



**FINANCIAL REPORT**  
**2005**

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# 2005 University and Subsidiaries Financial Performance

## Introduction

The financial statements for the University for the year ending 31 December 2005 follow. These represent the consolidated accounts for the University and its controlled entities:

- Illawarra Technology Corporation Ltd (ITC)
- Wollongong UniCentre Ltd (UniCentre)
- University of Wollongong Recreation & Aquatic Centre Ltd (URAC)
- Enikos Pty Ltd

## International Financial Reporting Standards

Australia adopted International Financial Reporting Standards (IFRS) for financial years commencing on or after 1 January 2005. The University and its controlled entities are required to present financial statements using IFRS for the year ended 31 December 2005. IFRS also require the preparation of an opening balance sheet as at 1 January 2004, and re-statement as required by the new standards to the financial statements for the year ended 31 December 2004 for comparative purposes.

The adoption of IFRS requires changes that impact both the 2005 financial statements and the 2004 comparatives. The most significant of these are:

- **2005 Year:**

From 1 January 2005 investment income from the University's MLC portfolio is required to be recorded through a reserve in the balance sheet. For 2005 this amounted to \$10.184M. In past years this would have been reported as income and formed part of the University's operating result.

- **2004 Year:**

IFRS require any accounting error corrections to be made in the year to which they relate. Previously, Australian accounting standards required that adjustments should be made in the year in which they were discovered.

In 2004 the University and the NSW Audit Office determined that funds totalling \$16.379M provided by the NSW Government for the Wollongong Innovation Campus development should be treated as income to the University. These funds were originally provided to the University in the 2002 year. In accordance with IFRS this amount has been backed-out of the 2004 comparatives, as it is a correction relating to a prior year.

Similarly, in 2004 it was discovered that the value assigned to disposal of monographs and serials for the Library in the 2003 year was overstated by \$1.408M. Again, in accordance with IFRS requirements this amount has been backed-out of the 2004 comparatives.

## Consolidated Operating Result Overview

The operating result for the year for the University and its controlled entities was a surplus of \$19.433M. This consisted of surpluses recorded by the University: \$13.846M, the ITC: \$1.955M, the UniCentre: \$1.002M and the URAC: \$2.763M. Enikos recorded a loss of \$0.133M for the year.

The surplus for the consolidated University for the year represented 5.8% of total income. However, there are several factors underlying the headline result which should be considered:

- a) It includes a \$3M donation for a Chair in Medicine for the Graduate School of Medicine. This donation is expected to fund the Chair for a period of 18 years;
- b) It includes research funds of \$3.826M which are committed for use in the 2006 year;
- c) It includes \$1.57M in capital funds from the Commonwealth Department for Education, Science & Training (DEST) for construction projects at the Loftus and Bega campuses. These costs are capitalised and are not recorded as expenses in the Income Statement;
- d) Funds dedicated for the Innovation Campus grew by \$0.417M due to interest on the NSW government grant funds exceeding expenses during 2006.

After elimination of these factors, the underlying result was a surplus of \$10.62M, or 3.3% of adjusted total income.

The apparently strong result for the URAC also requires comment. The abolition of compulsory service charges is legislated to occur effective from July 2006. As part of its transition to this new environment, debt relating to capital developments by the URAC in the amount of \$2.7M was taken on by the University. This debt transfer has been recorded as income to the URAC in 2005. Excluding this item, leaves an underlying surplus for the URAC of \$63k.

## State Superannuation Schemes

Both expenses and revenues are distorted by an unusual item for deferred income and deferred expense of \$1.993M (\$2.83M in 2004). This relates to actuarially assessed changes in the liability of State Superannuation Schemes for University employees. In 2005, the unfunded liability for the State Superannuation Scheme reduced by \$0.414M, whilst prepaid contributions for the State Authorities Superannuation Scheme increased by \$2.407M. These transactions have a nil effect on the operating result for 2005.

Consistent with advice issued by DEST, the unfunded liability is matched by an asset based on future funding expected from the Commonwealth government.

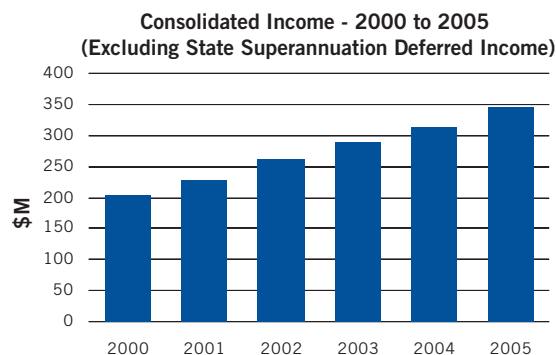
## Consolidated Income Analysis

Excluding deferred income for the State Superannuation Schemes, income totalled \$332.958M, an increase of 10.1% in comparison to the 2004 year. This increase was driven by a number of revenue lines:

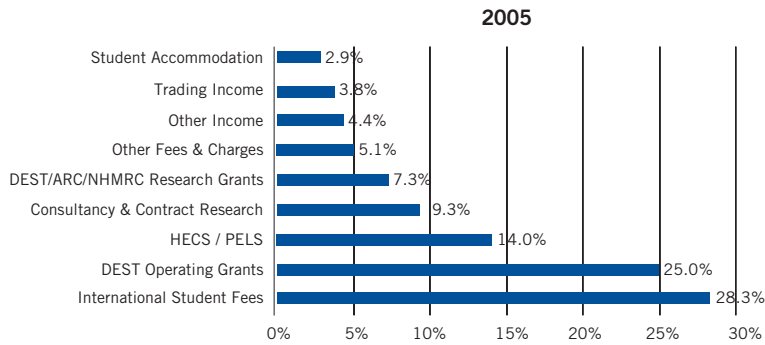
- Commonwealth Grants Scheme and Other Grants increased by \$12.877M or 20.0%. The change in payment arrangements such that the first payment for 2005 which would previously have been paid in late December 2004 and reported in 2004 as revenue, was moved to the first week of January 2005. This reduced operating grant revenue by \$5.719M in 2004. In addition, 345 new places were approved for the University for 2005, providing an additional \$2.332M in funding. Other material elements of the increase were National governance protocols funds of \$1.424M, regional loading of \$0.903M and workplace reform programme funds of \$0.867M;
- Australian Research Council grants funds increased by \$1.362 million or 11.9%;
- Research funds from DEST, NHMRC and other Commonwealth government agencies increased by \$2.948M or 34.4%
- Fee-paying overseas students income increased by \$5.878M or 6.7%. International fee-paying student numbers on the Wollongong campus increased from 3,570 EFTSL in 2004 to 3,707 EFTSL in 2005, an increase of 3.8%;
- Consultancy & contract research income increased by \$8.95M or 40.5% as the University pursued its commercial research agenda, and the ITC undertaking international aid and project work. For 2005, the ITC has been involved in a major project in the Solomon Islands.
- As mentioned above, a donation of \$3.0M was received to establish the position of Chair of Medicine, in the Graduate School of Medicine.

The Income Statement reports a reduction to Investment income of \$6.978M. This was due to the implementation of IFRS. As noted earlier in this report, \$10.184M was required to be recorded as growth to reserves in the balance sheet. If the change from IFRS had not occurred, investment income would have reported an increase of \$3.206M or 29.6% on the 2004 year.

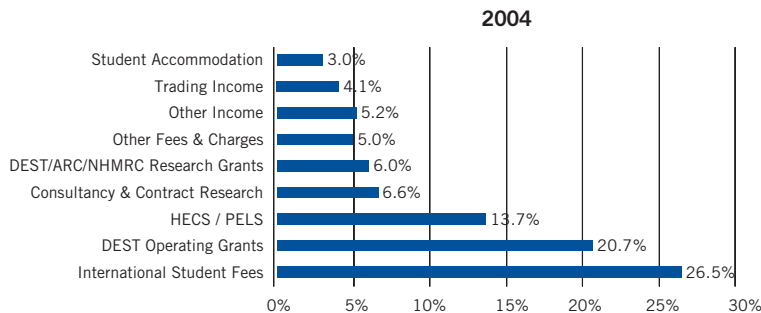
The growth in income since 2000 is illustrated in the following chart. The impact of the State Superannuation Schemes deferred income has been excluded from the chart to assist in comparisons from year to year.



A different perspective of income is provided by analysis of income sources derived by the University. The following chart displays the sources of income for the University and its controlled entities for 2005:



This compares to the 2004 percentages detailed in the following chart:



In 2005, after several years of decline, DEST Operating Grants increased as a proportion of total income. As mentioned above, this was due to a combination of factors, including new places, new funding arrangements and timing differences between 2004 and 2005 for grant payments.

International student fees again increased as a proportion of total income. Other significant increases were recorded for Consultancy & Contract Research and Research Grants from Commonwealth bodies.

## Consolidated Expense Analysis

After excluding the State Superannuation Scheme item, expenses totalled \$314.112M and grew by 7% in comparison to 2004.

General & Academic Staff benefits and on-costs increased by \$10.97M or 6.9%. On 1 March 2005 a pay increase of 3% was provided to all University staff. A further 2.33% was provided on 1 October 2005. In addition, wage increases awarded during 2004 were payable for the full year in 2005. These increases combined with promotions, reclassifications and additional staff employed during the year accounted for the overall growth.

Buildings & Grounds expenses increased by \$1.607M or 17%, primarily through contractor and sub-contractor expenses associated with improving energy management.

Borrowing costs increased by \$0.493M due to increased borrowings associated with the expansion of student accommodation facilities at Campus East.

Other expenses increased by \$7.349M or 7%. Material elements of this increase were Project Consultancies and Project Costs incurred by the ITC up by \$5.628M, Computer Maintenance & Software up by \$1.443M, Travel and Staff Development expenses up by \$0.77M, Scholarships, Grants & Prizes up by \$0.547M, Subscriptions up by \$1.129M and Contract expenses up by \$0.72M.

## Consolidated Balance Sheet

Current assets for the consolidated University increased by \$6.751M or 5.1%. Cash increased by \$0.957M, receivables increased by \$1.893M, inventories reduced by \$0.227M, Available for Sale Financial Assets (MLC medium term investments) grew by \$5.265M, Held to Maturity Investments (mainly short term cash deposits) reduced by \$2.674M and Other Non Financial Assets (prepayments) grew by \$1.537M.

The growth in receivables was due primarily to a change in business practice by the ITC. In 2005, the Campus Management System was implemented and this allows for the recognition of student fee revenues upon issue of invoices. Prior to this, the ITC recognised student fee revenues on a cash receipts basis.

Non-Current Assets increased by \$30.5M or 6%. Available for Sale Financial Assets (MLC long term investments) grew by \$27.059M; Building values increased by a net \$8.008M following the opening of new student accommodation at Campus East during 2005, this was off-set, in part, by a reduction in Construction in Progress of \$4.768M. Other Equipment assets increased by \$0.935M.

Current Liabilities increased by \$1.706M or 2.5%. Interest bearing liabilities increased by \$3.301M mainly due to reclassification of part of URAC borrowings of \$2.7 million transferred to the University as current (payable in 2006) rather than non-current (payable after 2006). The remaining increase is for the current portion of borrowings for new student accommodation at Campus East. Income in Advance increased by \$2.393M, with the major component of this being for student fees. Off-setting these increases was a reduction in payables of \$3.468M.

Non Current Liabilities increased by \$5.972M. A major element was an increase in long term borrowings of \$3.551M for expansion of student accommodation at Campus East. In addition, the non-current provision for deferred tax increased by \$0.686M, and the provision for employees' long service leave increased by \$1.684M.

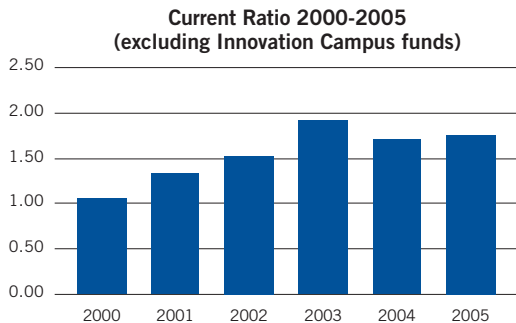
## Liquidity

The University strengthened its liquidity during the course of 2005. The measure for this purpose is the current ratio, which is the ratio of current assets to current liabilities.

The Department of Education, Science & Training (DEST) has determined a benchmark range of 1.5 to 3.0 for this ratio for universities. The score as reported in the Balance Sheet for the consolidated University at the end of 2005 was 2, up from 1.9 recorded for 2004.

However, the comparison to the DEST benchmark is skewed by the Innovation Campus funds. Eliminating these, results in a ratio of 1.75, which is within the benchmark range.

The chart below illustrates the trend for the current ratio since 2000:



The apparent reduction in ratio from 2003 to 2004 is due to the change in accounting practice for the MLC long term reserve portfolio. This has been recorded as a non-current asset for the first time in 2005, with the 2004 comparative also adjusted. Had this change not occurred, the score for the consolidated University would have been 2.47 compared to 2 for the 2004 year, (after adjusting for Innovation Campus funds).

# 2005 University Financial Performance

The following commentary focuses on the financial performance of the University, excluding its controlled entities.

## Income Statement

Table 1 compares the University's actual revenues, expenses and operating result for 2005 to budget:

TABLE 1	2005 Budget \$000	2005 Actual \$000	Variance \$000
<b>Revenue from Continuing Operations</b>			
Australian Government Grants	107,536	107,536	0
NSW State & Local Financial Assistance	2,309	2,305	(4)
HECS-HELP - Australian Government Payments	33,920	33,920	0
FEE-HELP	3,908	3,908	0
HECS-HELP - Student Payments	8,920	8,920	0
Fees & Charges	86,640	87,969	1,329
Investment Income	2,679	3,609	930
Consultancy & Contract Research	14,636	15,560	924
Other Revenue	7,418	7,710	292
<b>Subtotal</b>	<b>267,966</b>	<b>271,437</b>	<b>3,471</b>
Deferred Government Superannuation Contributions	1,993	1,993	0
<b>Total Revenue from Continuing Operations</b>	<b>269,959</b>	<b>273,430</b>	<b>3,471</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits	137,948	137,862	86
Depreciation & Amortisation	22,000	20,224	1,776
Repairs & Maintenance	9,900	10,403	(503)
Bad & Doubtful Debts	83	83	0
Other	87,951	88,005	(54)
Borrowing Cost Expense	1,016	1,014	2
<b>Subtotal</b>	<b>258,898</b>	<b>257,591</b>	<b>1,307</b>
Deferred Employee Benefits for Superannuation	1,993	1,993	0
<b>Total Expenses from Continuing Operations</b>	<b>260,891</b>	<b>259,584</b>	<b>1,307</b>
<b>Operating Result</b>	<b>9,068</b>	<b>13,846</b>	<b>4,778</b>

Revenues exceeded budget by \$3.471M for 2005. This was due to international student fee income growth, improved performance from consultancies and contract research and better than expected investment income.

Expenses were below budget by \$1.307M. The major factor was depreciation expense which was \$1.776M below the budgeted level. The budget anticipated a higher level of building and equipment capitalisation for 2005 than actually occurred. In particular, developments at the Innovation Campus did not proceed as rapidly as expected as tenant attraction activities took precedence.

## Balance Sheet

Table 2 provides a comparison of the University's budgeted balance sheet to the actual results for 2005:

<b>TABLE 2</b>	<b>2005 Budget \$000</b>	<b>2005 Actual \$000</b>	<b>Variance \$000</b>
<b>Current Assets</b>			
Cash & Cash Equivalents	6,694	8,125	1,431
Inventories	240	262	22
Receivables	24,100	24,981	881
Other Financial Available for Sale Financial Assets	54,530	46,554	(7,976)
Held to Maturity Investments	23,000	40,167	17,167
Other Non-Financial Assets	1,100	4,132	3,032
<b>TOTAL CURRENT ASSETS</b>	<b>109,664</b>	<b>124,221</b>	<b>14,557</b>
<b>Non-Current Assets</b>			
Receivables	76,500	77,649	1,149
Other Financial Available for Sale Financial Assets	27,286	47,286	20,000
Other Financial Assets	1,200	0	(1,200)
Property, plant and equipment	413,200	399,067	(14,133)
Other Non-Financial Assets	8,000	8,362	362
<b>TOTAL NON-CURRENT ASSETS</b>	<b>526,186</b>	<b>532,364</b>	<b>6,178</b>
<b>TOTAL ASSETS</b>	<b>635,850</b>	<b>656,585</b>	<b>20,735</b>
<b>Current Liabilities</b>			
Payables	12,300	12,046	(254)
Interest Bearing Liabilities	750	4,388	3,638
Provisions	10,000	9,297	(703)
Other Liabilities	26,400	27,615	1,215
<b>TOTAL CURRENT LIABILITIES</b>	<b>49,450</b>	<b>53,346</b>	<b>3,896</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	15,000	14,950	(50)
Provisions	114,500	116,447	1,947
Other Liabilities	11,500	11,480	(20)
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>141,000</b>	<b>142,877</b>	<b>1,877</b>
<b>TOTAL LIABILITIES</b>	<b>190,450</b>	<b>196,223</b>	<b>5,773</b>
<b>NET ASSETS</b>	<b>445,400</b>	<b>460,362</b>	<b>14,962</b>
<b>EQUITY</b>			
Reserves	0	10,184	10,184
Retained Surplus	445,400	450,178	4,778
<b>TOTAL EQUITY</b>	<b>445,400</b>	<b>460,362</b>	<b>14,962</b>

Current Assets exceeded budget as at 31 December 2005 by \$14.557M due mainly to Held to Maturity Investments (short term deposits) finishing ahead of target. As noted above, developments at the Innovation Campus did not proceed as rapidly as initially expected and cash balances did therefore not reduce as planned. Other Non-Financial Assets which consist mainly of prepayments were also in excess of the full year target, with prepaid rentals to the Sutherland Shire Council for lease of premises at Loftus and Library subscriptions being the major elements.

Non-Current Assets were ahead of budget by \$6.178M. At the start of the 2005 year it was considered likely that some development would commence at the Innovation Campus, and growth in property, plant & equipment was budgeted. The underspend against the property, plant & equipment expectation was more than off-set by growth in the MLC long term portfolio following its reclassification as a non-current asset.

Current Liabilities exceeded budget by \$3.896M due to transfer of URAC borrowings of \$2.7 million to the University in preparation for the abolition of compulsory service charges. The remaining increase related to the current portion of borrowings for new student accommodation at Campus East.

Non-Current Liabilities were ahead of budget by \$1.877M due mainly to the provision for non-current long service leave increasing by \$1.397M and the provision for workers' compensation claims increasing by \$0.46M.

## Payment of Accounts

**Table 3 has been prepared in accordance with New South Wales Treasury guidelines and provides details of the University's account payment performance for 2005:**

TABLE 3	Quarter Ended:			
	31-Mar-05	30-Jun-05	30-Sep-05	31-Dec-05
	\$	\$	\$	\$
<b>Interest Paid due to late payment</b>	-	-	-	-
<b>Accounts Payable at month end</b>				
<b>Current</b>	814,017	2,858,978	1,051,069	1,612,638
<b>Between 30-60 days</b>	75,699	20,966	1,267	(2,974)
<b>Between 60-90 days</b>	50,770	14,839	7,645	1,968
<b>Between 90-120 days</b>	5,227	3,009	(3,623)	(10,153)
<b>Over 120 days</b>	(4,764)	(8,247)	(3,665)	0
<b>Total</b>	<b>940,949</b>	<b>2,889,545</b>	<b>1,052,693</b>	<b>1,601,479</b>
<i>* Figures with brackets are outstanding credit notes that will be applied against future payments or for which refunds will be sought</i>				
<b>Details of Accounts paid</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Percent of accounts paid on time	74.7%	86.9%	80.5%	94.2%
Number of accounts paid on time	3,150	3,512	3,610	3,459
<b>Total number of accounts paid</b>	<b>4,216</b>	<b>4,040</b>	<b>4,486</b>	<b>3,672</b>

Payment performance in the above table has been measured using the University's standard payment terms of 30 days from invoice date. The percentage of accounts paid on time is based on the number of accounts not their value. Aged accounts payable at each quarter end are not significant in comparison to the value of current invoices on hand.

## Risk Management and Insurance

The University has in place an Audit Management and Review Committee with the following terms of reference:

- Reviewing the annual financial statements of the University and recommending their acceptance to Council.
- Acting as a mechanism for the External Auditor to communicate with Council, and reviewing the reports of the External Auditor and the management responses thereto.
- Overseeing the planning and execution of the internal audit program and ensuring that the independence and integrity of the internal audit function is maintained.
- Reviewing policies and procedures relating to financial management, risk management and compliance with applicable laws and regulations.

The Committee monitors the internal control environment and the management and stewardship of University assets.

On 15 April 2005, the University Council approved a comprehensive risk management policy to apply a structured and consistent approach to risk management in accordance with the Australian Risk Management Standard AS/NZS4360:2004.

The University holds a self-insurance license for workers compensation purposes. A liability for outstanding claims has been measured as the present value of expected future payments. The expected future payments include amounts in relation to unpaid reported claims and claims incurred but not reported. Reinsurance for occurrences in excess of \$500,000 has been obtained.

The University's Occupational Health and Safety Committee undertakes regular campus inspections and actively reports on safety in the workplace. The Committee meets regularly to ensure that awareness of safety and ergonomics is promoted throughout the University. Occupational Health & Safety performance is reported to every meeting of the University Council and the Administrative Committee of Council.

The University has in place a range of insurance policies to cover property, general third party and product liability, directors and officers indemnity, professional indemnity, comprehensive motor vehicle, marine hull, marine cargo, voluntary workers, overseas travel

for university officers and employees, business interruption and consequential loss, and student personal accidents. Property cover includes industrial special risk, burglary, fidelity guarantee, accidental damage, property in transit and machinery breakdown.

The majority of these policies are arranged through Unimutual, the Australian and New Zealand Universities Protection and Indemnity Foundation. Unimutual consists of member Universities that group together to obtain insurances from the underwriter market. Unimutual acts as a broker for the Universities as well as providing a layer of cover for low value claims.

The University maintains a Legal & Commercial Unit headed up by an experienced Commercial Lawyer, to actively risk manage its services and programs, and to ensure compliance with statutory requirements in respect to its commercial activities.

The Human Experimentation Ethics Committee is an accredited Institutional Ethics Committee and provides clearance for any medically invasive procedures undertaken by the University.

## Management of Investments

The University utilised the services of MLC Implemented Consulting as its investment manager in 2005. MLC is a subsidiary of the National Australia Bank (NAB) following its acquisition from Lend Lease on 30 June 2000 and is the investment management service offered by the NAB.

The University's MLC investments are split into a medium term portfolio and a long term reserve portfolio.

**Table 4.1 summarises performance for the medium term portfolio for the 2005 year, in comparison to industry benchmarks, whilst Table 4.2 provides performance for the reserve portfolio.**

The benchmarks used in this analysis are as follows:

## Asset Class Benchmarks

Asset Class	Market Benchmark
Australian Equity	S&P/ASX 300 Accumulation Index, S&P/ASX 200 Accumulation Index prior to 1/11/2002
Global Equity (Unhedged)	MSCI All Country World Index in A\$, MSCI World Index prior to 1/9/2002
Global Equity (Hedged)	MSCI All Country World Index hedged into A\$, MSCI World Index hedged into A\$ prior to 1/9/2002
Listed Property	S&P/ASX 200 Property Trust Accumulation Index
Australian Fixed Interest	UBS Warburg Australia Composite Bond Index
Australian Inflation-linked bonds	UBS Warburg Australia Inflation-linked Bond Index
Global Fixed Interest	Customised Benchmark appropriate to strategy
Cash	UBS Warburg Australian Bank Bill Index

	Weighting (LTP) %	2005 %	Benchmark %
<b>Table 4.1 – Medium Term Portfolio</b>			
MLC (NCIT) Australian Share Trust	15.5	32.5	30.8
MLC (NCIT) Global Share Trust	12	7.9	9.4
MLC (NCIT) Global Share Trust with Currency Hedged	10	10.6	13.3
NCIT Property Securities Trust	2.5	33.3	32.5
<b>Benchmark</b>			
MLC (NCIT) Diversified Debt Trust	51	10.4	10.0
<b>Benchmark</b>			
NCIT Cash Trust	9	5.7	5.6
<b>Benchmark</b>			
<b>Total – Medium Term Portfolio</b>	<b>100</b>	<b>13.5</b>	<b>13.4</b>

	Weighting (LTP) %	2005 %	Benchmark %
<b>Table 4.2 – Reserve Portfolio</b>			
MLC (NCIT) Australian Share Trust	32.0	23.3	22.5
MLC (NCIT) Global Share Trust	16.0	21.1	19.0
MLC (NCIT) Global Share Trust with Currency Hedged	18.0	23.5	20.8
Listed Property Securities	4.0	14.8	12.0
MLC (NCIT) Diversified Debt Component	30.0	8.0	7.6
MLC (NCIT) Moderate Trust	100	17.9	16.7

## Grants to Non-Government Community Organisations

Organisation	Grant	Purpose
Conservatorium of Music	\$128,000	Contribution towards operating expense
Illawarra Regional Information Service	\$127,704	Contribution towards operating expense
Illawarra Committee for International Students	\$21,998	Contribution towards operating expense
Illawarra Academy of Sports	\$16,500	Contribution towards operating expense

## Matters Raised by the Auditor-General

The following summarises matters raised by the New South Wales Audit Office in its management letter for the year ending 2004. The actions agreed and undertaken by the University's management in response to each point are also detailed:

- 1.1 Review of transactions in the unallocated student receipts account**
- Mid Year a review of HECS related unallocated student receipts for the 2003 & 2004 year was performed and cleared.
- Other non-HECS related unallocated student receipts for 2003 & 2004 have also been investigated.
- Unallocated Student receipts relating to 2005 were reviewed as part of preparations for the 2005 financial statements. Receipts relating to Spring session 2005 will be actioned following the census date of 31 March 2006 for Autumn session 2006.
- The University has implemented procedures to ensure fees held in advance are reviewed on a regular basis.
- A specification has been developed to modify the overpayments report in the student management package to provide details of start dates where a student has paid fees but is yet to commence.
- 1.2 Authorisation of Expenditure**
- This matter is resolved. Delegations in the University's financial workflow system have been corrected.
- 1.3 Management of employee entitlements**
- Employee records detected by audit as being in error have been corrected. The development of leave exception and audit reports has been delayed due to the Human Resource Information System analyst being required to assist in the University's responses to the Higher Education Workplace Relations Reforms.
- 1.4 Review of US dollar bank account**
- This review has been conducted. It is considered prudent to have US dollars available as a hedge against any significant depreciation in the value of the Australian dollar.
- 1.5 Review of investments in SciVentures and the Australian Centre for Advanced Computing & Communication**
- This was scheduled to occur in preparations for the 2005 financial statements. The value of the SciVenture investment was confirmed, however the review of the Australian Centre for Advanced Computing & Communication is now scheduled for the 2006 year.
- 1.6 Approval of student applications for exemption from student body membership**
- This matter is resolved. The Academic Registrar has implemented revised processes to ensure delegations are observed.
- 1.7 Prudential margin for workers compensation liabilities**
- Consideration of this suggestion was undertaken following receipt of the actuarial assessment of the University's workers' compensation liability as at 31 December 2005.
- 1.8 Evaluation and approval of investments in Cooperative Research Centres**
- An evaluation of CRC costs and benefits was prepared for the Deputy Vice Chancellor (Research). This revealed strong research income from CRCs to the University in comparison to modest cash contributions.
- 1.9 Asset management**
- A project manager was engaged by the University in August 2005 to develop a comprehensive plan for improved management and utilisation of assets. Project plans have been finalised for implementation throughout 2006.
- 1.10 Australian International Financial Reporting Standards preparedness**
- A detailed report of impacts and current status of key issues was presented to the Audit Committee meeting held in August 2005. Opening balances were finalised prior to year end and 2005 financial statements were prepared in accordance with the new standards.
- 1.11 Review and update of the University's risk register**
- A strategic risk update exercise was performed in 2005 and the outcomes are being drafted into a report.

## UNIVERSITY OF WOLLONGONG

### STATEMENT BY MEMBERS OF COUNCIL

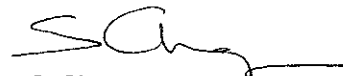
In accordance with a resolution of the Council of the University of Wollongong and pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state that:

1. the accompanying financial statements exhibit a true and fair view of the financial position of the University as at 31 December 2005 and financial performance for the year then ended;
2. the statements have been prepared in accordance with the requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005 and the Australian Government Financial Statement Guidelines for Australian Higher Education Providers for the 2005 reporting period, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Urgent Issues Group Interpretations;
3. there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate;
4. there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
5. the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended;
6. the University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure;



G. R. Sutton  
Vice-chancellor

21 April 2006



S. Chapman  
Deputy Chancellor



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT

### University of Wollongong

To Members of the New South Wales Parliament

#### Audit Opinion

In my opinion, the financial report of the University of Wollongong (the University):

- presents fairly the University's and the consolidated entity's financial position as at 31 December 2005 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with:
  - section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Public Finance and Audit Regulation 2005*, and
  - the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2005 Reporting Period', issued by the Australian Government Department of Education, Science and Training, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*.

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

#### Scope

##### ***The Financial Report and Council's Responsibility***

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements and accompanying notes to the financial statements for the University and the consolidated entity, for the year ended 31 December 2005. The consolidated entity comprises the University and the entities it controlled during the financial year.

The Council of the University is responsible for the preparation and true and fair presentation of the financial report in accordance with the PF&A Act. 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 report.

##### ***Audit Approach***

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

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

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

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

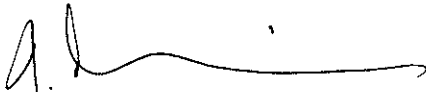
My opinion does *not* provide assurance:

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

#### **Audit Independence**

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

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



J Kheir B Ec FCPA  
Director, Financial Audit Services

SYDNEY  
21 April 2006

# Income Statement

## For the year ended 31 December 2005

	Note	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
		2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
<b>Revenue from Continuing Operations</b>					
Australian Government Financial Assistance					
Australian Government Grants	2	107,536	89,007	107,536	89,007
HECS-HELP - Australian Government Payments	2	33,920	33,636	33,920	33,636
FEE-HELP	2	3,908	3,627	3,908	3,627
NSW State and Local Government Financial Assistance	3	2,305	1,426	2,305	1,426
HECS-HELP - Student Payments		8,920	8,391	8,920	8,391
Fees and charges	4	120,613	114,746	87,969	83,185
Investment income	5	3,842	10,820	3,609	10,530
Consultancy and contract research	6	31,028	22,078	15,560	13,564
Other Revenue	7	20,962	18,583	7,710	3,741
<b>Subtotal</b>		<b>333,034</b>	<b>302,314</b>	<b>271,437</b>	<b>247,107</b>
Deferred Government Superannuation Contributions		1,993	2,830	1,993	2,830
<b>Total Revenue from Continuing Operations</b>		<b>335,027</b>	<b>305,144</b>	<b>273,430</b>	<b>249,937</b>
<b>Expenses from Continuing Operations</b>					
Employee benefits and on costs	8	169,476	158,493	137,862	128,100
Depreciation and amortisation	9	22,469	21,959	20,224	19,800
Repairs and Maintenance	10	11,037	9,430	10,403	8,902
Borrowing Costs	11	1,260	767	1,014	284
Bad and doubtful debts	12	191	542	83	510
Other Expenses	13	109,882	102,421	88,005	82,638
<b>Subtotal</b>		<b>314,315</b>	<b>293,612</b>	<b>257,591</b>	<b>240,234</b>
Deferred Employee Benefits for Superannuation		1,993	2,830	1,993	2,830
<b>Total Expenses from Continuing Operations</b>		<b>316,308</b>	<b>296,442</b>	<b>259,584</b>	<b>243,064</b>
<b>Operating Result Before Income Tax</b>		<b>18,719</b>	<b>8,702</b>	<b>13,846</b>	<b>6,873</b>
Income Tax Expense	14	(588)	478	-	-
<b>Operating Result from Continuing Operations</b>		<b>19,307</b>	<b>8,224</b>	<b>13,846</b>	<b>6,873</b>
Operating Result from Discontinued Operations		-	-	-	-
<b>Net Operating Result for the Year</b>		<b>19,307</b>	<b>8,224</b>	<b>13,846</b>	<b>6,873</b>
Net Operating Result Attributable to Minority Interest		-	-	-	-
<b>Net Operating Result Attributable to Members of the University Of Wollongong</b>		<b>19,307</b>	<b>8,224</b>	<b>13,846</b>	<b>6,873</b>

The above Income Statement is to be read in conjunction with the notes to and forming part of the accounts on pages 17 to 57.

# Balance Sheet

## As at 31 December 2005

	Note	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
		2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	15	14,391	13,434	8,125	6,159
Receivables	16	25,252	23,359	24,981	25,130
Inventories	17	4,316	4,760	262	311
Available-for-sale Financial Assets	18	46,554	41,232	46,554	41,232
Held-to-Maturity Investments	19	40,167	42,898	40,167	42,898
Other Non Financial Assets	22	7,019	5,483	4,132	2,700
		<b>137,699</b>	<b>131,166</b>	<b>124,221</b>	<b>118,430</b>
Current Assets Classified as Held For Sale		-	-	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>137,699</b>	<b>131,166</b>	<b>124,221</b>	<b>118,430</b>
<b>Non-Current Assets</b>					
Receivables	16	76,838	79,820	77,649	81,274
Available-for-sale Financial Assets	18	49,456	22,397	47,286	22,366
Property, plant and equipment	20	406,831	403,370	399,067	395,308
Intangible Assets	21	488	610	-	-
Other Non Financial Assets	22	9,616	6,407	8,362	5,955
<b>TOTAL NON-CURRENT ASSETS</b>		<b>543,229</b>	<b>512,604</b>	<b>532,364</b>	<b>504,903</b>
<b>TOTAL ASSETS</b>		<b>680,928</b>	<b>643,730</b>	<b>656,585</b>	<b>623,333</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables	23	17,646	21,119	12,046	15,384
Interest Bearing Liabilities	24	4,883	1,582	4,388	751
Provisions	25	11,232	11,715	9,297	10,015
Other Liabilities	27	35,441	33,047	27,615	26,403
<b>TOTAL CURRENT LIABILITIES</b>		<b>69,202</b>	<b>67,463</b>	<b>53,346</b>	<b>52,553</b>
<b>Non-Current Liabilities</b>					
Interest Bearing Liabilities	24	15,018	11,729	14,950	7,679
Provisions	25	119,727	117,025	116,447	114,739
Other Liabilities	27	186	204	11,480	12,030
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>134,931</b>	<b>128,958</b>	<b>142,877</b>	<b>134,448</b>
<b>TOTAL LIABILITIES</b>		<b>204,133</b>	<b>196,421</b>	<b>196,223</b>	<b>187,001</b>
<b>NET ASSETS</b>		<b>476,795</b>	<b>447,349</b>	<b>460,362</b>	<b>436,332</b>
<b>Equity</b>					
<b>Parental Entity Interest</b>					
Reserves	28.1	11,609	131	10,184	-
Retained Surplus	28.2	465,186	447,218	450,178	436,332
<b>TOTAL EQUITY</b>		<b>476,795</b>	<b>447,349</b>	<b>460,362</b>	<b>436,332</b>

The above Balance Sheet is to be read in conjunction with the notes to and forming part of the accounts on pages 17 to 57.

# Cash Flow Statement

## For the year ended 31 December 2005

	Note	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
		2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Australian Government					
CGS and Other DEST Grants	39.1	66,982	50,694	66,982	50,694
Higher Education Loan Programmes	39.2	38,141	35,645	38,141	35,645
Scholarships	39.3	2,953	2,502	2,953	2,502
DEST Research	39.4	21,877	20,330	21,877	20,330
ARC Grants - Discovery	39.5(a)	7,545	5,167	7,545	5,167
ARC Grants - Linkages	39.5(b)	3,757	4,013	3,757	4,013
ARC Grants - Networks and Centres	39.5(c)	1,536	2,272	1,536	2,272
Other Australian Government Grants		5,339	2,657	5,339	2,657
NSW State government grants		2,305	1,426	2,305	1,426
HECS-HELP - Student payments		8,920	8,391	8,920	8,391
Receipts from student fees and other customers		93,430	83,528	92,017	88,159
Interest received		3,842	2,202	3,609	1,911
Trading		60,463	65,134	-	-
Other Income		28,290	3,281	29,771	4,586
Payments to suppliers and employees (inclusive of GST)		(306,390)	(260,855)	(249,614)	(206,892)
Interest Paid		(1,260)	(776)	(1,014)	(284)
Income Taxes Paid		(852)	(560)	-	-
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES</b>	35	<b>36,878</b>	<b>25,051</b>	<b>34,124</b>	<b>20,577</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from investments		1,286	396	992	1,221
Proceeds from sale of plant and equipment		417	295	287	148
Payments for property, plant and equipment		(26,434)	(24,635)	(24,496)	(20,453)
Purchase of investments		(20,031)	942	(20,031)	942
Other loans		(18)	(19)	(18)	(19)
<b>NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(44,780)</b>	<b>(23,021)</b>	<b>(43,266)</b>	<b>(18,161)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		8,959	5,141	8,959	5,141
Secured loans		517	1,713	18	18
Repayment of borrowings		(3,422)	(3,993)	(752)	(751)
<b>NET CASH INFLOW (OUTFLOW) USED BY FINANCING ACTIVITIES</b>		<b>6,054</b>	<b>2,861</b>	<b>8,225</b>	<b>4,408</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,848)</b>	<b>4,891</b>	<b>(917)</b>	<b>6,825</b>
Cash and Cash Equivalents the Beginning of the Financial Year		56,254	51,420	49,057	42,290
Effect of Exchange Rate changes on Cash and Cash Equivalents		152	(58)	152	(58)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	15	<b>54,558</b>	<b>56,253</b>	<b>48,292</b>	<b>49,057</b>

The above cash flow statement should be read in conjunction with the accompanying notes on pages 17 to 57.

# Statement Of Changes In Equity

For the year ended 31 December 2005

	Note	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
		2005	2004	2005	2004
		\$ '000	\$ '000	\$ '000	\$ '000
<b>Total equity at the beginning of the financial year</b>		447,349	438,900	436,332	429,459
Gain on Available for Sale Assets	28	11,681	-	10,184	-
Dividend Paid Declared	28	(1,440)	-	-	-
Contribution to Equity	28	101	-	-	-
Exchange differences on translation of foreign operations	28	(203)	225	-	-
<b>Net income recognised directly in equity</b>		457,488	439,125	446,516	429,459
Operating result for the year		19,307	8,224	13,846	6,873
<b>Total recognised income and expense for the year</b>		476,795	447,349	460,362	436,332
Transactions with equity holders in their capacity as equity holders		-	-	-	-
<b>Total equity at the end of the financial year</b>		476,795	447,349	460,362	436,332
Effect of correction of error in previous year, being a reduction in retained surplus, attributable to members of University the of Wollongong					
- over disposal of monographs and serials		-	1,408	-	1,408
- Innovation Campus contribution income initially recognised as a loan		-	16,380	-	16,380
		-	17,788	-	17,788

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the accounts on pages 17 to 57.

# Notes

## Notes to and forming part of the Financial Statements for the financial year ended 31 December 2005

### 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 as an individual entity and the consolidated entity consisting of the University and its subsidiaries (the group).

#### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the Department of Education, Science and Training and other State/Australian Government legislative requirements.

##### *Compliance with IFRSs*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes of the University comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

These financial statements are the first University financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of the University until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the University's 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. The University has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Whilst the University has taken the exemption it has classified the 2004 comparatives using the criteria in AASB 139 in order to maintain comparability.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the University's equity and its net income are given in note 38.

##### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

##### *Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies.

The following critical accounting estimates are discussed in the following notes:

- Assumptions relating to long service leave can be referenced in Note 1(u)(ii);
- Assumptions to value the IDP and IELTS Investments at fair value are discussed in Note 1(m);
- Assumptions on the MLC investments are discussed in Note 1(m).

#### (b) Financial effects of changes to Australian Government payment arrangements for 2005 grant year

##### **Background**

DEST made changes to payment arrangements in late 2004 so that all recurrent payments in respect of a grant year will be made in that year. The past practice of making the first payment in respect of a grant year at the end of December of the previous year was discontinued. For the 2005 grant year, the first payment was made in January 2005 instead of December 2004.

##### **Financial Effects for 2004**

Changes to payment arrangements will mean that those Higher Education Providers that reported the whole or part of the 8% first payment in respect of the 2004 grant year as revenue in 2003 will have the effect of understating the Australian Government funding for the 2004 grant year in their 2004 Statement of Financial Performance. Higher Education Providers were required to identify in their 2004 financial statements, the impact of the changed treatment on their operating result by restating the Australian Government financial assistance for 2004 (by incorporating the amount received in December 2003 as revenue for the 2004 reporting period) and the total revenue from operating activities. If the restated amounts for 2004 are not reported in the income statement, then that information is provided below:

	\$'000
2004 Revenue from Operating Activities (per Income Statement)	305,144
Add Grants Received in 2003 for 2004 Activities:	
Australian Government financial assistance	5,719
HECS – Australian Government payments	–
Australian Government loan programmes	–
Total Restated 2004 Revenue from Operating Activities	310,863
Restated 2004 Operating Result	13,943
Reported 2004 Operating Result	8,224
Financial Effect on 2004 Operating Result	5,719

The Australian Government has used the restated figures for 2004 in all DEST publications, including the Finance 2004 publication, to ensure consistent treatment across all Higher Education Providers.

**(c) Principles of consolidation**

**(i) Subsidiaries**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2005 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

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

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

**(ii) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's

interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

On 25 August 2005, the UOW entered into a share sale agreement for the sale of Impart Pty Ltd. The agreement provided that all right, title and interest in the Sale Shares should pass to the purchaser on 26 August 2005.

**(iii) Joint ventures**

*Joint venture operations*

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

*Joint venture entities*

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

A joint venture operation was established in December 2003 with Baulderstone Hornibrook for the development of the Wollongong Innovation Campus. Transactions recorded as at 31 December 2005 by the joint venture operation are not considered material and have not been included in these financial statements.

**(d) Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

**(iii) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary

economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### **(e) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

##### **(i) Student Revenue**

Student Fees are derived from chargeable students on the basis of rates determined for courses and types of students. Student fees are recognised over the period of course or program once the student is enrolled.

##### **(ii) Commonwealth Revenue**

Commonwealth Government Operating Financial Assistance received in respect of future periods are treated as income in the period they are received as per AASB 118 "Revenue", adjusted for anticipated revenue for domestic student enrolments above the University's fully funded student load.

##### **(iii) Lease income**

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

##### **(iv) Interest income**

Interest income from cash and cash equivalents is recognised in the Income Statement when it is earned.

#### **(f) Income tax**

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled,

based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### **(g) Leases**

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 20). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 32). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

#### **(h) 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. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction

costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(o)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

The University's policy is to capitalise purchases of land, buildings, infrastructure, library collection, works of art, motor vehicles, computer and other equipment over \$2000.

**(i) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**(j) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(k) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for related parties, and no more than 30 days for other debtors.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

**(l) Inventories**

**(i) Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(ii) Construction work in progress**

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

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

**From 1 January 2004 to 31 December 2004**

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 January 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, are brought to account at cost and dividend income is recognised in the income statement when receivable. Transaction costs are excluded from the carrying amounts.

**Adjustments on transition date: 1 January 2005**

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings or reserves.

For further information concerning the adjustments on transition date reference should be made to the following notes:

- Available-for-sale financial assets - note 18
- Held-to-maturity investments - note 19
- Reserves and retained surplus - note 28
- Explanation of transition to AIFRSs - note 38

**From 1 January 2005**

The Group classifies its investments in the following categories: loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the

investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

**(i) 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 Group 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.

**(ii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

**(iii) Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The MLC investments held by the University have been classified as available for sale investments.

Purchases and sales of investments are recognised on trade-date - being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

During 2005, Directors of Illawarra Technology Corporation Limited (ITC) changed the policy for valuation of equity securities from cost to fair value, reflecting both the requirements of the introduction of A-IFRS and the changing market environment. The ITC Directors are required to value equity securities at fair value where it is possible to do so. In this case, given the changing education market place (public float of IBT Group and subsequent acquisition of ACL Group by IBT) the ITC Directors believed a fair value of these securities could be prepared.

In preparing this fair value, the ITC Directors reviewed a previously prepared valuation for the entities (independent third party) and assessed the financial performance of the two organisations. The valuation method adopted was capitalised future maintainable earnings times an appropriate earnings multiple. The ITC Directors were also cognisant of the recent public float of IBT Group and subsequent acquisition of ACL Group, as well as the interest expressed by a number of potential buyers, and applied a discount factor to compensate for the absence of an active market.

**(n) Property, plant and equipment**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses - see accounting policy (i).

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to Australian Accounting Standards - AIFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and Works of Art are not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:

- Buildings and Improvements	2% to 33.3%
- Computer Equipment	20% to 33.3%
- Motor Vehicles	20%
- Other Equipment	10% to 20%
- Library	10%
- Infrastructure	3.85% to 33.3%

The assets' useful lives and residual values 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.

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

**(o) Intangible assets**

**(i) Research and development**

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which varies from three to five years.

**(ii) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment.

**(p) Unfunded superannuation**

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education, Science and Training (DEST), the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Income statement and the Balance sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the Balance Sheet under Provisions have been determined by Pillar for the:

- State Superannuation Scheme (SSS),
- State Authorities Superannuation Scheme (SASS) and,
- State Authorities Non-Contributory Superannuation Scheme.

The unfunded liabilities recorded in the Balance Sheet for the Professorial Superannuation Scheme have been determined by ALEA Actuarial Consulting Pty Limited.

Actuarial gains and losses are recognised in profit or loss in the year they occur. The schemes are all defined benefit

schemes and are closed to new members. Details on the superannuation schemes are disclosed in note 26.

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 (SSS) and the State Authorities Superannuation Scheme (SASS) on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987, 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.

**(q) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(r) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(s) Borrowing costs**

Borrowing costs are charged as an expense as they accrue.

**(t) Provisions**

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**(u) Employee benefits**

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

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

**(ii) Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made

in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### **(iii) Retirement benefit obligations**

All employees of the Group are entitled to benefits on retirement, disability or death from the Group's superannuation plan. The Group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the Group's plan.

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

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (eg taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **(v) Financial instrument transaction costs**

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 January 2005. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements.

Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Group was immaterial.

### **(w) Rounding of amounts**

The University of Wollongong has rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **(x) Goods and Services Tax (GST)**

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

- the amount of GST incurred by the University as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- receivables and payables are stated with the amount of GST included.

### **(y) Subsequent Events**

A deposit was paid in December 2005 for the purchase of 'Keiraview Accommodation'. The contract was subsequently settled in January 2006.

### **(z) Impact of Accounting Standards Not Yet Effective**

The University and subsidiaries has not applied several new accounting standards that are effective on or after 1 January 2006. The University and subsidiaries has reviewed the new accounting standards and at this stage do not anticipate any impact on the figures reported in this financial report. The University and subsidiaries will conduct a full assessment during 2006.

	Note	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
		2005	2004	2005	2004
		\$ '000	\$ '000	\$ '000	\$ '000
<b>2 Australian Government Financial Assistance including HECS-HELP and Other Australian Government Loan Programmes</b>					
<b>(a) Commonwealth Grants Scheme and Other Grants</b>	39.1				
Commonwealth Grants Scheme#		61,319	49,388	61,319	49,388
Indigenous Support Fund		489	-	489	-
Equity Programmes+		257	139	257	139
Workplace Reform Programme		867	-	867	-
Capital Development Pool		1,570	2,098	1,570	2,098
<b>Total Commonwealth Grants Scheme and Other Grants</b>		<b>64,502</b>	<b>51,625</b>	<b>64,502</b>	<b>51,625</b>
<b>(b) Higher Education Loan Programmes</b>	39.2				
HECS-HELP		33,920	33,636	33,920	33,636
FEE-HELP*		3,908	3,627	3,908	3,627
<b>Total Higher Education Loan Programmes</b>		<b>37,828</b>	<b>37,263</b>	<b>37,828</b>	<b>37,263</b>
<b>(c) Scholarships</b>	39.3				
Australian Postgraduate Awards		1,855	1,764	1,855	1,764
International Postgraduate Research Scholarships		347	428	347	428
Commonwealth Education Cost Scholarships		257	86	257	86
Commonwealth Accommodation Scholarships		494	224	494	224
<b>Total Scholarships</b>		<b>2,953</b>	<b>2,502</b>	<b>2,953</b>	<b>2,502</b>
<b>(d) DEST - Research</b>	39.4				
Institutional Grants Scheme		5,569	4,904	5,569	4,904
Research Training Scheme		13,134	12,457	13,134	12,457
Systemic Infrastructure Initiative		-	449	-	449
Research Infrastructure Block Grants		3,066	2,520	3,066	2,520
Regional Protection Scheme		108	-	108	-
<b>Total DEST - Research Grants</b>		<b>21,877</b>	<b>20,330</b>	<b>21,877</b>	<b>20,330</b>
<b>(e) Australian Research Council</b>	39.5				
<b>(i) Discovery</b>	39.5(a)				
Project		7,309	5,030	7,309	5,030
Fellowships		236	137	236	137
<b>Total Discovery</b>		<b>7,545</b>	<b>5,167</b>	<b>7,545</b>	<b>5,167</b>
<b>(ii) Linkages</b>	39.5(b)				
Special Research Initiatives		-	-	-	-
Infrastructure		805	922	805	922
International		391	223	391	223
Projects		2,536	2,867	2,536	2,867
<b>Total Linkages</b>		<b>3,732</b>	<b>4,012</b>	<b>3,732</b>	<b>4,012</b>
<b>(iii) Networks and Centres</b>	39.5(c)				
Centres		1,536	2,272	1,536	2,272
<b>Total Networks and Centres</b>		<b>1,536</b>	<b>2,272</b>	<b>1,536</b>	<b>2,272</b>
# For 2004, the CGS would be an amount equivalent to the CGS base operating grant amount and will exclude Superannuation Programme and Workplace Productivity Programme.					
* For 2004, FEE-HELP would include PELS and BOTPLS					
+ Includes amounts for Higher Education Equity Support Programme and Students with Disabilities Programme					
<b>(f) Other Australian Government Financial Assistance</b>					
National Health and Medical Research Council (NHMRC)		1,269	1,335	1,269	1,335
HEIP Grant		-	53	-	53
HEIMS Innovation Program		-	250	-	250
Other Australian Research Grants		4,122	1,461	4,122	1,461
<b>Total Other Australian Government Financial Assistance</b>		<b>5,391</b>	<b>3,099</b>	<b>5,391</b>	<b>3,099</b>
<b>Total Australian Government Financial Assistance</b>		<b>145,364</b>	<b>126,270</b>	<b>145,364</b>	<b>126,270</b>
<b>Reconciliation</b>					
Australian Government grants [a + c + d + e + f]		107,536	89,007	107,536	89,007
HECS-HELP – Australian Government payments		33,920	33,636	33,920	33,636
Other Australian Government loan programmes [FEE-HELP]		3,908	3,627	3,908	3,627
<b>Total Australian Government Financial Assistance</b>		<b>145,364</b>	<b>126,270</b>	<b>145,364</b>	<b>126,270</b>

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
<b>3 State and Local Government Financial Assistance</b>				
Research Grants	1,862	1,314	1,862	1,314
Other	443	112	443	112
<b>Total State and Local Government Financial Assistance</b>	<b>2,305</b>	<b>1,426</b>	<b>2,305</b>	<b>1,426</b>
<b>4 Fees and charges</b>				
<b>Course Fees and Charges</b>				
Fee-paying overseas students	94,104	88,226	60,359	55,226
Continuing education	447	326	457	326
Fee-paying domestic postgraduate students	3,222	2,243	3,222	2,249
<b>Total course fees and charges</b>	<b>97,773</b>	<b>90,795</b>	<b>64,038</b>	<b>57,801</b>
<b>Other Fees and Charges</b>				
Student accommodation	9,618	9,909	9,618	9,909
Compulsory service charge	5,674	6,556	5,565	5,571
Conference fees	1,236	1,087	1,236	1,087
Late fees and library fines	556	453	714	546
Rental and other	1,791	2,313	1,805	2,622
Parking fees	1,172	1,157	1,231	1,159
Other fees and charges	2,793	2,476	3,762	4,490
<b>Total Other Fees and Charges</b>	<b>22,840</b>	<b>23,951</b>	<b>23,931</b>	<b>25,384</b>
<b>Total Fees and Charges</b>	<b>120,613</b>	<b>114,746</b>	<b>87,969</b>	<b>83,185</b>
<b>5 Investment Income</b>				
Term deposits and bank deposits	3,842	3,059	3,609	2,769
Unrealised gains on investments	-	7,761	-	7,761
<b>Total Investment Income</b>	<b>3,842</b>	<b>10,820</b>	<b>3,609</b>	<b>10,530</b>
<b>6 Consultancy and Contracts</b>				
Consultancy fees - related organisations	-	-	815	1,795
Consultancy fees - research	1,471	1,611	1,484	1,611
International projects	16,346	10,318	-	-
Other contract research	13,211	10,149	13,261	10,158
<b>Total Consultancy and Contracts</b>	<b>31,028</b>	<b>22,078</b>	<b>15,560</b>	<b>13,564</b>
<b>7 Other revenue</b>				
Donations - cash	3,104	209	3,119	224
Donations - in kind	251	1,060	251	1,060
Scholarships and prizes	778	621	859	698
Non government grants	119	75	178	75
Trading income	12,564	13,635	-	-
Gain on disposal of property, plant and equipment	316	295	287	148
Dividend revenue	1,440	-	1,440	-
Publications and merchandise	304	739	304	739
Printery income	568	578	1,089	711
Foreign exchange gains (net) (note (a))	94	-	94	-
Other	1,424	1,371	89	86
	<b>20,962</b>	<b>18,583</b>	<b>7,710</b>	<b>3,741</b>
(a) Net foreign exchange gains				
Net foreign exchange gains included in other income for the year	94	-	94	-
Net foreign exchange gains recognised in operating result before income tax for the year (as either other revenue or expense)	<b>94</b>	<b>-</b>	<b>94</b>	<b>-</b>

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
<b>8 Employee Benefits and on costs</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
<b>Academic</b>				
Salaries	62,882	56,924	62,882	56,924
Contributions to superannuation and pension schemes				
Funded	7,997	10,862	7,997	10,862
Payroll tax	4,562	4,285	4,562	4,285
Workers compensation	500	369	500	369
Long service leave expense	2,785	2,126	2,785	2,126
<b>Total Academic</b>	<b>78,726</b>	<b>74,566</b>	<b>78,726</b>	<b>74,566</b>
<b>Non-Academic</b>				
Salaries	72,220	64,582	45,137	38,521
Contributions to superannuation and pension schemes				
Funded	7,643	9,243	5,740	7,390
Payroll tax	4,153	3,653	3,274	2,900
Workers compensation	613	818	359	462
Long service leave expense	2,707	2,005	1,999	1,439
Annual leave expense	3,414	3,626	2,627	2,822
<b>Total Non-Academic</b>	<b>90,750</b>	<b>83,927</b>	<b>59,136</b>	<b>53,534</b>
<b>Total Academic and Non Academic Employee Benefits and on costs</b>	<b>169,476</b>	<b>158,493</b>	<b>137,862</b>	<b>128,100</b>
Deferred Employee Benefits for Superannuation	1,993	2,830	1,993	2,830
<b>Total Employee Benefits and on costs</b>	<b>171,469</b>	<b>161,323</b>	<b>139,855</b>	<b>130,930</b>
<b>9 Depreciation and amortisation</b>				
<b>Depreciation</b>				
Buildings	11,489	11,463	11,239	11,170
Library holdings	1,276	1,277	1,276	1,277
Computer equipment	2,718	2,951	2,045	2,312
Motor vehicles	121	105	88	63
Other equipment	5,606	4,818	4,561	3,956
Infrastructure	1,015	1,023	1,015	1,022
<b>Total Depreciation</b>	<b>22,225</b>	<b>21,637</b>	<b>20,224</b>	<b>19,800</b>
<b>Amortisation</b>				
Plant and equipment under finance leases	244	322	-	-
<b>Total Amortisation</b>	<b>244</b>	<b>322</b>	<b>-</b>	<b>-</b>
<b>Total Depreciation and amortisation</b>	<b>22,469</b>	<b>21,959</b>	<b>20,224</b>	<b>19,800</b>
<b>10 Repairs and Maintenance</b>				
Buildings	9,993	8,163	9,811	8,029
Equipment	546	535	94	141
Infrastructure	498	732	498	732
<b>Total Repairs and Maintenance</b>	<b>11,037</b>	<b>9,430</b>	<b>10,403</b>	<b>8,902</b>
<b>11 Borrowing Costs</b>				
Interest	1,260	767	1,014	284
<b>12 Bad and doubtful debts</b>				
	191	542	83	510

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000
<b>13 Other expenses</b>				
Advertising, marketing and promotional expenses	3,429	3,017	412	363
Agency Staff	649	476	649	476
Agents Fees	6,027	5,530	-	-
Bank Fees and Charges	992	660	585	552
Catering	4,041	4,208	2,409	2,322
Computer maintenance and software	4,635	3,192	3,248	2,708
Consultant Fees	4,746	4,762	3,365	3,422
Copyright	506	367	506	432
Compulsory Service Charge Payments	894	1,032	5,565	5,570
Direct Project Consultancy	7,788	4,403	-	-
Direct Project Costs	4,356	2,113	-	-
Staff Appointment Expense	896	970	758	682
Electricity	2,423	2,187	2,377	2,187
Fringe Benefits Tax	885	906	565	653
Function Centre	422	571	-	-
Contracts	2,944	2,223	2,944	2,223
Contributions	3,443	7,228	16,058	17,855
Fees	1,242	860	1,242	946
Impairment	-	535	-	-
Insurance	1,330	1,172	1,073	1,038
Laboratory and Office Costs	1,588	1,846	-	-
Materials and Consumables	3,894	4,093	3,739	3,848
Medical Expenses	684	377	684	377
Motor Vehicle Expenses	1,520	1,439	1,043	1,003
Non-Capitalised Equipment	2,613	3,162	2,501	3,031
Operating Lease Rental Expenses	8,221	7,626	3,426	3,519
Post Office	341	372	-	-
Carrying Amount of Assets Sold	531	489	516	197
Stationery	667	720	432	447
Scholarships Grants and Prizes	9,979	9,432	10,064	9,460
Subscriptions	3,514	2,385	3,241	2,160
Telephone Expense	2,110	1,943	1,822	1,815
Travel, Staff Development and Entertainment	9,076	8,308	7,221	6,379
Unishop Trading	4,674	4,733	-	-
URAC Bill	-	-	2,700	-
Net Foreign Currency Loss	-	225	-	192
Water Consumption	569	443	569	443
Other	8,253	8,416	8,291	8,338
<b>Total Other expenses</b>	<b>109,882</b>	<b>102,421</b>	<b>88,005</b>	<b>82,638</b>

Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
2005	2004	2005	2004
\$ '000	\$ '000	\$ '000	\$ '000

## 14 Income Tax

### (a) Income tax expense

Current tax	(436)	477	-	-
Deferred tax	(152)	(261)	-	-
Under (over) provided in prior years	-	262	-	-
	(588)	478	-	-

Income tax expense is attributable to:

Surplus from continuing operations	(588)	478	-	-
Aggregate income tax expense	(588)	478	-	-

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

Operating result from continuing operations before income tax expense	1,368	560	-	-
Operating result from discontinuing operations before income tax expense	-	-	-	-
Tax at the Australian tax rate of 30% (2004 30%)	410	208	-	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Franked dividend gross up	1	6	-	-
- Deferred tax asset not brought to account	63	248	-	-
- Other	11	135	-	-
- company was tax exempt	(1,093)	(276)	-	-
- Franked dividend rebate	(1)	(19)	-	-
- Derecognise DTA balance with respect to UoW Dubai	-	262	-	-
	(609)	564	-	-
Under (over) provision in prior years	21	(86)	-	-
Income tax expense	(588)	478	-	-

## 15 Cash and Cash Equivalents

Cash at Bank and on hand	14,391	13,434	8,125	6,159
	14,391	13,434	8,125	6,159

### (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 cashflow statement as follows:

Balance as Above	14,391	13,434	8,125	6,159
Less Bank Overdrafts	-	(79)	-	-
NAB Professional Funds	23,435	26,519	23,435	26,519
NAB Term Deposit	16,732	16,379	16,732	16,379
Balance per Statements of Cash Flows	54,558	56,253	48,292	49,057

### (b) Restricted Cash and Cash Equivalents

The following cash and cash equivalents are restricted in their use.

Prizes and Donations	3,705	1,263	3,705	1,263
Wollongong Innovation Campus	16,796	16,379	16,796	16,379
	20,501	17,642	20,501	17,642

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000
<b>16 Receivables</b>				
Current				
Trade debtors	24,351	21,039	23,599	22,228
Less provision for doubtful receivables	(686)	(1,117)	(573)	(1,105)
	<b>23,665</b>	<b>19,922</b>	<b>23,026</b>	<b>21,123</b>
Accrued income	213	2,845	126	2,812
Current Loans	163	394	806	1,037
Other loans and receivables	1,211	198	1,023	158
<b>Total Current Receivables</b>	<b>25,252</b>	<b>23,359</b>	<b>24,981</b>	<b>25,130</b>
Non Current				
Deferred Government Contribution for Superannuation	76,455	79,275	76,455	79,275
Loans to UniCentre	-	-	186	204
Other loans and receivables	383	545	1,008	1,795
<b>Total Non-Current Receivables</b>	<b>76,838</b>	<b>79,820</b>	<b>77,649</b>	<b>81,274</b>
<b>Total Receivables</b>	<b>102,090</b>	<b>103,179</b>	<b>102,630</b>	<b>106,404</b>
<b>Bad and doubtful trade receivables</b>				
The Group has recognised a loss of \$191k (2004: \$542k) in respect of bad and doubtful trade receivables during the year ended 31 December 2005.				
<b>17 Inventories</b>				
Current				
Catering stock	85	88	14	13
Newsagency and Book store stock	1,895	1,697	-	-
Print and paper stock	248	298	248	298
Work in progress	1,763	2,395	-	-
Other	325	282	-	-
<b>Total Current Inventories</b>	<b>4,316</b>	<b>4,760</b>	<b>262</b>	<b>311</b>
<b>18 Available-for-sale Financial Assets</b>				
Current				
Unlisted Securities				
Medium Term Portfolio - managed funds	46,076	40,811	46,076	40,811
Sciventures Investments	178	121	178	121
AC3 Supercomputing	300	300	300	300
<b>Total Current Available-for-sale Financial Assets</b>	<b>46,554</b>	<b>41,232</b>	<b>46,554</b>	<b>41,232</b>
Non current				
Unlisted Securities				
International English Language Testing System Pty Ltd	1,550	21	-	-
IDP Education Australia Ltd	620	10	-	-
Reserve Portfolio - managed funds	47,286	22,366	47,286	22,366
<b>Total Non-current Available-for-sale Financial Assets</b>	<b>49,456</b>	<b>22,397</b>	<b>47,286</b>	<b>22,366</b>
<b>Total Available-for-sale Financial Assets</b>	<b>96,010</b>	<b>63,629</b>	<b>93,840</b>	<b>63,598</b>
Revaluation surplus transfer to equity at the end of 2005: \$11,681k (2004: \$0).				
<b>19 Held-to-Maturity Investments</b>				
Unlisted Securities				
Short Term Deposit	23,435	26,519	23,435	26,519
Term Deposit	16,732	16,379	16,732	16,379
<b>Total Held-to-Maturity Investments</b>	<b>40,167</b>	<b>42,898</b>	<b>40,167</b>	<b>42,898</b>

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000
<b>20 Property, plant and equipment</b>				
<b>Construction in Progress</b>				
<b>At 1 January</b>				
- Cost	9,372	1,921	9,372	1,921
Net book amount	9,372	1,921	9,372	1,921
<b>Year ended 31 December</b>				
Opening net book amount	9,372	1,921	9,372	1,921
Additions	15,036	9,584	15,036	9,584
Capitalised	(19,150)	-	(19,150)	-
Writeoff	(654)	(2,133)	(654)	(2,133)
Closing net book amount	4,604	9,372	4,604	9,372
<b>At 31 December</b>				
- Cost	4,604	9,372	4,604	9,372
Net book amount	4,604	9,372	4,604	9,372
<b>Freehold land</b>				
<b>At 1 January</b>				
- Cost	58,665	58,665	58,665	58,665
Net book amount	58,665	58,665	58,665	58,665
<b>Year ended 31 December</b>				
Opening net book amount	58,665	58,665	58,665	58,665
Closing net book amount	58,665	58,665	58,665	58,665
<b>At 31 December</b>				
- Cost	58,665	58,665	58,665	58,665
Net book amount	58,665	58,665	58,665	58,665
<b>Freehold Buildings</b>				
<b>At 1 January</b>				
- Cost	292,352	289,994	289,225	286,897
Accumulated depreciation	(24,635)	(13,172)	(22,519)	(11,349)
Net book amount	267,717	276,822	266,706	275,548
<b>Year ended 31 December</b>				
Opening net book amount	267,717	276,822	266,706	275,548
Additions	19,635	2,358	18,950	2,328
Depreciation charge	(11,488)	(11,463)	(11,239)	(11,170)
Closing net book amount	275,864	267,717	274,417	266,706
<b>At 31 December</b>				
- Cost	311,986	292,352	308,175	289,225
Accumulated depreciation	(36,122)	(24,635)	(33,758)	(22,519)
Net book amount	275,864	267,717	274,417	266,706

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Plant and Equipment</b>				
<b>At 1 January</b>				
- Cost	47,015	47,658	43,199	44,278
Accumulated depreciation	(16,978)	(16,674)	(15,194)	(14,805)
Provision for impairment	(249)	(237)		
Currency Adjustment	-	(145)		
Net book amount	29,788	30,984	28,005	29,473
<b>Year ended 31 December</b>				
Opening net book amount	29,788	30,602	28,005	29,473
Exchange differences	31	(38)	-	-
Additions	4,091	8,862	3,669	7,316
Disposals	(232)	(283)	(110)	(122)
Depreciation charge	(3,855)	(4,078)	(3,148)	(3,397)
Impairment loss	-	(12)		
Adjustment	(41)	-	-	-
Capitalised	(1,463)	(4,538)	(1,463)	(4,538)
Writeoff	(73)	(727)	(73)	(727)
Closing net book amount	28,246	29,788	26,880	28,005
<b>At 31 December</b>				
- Cost	46,587	47,015	42,761	43,199
Accumulated depreciation	(18,092)	(16,978)	(15,881)	(15,194)
Provision for impairment	(249)	(249)		
Net book amount	28,246	29,788	26,880	28,005
<b>Leased Plant and Equipment</b>				
<b>At 1 January</b>				
- Cost	551	494	-	-
Accumulated depreciation	(320)	(108)	-	-
Net book amount	231	386	-	-
<b>Year ended 31 December</b>				
Opening net book amount	231	386	-	-
Additions	-	57	-	-
Depreciation charge	(122)	(212)	-	-
Closing net book amount	109	231	-	-
<b>At 31 December</b>				
- Cost	551	551	-	-
Accumulated depreciation	(442)	(320)	-	-
Net book amount	109	231	-	-
<b>Library</b>				
<b>At 1 January</b>				
- Cost	23,469	22,160	23,469	22,160
Accumulated depreciation	(11,829)	(10,552)	(11,829)	(10,552)
Net book amount	11,640	11,608	11,640	11,608
<b>Year ended 31 December</b>				
Opening net book amount	11,640	11,608	11,640	11,608
Additions	1,565	1,309	1,565	1,309
Disposals	(293)	-	(293)	-
Depreciation charge	(1,276)	(1,277)	(1,276)	(1,277)
Closing net book amount	11,636	11,640	11,636	11,640
<b>At 31 December</b>				
- Cost	24,741	23,469	24,741	23,469
Accumulated depreciation	(13,105)	(11,829)	(13,105)	(11,829)
Net book amount	11,636	11,640	11,636	11,640

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
<b>Other plant and equipment</b>				
<b>At 1 January</b>				
- Cost	57,643	49,446	47,441	40,801
Accumulated depreciation	(29,166)	(26,029)	(26,521)	(23,163)
Provision for impairment	(2,520)	(1,569)	-	-
Currency Adjustment	-	(242)	-	-
Net book amount	25,957	21,606	20,920	17,638
<b>Year ended 31 December</b>				
Opening net book amount	25,957	21,606	20,920	17,638
Exchange differences	104	19	-	-
Additions	7,444	10,178	6,620	7,613
Disposals	(236)	(506)	(116)	(375)
Depreciation charge	(5,564)	(4,816)	(4,561)	(3,956)
Impairment loss	-	(524)	-	-
Closing net book amount	27,705	25,957	22,863	20,920
<b>At 31 December</b>				
- Cost	63,397	57,643	52,384	47,441
Accumulated depreciation	(33,170)	(29,166)	(29,519)	(26,521)
Provision for impairment	(2,520)	(2,520)	-	-
Net book amount	27,707	25,957	22,865	20,920
<b>Total Property Plant and Equipment</b>				
<b>At 1 January</b>				
- Cost	489,067	470,338	471,371	454,722
Accumulated depreciation	(82,928)	(66,535)	(76,063)	(59,869)
Provision for impairment	(2,769)	(1,806)	-	-
Currency Adjustment	-	(387)	-	-
Net book amount	403,370	401,610	395,308	394,853
<b>Year ended 31 December</b>				
Opening net book amount	403,370	401,610	395,308	394,853
Exchange differences	135	(19)	-	-
Additions	47,771	32,348	45,840	28,150
Disposals	(761)	(789)	(519)	(497)
Depreciation charge	(22,305)	(21,846)	(20,224)	(19,800)
Impairment loss	-	(536)	-	-
Adjustment	(41)	-	-	-
Capitalised	(20,613)	(4,538)	(20,613)	(4,538)
Writeoff	(727)	(2,860)	(727)	(2,860)
Closing net book amount	406,829	403,370	399,065	395,308
<b>At 31 December</b>				
- Cost	510,531	489,067	491,330	471,371
Accumulated depreciation	(100,931)	(82,928)	(92,263)	(76,063)
Provision for impairment	(2,769)	(2,769)	-	-
Net book amount	406,831	403,370	399,067	395,308

**(a) Non current assets pledged as security**

Refer to note 24 for information on non current assets pledged as security by the parent entity and its controlled entities.

	Note	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
		2005	2004	2005	2004
		\$ '000	\$ '000	\$ '000	\$ '000
<b>21 Intangible Assets</b>					
<b>Computer Software</b>					
<b>At 1 January</b>					
Cost		2,513	2,359	1,713	1,713
Accumulated depreciation and impairment		(1,903)	(1,793)	(1,713)	(1,713)
Net book amount		610	566	-	-
<b>Year ended 31 December</b>					
Opening net book amount		610	566	-	-
Additions		-	154	-	-
Amortisation charge		(122)	(110)	-	-
Closing net book amount		488	610	-	-
<b>At 31 December</b>					
Cost		2,513	2,513	1,713	1,713
Accumulated amortisation and impairment		(2,025)	(1,903)	(1,713)	(1,713)
Net book amount		488	610	-	-
<b>22 Other Non Financial Assets</b>					
Current					
Prepayments		6,458	4,884	4,132	2,700
Current Tax Asset		293	-	-	-
Other		268	599	-	-
Total Current Other Non Financial Assets		7,019	5,483	4,132	2,700
Non - Current					
Prepaid Super contributions	26.3	8,362	5,955	8,362	5,955
Deferred Tax Asset (see (a) below)		1,100	447	-	-
Other		154	5	-	-
Total Non - Current Other Non Financial Assets		9,616	6,407	8,362	5,955
<b>Total Other Non Financial Assets</b>		<b>16,635</b>	<b>11,890</b>	<b>12,494</b>	<b>8,655</b>
<b>(a) Tax Assets</b>					
The balance comprises temporary differences attributable to:					
Property, plant and equipment		4	6	-	-
Accruals		228	152	-	-
Provisions for employee entitlements		288	223	-	-
Other		123	66	-	-
Tax value of losses carried forward recognised		457	-	-	-
Net deferred tax assets		1,100	447	-	-

	Note	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
		2005	2004	2005	2004
		\$ '000	\$ '000	\$ '000	\$ '000
<b>23 Payables</b>					
<b>Current</b>					
OS Help Liability to Australian Government		598	-	598	-
Other Payables		17,048	20,582	11,448	15,384
Current tax payable (refer 25(b))		-	537	-	-
<b>Total Current Payables</b>		<b>17,646</b>	<b>21,119</b>	<b>12,046</b>	<b>15,384</b>
<b>24 Interest Bearing Liabilities</b>					
<b>Current</b>					
<b>Secured</b>					
National Australia Bank (NAB) - bill facility		4,488	1,081	4,388	751
Finance Leases		282	422	-	-
Other		113	79	-	-
<b>Total Current Secured Interest Bearing Liabilities</b>		<b>4,883</b>	<b>1,582</b>	<b>4,388</b>	<b>751</b>
<b>Total Current Interest Bearing Liabilities</b>		<b>4,883</b>	<b>1,582</b>	<b>4,388</b>	<b>751</b>
<b>Non - Current</b>					
<b>Secured</b>					
National Australia Bank (NAB) - bill facility		14,950	11,399	14,950	7,679
Finance Leases		68	330	-	-
<b>Total Non Current Secured Interest Bearing Liabilities</b>		<b>15,018</b>	<b>11,729</b>	<b>14,950</b>	<b>7,679</b>
<b>Total Non - Current Interest Bearing Liabilities</b>		<b>15,018</b>	<b>11,729</b>	<b>14,950</b>	<b>7,679</b>
<b>Total Interest Bearing Liabilities</b>		<b>19,901</b>	<b>13,311</b>	<b>19,338</b>	<b>8,430</b>
<b>Assets Pledged as Security</b>					
<b>The carrying amounts of assets pledged as security for current and non current interest bearing liabilities are:</b>					
<b>Non-Current</b>					
<b>First Mortgage</b>					
Freehold Land and Buildings	20	12,114	12,114	12,114	12,114
<b>Finance Lease</b>					
ITC Customer Relationship Software	20	488	610	-	-
<b>Total non-current assets pledged as security</b>		<b>12,602</b>	<b>12,724</b>	<b>12,114</b>	<b>12,114</b>
<b>Total non-current assets pledged as security</b>		<b>12,602</b>	<b>12,724</b>	<b>12,114</b>	<b>12,114</b>
<b>25 Provisions</b>					
<b>Current</b>					
<b>Aggregate Employee Benefits</b>					
Provision for annual leave	25.1	6,016	5,770	4,435	4,255
Provision for long-service leave	25.2	3,451	2,968	3,169	2,827
Provision for Self Funded Workers Compensation	25.3	789	652	717	608
Provision for Professorial superannuation	26.1	431	364	431	364
Provision for Voluntary Redundancy Schemes		545	1,961	545	1,961
<b>Total Current Provisions</b>		<b>11,232</b>	<b>11,715</b>	<b>9,297</b>	<b>10,015</b>
<b>Non - Current</b>					
<b>Aggregate Employee Benefits</b>					
Deferred tax liabilities (refer (b) below)		726	40	-	-
Provision for long-service leave	25.2	21,281	19,596	19,195	17,798
Provision for Self Funded Workers Compensation	25.3	3,205	2,745	3,205	2,745
Provision for Professorial superannuation	26.1	5,502	5,467	5,502	5,467
Provision for State superannuation	26.2	84,817	85,231	84,817	85,231
Provision for Basic Benefit superannuation	26.4	3,728	3,498	3,728	3,498
<b>Other</b>					
Provision for Restoration		468	448	-	-
<b>Total Non - Current Provisions</b>		<b>119,727</b>	<b>117,025</b>	<b>116,447</b>	<b>114,739</b>
<b>Total Provisions</b>		<b>130,959</b>	<b>128,740</b>	<b>125,744</b>	<b>124,754</b>

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000
<b>(a) Movements in Provisions</b>				
<b>25.1 Annual Leave</b>				
The University has a liability for untaken annual leave for non-academic staff. In accordance with contracts of employment, academic staff are required to take annual leave each year and no annual leave is accrued. Payments for leave taken in-service by University staff or on termination are charged to current revenue.				
Movements in the provision during the year were:				
Balance at the beginning of the financial year	5,770	5,228	4,255	3,925
Add: provided for during the year	3,498	3,626	2,627	2,822
Less payments	(3,218)	(3,047)	(2,447)	(2,492)
Less currency movements	(34)	(37)	-	-
Balance at the end of the financial year	6,016	5,770	4,435	4,255
<b>25.2 Long-Service Leave</b>				
Balance at the beginning of the financial year	22,564	20,320	20,625	18,753
Add: provided for during the year	5,492	4,130	4,785	3,564
Less payments	(3,362)	(1,866)	(3,046)	(1,692)
Less currency movements	38	(20)	-	-
Balance at the end of the financial year	24,732	22,564	22,364	20,625
Comprising:				
Current liabilities	3,451	2,968	3,169	2,827
Non-current liabilities	21,281	19,596	19,195	17,798
	24,732	22,564	22,364	20,625
<b>25.3 Self Funded Workers Compensation</b>				
Balance at beginning of the financial year	3,397	2,974	3,353	2,974
Add: provided for during the year	983	649	859	605
Less Payments to Employees	(386)	(226)	(290)	(226)
Balance at end of the financial year	3,994	3,397	3,922	3,353
Comprising:				
Current liabilities	789	652	717	608
Non-current liabilities	3,205	2,745	3,205	2,745
	3,994	3,397	3,922	3,353
<b>(b) Deferred Tax Liabilities</b>				
The balance comprises temporary differences attributable to:				
Leased assets	84	40	-	-
Investments	642	-	-	-
Net deferred tax liabilities	726	40	-	-

## 26 Superannuation Plans

### 26.1 Professorial Superannuation Scheme and Widows Managed Funds

The Professorial Superannuation Scheme was established to provide members with a pension of up to 25 percent of salary on retirement. In 1984 the Scheme was amended to provide for the payment of an additional contributory pension to members of the Scheme on retirement. The Scheme was closed to new members on 1 December 1987.

The Widows Managed Fund is an annuity assurance scheme, which was set up to provide annuities to the spouses of professors who elected to contribute to the scheme. The Widows' Managed Annuity Scheme is a defined benefit section of the Professorial Scheme.

#### Movement in net liability asset recognised in balance sheet

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Net liability for defined benefit obligations at 1 January	5,831	5,979	5,831	5,979
Net expense recognised in the income statement contributions	422	180	422	180
	(320)	(328)	(320)	(328)
Balance at the end of the financial year	5,933	5,831	5,933	5,831
Comprising:				
Current liabilities	431	364	431	364
Non-current liabilities	5,502	5,467	5,502	5,467
	5,933	5,831	5,933	5,831
<b>Reconciliation of the assets and liabilities recognised in the balance sheet</b>				
Present value of defined benefit obligations	5,131	5,036	5,131	5,036
Provision for tax on future employer contributions	890	875	890	875
PBO at discount rate net of tax	6,021	5,911	6,021	5,911
Plan assets at fair value	(88)	(80)	(88)	(80)
Defined Benefit obligations in excess of (less than) plan assets	5,933	5,831	5,933	5,831
Liability (assets) recognised in balance sheet	5,933	5,831	5,933	5,831
<b>Expense recognised in the income statement</b>				
Current service cost	88	82	88	82
Interest cost	275	271	275	271
Expected return on plan assets	(3)	(3)	(3)	(3)
Recognised actuarial (gain) loss	62	(170)	62	(170)
Expense recognised in the income statement	422	180	422	180
<b>Actual return on Plan assets</b>				
Actual return on plan assets for period ending	2	3	2	3
<b>Expected next year employer's contribution</b>				
The consolidated entity expects to pay \$430,680 to the Professorial Superannuation Scheme and Widows Managed Funds in 2006.				
<b>Assumptions at end of year disclosures</b>				
Discount rate per annum (gross of tax)	5.5%	5.5%	5.5%	5.5%
Expected rate of return on plan assets (gross of tax)	4.0%	4.0%	4.0%	4.0%
Salary growth per annum	4.0%	4.0%	4.0%	4.0%
Pension increase per annum	3.0%	3.0%	3.0%	3.0%
Tax on future investment income	0.0%	0.0%	0.0%	0.0%
Allowance for earnings tax offset (assets)	0.0%	0.0%	0.0%	0.0%
Tax on future employer contribution	15.0%	15.0%	15.0%	15.0%
<b>Surplus or deficit in the plan liabilities</b>				
Accrued benefits	6,021	5,910	6,021	5,910
Fair Value of Plan assets at end of year	(88)	(80)	(88)	(80)
Deficit (surplus) in the plan	5,933	5,830	5,933	5,830

## 26.2 State Superannuation Scheme (SSS)

### Accounting policy for recognising actuarial gains / losses

Actuarial gains and losses are recognised in profit and loss in the year they occur.

### General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation scheme:

State Superannuation Scheme (SSS)

This scheme is a defined benefit scheme - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

This scheme is closed to new members.

### Movement in net liability / asset recognised in balance sheet

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Net liability for defined benefit obligations at 1 January	85,231	84,807	85,231	84,807
Net expense recognised in the income statement	763	2,528	763	2,528
Contributions	(1,177)	(2,104)	(1,177)	(2,104)
Balance at the end of the financial year	84,817	85,231	84,817	85,231
Comprising:				
Current liabilities	-	-	-	-
Non-current liabilities	84,817	85,231	84,817	85,231
	84,817	85,231	84,817	85,231

### Reconciliation of the assets and liabilities recognised in the balance sheet

Present value of defined benefit obligations	159,018	148,782	159,018	148,782
Plan assets at fair value	(74,201)	(63,552)	(74,201)	(63,552)
Defined Benefit obligations in excess of (less than) plan assets	84,817	85,230	84,817	85,230
Liability (assets) recognised in balance sheet	84,817	85,230	84,817	85,230

### Expense recognised in income statement

Current service cost	1,250	1,431	1,250	1,431
Interest cost	7,940	7,953	7,940	7,953
Expected return on plan assets	(4,509)	(3,992)	(4,509)	(3,992)
Recognised actuarial (gain) loss	(3,918)	(2,864)	(3,918)	(2,864)
Expense recognised in the income statement	763	2,528	763	2,528

### Actual return on plan assets

Actual return on plan assets	9,756	8,146	9,756	8,146
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### Expected next year employer's contribution

Recommended contribution rates are 0%

### Assumptions at end of year disclosures

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
Discount rate per annum (gross of tax)	5.3%	5.4%	5.3%	5.4%
Expected rate of return on plan assets (gross of tax)	7.3%	7.3%	7.3%	7.3%
Salary growth per annum	4.0%	4.0%	4.0%	4.0%
Expected rate of CPI increase	2.5%	2.5%	2.5%	2.5%

### Surplus or deficit in the plan liabilities

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Accrued benefits	125,528	118,096	125,528	118,096
Fair Value of Plan assets at end of year	(74,202)	(63,552)	(74,202)	(63,552)
Deficit (surplus) in the plan	51,326	54,544	51,326	54,544

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method.

The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

## 26.3 State Authorities Superannuation Scheme (SASS)

### Accounting policy for recognising actuarial gains / losses

Actuarial gains and losses are recognised in profit and loss in the year they occur.

### General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation scheme:

State Authorities Superannuation Scheme (SASS)

This scheme is a defined benefit scheme - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

This scheme is closed to new members.

### Movement in net asset recognised in balance sheet

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Net asset for defined benefit obligations at 1 January	(5,955)	(3,549)	(5,955)	(3,549)
Net expense recognised in the income statement	(1,103)	(421)	(1,103)	(421)
Contributions	(1,304)	(1,985)	(1,304)	(1,985)
Balance at the end of the financial year	(8,362)	(5,955)	(8,362)	(5,955)
Comprising:				
Current Asset	-	-	-	-
Non-current Asset	(8,362)	(5,955)	(8,362)	(5,955)
	(8,362)	(5,955)	(8,362)	(5,955)

### Reconciliation of the assets and liabilities recognised in the balance sheet

Present value of defined benefit obligations	18,200	17,093	18,200	17,093
Plan assets at fair value	(26,562)	(23,048)	(26,562)	(23,048)
Defined Benefit obligations in excess of (less than) plan assets	(8,362)	(5,955)	(8,362)	(5,955)
Liability (assets) recognised in balance sheet	(8,362)	(5,955)	(8,362)	(5,955)

### Expense recognised in income statement

Current service cost	1,269	1,296	1,269	1,296
Interest cost	871	840	871	840
Expected return on plan assets	(1,611)	(1,334)	(1,611)	(1,334)
Recognised actuarial (gain) loss	(1,632)	(1,223)	(1,632)	(1,223)
Expense recognised in the income statement	(1,103)	(421)	(1,103)	(421)

### Actual return on plan assets

Actual return on plan assets	3,388	2,798	3,388	2,798
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### Expected next year employer's contribution

Recommended contribution rates are 0%

### Assumptions at end of year disclosures

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
Discount rate per annum (gross of tax)	5.3%	5.4%	5.3%	5.4%
Expected rate of return on plan assets (gross of tax)	7.3%	7.3%	7.3%	7.3%
Salary growth per annum	4.0%	4.0%	4.0%	4.0%
Expected rate of CPI increase	2.5%	2.5%	2.5%	2.5%

### Surplus or deficit in the plan liabilities

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Accrued benefits	16,176	15,242	16,176	15,242
Fair Value of Plan assets at end of year	(26,562)	(23,048)	(26,562)	(23,048)
Deficit (surplus) in the plan	(10,386)	(7,806)	(10,386)	(7,806)

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method.

The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

## 26.4 State Authorities Non Contributory Superannuation Scheme (SANCS)

### Accounting policy for recognising actuarial gains / losses

Actuarial gains and losses are recognised in profit and loss in the year they occur.

### General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation scheme: State Authorities Non Contributory Superannuation Scheme (SANCS)

This scheme is a defined benefit scheme - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

This scheme is closed to new members.

### Movement in net liability / asset recognised in balance sheet

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Net liability for defined benefit obligations at 1 January	3,498	1,950	3,498	1,950
Net expense recognised in the income statement	762	753	762	753
Contributions	(532)	795	(532)	795
Balance at the end of the financial year	3,728	3,498	3,728	3,498
Comprising:				
Current liabilities	-	-	-	-
Non-current liabilities	3,728	3,498	3,728	3,498
	3,728	3,498	3,728	3,498

### Reconciliation of the assets and liabilities recognised in the balance sheet

Present value of defined benefit obligations	7,718	7,618	7,718	7,618
Plan assets at fair value	(3,990)	(4,120)	(3,990)	(4,120)
Defined Benefit obligations in excess of (less than) plan assets	3,728	3,498	3,728	3,498
Liability (assets) recognised in balance sheet	3,728	3,498	3,728	3,498

### Expense recognised in income statement

Current service cost	452	465	452	465
Interest cost	386	385	386	385
Expected return on plan assets	(381)	(471)	(381)	(471)
Recognised actuarial (gain) loss	305	374	305	374
Expense recognised in the income statement	762	753	762	753

### Actual return on plan assets

Actual return on plan assets	684	763	684	763
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### Expected next year employer's contribution

Recommended contribution rates are 17%

### Assumptions at end of year disclosures

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005	2004	2005	2004
Discount rate per annum (gross of tax)	5.3%	5.4%	5.3%	5.4%
Expected rate of return on plan assets (gross of tax)	7.3%	7.3%	7.3%	7.3%
Salary growth per annum	4.0%	4.0%	4.0%	4.0%
Expected rate of CPI increase	2.5%	2.5%	2.5%	2.5%

### Surplus or deficit in the plan liabilities

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Accrued benefits	7,023	6,953	7,023	6,953
Fair Value of Plan assets at end of year	(3,989)	(4,120)	(3,989)	(4,120)
Deficit (surplus) in the plan	3,034	2,833	3,034	2,833

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method.

The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

	Note	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
		2005	2004	2005	2004
		\$ '000	\$ '000	\$ '000	\$ '000
<b>27 Other Liabilities</b>					
Current					
Income in advance	27.1	35,370	33,029	27,597	26,385
Department of Family and Community Services (DFCS)		18	18	18	18
Other		53	-	-	-
<b>Total Current Other Liabilities</b>		<b>35,441</b>	<b>33,047</b>	<b>27,615</b>	<b>26,403</b>
Non - Current					
Income in advance	27.2	-	-	11,294	11,826
Department of Family and Community Services (DFCS)		186	204	186	204
<b>Total Non - Current Other Liabilities</b>		<b>186</b>	<b>204</b>	<b>11,480</b>	<b>12,030</b>
<b>Total Other Liabilities</b>		<b>35,627</b>	<b>33,251</b>	<b>39,095</b>	<b>38,433</b>
<b>27.1 Current Income received in advance</b>					
Australian Government grants - HECS		313	947	313	947
Student Fees		34,237	31,994	27,240	25,382
Other		820	88	44	56
		<b>35,370</b>	<b>33,029</b>	<b>27,597</b>	<b>26,385</b>
<b>27.2 Non - Current Income in advance</b>					
Contribution to occupancy		-	-	15,025	15,025
Less : amortisation		-	-	(3,731)	(3,199)
		<b>-</b>	<b>-</b>	<b>11,294</b>	<b>11,826</b>
<b>28 Reserves and Retained Surplus</b>					
<b>28.1 Reserves</b>					
<b>a) Available For Sale Reserve</b>					
Opening balance at 1 January		-	-	-	-
Add: Unrealised Gain on Available for Sale Assets		11,681	-	10,184	-
Closing balance at 31 December		<b>11,681</b>	<b>-</b>	<b>10,184</b>	<b>-</b>
<b>b) Foreign currency translation reserve</b>					
Opening balance at 1 January		131	(94)	-	-
Net Translation Adjustment		(203)	225	-	-
Closing balance at 31 December		<b>(72)</b>	<b>131</b>	<b>-</b>	<b>-</b>
<b>Total Reserves</b>		<b>11,609</b>	<b>131</b>	<b>10,184</b>	<b>-</b>
<b>28.2 Retained Surplus</b>					
<b>Retained surplus at 1 January</b>		<b>447,218</b>	<b>438,994</b>	<b>436,332</b>	<b>429,459</b>
Net Operating Result from Ordinary Activities after Income Tax		19,307	8,224	13,846	6,873
Dividend Declared		(1,440)	-	-	-
Contribution to Equity		101	-	-	-
<b>Retained surplus at 31 December</b>		<b>465,186</b>	<b>447,218</b>	<b>450,178</b>	<b>436,332</b>
<b>28.3 Nature and Purpose of Reserves</b>					
<b>Foreign currency translation reserve</b>					
The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.					
<b>Available for sale reserve</b>					
The available for sale reserve arises on the revaluation of available for sale financial assets. Where a revalued financial asset is sold, then that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss.					

## 29 Responsible Persons and Executive Officers

### (a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of the University of Wollongong during the year:

Codd, AC Mr M. Chancellor  
 Edgar, Mr G. Deputy Chancellor  
 Fazio, MLC The Hon A.  
 Campbell, MLA The Hon D.  
 Sutton, Prof G. Vice Chancellor  
 Griffiths, Prof D.  
 Kyriakoudes, Mr K.  
 Browbank, Ms S.  
 Scimone, Mr J.  
 Verrucci, Ms N.  
 Steele, Prof J.  
 Wright, Ms L.  
 Nestorovska, Ms D.  
 Wilson, Ms L.  
 Christian, Ms K.  
 Castle, Ms J.  
 Chapman, Ms S.  
 Fitzgerald, Mr P.  
 Hickman, Dr B.  
 Patterson, Prof J.  
 Sheil, Prof M.  
 Castle, Prof R.  
 Langridge, Mr J.  
 Rome, Mr D.  
 Grange, Mr C.

### (b) Remuneration of Council Members and Executives

Income paid or payable, or otherwise made available, to Council Members by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities:

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	\$ '000 2005	\$ '000 2004	\$ '000 2005	\$ '000 2004
	1,049	1,004	1,049	1,004

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	No. 2005	No. 2004	No. 2005	No. 2004
<b>Remuneration Of Council Members</b>				
Nil to \$9,999	11	10	11	10
\$10,000 to \$19,999	1	-	1	-
\$20,000 to \$29,999	1	1	1	1
\$30,000 to \$39,999	-	1	-	1
\$50,000 to \$59,999	1	1	1	1
\$80,000 to \$89,999	1	-	1	-
\$90,000 to \$99,999	1	1	1	1
\$110,000 to \$119,999	-	1	-	1
\$130,000 to \$139,999	1	-	1	-
\$140,000 to \$149,999	-	1	-	1
\$160,000 to \$169,999	1	-	1	-
\$440,000 to \$449,999	-	1	-	1
\$460,000 to \$469,999	1	-	1	-

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	\$ '000	\$ '000	\$ '000	\$ '000
	2005	2004	2005	2004
Income paid or payable, or otherwise made available, to executive officers by entities in the consolidated entity and related parties:	1,407	1,193	1,407	1,193

Remuneration Of Executive Officers	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	No.	No.	No.	No.
	2005	2004	2005	2004
\$150,000 to \$159,999	1	-	1	-
\$200,000 to \$209,999	-	1	-	1
\$210,000 to \$219,999	-	1	-	1
\$220,000 to \$229,999	1	1	1	1
\$230,000 to \$239,999	3	-	3	-
\$250,000 to \$259,999	-	1	-	1
\$290,000 to \$299,999	-	1	-	1
\$310,000 to \$319,999	1	-	1	-

Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
2005	2004	2005	2004
\$ '000	\$ '000	\$ '000	\$ '000

### 30 Remuneration of Auditors

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

Assurance services

#### 1) Audit services

Fees paid to Audit Office of NSW	315	380	157	140
Fees paid to non-Audit of NSW audit firms for the audit or review of financial reports of any entity in the consolidated entity	46	-	-	-
<b>Total remuneration for audit services</b>	<b>361</b>	<b>380</b>	<b>157</b>	<b>140</b>

### 31 Contingent liabilities and contingent assets

#### Contingent liabilities

On 13 December 2002, the University and the New South Wales (NSW) State government entered into a 16 year agreement for the development of the Wollongong Innovation Campus. The NSW government provided funds totalling \$16 million for the sole purpose of providing working capital to progress the development. Contingent on the success of the Campus, the University is liable to repay the funds under the following conditions:

- If there are sufficient net profits from the project over the agreement period, to repay the funds from those proceeds;
- If at the expiration of the agreement period, there are not sufficient proceeds, then the University will only be obliged to repay the funds to the extent of there being net profits then available;
- If the parties decide jointly that the project is not feasible or the project ceases, the University must promptly repay the balance of the funds.

At reporting date, it is not known whether the project will generate sufficient proceeds. If the project was terminated at reporting date, the University would have to repay \$16.796m (being the balance of funds not spent and interest earned).

#### Guarantees

In 2001 the University provided a guarantee and indemnity to the Wollongong Unicentre (\$3.3m as at 31/12/05) in support of loans provided by the National Australia Bank. This guarantee and indemnity provides that the University will meet any shortfalls in payments from these entities, should they arise.

## 32 Commitments for Expenditure

### 32.1 Capital Commitments

The following capital projects have either been contracted for or funds have been allocated on the basis that these funds would be made available under Commonwealth and State legislative provisions and by the University .

	Consolidated Commitments		University Commitments	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
<b>Building Projects</b>				
Major Building Projects	8,712	10,135	8,712	10,135
Minor Buildings and Maintenance Projects	179	241	179	241
New Campuses		296		296
Other Campus Maintenance and Refurbishments	2,710	910	2,710	910
<b>Total</b>	<b>11,601</b>	<b>11,582</b>	<b>11,601</b>	<b>11,582</b>
Add GST	1,160	1,158	1,160	1,158
<b>Total Gross Commitments</b>	<b>12,761</b>	<b>12,740</b>	<b>12,761</b>	<b>12,740</b>
Payable:				
- not longer than one year	12,761	12,740	12,761	12,740
- longer than one year but less than five years	-	-	-	-
- longer than five years	-	-	-	-
	<b>12,761</b>	<b>12,740</b>	<b>12,761</b>	<b>12,740</b>

### 32.2 Lease Commitments

#### (a) Operating Lease Commitments

This represents non-cancellable operating leases contracted for but not capitalised in the accounts for motor vehicles, photocopiers and computer equipment.

Payable:

- not longer than one year	7,772	6,141	2,374	3,458
- longer than one year but less than five years	4,614	8,130	1,767	3,229
- longer than five years	-	-	-	-
	<b>12,386</b>	<b>14,271</b>	<b>4,141</b>	<b>6,687</b>

#### (b) Finance Lease Commitments

This represents non-cancellable operating leases contracted for but not capitalised in the accounts for computer software.

Payable:

- not longer than one year	316	476	-	-
- longer than one year but less than five years	76	358	-	-
- longer than five years	-	-	-	-
Minimum lease payments	<b>392</b>	<b>834</b>	-	-
Less future finance charges	(41)	(83)	-	-
Present Value of minimum lease payments	<b>351</b>	<b>751</b>	-	-

Included in the Financial Statements as:

Current	282	421		
Non-current	69	330		
	<b>351</b>	<b>751</b>	-	-

### 32.3 Other Expenditure Commitments

Purchase Order Commitments	2,007	3,284	2,002	3,014
<b>Total</b>	<b>2,007</b>	<b>3,284</b>	<b>2,002</b>	<b>3,014</b>
Add GST	201	328	200	301
<b>Total Gross Commitments</b>	<b>2,208</b>	<b>3,612</b>	<b>2,202</b>	<b>3,315</b>
Payable:				
- not longer than one year	2,208	3,612	2,202	3,315
- longer than one year but less than five years	-	-	-	-
- longer than five years	-	-	-	-

### 32.2 CRC Commitments

The University of Wollongong is a member of the following Co-operative Research Centres (CRC). The University has a commitment to contribute cash and in-kind contributions to cover salaries, equipment, use of facilities and other expenditure over the next 5 years.

**32.2 (i) CRC Materials Welding and Joining commitments**

	<b>Cash</b>	<b>In Kind</b>
	<b>\$ '000</b>	<b>\$ '000</b>
2006	25	360
Total	25	360

**32.2 (ii) CRC Intelligent Manufacturing Systems and Technologies**

	<b>Cash</b>	<b>In Kind</b>
	<b>\$ '000</b>	<b>\$ '000</b>
2006	10	378
Total	10	378

**32.2 (iii) CRC Railway Engineering and Technologies**

	<b>Cash</b>	<b>In Kind</b>
	<b>\$ '000</b>	<b>\$ '000</b>
2006	100	608
2007	100	630
Total	200	1,238

**32.2 (iv) Smart Internet Technology**

	<b>Cash</b>	<b>In Kind</b>
	<b>\$ '000</b>	<b>\$ '000</b>
2006	263	832
2007	219	693
Total	482	1,525

**32.2 (v) Cochlear Implant and Hearing Aid Innovation**

	<b>Cash</b>	<b>In Kind</b>
	<b>\$ '000</b>	<b>\$ '000</b>
2006	-	171
2007	-	171
Total	-	342

**32.2 (vi) Desert Knowledge CRC**

	<b>Cash</b>	<b>In Kind</b>
	<b>\$ '000</b>	<b>\$ '000</b>
2006	-	274
2007	-	274
2008	-	274
2009	-	274
2010	-	219
Total	-	1,315

**32.2 (vii) Total CRC Commitments**

	<b>Cash</b>	<b>In Kind</b>
	<b>\$ '000</b>	<b>\$ '000</b>
2006	398	2,623
2007	319	1,768
2008	-	274
2009	-	274
2010	-	219
Total	717	5,158

### 33 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2005	2004
Illawarra Technology Corporation Ltd	Australia		100%	100%
ITC Europe Ltd (Incorporated 22 November 2000)	UK		100%	100%
ITC Education Ltd (Incorporated 27 June 2003)	Australia		100%	100%
ITC New Zealand Ltd (Incorporated 12 November 2002)	NZ		100%	100%
Wollongong UniCentre Limited	Australia		100%	100%
Unicentre Conferences and Functions Pty Ltd (Incorporated 24 November 2004)	Australia		100%	100%
University of Wollongong Recreation and Aquatic Centre Limited	Australia		100%	100%
The Sydney Business School Pty Ltd	Australia		100%	100%
ENIKOS Pty Ltd	Australia		44%	100%

**Note:** Basis for control of the above entities is as follows:

Illawarra Technology Corporation Ltd	Wollongong UniCentre Limited	University of Wollongong Recreation & Aquatic Centre Limited	ENIKOS Pty Ltd
<ul style="list-style-type: none"> <li>100% equity in 2 (two) fully paid shares of \$ 1.00</li> <li>University Council appoints the Board of Directors of the Company</li> <li>ITC Europe Ltd 100% of share capital of \$677 owned by ITC, who appoints the board of directors</li> <li>ITC Education Ltd the ITC Ltd is the sole member of the company</li> <li>ITC New Zealand Ltd 100% of equity in 2 \$1 fully paid shares totalling NZD \$2 held by the ITC Ltd</li> </ul>	<ul style="list-style-type: none"> <li>General Manager of the UniCentre is appointed by the University</li> <li>The UniCentre budget is approved by the University Council</li> <li>No alteration to the constitution of the UniCentre can be made without the approval of the Council</li> <li>UniCentre constitution indicates it is an integral part of the University</li> <li>the Unicentre moved its catering and functions activities to Unicentre Conferences and Functions Pty Ltd In November 2004</li> </ul>	<ul style="list-style-type: none"> <li>URAC budget is approved by the University Council</li> <li>No alteration to the constitution of URAC can be made without the approval of the Council</li> </ul>	<ul style="list-style-type: none"> <li>Enikos was established in November 2003</li> <li>Its aim is to commercialise intellectual property associated with a proposed new MPEG standard</li> <li>University of Wollongong is the majority shareholder</li> <li>The University of Wollongong is chair of the board of directors</li> <li>Key staff are seconded from the University to Enikos</li> </ul>

### 34 Economic Dependency

Illawarra Technology Corporation Ltd	Wollongong UniCentre Limited	University of Wollongong Recreation & Aquatic Centre Limited	ENIKOS Pty Ltd
<ul style="list-style-type: none"> <li>Free use of some buildings and land</li> </ul>	<ul style="list-style-type: none"> <li>Part salary of General Manager paid by the University</li> <li>Operating Grant to Kids Uni of \$0.180m</li> <li>Free use of buildings</li> <li>Contribution towards Conference Manager's salary and car</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of Sportsground budget of \$0.059m</li> <li>Free use of buildings and land used for sporting facilities</li> </ul>	<ul style="list-style-type: none"> <li>Free use of office space</li> <li>Company Secretary Functions</li> </ul>

The University of Wollongong is committed to ensuring that its subsidiaries have adequate cash reserves to meet all commitments as and when they fall due. The University will assist its subsidiaries by allowing flexible short term arrangements for balances owing by them to the University.

The assistance provided to these organisations is offset by the benefits accruing to the University, its students and staff through enhanced facilities, community relations, marketing, funding and/or repute.

All other identifiable costs and services relating to companies and organisations associated with the University are charged out to those entities under normal commercial terms and conditions.

There is no material expenditure or assets provided by other government bodies or statutory bodies at no cost to the University.

## 35 Reconciliation of operating result from ordinary activities after income tax to net cash inflow from operating activities

### A. Reconciliation of net cash used in operating activities to operating result

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
<b>Operating Result</b>	19,307	8,224	13,846	6,873
<b>Add/(Less) items classified as Investing/financing activities</b>				
Loss/(gain) on sale of plant and equipment	340	193	229	48
Unrealised Gain on Investments	-	(8,619)	-	(8,619)
<b>Add/(less) non-cash items</b>				
Depreciation/Amortisation	22,999	22,368	20,223	19,800
Bad debts written-off	6	(3)	-	-
Increase/(decrease) in Exchange Rates on Cash Holdings	(465)	303	(150)	58
Acquisition of Bill Facility	-	-	2,700	-
<b>Change in assets and liabilities</b>				
Decrease/(Increase) in debtors/other debtors	(4,216)	(6,329)	(1,825)	(8,779)
Decrease/(Increase) in accrued income	2,687	(1,156)	2,687	(1,156)
Decrease/(increase) in inventories	346	(1,528)	49	(45)
Decrease/(increase) in prepayments	(1,039)	(1,905)	(1,431)	(1,285)
Increase/(decrease) in creditors and accruals	(3,097)	(12,541)	(3,344)	(11,183)
Increase/(decrease) in other non-current assets	(1,433)	(327)	-	-
Increase/(decrease) in students fees received in advance	1,060	12,748	1,060	12,642
Increase/(decrease) in Provisions	383	(2,757)	80	(4,157)
Adjustment to opening accumulated results	-	16,380	-	16,380
<b>Net provided by operating activities</b>	36,878	25,051	34,124	20,577
<b>Credit Card Facilities</b>				
Allocated	347	285		
Unused	2,003	1,715		
<b>Total</b>	2,350	2,000		

As at the end of the financial year, the University and subsidiaries have credit facilities of \$2.350m in respect of MasterCard and Visa purchase cards. Of this amount \$2.003m has been allocated in respect of MasterCard's, Visa cards and Visa purchase cards issued to University departments. \$0.251m remains unused.

As at 31/12/05 the University and subsidiaries had the following facilities in place:

	Consolidated (Economic Entity)		
	Total \$ '000	Used \$ '000	Unused \$ '000
Floating Bills	17,958	16,738	1,220
Fixed Rate Bill Facility	1,500	1,500	-
Flexible Rate Facility	1,200	1,200	-
Lease Facility	4,200	138	4,062
Documentary Line of Credit	225	-	225
Bank Guarantee	5,400	4,440	960
	30,483	24,016	6,467

## 36 Non-cash investing and financing activities

	Consolidated (Economic Entity)		University of Wollongong (Parent Entity)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Acquisition of plant and equipment by means of finance leases	-	57	-	-
	-	57	-	-

## 37 Financial Instruments

### (A) Financial Risk Management

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

#### (i) Foreign Currency Risk

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

Exposure to foreign currency is managed by:

- overseas operations transacting in the prevailing currency in the region.
- Investment funds in US dollars to protect against any large change in the Australian to US dollar exchange rate

#### (ii) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets is the carrying amount shown in the balance sheet. The consolidated entity does not have any significant exposure to any individual customer, counter party or shareholding.

#### (iii) Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

### (B) Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

		Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In					Non interest bearing	Total
				1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years		
2005 Financial Assets	Cash	5.01%	12,137	2,163	-	-	-	-	91	14,391
	Receivables	n/a	-	-	-	-	-	-	101,544	101,544
	Loans to Others	6.30%	-	151	375	-	-	-	20	546
	Unlisted shares	n/a	-	-	-	-	-	-	478	478
	Other Investments	5.46%	42,336	-	-	-	-	-	-	42,336
	Securities	14.09%	93,362	-	-	-	-	-	-	93,362
	<b>Total</b>		<b>147,835</b>	<b>2,314</b>	<b>375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,133</b>	<b>252,657</b>
2005 Financial Liabilities	Bank overdrafts & loans	6.17%	100	4,388	850	-	-	14,100	-	19,438
	Other Loans	n/a	-	-	-	-	-	-	372	372
	Lease liabilities	7.11%	-	282	68	-	-	-	-	350
	Creditors	n/a	-	-	-	-	-	-	17,645	17,645
	Income in advance	n/a	-	-	-	-	-	-	35,368	35,368
		<b>Total</b>		<b>100</b>	<b>4,670</b>	<b>918</b>	<b>-</b>	<b>-</b>	<b>14,100</b>	<b>53,385</b>
Net Financial Assets (Liabilities)			<b>147,735</b>	<b>(2,356)</b>	<b>(543)</b>	<b>-</b>	<b>-</b>	<b>(14,100)</b>	<b>48,748</b>	<b>179,484</b>

		Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In					Non interest bearing	Total
				1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years		
2004 Financial Assets	Cash	4.99%	11,955	96	-	-	-	-	1,383	13,434
	Receivables	n/a	-	-	-	-	-	-	102,238	102,238
	Loans to Others	8.00%	-	396	162	383	-	-	-	941
	Unlisted shares	n/a	-	-	-	-	-	-	421	421
	Other Investments	5.28%	42,929	-	-	-	-	-	-	42,929
	Securities	13.25%	63,177	-	-	-	-	-	-	63,177
	<b>Total</b>		<b>118,061</b>	<b>492</b>	<b>162</b>	<b>383</b>	<b>-</b>	<b>-</b>	<b>104,042</b>	<b>223,140</b>
2004 Financial Liabilities	Bank overdrafts & loans	6.83%	-	4,880	2,538	-	-	5,141	-	12,559
	Other Loans	n/a	-	-	-	-	-	-	255	255
	Lease liabilities	6.96%	-	421	330	-	-	-	-	751
	Creditors	n/a	-	-	-	-	-	-	20,579	20,579
	Income in advance	n/a	-	-	-	-	-	-	32,996	32,996
		<b>Total</b>		<b>-</b>	<b>5,301</b>	<b>2,868</b>	<b>-</b>	<b>-</b>	<b>5,141</b>	<b>53,830</b>
Net Financial Assets (Liabilities)			<b>118,061</b>	<b>(4,809)</b>	<b>(2,706)</b>	<b>383</b>	<b>-</b>	<b>(5,141)</b>	<b>50,212</b>	<b>156,000</b>

**(C) Fair Value of Financial Assets & Liabilities**

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

	<b>Carrying amount 2005 \$ '000</b>	<b>Fair value 2005 \$ '000</b>	<b>Carrying amount 2004 \$ '000</b>	<b>Fair value 2004 \$ '000</b>
<b>Financial Assets</b>				
<b>Non traded financial assets</b>				
Cash	14,391	14,391	13,434	13,434
Receivables	101,544	101,544	102,238	102,238
Loans to Others	546	546	941	941
Unlisted shares	478	478	421	421
Other Investments	42,336	42,336	42,929	42,929
Securities	93,362	93,362	63,177	63,177
	<b>252,657</b>	<b>252,657</b>	<b>223,140</b>	<b>223,140</b>
<b>Financial Liabilities</b>				
<b>Non traded financial liabilities</b>				
Bank overdrafts and loans	19,438	19,438	12,559	12,559
Other Loans	372	372	255	255
Lease liabilities	350	350	751	751
Creditors	17,645	17,645	20,579	20,579
Income in advance	35,368	35,368	32,996	32,996
	<b>73,173</b>	<b>73,173</b>	<b>67,140</b>	<b>67,140</b>

### 38 Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Note	Consolidated Entity			Parent Entity		
		Previous AGAAP	Effect of Transition to AIFRS	AIFRS	Previous AGAAP	Effect of Transition to AIFRS	AIFRS
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents		17,068	-	17,068	7,938	-	7,938
Receivables		19,608	-	19,608	19,129	-	19,129
Inventories		3,235	-	3,235	266	-	266
Other financial assets		90,690	-	90,690	91,533	-	91,533
Other non-financial assets		3,313	-	3,313	1,415	-	1,415
<b>Total current assets</b>		<b>133,914</b>	<b>-</b>	<b>133,914</b>	<b>120,281</b>	<b>-</b>	<b>120,281</b>
<b>Non current assets</b>							
Receivables	(a)	55,077	26,181	81,258	55,077	26,181	81,258
Other financial assets		950	-	950	3,016	-	3,016
Property, plant and equipment	(b) (c) (j) (k)	329,592	72,017	401,609	320,464	74,689	394,853
Deferred tax asset		329	-	329	-	-	-
Intangible assets	(c)	-	566	566	-	-	-
Other non-financial assets	(a)	5,049	(1,500)	3,549	5,049	(1,500)	3,549
<b>Total non current assets</b>		<b>390,997</b>	<b>97,264</b>	<b>488,261</b>	<b>383,606</b>	<b>99,070</b>	<b>482,676</b>
<b>Total assets</b>		<b>524,911</b>	<b>97,264</b>	<b>622,175</b>	<b>503,887</b>	<b>99,070</b>	<b>602,957</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Payables		16,734	-	16,734	11,335	-	11,335
Interest bearing liabilities		1,436	-	1,436	751	-	751
Provisions		9,381	-	9,381	7,038	-	7,038
Other	(d)	34,259	(16,380)	17,879	27,706	(16,380)	11,326
<b>Total current liabilities</b>		<b>61,810</b>	<b>(16,380)</b>	<b>45,430</b>	<b>46,830</b>	<b>(16,380)</b>	<b>30,450</b>
<b>Non-Current liabilities</b>							
Interest bearing liabilities		8,785	-	8,785	3,289	-	3,289
Provisions	(a) (k)	86,626	26,979	113,605	85,396	26,551	111,947
Other		15,454	-	15,454	27,812	-	27,812
<b>Total non-current liabilities</b>		<b>110,865</b>	<b>26,979</b>	<b>137,844</b>	<b>116,497</b>	<b>26,551</b>	<b>143,048</b>
<b>Total Liabilities</b>		<b>172,675</b>	<b>10,599</b>	<b>183,274</b>	<b>163,327</b>	<b>10,171</b>	<b>173,498</b>
<b>Net Assets</b>		<b>352,236</b>	<b>86,665</b>	<b>438,901</b>	<b>340,560</b>	<b>88,899</b>	<b>429,459</b>
<b>EQUITY</b>							
<b>Parent entity interest</b>							
Reserves	(e)	112,156	(112,250)	(94)	112,250	(112,250)	-
Retained surplus	(l)	240,080	198,915	438,995	228,310	201,149	429,459
<b>Parent entity interest</b>		<b>352,236</b>	<b>86,665</b>	<b>438,901</b>	<b>340,560</b>	<b>88,899</b>	<b>429,459</b>
Minority interest		-	-	-	-	-	-
<b>Total equity</b>		<b>352,236</b>	<b>86,665</b>	<b>438,901</b>	<b>340,560</b>	<b>88,899</b>	<b>429,459</b>

(b) At the end of the last reporting period under previous AGAAP: 31 December 2004

	Note	Consolidated Entity			Parent Entity		
		Previous AGAAP	Effect of Transition to AIFRS	AIFRS	Previous AGAAP	Effect of Transition to AIFRS	AIFRS
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents		13,434	-	13,434	6,159	-	6,159
Receivables	(f)	22,963	396	23,359	24,091	1,039	25,130
Inventories		4,760	-	4,760	311	-	311
Other financial assets	(f) (g)	106,890	(22,760)	84,130	107,533	(23,403)	84,130
Other non-financial assets	(h)	4,362	1,121	5,483	1,579	1,121	2,700
<b>Total current assets</b>		<b>152,409</b>	<b>(21,243)</b>	<b>131,166</b>	<b>139,673</b>	<b>(21,243)</b>	<b>118,430</b>
<b>Non current assets</b>							
Receivables	(a)	46,738	33,082	79,820	46,738	34,536	81,274
Other financial assets	(g)	576	21,821	22,397	1,999	20,367	22,366
Property, plant and equipment	(c) (j) (k)	405,910	(2,540)	403,370	395,308	-	395,308
Deferred tax asset		447	-	447	-	-	-
Intangible assets	(c)	-	610	610	-	-	-
Other non-financial assets	(a)	8,034	(2,074)	5,960	7,807	(1,852)	5,955
<b>Total non current assets</b>		<b>461,705</b>	<b>50,899</b>	<b>512,604</b>	<b>451,852</b>	<b>53,051</b>	<b>504,903</b>
<b>Total assets</b>		<b>614,114</b>	<b>29,656</b>	<b>643,770</b>	<b>591,525</b>	<b>31,808</b>	<b>623,333</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Payables	(i)	20,581	538	21,119	15,384	-	15,384
Interest bearing liabilities		1,582	-	1,582	751	-	751
Provisions		11,715	-	11,715	10,015	-	10,015
Current tax liability		540	-	540	-	-	-
Other	(i)	33,047	(538)	32,509	26,403	-	26,403
<b>Total current liabilities</b>		<b>67,465</b>	<b>-</b>	<b>67,465</b>	<b>52,553</b>	<b>-</b>	<b>52,553</b>
<b>Non-Current liabilities</b>							
Interest bearing liabilities		11,729	-	11,729	7,679	-	7,679
Provisions	(a) (k)	83,923	33,100	117,023	82,125	32,614	114,739
Other		204	-	204	12,030	-	12,030
<b>Total non-current liabilities</b>		<b>95,856</b>	<b>33,100</b>	<b>128,956</b>	<b>101,864</b>	<b>32,614</b>	<b>134,448</b>
<b>Total Liabilities</b>		<b>163,321</b>	<b>33,100</b>	<b>196,421</b>	<b>154,387</b>	<b>32,614</b>	<b>187,001</b>
<b>Net Assets</b>		<b>450,793</b>	<b>(3,444)</b>	<b>447,349</b>	<b>437,138</b>	<b>(806)</b>	<b>436,332</b>
<b>EQUITY</b>							
<b>Parent entity interest</b>							
Reserves		131	-	131	-	-	-
Retained surplus	(l)	450,662	(3,444)	447,218	437,138	(806)	436,332
<b>Parent entity interest</b>		<b>450,793</b>	<b>(3,444)</b>	<b>447,349</b>	<b>437,138</b>	<b>(806)</b>	<b>436,332</b>
<b>Minority interest</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>449,793</b>	<b>(3,444)</b>	<b>447,349</b>	<b>437,138</b>	<b>(806)</b>	<b>436,332</b>

## (2) Reconciliation of profit for the year ended 31 December 2004

	Note	Consolidated Entity			Parent Entity		
		Previous AGAAP	Effect of Transition to AIFRS	AIFRS	Previous AGAAP	Effect of Transition to AIFRS	AIFRS
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations							
Australian Government financial assistance							
Australian Government grants		89,007	-	89,007	89,007	-	89,007
HECS-HELP – Australian Government payments		33,636	-	33,636	33,636	-	33,636
FEE-HELP		3,627	-	3,627	3,627	-	3,627
State and local Government financial assistance	(d)	16,658	(15,232)	1,426	16,658	(15,232)	1,426
HECS-HELP – Student Contributions		8,391	-	8,391	8,391	-	8,391
Superannuation – deferred government contributions	(a)	(2,824)	5,654	2,830	(2,824)	5,654	2,830
Fees and charges		114,746	-	114,746	83,185	-	83,185
Investment income		10,820	-	10,820	10,530	-	10,530
Consultancy and contract research		22,078	-	22,078	13,564	-	13,564
Other revenue	(c)	18,583	-	18,583	3,741	-	3,741
<b>Total revenue from continuing operations</b>		<b>314,722</b>	<b>(9,578)</b>	<b>305,144</b>	<b>259,515</b>	<b>(9,578)</b>	<b>249,937</b>
Expenses from continuing operations							
Employee benefits and on costs	(a)	155,611	5,712	161,323	125,218	5,712	130,930
Depreciation and amortisation	(b)	20,961	998	21,959	18,392	1,408	19,800
Repairs and maintenance		9,430	-	9,430	8,902	-	8,902
Borrowing costs	(j)	748	19	767	284	-	284
Bad and doubtful debts		542	-	542	510	-	510
Other expenses	(c) (d) (h) (j) (k)	101,859	562	102,421	82,611	27	82,638
<b>Total expenses from continuing operations</b>		<b>289,151</b>	<b>7,291</b>	<b>296,442</b>	<b>235,917</b>	<b>7,147</b>	<b>243,064</b>
Operating result before income tax		25,571	(16,869)	8,702	23,598	(16,725)	6,873
Income tax expense		219	259	478	-	-	-
<b>Operating result from continuing operations</b>		<b>25,352</b>	<b>(17,128)</b>	<b>8,224</b>	<b>23,598</b>	<b>(16,725)</b>	<b>6,873</b>
Operating result from discontinued operations		-	-	-	-	-	-
<b>Net operating result for the year</b>		<b>25,352</b>	<b>(17,128)</b>	<b>8,224</b>	<b>23,598</b>	<b>(16,725)</b>	<b>6,873</b>
Net operating result attributable to minority interest		-	-	-	-	-	-
<b>Net operating result attributable to members of University of Wollongong</b>		<b>25,352</b>	<b>(17,128)</b>	<b>8,224</b>	<b>23,598</b>	<b>(16,725)</b>	<b>6,873</b>

(3) Reconciliation of cash flow statement for the year ended 31 December 2004  
 The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement

**Notes to the reconciliations**

**(a) Superannuation Funds**

On the 2nd September 2005, Pillar advised the discount rate used was adjusted under AASB 119 - Employee Benefits. On the 8th March 2005, KPMG Superannuation Services Limited also advised of the adjustments to be made under AASB 119 for the 1st January 2004.

The advice received resulted in a number of changes as at the date of transition to AIFRS on 1st January 2004. The changes affected:

- Receivables \$26,181k (\$24,681k - State Superannuation Scheme, \$1,500k - State Authorities Superannuation Scheme).
- Other Financial Assets (\$1,500k - State Authorities Superannuation Scheme Liability)
- Provisions increasing by \$26,551k (\$1,316k - Professorial Superannuation Fund, \$24,681k - State Superannuation Scheme, \$553k - State Authorities Non Contributory Scheme)

The advice resulted in changes to the 31st December 2004 balances as follows:

- receivables \$34,536k (\$30,686k - State Superannuation Scheme, \$1,850k - State Authorities Superannuation Scheme).
- Other Financial Assets (\$1,852k - State Authorities Superannuation Scheme Liability)
- Provisions increasing by \$32,614k (\$1,262k - Professorial Superannuation Fund, \$30,686k - State Superannuation Scheme, \$666k - State Authorities Non Contributory Scheme)

The impact on the income statement was an increase in the Superannuation – deferred government contributions in both income and expense of \$5,684k.

**(b) Property Plant & Equipment**

Property Plant & Equipment has the following adjustments at 1st January 2004:

- Write back of depreciation of monographs and serials (\$1,408k). This relates to an overstatement of the monograph and serials disposals in the 2003 year .
- at the 1st January 2004, the University moved to deemed cost and adjusted the property, plant & equipment by \$72,981k. The University has taken the 31 December 2004 values as deemed cost as they are a better representation of values as at 1 January 2004.

**(c) Reclassification - Intangibles**

The Illawarra Technology Corporation Limited has reclassified computer software from property, plant and equipment to an intangible asset in accordance with AASB 138 Intangible Assets. The effect in the consolidated entity and Company is to decrease property, plant and equipment by \$566k at 1 January 2004 and to increase intangibles by \$566k and to decrease property, plant and equipment by \$610k at 31 December 2004 and to increase intangibles by \$610k.

The Illawarra Technology Corporation Limited is now required to report any gains or losses on disposal of fixed assets on a net basis in accordance with AASB 118 Revenue.

The effect in the consolidated entity is to decrease revenue by \$53k at 31 December 2004 and to decrease other expenses by \$53k. The effect in the Company is to decrease revenue by \$53k at 31 December 2004 and to decrease other expenses by \$53k.

**(d) Innovation Campus**

In 2004, under AGAAP the University recognised an error in the treatment of the funds received for the Innovation Campus. Under AIFRS, this has now moved to the year the error occurred.

- Other Current Liabilities reduced by \$16,380k.
- State and local Government financial assistance income reduced by \$15,232k.
- Other Expense contribution increased by \$1,148k.

**(e) Asset Revaluation Reserve**

Under Deemed cost the Asset Revaluation Reserve is not required and has been reduced to nil.

**(f) Reclassification - Current Loans**

Current Loans previously in Other Financial Assets are now classified under Receivables (parent \$1,037k, consolidated \$394k).

**(g) Reclassification - Other Financial Assets**

Under AASB 132 and AASB 139, the investments and other financial assets have been classified in the following categories:

Other Financial Asset	Amount \$,000	AIFRS Category
<b>Current</b>		
Term Deposit	16,379	Held to Maturity - Current
Short Term Deposit	26,519	Held to Maturity - Current
Medium Term Portfolio	40,811	Available for Sale - Current
Other	421	Available for Sale - Current
<b>Total Current</b>	<b>84,130</b>	
<b>Non Current</b>		
Reserve Portfolio	22,366	Available for Sale - Non Current
<b>Total Non Current</b>	<b>22,366</b>	

**(h) Prepayments**

In 2004 prepayments relating to subscriptions was not performed and has subsequently been recognised as an error for that year. Under AIFRS an adjustment of \$1,121k to Other Financial Assets and Other expenditure has been made in the 31st December 2004 year.

**(i) Reclassification - Current Tax Payable**

Tax payable by the consolidated entity are now classified under Accounts Payable

**(j) Impairment**

The consolidated entity in complying with AASB136 "Impairment of Assets" has conducted a review of its cash generating units ("CGU's") for any indicators of impairment as at 1 January 2004 and 31 December 2004. Based on this review, Illawarra Technology Corporation Limited has formed the opinion the Wollongong University College – Sydney and Wollongong University College – New Zealand has an indicator of impairment. These CGU's are within the Education segment and offers tertiary education to domestic and international students from the Sydney and New Zealand campus locations. The consolidated entity has determined recoverable amount to be its value in use, being its present value of future cash flows discounted at 15% and has compared this to the carrying value of the CGU. The principle reason for the deficit in cash flows relates to student numbers being less than originally anticipated.

The effect in the consolidated entity is to decrease the property, plant and equipment by \$2,234k on 1 January 2004 and \$535k at 31 December 2004. These decreases were recognised as impairment losses in each asset class. The impairments of 1 January 2004 were recognised via a reduction in equity while the impairment at 31 December 2004 was recognised as an expense in the income statement.

As a consequence of the reduced carrying value of the assets, the depreciation expense has reduced by \$473k for the financial year ending 31 December 2004.

**(k) Restoration costs**

An obligation exists to restore certain sites for the effect of the consolidated entity's and company's operations. Under previous GAAP, the cost of rectification was recognised as an expense when incurred.

In accordance with AIFRS, restoration costs should be recognised as part of the cost of assets and as a provision at the time of the obligating event.

The effect in the consolidated entity is to increase property, plant & equipment by \$428k at 1 January 2004 and \$365k at 31 December 2004, to increase non-current provisions by \$428k at 1 January 2004 and \$448k at 31 December 2004 and to increase depreciation expense by \$63k and borrowing costs by \$19k for the year ended 31 December 2004.

**(l) Retained earnings**

The effect on retained earnings of the changes set out above are as follows:

	1 January 2004		31 December 2004	
	Consolidated \$'000	Parent Entity \$'000	Consolidated \$'000	Parent Entity \$'000
Over disposal of monographs and serials	1,408	1,408	-	-
Innovation Campus contribution income initially recognised as a loan	16,379	16,379	-	-
Impairment Loss	(2,234)	-	(2,769)	-
Writeback of Depreciation Expense	-	-	473	-
Additional Depreciation Expense	-	-	(63)	-
Additional Borrowing Costs	-	-	(19)	-
Asset Revaluation Reserve	185,231	185,231	-	-
Income Tax Expense	-	-	(260)	-
State Authorities Non Contributory Superannuation Scheme	(553)	(553)	(665)	(665)
Professorial Superannuation Scheme	(1,316)	(1,316)	(1,262)	(1,262)
Prepayments	-	-	1,121	1,121
	198,915	201,149	(3,444)	(806)

(4) Adjustments on transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement: 1 January 2005

	Consolidated Entity			Parent Entity		
	31 December 2004 \$'000	Adjustment \$'000	1 January 2005 \$'000	31 December 2004 \$'000	Adjustment \$'000	1 January 2005 \$'000
Current Receivables	-	394	394	-	1,037	1,037
Available-for-sale financial current assets	-	40,811	40,811	-	40,811	40,811
Available-for-sale financial non-current assets	31	24,926	24,957	-	22,787	22,787
Held-to-maturity investments	-	42,898	42,898	-	42,898	42,898
Other Current Financial Assets	106,890	(106,890)	-	107,533	(107,533)	-
Deferred tax liability	-	(642)	(642)	-	-	-
Reserves	94	(1,497)	(1,403)	-	-	-

Refer to notes 1(m) and 1(w) for further information on the transition to AASB 132 Financial Instruments:

Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement on 1 January 2005.

### 39 Acquittal of Australian Government Financial Assistance

		University of Wollongong (Parent Entity)						
		Commonwealth Grants		Indigenous Support		Equity Programmes*		
		Scheme#		Fund		Programmes*		
		2005	2004	2005	2004	2005	2004	
Note		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
<b>39.1 DEST - CGS and Other DEST Grants</b>								
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	63,799	48,457	489	-	257	139	
	Net accrual adjustments	(2,480)	931	-	-	-	-	
	Revenue for the period	2a	61,319	49,388	489	-	257	139
	Surplus / (deficit) from the previous year	-	49	-	-	-	-	
	Total revenue including accrued revenue	61,319	49,437	489	-	257	139	
	Less expenses including accrued expenses	(61,319)	(49,437)	(489)	-	(257)	(139)	
	Surplus / (deficit) for reporting period	-	-	-	-	-	-	
	# Includes the basic CGS grant amount, CGS-Regional Loading and CGS-Enabling Loading.							
	* Includes Higher Education Equity Programme and Students with Disabilities Programme.							

		University of Wollongong (Parent Entity)						
		Workplace Reform Programme		Capital Development Pool		Total		
		2005	2004	2005	2004	2005	2004	
Note		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
<b>39.1 DEST - CGA and Other DEST Grants Teaching and Learning Cont'd</b>								
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	867	-	1,570	2,098	66,982	50,694	
	Net accrual adjustments	-	-	-	-	(2,480)	931	
	Revenue for the period	2a	867	-	1,570	2,098	64,502	51,625
	Surplus / (deficit) from the previous year	-	-	2,092	843	2,092	892	
	Total revenue including accrued revenue	867	-	3,662	2,941	66,594	52,517	
	Less expenses including accrued expenses	(867)	-	(1,704)	(849)	(64,636)	(50,425)	
	Surplus / (deficit) for reporting period	-	-	1,958	2,092	1,958	2,092	

		University of Wollongong (Parent Entity)						
		HECS-HELP (Aust Gov't Payments Only)		FEE-HELP*		Total		
		2005	2004	2005	2004	2005	2004	
Note		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
<b>39.2 Higher Education Loan Programmes</b>								
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	34,015	32,018	4,126	3,627	38,141	35,645	
	Net accrual adjustments	(95)	1,618	(218)	-	(313)	1,618	
	Revenue for the period	2b	33,920	33,636	3,908	3,627	37,828	37,263
	Surplus / (deficit) from the previous year	-	-	-	-	-	-	
	Total revenue including accrued revenue	33,920	33,636	3,908	3,627	37,828	37,263	
	Less expenses including accrued expenses	(33,920)	(33,636)	(3,908)	(3,627)	(37,828)	(37,263)	
	Surplus / (deficit) for reporting period	-	-	-	-	-	-	
	* For 2004, FEE-HELP figures will equal PELS and BOTPLS amounts							

University of Wollongong (Parent Entity)						
Note	Australian Postgraduates Awards		International Post Graduate Research Scholarships		Commonwealth Education Costs Scholarships	
	2005	2004	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>39.3 Scholarships</b>						
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	1,855	1,764	347	428	257	86
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	2c 1,855	1,764	347	428	257	86
Surplus / (deficit) from the previous year	59	57	(47)	(79)	-	-
Total revenue including accrued revenue	1,914	1,821	300	349	257	86
Less expenses including accrued expenses	(1,762)	(1,762)	(406)	(396)	(252)	(86)
Surplus / (deficit) for reporting period	152	59	(106)	(47)	5	-

University of Wollongong (Parent Entity)				
Note	Commonwealth Accommodation Scholarships		Total	
	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000
<b>39.3 Scholarships Cont'd</b>				
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	494	224	2,953	2,502
Net accrual adjustments	-	-	-	-
Revenue for the period	2c 494	224	2,953	2,502
Surplus / (deficit) from the previous year	-	-	12	(22)
Total revenue including accrued revenue	494	224	2,965	2,480
Less expenses including accrued expenses	(453)	(224)	(2,873)	(2,468)
Surplus / (deficit) for reporting period	41	-	92	12

University of Wollongong (Parent Entity)						
Note	Institutional Grants Scheme		Research Training Scheme		Systemic Infrastructure Initiative	
	2005	2004	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>39.4 DEST Research</b>						
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	5,569	4,904	13,134	12,457	-	449
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	2d 5,569	4,904	13,134	12,457	-	449
Surplus / (deficit) from the previous year	-	-	-	-	1,559	4,740
Total revenue including accrued revenue	5,569	4,904	13,134	12,457	1,559	5,189
Less expenses including accrued expenses	(5,569)	(4,904)	(13,134)	(12,457)	(1,475)	(3,630)
Surplus / (deficit) for reporting period	-	-	-	-	84	1,559

University of Wollongong (Parent Entity)							
	Note	Research Infrastructure Block Grants		Regional Protection Scheme		Total	
		2005	2004	2005	2004	2005	2004
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
39.4 DEST Research Cont'd							
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		3,066	2,520	108	-	21,877	20,330
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	2d	3,066	2,520	108	-	21,877	20,330
Surplus / (deficit) from the previous year		836	732	-	-	2,395	5,472
Total revenue including accrued revenue		3,902	3,252	108	-	24,272	25,802
Less expenses including accrued expenses		(3,104)	(2,416)	(108)	-	(23,390)	(23,407)
Surplus / (deficit) for reporting period		798	836	-	-	882	2,395

University of Wollongong (Parent Entity)							
	Note	Projects		Fellowships		Total	
		2005	2004	2005	2004	2005	2004
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
39.5 AUSTRALIAN RESEARCH COUNCIL GRANTS							
(a) Discovery							
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		7,309	5,030	236	137	7,545	5,167
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	2e(i)	7,309	5,030	236	137	7,545	5,167
Surplus / (deficit) from the previous year		1,931	1,536	31	83	1,962	1,619
Total revenue including accrued revenue		9,240	6,566	267	220	9,507	6,786
Less expenses including accrued expenses		(6,174)	(4,635)	(264)	(189)	(6,438)	(4,824)
Surplus / (deficit) for reporting period		3,066	1,931	3	31	3,069	1,962

University of Wollongong (Parent Entity)							
	Note	Special Research Initiatives		Infrastructure		International Research Exchange	
		2005	2004	2005	2004	2005	2004
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
39.5 AUSTRALIAN RESEARCH COUNCIL GRANTS							
(b) Linkages							
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		-	-	805	922	391	223
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	2e(ii)	-	-	805	922	391	223
Surplus / (deficit) from the previous year		-	-	-	-	123	156
Total revenue including accrued revenue		-	-	805	922	514	379
Less expenses including accrued expenses		-	-	(805)	(922)	(367)	(256)
Surplus / (deficit) for reporting period		-	-	-	-	147	123

		University of Wollongong (Parent Entity)				
		Projects		Total		
		2005	2004	2005	2004	
Note		\$ '000	\$ '000	\$ '000	\$ '000	
<b>39.5 AUSTRALIAN RESEARCH COUNCIL GRANTS</b>						
<b>(b) Linkages Cont'd</b>						
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	2,561	2,868	3,757	4,013	
	Net accrual adjustments	(25)	(1)	(25)	(1)	
	Revenue for the period	2e(ii)	2,536	2,867	3,732	4,012
	Surplus / (deficit) from the previous year	1,722	1,591	1,845	1,747	
	Total revenue including accrued revenue	4,258	4,458	5,577	5,759	
	Less expenses including accrued expenses	(2,940)	(2,736)	(4,112)	(3,914)	
	Surplus / (deficit) for reporting period	1,318	1,722	1,465	1,845	

		University of Wollongong (Parent Entity)				
		Centres		Total		
		2005	2004	2005	2004	
Note		\$ '000	\$ '000	\$ '000	\$ '000	
<b>39.5 AUSTRALIAN RESEARCH COUNCIL GRANTS</b>						
<b>(c) Networks and Centres</b>						
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	1,536	2,272	1,536	2,272	
	Net accrual adjustments	-	-	-	-	
	Revenue for the period	2e(iii)	1,536	2,272	1,536	2,272
	Surplus / (deficit) from the previous year	(28)	272	(28)	272	
	Total revenue including accrued revenue	1,508	2,544	1,508	2,544	
	Less expenses including accrued expenses	(1,476)	(2,572)	(1,476)	(2,572)	
	Surplus / (deficit) for reporting period	32	(28)	32	(28)	

End of Audited Financial Report

# CONTACT INFORMATION

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