIAN AUDIT OFFICE



H M Blake  
**AUDITOR-GENERAL**

2 May 2007  
**HOBART**