MACQUARIE UNIVERSITY

SYDNEY ~ AUSTRALIA

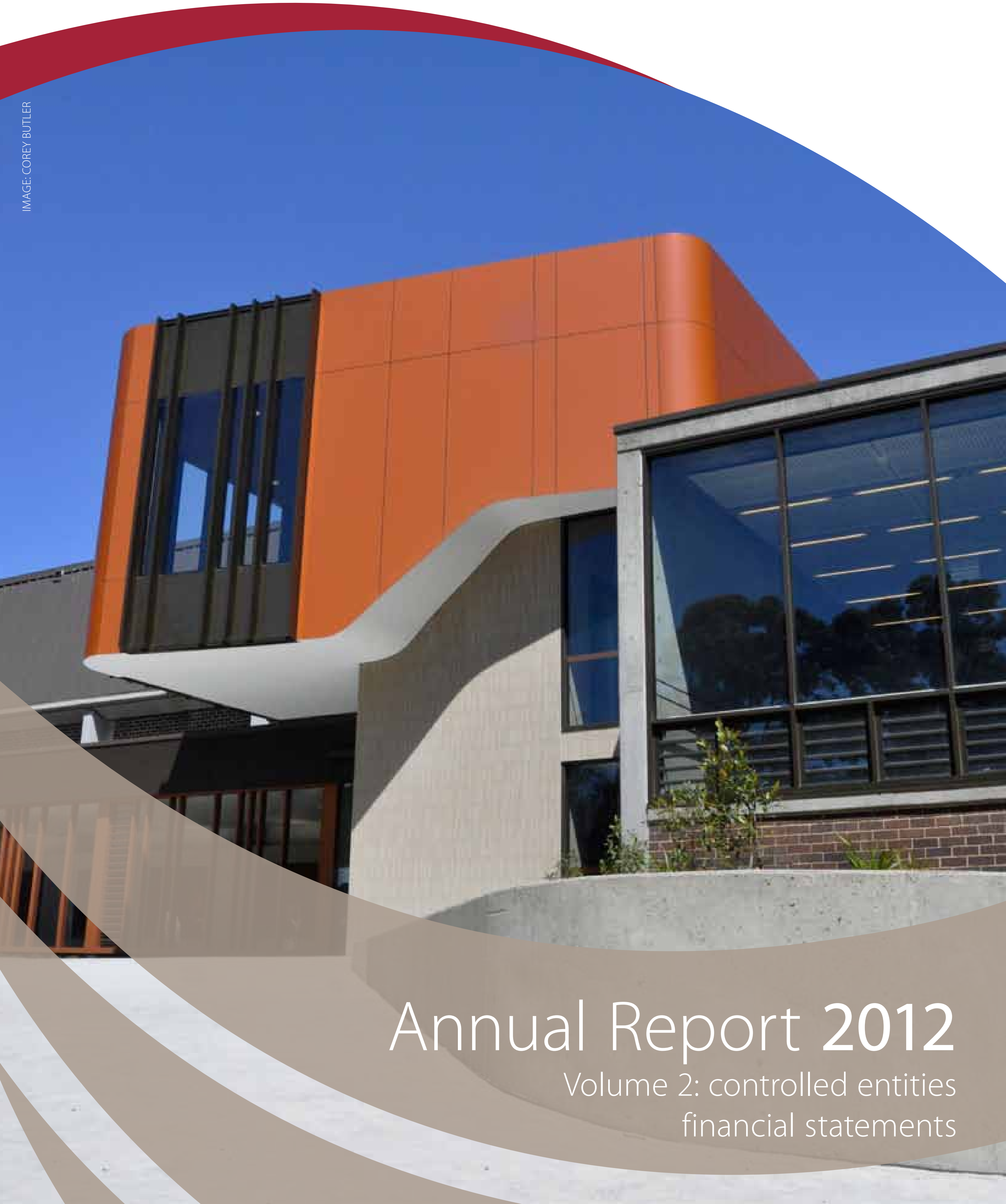

IMAGE: COREY BUTLER

Annual Report 2012

Volume 2: controlled entities financial statements

IMAGE: PAUL WRIGHT

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Macquarie University Annual 2012 Report - Volume 2

Controlled Entities

Annual Financial Statements

For the year ended 31 December 2012

This is volume two of Macquarie University's 2012 Annual Report which is available

at mq.edu.au/about/how_mq_works/reports

Table of contents

The following entities have received NSW Treasury exemptions from preparing financial statements for the year ended 31 December 2012:

COH Property Trust

Macquarie University Property Investment Company No. 2 Pty Limited

Macquarie University Property Investment Company No. 3 Pty Limited

MU Hospital Pty Limited

MUH Operations Pty Limited

MUPH Clinic Pty Limited

MUPH Hospital Pty Limited

Access Macquarie Limited

ABN 59 003 849 198

Financial statements
for the year ended 31 December 2012

Access Macquarie Limited ABN 59 003 849 198
Financial statements - 31 December 2012

Contents

Directors' report

The Directors of Access Macquarie Limited submit herewith the annual financial statements of the consolidated entity, being, Access Macquarie Limited and the entities it controlled at the end of, or during the financial year ended 31 December 2012. In order to comply with the provisions of the *Corporations Act 2001,* the Directors' report as follows:

Directors
The names and particulars of the Directors in office during the financial year and up to the date of this report are:

Mr. David Wright (resigned on 30th October 2012)
Mr. John Gorman
Prof James Piper
Dr Peter Dodd
Mr.Thushyanthan Sathiamoorthy
Prof Mark Gabbott

Objectives of the entity
The short term objectives for Access Macquarie Ltd are to:

(a) Provide high quality English Preparation Courses for students planning to study at Macquarie University,
(b) Increase research revenue, and
(c) Maximise return to Macquarie University.

The long term objectives for Access Macquarie Ltd are to:

(a) Be recognised a Leader in English language preparation courses,
(b) Increase Macquarie University's 'social impact' footprint, and
(c) Increase Access Macquarie's brand position in emerging markets.

The entity's strategy
Access Macquarie's strategy for achieving both its short and long term objectives are to continue investment in technology, business development, marketing and project management while ensuring appropriate controls are in place to safeguard the assets of the company.

Principal activities
There were no significant changes in the nature of the Group's activities during the year.

During the year the principal continuing activities of the Group consisted of the management of:
(a) Provision of English language training,
(b) Conducting IELTS tests,
(c) Research projects,
(d) Consulting projects and
(e) The Macquarie Technology Business Incubator.

Access Macquarie provided English language training to students from over 40 countries and IELTS testing over 15,000 candidates in 2012. Our quality teaching resulted in our students achieving 15% higher grades of the first year at Macquarie University.

Our continued management of research and consulting projects serves as a vital link between academics and researchers from Macquarie University and the industry. In 2012, the Access Macquarie Research and Consulting practice attracted approximately $10 Million in research and consulting engagements.

Dividends
Access Macquarie Limited is a company limited by guarantee, has no share capital and declares no dividends.

Review of operations
The consolidated net loss after income tax amounted to $557,632 (profit for 2011 $ 727,140) after income tax expense $6,370 (2011 $16,325 expense)

Company measurements

The company uses internal KPI's to measure performance on the three revenue streams being student numbers, average revenue per student, average duration per student for CME; the IELTS test centre bases performance measurements around the number of applicants sitting each exam and the internal cost per applicant; while CRT measures performance based on tender success rates and client satisfaction levels.

Significant changes in the state of affairs
There were no significant changes in the Group's state of affairs during the financial year.

Matters subsequent to the end of the financial year
There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the group, the results of the operations, or the state of affairs of the group in future financial years.

Likely developments and expected results of operations
Future developments are not expected to significantly affect the future operations of the Group.

Environmental regulation
The Group is not subject to any significant environmental regulations.

Information on directors
Mr. David Wright BComm, LLB (GDLP) *Executive Director.*
Experience and expertise
Appointed Vice President of the International and Strategy Team in April 2011.

Prior to this appointment, David was the Managing Director for the University's commercial arm Access Macquarie Limited. David co-founded and served as CEO and President of a US based venture backed technology start-up. Previously Director of Commercialisation from September 2006. Co-founded and served as joint CEO of various telecommunications companies including raised $2b in project finance and developed, constructed, launched and operated a nationwide wireless mobile business in Australia. David resigned on 30th October 2012.

Mr. John Gorman FCA. *Executive Director.*

Experience and expertise
Appointed Chief Financial Officer of Macquarie University in September 2007. Previous experience as the Chief Financial Officer for a NSW State Owned Corporation Operating in the waste management industry; Chief Financial Officer and, in some instances, Company Secretary, for several publicly-listed entities in industries involved in manufacturing, transport and logistics. In the 20 years prior to this, he held senior finance positions in the oil industry, in sectors ranging from refining and distribution to exploration and development. Strengths in the areas of capital raising and debt structure, investment management, financial and management reporting and organisational change.

Prof Jim Piper BSc Otago, PhD Otago, FOSA, FAIP. *Executive Director.*

Experience and expertise
Appointed Deputy Vice-Chancellor (Research) (DVC(R)) at Macquarie University in Sydney in 2003. Extensive expertise and experience gained from over 30 years of research in lasers, optics and photonics, and applications in micro fabrication. Distinguished awards including the Pawsey Medal (1982), the Australian Optical Society Medal (1997) and more recently the Carnegie Centenary Professorship from the Carnegie Trust Universities of Scotland (2004).

Dr Peter Dodd PhD Rochester, MSc Rochester, MComm Queensland, BComm Newcastle. *Alternate Director*

Experience and expertise
Peter Dodd joined Macquarie University as Deputy Vice-Chancellor and Chief Operating Officer in July 2009.He has over 25 years of senior management experience in both the private sector and universities. Most recently he was Chief Financial Officer of North American Energy Partners which is a New York Stock Exchange listed construction and mining company operating in the Oil Sands of Northern Alberta. Prior to that he was Managing Director of Access Macquarie. Peter had over 20 years in Investment Banking and was Global Head of Corporate Finance for ABN Amro. He was Professor of Finance and later Dean of Australian Graduate School of Management at the University of New South Wales and Associate Professor of Finance at the Graduate School of Business at the University of Chicago.He resigned on 13th September 2012.

Mr. Thushyanthan Sathiamoorthy MComm, BComm, CPA. *Managing Director.*
Appointed Managing Director of Access Macquarie Limited on 5 April 2011.

Information on directors (continued)
Experience and expertise
Thushy joined Access Macquarie Limited as Chief Financial Officer in April 2010. Thushy is a senior finance executive with corporate experience in a range of industries including IT, telecommunications and R&D. Prior to joining Access MQ, Thushy held senior roles at HP, NICTA, Compaq, Oracle and Nestle.

Prof Mark Gabbott BA(Hons), MSc, PhD. *Executive Director*
Experience and expertise
Mark was appointed Executive Dean of the Faculty of Business and Economics at Macquarie University, Sydney in 2008. After working in government for 6 years in consumer policy and protection, he joined the University of Stirling as a Research Fellow and completed a Ph.D in Marketing. He was Lecturer and then Senior Lecturer at Stirling researching and teaching in the areas of Electronic and Direct Marketing, Services Marketing, Consumer Behaviour and Consumer Policy. Mark joined Monash University in 1997 as Professor and was appointed Head of Department in 2000. He was appointed Deputy Dean, at Monash in 2006 and had responsibility for Business Development, and Education.

Company Secretary
Gayathri Wijesuriya held the position of Company Secretary during and at the end of the financial year.

Meetings of directors
The following table sets out the number of directors' (including committee of directors) held during the financial year and the number of meetings attended by each director (while they were a director).

	Full meetings of directors	
	A	**B**
Mr. David Wright(resigned on 30th October 2012)	4	4
Mr. John Gorman	4	4
Prof Jim Piper	4	2
Mr.Thushyanthan Sathiamoorthy	4	4
Prof Mark Gabbott	4	3

A = Number of meetings held during the time the Director held office
B = Number of meetings attended.

Members' Guarantee
Access Macquarie Limited is limited by guarantee. It has one member (one member in 2010) being Macquarie University. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1 towards meeting any outstanding obligations of the company.

Indemnification of Directors and Officers
During the financial year, Macquarie University paid a premium on behalf of the Company in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

Insurance of officers
The Company, through its insurance coverage is liable for every officer, agent of the Company out of the property of the Company against any liability incurred in his/her capacity as officer, auditor or agent in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour or in which he/she is acquitted or in connection with any application in relation to any proceedings in which relief is under the code granted to him/her by the Court.

The Company has not, during or since this financial year, in respect of any person who is or has been an officer or auditor of the Company or related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Proceedings on behalf of the Company
No person has applied for Leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Auditor
The Audit Office of New South Wales continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Mr. John Gorman
Director

Mr. Thushyanthan Sathiamoorthy
Director

Sydney
27 March 2013

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
Access Macquarie Limited

Auditor's Independence Declaration

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

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

James Sugumar
Director, Financial Audit Services

25 March 2013
SYDNEY

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Access Macquarie Limited ABN 59 003 849 198
Financial statements - 31 December 2012

Contents

These financial statements are the consolidated financial statements of the consolidated entity consisting of Access Macquarie Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Access Macquarie Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Access Macquarie Limited
Level 1 Dow Corning Building
3 Innovation Road
Macquarie University NSW 2109

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities and in the directors' report on page 1 , both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 28 March 2013. The directors have the power to amend and reissue the financial statements.

	Notes	Consolidated 2012 $	Consolidated 2011 $	Parent entity 2012 $	Parent entity 2011 $
Revenue from continuing operations					
Fees and charges	3	**19,195,542**	16,952,318	**18,207,530**	15,410,092
Royalties, trademarks and licences	3	**162,146**	51,222	**162,146**	51,222
Other revenue from ordinary activities	3	**6,807,935**	5,521,595	**7,078,584**	5,883,814
Total revenue from continuing operations		**26,165,623**	22,525,135	**25,448,260**	21,345,128
Other income	4	**174,955**	92,510	**174,955**	92,510
Total income		**26,340,578**	22,617,645	**25,623,215**	21,437,638
Employee benefits expense	5	**(15,399,004)**	(12,500,811)	**(15,051,881)**	(12,191,673)
Depreciation and amortisation expense	5	**(216,083)**	(434,191)	**(206,507)**	(423,053)
Agent commission		**(3,770,039)**	(2,246,138)	**(3,770,039)**	(2,246,138)
Consultancies		**(2,004,428)**	(1,849,072)	**(1,783,807)**	(1,179,810)
Macquarie University redirection and department fee		**(1,258,327)**	(1,035,102)	**(1,258,327)**	(1,035,102)
Rental		**(1,580,887)**	(1,119,033)	**(1,580,887)**	(1,119,033)
AccessMQ project management fee		**(7,816)**	-	**(7,816)**	-
Travel expenditure		**(887,709)**	(687,644)	**(869,867)**	(647,994)
Professional services		**(159,336)**	(185,852)	**(67,803)**	(123,232)
Printing and stationery		**(192,827)**	(195,103)	**(192,827)**	(192,407)
Advertising, marketing and promotional expenditure		**(110,670)**	(127,252)	**(110,670)**	(127,252)
Insurance		**(73,051)**	(101,374)	**(62,355)**	(90,873)
Accommodation - Student/ Visitor		**(213,391)**	(134,732)	**(213,391)**	(134,732)
Repairs and maintenance		**(25,493)**	(18,566)	**(25,493)**	(18,566)
Licencing		**(116,579)**	(132,178)	**(108,852)**	(131,733)
Royalty		**-**	(20,590)	**-**	(20,590)
Loss on disposal of fixed assets		**-**	-	**-**	-
Other expenses		**(812,418)**	(1,039,639)	**(795,910)**	(1,000,870)
Finance costs	5	**(63,782)**	(46,903)	**(63,505)**	(46,695)
Total expenses		**26,891,840**	21,874,180	**26,169,937**	20,729,753
(Loss)/profit before income tax		**(551,262)**	743,465	**(546,722)**	707,885
Income tax benefit/(expense)	1(o),25	**(6,370)**	(16,325)	**-**	-
(Loss)/profit for the year		**(557,632)**	727,140	**(546,722)**	707,885
Other comprehensive income for the year, net of tax		**-**	-	**-**	-
Total comprehensive income for the year		**(557,632)**	727,140	**(546,722)**	707,885
		(557,632)	727,140	**(546,722)**	707,885
Total comprehensive income for the year is attributable to: Owners of Access Macquarie Limited		**(557,632)**	727,140	**(546,722)**	707,885

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

	Notes	Consolidated 2012 $	Consolidated 2011 $	Parent entity 2012 $	Parent entity 2011 $
ASSETS					
Current assets					
Cash and cash equivalents	6	**12,975,793**	10,873,946	**12,964,072**	10,532,823
Trade and other receivables	7	**2,785,186**	2,351,108	**2,524,206**	2,244,815
Other financial assets		**-**	-	**-**	-
Total current assets		**15,760,979**	13,225,054	**15,488,278**	12,777,638
Non-current assets					
Property, plant and equipment	8	**602,162**	346,083	**591,512**	325,857
Deferred tax assets	9	**65,734**	47,494	**-**	-
Other financial assets	10	**-**	-	**1**	1
Total non-current assets		**667,896**	393,577	**591,513**	325,858
Total assets		**16,428,875**	13,618,631	**16,079,791**	13,103,496
LIABILITIES					
Current liabilities					
Trade and other payables	11	**5,427,407**	4,503,509	**5,315,844**	4,225,861
Provisions	12	**1,694,321**	1,278,812	**1,669,824**	1,261,239
Current tax liabilities		**-**	20,590	**-**	-
Other liabilities	13	**3,296,760**	1,466,847	**3,296,760**	1,466,847
Total current liabilities		**10,418,488**	7,269,758	**10,282,428**	6,953,947
Non-current liabilities					
Deferred tax liabilities	14	**39,470**	14,860	**-**	-
Provisions	15	**295,362**	332,027	**295,362**	332,027
Other liabilities	16	**231,201**	-	**231,201**	-
Total non-current liabilities		**566,033**	346,887	**526,563**	332,027
Total liabilities		**10,984,521**	7,616,645	**10,808,991**	7,285,974
Net assets		**5,444,354**	6,001,986	**5,270,800**	5,817,522
EQUITY					
Retained earnings	17	**5,444,354**	6,001,986	**5,270,800**	5,817,522
Total equity		**5,444,354**	6,001,986	**5,270,800**	5,817,522

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

Consolidated	Notes	**Retained earnings $**	**Total equity $**
Balance at 1 January 2011		**5,274,846**	**5,274,846**
Total comprehensive income for the year	17	727,140	727,140
Balance at 31 December 2011		**6,001,986**	**6,001,986**
Balance at 1 January 2012		**6,001,986**	**6,001,986**
Total comprehensive income for the year	17	(557,632)	(557,632)
Balance at 31 December 2012		**5,444,354**	**5,444,354**

Parent entity		**Retained earnings $**	**Total equity $**
Balance at 1 January 2011		**5,109,637**	**5,109,637**
Total comprehensive income for the year	17	707,885	707,885
Balance at 31 December 2011		**5,817,522**	**5,817,522**
Balance at 1 January 2012		**5,817,522**	**5,817,522**
Total comprehensive income for the year	17	(546,722)	(546,722)
Balance at 31 December 2012		**5,270,800**	**5,270,800**

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

	Notes	Consolidated 2012 $	Consolidated 2011 $	Parent entity 2012 $	Parent entity 2011 $
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**27,579,337**	24,767,165	**27,368,796**	23,788,291
Payments to suppliers and employees (inclusive of goods and services tax)		**(25,513,591)**	(25,892,014)	**(24,988,852)**	(24,885,432)
		2,065,746	(1,124,849)	**2,379,944**	(1,097,141)
Interest received	3	**528,855**	602,225	**523,469**	598,064
Interest paid		**-**	-	**-**	-
Income taxes paid		**(20,590)**	61,494	**-**	-
Net cash (outflow) inflow from operating activities	24	**2,574,011**	(461,130)	**2,903,413**	(499,077)
Cash flows from investing activities					
Payments for property, plant and equipment		**(472,164)**	(102,078)	**(472,164)**	(96,397)
Proceeds from sale of property, plant and equipment		**-**	-	**-**	-
Net cash (outflow) inflow from investing activities		**(472,164)**	(102,078)	**(472,164)**	(96,397)
Cash flows from financing activities					
Net cash inflow (outflow) from financing activities		**-**	-	**-**	-
Net increase (decrease) in cash and cash equivalents		**2,101,847**	(563,208)	**2,431,249**	(595,474)
Cash and cash equivalents at the beginning of the financial year		**10,873,946**	11,437,154	**10,532,823**	11,128,297
Cash and cash equivalents at end of year	6(a)	**12,975,793**	10,873,946	**12,964,072**	10,532,823

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

1 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001,* Section 41B(1) of the *Public Finance & Audit Act 1983, Public Finance and Audit Regulations 2010,* other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.The directors have determined that the company is a not for profit entity for financial reporting purposes.

The financial statements include separate financial statements for Access Macquarie Ltd as a parent entity and the consolidated entity consisiting of Access Macquarie Ltd and its subsidiaries. Risk Frontiers Flood (Australia) Pty Ltd is 100% wholly owned subsidiary of Risk Frontiers Group Pty Ltd which in turn is 100% wholly owned subsidiary of Access Macquarie Ltd.

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

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
(i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Access Macquarie Limited ("Company" or "parent entity") as at 31 December 2012 and the results of all subsidiaries for the year then ended. Access Macquarie Limited and its subsidiaries together are referred to in this financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Parent 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.

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.

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group'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 are recognised in the statement of comprehensive income.

(d) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

- Revenue on projects is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project-by-project basis with reference to labour costs/ direct costs incurred on a project in addition to underlying contracts and achievement of project milestones.

- Interest revenue is recognised as interest accrues using the effective interest method.

- Revenue from The Macquarie University English Language Centre main form of income being Student Tuition Fee income is recognised when the student commences their tuition.

- Royalty income is recognised in accordance with the substance of the relevant agreement.

Government grants are recognised based on cash basis and relates to Export Market Development Grant.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 20). Under the requirements of AASB 117, lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit, even if the payments are not on that basis.

(f) Cash and cash equivalents

For statement of cash flows presentation purposes, 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.

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Recognising receivables original invoice amount is not materially different from amortised cost due to their short term nature. Trade receivables are carried at amount due. Bad debts are written off during the year in which they are identified and provision for doubtful debts is created based on a review of all outstanding amounts periodically or at year end.

1 Summary of significant accounting policies (continued)

(g) Trade receivables (continued)

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(h) Fair value estimation

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

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

(i) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The net book value of plant and equipment approximates the fair value. Acquisition and additions of non-current assets are capitalised and depreciated over three to ten years if the value is more than $1,000.

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

Depreciation and amortisation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment	3 years
- Motor vehicles	4 years
- Furniture and fittings	10 years
- Computer software	4 years
- Computer hardware	3 years
- Leasehold fitout	3 years

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

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

(j) Impairment of assets

As a not-for-profit entity with no cash generating units, the consolidated entity is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of the fair value less costs to sell and depreciated replacement cost. This means that for an asset already measured at fair value impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(k) 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.

(l) Provisions

Provisions for legal claims and other obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable 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.

1 Summary of significant accounting policies (continued)

(l) Provisions (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave are measured at the amounts expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period. Liabilities for accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period. 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 end of the reporting period 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 from the Group's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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.

(n) Goods and Services Tax (GST)

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

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

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

(o) Income tax

Access Macquarie Limited is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*. Accordingly, no provision for income tax liability or future income tax benefit has been included in the parent entity accounts.

Risk Frontiers Flood (Australia) Pty Ltd is not tax exempt and as such tax is payable.

The income tax expense or revenue for the period is the tax payable on the current periods taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax basis of assets and liabilities and their carrying amounts in the financials statements, and to unused tax losses. Current tax assets & liabilities for the current and prior period are measured at the amount is expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

1 Summary of significant accounting policies (continued)

(o) Income tax (continued)

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 difference 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 recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries 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.

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Group's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Group.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk .

The Group holds the following financial instruments:

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**12,975,793**	10,873,946	**12,964,072**	10,532,823
Trade and other receivables	**2,691,532**	2,123,557	**2,384,140**	2,017,857
Other financial assets	**-**	-	**-**	-
	15,667,325	12,997,503	**15,348,212**	12,550,680
Financial liabilities				
Trade and other payables	**4,835,723**	4,319,932	**4,739,830**	4,050,185
	4,835,723	4,319,932	**4,739,830**	4,050,185

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate bacause of changes in market prices. The Group is not exposed to market risk. The Group has no exposure to foriegn currency risk and does not enter into commodity contracts. The Group has no investments in listed equity securities and as such is not exposed to price risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonable possible change in risk variable has been determined after taking into account the economic environment in which the group operates and the time frame for the assessment (i.e. until the end of next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date.

The analysis assumes that all other variables remain constant.

(b) Credit risk

The credit risk on financial assets of the Group which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Group's debtors defaulting on their contractual obligations, resulting in financial loss to the Group. The Group does not have any significant exposure to any unrelated customer.

Credit risk associated with the Group's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

All trade debtors are recognised as amounts receivable at the reporting rate. Collectability of trade debtors is reviewed on an ongoing basis. Procedures are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Group is not materially exposed to concentrations of credit risk to a single receivable or group receivables under finacial instruments entered into by the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due. The Group continuously manages risk through monitoring future cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

2 Financial risk management (continued)

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 6) no assets have been pledged as collateral. The Group's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled no later than the end of the month the invoice is received or following the month in which an invoice or a statement is received.

Maturities of financial liabilities
The tables below analyse the Group's and the parent entity's financial liabilities into relevant maturity groupings as follows:

(a) based on their contractual maturities:
  (i) all non-derivative financial liabilities, and
  (ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows
(b) based on the remaining period to the expected settlement date:
  (i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows (not applicable to the group in 2012 or 2011)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Less than one year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Group - 31 December 2012	**$**	**$**	**$**	**$**
Non-derivatives				
Trade and other payables	4,827,779	7,944	-	4,835,723
Total non-derivatives	4,827,779	7,944	-	4,835,723

	Less than one year	Between 1 and 5 years	Over 5 years	Total
Group - 31 December 2011	$	$	$	$
Non-derivatives				
Trade and other payables	4,314,524	5,408	-	4,319,932
Total non-derivatives	4,314,524	5,408	-	4,319,932

Parent - 31 December 2012	**$**	**$**	**$**	**$**
Non-derivatives				
Trade and other payables	4,731,886	7,944	-	4,739,830
Total non-derivatives	4,731,886	7,944	-	4,739,830

	Less than one year	Between 1 and 5 years	Over 5 years	Total
Parent - 31 December 2011	$	$	$	$
Non-derivatives				
Trade and other payables	4,044,777	5,408	-	4,050,185
Total non-derivatives	4,044,777	5,408	-	4,050,185

(d) Fair value measurements

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

2 Financial risk management (continued)

Access Macquarie Limited has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

As at 31 December 2012, the Group and the parent entity do not have assets and liabilities that are measured and recognised at fair value meet the requirements of the fair value measurement hierarchy.

3 Revenue

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Revenue from continuing operations				
Fees and charges				
Project revenue	**6,146,779**	5,273,672	**6,146,779**	5,273,672
Tuition and education services revenue	**7,777,420**	7,960,224	**7,777,420**	7,960,224
Other fees and charges	**5,271,343**	3,718,422	**4,283,331**	2,176,196
Total fees and charges	**19,195,542**	16,952,318	**18,207,530**	15,410,092
Royalties, trademarks and licences				
Royalties, trademarks and licences	**162,146**	51,222	**162,146**	51,222
Total royalties, trademarks and licences	**162,146**	51,222	**162,146**	51,222
Other revenue from continuing operations				
Interest from financial assets not at fair value through profit or loss	**528,855**	602,225	**523,469**	598,064
Other revenue	**6,279,080**	4,919,370	**6,555,115**	5,285,750
Total other revenue from continuing operations	**6,807,935**	5,521,595	**7,078,584**	5,883,814
Total revenue from continuing operations	**26,165,623**	22,525,135	**25,448,260**	21,345,128

4 Other Income

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Foreign exchange gains (net)	**-**	13	**-**	13
Government grants	**174,955**	92,497	**174,955**	92,497
	174,955	92,510	**174,955**	92,510

5 Expenses

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Profit before income tax includes the following specific expenses:				
Depreciation				
Plant and equipment	**14,076**	20,882	**4,500**	9,744
Leasehold fittings	**16,487**	147,831	**16,487**	147,831
Motor vehicles	**22,884**	22,884	**22,884**	22,884
Office furniture and fittings	**12,935**	12,936	**12,935**	12,936
Computer equipment	**149,701**	229,658	**149,701**	229,658
Total depreciation	**216,083**	434,191	**206,507**	423,053
Salaries	**12,787,807**	10,338,586	**12,475,990**	10,338,586
Contributions to superannuation	**1,189,541**	893,336	**1,189,541**	893,336
Payroll tax	**730,240**	601,407	**730,240**	601,407
Worker's compensation	**138,340**	30,407	**138,022**	30,407
Long service leave	**212,991**	29,163	**212,991**	29,163
Annual leave	**196,939**	169,510	**190,015**	169,510
Other	**143,147**	438,401	**115,083**	129,264
	15,399,004	12,500,811	**15,051,882**	12,191,673
Finance expenses				
Interest and finance charges paid/payable	**63,795**	46,729	**63,518**	46,521
Exchange losses	**(13)**	174	**(13)**	174
Finance costs expensed	**63,782**	46,903	**63,505**	46,695

6. Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Cash at bank and in hand	**2,467,805**	1,387,056	**2,456,084**	1,045,933
Term Deposit	**10,507,988**	9,486,890	**10,507,988**	9,486,890
	12,975,793	10,873,946	**12,964,072**	10,532,823

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Balances as above	**12,975,793**	10,873,946	**12,964,072**	10,532,823
Balances per statements of cash flows	**12,975,793**	10,873,946	**12,964,072**	10,532,823

7 Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Trade receivables				
Trade receivables	**981,313**	842,708	**852,981**	708,264
Provision for impairment of receivables (a)	**-**	(228,409)	**-**	(228,409)
	981,313	614,299	**852,981**	479,855
Related party receivable	**1,012,022**	607,560	**1,012,022**	675,731
Advances on projects in progress	**-**	-	**-**	-
Accured revenue	**650,703**	903,811	**519,138**	864,384
GST Reveivable	**39,546**	15,407	**38,463**	24,921
Prepayments	**101,602**	210,031	**101,602**	199,924
Other receivables	**-**	-	**-**	-
	2,785,186	2,351,108	**2,524,206**	2,244,815

Trade and other receivables are non-interesting bearing.

(a) Impaired trade receivables

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
1 to 3 months	**-**	-	**-**	-
Over 3 months	**-**	228,409	**-**	228,409
	-	228,409	**-**	228,409

As of 31 December 2012, trade receivables of $1,993,333(2011 - $1,518,436) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Up to 3 months	**1,752,902**	1,195,942	**1,688,736**	1,061,498
Over 3 months	**55,769**	322,494	**55,769**	322,494
	1,808,671	1,518,436	**1,744,505**	1,383,992

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

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
At 1 January	**228,409**	228,409	**228,409**	228,409
Provision for impairment recognised during the year	**-**	-	**-**	-
Receivables written off during the year as uncollectible	**(228,409)**	-	**(228,409)**	-
Unused amount reversed	**-**	-	**-**	-
	-	228,409	**-**	228,409

7 Current assets - Trade and other receivables (continued)

(b) Fair value and credit risk

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

8 Non-current assets - Property, plant and equipment

Consolidated	Plant and equipment $	Furniture & fittings $	Leasehold improvements $	Motor vehicle $	Computer equipment $	Total $
At 1 January 2011						
Cost or fair value	115,006	127,304	638,530	91,537	873,263	1,845,640
Accumulated depreciation	(55,370)	(37,589)	(480,996)	(32,416)	(558,892)	(1,165,263)
Net book amount	59,636	89,715	157,534	59,121	314,371	680,377
Year ended 31 December 2011						
Opening net book amount	59,636	89,715	157,534	59,121	314,371	680,377
Additions	11,400	-	-	-	100,520	111,920
write off	-	-	-	-	(2,181)	(2,181)
Disposals	(9,850)	-	-	-	-	(9,850)
Adjustment due to asset reclassification	-	-	-	-	8	8
Depreciation charge	(20,882)	(12,936)	(147,831)	(22,884)	(229,658)	(434,191)
Closing net book amount	40,304	76,779	9,703	36,237	183,060	346,083
At 31 December 2011						
Cost or fair value	76,859	127,304	638,530	91,537	956,446	1,890,676
Accumulated depreciation	(36,555)	(50,525)	(628,827)	(55,300)	(773,386)	(1,544,593)
Net book amount	40,304	76,779	9,703	36,237	183,060	346,083
Year ended 31 December 2012						
Opening net book amount	40,304	76,779	9,703	36,237	183,060	346,083
Additions	-	133,235	109,434	-	229,494	472,163
Write off	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Depreciation charge	(14,076)	(12,936)	(16,487)	(22,884)	(149,701)	(216,084)
Closing net book amount	26,228	197,078	102,650	13,353	262,853	602,162
At 31 December 2012						
Cost or fair value	68,662	260,539	147,531	91,537	592,573	1,160,842
Accumulated depreciation	(42,434)	(63,461)	(44,884)	(78,184)	(329,717)	(558,680)
Net book amount	26,228	197,078	102,647	13,353	262,856	602,162

8 Non-current assets - Property, plant and equipment (continued)

Parent entity	**Plant and equipment $**	**Furniture & fittings $**	**Leasehold improvements $**	**Motor vehicle $**	**Computer equipment $**	**Total $**
At 1 January 2011						
Cost or fair value	76,647	127,304	638,530	91,537	873,263	1,807,281
Accumulated depreciation	(42,694)	(37,589)	(480,996)	(32,416)	(558,892)	(1,152,587)
Net book amount	33,953	89,715	157,534	59,121	314,371	654,694
Year ended 31 December 2011						
Opening net book amount	33,953	89,715	157,534	59,121	314,371	654,694
Additions	5,719	-	-	-	100,520	106,239
Write off	-	-	-	-	(2,181)	(2,181)
Disposals	-	-	-	-	-	-
Adjustment due to asset reclassification	(9,850)	-	-	-	8	(9,842)
Depreciation charge	(9,744)	(12,936)	(147,831)	(22,884)	(229,658)	(423,053)
Closing net book amount	20,078	76,779	9,703	36,237	183,060	325,857
At 31 December 2011						
Cost or fair value	32,819	127,304	638,530	91,537	956,446	1,846,636
Accumulated depreciation	(12,741)	(50,525)	(628,827)	(55,300)	(773,386)	(1,520,779)
Net book amount	20,078	76,779	9,703	36,237	183,060	325,857
Year ended 31 December 2012						
Opening net book amount	20,078	76,779	9,703	36,237	183,060	325,857
Additions	-	133,235	109,434	-	229,494	472,163
Write off	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Depreciation charge	(4,500)	(12,936)	(16,487)	(22,884)	(149,701)	(206,508)
Closing net book amount	15,578	197,078	102,650	13,353	262,853	591,512
At 31 December 2012						
Cost or fair value	24,622	260,539	147,531	91,537	592,573	1,116,802
Accumulated depreciation	(9,044)	(63,461)	(44,884)	(78,184)	(329,717)	(525,290)
Net book amount	15,578	197,078	102,647	13,353	262,856	591,512

9 Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
The balance comprises temporary differences attributable to:				
Plant and equipment	**-**	7,731	**-**	-
Employee benefits	**9,346**	6,613	**-**	-
Accrued Expenses (note 16)	**3,300**	33,150	**-**	-
Total deferred tax assets	**12,646**	47,494	**-**	-
Set-off of deferred tax liabilities pursuant to set-off provisions	**53,088**	-	**-**	-
Net deferred tax assets	**65,734**	47,494	**-**	-
Deferred tax assets to be recovered within 12 months	**65,734**	47,494	**-**	-
Deferred tax assets to be recovered after more than 12 months	**-**	-	**-**	-
	65,734	47,494	**-**	-

Movements - Consolidated	**Plant and equipment**	**Employee benefits**	**Carried forward losses**	**Accrued expenses**	**Total**
	$	**$**	**$**	**$**	**$**
Opening balance at 1 January 2011	-	3,064	-	33,090	36,154
Credited/(charged) to the statement of comprehensive income	7,731	3,549	-	60	11,340
Closing balance at 31 December 2011	7,731	6,613	-	33,150	47,494
Opening balance at 1 January 2012	7,731	6,613	-	33,150	47,494
(Charged)/credited					
Credited/(charged) to the statement of comprehensive income	(7,731)	2,733	-	(29,850)	(34,848)
carried forward losses	-	-	53,088	-	53,088
Closing balance at 31 December 2012	-	9,346	53,088	3,300	65,734

10. Non-current assets - Other financial assets

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Shares in subsidiaries	**-**	-	**1**	1
	-	-	**1**	1

11. Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Trade and other payable	**1,857,332**	1,760,765	**1,756,769**	1,593,617
Trade Payables-Intercompany (note 22)	**2,477,078**	2,039,897	**2,477,078**	2,039,897
Accrued expenses	**1,092,997**	702,847	**1,081,997**	592,347
	5,427,407	4,503,509	**5,315,844**	4,225,861

12 Current liabilities - Provisions

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Employee benefits - annual leave (a)	**1,082,378**	768,677	**1,057,881**	751,104
Employee benefits - long service leave	**448,943**	166,518	**448,943**	166,518
Bonus	**163,000**	343,617	**163,000**	343,617
	1,694,321	1,278,812	**1,669,824**	1,261,239

(a) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Leave obligations expected to be settled after 12 months	**865,902**	614,942	**846,305**	600,883

13 Current liabilities - Other liabilities

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Income Received in Advance	**3,213,077**	1,466,847	**3,213,077**	1,466,847
Lease Liability	**83,683**	-	**83,683**	-
	3,296,760	1,466,847	**3,296,760**	1,466,847

Income received in advance is related to tuition fees received in advance for the 2013 courses and unearned income for projects.

Lease liability is for the sublease of EMC2 Building with parent entity(Macquarie university)

14 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
The balance comprises temporary differences attributable to:				
Prepaid insurance	**-**	3,032	**-**	-
Accrued income	**39,470**	11,828	**-**	-
Total deferred tax liabilities	**39,470**	14,860	**-**	-
Set-off of deferred tax liabilities pursuant to set-off provisions	**-**	-	**-**	-
Net deferred tax liabilities expected to be settled within 12 months	**39,470**	14,860	**-**	-

	Prepaid Insurance	Accrued income	Total
	$	**$**	**$**
Movements:			
Opening balance at 1 January 2011	**2,819**	**10,618**	**13,437**
Charged/(credited) to the statement of comprehensive income	213	1,210	1,423
Closing balance at 31 December 2011	**3,032**	**11,828**	**14,860**
Charged/ (credited) to the statement of comprehensive income	(3,032)	27,642	24,610
closing balance at December 2012	**-**	**39,470**	**39,470**

15. Non-current liabilities - Provisions

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Employee benefits - long service leave	**295,362**	332,027	**295,362**	332,027
Employee benefits - annual leave	**-**	-	**-**	-
	295,362	332,027	**295,362**	332,027

16 Non-current liabilities-Other Liabilities

Lease liability is for the sublease of EMC2 Building with parent entity(Macquarie university)

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Lease Liability	**231,201**	-	**231,201**	-
	231,201	-	**231,201**	-

17 Retained earnings

Movements in retained earnings were as follows:

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Balance 1 January	**6,001,986**	5,274,846	**5,817,522**	5,109,637
Profit / (loss) for the year	**(557,632)**	727,140	**(546,722)**	707,885
Balance 31 December	**5,444,354**	6,001,986	**5,270,800**	5,817,522

18 Remuneration of auditors

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
(a) NSW Audit Office				
Audit services				
Audit of financial statement	**63,000**	69,000	**52,000**	58,500
Total remuneration for audit and other assurance services	**63,000**	69,000	**52,000**	58,500

19 Contingencies

(a) Contingent liabilities

The parent entity and Group had no contingent liabilities as at 31 December 2012

(b) Contingent assets

The parent entity and Group had no contingent assets as at 31 December 2012.

20 Commitments

(i) Lease Commitments

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**1,217,440**	1,033,044	**1,217,440**	1,033,044
Later than one year but not later than five years	**3,392,793**	1,551,827	**3,392,793**	1,551,827
Later than five years	**-**	-	**-**	-
	4,610,233	2,584,871	**4,610,233**	2,584,871

21 Key management personnel disclosures

(a) Directors

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

(i) Chairman - executive
Mr. John Gorman

(ii) Executive directors
Mr. David Wright
Prof Jim Piper
Dr Peter Dodd

Mr.Thushyanthan Sathiamoorthy

Prof Mark Gabbott

(b) Key management personnel remuneration

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Remuneration - Employee short term benefits	**484,936**	456,872	**462,436**	424,172
	484,936	456,872	**462,436**	424,172

22 Related party transactions

(a) Parent entity

Access Macquarie Limited is controlled entity of Macquarie University. Access Macquarie is a company limited by guarantee.

(b) Directors

The names of persons who were directors of the Group at any time during the financial year are as follows: Mr Thushyanthan Sathiamoorthy , Prof Mark Gabbott, Mr.David Wright, Mr.John Gorman, Prof Jim Piper and Dr Peter Dodd (Alternate Director). All of these persons were also directors during the year ended 31 December 2012, except for Mr David Wright who resigned on 30 October 2012.

(c) Transactions with related parties

Amounts receivable from and payable to the ultimate parent entity are disclosed in Note 7 and 11 of the financial statements.

There were no transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Sales of goods and services				
Macquarie University	**7,424,974**	3,910,314	**7,424,974**	3,910,315
LAMS International Pty Limited	**8,897**	11,833	**8,897**	11,833
Australian Proteome Analysis Facility Limited	**235,285**	177,700	**235,285**	177,700
MGSM Limited	**164,762**	39,987	**164,762**	39,987
Risk Frontiers Flood Australia Pty Limited	**-**	-	**276,035**	406,079
MU Property Investment Trust	**-**	1,006	**-**	1,006
MUH Operations No. 2 Limited	**3,106**	127,016	**3,106**	127,016
	7,837,024	4,267,856	**8,113,059**	4,673,936

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Purchases of goods				
Macquarie University	**3,773,421**	4,240,365	**3,773,421**	4,240,365
U@MQ Limited	**99,065**	91,314	**99,065**	91,314
Multilit Pty Limited	**-**	26,868	**-**	26,868
MGSM Limited	**1,700**	9,948	**1,700**	9,948
Risk Frontiers Flood (Australia) Pty Limited	**-**	-	**-**	-
	3,874,185	4,368,495	**3,874,185**	4,368,495

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Other transactions				
Remuneration paid to directors of the ultimate Australian parent entity	**292,708**	428,574	**270,208**	395,874
	292,708	428,574	**270,208**	395,874

22 Related party transactions (continued)

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

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Current receivables (sales of goods and services)				
Macquarie University				
Accounts receivable	**1,186,749**	601,682	**1,186,749**	601,682
Work in progress	**-**	-	**-**	-
LAMS International Pty Limited	**-**	978	**-**	978
Risk Frontiers Flood (Australia) Pty Limited	**-**	-	**-**	68,171
Australian Proteome Analysis Facility limited	**34,038**	-	**34,038**	-
MUH Operations No. 2 Limited	**-**	4,900	**-**	4,900
MGSM Limited	**56,929**	-	**56,929**	-
	1,277,716	607,560	**1,277,716**	675,731
Current payables (purchases of goods)				
Macquarie University				
Accounts payable	**58,528**	123,109	**58,528**	123,109
Accrued Expenses - Incomplete Projects				
Intercompany	**1,584,552**	1,087,657	**1,584,552**	1,087,657
Accrual	**833,998**	828,528	**833,998**	828,528
Risk Frontiers Flood (Australia) Pty Limited	**-**	-	**-**	-
Accounts payable	**-**	-	**-**	-
Accrual	**-**	-	**-**	-
U@MQ Limited	**-**	603	**-**	603
Accounts Payable	**-**	-	**-**	-
	2,477,078	2,039,897	**2,477,078**	2,039,897

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

23 Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Group's operations (2011: $nil).

24 Reconciliation to profit / (loss) to net cash inflow from operating activities

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Profit / (Loss) for the year	**(557,632)**	727,140	**(546,722)**	707,885
Depreciation and amortisation	**216,084**	436,372	**206,508**	425,234
Bad debts provision	**(228,409)**	-	**(228,409)**	-
Net (gain) loss on sale of non-current assets	**-**	-	**-**	-
Increase / (decrease) in deferred tax asset	**(18,240)**	(11,340)		-
Change in operating assets and liabilities				
(Decrease)/ increase in trade debtors and bills of exchange	**(218,770)**	636,744	**302,366**	675,838
(Increase)/ decrease in other operating assets	**-**	119,388	**-**	119,388
(Decrease) / increase in trade creditors	**3,318,227**	(2,917,824)	**3,458,329**	(2,889,211)
(Decrease) increase in other operating liabilities	**-**	-	**-**	-
(Increase) decrease in provision for income taxes payable	**(20,590)**	77,819	**-**	-
Increase (decrease) in deferred tax liabilities	**24,610**	1,423	**-**	-
(Increase) / decrease in other provisions	**58,731**	469,148	**(288,660)**	461,789
Net cash inflow (outflow) from operating activities	**2,574,011**	(461,130)	**2,903,412**	(499,077)

25 Income Tax

	Consolidated		Parent entity	
	2012	2011	**2012**	2011
	$	$	**$**	$
Current tax	**-**	20,590	**-**	-
	-	20,590	**-**	-
			-	-
Income tax expenses is attributable to:			**-**	-
Non taxable profit	**(546,722)**	707,885	**-**	-
Profit from continuing operations	**(4,539)**	35,579	**-**	-
Income tax expense	**(1,362)**	10,674	**-**	-
			-	-
Deferred income tax (revenue) included in income tax expense comprises:			**-**	-
(Decrease) / increase in deferred tax asset	**(34,848)**	11,340	**-**	-
(Decrease)/ increase in deferred tax liabilities	**(24,610)**	(1,423)	**-**	-
	(59,458)	9,917	**-**	-
Numerical reconciliation of income tax expense to prima facie tax payable				
Non taxable profit	**(546,722)**	707,885		
Operating result from continuing operations before income tax expenses	**(4,539)**	35,579	**-**	-
Tax at the Australian tax rate of 30%	**(1,362)**	10,674	**-**	-
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:			**-**	-
Non deductible items (net)	**7,732**	5,651	**-**	-
Income tax expense	**6,370**	16,325	**-**	-

26 Members' Guarantee

Access Macquarie Limited is limited by guarantee. It has one member (one member in 2011) being Macquarie University. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1 towards meeting any outstanding obligations of the company.

In accordance with a resolution of the Directors of Access Macquarie Limited the Directors declare that:

(a) the attached financial statements and notes thereto:
  (i) Give a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date; and
  (ii) Comply with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements

(b) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* and the *Public Finance and Audit Act 1983.*

(c) As at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) They are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Directors, and on behalf of the Directors.

Mr. John Gorman
Director

Mr. Thushyanthan Sathiamoorthy
Director

Sydney
27 March 2013

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Access Macquarie Limited

To Members of the New South Wales Parliament and Members of Access Macquarie Limited

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Access Macquarie Limited on 25 March 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar

James Sugumar
Director, Financial Audit Services

2 April 2013
SYDNEY

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Australian Proteome Analysis Facility Limited

ABN 81 101 734 098

Financial statements for the year ended 31 December 2012

Australian Proteome Analysis Facility Limited ABN 81 101 734 098
Financial statements - 31 December 2012

Contents

Directors' report

The Directors of Australian Proteome Analysis Facility Ltd submit herewith the annual financial statements for the financial year ended 31 December 2012. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

Directors
The names and particulars of the Directors of the Company during the financial year and up to the date of this report are:

Dr John Ballard (Chairman)
Professor Jim Piper
Associate Professor Mark Molloy
Mr Thushy Sathiamoorthy

Objectives
The main objects of the Company are to establish and maintain the Australian Proteome Analysis Facility, to provide the highest level of technology in proteomics for the Australian biotechnology community, including training scientists and maximising use of the facility.

The company contributes to yearly reports to Federal and NSW governments on outcomes of our research activity.

Principal activity
During the year the principal continuing activity of the Company was to provide services to the Australian Proteome Analysis Facility as per the NCRIS Facility Service Agreement (SLA). Achievement of KPI's set under the SLA achieves the short term and long term objectives of the Company.
There were no significant changes in the nature of the Company's activity during the year.

Dividends
The Constitution of the Company prohibits the payment of dividends.

Review of operations
The surplus for the year ended 31 December 2012 is $22,357 (2011: $15,054).

The Company measures its performance by reference to its ability to provide the highest level of technology in proteomics for the Australian biotechnology community, including training scientists and maximising use of the facility. The Company contributes to KPI's published in the BioPlatforms Australia Limited annual report to the Parliament of Australia.

Significant changes in the state of affairs
There were no significant changes in the Company's state of affairs during the financial year.

Matters subsequent to the end of the financial year
Since the end of the financial year and to the date of this report, there has been no other matter or circumstance which has arisen which has significantly affected or may significantly affect:
(a) the Company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

Likely developments and expected results of operations
Coupled with the carry forward of NCRIS funding subsequent to 30 June 2011, and additional funding secured from the Education Investment Fund to June 2013, and additional funding under CRIS to December 2014, the Company is able to maintain the Company's current research capabilities.

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company is not subject to any significant environmental regulations.

Information on directors
Dr John Ballard (Chairman) BSc(Hons 1) PhD DSc. *Non-executive.*
Experience and expertise
Authored more than 300 research publications, inventor of 10 patents.

Other current directorships
Director of BR Angels Pty Ltd, Neubody Pty Ltd, Australian Institute of Commercialisation Ltd and Australian Association of Angel Investors Inc; Chairman of BioAngels Inc and AdAlta Pty Ltd.

Special responsibilities
Chairman of the board.

Professor Jim Piper BSc, PhD Otago, FOSA, FAIP. *Non-executive.*
Experience and expertise
Appointed Deputy Vice-Chancellor (Research) (DVC(R)) at Macquarie University in Sydney in 2003. Extensive expertise and experience gained from over 30 years of research in lasers, optics and photonics, and applications in micro fabrication. Distinguished awards including the Pawsey Medal (1982), the Australian Optical Society Medal (1997) and more recently the Carnegie Centenary Professorship from the Carnegie Trust Universities of Scotland (2004)

Associate Professor Mark Molloy BSc (Hons 1) PhD Macquarie. *Non-executive.*
Experience and expertise
Biochemist with over 15 years experience in proteomics, specialising in separation sciences and quantitative mass spectrometry. Strong interests in biomedical applications, in particular molecular cancer biology, and is developing methods to quantitatively profile changes in protein phosphorylation.
NHMRC RD Wright fellow undertaking research to identify prognostic and predictive colorectal cancer biomarkers. Prevoius experience as Senior Principal Scientist at major US Pharmaceutical company leading a team to identify biomarkers of new drug entities.

Special responsibilities
Facility Director, oversees the operations of the Australian Proteome Analysis Facility.

Mr Thushy Sathimoorthy CPA, MCom. *Non-executive.*

Experience and expertise
Thushy Sathimoorthy joined Access Macquarie Limited as Chief Financial Officer in March 2010 and was appointed as Managing Director in April 2011, and Director of APAF in May 2011.

Thushy is a senior finance executive with corporate experience in a range of industries including IT, telecommunications and R&D. Prior to joining Access MQ, Thushy held senior roles at HP, NICTA, Compaq, Oracle and Nestle. Thushy is a qualified CPA and holds a Master of Commerce from Macquarie University.

Company Secretary
The company secretary is Mr Robert McLean CA. Mr McLean was appointed to the position of company secretary in 2006. Before joining Australian Proteome Analysis Facility Limited he held similar positions with other public companies. Mr McLean has 29 years in various roles in a cross section of industries including hospitals, market research, and financial services.

Meetings of directors
The following table sets out the number of directors' (including committee of directors) held during the financial year and the number of meetings attended by each director (while they were a director).

	Full meetings of directors	
	A	**B**
Dr John Ballard (Chairman)	4	4
Professor Jim Piper	4	4
Associate Professor Mark Molloy	4	4
Mr Thusy Sathiamoorthy	4	4

A = Number of meetings held during the time the Director held office
B = Number of meetings attended.

Indemnification of Directors and Officers
During the financial year, Macquarie University paid a premium on behalf of the Company in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate:

(a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

(b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Proceedings on behalf of the Company
No person has applied for Leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Company limited by guarantee
Australian Proteome Analysis Facility Limited is a company limited by guarantee, incorporated and domiciled in Australia. There is one class of member and that member is Macquarie University through its delegate, the Deputy Vice Chancellor. The total amount that member would be liable to contribute if the Company were to be wound up is $10 (2011 $10).

Auditor's independence declaration
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Auditor
The Audit Office of New South Wales continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Dr John Ballard (Chairman)
Director

Associate Professor Mark Molloy
Director

Sydney
20 March 2013

To the Directors
Australian Proteome Analysis Facility Limited

Auditor's Independence Declaration

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

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

James Sugumar
Director, Financial Audit Services

14 March 2013
SYDNEY

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

Australian Proteome Analysis Facility Limited ABN 81 101 734 098
Financial statements - 31 December 2012

Contents

These financial statements cover Australian Proteome Analysis Facility Limited as an individual entity. The financial statements are presented in the Australian currency.

Australian Proteome Analysis Facility Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Australian Proteome Analysis Facility Limited
Level 4, Building F7B,
Research Park Drive
Macquarie University N SW 2109.

The financial statements were authorised for issue by the directors on 20 March 2013. The directors have the power to amend and reissue the financial statements.

	Notes	**2012** **$**	2011 $
Revenue from continuing operations			
Services	3	**1,323,058**	1,001,809
Other revenue from continuing activities	3	**60,971**	47,755
Total revenue from continuing operations		**1,384,029**	1,049,564
Other income	4	**-**	516
Total income		**1,384,029**	1,050,080
Expenses			
Management Fees – paid to Macquarie University		**(1,079,543)**	(818,660)
Management Fees – paid to Access Macquarie Limited		**(235,285)**	(178,426)
Other expenses		**(46,844)**	(37,940)
Total expenses		**1,361,672**	1,035,026
Surplus for the year		**22,357**	15,054
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**22,357**	15,054
Total comprehensive income for the year is attributable to:			
Owners of Australian Proteome Analysis Facility Limited		**22,357**	15,054
		22,357	15,054

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

Statement of financial position
As at 31 December 2012

	Notes	**2012 $**	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**865,288**	877,112
Trade and other receivables	6	**155,592**	123,611
Total current assets		**1,020,880**	1,000,723
Total assets		**1,020,880**	1,000,723
LIABILITIES			
Current liabilities			
Trade and other payables	7	**739,800**	742,000
Total current liabilities		**739,800**	742,000
Total liabilities		**739,800**	742,000
Net assets		**281,080**	258,723
EQUITY			
Retained earnings	8	**281,080**	258,723
Total equity		**281,080**	258,723

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

	Notes	**2012** **$**	2011 $
Total equity at the beginning of the financial year		**258,723**	243,669
Total comprehensive income for the year		**22,357**	15,054
Total equity at the end of the financial year		**281,080**	258,723

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

	Notes	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,315,438**	1,067,492
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,363,718)**	(1,214,059)
		(48,280)	(146,567)
Interest received	3	**36,456**	34,645
Net cash (outflow) inflow from operating activities	15	**(11,824)**	(111,922)
Cash flows from investing activities			
Net cash (outflow) inflow from investing activities		**-**	-
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		**-**	-
Net increase (decrease) in cash and cash equivalents		**(11,824)**	(111,922)
Cash and cash equivalents at the beginning of the financial year		**877,112**	989,034
Cash and cash equivalents at end of year	5(a)	**865,288**	877,112

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001,* Section 41B(1) of the *Public Finance & Audit Act 1983, Public Finance and Audit Regulations 2010,* and other authoritative pronouncements of the Australian Accounting Standards Board. The Directors have assessed the company as a not-for-profit entity for financial reporting purposes.

Compliance with IFRS
The financial statements of the Company comply with Australian Accounting Standards some of which contain requirements specific to not for profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

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
(i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(b) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (‘the functional currency'). The financial statements are presented in Australian dollars, which is the Company'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 are recognised in the statement of comprehensive income.

(c) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(i) Services Income
Fees and charges for proteomic services are recognised in the accounting period in which the services are rendered.

(ii) Interest income
Interest income is recognised as it accrues.

(d) Management Fees

Management fees are payable to Macquarie University and Access Macquarie Limited as per the NCRIS Facility Services Agreement. These costs are expensed as incurred and any unpaid balances are shown as intercompany balances at year end.

(e) Cash and cash equivalents

For statement of cash flows presentation purposes, 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.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(g) Fair value estimation

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

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

(h) Trade and other payables

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

Fees for Services received in advance are treated as unearned income and classified as liabilities in the balance sheet. Services expected to be performed in greater than one year hence are classified as non-current.

1 Summary of significant accounting policies (continued)

(i) Goods and Services Tax (GST)

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

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

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

(j) Income Tax Exemption

The Company is exempt from the payment of tax by virtue of section 50-B of the Income Tax Assessment Act 1997. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

(k) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(l) Company Guarantee

Australian Proteome Analysis Facility Limited is a company limited by guarantee, incorporated and domiciled in Australia. There is one class of member and that member is Macquarie University through its delegate, the Deputy Vice Chancellor. The total amount that member would be liable to contribute if the Company were to be wound up is $10 (2011 $10).

2 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk .

The Company holds the following financial instruments:

	2012	2011
	$	$
Financial assets		
Cash and cash equivalents	**865,288**	877,112
Trade and other receivables	**155,592**	123,611
	1,020,880	1,000,723
Financial liabilities		
Trade and other payable	**686,651**	733,254
	686,651	733,254

2 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk
The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amounts of the Company's financial assets and liabilities are denominated in Australian dollars except as set out below:

	2012 **$**	2011 $
Receivables		
Australian dollars	**155,592**	123,611
	155,592	123,611
Trade payables		
US dollars	**351,984**	414,741
Australian dollars	**334,667**	318,513
	686,651	733,254

The company's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	31 December 2012 USD $	31 December 2011 USD $
Trade payables	**351,984**	414,741

(b) Credit risk

The credit risk on financial assets of the economic entity which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer.

2 Financial risk management (continued)

(c) Liquidity risk

Maturities of financial liabilities
The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows:
(a) based on their contractual maturities:
    (i) all non-derivative financial liabilities, and
(b) based on the remaining period to the expected settlement date:
    (i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows (not applicable to the company in 2012 or 2011)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

2012

	Less than 6 months	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contract - ual cash flows**	**Carrying Amount (assets)/ liabilities**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Trade payables	686,651	-	-	-	-	686,651	-

2011

	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contract-ual cash flows	Carrying Amount (assets)/ liabilities
	$	$	$	$	$	$	$
Non-derivatives							
Trade payables	733,254	-	-	-	-	733,254	-
Total non-derivatives	733,254	-	-	-	-	733,254	-

2 Financial risk management (continued)

(d) Fair value measurements

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(e) Summarised sensitivity analysis

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

		Interest rate risk				**Foreign exchange risk**			
		-1%		**+1%**		**-10%**		**+10%**	
2012	**Carrying amount $**	**Surplus $**	**Equity $**	**Surplus $**	**Equity $**	**Surplus $**	**Equity $**	**Surplus $**	**Equity $**
Financial assets									
Cash and cash equivalents	865,288	(8,653)	(8,653)	8,653	8,653	-	-	-	-
Trade and other receivable	155,592	(1,556)	(1,556)	1,556	1,556	-	-	-	-
Total increase/(decrease) in financial assets		(10,209)	(10,209)	10,209	10,209	-	-	-	-
Financial liabilities									
Trade payables	686,651	6,867	6,867	(6,867)	(6,867)	(35,198)	(35,198)	35,198	35,198
Borrowings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total increase/(decrease) in financial liabilities		6,867	6,867	(6,867)	(6,867)	(35,198)	(35,198)	35,198	35,198
Total increase/ (decrease)		(3,342)	(3,342)	3,342	3,342	(35,198)	(35,198)	35,198	35,198

		Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
2011	Carrying amount $	Surplus $	Equity $	Surplus $	Equity $	Surplus $	Equity $	Surplus $	Equity $
Financial assets									
Cash and cash equivalents	877,112	(8,771)	(8,771)	8,771	8,771	-	-	-	-
Trade and other receivable	123,611	(1,236)	(1,236)	1,236	1,236	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total increase/(decrease) in financial assets		(10,007)	(10,007)	10,007	10,007	-	-	-	-
Financial liabilities									
Trade payables	733,254	7,333	7,333	(7,333)	(7,333)	(41,474)	(41,474)	41,474	41,474
Borrowings	-	-	-	-	-	-	-	-	-
Total increase/(decrease) in financial liabilities		7,333	7,333	(7,333)	(7,333)	(41,474)	(41,474)	41,474	41,474
Total increase/ (decrease)		(2,674)	(2,674)	2,674	2,674	(41,474)	(41,474)	41,474	41,474

3 Revenue

	2012 **$**	2011 $
Revenue from operating activities		
Services		
Fees and charges	**1,323,058**	1,001,809
Total services	**1,323,058**	1,001,809
Other revenue from ordinary activities		
Interest	**36,456**	34,645
Other revenue	**24,515**	13,110
Total other revenue from ordinary activities	**60,971**	47,755
Total revenue from ordinary activities	**1,384,029**	1,049,564

4 Other income

	2012 **$**	2011 $
Foreign exchange gains/(losses) (net)	**-**	516
	-	516

5. Current assets - Cash and cash equivalents

	2012 **$**	2011 $
Cash at bank and in hand	**364,890**	670,048
Deposits at call	**500,398**	207,064
	865,288	877,112

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2012 **$**	2011 $
Balances as above	**865,288**	877,112
Balances per statement of cash flows	**865,288**	877,112

6 Current assets - Trade and other receivables

	2012 $	2011 $
Trade receivables		
Trade receivables	**153,180**	122,571
Provision for impairment of receivables (a)	**(6,210)**	(6,210)
	146,970	116,361
Amounts receivable from Macquarie University	**8,622**	7,250
	155,592	123,611

Trade and other receivables are non-interesting bearing.

(a) Impaired trade receivables

Considered Impaired

	2012 $	2011 $
1 to 3 months	**-**	6,210
3 to 6 months	**-**	-
Over 6 months	**6,210**	-
	6,210	6,210

Past due but not impaired

	2012 $	2011 $
3 to 6 months	**-**	-
Over 6 months	**-**	-
	-	-

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

	2012 $	2011 $
At 1 January	**6,210**	7,410
Provision for impairment recognised during the year	**-**	-
Receivables written off during the year as uncollectible	**-**	(1,200)
	6,210	6,210

(b) Fair value and credit risk

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the Company and the credit quality of the entity's trade receivables.

7. Current liabilities - Trade and other payables

	2012 **$**	2011 $
Accrued expenses	**44,221**	38,320
Fees in advance - refer note for risk exposure	**398,204**	464,641
GST payable (net)	**8,928**	8,746
Amounts payable to Access Macquarie Limited	**34,038**	11,110
Amounts payable to Macquarie University	**254,409**	219,183
	739,800	742,000

8 Retained earnings

Movements in retained earnings were as follows:

	2012 **$**	2011 $
Balance 1 January	**258,723**	243,669
Surplus for the year	**22,357**	15,054
Balance 31 December	**281,080**	258,723

9 Remuneration of auditors

	2012 **$**	2011 $
(a) NSW Audit Office		
Audit services		
Audit of financial statement	**15,000**	12,014
Total remuneration for audit and other assurance services	**15,000**	12,014

10 Contingencies

The Company had no contingent assets at 31 December 2012 (2011 : $nil).

The Company had no contingent liabilities at 31 December 2012 (2011 : $nil).

11 Commitments

(a) Capital commitments

The Company had no Capital commitments at 31 December 2012 (2011 : $nil).

12 Key management personnel disclosures

(a) Directors

The following persons were directors of Australian Proteome Analysis Facility Limited during the financial year:

(i) Chairman - non-executive
Dr John Ballard

(ii) Non-executive directors
Professor Jim Piper
Associate Professor Mark Molloy
Mr Thushy Sathiamoorthy

(b) Key management personnel compensation

	2012 **$**	2011 $
Short-term employee benefits	**20,000**	20,000
	20,000	20,000

13 Related party transactions

(a) Parent entities

The ultimate parent entity of the company is Macquarie University which owns 100% of the issued ordinary shares of the company.

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: Dr John Ballard, Professor Jim Piper, Associate Professor Mark Molloy, and Mr Thushy Sathiamoorthy. All of these persons were also directors during the year ended 31 December 2011, except for Mr Thushy Sathiamoorthy who was appointed on 16 May 2011.

(c) Transactions with related parties

The following transactions occurred with related parties in Note 3 of the financial statements.

Amounts receivable from and payable to the ultimate parent entity are disclosed in Note 6 and 7 of the financial statements.

There were no transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

	2012 **$**	2011 $
Sales of goods and services		
Sale of contract research services and access fees to Macquarie University	**414,029**	166,397
	414,029	166,397

	2012 **$**	2011 $
Purchases of goods		
Purchases of services from Macquarie University	**1,079,543**	818,660
Purchases of services from Access Macquarie limited	**235,285**	178,426
	1,314,828	997,086

13 Related party transactions (continued)

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

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2012 **$**	2011 $
Current receivables (sales of goods and services)		
Sale of contract research services and access fees to Macquarie University	**8,622**	7,250
	8,622	7,250
Current payables (purchases of goods)		
Purchases of services from Macquarie University	**254,409**	219,183
Purchases of services from Access Macquarie Limited	**34,038**	11,110
	288,447	230,293

There is no allowance to account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

14 Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations (2011: $nil).

15 Reconciliation of surplus to net cash inflow from operating activities

	2012 **$**	2011 $
Surplus for the year	**22,357**	15,054
Change in operating assets and liabilities		
Decrease/(increase) in trade debtors	**(31,982)**	38,966
Decrease/(increase) in other operating assets	**-**	12,000
(Decrease)/increase in trade creditors and other payables	**-**	(12,060)
(Decrease)/increase in other operating liabilities	**(2,199)**	(165,882)
Net cash inflow (outflow) from operating activities	**(11,824)**	(111,922)

End of the audited financial statements

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Australian Accounting Standards, the *Public Finance and Audit Act 1983, Public Finance and Audit Regulations 2010,* the *Corporations Regulations 2001* and other mandatory professional reporting requirements,
  (ii) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date, and

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

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

Dr John Ballard (Chairman)
Director

Associate Professor Mark Molloy
Director

Sydney
20 March 2013

INDEPENDENT AUDITOR'S REPORT

Australian Proteome Analysis Facility Limited

To Members of the New South Wales Parliament and Members of Australian Proteome Analysis Facility Limited

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Proteome Analysis Facility Limited on 14 March 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar
Director, Financial Audit Services

21 March 2013
SYDNEY

CMBF Limited

ABN 46 003 407 609

Financial statements
for the year ended 31 December 2012

CMBF Limited ABN 46 003 407 609
Financial statements - 31 December 2012

Contents

Directors' report

The Directors of CMBF Limited submit herewith the annual financial statements for the financial year ended 31 December 2012. The financial statements have been prepared in order to comply with the provisions of the Corporations Act 2001.

Directors

The names of Directors of the company in office during the financial year and up to the date of this report, and the particulars of their qualifications and experience as Directors relevant to the management of the affairs of the company are as follows:

Director	Period	Qualifications	Experience	Special Responsibilities
J. G Thom	Full Period	C.P.A., A.C.I.S	Professor	Chairman
A. M. Cooper	Full Period	BEC (Hons) (Adel.), PhD (Syd) DIP FPAssoc.	Professor	
T.M. Gabbott	Full Period	BA (Essex), MSc (London) PhD (Stirling)	Professor	
P.J Gorman	Full Period	BBus, MBA, FCPA		Chief Financial Officer
K.M Jameson	Full Period		Professor	Managing Director

Principal activities

There were no significant changes in the nature of the company's activities during the year.
The principal continuing activity in the course of the financial year was the provision of Consulting and Educational Services and administration of courses on behalf of Macquarie University.

Dividends

As a company limited by guarantee, it is not permitted to pay any dividends.

Review of operations

The surplus for the year ended 31 December 2012 is $208,000 (2011: $403,000).

Significant changes in the state of affairs

There were no significant changes in the company's state of affairs during the financial year.

Short and Long Term Objectives

The company will continue to offer consulting and educational services to the finance industry in both the short and long term.

Strategy and Activities for Achieving the Company's Objectives

The company has in place a number of continuing marketing and promotional activities which ensure the achievement of a satisfactory level of student enrolments and educational service contracts.

Measurement of Performance and Key Performance Indicators

Performance is measured through the Financial Statements which show a consistent level of profit and adequate liquidity. These measures represent the company's key performance indicators.

Matters subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of the operation, or the state of affairs of the company in future financial years.

Likely developments and expected results of operations

Future developments are not expected to significantly affect the future operations of the company. Information on likely developments in the operations of the company and the expected results of operations have not been included in these financial statements because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulations.

Information on directors

J.G.Thom	**{Chairman}**	**C.P.A., A.C.I.S..**	*Non-executive.*
K. M. Jameson	**{Managing Director}**		*Executive.*
A.M. Cooper		**BEC (Hons} (Adel.}, PhD (Syd}, DIP FP.**	*Executive.*
T.M. Gabbott		**BA (Essex}, MSc (London}, PhD (Stirling}.**	*Non-executive.*
P. J. Gorman		**BBus, MBA, FCPA.**	*Non-executive.*

Company Secretary

D. R. Bradley held the position of Company Secretary until the 30 November 2012. H Krskova held the position from the 1 December 2012 until the end of the financial year.

Meetings of directors

The following table sets out the number of directors' meetings (including committee of directors} held during the financial year and the number of meetings attended by each director {while they were a director}.

	Full meetings of directors	
	A	B
J.G.Thom (Chairman}	1	1
A.M. Cooper	1	1
T.M. Gabbott	1	0
P. J. Gorman	1	1
K.M. Jameson	1	1

A = Number of meetings held during the time the Director held office
B = Number of meetings attended.

Membership

Macquarie University appointed the four members of CMBF Limited.

Contribution of Members on winding up

The members undertake to contribute to the property of CMBF Limited if CMBF Limited is wound up while they are a member, and the amount is not to exceed $20.00 for each member.

Indemnifying officer or auditor

Clause 98 of the Memorandum and Articles of Association of CMBF Limited states that:

"Every officer, auditor or agent of the company shall be indemnified out of the property of the company against any liability incurred by him/her in his/her capacity as officer, auditor or agent in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour or in which he/she is acquitted or in connection with any application in relation to any such proceedings in which relief is under the Code granted to him/her by the court".

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate:

(a} -indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

(b) -paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Macquarie University has an insurance policy covering all controlled entities for which it pays the premium. It is not possible to quantify the portion of the premium applicable to the company.

Proceedings on behalf of the Company

No person has applied for Leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsbility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Auditor

The Audit Office of New South Wales continues in office in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of directors.

K. M Jameson
Director

Anne Cooper

A. M. Cooper
Director

11 April 2013

Sydney
11 April 2013

AUDITOR-GENERAL NEW SOUTH WALES

To the Directors
CMBF Limited

Auditor's Independence Declaration

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

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

James Sugumar
Director, Financial Audit Services

10 April 2012
SYDNEY

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

CMBF Limited ABN 46 003 407 609
Financial statements - 31 December 2012

Contents

These are the financial statements of CMBF Limited as an individual entity. The financial statements are presented in the Australian currency.

CMBF Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Room724
Building E4A
Macquarie University NSW 2109.

The financial statements were authorised for issue by directors on 11 April 2013. The directors have the power to amend and reissue the financial statements.

	Notes	2012 '000	2011 '000
Revenue from continuing operations			
Fees and charges	3	3,685	3,418
Consulting fee	3	59	33
Investment income	3	103	118
Total revenue from continuing operations		**3,847**	**3,569**
Employee benefits expense		(2,748)	(2,297)
Depreciation and amortization expense	4	(8)	(4)
Repairs and maintenance		(7)	(8)
Other expenses		(384)	(329)
Advertising		(273)	(76)
Computing services		(11)	(60)
Consulting		(109)	(247)
Scholarships		(11)	(33)
Travel expenses		(82)	(107)
Finance costs	4	(6)	(5)
Surplus before income tax		**208**	**403**
Income tax expense	1 (j)	-	-
Surplus for the year		208	403
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		208	403
Total comprehensive income for the year is attributable to:			
Owners of CMBF Limited		208	403
		208	**403**

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

	Notes	2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	2,174	2,000
Trade and other receivables	6	309	35
Other current assets	7	89	79
Total current assets		**2,572**	**2,114**
Non-current assets			
Property, plant and equipment	8	14	22
Total non-current assets		**14**	**22**
Total assets		**2,586**	**2,136**
LIABILITIES			
Current liabilities			
Trade and other payables	9	224	21
Provisions	10	118	119
Other liabilities	11	89	81
Total current liabilities		**431**	**221**
Non-current liabilities			
Provisions	12	101	69
Total non-current liabilities		**101**	**69**
Total liabilities		**532**	**290**
Net assets		**2,054**	**1,846**
EQUITY			
Accumulated Funds	13	2,054	1,846
Total equity		**2,054**	**1,846**

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

	Notes	2012 $'000	2011 $'000
Total equity at the beginning of the financial year		1,846	1,443
Surplus for the year	13	208	403
Total comprehensive income for the year		**208**	**403**
Total equity at the end of the financial year		**2,054**	**1,846**

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

	Notes	2012 '000	2011 '000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**3,514**	3,520
Payments to suppliers and employees (inclusive of goods and services tax)		**(3,443)**	(3,174)
		71	346
Interest received		**103**	118
Net cash (outflow) inflow from operating activities	22	**174**	464
Cash flows from investing activities			
Payments for property, plant and equipment			
Proceeds from sale of property, plant and equipment	8	**-**	(19)
Net cash (outflow) inflow from investing activities		**-**	(19)
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		**-**	-
Net increase (decrease) in cash and cash equivalents		**174**	445
Cash and cash equivalents at the beginning of the financial year		**2,000**	1,555
Cash and cash equivalents at end of year	5(a)	**2,174**	2,000

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

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001,* Section 41B(1} of the *Public Finance* & *Audit Act 1983, Public Finance and Audit Regulations 2010,* other authoritative pronouncements of the Australian Accounting Standards Board and Interpretations.

The Directors have determined that the company is a not for profit entity for financial reporting purposes.

Compliance with /FRS
These financial statements comply with Australian Accounting Standards some of which contain requirements specific to not for profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

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
(i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(b) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

(i) Course Revenue
Revenue in respect of courses leading to an academic award is recognised in that year in which teaching was conducted. Revenue in respect of public, corporate courses is recognised in the month in which the course is completed.

(ii) Facilities rental
Revenue in respect of facilities rental is recognised when the goods and services are provided.

(iii) Consulting
Sales of consulting services are recognised in the accounting period in which the services are rendered. Consultation revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total consultation to be provided.

(iv) Interest income
Interest income is recognised as it accrues.

1 Summary of significant accounting policies (continued)

(c) Cash and cash equivalents

For statement of cash flows presentation purposes, 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. The term deposits mature in more than 12 months however, the company has immediate access to them if required. Hence they have been disclosed as current assets.

(d) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue} are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(e) Property,plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The net book value of plant and equipment approximates the fair value. Acquisition and additions of non-current assets are capitalised and depreciated over two to ten years if the value is $5,000 or more.

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

Depreciation and amortisation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

-Plant and equipment	2 -10 years
- Office furniture and equipment	3 - 10 years
- Computer hardware	3 - 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 statement of comprehensive income.

1 Summary of significant accounting policies (continued)

(f) Trade and other payables

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

(g) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(h) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave are measured at the amounts expected to be paid when the liabilities are settled which are expected to be settled within 12 months after the end of the reporting period. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period. 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 end of the reporting period 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 company are entitled to benefits from the company's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the company and the company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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.

(i) Goods and Services Tax (GST)

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

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

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

(j) Income Tax Exemption

The company is exempt from the payment of tax by virtue of section 50-B of the Income Tax Assessment Act 1997. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

1 Summary of significant accounting policies (continued)

(k) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(l) Wholly owned subsidiary

As of the 27 January 2012, CMBF Ltd established a 100% owned subsidiary Macquarie Education South Africa NPC (MESA) MESA is a not for profit company (NPC) established under the Companies Act 2008, of the Republic of South Africa (RSA).

MESA was established for the initial purpose of applying for regulatory approvals in connection with the delivery of the Masters of Financial Regulation program in the Republic of South Africa.

CMBF Ltd have exercised their option under AASB127 not to prepare consolidated financial statements for CMBF Ltd.

2. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk

The company holds the following financial instruments

	2012	2011
	'000	'000
Financial assets		
Cash and cash equivalents	2,174	2,000
Trade and other receivables	398	113
	2,572	**2,113**
Financial liabilities		
Trade and other payables	224	21
	224	**21**

(a) Market risk

(i) Cash flow and fair value interest rate risk
The company's main interest rate risk arises from long-term borrowings. The company has no long-term borrowings at the reporting date.

(b) Credit risk

The credit risk on financial assets of the economic entity which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the company's debtors defaulting on their contractual obligations, resulting in financial loss to the company. The company does not have any significant exposure to any unrelated customer.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. At the reporting date the company held deposits at call of $1,232,365 (2011: $1,232,365) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

2 Financial risk management (continued)

Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings as follows:

(a) based on their contractual maturities:
 (i) all non-derivative financial liabilities, and

(b) based on the remaining period to the expected settlement date:
 (i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows (not applicable to the company in 2011 or 2010)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	6-12 Months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2012	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
Non-derivatives							
Trade payables	224	-	-	-	-	224	224
Borrowings	-	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-	-
Total non-derivatives	**224**	**-**	**-**	**-**	**-**	**224**	**224**

	Less than 6 months	6-12 Months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2011	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
Non-derivatives							
Trade payables	21	-	-	-	-	21	21
Borrowings	-	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-	-
Total non-derivatives	**21**	**-**	**-**	**-**	**-**	**21**	**21**

2 Financial risk management (continued)

(d) Fair value measurements

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

AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted} in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level3).

The following table presents the company's assets and liabilities measured and recognised at fair value at 31 December 2012.

2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	$000	**$000**	**$000**	**$000**
Assets				
Available-for-sale financial assets	-	-	-	-
Other (contingent consideration)	-	-	-	-
Total assets	**-**	**-**	**-**	**-**

2011	**Level 1**	**Level 2**	**Level 3**	**Total**
	$000	**$000**	**$000**	**$000**
Assets				
Available-for-sale financial assets	-	-	-	-
Other (contingent consideration)	-	-	-	-
Total assets	**-**	**-**	**-**	**-**

3. Revenue

Revenue from continuing operations	**2012**	**2011**
	$'000	**$'000**
Fees and charges		
Administration Charges to University	**3,465**	3000
Amenities and service charges	**0**	40
Other fees and charges	**220**	378
Total fees and charges	**3,685**	3,418
Consulting fee		
Consulting fee	**59**	33
Total consulting fee	**59**	33
Investment income		
Interest received	**103**	118
Total investment income	**103**	118
Total revenue from continuing operations	**3,847**	3,569

4. Expenses

	2012	**2011**
Surplus before income tax includes the following specific expenses	**$'000**	**$'000**
Depreciation		
Plant and Equipment	**8**	4
Total Depreciation	**8**	4
Finance Costs		
Bank fees	**6**	5
Total finance costs	**6**	5

5. Current assets - Cash and cash equivalents

	2012	**2011**
	$'000	**$'000**
Cash at bank and in hand	**941**	768
Term Deposits	**1,232**	1,232
	2,174	2,000

5. Current assets·Cash and cash equivalents (continued)

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2012	2011
	$'000	$'000
Balances as above	2,174	2,000
Balances per statement of cash flows	2,174	2,000

{b) Risk exposure

The company's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(c) Cash at bank and on hand

Cash at bank bears an interest rate of 1.00%. (2011-2.15%)

(d) Term deposits

The deposits are bearing a fixed interest rate of 7.0% (2011 - 7.0%). These deposits have an average period to repricing of 120 days.

6. Current assets·Trade and other receivables

	2012	2011
	$'000	$'000
Trade receivables	309	35
Prepayments	-	-
	309	35

Trade and other receivables are non-interest bearing.

(a) Impaired trade receivables	2012	2011
	$'000	$'000
Considered impaired		
1 to 3 months	-	-
3 to 6 months	-	-
Over 6 months	-	-
	-	-

6. Current assets- Trade and other receivables (continued)

	2012	2011
	$'000	$'000
Past due but not impaired		
Up to 3 months	-	-
3 to 6 months	-	-
Over 6 months	-	-
	-	-

Movements in the allowance for impairment	2012 $'000	2011 $'000
At 1 January 2012	-	-
Provision for impairment recognised during the year	-	-
Receivables written off during the year as uncollectible	-	-
Unused amount reversed	-	-
	-	-

(b) Fair value and credit risk

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the company and the credit quality of the entity's trade receivables.

7. Current assets - Other current assets

	2012	2011
	$'000	$'000
Other receivables - interest accrued	**89**	79
	89	79

8. Non-current assets - Property, plant and equipment

	Plant and Equipment	Total
	$'000	**$'000**
At 1 January 2011		
Cost or fair value	56	56
Accumulated depreciation	(48)	(48)
Net book amount	**8**	8
Year ended 31 December 2011		
Opening net book amount	8	8
Additions	18	18
Disposals	-	-
Depreciation charge	(4)	(4)
Impairment loss	-	-
Closing net book amount	**22**	22
At 31 December 2011		
Cost or fair value	58	58
Accumulated depreciation	(36)	(36)
Net book amount	**22**	22
Year ended 31 December 2012		
Opening net book amount	22	22
Additions		
Disposals		
Depreciation charge	(8)	(8)
Impairment loss		
Closing net book amount	**14**	14
At 31 December 2012		
Cost or fair value	58	58
Accumulated depreciation	(44)	(44)
Net Book Value	**14**	14

9. Current liabilities - Trade and other payables

	2012	2011
	$'000	**$'000**
Trade payables	**224**	21
	224	21

10. Current liabilities- Provisions

	2012	2011
	$'000	$'000
Employee benefits - annual leave	**118**	119
Employee benefits - long service leave	**-**	-
	118	119

11. Current liabilities - Other liabilities

	2012	2011
	$'000	$'000
Accrued Expense	**89**	81
	89	81

12. Non-current liabilities- Provisions

	2012	2011
	$'000	$'000
Employee benefits - long service leave	**101**	69
	101	69

13. Accumulated Funds

Movements in accumulated funds were as follows:

	2012	2011
	$'000	$'000
Balance 1 January	**1,846**	1,443
Surplus for the year	**208**	403
Balance 31 December	**2,054**	1,846

14. Remuneration of auditors

(a) NSW Audit Office

	2012	2011
Audit services	$'	$'
Audit of financial statement	**10,000**	9,500
	10,000	9,500

15. Contingencies

The company has no contingent assets and liabilities at 31 December 2012. (2011: $nil)

16. Commitments

The company had no capital expenditure, material other expenditure, leasing arrangement or long-term remuneration commitments at 31 December 2012. (2011: $nil).

17. Key management personnel disclosures

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

(i) Chairman - non-executive
J.G. Thorn

(ii) Executive directors
K.M. Jameson
A.M. Cooper

(iii) Non-executive directors
T.M. Gabbott
P.J. Gorman

(b) Key management personnel compensation

	2012	2011
	$	$
Short-term employee benefits	177,345	195,795
Post-employment benefits	19,260	21,645
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	**196,605**	217,440

18. Related party transactions

(a) Parent entities

The ultimate parent entity of the company is Macquarie University which controls 100% of the company.

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: J. G. Thom (Chairman), K. M. Jameson (Managing Director), A. M. Cooper, T. M Gabbott and P. J. Gorman, and were also directors during the year ended 31 December 2012.

18 Related party transactions (continued)

(c) Transactions with related parties

The following transactions occurred with related parties :Note 3 of the financial statements.

Amounts receivable from and payable to the ultimate parent entity are disclosed in Note 6 and 9 of the financial statements.

There were no transactions between the company and the Directors or with organisations with which the directors held a substantial financial interest.

	2012	2011
Sales of goods and services	$'000	$'000
Administration charges to Macquarie University	3,465	3,000
Room Hire for Access Macquarie	1	-
Reimbursement of travel expenses	-	-
	3,466	3,000

	2012	2011
Purchases of goods	$'000	$'000
Research scholarships	-	24
Payroll Services Macquarie University	2	-
Payroll Services Access	13	-
Campus rent	2	2
Stationary	1	2
Catering U@MQ	1	-
Catering at MGSM	1	-
Workers compensation insurance premium	19	5
Wages paid on CMBF Ltd Behalf by MQU	88	-
MESA Audit Fees	10	-
MESA Annual Duty and Legal Fees	21	-
MESA Higher Education Quality Committee	2	-
	160	33

	2012	2011
Superannuation contributions	$'000	$'000
Contributions to superannuation funds on behalf of employees	170	173
	170	173

	2012	2011
Other transactions	$'000	$'000
Remuneration paid to directors of the ultimate Australian parent entity	-	-
	-	-

18 Related party transactions (continued)

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

	2012	2011
Current receivables (sales of goods and services)	$'000	$'000
Macquarie University	315	-
	315	-
Non-current receivables (loans)		
Other Related parties	-	-
	-	-
Current payables (sales of goods and services)		
Macquarie University	92	-
MGSM	1	-
Share of MESA Audit Fee - NSW Audit Office	4	-
	97	-
Non-current payables (loans)		
Other Related parties	-	-
	-	-

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

19. Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the company's operations (2011: $nil)

20. Members' guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the company. At 31 December 2012 the number of members was 4 (2011:4).

21. Economic dependency

During the year the company received $3,465,000 (2011- $3,000,000) as fees from Macquarie University. The fees were received by the company for the administration of the Master of Applied Finance Program. This is the major source of income for the company. The company occupies premises on the campus of Macquarie University for which a rent of $2,000 (2011 $2,000) is payable to the University for the year ended 31 December 2012 . During the year Macquarie University provided accommodation facilities in Sydney CBD and other resources to enable the company to administer the Program. Macquarie University determines what income and expenses are allocated to CMBF Limited.

22. Reconciliation of surplus to net cash inflow from operating activities

	2012	2011
	$'000	$'000
Surplus for the year	**208**	403
Depreciation and amortisation	**8**	4
Change in opening assets and liabilities		
(Increase) decrease in trade debtors	**(291)**	(4)
(Increase) decrease in other operating assets	**21**	(26)
(Decrease) increase in trade creditors	**-**	10
(Decrease) increase in other operating liabilities	**195**	94
(Decrease) increase in other provisions	**33**	(17)
Net cash inflow (outflow) from operating activities	**174**	464

End of the audited financial statements

In the directors opinion

(a) the financial statements and notes set out on pages 5 to 26 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards including International Financial Reporting Standards where applicable, the *Public Finance and Audit Act 1983* the *Corporations Regulations 2001* and other mandatory professional reporting requirements,

(ii) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date, and

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

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

K. M Jameson
Director

Anne Cooper

A. M. Cooper
Director

11 April 2013

Sydney
11 April 2013

INDEPENDENT AUDITOR'S REPORT

CMBF Limited

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

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CMBF Limited on 10 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar
Director, Financial Audit Services

12 April 2013
SYDNEY

LAMS FOUNDATION LIMITED
A.C.N. 108 031 894

FINANCIAL STATEMENTS
for the financial year end

31st December 2012

LAMS FOUNDATION LIMITED

DIRECTORS' REPORT for the year ended 31st December 2012

The Directors of LAMS FOUNDATION LIMITED submit the annual financial statements for the financial year ended 31 December, 2012. In accordance with the Corporations Act 2001, the Directors report that:

The names of Directors in office during and until the date of this report:

Name	Period of Directorship
Prof James Dalziel	since 18^{th} February 2004
Prof James Piper	since 18^{th} February 2004
Mr David Wright	4^{th} February 2010 to 30^{th} October 2012
John Gorman	since 4^{th} February 2010

LONG TERM AND SHORT TERM OBJECTIVES OF THE ENTITY

The long term objective of the LAMS Foundation Ltd is to enhance teaching and learning across the education sector on a global basis through the promotion of a "Learning Design" approach to education.

The short term objective is to promote the continued development and adoption of the "LAMS" Learning Design software, and to act as the holding vehicle for the core intellectual property in the LAMS software, and to release this software as open source software.

THE ENTITY'S STRATEGY

The LAMS Foundation Ltd collaborates with the Macquarie E-Learning Centre Of Excellence (MELCOE) at Macquarie University and LAMS International Pty Ltd to promote and to foster the development of the LAMS software.

PRINCIPAL ACTIVITIES

The LAMS Foundation Ltd continued to manage the LAMS software during the year, and to release it as open source software.

The LAMS software is the world's leading Learning Design system, and its release as open source software benefits teachers and learners in over 80 countries, with the software translated into 30 languages.

The LAMS Foundation, in collaboration with the Macquarie E-Learning Centre of Excellence (MELCOE) at Macquarie University and LAMS International Pty Ltd, monitors usage of the LAMS software via tracking of software downloads and members of the online LAMS Community website.

OPERATING RESULTS

The net profit after income tax for the financial year was nil (2011 - $nil).

LAMS FOUNDATION LIMITED

DIRECTORS' REPORT for the year ended 31st December 2012

INFORMATION ON DIRECTORS

Prof James Dalziel BA(Hons), PhD(USYD), Grad Cert Higher Ed.BA(Hons) *Managing Director*
Experience and expertise
James Dalziel is Professor of Learning Technology and Director of the Macquarie E-Learning Centre Of Excellence (MELCOE) at Macquarie University, a position he has held for the past seven years. Prior to this, he was a Senior Lecturer in the Institute for Teaching and Learning, University of Sydney; a director of an e-learning company based in Sydney; and a Lecture in Psychology at the University of Sydney.

Prof Jim Piper BSc Otago, PhD Otago, FOSA, FAIP *Executive Director*
Experience and expertise
Appointed Deputy Vice-Chancellor (Research) (DVC(R)) at Macquarie University in Sydney in 2003. Extensive expertise and experience gained from over 30 years of research in lasers, optics and photonics, and applications in micro fabrication. Distinguished awards including the Pawsey Medal (1982), the Australian Optical Society Medal (1997) and more recently the Carnegie Centenary Professorship from the Carnegie Trust Universities of Scotland (2004).

Mr David Wright BComm, LLB (GDLP) Executive *Director*
Experience and expertise
Appointed Vice President of the International and Strategy Team in April 2011..

Prior to this appointment, David was the Managing Director for the University's commercial arm Access Macquarie Limited. David co-founded and served as CEO and President of a US based venture backed technology start-up. Previously Director of Commercialisation from September 2006. Co-founded and served as joint CEO of various telecommunications companies including raised $2b in project finance and developed, constructed, launched and operated a nationwide wireless mobile business in Australia. David Wright resigned on 30th October 2012.

Mr John Gorman B.BUS (KCAE), MBA (Rochester), FCPA, FTIA *Executive Director*
Experience and expertise
Appointed Chief Financial Officer of Macquarie University in September 2007.

Previous experience as the Chief Financial Officer for a NSW State Owned Corporation Operating in the waste management industry; Chief Financial Officer and, in some instances, Company Secretary, for several publicly-listed entities in industries involved in manufacturing, transport and logistics. In the 20 years prior to this, he held senior finance positions in the oil industry, in sectors ranging from refining and distribution to exploration and development. Strengths in the areas of capital raising and debt structure, investment management, financial and management reporting and organisational change.

COMPANY SECRETARY

Gayathri Wijesuriya held the position of Company Secretary during and at the end of the financial year.

LAMS FOUNDATION LIMITED

DIRECTORS' REPORT for the year ended 31st December 2012

MEETINGS OF DIRECTORS

During the financial year, one meeting of Directors was held. Attendees were:

	Directors' Meetings	
	Number Eligible to Attend	**Number Attended**
Prof James Dalziel	1	1
Prof Jim Piper	1	0
Mr David Wright	1	1
John Gorman	1	0

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of the affairs other than that referred to in the financial statements or notes thereto.

REVIEW OF OPERATIONS

During the financial year the company did not trade and therefore recorded a nil operating result.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year and to the date of this report, there has been no other matter or circumstance which has arisen which has significantly affected or may significantly affect:

(a) the operations, in financial years after the financial year, of the company; or
(b) the results of those operations; or
(c) the state of affairs, in financial years after the financial year, of the company

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors do not expect future developments to significantly affect the future operations of the Company.

DECLARATION OF INDEPENDENCE

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

MEMBERS' GUARANTEE

The company is limited by guarantee. It has one member (one member in 2011) being Macquarie University. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligations of the company.

DIVIDENDS

No dividends were declared or paid during the year ended 31st December 2012 (2011 – $nil).

DIRECTOR'S BENEFITS

Remuneration paid or payable, or otherwise made available, to Directors is paid by a related party within the Macquarie University controlled entities.

LAMS FOUNDATION LIMITED

DIRECTORS' REPORT for the year ended 31st December 2012

Indemnifying Officer or Auditor

During the financial year, Macquarie University paid a premium on behalf of the Company in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

Environmental regulations

The Company is not subject to significant environmental regulations under the Law of the Commonwealth and State.

Proceedings on behalf of the company

No person has applied for Leave of Court "Under section 237 of the Corporations Act 2001" to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of Directors.

Dated at Sydney this day of 16 April, 2013

....
Mr. John Gorman
Director

....
Mr. James Dalziel
Director

To the Directors
LAMS Foundation Limited

Auditor's Independence Declaration

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

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

James Sugumar
Director, Financial Audit Services

9 April 2013
SYDNEY

LAMS FOUNDATION LIMITED

DIRECTORS' DECLARATION for the year ended 31st December 2012

In accordance with a resolution of the Directors of LAMS FOUNDATION LIMITED, the Directors declare that:

1. The attached financial statements and notes thereto:

   (a) Give a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date; and

   (b) Comply with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements.

2. The attached financial statements and notes thereto are in accordance with the Corporation Act 2001, Public Finance and Audit Regulation 2010 and the Public Finance and Audit Act 1983.

3. As at the date of the declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. They are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Directors, and on behalf of the Directors.

Dated at Sydney this day of 16 April , 2013

------------------------------------	------------------------------------
Mr. John Gorman Director	Mr. James Dalziel Director

LAMS FOUNDATION LIMITED

STATEMENT OF FINANCIAL POSITION as at 31st December 2012

	Notes	2012 $	2011 $
ASSETS			
CURRENT ASSETS		-	-
TOTAL CURRENT ASSETS		-	-
NON-CURRENT ASSETS		-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		-	-
LIABILITIES			
CURRENT LIABILITIES		-	-
TOTAL CURRENT LIABILITIES		-	-
NON-CURRENT LIABILITIES		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES			
NET ASSETS		**-**	**-**
EQUITY			
Accumulated funds	2	-	-
TOTAL EQUITY		**-**	**-**

The accompanying notes form part of the financial statements.

LAMS FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31st December 2012

	Note	2012	2011
		$	$
Revenue		-	-
Expenses		-	-
PROFIT BEFORE INCOME TAX EXPENSE		-	-
INCOME TAX EXPENSE		-	-
PROFIT FOR THE YEAR		-	-
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMEBERS OF LAMS FOUNDATION PTY LTD		**-**	**-**

The accompanying notes form part of the financial statements.

LAMS FOUNDATION LIMITED

STATEMENT OF CASH FLOW
for the financial year ended 31st December 2012

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2012	2011
		$	$
Receipts from customers		-	-
Payments to suppliers and employees		-	-
Interest received		-	-
Net cash inflow/(outflow) provided by operating activities	5	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	-
Net cash inflow/(outflow) provided by investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity contributions		-	-
Net cash inflow/(outflow) provided by financing activities		-	-
Net increase (decrease) in cash held		-	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at end of the year	6	**-**	**-**

The accompanying notes form part of the financial statements.

LAMS FOUNDATION LIMITED

Statement of Changes in Equity
for the financial year ended 31 December 2012

	Notes	2012 $	2011 $
Total equity at the beginning of the financial year		-	-
Total comprehensive income for the year		-	-
Total equity at the end of the financial year		**-**	**-**

The accompanying notes form part of the financial statements

LAMS FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

NOTE 1 – STATEMENT OF ACCOUNTING POLICIES

The financial statement for the year ended 31 December have been authorised for issue by the board on 16th April, 2013.

(a) Basis of Preparation

The financial statements are a general purpose financial statements which have been prepared in accordance with the Corporation Act 2001, Section 41B(1) of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2010, Australian Accounting Standards which include Australian Accounting Interpretations. The directors have determined that the company is not for profit entity for financial reporting purposes.

(i) Historical cost convention

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or current valuations of non-current assets. The financial statements are presented in Australian dollars. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

(b) Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(c) Statement of Compliance

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

LAMS Foundation Ltd is a controlled entity of Macquarie University.

(d) Revenue recognition

Revenue is recognised by reference to the stage of completion. The stage of completion is determined with reference to underlying contracts and achievement of milestones. Revenue on investments is recognized as it accrues.

(e) Income tax

Not Applicable

LAMS FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

(f) Goods and services tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables

(g) Acquisition of assets

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. Company policy is to capitalise Assets with a value in excess of $300. 00. The carrying value of the plant and equipment are measured at depreciated historic cost. There is no substantive difference between the fair value and the carrying value of these assets.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(h) Property, Plant and Equipment

All items of plant and equipment with a value in excess of $300 are capitalised. The carrying amount of these assets is reviewed annually by directors to ensure that they are not in excess of recoverable amounts from these assets. The recoverable amount is arrived at on the basis of expected net cash flows (without discounting to current value) which will be received from the assets' employment and subsequent disposal.

(i) Depreciation

Plant and equipment are depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method.

(j) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

Intellectual Property	20%

LAMS FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

(k) Impairment of assets

At each reporting date, the entity reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to individual items on a first-in first-out basis. Cost comprises materials, labour and an appropriate portion of fixed and variable overheads.

(m) Related party disclosure

(i) Parent entity

The ultimate parent entity of the company is Macquarie University that it controls LAMS Foundation Limited 100 per cent.

(ii) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: James Dalziel, Jim Piper, David Wright and John Gorman. All of these persons were also directors during the year ended 31 December 2012 except David Wright.

(iii) Transactions with related parties

There were no transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

(n) Employee entitlements

Provision has been made for employee entitlements for annual leave and long service leave. The balance of these provisions as at the end of the financial year have been categorised for the Statement of Financial Position purposes as either current liabilities or non-current liabilities. Employee entitlements for untaken annual leave and long service leave are accrued annually using the nominal method at expected pay rates including appropriate salary on-costs.

(o) Trade and other payables

Trade and other payables are recognised at amortised cost. Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(p) Trade and other receivables

Receivables are recognised initially at fair value usually based on transaction costs or face value subsequent to measurement at amortised cost using the effective interest method less an allowance for impairment of receivables. Trade receivables are carried at amounts due. Bad debts are written off during the year in which they are identified and provision for doubtful debts is created based on a review of all outstanding amounts periodically or at 31 December.

LAMS FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

(q) Leases

The Company had not entered into any leases as at 31st December 2012.

(r) Cash and cash equivalents

For statement of cash flows presentation purposes, 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 really convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Other assets

Other assets, including prepayments are recognised on a cost basis.

(t) Foreign currency translation

(i) Functional and Presentation Currency

Foreign Currency transactions during the year are generally brought to account using the exchange rate in effect at the date of the transaction, with exchange rate fluctuations being recorded in the Statement of Comprehensive Income.

(u) Critical Accounting Estimates

(i) Significant accounting judgment

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

LAMS FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

NOTE 2 – ACCUMULATED FUNDS	**2012**	**2011**
	$	$
Balance at the beginning of the financial year	-	-
Total Comprehensive Income for current financial year	-	-
Balance at end of financial year	-	-

NOTE 3 – MEMBERS' GUARANTEE

The company is limited by guarantee. It has one member (one member in 2011) being Macquarie University. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligations of the company.

NOTE 4 - PROFIT BEFORE INCOME TAX

The company did not trade during the current or prior financial years. Accordingly, there are no income or expense items.

NOTE 5– RECONCILIATION OF PROFIT BEFORE INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

The net profit is reconciled to net cash flows from operating activities as follows:

NET PROFIT		
Write back non-cash items:	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	-	-

NOTE 6 - RECONCILIATION OF CASH

The cash figure as shown in the Statement of Financial Position is reconciled to cash as at the end of the financial year as disclosed in the Statement of Cash Flows as follows:

Cash at bank and on hand	-	-
Balances as per statement of cash flow	-	-

NOTE 7 - RELATED PARTY INFORMATION

Names of Directors who have held office during the financial year are:
Prof James Dalziel
Prof Jim Piper
Mr David Wright
Mr John Gorman

NOTE 8 - EXPENDITURE COMMITMENTS

There were no material commitments for expenditure of capital and non-capital nature as at 31st December 2012 (Nil- 31 December 2011).

NOTE 9 - CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st December 2012.
(Nil- 31 December 2011)

LAMS FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

NOTE 10 - FINANCIAL RISK MANAGEMENT

(a) - Significant accounting policies

All financial instruments except for investments in shares are carried in the accounts at cost. The carrying amounts equate to the net fair value of financial assets and liabilities. Class of instruments recorded at cost comprises:

- cash
- receivables
- payables

Trade accounts payable are recognised when the Company becomes obliged to make future payments as a result of purchases. Trade accounts payable are normally settled within 30 days.

Trade accounts receivable are recognised at amount due. Trade accounts receivable are normally settled within 60 days.

All financial instruments including revenue, expenses or other cash flows arising from these instruments are recognised on an accrual accounting basis.

(b) - Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The company has no exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date.

(c) - Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. The company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

(d) - Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair value, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

The company held no financial instruments during the current or prior financial year.

LAMS FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

NOTE 11 – AUDITOR REMUNERATIONS

During the year, fees for services provided by the auditor are reflected in Lams International Pty Ltd accounts.

	2012	2011
Audit services		
Fees paid to The Audit Office of New South Wales:	$	$
Audit of financial statements under the Corporations Act 2001 and the Public Finance and Audit Act 1983.	2,000	1,600

NOTE 12 – NEW AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Group's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Group.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

There were no known events that have the potential to significantly affect the ongoing structure and financial activities of the company.

NOTE 14 – ADDITIONAL COMPANY INFORMATION

LAMS Foundation Limited is an Unlisted Public Company – Non Profit Company, operating in Australia.

Registered office	**Principal place of business**
Level 1 Dow Corning Building	Level 1 Dow Corning Building
3 Innovation Road	3 Innovation Road
Macquarie University	Macquarie University
NSW 2109	NSW 2109

END OF AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

LAMS Foundation Limited

To Members of the New South Wales Parliament and Members of LAMS Foundation Limited

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of LAMS Foundation Limited on 9 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar

James Sugumar
Director, Financial Audit Services

16 April 2013
SYDNEY

LAMS International Pty Limited

ABN 33 108 002 419

Financial statements
for the year ended 31 December 2012

LAMS International Pty Limited ABN 33 108 002 419
Financial statements - 31 December 2012

Contents

Directors' report

The Directors of LAMS International Limited submit here with the annual financial statements for the financial year ended 31 December 2012. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

Directors
The names and particulars of the Directors of the company during the financial year and up to the date of this report are:

Mr. David Wright (resigned 30th October 2012)
Mr. John Gorman
Prof James Dalziel

Principal activities
The principal activity in the course of the financial year was development and sales of the LAMS software, and provision of support services for deploying the software.

Dividends
No Dividends were declared or paid during 2012 .(2011:$Nil)

Review of operations
LAMS International provided services to existing and new clients during 2012, together with general support for the community of LAMS users. Overall business activity was similar to the previous year. Access Macquarie Ltd continued to provide administrative and technical support for LAMS International under a services contract, which allowed for efficient management of administrative and technical expenses applicable to the business.

LAMS International sponsored one LAMS Conferences in 2012, in Sydney, Australia. The company continued to promote its products and explore opportunities for expanding the contexts of use for LAMS.

The profit for the year ended 31 December 2012 is $163,563(2011: profit of $19,307).

Significant changes in the state of affairs
There were no significant changes in the Company's state of affairs during the financial year.

Matters subsequent to the end of the financial year
There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of the operation, or the state of affairs of the company in future financial years.

Likely developments and expected results of operations
The Directors do not expect future developments to significantly affect the future operations of the Company.

Environmental regulation
The Company is not subject to any significant environmental regulations under the Law of the Commonwealth and State.

Information on directors
Mr. David Wright BComm, LLB (GDLP) *Executive Director.*
Experience and expertise
Appointed Vice President, International and Strategy in April 2011.

Prior to becoming Vice-President, David was the Managing Director of the University's commercial arm, Access Macquarie Limited. David co-founded and served as CEO and President of a US based venture backed technology start-up. Previously Director of Commercialisation from September 2006. Co-founded and served as joint CEO of various telecommunications companies including raised $2b in project finance and developed, constructed, launched and operated a nationwide wireless mobile business in Australia.David Wright resigned on 30th October 2012.

Information on directors (continued)
Mr. John Gorman B.BUS(KCAE), MBA(Rochester), FCPA, FTIA *Executive Director.*
Experience and expertise
Appointed Chief Financial Officer of Macquarie University in September 2007.

Previous experience as the Chief Financial Officer for a NSW State Owned Corporation Operating in the waste management industry; Chief Financial Officer and, in some instances, Company Secretary, for several publicly-listed entities in industries involved in manufacturing, transport and logistics. In the 20 years prior to this, he held senior finance positions in the oil industry, in sectors ranging from refining and distribution to exploration and development. Strengths in the areas of capital raising and debt structure, investment management, financial and management reporting and organisational change.

Prof James Dalziel BA(Hons), PhD(USYD), Grad Cert Higher Ed. *Managing Director.*
Experience and expertise
James Dalziel is Professor of Learning Technology and Director of the Macquarie E-Learning Centre Of Excellence (MELCOE) at Macquarie University, a position he has held for the past seven years. Prior to this, he was a Senior Lecturer in the Institute for Teaching and Learning, University of Sydney; a director of an e-learning company based in Sydney; and a Lecture in Psychology at the University of Sydney.

Company Secretary
Gayathri Wijesuriya held the position of Company Secretary during and at the end of the financial year.

Meetings of directors
The following table sets out the number of directors' (including committee of directors) held during the financial year and the number of meetings attended by each director (while they were a director).

	Full meetings of directors	
	A	B
Mr. David Wright	2	1
Mr. John Gorman	2	2
Prof James Dalziel	2	2

A = Number of meetings held during the time the Director held office
B = Number of meetings attended.

Indemnification of Directors and Officers
During the financial year, Macquarie University paid a premium on behalf of the Company in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

Proceedings on behalf of the Company
No person has applied for Leave of Court under section 237 of the Coporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Auditor
The Audit Office of New South Wales continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors.

Mr. John Gorman
Director

Mr. James Dalziel
Director

Sydney
16 April 2013

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
LAMS International Pty Limited

Auditor's Independence Declaration

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

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

James Sugumar
Director, Financial Audit Services

9 April 2013
SYDNEY

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LAMS International Pty Limited ABN 33 108 002 419
Financial statements - 31 December 2012

Contents

These financial statements of LAMS International Pty Limited as an individual entity. The financial statements are presented in the Australian currency.

LAMS International Pty Limited is a proprietary limited company, incorporated and domiciled in Australia. Its registered office and principal place of business is:

LAMS International Pty Limited
Level 1 Dow Corning Building
3 Innovation Road
Macquarie University NSW 2109.

The financial statements were authorised for issue by the directors on 16 April 2013. The directors have the power to amend and reissue the financial statements.

	Notes	**2012** **$**	2011 $
Revenue from continuing operations	3	**461,218**	246,467
Expenses		**-**	-
Employee benefits expense		**(13,414)**	(12,795)
Depreciation and amortisation expense	4	**(2,948)**	(4,847)
IT support and maintenance		**(18,066)**	(12,004)
Consultancies		**(193,986)**	(163,847)
Seminars and conferences		**(7,032)**	(3,182)
Auditing and accounting		**(4,120)**	(7,250)
Rent		**(8,088)**	(10,957)
Printing and stationery		**(267)**	(1,227)
Travel expenses		**(7,319)**	(6,081)
Equipment		**(568)**	-
Marketing		**-**	-
Other expenses		**(41,013)**	(3,467)
Expenses, excluding finance costs		**(296,821)**	(225,657)
Finance costs	4	**(834)**	(1,503)
Total expenses		**297,655**	227,160
Profit before income tax		**163,563**	19,307
Income tax expense	5	**-**	-
Profit for the year		**163,563**	19,307
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**163,563**	19,307
Total comprehensive income for the year is attributable to:			
Owners of LAMS International Pty Limited		**163,563**	19,307
		163,563	19,307

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

	Notes	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**331,603**	211,989
Trade and other receivables	7	**87,766**	30,366
Total current assets		**419,369**	242,355
Non-current assets			
Property, plant and equipment	8	**988**	5,332
Intangible assets	9	**-**	5,942
Total non-current assets		**988**	11,274
Total assets		**420,357**	253,629
LIABILITIES			
Current liabilities			
Trade and other payables	10	**24,452**	17,387
Other liabilities	11	**57,865**	61,765
Total current liabilities		**82,317**	79,152
Total liabilities		**82,317**	79,152
Net assets		**338,040**	174,477
EQUITY			
Contributed equity	12	**1,187,163**	1,187,163
Retained earnings	13	**(849,123)**	(1,012,686)
Total equity		**338,040**	174,477

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

	Ordinary shares $	Retained earnings $	Total equity $
Balance at 1 January 2011	**1,187,163**	**(1,031,993)**	**155,170**
Total comprehensive income for the year	-	19,307	19,307
Balance at 31 December 2011	**1,187,163**	**(1,012,686)**	**174,477**
Balance at 1 January 2012	**1,187,163**	**(1,012,686)**	**174,477**
Total comprehensive income for the year	-	163,563	163,563
Balance at 31 December 2012	**1,187,163**	**(849,123)**	**338,040**

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

	Notes	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**449,978**	321,233
Payments to suppliers and employees (inclusive of goods and services tax)		**(329,010)**	(303,928)
		120,968	17,305
Interest received		**-**	-
Net cash (outflow) inflow from operating activities	20	**120,968**	17,305
Cash flows from investing activities			
Payments for property, plant and equipment	8	**(1,354)**	-
Payments for held-to-maturity investments		**-**	-
Proceeds from sale of property, plant and equipment		**-**	-
Net cash (outflow) inflow from investing activities		**(1,354)**	-
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		**-**	-
Net increase (decrease) in cash and cash equivalents		**119,614**	17,305
Cash and cash equivalents at the beginning of the financial year		**211,989**	194,684
Cash and cash equivalents at end of year	6(a)	**331,603**	211,989

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001,* Section 41B(1) of the *Public Finance & Audit Act 1983, Public Finance and Audit Regulations 2010,* other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.The directors have determined that the company is a for profit entity for financial reporting purposes.

Compliance with IFRS
The financial statements of the LAMS International Pty Limited comply with Australian Accounting Standards some of which contain requirements specific to not for profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

LAMS International Pty Ltd is a controlled entity of Macquarie University.

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 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Directors are not aware of any areas that involve higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements.

(b) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (‘the functional currency'). The financial statements are presented in Australian dollars, which is the Company'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 are recognised in the statement of comprehensive income.

(c) Revenue recognition

Revenue is recongnised by reference to the stage of completion of the project. The stage of completion is determined on project-by project basis with reference to underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

(d) Leases

The company had not entered into any leases as at 31 December 2012 (note 16).

(e) Cash and cash equivalents

For statement of cash flows presentation purposes, 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.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

1 Summary of significant accounting policies (continued)

(f) Trade receivables (continued)

Recognising receivables original invoice amount is not materially different from amortised cost due to their short term nature. Trade receivables are carried at amount due. Bad debts are written off during the year in which they are identified and provision for doubtful debts is created based on a review of all outstanding amounts periodically or at year end.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(g) Fair value estimation

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

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

(h) Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The net book value of plant and equipment approximates the fair value. Acquisition and additions of non-current assets are capitalised and depreciated over three to ten years if the value is more than $300.

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

Depreciation and amortisation on assets is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

	2012
- Plant and equipment	18%
- Computer equipment	36%

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

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

(i) Intangible assets

(i) IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of the technical feasibility and where the Company has an intention and ability to use the asset.

1 Summary of significant accounting policies (continued)

(j) 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately indentifiable cash flows (cash generating units).

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(l) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetory benefits and annual leave are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period. 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 end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date regardless of when the contractual settlement is expected to occur.

(iii) Retirement benefit obligations
All employees of the Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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.

(m) Goods and Services Tax (GST)

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

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

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

1 Summary of significant accounting policies (continued)

(n) Income Tax

The income tax expense or revenue for the period is the tax payable on the current periods taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deffered tax assets and liabilities attributable to temporary differences between the tax basis of assets and liabilities and their carrying amounts in the financials statements, and to unused tax losses. Current tax assets and liabilities for the current and prior period are measured at the amount is expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

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 difference 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.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures therein.

2 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk .

The Company holds the following financial instruments:

	2012	2011
	$	$
Financial assets		
Cash and cash equivalents	**331,603**	211,989
Trade and other receivables	**87,383**	30,366
	418,986	242,355
Financial liabilities		
Trade and other payable	**(82,488)**	(78,643)
	(82,488)	(78,643)

(a) Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer.

Credit risk associated with the Company's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

All trade debtors are recognised as amounts receivable at the reporting rate. Collectability of trade debtors is reviewed on an ongoing basis. Procedures are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Company is not materially exposed to concentrations of credit risk to a single receivable or group receivables under finacial instruments entered into by the Company.

2 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company continuously manages risk through monitoring future cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

No assets have been pledged as collateral. The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled no later than the end of the month the invoice is received or following the month in which an invoice or a statement is received.

Maturities of financial liabilities
The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows:

(a) based on their contractual maturities:
 (i) all non-derivative financial liabilities, and

(b) based on the remaining period to the expected settlement date:
 (i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows (not applicable to the company in 2012 or 2011)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contract-ual cash flows**	**Carrying Amount (assets)/ liabilities**
As at 31 December 2012	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Trade payables	82,488	-	-	-	-	82,488	-
Total non-derivatives	82,488	-	-	-	-	82,488	-

As at 31 December 2011

	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contract-ual cash flows	Carrying Amount (assets)/ liabilities
	$	$	$	$	$	$	$
Non-derivatives							
Trade payables	78,643	-	-	-	-	78,643	-
Total non-derivatives	78,643	-	-	-	-	78,643	-

2 Financial risk management (continued)

(c) Summarised sensitivity analysis

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

		Interest rate risk			
		-100bps		**+100bps**	
2012	**Carrying amount $**	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial assets					
Cash and cash equivalents	331,604	(3,316)	(3,316)	(3,316)	(3,316)
Trade and other receivable	87,383	-	-	-	-
Other	-	-	-	-	-
Total increase/(decrease) in financial assets		(3,316)	(3,316)	(3,316)	(3,316)
Financial liabilities					
Trade payables	82,488	-	-	-	-
Other	-	-	-	-	-
Total increase/(decrease) in financial liabilities		-	-	-	-
Total increase/ (decrease)		(3,316)	(3,316)	(3,316)	(3,316)

		Interest rate risk			
		-100bps		+100bps	
2011	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash and cash equivalents	211,989	(2,120)	(2,120)	2,120	2,120
Trade and other receivable	30,366	-	-	-	-
Total increase/(decrease) in financial assets		(2,120)	(2,120)	2,120	2,120
Financial liabilities					
Trade payables	78,643	-	-	-	-
Total increase/(decrease) in financial liabilities		-	-	-	-
Total increase/ (decrease)		(2,120)	(2,120)	2,120	2,120

3 Revenue

	2012 $	2011 $
Revenue from continuing operations		
Conference Presentations and Hosting	**186,958**	236,712
Consulting	**274,260**	9,755
Total revenue from continuing operations	**461,218**	246,467

4 Expenses

	2012 $	2011 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**2,948**	1,171
Total depreciation	**2,948**	1,171
Amortisation		
Software	**-**	3,676
Total amortisation	**-**	3,676
Total depreciation and amortisation	**2,948**	4,847
Finance expenses		
Interest and finance charges paid/payable	**834**	1,503
Rental expense relating to operating leases		
Minimum lease payments	**-**	10,957
Defined contribution superannuation expense	**-**	901

5 Income tax expense

	2012 $	2011 $
(a) Income tax expense:		
Current Tax	**-**	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**163,563**	19,307
Tax at the Australian tax rate of 30% (2011 - 30%)	**49,069**	5,792
Tax losses carried forward to future financial years	**-**	-
Previously unrecognised tax losses now recouped to reduce current tax expense	**(49,069)**	(5,792)
Income tax expense	**-**	-

5 Income tax expense (continued)

	2012 **$**	2011 $
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**(1,087,018)**	(1,015,998)
Potential tax benefit @ 30%	**(326,105)**	(304,799)

(d) Unrecognised temporary differences

Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Accrued expenses	**24,622**	12,600
Unrecognised deferred tax liabilities relating to the above temporary differences	**7,387**	3,780

6. Current assets - Cash and cash equivalents

	2012 **$**	2011 $
Cash at bank and in hand	**331,603**	211,989
	331,603	211,989

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

(b) Risk Exposure

The company's exposure to interest rate risk is discussed in note 2.The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

	2012 **$**	2011 $
Balances as above	**331,603**	211,989
Bank overdrafts	**-**	-
Balances per statement of cash flows	**331,603**	211,989

7 Current assets - Trade and other receivables

	2012 **$**	2011 $
Trade receivables	**87,383**	29,983
Other receivables	**383**	383
	87,766	30,366

Trade and other receivables are non-interesting bearing.

7 Current assets - Trade and other receivables (continued)

As of 31 December 2012, trade receivables of $87,383 (2011 - $29,983) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2012	2011
	$	$
Up to 3 months	**4,723**	2,778
Over 3 months	**82,660**	27,205
	87,383	29,983

(a) Fair value and credit risk

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2. for more information on the risk management policy of the Company and the credit quality of the entity's trade receivables.

(b) Risk Exposure

The company's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amiount of each cash and cash equivalents mentioned above

8 Non-current assets - Property, plant and equipment

	Property, Plant & Equipment	**Total**
	$	**$**
At 1 January 2011		
Cost	16,779	16,779
Accumulated depreciation	(10,276)	(10,276)
Net book amount	6,503	6,503
Year ended 31 December 2011		
Opening net book amount	6,503	6,503
Additions	-	-
Disposals	-	-
Depreciation charge	(1,171)	(1,171)
Closing net book amount	5,332	5,332
At 31 December 2011		
Cost	16,779	16,779
Accumulated depreciation	(11,447)	(11,447)
Net book amount	5,332	5,332

8 Non-current assets - Property, plant and equipment (continued)

	Property,Plant & Equipment $	Total $
Year ended 31 December 2012		
Opening net book amount	5,332	5,332
Additions	1,354	1,354
Write off	(4,532)	(4,532)
Depreciation charge	(1,166)	(1,166)
Closing net book amount	988	988
At 31 December 2012		
Cost	1,354	1,354
- Valuation	-	-
Accumulated depreciation	(366)	(366)
Net book amount	988	988

9 Non-current assets - Intangible assets

	Computer software $	Total $
At 1 January 2011		
Cost	144,391	144,391
Accumulated amortisation and impairment	(134,094)	(134,094)
Net book amount	10,297	10,297
Year ended 31 December 2011		
Opening net book amount	10,297	10,297
Additions	-	-
Amortisation charge	(4,355)	(4,355)
Closing net book amount	5,942	5,942
At 31 December 2011		
Cost	128,672	128,672
Accumulated amortisation and impairment	(122,730)	(122,730)
Net book amount	5,942	5,942

	Computer software	Total
Year ended 31 December 2012		
Opening net book amount	5,942	5,942
Additions	-	-
Write off	(4,160)	(4,160)
Amortisation charge	(1,782)	(1,782)
Closing net book amount	-	-
At 31 December 2012		
Cost	-	-
Accumulated amortisation and impairment	-	-
Net book amount	-	-

10. Current liabilities - Trade and other payables

	2012 $	2011 $
Trade payables	-	4,278
Other payables	24,452	13,109
	24,452	17,387

11 Current liabilities - Other liabilities

	2012 $	2011 $
Income received in advanced - see note 1(c)	57,865	61,765
	57,865	61,765

12 Contributed equity

	2012 Shares	2011 Shares	2012 $	2011 $
Ordinary shares				
Fully paid	194	194	1,187,163	1,187,163
	194	194	1,187,163	1,187,163

(a) Movements in ordinary share capital

There were no movements in contributed equity during the financial year.

(b) Ordinary shares

All ordinary shares attract the following rights, privileges and conditions:

- the right to receive dividends, and
- in a winding up, the right to participate equally in the distribution of assets of the Company (both capital and surplus) subject to any amounts unpaid on the shares.

13 Retained earnings

Movements in retained earnings were as follows:

	2012 $	2011 $
Balance 1 January	(1,012,686)	(1,031,993)
Total comprehensive income for the year	163,563	19,307
Balance 31 December	(849,123)	(1,012,686)

14 Remuneration of auditors

	2012 $	2011 $
(a) NSW Audit Office		
Audit services		
Audit of financial statement	**7,500**	7,500
Total remuneration for audit and other assurance services	**7,500**	7,500

15 Contingencies

The Company had no contingent liabilities or contingent assets at 31 December 2012.(Nil-31 December 2011)

16 Commitments

The Company had no commitments at 31 December 2012.(Nil-31 December 2011)

17 Key management personnel disclosures

(a) Directors

The following persons were directors of LAMS International Pty Limited during the financial year:

(i) Chairman executive
James Dalziel

(ii) Executive directors
John Gorman
David Wright(resigned on 30th October 2012)

(b) Key management personnel compensation

	2012 $	2011 $
Short-term employee benefits	**-**	-
Post-employment benefits	**-**	-
Long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**-**	-
	-	-

18 Related party transactions

(a) Parent entity

The parent entity of the company is Macquarie University which owns 77% of the issued ordinary shares of the company; 23% are held by LD Education Services Pty Ltd.

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: James Dalziel, David Wright and John Gorman. All of these persons were also directors during the year ended 31 December 2012 except David Wright who resigned on 30th October 2012.

(c) Transactions with related parties

There were no transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

The following transactions occurred with related parties:

	2012 $	2011 $
Sales of goods and services		
Macquarie University	**-**	-
	-	-
Purchases of goods		
Macqurie University	**-**	-
Access Macquarie Ltd	**8,897**	11,833
Macquarie Graduate school of Management	**6,282**	-
Macquarie Graduate School of Mangement	**13,039**	-
	28,218	11,833

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

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2012 $	2011 $
Current receivables (sales of goods and services)		
	-	-
Current payables (purchases of goods)		
Access Macquarie Ltd	**-**	978
Macquarie University	**13,039**	-
	13,039	978

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

19 Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations.

20 Reconciliation of profit to net cash inflow from operating activities

	2012	2011
	$	$
Profit for the year	**163,563**	19,307
Depreciation and amortisation	**2,948**	5,526
Write off of assets	**8,692**	-
Change in operating assets and liabilities		
(Increase) in trade debtors	**(57,400)**	50,118
(Decrease) increase in trade creditors	**(4,278)**	(69,726)
Increase (decrease) in other liabilities	**(4,579)**	28,359
(Decrease) increase in other provisions	**12,022**	(16,279)
Net cash inflow (outflow) from operating activities	**120,968**	17,305

End of the audited financial statements

In accordance with a resolution of the Directors of LAMS International Pty Limited the Directors declare that:

(a) The attached financial statements and notes thereto:

(i) comply with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements and

(ii) give a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date

(b) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, Public Finance and Audit Regulation 2010 and the Public Finance and Audit Act 1983

(c) As at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) They are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors, and on behalf of the Directors.

Mr. John Gorman
Director

Mr. James Dalziel
Director

Sydney
16 April 2013

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

LAMS International Pty Limited

To Members of the New South Wales Parliament and Members of LAMS International Pty Limited

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of LAMS International Pty Limited on 9 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar

James Sugumar
Director, Financial Audit Services

16 April 2013
SYDNEY

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Macquarie Education South Africa NPC

FINANCIAL STATEMENTS
for the period 27 January to 31 December 2012

MACQUARIE EDUCATION SOUTH AFRICA NPC

Statement by the Directors under the *Public Finance and Audit Act 1983* for the period 27 January to 31 December 2012

In accordance with a resolution of the Directors of Macquarie Education South Africa NPC, we declare that:

1. The attached general purpose financial statements presents a true and fair view of the financial position as at 31 December 2012 and its financial performance and cash flows for the period 27 January to 31 December 2012;
2. The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulations 2010.
3. The financial statements have been prepared in accordance with Australian Accounting Standards, and other mandatory professional reporting requirements.
4. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and

Signed in accordance with a resolution of Directors, and on behalf of the Board.

Kevin Jameson
Director

Robert Trevor
Director

Dated at Sydney
15 April 2013

MACQUARIE EDUCATION SOUTH AFRICA NPC

Statement of Comprehensive Income for the period 27 January to 31 December 2012

	Note	27 January to 31 December 2012 $
REVENUE		
Revenue from continuing operations		-
Total Revenue		**-**
EXPENSES		
Expenses from continuing operations		-
Total Expenses		**-**
Profit / (loss) before income tax		-
Income Tax Expense		-
Profit / (loss) for the year		**-**
Other comprehensive income for the year		**-**
Total comprehensive income for the year attributable to members of Centre for Money, Banking and Finance Limited (CMBF)		**-**

The accompanying notes form part of these financial statements.

MACQUARIE EDUCATION SOUTH AFRICA NPC

Statement of financial position as at 31 December 2012

	Note	2012 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		-
Total Current Assets		**-**
NON-CURRENT ASSETS		
Plant & equipment		-
Total Non-Current Assets		**-**
TOTAL ASSETS		**-**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		-
Total Current Liabilities		**-**
NON-CURRENT LIABILITIES		
Provisions		-
Borrowings		-
Total Non-Current Liabilities		**-**
TOTAL LIABILITIES		**-**
NET ASSETS		**-**
EQUITY		
Contributed Equity		-
Retained Earnings		-
TOTAL EQUITY		**-**

The accompanying notes form part of these financial statements.

MACQUARIE EDUCATION SOUTH AFRICA NPC

Statement of Cash Flows for the period 27 January to 31 December 2012

	Note	27 January to 31 December 2012 $
Cash flows from operating activities		
Receipts from customers		-
Payments to suppliers and employees		-
Interest received		
Net cash provided by / (used in) operating activities		**-**
Cash flows from investing activities		
Payment for plant & equipment		-
Net cash provided by / (used in) investing activities		**-**
Cash flows from financing activities		
Proceeds from contributed equity		-
Proceeds from borrowings		-
Net cash provided by / (used in) financing activities		**-**
Net increase /(decrease) in cash and cash equivalents		-
Cash and cash equivalents at the 27 January 2012		-
Cash and cash equivalents at 31 December 2012		**-**

The accompanying notes form part of these financial statements.

MACQUARIE EDUCATION SOUTH AFRICA NPC

Statement of Changes in Equity for the period 27 January to 31 December 2012

	Note	2012 $
Total equity at 27 January 2012		-
Total comprehensive income for the period		-
Total Equity at 31 December 2012		-

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Preparation

This is the first set of financial statements prepared for the company and as such there are no comparatives included.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the Public Finance & Audit Act 1983, Public Finance & Audit Regulation 2010, and other authoritative pronouncements of the Australian Accounting Standards Board. The directors have assessed the entity as a not-for-profit entity for financial reporting purposes.

The directors believe the preparation of the financial statements on a going concern basis is appropriate for the Company as it is indemnified by the activities of the Company.

The financial statements have been prepared in Australian dollars.

The financial statements for the period 27 January to ended 31 December 2012 have been authorised for issue by the Directors on ___ April 2013.

Statement of Compliance

Compliance with IFRS

The financial statements and notes of the Macquarie Education South Africa NPC comply with Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting (IFRS) requirements.

(b) Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(d) New Australian Accounting Standards issued but not effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(e) Significant Accounting Judgements & Estimates

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(f) Revenue recognition

Revenue is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project-by-project basis with reference to underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

(g) 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 applicable 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. Current tax assets & liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

(g) Income Tax (continued)

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 subsidiaries 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.

(h) 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.

NOTE 2 – CASH FLOW FROM OPERATING ACTIVITIES

	2012 $
The profit /(loss) is reconciled to net cash flows from operating activities as follows:	
Profit / loss	-
Write back non-cash items:	
Depreciation	-
(Profit)/Loss on sale of assets	-
Changes in assets & liabilities:	
Decrease/(Increase) in debtors	-
Decrease/(Increase) in prepayments	-
Increase/(Decrease) in accrued charges	-
(Decrease)/Increase in creditors	-
Increase/(Decrease) in provisions & other liabilities	-
Decrease/(Increase) in deferred income	-
Net cash inflow/(outflow) from operating activities	**-**

NOTE 3 - KEY MANAGEMENT PERSONNEL

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the period 27 January to 31 December 2012 and up to the date of this report are:

K. M. Jameson	appointed 27 January 2012
P.J Gorman	appointed 27 January 2012
R. G. Trevor	appointed 27 January 2012

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

NOTE 4 - RELATED PARTY INFORMATION

There have been no related party transactions, other than annual duty fee of A$116, audit fee of A$9,526, legal fee of $20,720 and Higher Education Quality Committee fee of $2,344, all paid by CMBF Ltd.

NOTE 5 – SEGMENT INFORMATION

There were no transactions in South Africa and Australia for the company during the period 27 January to 31 December 2012.

NOTE 6 - CAPITAL EXPENDITURE COMMITMENTS

There were no commitments for capital expenditure at 31 December 2012.

NOTE 7 – CONTINGENT LIABILITIES / ASSETS

There were no contingent liabilities / assets as at 31 December 2012

NOTE 8 – FINANCE FACILITIES

There were no standby arrangements with banks to provide funds and support facilities.

NOTE 9 – AUDITOR REMUNERATIONS

	2012 $
Audit services	
Fees paid to The Audit Office of New South Wales:	
Audit of financial statements	7,000

The Centre for Money, Banking and Finance Limited (CMBF) paid the audit fees on behalf of the Company.

NOTE 13 – EVENTS OCCURING AFTER REPORTING DATE

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations.

NOTE 14 – DOMICILE OF THE COMPANY

Registered office	Principal place of business
137 Daisy Street Corner Grayson Drive Sandown 2196 Gauteng	South Africa

END OF AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Macquarie Education South Africa NPC

To Members of the New South Wales Parliament and Members of Macquarie Education South Africa NPC

I have audited the accompanying financial statements of Macquarie Education South Africa NPC (the Company), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 27 January to 31 December 2012, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company's as at 31 December 2012, and of its financial performance and its cash flows for the period 27 January to 31 December 2012 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

James Sugumar

James Sugumar
Director, Financial Audit Services

16 April 2013
SYDNEY

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MACQUARIE GRADUATE SCHOOL OF MANAGEMENT PTY LTD

ABN 33 050 059 517

Financial statements for the year ended 31 December 2012

Macquarie Graduate School of Management Pty Ltd ABN 33 050 059 517
Financial statements - 31 December 2012

Contents

Directors' report

The Directors of Macquarie Graduate School of Management Pty Limited submit herewith the annual financial statements for the financial year ended 31 December 2012. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

Directors
The names and particulars of the Directors of the company during the financial year and up to the date of this report are:

Dr M Irving AM (Chair) (appointed 23/10/2006)
Mr P J Gorman (appointed 28/1/2009)
Dr P Dodd (appointed 4/8/2009)
Prof J Sachs (appointed 19/11/2009)
Prof R E Widing (resigned 12/10/2012)

Principal activities
On 1 April 2012, the activities and operations ("the business") of Macquarie Graduate School of Management Pty Ltd were transferred to MGSM Limited. All the assets and liabilities of the Company were transferred to MGSM Limited, through an Asset Transfer Agreement (refer Note 6). This transfer brought to an end trading by Macquarie Graduate School of Management Pty Ltd.

There were no significant changes in the nature of the Company's activities from 1 January to 31 March 2012 ("the trading period").
During the trading period the principal continuing activities of the Company consisted of:
(a) promoting management education, conducting education and award courses,
(b) research in the field of management,
(c) operation of an executive hotel and conference centre.

Review of operations
The surplus for the year ended 31 December 2012 is $ 493,258 (2011: $1,198,261).

The business of the company was transferred to MGSM Limited on 1 April 2012. The surplus for the year was recorded in the trading period to 31 March 2012.

Significant changes in the state of affairs
On 1 April 2012 the business of the company was transferred to a new public company, MGSM Limited, a company limited by guarantee, and controlled by Macquarie University. All assets and liabilities were transferred at carrying amounts as at 31 March 2012. The company ceased operations on transfer.

Matters subsequent to the end of the financial year

Likely developments and expected results of operations
Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this financial statements because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company is not subject to any significant environmental regulations.

Information on directors
Dr M Irving AM (Chair) BCom, Hon D Litt. *Non-Executive Director.*
Mr P J Gorman BBus, MBA Rochester, FCPA, FTIA. *Non-Executive Director.*
Dr P Dodd BComm, DipEd, MComm, MSc, PhD. *Non-Executive Director.*
Prof J Sachs BA Qld, PhD Qld, MA WMich. *Non-Executive Director.*
Prof R E Widing BA, MBA Ohio, PHD Ohio. *Executive Director.*

Company secretary
The following person held the position of Company Secretary during and at the end of the financial year:

Ms A Hely was appointed on 16 July 2010 and continues in office at the date of this report.

Dividends
No dividend is paid or payable since the commencement of the financial year and up to and including the date of signing this report. (2011 : $nil).

Meetings of directors

The following table sets out the number of directors' (including committee of directors) held during the financial year and the number of meetings attended by each director (while they were a director).

	Full meetings of directors	
	A	B
Dr M Irving AM (Chair)	2	2
Mr P J Gorman	2	2
Dr P Dodd	2	1
Prof J Sachs	2	1
Prof R E Widing	2	2

A = Number of meetings held during the time the Director held office
B = Number of meetings attended.

Indemnification of Directors and Officers
During the financial year, Macquarie University paid a premium on behalf of the Company in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

Insurance of officers
The company, as a 100% owned subsidiary of Macquarie University, is a nominated affiliate under the following policies:

(a) Professional Liability insurance of Macquarie University covers company staff, volunteers and students on course related/work experience. Premium $77,000 (2011: $77,000).

(b) Directors and Officers Protection covers all professional, consulting, research and teaching activities (and any activities associated therewith), including the provision of and/or the facilitating of all recognised student activities. Premium $35,000 (2011: $35,150).

Proceedings on behalf of the Company
No person has applied for Leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Auditor
The Audit Office of New South Wales continues in office in accordance with section 327 of the *Corporations Act 2001*.
This report is made in accordance with a resolution of directors.

Dr M Irving AM (Chair)
Director

Prof J Sachs
Director

Sydney
26 March 2013

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
Macquarie Graduate School of Management Pty Ltd

Auditor's Independence Declaration

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

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

James Sugumar
Director, Financial Audit Services

19 March 2013
SYDNEY

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

Macquarie Graduate School of Management Pty Ltd ABN 33 050 059 517
Financial statements - 31 December 2012

Contents

These financial statements are the financial statements of Macquarie Graduate School of Management Pty Ltd. The financial statements are presented in the Australian currency.

Macquarie Graduate School of Management Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Graduate School of Management Building
Macquarie University
North Ryde NSW 2113

The financial statements were authorised for issue by the directors on 26 March 2013. The directors have the power to amend and reissue the financial statements.

	Notes	2012 $	2011 $
Revenue from discontinued operations	3	**5,609,628**	24,345,782
Other income	4	**260,450**	1,117,209
Expenses from discontinued operations			
Employee benefits expense	5	**(1,922,286)**	(7,883,668)
Personnel services expense	5	**(1,446,075)**	(5,733,167)
Course expenditure		**(855,221)**	(3,784,106)
Consultancy fees		**(496,446)**	(2,523,274)
Contribution to infrastructure fund		**-**	(961,000)
Accommodation & catering		**(241,862)**	(1,172,689)
Rental expense relating to operating leases	5	**(222,562)**	(1,217,648)
Facility rental cost		**(19,546)**	(95,037)
Other expenses		**(172,822)**	(894,141)
Surplus for the year		**493,258**	1,198,261
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**493,258**	1,198,261
Total comprehensive income for the year is attributable to:			
Owners of Macquarie Graduate School of Management Pty Ltd		**493,258**	1,198,261

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

	Notes	**2012** $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**-**	1,942,819
Trade and other receivables	8	**100**	1,294,592
Inventories	9	**-**	71,539
Derivative financial instruments	10	**-**	1,004,090
Other financial assets	11	**-**	16,544,195
Total current assets		**100**	20,857,235
Non-current assets			
Property, plant and equipment	12	**-**	441,373
Intangible assets	13	**-**	12,014
Other financial assets	14	**-**	431,925
Total non-current assets		**-**	885,312
Total assets		**100**	21,742,547
LIABILITIES			
Current liabilities			
Trade and other payables	15	**-**	2,542,805
Derivative financial instruments	10	**-**	944,724
Provisions	16	**-**	957,793
Other current liabilities	17	**-**	281,041
Total current liabilities		**-**	4,726,363
Non-current liabilities			
Provisions	18	**-**	305,416
Total non-current liabilities		**-**	305,416
Total liabilities		**-**	5,031,779
Net assets		**100**	16,710,768
EQUITY			
Contributed equity	19	**100**	100
Accumulated funds	20	**-**	16,710,668
Total equity		**100**	16,710,768

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

	Notes	Contributed equity $	Accumulated funds $	Total equity $
Balance at 1 January 2011		**100**	**15,512,407**	**15,512,507**
Total comprehensive income for the year	20	-	1,198,261	1,198,261
Balance at 31 December 2011		**100**	**16,710,668**	**16,710,768**
Balance at 1 January 2012		**100**	**16,710,668**	**16,710,768**
Total comprehensive income for the year	20	-	493,258	493,258
Transactions with owners in their capacity as owners:				
Transfer 1 April 2012 to MGSM Limited		-	(17,203,926)	(17,203,926)
		-	(17,203,926)	(17,203,926)
Balance at 31 December 2012		**100**	**-**	**100**

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

	Notes	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**4,522,264**	27,503,738
Payments to suppliers and employees (inclusive of goods and services tax)		**(6,062,405)**	(27,323,356)
		(1,540,141)	180,382
Interest received		**351,153**	1,012,602
Net cash (outflow) inflow from operating activities	26	**(1,188,988)**	1,192,984
Cash flows from investing activities			
Payments for property, plant and equipment	12	**-**	(259,939)
Payments for held-to-maturity investments		**(2,500,000)**	(13,707,781)
Proceeds from sale of property, plant and equipment		**-**	75,205
Proceeds from held to maturity investments		**13,694,195**	12,686,940
Net cash (outflow) inflow from investing activities		**11,194,195**	(1,205,575)
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		**-**	-
Net (decrease) increase in cash and cash equivalents		**10,005,207**	(12,591)
Cash and cash equivalents at the beginning of the financial year		**1,942,819**	1,955,410
Transfer 1 April 2012 to MGSM Limited		**(11,948,026)**	-
Cash and cash equivalents at end of year	7(a)	**-**	1,942,819

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

1 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared on an accruals basis and in accordance with Australian Accounting Standards, the *Corporations Act 2001,* Section 41B(1) of the *Public Finance & Audit Act 1983, Public Finance and Audit Regulations 2010,* and other authoritative pronouncements of the Australian Accounting Standards Board.

The accounting policies have been consistently applied unless otherwise stated.

Compliance with IFRS
The financial statements and notes of the Macquarie Graduate School of Management Pty Ltd comply with Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

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

(i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(b) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (‘the functional currency'). The financial statements are presented in Australian dollars, which is the Company'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 are recognised in the statement of comprehensive income. During the year, revenue transactions in Hong Kong dollars were translated into the functional currency using exchange rates fixed under forward exchange agreements.

(c) Revenue recognition

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

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Course Revenue
Revenue in respect of courses leading to an academic award is recognised in that year in which teaching was conducted. Revenue in respect of public, corporate courses is recognised in the month in which the course is completed.

(ii) Facilities rental and hotel operations
Revenue in respect of facilities rental and hotel operations is recognised when the goods and services are provided.

(iii) Consulting
Sales of consulting services are recognised in the accounting period in which the services are rendered. Consultation revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total consultation to be provided.

(iv) Interest income
Interest income is recognised as it accrues.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(e) Cash and cash equivalents

For statement of cash flows presentation purposes, 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.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(g) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises the actual value of direct materials only, applied under the First In First Out (FIFO) basis.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) 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 Company 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 reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

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

(i) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or borrowing costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

(j) Fair value estimation

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

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

1 Summary of significant accounting policies (continued)

(k) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The net book value of plant and equipment approximates the fair value. Acquisition and additions of non-current assets are capitalised and depreciated over two to ten years if the value is more than $5,000.

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

Depreciation and amortisation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment	2 -10 years
- Motor vehicles	7 years
- Office furniture and equipment	3 - 10 years
- Other plant and equipment - Dining room	2 - 10 years
- Other plant and equipment - Executive hotel and conference centre	5 - 10 years
- Computer hardware	3 - 4 years
- Leasehold improvements - CBD Sydney	3 - 5 years

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

From 1 January, 2011, depreciation and amortisation of all new assets was calculated using the following estimated useful lives:

- Motor vehicles - 6.7 years

- Plant and equipment - 10.0 years

- Computing equipment - 3.3 years

- Leasehold improvements - amortised over the term of lease

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 statement of comprehensive income.

(l) Intangible assets

(i) IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of the technical feasibility and where the Company has an intention and ability to use the asset.

(m) Trade and other payables

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

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable 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.

1 Summary of significant accounting policies (continued)

(n) Provisions (continued)

The company's lease of premises in Sydney CBD expired on 31 December 2011. The lease has been renewed for a term of three (3) years, and the company will be required to restore the leased premises to their original condition at the end of the new lease term. Management have re-assessed the make good provision, and have confirmed that it is fairly stated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetory benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period. 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 end of the reporting period 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 Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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.

(p) Goods and Services Tax (GST)

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

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

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

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(r) Income tax exemption

During the year, the company's income tax status was resolved by the Australian Taxation Office. The company has been notified that it is exempt from the payment of income tax under subdivision 50-B of the Income Tax Assessment Act.

1 Summary of significant accounting policies (continued)

(s) Going concern

The assets, rights and liabilities of the Company were transferred to MGSM Limited on 1 April 2012.

As Macquarie Graduate School of Management Pty Ltd is no longer operating as a going concern, these financial statements have been prepared accordingly.

The Directors intend to deregister the Company at a future date.

2 Financial risk management

The Company's activities during the trading period (see Directors' report) exposed it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focused on the unpredictability of financial markets and sought to minimise potential adverse effects on the financial performance of the Company. The Company used different methods to measure different types of risk to which it is exposed. These methods included sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk .

The Company holds the following financial instruments:

	2012	2011
	$	$
Financial assets		
Cash and cash equivalents	**-**	1,942,819
Trade and other receivables	**100**	1,105,365
Derivative financial instruments	**-**	1,004,090
Other financial assets	**-**	16,976,120
	100	21,028,394
Financial liabilities		
Trade and other payable	**-**	2,542,805
Derivative financial instruments	**-**	944,724
Other financial liabilities	**-**	281,041
	-	3,768,570

The following specific risks existed during the trading period:

(a) Market risk

(i) Foreign exchange risk
Foreign exchange risk arose when future commercial transactions were denominated in a currency that was not the entity's functional currency. The risk was measured using sensitivity analysis and cash flow forecasting.

The company was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar.

Management had set up a policy requiring the company to manage its foreign exchange risk against its functional currency. Forward contracts, transacted with National Australia Bank Limited, were used to manage foreign exchange risk.

To minimise losses due to foreign exchange risk, the company entered into a number of forward exchange agreements for Hong Kong dollars (HKD) in the prior year, relating to the current year. At the end of the reporting year, the balance of contracts for the current year had been transferred to MGSM Limited.

(b) Credit risk

The credit risk on financial assets of the economic entity which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arose when there was the possibility of the company's debtors defaulting on their contractual obligations, resulting in financial loss to the company. The company did not have any significant exposure to any unrelated customer.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. At the prior year end reporting date the Company held cash at bank and at call of $1,938,819 which generated cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, Group Treasury maintained flexibility in funding by maintained availability under committed credit lines.

3. Revenue

	2012	2011
	$	$
Sales revenue		
Course revenue	**4,984,221**	21,339,505
Less: Macquarie University levy	**(498,422)**	(2,133,951)
	4,485,799	19,205,554
Hotel and facilities revenue	**788,721**	3,904,189
Less: Macquarie University levy	**(78,872)**	(390,419)
	709,849	3,513,770
Other revenue	**412,218**	1,638,932
Add: Macquarie University levy (net refund)	**1,762**	(12,474)
	413,980	1,626,458
	5,609,628	24,345,782

4 Other income

	2012	2011
	$	$
Net gain on foreign currency derivatives not qualifying as hedges (note 10)	**-**	59,366
Foreign exchange gains (net)	**4,125**	3,203
Interest income	**256,325**	1,054,640
	260,450	1,117,209

5 Expenses

	2012	2011
	$	$
Surplus for the year includes the following specific expenses:		
Depreciation		
Plant and equipment	**4,725**	40,524
Leasehold improvements CBD	**461**	62,689
Motor vehicles	**4,917**	28,480
Office furniture and equipment	**7,611**	19,378
Plant and equipment - Executive hotel and conference centre	**7,580**	38,628
Computer hardware	**2,281**	29,101
Total depreciation	**27,575**	218,800
Amortisation		
Software	**1,624**	90,813
Total amortisation	**1,624**	90,813
Total depreciation and amortisation	**29,199**	309,613

5 Expenses (continued)

	2012 **$**	2011 $
Employee benefits expense		
Salary	**1,481,546**	6,325,181
Superannuation	**145,044**	604,790
Payroll tax	**104,147**	400,236
Workers compensation	**32,693**	30,429
Annual leave	**139,657**	453,433
Long service leave	**19,199**	69,599
	1,922,286	7,883,668
Net loss on disposal of plant and equipment	**-**	54,301
	-	54,301
Rental expense relating to operating leases		
Minimum lease payments	**222,562**	1,217,648
	222,562	1,217,648
Personnel services expense		
Salary	**1,127,456**	4,829,162
Superannuation	**141,701**	520,740
Payroll tax	**73,657**	329,335
Workers compensation	**6,151**	21,846
Annual leave	**17,162**	15,201
Long service leave	**79,948**	16,883
	1,446,075	5,733,167

6 Transfer of net assets 1 April 2012 to MGSM Limited

On 1 April 2012 the business of the Company was transferred to MGSM Limited, under the terms of an Asset Transfer Agreement between the two parties. Both parties are controlled entities of Macquarie University. The assets were transferred as a going concern, at book value. The business was sold for a consideration of $ 2.

Title to, property in, and risk of, each of the assets transferred, passed to MGSM Limited on 1 April 2012, and the company has no continuing involvement in the derecognised assets. Employees of the company were transferred to MGSM Limited on 1 April 2012, under identical terms and conditions. Property leases held by the company were novated to MGSM Limited on 1 April 2012.

The carrying amounts of assets and liabilities transferred to MGSM Limited were:

	1 April 2012 **$**
Cash and cash equivalents	**11,948,026**
Trade and other receivables	**2,780,507**
Inventories	**75,598**
Derivative financial instruments	**826,255**
Other financial assets - current	**5,781,925**
Property, plant and equipment	**413,798**
Intangible assets	**10,390**
Total assets	**21,836,499**
Trade and other payables	**(2,400,615)**
Derivative financial instruments	**(762,727)**
Provisions - current	**(976,510)**
Other current liabilities	**(179,089)**
Provisions - non-current	**(313,632)**
Total liabilities	**(4,632,573)**
Net assets	**17,203,926**

7. Current assets - Cash and cash equivalents

	2012 $	2011 $
Cash at bank	-	990,940
Cash on call	-	947,879
Cash on hand	-	4,000
	-	1,942,819

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2012 $	2011 $
Balances as above	-	1,942,819
Balances per statement of cash flows	-	1,942,819

8 Current assets - Trade and other receivables

	2012 $	2011 $
Trade receivables	-	674,492
Related party receivables	-	51,438
MGSM Limited	100	-
Sundry receivables	-	384,508
Prepayments	-	184,154
	100	1,294,592

Trade and other receivables are non-interest bearing.

9 Current assets - Inventories

	2012 $	2011 $
Alcoholic beverages - at cost	-	19,090
Catering - at cost	-	20,409
Stationery - at cost	-	32,040
	-	71,539

10 Derivative financial instruments

	2012 **$**	2011 $
Current assets		
Forward foreign exchange contracts - held for trading ((a)(i))	-	1,004,090
Current liabilities		
Forward foreign currency contracts - held for trading ((a)(i))	-	944,724
	-	59,366

(a) Instruments used by the Company

The company was party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates in accordance with the Company's financial risk management policies (refer to note 2).

(i) Forward exchange contracts - held for trading
The company entered into forward exchange contracts for Hong Kong dollars to cover highly probable forecast revenues in the ensuing financial year. The contracts were timed to mature when payments for course fees were scheduled to be made.

These contracts were subject to the same risk management policies as all other derivative contracts, see note 2 for details. However, they were accounted for as held for trading.

11. Current assets - Other financial assets

	2012 **$**	2011 $
Term deposits	-	16,544,195
	-	16,544,195

Refer to note 2 for more information on the risk management policy of the Company.

12 Non-current assets - Property, plant and equipment

	Plant and equipment - Executive hotel and conference centre $	Plant and equipment $	Office, furniture & equipment $	Motor vehicles $	Leasehold improvements - CBD Sydney $	Plant and equipment - Executive hotel and conference centre accommodation $	Computer hardware $	Total $
At 1 January 2011								
Cost or fair value	246,016	523,849	148,312	226,055	1,104,613	51,114	238,409	2,538,368
Accumulated depreciation	(166,118)	(448,410)	(114,332)	(23,557)	(1,036,844)	(41,325)	(205,466)	(2,036,052)
Net book amount	79,898	75,439	33,980	202,498	67,769	9,789	32,943	502,316
Year ended 31 December 2011								
Opening net book amount	79,898	75,439	33,980	202,498	67,769	9,789	32,943	502,316
Additions	-	5,538	233,890	-	-	-	20,511	259,939
Assets included in a disposal group classified as held-for-sale and other disposals	(851)	(15,686)	(27)	(81,149)	(1,349)	(278)	(2,742)	(102,082)
Depreciation charge	(35,035)	(40,524)	(19,378)	(28,480)	(62,689)	(3,593)	(29,101)	(218,800)
Depreciation write back	-	-	-	-	-	-	-	-
Closing net book amount	44,012	24,767	248,465	92,869	3,731	5,918	21,611	441,373
At 31 December 2011								
Cost or fair value	240,833	344,357	373,047	131,490	325,321	37,165	100,478	1,552,691
Accumulated depreciation	(196,821)	(319,590)	(124,582)	(38,621)	(321,590)	(31,247)	(78,867)	(1,111,318)
Net book amount	44,012	24,767	248,465	92,869	3,731	5,918	21,611	441,373

12 Non-current assets - Property, plant and equipment (continued)

	Plant and equipment - Executive hotel and conference centre dining room $	Plant and equipment $	Office, furniture & equipment $	Motor vehicles $	Leasehold improvements - CBD Sydney $	Plant and equipment - Executive hotel and conference centre accommodation $	Computer hardware $	Total $
Year ended 31 December 2012								
Opening net book amount	44,012	24,767	248,465	92,869	3,731	5,918	21,611	441,373
Additions	-	-	-	-	-	-	-	-
Assets classified as held-for-sale and other disposals	-	-	-	-	-	-	-	-
Depreciation charge	(6,714)	(4,725)	(7,611)	(4,917)	(461)	(866)	(2,281)	(27,575)
Transfer 1 April 2012 to MGSM Limited	(37,298)	(20,042)	(240,854)	(87,952)	(3,270)	(5,052)	(19,330)	(413,798)
Closing net book amount	-	-	-	-	-	-	-	-
At 31 December 2012								
Cost or fair value	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-	-	-

13 Non-current assets - Intangible assets

	Computer software $	Total $
At 1 January 2011		
Cost	823,037	823,037
Accumulated amortisation and impairment	(692,785)	(692,785)
Net book amount	130,252	130,252
Year ended 31 December 2011		
Opening net book amount	130,252	130,252
Transfers to assets held-for-sale	(27,425)	(27,425)
Amortisation charge	(90,813)	(90,813)
Closing net book amount	12,014	12,014
At 31 December 2011		
Cost	146,003	146,003
Accumulated amortisation and impairment	(133,989)	(133,989)
Net book amount	12,014	12,014
Year ended 31 December 2012		
Opening net book amount	12,014	12,014
Additions	-	-
Amortisation charge	(1,624)	(1,624)
Transfer 1 April 2012 to MGSM Limited	(10,390)	(10,390)
Closing net book amount	-	-
At 31 December 2012		
Cost	-	-
Accumulated amortisation and impairment	-	-
Net book amount	-	-

14. Non-current assets - Other financial assets

	2012 **$**	2011 $
Term deposits	-	431,925
	-	431,925

Refer to note 2 for more information on the risk management policy of the Company.

15. Current liabilities - Trade and other payables

	2012 **$**	2011 $
Macquarie University	-	1,444,853
Sundry payables and accrued charges	-	1,097,952
	-	2,542,805

16 Current liabilities - Provisions

	2012 **$**	2011 $
Employee benefits - long service leave	-	436,558
Employee benefits - annual leave	-	521,235
	-	957,793

(a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits - long service leave	**Employee benefits - annual leave**	**Total**
2012			
Current			
Carrying amount at start of year	436,558	521,235	957,793
Charged/(credited) to profit or loss			
- additional provisions recognised	9,095	139,657	148,752
Amounts used during the year	(6,797)	(123,238)	(130,035)
Transfer 1 April 2012 to MGSM Limited	(438,856)	(537,654)	(976,510)
Carrying amount at end of year	-	-	-

17 Current liabilities - Other current liabilities

	2012 **$**	2011 $
Course fees received in advance for non-award programs	-	202,802
Deposits on hand	-	78,239
	-	281,041

18. Non-current liabilities - Provisions

	2012 **$**	2011 $
Employee benefits - long service leave	-	93,695
Make good provision	-	211,721
	-	305,416

18. Non-current liabilities - Provisions (continued)

(a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits - long service leave $	Make good provision $	Total $
2012			
Non-current			
Carrying amount at start of year	93,695	211,721	305,416
Charged/(credited) to the profit or loss			
- additional provisions recognised	10,104	-	10,104
Amounts used during the year	(1,888)	-	(1,888)
Transfer 1 April 2012 to MGSM Limited	(101,911)	(211,721)	(313,632)
Carrying amount at end of year	-	-	-

19 Contributed equity

	2012 Shares	2011 Shares	**2012 $**	2011 $
Ordinary shares				
Fully paid	**100**	100	**100**	100

(a) Movements in ordinary share capital

There were no movements in contributed equity during the financial year.

(b) Ordinary shares

All ordinary shares attract the following rights, privileges and conditions:

- the right to receive notice of, attend and vote at all general meetings of the Company (at one vote per share),
- the right to receive dividends, and
- in a winding up, the right to participate equally in the distribution of assets of the Company (both capital and surplus) subject to any amounts unpaid on the shares.

20 Accumulated funds

Movements in accumulated funds were as follows:

	2012 $	2011 $
Balance 1 January	**16,710,668**	15,512,407
Surplus for the year	**493,258**	1,198,261
Transfer 1 April 2012 to MGSM Limited	**(17,203,926)**	-
Balance 31 December	**-**	16,710,668

21 Key management personnel disclosures

(a) Directors

(i) Chairman - non-executive
Dr M Irving AM

(ii) Executive directors
Prof R E Widing, Dean
(iii) Non-executive directors
Mr P J Gorman
Dr P Dodd
Prof J Sachs

(b) Other key management personnel

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

Name	*Position*	*Employer (during the trading period)*
Assoc. Prof G Ford	Deputy Dean / Director Academic Programs	Macquarie University
Prof R Petty	Associate Dean, International	Macquarie University
Prof C Herington	Associate Dean, Research	Macquarie University
Ms J Rickard	Acting Associate Director, Executive Education	MGSM Pty Ltd
Ms A Hely	Executive Director	MGSM Pty Ltd
Mr P Stewart	Director, Operations	MGSM Pty Ltd
Mr N Garrow	Director Academic Programs	Macquarie University

All of the above persons were also key management persons during, or at the end of the year ended 31 December 2011, with the exception of Ms Jenny Rickard and Mr Nigel Garrow. Ms Rickard was appointed Acting Associate Director, Executive Education on 1 January 2012, following the resignation of Mr D McCann as Director, Executive Education. Mr Garrow was appointed Director, Academic Programs on 25 March 2012 taking over the role from Assoc. Prof Ford.

(c) Key management personnel compensation

	2012 **$**	2011 $
Short-term employee benefits	**338,421**	512,427
Personnel services	**480,452**	1,753,509
	818,873	2,265,936

(d) Other transactions with key management personnel

During the trading period, the company entered into a contract with one of its key management personnel to provide teaching and presentations for the Executive Education programmes. The contracts were based on normal commercial terms and conditions.

Aggregate amounts of these transactions with the company totalled $ 8,000 (2011: $ 118,320)

22 Remuneration of auditors

	2012 **$**	2011 $
(a) NSW Audit Office		
Audit services		
Audit of financial statement	**8,000**	40,220

22 Remuneration of auditors (continued)

Total remuneration for audit and other assurance services	**8,000**	40,220

The audit fee will be paid by MGSM Limited.

23 Contingencies

(a) Contingent liabilities

The Company had no contingent liabilities at 31 December 2012.

(b) Contingent assets

The Company had no contingent assets at 31 December 2012.

24 Commitments

(a) Capital commitments

There were no capital expenditure commitments contracted for at the reporting date and not recognised as liabilities.

(b) Lease commitments: Company as lessee

The company had no lease commitments at 31 December 2012. All lease commitments were transferred to MGSM Limited effective on 1 April 2012.

25 Related party transactions

(a) Parent entities

The ultimate parent entity of the company is Macquarie University which owns 100% of the issued ordinary shares of the company.

(b) Directors

The Directors did not receive any remuneration from Macquarie Graduate School of Management Pty Ltd in their capacity as Directors.

(c) Transactions with related parties

There were no transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

The following transactions occurred with related parties:

	2012 **$**	2011 $
Sales of goods and services		
Macquarie University	**4,713,320**	16,561,840
Other related parties	**3,172**	6,947
	4,716,492	16,568,787

25 Related party transactions (continued)

	2012 **$**	2011 $
Purchases of goods		
Macquarie University	**2,080,210**	8,305,854
Other related parties	**8,904**	59,650
	2,089,114	8,365,504

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

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2012 **$**	2011 $
Current receivables (sales of goods and services)		
Macquarie University	**-**	44,990
Other related parties	**-**	6,448
	-	51,438
Current payables (purchases of goods)		
Macquarie University	**-**	1,444,853
	-	1,444,853

26 Reconciliation of surplus to net cash inflow from operating activities

	2012 **$**	2011 $
Surplus for the year	**493,258**	1,198,261
Depreciation and amortisation	**29,199**	309,613
Net (gain) loss on sale of non-current assets	**-**	54,301
Change in operating assets and liabilities		
(Increase) decrease in trade debtors and bills of exchange	**(1,292,985)**	(1,226,932)
(Increase) decrease in inventories	**(4,059)**	(8,488)
Decrease in other operating assets	**45,598**	7,494
Increase (decrease) in trade creditors	**(486,932)**	928,525
(Decrease) increase in other provisions	**26,933**	(69,790)
Net cash inflow (outflow) from operating activities	**(1,188,988)**	1,192,984

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 27 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Australian Accounting Standards, the *Public Finance and Audit Act 1983* the *Corporations Regulations 2001, Public Finance and Audit Regulation 2010* and other mandatory professional reporting requirements,
  (ii) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date, and

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

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

Dr M Irving AM (Chair)
Director

Prof J Sachs
Director

Sydney
26 March 2013

INDEPENDENT AUDITOR'S REPORT

Macquarie Graduate School of Management Pty Ltd

To Members of the New South Wales Parliament and Members of Macquarie Graduate School of Management Pty Ltd

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

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

James Sugumar

James Sugumar
Director, Financial Audit Services

2 April 2013
SYDNEY

Macquarie University Property Investment Company Pty Limited
ABN 86 124 571 277

FINANCIAL STATEMENTS
for the financial year ended 31 December 2012

MACQUARIE UNIVERSITY PROPERTY INVESTMENT COMPANY PTY LIMITED

Declaration by Directors for the year ended 31 December 2012

In accordance with a resolution of the Directors of Macquarie University Property Investment Company Pty Limited, we declare that:

1. The attached general purpose financial statements presents a true and fair view of the financial position as at 31 December 2012 and its financial performance and cash flows for the year ended on that date;

2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulations 2010;

3. The financial statements have been prepared in accordance with Australian Accounting Standards, and other mandatory professional reporting requirements;

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

5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of Directors, and on behalf of the Directors.

Dodd

Peter Dodd
Director

Patrick John Gorman
Director

Dated at Sydney
26 March 2013

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
Macquarie University Property Investment Company Pty Limited

Auditor's Independence Declaration

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

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

James Sugumar
Director, Financial Audit Services

19 March 2013
SYDNEY

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

MACQUARIE UNIVERSITY PROPERTY INVESTMENT COMPANY PTY LIMITED

Statement of Comprehensive Income
for the year ended 31 December 2012

	Note	2012 $	2011 $
Revenue		-	-
Total Revenue		-	-
Expenses		-	-
Total Expenses		-	-
Surplus / Deficit		-	-
Other comprehensive income for the year		-	-
Total comprehensive income		-	-

The accompanying notes form part of these financial statements.

MACQUARIE UNIVERSITY PROPERTY INVESTMENT COMPANY PTY LIMITED

Statement of financial position as at 31 December 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	2	6,608
		-	-
Total Current Assets		**2**	**6,608**
TOTAL ASSETS		**2**	**6,608**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		-	6,606
Total Current Liabilities		**-**	**6,606**
TOTAL LIABILITIES		**-**	**6,606**
NET ASSETS		**2**	**2**
EQUITY			
Contributed Equity	3	2	2
Accumulated Fund	4	-	-
TOTAL EQUITY		**2**	**2**

The accompanying notes form part of these financial statements.

MACQUARIE UNIVERSITY PROPERTY INVESTMENT COMPANY PTY LIMITED

Statement of Cash Flows
for the year ended 31 December 2012

	Note	2012	2011
Cash flows from operating activities	5	**$**	**$**
Receipts from customers		-	-
Payments to suppliers and employees		-	-
Interest received			
Net cash provided by / (used in) operating activities		**-**	**-**
Cash flows from investing activities			
Payment for plant & equipment		-	-
Net cash provided by / (used in) investing activities		**-**	**-**
Cash flows from financing activities			
Payments to related parties		(6,606)	(62,818)
Net cash provided by / (used in) financing activities		**(6,606)**	**(62,818)**
Net increase /(decrease) in cash and cash equivalents		(6,606)	(62,818)
Cash and cash equivalents at the beginning of the financial year		6,608	69,426
Cash and cash equivalents at end of financial year	2	**2**	**6,608**

The accompanying notes form part of these financial statements.

MACQUARIE UNIVERSITY PROPERTY INVESTMENT COMPANY PTY LIMITED

Statement of Changes in Equity
for the year ended to 31 December 2012

	Note	2012 $	2011 $
Total equity at the beginning of the financial year		2	2
Total comprehensive income for the year		-	-
Total Equity at the end of the financial year	3	2	2

The accompanying notes form part of these financial statements.

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements have been prepared on an accruals basis and in accordance with Australian Accounting Standards, the Corporation Act 2001, Section 41B(1) of the Public Finance & Audit Act 1983, Public Finance & Audit Regulations 2010, and other authoritative pronouncements of the Australian Accounting Standards Board.

The accounting policies have been consistently applied unless otherwise stated.

The directors have determined that the company is a profit entity for financial reporting purposes.

The financial statements have been prepared in Australian dollars.

Statement of Compliance

Compliance with IFRS

The financial statements and notes of the Macquarie University Property Investment Company Pty Limited comply with Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting (IFRS) requirements.

Macquarie University Property Investment Company Pty Limited ultimate parent entity is Macquarie University.

The financial statements for the year ended 31 December 2012 has been authorised for issue by the Directors of Macquarie University Property Investment Company Pty Limited on 26 March 2013.

(b) Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(d) New Australian Accounting Standards issued but not effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(e) Significant Accounting Judgements & Estimates

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(f) Revenue recognition

Revenue is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project-by-project basis with reference to underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

(g) 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 applicable 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. Current tax assets & liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

(g) Income Tax (continued)

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 subsidiaries 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.

(h) 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.

(i) Related party disclosure

Where the term "related parties" is used in the financial statements, it refers to:

Entities which, at any time during the period, exercised control or significant influence over the company or were subject to control or significant influence by the company. This includes:

i. associated companies;
ii. directors;
iii. spouses and other close members of the families of the directors; individuals or close members of the families of such individuals who have significant influence or close members of the families of such individuals who have significant influence or control over the company through holding an ownership interest.

NOTE 2 – CASH AND CASH EQUIVALENTS	2012 $	2011 $
Cash at bank and on hand	2	6,608

The cash figure as shown in the Statement of financial position is reconciled to cash as at the end of the financial year as disclosed in the Statement of Cash Flows as follows:

Cash at bank - as above	2	6,608
Cash at bank and on hand	2	6,608

NOTE 3 – CONTRIBUTED EQUITY

Contributed Equity	2	2
Equity per share	1	1
	Number	Number
Total number of share issued is	2	2
Major Shareholders:	%	%
Macquarie University	100	100

Fully paid ordinary shares carry one vote per share and carry rights to dividends.

NOTE 4 – ACCUMULATED FUNDS

Balance at beginning of financial year	-	-
Net Profit/(loss) for current financial year	-	-
Balance at end of financial year	-	-

NOTE 5 – CASH FLOW FROM OPERATING ACTIVITIES

The profit /(loss) is reconciled to net cash flows from operating activities as follows:

Profit / loss	-	-
Write back non-cash items:		
Depreciation	-	-
(Profit)/Loss on sale of assets	-	-
Changes in assets & liabilities:		
Decrease/(Increase) in debtors	-	-
Decrease/(Increase) in prepayments	-	-
Increase/(Decrease) in accrued charges	-	-
(Decrease)/Increase in creditors	-	-
Increase/(Decrease) in provisions & other liabilities	-	-
Decrease/(Increase) in deferred income	-	-
Net cash inflow/(outflow) from operating activities	-	-

NOTE 6 - KEY MANAGEMENT PERSONNEL

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2012 and up to the date of this report are:

John Gorman
John Gorman (Secretary)
Peter Dodd

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

NOTE 7 - RELATED PARTY INFORMATION

During 2012 a payable of $6,606 owing to Macquarie University Property Investment Trust was paid in full.

NOTE 8 – OPERATIONAL EXPENDITURE COMMITMENTS

There were no material commitments for expenditure of a non-capital nature as at 31 December 2012.(2011: $ Nil)

NOTE 9 - CAPITAL EXPENDITURE COMMITMENTS

There were no material commitments for capital expenditure of a non-capital nature as at 31 December 2012. (2011: $Nil)

NOTE 10 – CONTINGENT LIABILITIES / ASSETS

There were no contingent liabilities / assets as at 31 December 2012. (2011: $ Nil)

NOTE 11 – FINANCE FACILITIES

There were no standby arrangements with banks to provide funds and support facilities.

NOTE 12 – AUDITOR REMUNERATIONS

	2012 $	2011 $
Audit services		
Fees paid to The Audit Office of New South Wales:		
Audit of financial statements	3,000	3,000

Macquarie University paid the audit fees on behalf of the Company.

NOTE 13 – EVENTS OCCURING AFTER REPORTING DATE

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations (2011:$Nil).

NOTE 14 – ADDITIONAL COMPANY INFORMATION

Macquarie University Property Investment Company Pty Limited is a private company, incorporated and operating in Australia and acts as the Trustee for the Macquarie University Property Investment Trust.

Macquarie University Property Investment Company Pty Limited's liabilities are recognised in the financial statements of the Trust. The financial position of the Trust as at 31 December 2012 is as follows:

Assets=	$ 2
Liabilities=	-
Net Assets=	$ 2

Registered office

Office of Financial Services
Building E11A
Macquarie University
N S W 2109

Principal place of business

Office of Financial Services
Building E11A
Macquarie University
N S W 2109

END OF AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Macquarie University Property Investment Company Pty Limited

To Members of the New South Wales Parliament

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

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

James Sugumar
Director, Financial Audit Services

2 April 2013
SYDNEY

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Macquarie University Property Investment Trust (MUPIT)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONTENTS

These financial statements of Macquarie University Property Investment Trust (MUPIT) are prepared as an individual entity. The financial statements are presented in the Australian currency.

Macquarie University Property Investment Trust (MUPIT) is a unit trust, incorporated and domiciled in Australia. Its registered office and principal place of business is: Office of Financial Services, Building E11A, Macquarie University NSW 2109

The financial statements were authorised for issue by the Trustee on 26 March 2013. The Trustee has the power to amend and reissue the financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
Revenues from continuing operations			
Other Revenue	3	-	98,700
Total revenue from continuing operations		-	98,700
Less:			
Expenses from continuing operations			
Bank Charges	4	-	18
Legal & Accounting Fees	4	-	2,197
Employee Expenses	4	-	90,587
Other Expenses	4	-	(708)
Total expenses from continuing operations		-	92,094
Profit/ (loss) for the year	8	-	6,606
Profit/ (loss) for the year:			
Attributable to minority interests		-	-
Attributable to members of MUPIT	8	-	6,606
		-	6,606
Distributions			
- related parties	8	(6,606)	-
- minority interests		-	-
Profit/ (loss) for the year		(6,606)	6,606
Other comprehensive income for the year		-	-
Total comprehensive income / (expense) for the year		(6,606)	6,606
Total comprehensive income / (expense) for the year attributable to the minority interest	8	-	-
Total comprehensive income / (expense) for the year attributable to the unit holders	8	-	-
		(6,606)	6,606

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 $	2011 $
CURRENT ASSETS			
Cash and Cash Equivalents	5	2	2
Trade and Other Receivables	6	-	6,606
TOTAL CURRENT ASSETS		2	6,608
TOTAL ASSETS		2	6,608
CURRENT LIABILITIES			
Trade and Other Payables	7	-	-
TOTAL CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		-	-
NET ASSETS		2	6,608
UNIT HOLDERS EQUITY			
Contributed Unit Capital	8	2	2
Accumulated surplus / (loss)		-	6,606
		2	6,608
Minority Interest		-	-
TOTAL UNIT HOLDERS EQUITY		2	6,608

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

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2012

	Note	Units on Issue	Undistributed Income	Minority Interest	Total
		$	$	$	$
Balance at 1 January 2011		2	-	-	2
Total comprehensive expense for the year	8	-	6,606	-	6,606
Distribution	8	-	-	-	-
Balance at 31 December 2011		**2**	**6,606**	**-**	**6,608**
Balance at 1 January 2012		2	6,606	-	6,608
Total comprehensive income for the year	8	-	-	-	-
Distribution	8	-	(6,606)	-	(6,606)
Balance at 31 December 2012		**2**	**-**	**-**	**2**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		-	57,109
Payment to suppliers and employees (inclusive of GST)		-	(120,652)
Interest received		-	725
Net cash (outflow) inflow from operating activities	15	-	(62,818)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceed from property, plant and equipment		-	-
Payments for property, plant and equipment		-	-
Payments for investments		-	-
Net cash (outflow) inflow from investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Payment from related parties		-	62,818
Repayment of borrowings		-	-
Transfer of equity		-	-
Net cash inflow (outflow) from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents held		-	-
Cash and cash equivalents at the beginning of the financial year	5	2	2
Cash and cash equivalents at the end of the financial year		**2**	**2**

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

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation:

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Section 41B(1) of the Public Finance & Audit Act 1983, Public Finance and Audit Regulations 2010, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

The financial statements will be completed as a going concern where the entity is continuing. While entities which have been terminated or will be terminated, their financial statements are not reported on a going concern basis and all assets and liabilities are stated at net realisable value.

Compliance with IFRS

The financial statements of the Trust comply with Australian Accounting Standards some of which contain requirements specific to not for profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

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.

Common control transactions

The predecessor method of accounting is used to account for business combinations.

Assets acquired and liabilities assumed in the common control transactions are measured at the acquisition date at the carrying value for the Trust's perspective.

Internal restructures arising from transfers of interests in entities that are under the control of the ultimate parent (Macquarie University) are not specifically within the scope of any accounting standard. Therefore, Macquarie University developed an accounting policy using the hierarchy for the selection of accounting policies included in AASB 108 Accounting Policies, Changes Accounting Estimates and Errors. Consequently, Macquarie University Property Investment Trust (MUPIT) elected to measure such transactions, including non-cash distributing outside the scope of Australian Interpretation 17 Distributions of Non-cash Assets to Owners, at book value.

Consequently, non-cash distributions involving entities under common control are treated as contributions by owners/distributions to owners and are accounted for through equity, as redemption of ownership interest.

Transfer of business, assets and liabilities involving entities under common control are done at book values through equity.

Critical accounting estimates

(i) Significant accounting judgements

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

b) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

(i) Construction Revenue

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

1. Statement of Significant Accounting Policies (Continued)

(ii) Interest Revenue
Interest revenue from investments is recognised when the Trust's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

c) Operating leases
The minimum rental revenue of operating leases with fixed rental increases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are recognised on a straight-line basis.

Revenue from other leases is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

d) Cash and cash equivalents
For statement of cash flows presentation purposes, 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.

e) Receivables
Receivables are recognised initially at amortised cost less provision for impairment. Short term receivables with no interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Collectability of receivables are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. 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 statement of comprehensive income.

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

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

g) Impairment of assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

i) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

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

1. Statement of Significant Accounting Policies (Continued)

j) Expenses
Expenses are recognised in the statement of comprehensive income where incurred.

Depreciation and amortisation
Items of property, plant and equipment (including buildings and leasehold property, but excluding freehold land) and intangible assets with finite lives are depreciated/ amortised on a straight-line basis over their estimated useful lives, making allowance where appropriate for residual values.

Construction in progress is not depreciated until the assets are brought into service and are available for use. Therefore, no depreciation has been charged in the current year.

Borrowing costs
Interest and other borrowing costs are expensed as incurred within finance costs in the statement of comprehensive income unless they relate to qualifying assets, in which case they are capitalised as part of the costs of those assets. Qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale.

k) Income tax exemption
The Trust is exempt from the payment of tax by virtue of section 50-B of the Income Tax Assessment Act 1997. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

l) New accounting standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Trust's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Trust.

2. Financial Risk Management

The Trust's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust. The Trust uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

The Trust holds the following financial instruments:

			Carrying amount	
			2012	2011
Financial Assets	**Note**	**Category**	**$**	**$**
Cash and cash equivalents	5	N/A	-	2
Receivables	6	Loans and receivables at amortised cost	-	6,606

			Carrying amount	
			2012	2011
Financial Liabilities	**Note**	**Category**	**$**	**$**
Payables	7	Financial liabilities measured at amortised cost	-	-

Notes
1. Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7).

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust has no exposure to foreign currency risk and does not enter into commodity contracts. The Trust has no investments in listed equity securities and as such is not exposed to price risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Trust operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis assumes that all other variables remain constant.

b) Credit Risk

The credit risk on financial assets of the economic entity which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations, resulting in financial loss to the Trust. The Trust does not have any significant exposure to any unrelated customer. No collateral is held by the Trust. The Trust has not granted any financial guarantees.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

During the current and prior years, there were no defaults or breaches on any payables. No assets have been pledged as collateral. The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

2. Financial Risk Management (Cont'd)

Maturities of financial liabilities
The table below analyse the Trust's financial liabilities into relevant maturity groupings as follows:
(a) based on their contractual maturities:
- all non-derivative financial liabilities, and

(b) based on the remaining period to the expected settlement date:
- derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows (not applicable to the Trust in 2012 or 2011)

The amounts disclosed in the table are the contractual undiscounted cash flows, together with the interest rate exposure. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

2012

	Weighted average effective interest rate	Less than 1 month	1 - 6 months	6 months to 1 year	1 - 5 years	5+ years
	%	$	$	$	$	$
Financial Liabilities						
non interest bearing	-	-	-	-	-	-
interest bearing liability	-	-	-	-	-	-

2011

	Weighted average effective interest rate	Less than 1 month	1 - 6 months	6 months to 1 year	1 - 5 years	5+ years
	%	$	$	$	$	$
Financial Liabilities						
non interest bearing	-	-	-	-	-	-
interest bearing liability	-	-	-	-	-	-

d) Fair Value Measurements
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 January 2010, Macquarie University Property Investment Trust (MUPIT) has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

2. Financial Risk Management (Cont'd)

The following table presents the Trust's assets and liabilities measured and recognised at fair value at 31 December 2012. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

2012	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial Assets				
Cash and cash equivalents	2	-	-	2
Receivables	-	-	-	-
Total Financial Assets	**2**	**-**	**-**	**2**
Financial Liabilities				
Payables	-	-	-	-
Total Financial Liabilities	**-**	**-**	**-**	**-**

e. *Summarised Sensitivity Analysis*

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

2012		Interest rate risk			
		-1%		+0.70%	
	Carrying amount	Profit	Equity	Profit	Equity
		$	$	$	$
Financial Assets					
Cash and cash equivalents	2	-	-	-	-
Receivables		-	-	-	-
Financial Liabilities					
Payables		-	-	-	-
Total increase/ (decrease)		-	-	-	-

2. Financial Risk Management (Cont'd)

2011		Interest rate risk			
		-1%		+0.70%	
	Carrying amount	Profit	Equity	Profit	Equity
		$	$	$	$
Financial Assets					
Cash and cash equivalents	2	-	-	-	-
Receivables	6,606	(66)	(66)	46	46
Financial Liabilities					
Payables		-	-	-	-
Total increase/ (decrease)		-	-	-	-

The Trust's receivables at balance date are current and expected to be recovered in full.

3. Revenue from operating activities

	2012	2011
	$	$
Other revenue		
Management fees	-	10,000
Interest	-	725
Other income	-	87,975
Total other revenue	**-**	**98,700**

4. Expenses

	2012	2011
	$	$
Profit before income tax includes the following specific expenses:		
Bank charges	-	18
Legal & accounting fees	-	2,197
Employment expenses	-	90,587
Other expenses	-	(708)
	-	**92,094**

5. Cash and Cash Equivalents

	2012	2011
Cash at bank	2	2
	2	**2**

The effective interest rate on cash at bank was 0.00%.

a) Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2012	2011
Balances as above	2	2
Balances per statement of cashflows	**2**	**2**

6. Trade and Other Receivables

	2012	2011
	$	$
Current		
Trade and other receivables	-	6,606
	-	**6,606**

The Trustee, on behalf of the Trust, as lessee, has entered into an agreement to lease space for a period of 99 years for a building presently under construction. The right to lease was transferred to Macquarie University in December 2010.

a) Impaired trade receivables

	2012	2011
	$	$
Past due but not impaired		
Up to 3 months	-	6,606
	-	**6,606**

b) Fair value and credit risk
Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the Trust and the credit quality of the entity's trade receivables.

7. Trade and Other Payables

	2012 $	2011 $
Current		
Trade payables	-	-
Total trade and other payables	-	-

8. Unit Holders Equity

	Units on Issue	Contributed unit capital	Retained surplus/ (losses)	Minority interest	Total
	$	$	$	$	$
Balance at 1 January 2011	2	2	-	-	2
Total comprehensive income for the year	-	-	6,606	-	6,606
Distributions	-	-	-	-	-
Balance at 31 December 2011	2	2	6,606	-	6,608
Balance at 1 January 2012	2	2	6,606	-	6,608
Total comprehensive income for the year	-	-	-	-	-
Distributions	-	-	(6,606)	-	(6,606)
Balance at 31 December 2012	2	2	-	-	2

All units are at $1.00 per unit, they have no preferences or restrictions.

9. Auditor's Remuneration

The audit fee includes the fee for auditing the corporate trustee of the parent entity. Macquarie University will pay these audit fees for 2012 on behalf of the Trust and Trustee, $9,000 (2011: $10,000).

10. Contingent Assets and Liabilities

There are presently no contingent assets or liabilities that need to be disclosed in the accounts as at 31 December 2012 (2011: $Nil).

11. Capital Commitments

There were no material commitments for expenditure of a capital nature as at 31 December 2012 (2011: $Nil).

12. Key Management Personnel

The directors and other members of key management personnel of the Trust during the year were:

John Gorman
Peter Dodd

No remuneration was paid or made payable to the directors of the Trust out of the assets of the Trust.

13. Related Party Transactions

a) Parent entities
The parent entity and the ultimate parent entity is Macquarie University.

The Trust had no controlled entities during 2012.

b) Directors
The names of persons who were directors of the Trustee at any time during the financial year are as follows: John Gorman and Peter Dodd.

c) Transactions with related parties
During 2012 a trade receivable of $6,606 owing from Macquarie University Property Investment Company Pty Limited, was receovered in full.

14. Events occurring after the reporting period

There ar e no ev ents af ter t he b alance sheet da te o f w hich the Trustee is aw are t hat w ill hav e a material ef fect on t he Trust's operations (2011:$Nil).

15. Reconciliation of profit to net cash inflow / (outflow) from operating activities

	2012 $	2011 $
Operating profit / (loss) for the year	-	-
Changes in assets and liabilities:		
Decrease in trade and other receivables	-	47,109
Increase in trade and other payables	-	(109,927)
Net cash inflow/ (outflow) from operating activities	-	(62,818)

16. Trust Details

The registered office and principal place of business of the Trust is Office of Financial Services, Building E11A, Macquarie University NSW 2109.

TRUSTEE'S DECLARATION

In the Directors of the Trustee Company's opinion:

1. The financial statements and notes set out on pages 3 to 16 are in accordance with:

   i) Australian Accounting Standards, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulations 2010 and other mandatory professional reporting requirements; and

   ii) Give a true and fair view of the Trust's financial position as at 31 December 2012 and of its performance for the financial year ended on that date; and

2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

_______________________________, Director
Peter Raymond Dodd

_______________________________, Director
Patrick John Gorman

Sydney,
26 March 2013

INDEPENDENT AUDITOR'S REPORT

Macquarie University Property Investment Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Macquarie University Property Investment Trust (the Trust), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 December 2012, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Trustees' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

James Sugumar

James Sugumar
Director, Financial Audit Services

2 April 2013
SYDNEY

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MGSM Limited

ABN 83 153 973 481

Financial statements for the period from 27 October 2011 to 31 December 2012

MGSM Limited ABN 83 153 973 481
Financial statements - 31 December 2012

Contents

Directors' report

The Directors of MGSM Limited submit herewith the first set of financial statements for the Company for the period from 27 October 2011 to 31 December 2012 "the financial period". In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

In April 2011, the Council of Macquarie University ("the controlling entity") resolved and approved the assignment of the activities and operations ("the business") of Macquarie Graduate School of Management Pty Ltd ("the old entity") to a new entity, to be incorporated under the Corporations Act 2001.

MGSM Limited, the new entity, was incorporated on 27 October 2011 with 14 members, The company is an unlisted public company, limited by guarantee, with the liability of each member limited to $ 1.00. During the financial period, 4 new members were appointed, and 3 members resigned, with a total of 15 members at 31 December 2012.

The directors have assessed the company as a not for profit entity for the purpose of financial reporting.

On 1 April 2012, the assets, liabilities and the business of Macquarie Graduate School of Management Pty Ltd were transferred to MGSM Limited, under the terms of an Asset Transfer Agreement. This transfer brought to an end trading for the old entity, and the commencement of trading for MGSM Limited. The financial results reflected in this financial report relate to trading in the nine months ending 31 December 2012.

The assets and liabilities of the old entity were transferred to the company, at fair value of $ 17,203,926 as shown in the Statement of changes in equity.

It is intended that the new company will be renamed Macquarie Graduate School of Management Limited once the old entity has been deregistered.

Directors
The following persons were directors of MGSM Limited during the financial period and up to the date of this report:

Dr M Irving AM (Chair) (appointed 27/10/2011)
Mr P J Gorman (appointed 27/10/2011, resigned 31/03/2012, reappointed Alternate Director on 01/04/2012)
Dr P Dodd (appointed 27/10/2011)
Prof J Sachs (appointed 27/10/2011)
Prof R E Widing (appointed 27/10/2011, resigned 13/10/2012)

Principal activities
The company commenced trading on 1 April 2012, following the transfer of the business, assets and liabilities from Macquarie Graduate School of Management Pty Ltd.

During the trading period, 1 April 2012 to 31 December 2012, the principal continuing activities of the Company consisted of:
(a) promoting management education, conducting education and award courses,
(b) research in the field of management,
(c) operation of an executive hotel and conference centre.

Review of operations
The surplus recorded during the trading period from 1 April 2012 to 31 December 2012 is $ 2,538,318.

Significant changes in the state of affairs
On 1 April 2012 the business of Macquarie Graduate School of Management Pty Ltd, a subsidiary of Macquarie University, was transferred to the Company. All assets and liabilities were transferred at fair value.

Matters subsequent to the end of the financial year
There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, which will significantly affect, or may significantly affect, the operations of the company, the results of the operation, or the state of affairs of the company in future financial years.

Likely developments and expected results of operations
Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this financial statements because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company is not subject to any significant environmental regulations.

Information on directors
Dr M Irving AM (Chair) BCom, Hon D Litt.. *Non-Executive Director.*
Mr P J Gorman BBus, MBA Rochester, FCPA, FTIA. *Non-Executive Director.*
Dr P Dodd BComm, DipEd, MComm, MSc, PhD. *Non-Executive Director.*
Prof J Sachs BA Qld, PhD Qld, MA WMich. *Non-Executive Director.*
Prof R E Widing BA, MBA Ohio, PHD Ohio. *Executive Director/Dean.*

Company secretary
The company secretary is Ms A Hely. Ms Hely was appointed to the position of company secretary on 27 October 2011.

Dividends
No dividend is paid or payable since the commencement of the financial year and up to and including the date of signing this report.

Meetings of directors

The following table sets out the number of directors' (including committee of directors) held during the financial year and the number of meetings attended by each director (while they were a director).

	Full meetings of directors	
	A	**B**
Dr M Irving AM (Chair) (appointed 27/10/2011)	5	5
Mr P J Gorman (appointed 27/10/2011, resigned 31/03/2012, reappointed Alternate Director on 01/04/2012)	5	4
Dr P Dodd (appointed 27/10/2011)	5	3
Prof J Sachs (appointed 27/10/2011)	5	5
Prof R E Widing (appointed 27/10/2011, resigned 13/10/2012)	3	3

A = Number of meetings held during the time the Director held office
B = Number of meetings attended.

Indemnification of Directors and Officers
During the financial year, Macquarie University paid a premium on behalf of the Company in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

Insurance of officers
The company, which is 100% controlled by Macquarie University, is a nominated affiliate under the following policies:

(a) Professional Liability insurance of Macquarie University covers company staff, volunteers and students on course related/work experience. Premium $77,000.

(b) Directors and Officers Protection covers all professional, consulting, research and teaching activities (and any activities associated therewith), including the provision of and/or the facilitating of all recognised student activities. Premium $35,000.

Proceedings on behalf of the Company
No person has applied for Leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Auditor
The Audit Office of New South Wales have been appointed by the Council of Macquarie University, the controlling entity, in accordance with section 327 of the *Corporations Act 2001*.
The auditors have advised their consent to act as company auditors.

This report is made in accordance with a resolution of directors.

Dr M Irving AM (Chair)
Director

Prof J Sachs
Director

Sydney
26 March 2013

To the Directors
MGSM Limited

Auditor's Independence Declaration

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

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

James Sugumar
Director, Financial Audit Services

19 March 2013
SYDNEY

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

MGSM Limited ABN 83 153 973 481
Financial statements - 31 December 2012

Contents

These financial statements are the financial statements of MGSM Limited. The financial statements are presented in the Australian currency.

MGSM Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Graduate School of Management Building
Macquarie University
North Ryde NSW 2113

The financial statements were authorised for issue by the directors on 26 March 2013. The directors have the power to amend and reissue the financial statements.

	Notes	2012 $
Revenue from continuing operations	3	**18,037,926**
Other income	4	**805,908**
Employee benefits expense	5	**(5,697,833)**
Personnel services expense	5	**(4,193,978)**
Course expenditure		**(2,751,676)**
Consultancy fees		**(1,697,614)**
Accommodation & catering		**(983,429)**
Rental expense relating to operating leases	5	**(585,812)**
Facility rental cost		**(108,644)**
Other expenses		**(213,140)**
Foreign exchange gains and losses	5	**(73,390)**
Total expenses		**16,305,516**
	5	
Surplus for the period		**2,538,318**
Other comprehensive income for the period		**-**
Total comprehensive income for the period		**2,538,318**
Total comprehensive income for the period is attributable to:		
Owners of MGSM Limited		**2,538,318**

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

	Notes	2012 $
ASSETS		
Current assets		
Cash and cash equivalents	7	**1,513,063**
Trade and other receivables	8	**1,071,534**
Inventories	9	**52,482**
Other financial assets	10	**20,500,000**
Total current assets		**23,137,079**
Non-current assets		
Property, plant and equipment	11	**423,549**
Intangible assets	12	**7,476**
Other financial assets	13	**374,550**
Total non-current assets		**805,575**
Total assets		**23,942,654**
LIABILITIES		
Current liabilities		
Trade and other payables	14	**2,863,085**
Provisions	15	**878,470**
Other current liabilities	16	**279,860**
Total current liabilities		**4,021,415**
Non-current liabilities		
Provisions	17	**178,995**
Total non-current liabilities		**178,995**
Total liabilities		**4,200,410**
Net assets		**19,742,244**
EQUITY		
Accumulated funds	18	**19,742,244**
Total equity		**19,742,244**

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

Parent entity	Notes	**Accumulated funds $**	**Total equity $**
Balance at 27 October 2011		**-**	**-**
Total comprehensive income for the period		**2,538,318**	**2,538,318**
Transactions with owners in their capacity as owners:			
Transfer 1 April 2012 from MGSM Pty Ltd	6	17,203,926	17,203,926
Balance at 31 December 2012		**19,742,244**	**19,742,244**

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

	Notes	2012 $
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)		**21,634,189**
Payments to suppliers and employees (inclusive of goods and services tax)		**(17,612,949)**
		4,021,240
Interest received		**711,130**
Net cash (outflow) inflow from operating activities	25	**4,732,370**
Cash flows from investing activities		
Payments for property, plant and equipment	11	**(95,616)**
Payments for held-to-maturity investments		**(38,749,100)**
Proceeds from sale of property, plant and equipment		**20,909**
Proceeds from held-to-maturity investments		**23,656,475**
Net cash (outflow) inflow from investing activities		**(15,167,332)**
Cash flows from financing activities		
Net cash inflow (outflow) from financing activities		**-**
Net (decrease) increase in cash and cash equivalents		**(10,434,962)**
Cash and cash equivalents at the beginning of the financial period		**-**
Transfer 1 April 2012 from Macquarie Graduate School of Management Pty Ltd		**11,948,025**
Cash and cash equivalents at the end of the financial period	7(a)	**1,513,063**

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

1 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared on an accruals basis and in accordance with Australian Accounting Standards, the *Corporations Act 2001,* Section 41B(1) of the *Public Finance & Audit Act 1983, Public Finance and Audit Regulations 2010,* and other authoritative pronouncements of the Australian Accounting Standards Board.

The accounting policies have been consistently applied unless otherwise stated.

Compliance with IFRS
The financial statements and notes in this financial report comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

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

(i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(b) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company'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 are recognised in the statement of comprehensive income. During the year, revenue transactions in Hong Kong dollars were translated into the functional currency using exchange rates fixed under forward exchange agreements.

(c) Revenue recognition

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

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Course Revenue
Revenue in respect of courses leading to an academic award is recognised in that year in which teaching was conducted. Revenue in respect of public, corporate courses is recognised in the month in which the course is completed.

(ii) Facilities rental and hotel operations
Revenue in respect of facilities rental and hotel operations is recognised when the goods and services are provided.

(iii) Consulting
Sales of consulting services are recognised in the accounting period in which the services are rendered. Consultation revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total consultation to be provided.

(iv) Interest income
Interest income is recognised as it accrues.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(e) Cash and cash equivalents

For statement of cash flows presentation purposes, 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.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(g) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises the actual value of direct materials only, applied under the First In First Out (FIFO) basis.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) 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 Company 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 reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

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

(i) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or borrowing costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

(j) Fair value estimation

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

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

1 Summary of significant accounting policies (continued)

(k) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The net book value of plant and equipment approximates the fair value. Acquisition and additions of non-current assets are capitalised and depreciated over two to ten years if the value is more than $5,000.

The assets transferred from Macquarie Graduate School of Management Pty Ltd were transferred at fair value.

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

Depreciation and amortisation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment	10 years
- Motor vehicles	6.7 years
- Computer hardware	3.3 years
- Leasehold improvements - CBD Sydney	amortised over term of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 statement of comprehensive income.

(l) Intangible assets

(i) IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of the technical feasibility and where the Company has an intention and ability to use the asset.

(m) Trade and other payables

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

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable 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.

The company's lease of premises in Sydney CBD was renewed for a term of three (3) years, and the company will be required to restore the leased premises to their original condition at the end of the new lease term. Management have re-assessed the make good provision, and have confirmed that it is fairly stated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

1 Summary of significant accounting policies (continued)

(o) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetory benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period. 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 end of the reporting period 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 Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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.

(p) Goods and Services Tax (GST)

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

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

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

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(r) Income tax exemption

The Commisioner of Taxation has granted the company exemption from the payment of income tax, under subdivision 50-B of the Income Tax Assessment Act.

2 Financial risk management

The Company's activities during the trading period (see Directors' report) exposed it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focused on the unpredictability of financial markets and sought to minimise potential adverse effects on the financial performance of the Company. The Company used different methods to measure different types of risk to which it is exposed. These methods included sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk .

The Company holds the following financial instruments:

	2012 $
Financial assets	
Cash and cash equivalents	**1,513,063**
Trade and other receivables	**909,266**
Derivative financial instruments	**-**
Other financial assets	**20,874,550**
	23,296,879
Financial liabilities	
Trade and other payable	**2,863,085**
Derivative financial instruments	**-**
Other financial liabilities	**-**
	2,863,085

The following specific risks existed during the trading period:

(a) Market risk

(i) Foreign exchange risk
Foreign exchange risk arose when future commercial transactions were denominated in a currency that was not the entity's functional currency. The risk was measured using sensitivity analysis and cash flow forecasting.

The company was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar.

Management had set up a policy requiring the company to manage its foreign exchange risk against its functional currency. Forward contracts, transacted with National Australia Bank Limited, were used to manage foreign exchange risk.

To minimise losses due to foreign exchange risk, the company entered into a number of forward exchange agreements for Hong Kong dollars (HKD). At the end of the reporting year, all contracts had expired.

(b) Credit risk

The credit risk on financial assets of the economic entity which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arose when there was the possibility of the company's debtors defaulting on their contractual obligations, resulting in financial loss to the company. The company did not have any significant exposure to any unrelated customer.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. At the reporting date the Company held cash at bank and at call of $1,509,063 which are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, Group Treasury maintained flexibility in funding by maintained availability under committed credit lines.

Maturities of financial liabilities
The majority of the company's financial liabilities are expected to mature within the next 6 months.

2 Financial risk management (continued)

(d) Fair value measurements

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities approximated their carrying value.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the company's assets and liabilities measured and recognised at fair value at 31 December 2012.

As at 31 December 2012	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Total assets	-	-	-	-
Total liabilities	-	-	-	-

(e) Summarised sensitivity analysis

Summarised sensitivity analysis
The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and foreign exchange risk in the prior year.

		Interest rate risk				Foreign exchange risk			
		-100bps		+70bps		-10%		+10%	
31 December 2012	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets									
Cash and cash equivalents	1,513	(18)	(18)	13	13	-	-	-	-
Trade and other receivables	909	-	-	-	-	-	-	-	-
Other financial assets	20,875	(160)	(160)	113	113	-	-	-	-
Financial liabilities									
Trade and other payables	2,863	-	-	-	-	-	-	-	-
Total increase/ (decrease)		(178)	(178)	126	126	-	-	-	-

3. Revenue

	2012 $
Sales revenue	
Course revenue	15,380,960
Less: Macquarie University levy	(1,538,096)
	13,842,864
Hotel and facilities revenue	3,269,295
Less: Macquarie University levy	(326,930)
	2,942,365
Other revenue	1,255,329
Add: Macquarie University levy (net refund)	(2,632)
	1,252,697
	18,037,926

4 Other income

	2012 $
Interest income	805,908

5 Expenses

	2012 $
Profit includes the following specific expenses:	
Depreciation	
Plant and equipment	40,140
Leasehold improvements	774
Motor vehicles	15,223
Computer hardware	5,601
Total depreciation	61,738
Amortisation	
Software	2,914
Total amortisation	2,914
Total depreciation and amortisation	64,652
Employee benefits expense	
Salary	4,699,257
Superannuation	416,405
Payroll tax	286,606
Workers compensation	(30,376)
Annual leave	260,895
Long service leave	65,046
Total employee benefits expense	5,697,833
Net loss on disposal of property, plant and equipment	3,221
Net loss on disposal recognised	3,221

5 Expenses (continued)

	2012 **$**
Rental expense relating to operating leases	
Minimum lease payments	585,812
Total rental expense relating to operating leases	585,812
Foreign exchange gains and losses	
Net foreign exchange losses	73,390
Net foreign exchange losses recognised	73,390
Personnel services expense	
Salary	4,232,400
Superannuation	449,318
Payroll tax	288,156
Workers compensation	16,291
Annual leave	(544,889)
Long service leave	(247,298)
Total personnel services expense	4,193,978

6 Transfer of net assets from Macquarie Graduate School of Management Pty Ltd on 1 April 2012

On 1 April 2012 the business of Macquarie Graduate School of Management Pty Ltd was transferred to the company, under the terms of an Asset Transfer Agreement between the two parties. Both parties are controlled entities of Macquarie University. The assets were transferred as a going concern, at book value. The business was purchased for a consideration of $ 2.

Title to, property in, and risk of, each of the assets transferred, passed to the company on 1 April 2012, and MGSM Pty Ltd has no continuing involvement in the recognised assets. Employees of MGSM Pty Ltd were transferred to the company on 1 April 2012, under identical terms and conditions. Property leases held by MGSM Pty Ltd were either novated to the company on 1 April 2012 or cancelled.

The carrying amounts of assets and liabilities transferred from MGSM Pty Ltd were:

	1 April 2012 **$**
Cash and cash equivalents	11,948,026
Trade and other receivables	2,780,507
Inventories	75,598
Derivative financial instruments	826,255
Other financial assets - current	5,781,925
Property, plant and equipment	413,800
Intangible assets	10,390
Total assets	21,836,501
Trade and other payables	(2,400,617)
Derivative financial instruments	(762,727)
Provisions - current	(976,510)
Other current liabilities	(179,089)
Provisions - non-current	(313,632)
Total liabilities	(4,632,575)
Net assets	17,203,926

7. Current assets - Cash and cash equivalents

	2012 $
Cash at bank	**1,509,063**
Cash on hand	**4,000**
	1,513,063

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2012 $
Balances as above	**1,513,063**
Balances per statement of cash flows	**1,513,063**

8 Current assets - Trade and other receivables

	2012 $
Trade receivables	**408,744**
Related party receivables	**184,211**
Accrued income	**316,311**
GST receivable (net)	**22,385**
Prepayments	**139,883**
	1,071,534

Trade and other receivables are non-interest bearing.

9 Current assets - Inventories

	2012 $
Alcoholic beverages - at cost	**16,505**
Catering - at cost	**10,982**
Stationery - at cost	**24,995**
	52,482

10. Current assets - Other financial assets

	2012 $
Term deposits	**20,500,000**
	20,500,000

Term deposits bear fixed interest at a weighted average rate of 5.36%.

Refer to note 2 for more information on the risk management policy of the Company.

11 Non-current assets - Property, plant and equipment

	Plant and equipment $	Motorvehicles $	Leasehold improvements - CBD Sydney $	Computer hardware $	Total $
Year ended 31 December 2012					
Opening net book amount	-	-	-	-	-
Transfer from MGSM Pty Ltd at fair value	304,715	87,951	1,803	19,331	413,800
Additions	54,897	40,719	-	-	95,616
Disposals	-	(24,129)	-	-	(24,129)
Depreciation charge	(40,140)	(15,223)	(774)	(5,601)	(61,738)
Closing net book amount	319,472	89,318	1,029	13,730	423,549
At 31 December 2012					
Cost or fair value	359,612	104,541	1,802	19,331	485,286
Accumulated depreciation	(40,140)	(15,223)	(773)	(5,601)	(61,737)
Net book amount	319,472	89,318	1,029	13,730	423,549

12 Non-current assets - Intangible assets

	Computer software $	Total $
Year ended 31 December 2012		
Opening net book amount	-	-
Transfer from MGSM Pty Ltd at fair value	10,390	10,390
Amortisation charge	(2,914)	(2,914)
Closing net book amount	7,476	7,476
At 31 December 2012		
Cost	10,390	10,390
Accumulated amortisation and impairment	(2,914)	(2,914)
Net book amount	7,476	7,476

13. Non-current assets - Other financial assets

	2012 $
Term deposits	**374,550**
	374,550

Term deposits bear fixed interest at a weighted average rate of 5.48 %.

Refer to note 2 for more information on the risk management policy of the Company.

14. Current liabilities - Trade and other payables

	2012 $
Related party payables	**1,544,435**
Sundry payables and accrued charges	**1,318,650**
	2,863,085

All employee benefit liabilities associated with those employees of Macquarie University who are seconded to the company are reflected in the financial statements of Macquarie University.

15 Current liabilities - Provisions

	2012 $
Employee benefits - long service leave	**467,255**
Employee benefits - annual leave	**411,215**
	878,470

(a) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. Based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	2012 $
Leave obligations expected to be settled after 12 months	**467,255**

16 Current liabilities - Other current liabilities

	2012 $
Course fees received in advance	**223,100**
Deposits on hand	**56,760**
	279,860

17. Non-current liabilities - Provisions

	2012 $
Employee benefits - long service leave	**92,146**
Make good provision	**86,849**
	178,995

18 Accumulated funds

Movements in accumulated funds were as follows:

	2012 $
Transfer 1 April 2012 from MGSM Pty Ltd	**17,203,926**
Surplus for the period	**2,538,318**
Balance 31 December	**19,742,244**

19 Key management personnel disclosures

(a) Directors

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

(i) Chairman - non-executive
Dr M Irving AM

(ii) Executive directors
Prof R Widing (Dean) (Resigned 13 October 2012)
(iii) Non-executive directors
Mr P J Gorman
Dr P Dodd
Prof J Sachs

(b) Other key management personnel

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

Name	*Position*	*Employer (during the trading period)*
Assoc. Prof G Ford	Interim Dean/Deputy Dean	Macquarie University
Mr N Garrow	Interim Deputy Dean/Director Academic Programs	Macquarie University
Prof R Petty	Associate Dean, International	Macquarie University
Prof C Herington	Associate Dean, Research	Macquarie University
Mr P Kirkbride	Executive Director, Executive Education	MGSM Limited
Ms J Rickard	Acting Associate Director, Executive Education	MGSM Limited
Ms A Hely	Executive Director	MGSM Limited
Mr P Stewart	Director, Operations	MGSM Limited

Following the resignation of Prof Widing on 13 October 2012, Assoc Prof Ford was appointed Interim Dean and Mr Garrow was appointed Interim Deputy Dean. Ms Rickard was Acting Associate Director, Executive Education from 1 April 2012 until the appointment of Mr P Kirkbride. Mr Kirkbride was appointed Executive Director, Executive Education on 6 August 2012.

(c) Key management personnel compensation

	2012 **$**
Short-term employee benefits	**677,137**
Personnel services	**1,351,896**
	2,029,033

(d) Other transactions with key management personnel

During the trading period, the company entered into a contract with one of its key management personnel to provide teaching and presentations for the Executive Education programmes. The contract was based on normal commercial terms and conditions.

Aggregate amounts of these transactions with the company totalled $ 35,000.

20 Remuneration of auditors

	2012 $
(a) NSW Audit Office	
Audit services	
Audit of financial statement	40,000
Total remuneration for audit and other assurance services	40,000

The company paid an audit fee of $ 8,000 on behalf of MGSM Pty Ltd.

21 Contingencies

(a) Contingent liabilities

The parent entity and Company had contingent liabilities at 31 December 2012 in respect of:

Guarantees
Bank gurantees amounting to $ 374,550 have been provided to third parties. These bank guarantees are secured by interest bearing deposits of $374,550 (refer Note 13).

(b) Contingent assets

The Company had no contingent assets at 31 December 2012.

22 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2012 $
Property, plant and equipment	
Payable:	
Within one year	**34,150**

The above commitments are for new furniture for the Mortar Bord cafe.

(b) Lease commitments: Company as lessee

The company leases office space in Sydney CBD and computer equipment. The company does not have an option to acquire the office space at the end of the lease. The company may, at its absolute discretion, acquire the computer equipment at the end of the lease.

	2012 $
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:	
Within one year	**908,305**
Later than one year but not later than five years	**764,467**
	1,672,772
Representing:	
Non-cancellable operating leases	**1,672,772**

23 Related party transactions

(a) Members

MGSM Limited is a company limited by guarantee with the liability of each member limited to $1.

At 31 December 2012 MGSM Limited had 15 members.

(b) Directors

The Directors did not receive any remuneration from MGSM Limited in their capacity as Directors.

(c) Transactions with related parties

There were no transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

The following transactions occurred with related parties:

Sales of goods and services	
Macquarie University	**18,732,213**
Other related parties	**19,078**
	18,751,291

	2012 **$**
Purchases of goods	
Macquarie University	**9,459,421**
Other related parties	**181,795**
	9,641,216

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

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2012 **$**
Current receivables (sales of goods and services)	
Macquarie University	**178,234**
Other related parties	**5,977**
	184,211
Current payables (purchases of goods)	
Macquarie University	**1,487,120**
Other related parties	**57,315**
	1,544,435

24 Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations.

25 Reconciliation of profit to net cash inflow from operating activities

	2012 $
Profit for the year	**2,538,318**
Depreciation and amortisation	**64,652**
Net loss on sale of non-current assets	**3,221**
Change in operating assets and liabilities	
(Increase) decrease in trade debtors and bills of exchange	**2,565,197**
(Increase) decrease in inventories	**23,116**
Decrease in other operating assets	**17,420**
Increase (decrease) in trade creditors	**(246,877)**
(Decrease) increase in other provisions	**(232,677)**
Net cash inflow (outflow) from operating activities	**4,732,370**

26 Additional company information

MGSM Limited is an unlisted public company, limited by guarantee, with the liability of each member limited to $1.00.

The company's principal registered office and principal place of business is 99 Talavera Road, North Ryde, NSW, 2109.

The company did not seek any authority under the Charitable Fundraising Act 1991 (NSW) for any fund raising activities during the financial period.

End of the audited financial statements

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 26 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Australian Accounting Standards, the *Public Finance and Audit Act 1983* the *Corporations Regulations 2001, Public Finance and Audit Regulation 2010* and other mandatory professional reporting requirements,
   (ii) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date, and

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

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

Dr M Irving AM (Chair)
Director

Prof J Sachs
Director

Sydney
26 March 2013

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

MGSM Limited

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

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

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

James Sugumar

James Sugumar
Director, Financial Audit Services

2 April 2013
SYDNEY

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MUH Operations No. 2 Limited
ABN 46 141 203 125

Financial statements
for the year ended 31 December 2012

MUH Operations No. 2 Limited ABN 46 141 203 125
Financial statements - 31 December 2012

Contents

Directors' report

MUH Operations No. 2 Limited was registered on 18 December 2009 as a Public Company Limited by Guarantee with no shares, and trades under the registered business name of Macquarie University Hospital.

MUH Operations No. 2 Limited is a not-for-profit company, as noted in its Constitution.

The Directors of MUH Operations No. 2 Limited submit herewith the annual financial statement for the financial year 1 January to 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names and particulars of the Directors of the company during the financial year and up to the date of this report are:

Dr PR Dodd (Appointed 18/12/2009)
Dr M G Irving (Appointed 18/12/2009)
Mr G N Brunsdon (Appointed 27/4/2010) and resigned 25/09/12
Mr M R Compton (Appointed 27/4/2010)
Ms E M Johnstone (Appointed 27/4/2010)
Mr A B Bissett (Appointed as an Alternate Director to Dr Irving on 27/7/2010 and resigned as an Alternate Director on 8/02/2011. Appointed as a Director on 1/1/2011)
Mr P J Gorman (Appointed as an Alternate Director to Dr Dodd on 28/9/2010)
The Hon. P Forsythe (Alternate Director to Mr Bissett appointed 27/4/2011) and resigned on 02/05/12
Mr B H Barraclough (Appointed on 05/12/2012) to replace Mr Brunsdon
Mr G M Jones (Appointed as an Alternate Director to Mr A B Bissett on 20/06/2012)

Objectives of the Company

The objectives of the company are to provide evidenced based care of the highest quality to every one of our patients; to provide education to our scholars by supporting University-based learning for the next generation of health professionals and actively supporting the professional development of our staff; and by supporting innovation in clinical care by providing the most advanced hospital facilities, links to research space and better information systems.

Strategy of the Company in achieving its objectives

The company has developed five strategies to achieve these objectives: Service, in providing care to our patients; Quality and Risk, in demonstrating the quality of care provided; People and Safety, the hospital's success depends on its people and the sense of their commitment; Finance and Governance, ensuring an appropriate level of return, not only financially for the University but also in terms of their other aims; and Growth, in respect of the scale, scope and mix of services provided to the community.

Principal activities

There were no significant changes in the nature of the Company's activities during the year.
During the year the principal activity of the company was providing health care services. Our vision for the hospital is to earn recognition by providing care of the highest quality to every patient. The Hospital’s commitment to quality and safety is reflected in our involvement in research and training as well as our rigorous quality activities.

Dividends

As a company limited by guarantee, it is not permitted to pay any dividends.

Review of operations

The result for the year ended 31 December 2012 is a deficit of $31.4 million (2011: $36 million)

The hospital operates within one significant industry:

	Revenues		Net results	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Surgical and healthcare services	**74,617**	49,764	**(31,405)**	(36,000)

Ongoing financial support from parent - Macquarie University

The company continues to receive financial support from its parent, Macquarie University through a loan facility. As at 31 December 2012, the total 10 year evergreen facility was $120 million, of which $99.4 million has been drawn down. At 31 December 2012 $20.6 million remained available to be drawn. On 5 December 2012, Macquarie University Council approved funds would continue to be lent to MUH Operations No. 2 Ltd to enable it to meet its obligations.

Measuring the Company's performance

Performance of the company's operations are measured in terms of occupancy levels, patient days, average length of stay, patient revenue per patient day, labour work hours per patient day and clinical and pharmaceutical supplies costs per patient day.

The Board reviews the Company's performance at each meeting.

Matters subsequent to the end of the financial year

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of the operation, or the state of affairs of the company in future financial years.

Likely developments and expected results of operations

Ongoing growth of the Hospital and Clinic operations, including increases in occupancy levels, are expected to provide improved financial results in 2013.

Environmental regulation

The Company is subject to environmental regulation in respect of the transport and disposal of medical waste. The Company contracts with reputable, licenced businesses to dispose of waste and there have been no investigations or claims during the financial year. The Directors believe that the Company has complied with all environmental regulations.

Information on Directors

Dr P R Dodd, BCom, DipEd, MCom, MSc, PhD, *Non-Executive Chairperson*

Experience and expertise
Holds a number of non - executive directorship, formerly Deputy Vice-Chancellor and Chief Operating Officer of Macquarie University from July 2009 to October 2012. Extensive senior management experience in both the private sector (mining and investment banking) and tertiary education sectors.

Dr M G Irving, AM, BCom, FCPA, SF Fin, Hon DLitt, *Non-Executive Director and Chair of the Audit & Risk Committee*

Experience and expertise
Has held a number of directorships and chairs covering the corporate, tertiary, health, government and community service sector. Chair of Macquarie Graduate School of Management. Member of Macquarie University Council from 1993 until retirement in December 2010 (including as Deputy Chancellor of Macquarie University Council). Chair of the University's Finance and Facilities Committee from 1993 until retirement.

Mr G N Brunsdon, BCom (UNSW), FCA, FAICD, F Fin, *Non-Executive Director (Resigned 25/09/12)*

Experience and expertise
Professional company director of financial services, commodities companies and community service organisations. Extensive experience as senior executive in investment banking.

Mr M R Compton, BSc, MBA (UNSW), FAIM, FAICD, AFCHSE, *Non-Executive Director & Member of the Audit & Risk Committee*

Experience and expertise
Experienced CEO in the public company and health care and life sciences environments. Current and former board director with listed and unlisted healthcare and life science companies.

Ms E M Johnstone, LLB, MA (Hons), BA (Hons), FAICD, *Non-Executive Director & Member of the Audit & Risk Committee*

Experience and expertise
Former Corporate Partner of a major international law firm leading the Company Law and Governance practice, prior substantial senior executive experience managing strategic planning and marketing functions and leading organisational change programs. Several Board and Member appointments to international, state, professional and community bodies. She is a Fellow of the Australian Institute of Company Directors and a previous Business and Professional Women's Association (BPW) Business Woman of the Year.

Mr A B Bissett, BCom, MCom, MBA, CA, GAICD, CISA, *Non-Executive Director and Member of the Audit & Risk Committee*

Experience and expertise
Member of Macquarie University Council and its Audit & Risk Committee. Over 15 years' experience in consulting, strategy, project management, risk and internal audit in senior roles. Also a Chartered Accountant and Certified Information Systems Auditor.

Mr B H Barraclough, AO, MB, BS, FRACS, DDU, FACS, FAICD, *Non-Executive Director*

Experience and expertise
Board Member of Cabrini Health, Chair of the Advisory Council for the CSIRO Digital Productivity and Services Flagship. Former Dean of Education, Royal Australasian College of Surgeons and Associate Dean (Clinical Strategy) of the University of Western Sydney Medical School

Mr P J Gorman, BBus, MBA, FCPA, FTIA, *Alternate Director*

Experience and expertise
Current Chief Financial Officer of Macquarie University. Several years as CFO and/or company secretary in publicly listed entities and a state owned corporation. Several senior finance roles in the oil industry.

Mr G M Jones, BA (Macq.), MA (Macq.), *Alternate Director*

Experience and expertise
Member of Macquarie University Council and currently Chair of the University Discipline Committee. He also has an interest in School Governance and is working with the Department of Education and Training on developing effective models of School Governance for use in Public Schools

Company Secretary

The following persons held the position of Company Secretary during the financial year:

Ms Carol Bryant (Appointed on 26/06/2011)
Ms Emma Lawler (Appointed 26/10/2010)

Meetings of directors

The following table sets out the number of directors' meetings (including committee of directors) held during the financial year and the number of meetings attended by each director (while they were a director/committee member).

The following table details the director's attendance at these meetings:

	Meetings of Non-Executive Directors		Audit & Risk Committee	
	A	B	A	B
Dr P R Dodd (Chair) (Appointed 18/12/2009)	12	12	-	-
Mr A B Bissett (Alternate to Malcolm Irving to 8/2/2011; Appointed as a Director 1/1/2011)	12	10	5	4
Mr G N Brunsdon (Appointed 27/4/2010 ; Resigned 25/09/12	9	7	-	-
Mr M R Compton (Appointed 27/4/2010)	12	12	5	5
Dr G M Irving (Appointed 18/12/2009)	12	11	5	5
Ms E M Johnstone (Appointed 27/4/2010)	12	12	5	4
Mr P J Gorman (Alternate to Dr P Dodd)*	-	-	5	5
The Hon P Forsythe (Alternate to A Bissett) Resigned on 02/05/12 *	-	-	-	-
Mr B Barraclough (Appointed 5/12/12	1	1	-	-
Mr G Jones (Appointed as an Alternated Director to Mr A B Bissett on 20/06/2012)	2	2	-	-

A = Number of meetings held during the time the Director held office
B = Number of meetings attended.
* = Number of meetings attended when acting as an alternate director

Members guarantee

MUH Operations No. 2 Limited is limited by guarantee. Under the Company's Constitution, if the Company is wound up, each Member must contribute to the assets of the Company up to an amount not exceeding $1 for payment of the debts and liabilities of the Company including the costs of winding up.

Number of Members at 31 December 2012 was 14 (2011: 16).

Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

Insurance of Officers

Macquarie University Hospital has the following insurance policies covering Directors, officers and employees of the Company:

(a) Employment Practice Liability insurance covers MUH staff, volunteers and work experience personnel. Premium $25K (2011: $22K).

(b) Directors and Officers Liability Insurance Policy provides cover against costs and expenses, subject to the terms and conditions of the policy involved, in defending legal actions and any resulting liability to persons (other than the Company or related entity) incurred in their position as a Director or Officer unless the conduct involves a wilful breach of duty or an improper use of inside information to gain advantage. Premium $18K (2011: $26K).

No liability has arisen under these indemnities as at the date of this report.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Audit and Non-audit services

Details of the amounts paid or payable for audit and non-audit services provided during the year are set out below.

	2012 $000	2011 $000
Audit Office of New South Wales – External Audit		
Audit of financial statement	**82**	82
Deloitte Touche Tohmatsu - Internal Audit	**67**	87
Total remuneration for audit services	**149**	169

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of directors.

Dr P R Dodd
Chairperson

Dr M G Irving
Director

Sydney
26 March 2013

To the Directors
MUH Operations No. 2 Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of MUH Operations No. 2 Limited for the year ended 31 December 2012, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

James Sugumar
Director, Financial Audit Services

19 March 2013
SYDNEY

MUH Operations No. 2 Limited ABN 46 141 203 125
Financial statements - 31 December 2012

Contents

These financial statements of MUH Operations No. 2 Limited are presented as an individual entity, in the Australian currency.

MUH Operations No. 2 Limited, trading as Macquarie University Hospital, is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

MUH Operations No. 2 Limited
Macquarie University Hospital
3 Technology Place
MACQUARIE UNIVERSITY NSW 2 109

The financial statements were authorised for issue by the directors on 26 March 2013.

	Notes	2012 $'000	2011 $'000
Revenue from continuing operations			
Sale of goods	3	**15,266**	10,388
Services	3	**52,206**	34,173
Other revenue from ordinary activities	3	**7,145**	5,203
Total revenue from continuing operations		**74,617**	49,764
Expenses			
Medical supplies and consumables	4	**(34,524)**	(23,644)
Employee benefits expense	4	**(38,494)**	(34,853)
Facility management	4	**(19,590)**	(17,978)
General administration expenses		**(689)**	(740)
Information technology and communication	4	**(3,354)**	(3,154)
Professional & governance	4	**(2,340)**	(2,179)
Finance costs	4	**(5,008)**	(3,216)
Impairment – Other financial assets and Receivables	4	**(2,023)**	-
Total expenses		**(106,022)**	(85,764)
Deficit for the year		**(31,405)**	(36,000)
Other Comprehensive income for the year		-	-
Total comprehensive income for the year		**(31,405)**	(36,000)
Total comprehensive income for the year is attributable to:			
Owners of MUH Operations No. 2 Limited		**(31,405)**	(36,000)

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

MUH Operations No. 2 Limited
Statement of financial position
As at 31 December 2012

	Notes	2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	**4,864**	1,877
Trade and other receivables	6	**13,532**	9,998
Inventories	7	**3,724**	2,888
Other current assets	8	**118**	-
Total current assets		**22,238**	14,763
Non-current assets			
Receivables	9	**725**	1,006
Other financial assets	10	**-**	1,000
Other non-current assets	11	**775**	-
Total non-current assets		**1,500**	2,006
Total assets		**23,738**	16,769
LIABILITIES			
Current liabilities			
Trade and other payables	12	**8,274**	3,187
Provisions	13	**2,751**	1,624
Other current liabilities	14	**262**	162
Deferred income		**277**	251
Accrued expenses	15	**4,387**	3,396
Total current liabilities		**15,951**	8,620
Non-current liabilities			
Borrowings	16	**99,387**	68,436
Provisions	17	**470**	215
Other financial liabilities	18	**2,839**	3,002
Total non-current liabilities		**102,696**	71,653
Total liabilities		**118,647**	80,273
Net assets		**(94,909)**	(63,504)
EQUITY			
Accumulated funds	19(a)	**(94,909)**	(63,504)
Total equity		**(94,909)**	(63,504)

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

	Accumulated Funds $'000	Total $'000
1 January 2011	**(27,504)**	**(27,504)**
Total comprehensive income for the year	(36,000)	(36,000)
31 December 2011	**(63,504)**	**(63,504)**
1 January 2012	**(63,504)**	**(63,504)**
Total comprehensive income for the year	(31,405)	(31,405)
31 December 2012	**(94,909)**	**(94,909)**

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

	Notes	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from patient services (inclusive of Goods and Services Tax)		**63,094**	43,117
Receipts from others (inclusive of Goods and Services Tax)		**8,212**	6,970
Payments to suppliers and employees (inclusive of Goods and Services Tax)		**(79,467)**	(70,352)
		(8,161)	(20,265)
Interest received		**48**	86
Net cash (outflow) inflow from operating activities	26	**(8,113)**	(20,179)
Cash flows from investing activities			
Interest received		**-**	-
Net cash (outflow) inflow from investing activities		**-**	-
Cash flows from financing activities			
Proceeds from borrowings		**11,100**	18,700
Net cash inflow (outflow) from financing activities		**11,100**	18,700
Net increase (decrease) in cash and cash equivalents		**2,987**	(1,479)
Cash and cash equivalents at the beginning of the financial year		**1,877**	3,355
Cash and cash equivalents at end of year	5(a)	**4,864**	1,877

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001,* Section 41B(1) of the *Public Finance & Audit Act 1983, Public Finance and Audit Regulations 2010,* and Australian Accounting Standards and Interpretations. The directors have determined that the company is not for profit entity for financial reporting purposes.

Going Concern
The financial statements have been prepared on a going concern basis. The Company has secured continued financial support from its patent entity Macquarie University through a limited recourse revolving loan agreement. As at 31 December 2012, the total 10 year evergreen facility was $120 million, of which $99.4 million has been drawn down. At 31 December 2012 $20.6 million remained available to be drawn. On 5 December 2012, Macquarie University Council approved that funds would continue to be lent to MUH Operations No. 2 Ltd to enable MUH Operations No. 2 Ltd to meet its obligations.

Compliance with IFRS
The financial statements of MUH Operations No. 2 Limited comply with Australian Accounting Standards some of which contain requirements specific to not for profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

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, and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates
(i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(b) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company'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.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade discounts and rebates.

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

Revenue is recognised for the major business activities as follows:

(i) Fees and Charges - Sale of patient goods
A sale is recognised when patient goods have been provided to the patient, the patient has accepted the goods provided, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

Patient goods include prostheses and associated items used during surgery.

Prostheses charges are based on scheduled charges for specific medical devices and associated items provided.

(ii) Fees and Charges - Sale of patient services
A sale is recognised when patient services have been provided, the patient account has been accepted for payment, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

Patient services include surgical fees, hospital accommodation, nursing services, drugs and other materials consumed in the treatment of patients.

Service charges are based on the price specified in contracts and at point of sale, net of discounts and returns at time of sale.

(iii) Other Revenue
Other revenue is recognised when the goods and services are provided. For fixed-price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided.

Other revenue includes facilities sub-leasing, parking, functions and events, and retail operations. These are mainly provided to non-patients.

(iv) Consulting Revenue
Revenue from consulting services are recognised in the accounting period in which the services are rendered. Consultation revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total consultation to be provided.

(v) Investment Income - Interest earned
Interest income is recognised in the accounting period in which it is earned.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Lease incentives are recognised in accordance with The Australian Accounting Standard Interpretation 115 Operating Leases-Incentives Para 4

Lease income from the operating leases where the company is a lessor is recognised in income on a straight lie basis over the lease term(note 22)

(e) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and 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.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

1 Summary of significant accounting policies (continued)

(f) Trade receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(g) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises the actual value of direct materials only, applied under the First In First Out (FIFO) basis.

Cost of inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(h) Investments and other financial assets

Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the Company’s separate financial statements, investments in associates are accounted as other financial assets. This is on the basis (AASB128.13):

- The parent entity prepares consolidated financial statements
- The parent and the company are not for profit entities complying with Australian Accounting Standards

Investments in associates are initially recognised at cost plus transaction costs. Investments are assessed at each reporting date for objective evidence of impairment. Discounted cash flow modelling are used to determine the extent of any impairment.

(i) Fair value estimation

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

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

(j) Trade and other payables

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

(k) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

1 Summary of significant accounting policies (continued)

(l) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled within 12 months 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) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period. 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 end of the reporting period 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 Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution scheme receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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.

(m) Goods and Services Tax (GST)

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

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

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

(n) Income Tax Exemption

The Company is exempt from the payment of tax by virtue of Subdivision 50 - B of the Income Tax Assessment Act 1997. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Company.

(p) 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 profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

1 Summary of significant accounting policies (continued)

(p) Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

(q) D eferred revenue liabilities

Deferred revenue is recorded when patients pay anticipated hospital fees in advance of surgical and medical services being provided. Until the surgical and medical services have been provided, there remains a likelihood that patient arrangements may change and the intended services may not proceed at the intended time or may change in nature, resulting in a change to the intended fee.

As a result, patient fees paid in advance are recognised as a deferred revenue liability until there is acceptance about the hospital's legal entitlement to collect patient fees for services rendered. In other words, deferred revenue payments are transferred to revenue when the surgical and medical goods and services have been provided to the patient, the patient has accepted the goods and services provided, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

(r) Rounding of amounts

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

2 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

The Company holds the following financial instruments:

	2012 $'000	2011 $'000
Financial assets		
Cash and cash equivalents	**4,864**	1,877
Trade and other receivables	**8,394**	5,464
Other current receivables - receivable from related parties	**69**	415
Other non-current assets - receivable from associates	**725**	1,006
Other financial assets	**-**	1,000
	14,052	9,762
Financial liabilities		
Trade and other payables	**8,274**	3,186
Borrowings	**99,387**	68,436
	107,661	71,622

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from operational borrowings from Macquarie University. B orrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk if the borrowings are carried at fair value.

As at the end of the reporting period, the Company had the following fixed rate borrowings:

	31 December 2012		31 December 2011	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Loans	**5.93%**	99,387	6.83%	68,436
Net exposure to cash flow interest rate risk		99,387		68,436

An analysis by maturities is provided in (c) below.

The Company's borrowings attract fixed interest rates on a quarterly basis. The Company's borrowings and receivables are carried at amortised cost.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a need basis to verify that the maximum loss potential is within the limit given by management.

2 Financial risk management (continued)

(ii) Summarised sensitivity analysis

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

	Interest rate risk			
	-100bps		+70bps	
31 December 2012	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	(49)	(49)	34	34
Accounts receivable	-	-	-	-
Other	-	-	-	-
Other non-current assets - receivable from associates	(17)	(17)	12	12
Total increase/ (decrease) in financial assets	(66)	(66)	46	46
Financial liabilities				
Trade payables	-	-	-	-
Borrowings	994	994	(696)	(696)
Other	-	-	-	-
Total increase/ (decrease) in financial liabilities	994	994	(696)	(696)
Total increase/ (decrease)	928	928	(650)	(650)

	Interest rate risk			
	-100bps		+70bps	
31 December 2011	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	(19)	(19)	13	13
Accounts receivable	-	-	-	-
Financial liabilities	(10)	(10)	7	7
Other	-	-	-	-
Total increase/(decrease) in financial assets	(29)	(29)	20	20
Financial liabilities				
Trade payables	-	-	-	-
Borrowings	684	684	(479)	(479)
Other	-	-	-	-
Total increase/(decrease) in financial liabilities	684	684	(479)	(479)
Total increase/ (decrease)	655	655	(459)	(459)

(b) Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer.

2 Financial risk management (continued)

	2012 $'000	2011 $'000
Trade receivables		
Counterparties - Private Health Insurers	**7,076**	4,663
Counterparties - Others Non Patient Debtors	**1,318**	1,025
Total trade receivables	**8,394**	5,688
Cash at bank and short-term bank deposits		
Cast at bank	**4,864**	1,877

(c) Liquidity risk

Liquidity risk management ensures maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility to meet obligations when due and close out market positions. Refer to Directors' report for details of the loan facility from the parent entity, Macquarie University

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows:

(a) based on their contractual maturities:
  (i) all non-derivative financial liabilities, and
(b) based on the remaining period to the expected settlement date:
  (i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows (not applicable to the company in 2012 or 2011)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2 Financial risk management (continued)

Contractual maturities of financial liabilities	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Greater than 5 Years**	**Total Contractual cash flows**
2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives						
Trade payables	8,274	-	-	-	-	8,274
Borrowings	-	-	-	-	99,387	99,387
Total non-derivatives	8,274	-	-	-	99,387	107,661
2011						
Trade and other payables	3,186	-	-	-	-	3,186
Borrowings	-	-	-	-	68,436	68,436
Total non-derivatives	3,186	-	-	-	68,436	71,622

(d) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are not materially exposed to changes in market interest rates.

3 Revenue

	2012 $'000	2011 $'000
Revenue from continuing operations		
Sale of goods		
Prostheses	**15,266**	10,388
Total sale of goods	**15,266**	10,388
Services		
Patient services revenue	**49,852**	32,746
Non-patient services revenue	**2,354**	1,427
Total services	**52,206**	34,173
Other revenue from ordinary activities		
Rents and sub-lease rentals	**5,094**	3,738
Interest from financial assets not at fair value through profit or loss	**48**	86
Commercial operations	**930**	798
Consulting revenue	**748**	402
Other revenue	**325**	179
Total other revenue	**7,145**	5,203
Total revenue from continuing operations	**74,617**	49,764

4 Expenses

	2012 $'000	2011 $'000
Profit before income tax includes the following specific expenses:		
Cost of Medical supplies and consumables		
Prostheses	**15,421**	10,692
Medical Supplies	**16,764**	11,045
Food and cleaning	**2,339**	1,907
	34,524	23,644
Employee Benefits and Expenses		
Employee remuneration	**31,456**	27,984
Annual leave	**3,737**	3,466
Workers' compensation	**62**	358
Superannuation	**2,703**	2,434
Recruitment and training	**537**	610
	38,495	34,852
Facilities Management		
Facilities Management	**5,594**	4,521
Rent	**13,996**	13,457
	19,590	17,978

4 Expenses (continued)

	2012 $'000	2011 $'000
Information Technology and Communication		
Information technology	**3,225**	2,960
Communication	**129**	194
	3,354	3,154
Professional and Governance		
Professional services	**2,239**	2,080
Governance	**101**	99
	2,340	2,179
Finance Costs		
Interest expense	**5,008**	3,216
	5,008	3,216
Allowance for Impairment		
Receivable	**1,023**	-
Other Financial Asset	**1,000**	-
	2,023	-

5 Current assets - Cash and cash equivalents

	2012 $'000	2011 $'000
Cash on hand	**2**	2
Cash at bank	**4,862**	1,875
	4,864	1,877

(a) Reconciliation to cash at the end of the year

The figures above are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2012 $'000	2011 $'000
Balances as per above	**4,864**	1,877
Balances per statement of cash flows	**4,864**	1,877

(b) Risk exposure

The Company's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(c) Cash on hand

Cash on hand is non-interest bearing.

5 Current assets - Cash and cash equivalents (continued)

(d) Cash at bank

Bank balances, which include the trading account and cash maximiser accounts, are bearing floating interest rates between 0% and 3% (2011: between 3.4% and 3.7%).

(e) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

6 Current assets - Trade and other receivables

	2012 $'000	2011 $'000
Trade receivables		
Trade receivables - patient fees	**7,076**	5,343
Trade receivables - non-patient fees	**742**	344
GST and other	**576**	792
Allowance for impairment of receivables (a)	**(151)**	(223)
	8,243	6,256
Related party receivables		
Receivable from parent company	**-**	211
Receivable from other entities within the group	**31**	58
Receivable from associates	**38**	146
	69	415
Accrued receivables		
Accrued patient fee income	**4,298**	2,350
Accrued commercial activity income	**14**	22
	4,312	2,372
Prepayments		
Insurance	**88**	231
Other	**18**	-
Maintenance service contracts	**802**	725
	908	956
Total Trade and other receivables	**13,532**	9,998

(a) Impaired trade receivables

As at 31 December 2012, the amount of the provision was $0.15m (2011- $0.22m).

	2012 $'000	2011 $'000
Movements in the allowance for impairment of current receivables are as follows:		
At beginning of year	**(223)**	-
Allowance for impairment recognised during the year	**(51)**	(223)
Receivables written off during the year as uncollectible	**123**	-
	(151)	(223)

6 Current assets - Trade and other receivables (continued)

(b) Past due but not impaired

As of 31 December 2012, trade receivables of $0.54m (2011 - $1.52m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2012 $'000	2011 $'000
Up to 3 months	**333**	1,401
3 to 6 months	**211**	122
	544	1,523

(c) Fair value and credit risk

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or re pledged. Refer to note 2(b) for more information on the risk management policy of the Company and the credit quality of the entity's trade receivables.

7 Current assets - Inventories

	2012 $'000	2011 $'000
Theatre consumables inventory - at cost	**2,236**	1,960
Medical consumables inventory - at cost	**1,437**	886
Kitchen and cleaning inventory - at cost	**51**	42
	3,724	2,888

8 Current assets - Other current assets

	2012 $'000	2011 $'000
Lease asset incentive	**118**	-

9 Non-current assets - Receivables

	2012 $'000	2011 $'000
Related party receivables		
Receivable from associates	**1,748**	1,006
Allowance for Impairment	**(1,023)**	-
	725	1,006

9 Non-current assets – Receivables (continued)

(a) Impaired non-current receivables

As at 31 December 2012, the amount of the provision was $1.02m (2011- $0).

	2012 $'000	2011 $'000
Movements in the allowance for impairment of no current receivables are as follows:		
At beginning of year	-	-
Allowance for impairment recognised during the year	(1,023)	-
Receivables written off during the year as uncollectible	0	-
	(1,023)	-

(b) Past due but not impaired

As of 31 December 2012, trade receivables of $0.66m (2011 - $0) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2012 $'000	2011 $'000
Up to 3 months	125	-
3 to 6 months	537	-
	662	

As the date of financial position, the company had an investment of $1 M (refer note 10) and receivables owing of $1.7M from an associate. The receivable and investment were assessed for impairment in accordance with AASB 139 and impairment provision of $2.0M was made in 2012. The impairment test utilised the present value of estimated future cash flows over a 10 year period. This impairment was applied in full against the $1M of Preference Shares (refer note 10); the remaining provision was applied against the receivable.

10 Non-current assets - Other financial assets

	2012 $'000	2011 $'000
Shares in associates	1,000	1,000
Provision for Impairment	(1,000)	-
	-	1,000

The Company holds 30% of the ordinary share capital and 1,000,000 Series A Preference Shares in an associate, registered in NSW Australia. During 2012 this investment was impaired in full; refer to note 9 for details

11 Non-current assets - Other non-current assets

	2012 $'000	2011 $'000
Lease assets Incentive	**775**	-
	775	-

Lease incentives are recognised in accordance with The Australian Accounting Standard Interpretation 115 Operating Leases-Incentives Para 4 which requires lease incentives to be recognised on straight line basis over the lease term

12 Current liabilities - Trade and other payables

	2012 $'000	2011 $'000
Trade payables	**8,206**	2,766
Amounts due to the parent company	**68**	421
	8,274	3,187

13 Current liabilities - Provisions

	2012 $'000	2011 $'000
Employee benefits - annual leave	**1,905**	1,624
Other Provision	**846**	-
	2,751	1,624

Annual leave entitlements are expected to be settled within twelve months after the end of the year in which the employees earn their leave.

Movements in provisions

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

	Other provisions $'000	**Total $'000**
Carrying amount at start of year	-	-
Charged/(credited) to profit or loss		
- additional provisions recognised	846	846
Carrying amount at end of year	846	846

14 Current liabilities - Other current liabilities

	2012 $'000	2011 $'000
Hospital revenue received in advance	**100**	-
Lease incentive liability	**162**	162
	262	162

15 Current liabilities - Accrued expenses

	2012 $'000	2011 $'000
Employee benefits	**1,724**	1,453
Inventory	**1,059**	672
General	**1,270**	715
Systems	**334**	556
	4,387	3,396

16 Non-current liabilities - Borrowings

	2012 $'000	2011 $'000
Unsecured		
Loans from related parties	**99,387**	68,436
Total non-current borrowings	**99,387**	68,436

Refer to the Directors' report for details of the loan facility from the parent entity, Macquarie University

17 Non-current liabilities - Provisions

	2012 $'000	2011 $'000
Employee benefits - long service leave	**470**	215
	470	215

Long service leave entitlements are expected to be settled more than twelve months after the end of the year in which the employees earn their long service leave.

18 Non-current liabilities - Other financial liabilities

	2012 $'000	2011 $'000
Lease incentive liability	**2,839**	3,002
	2,839	3,002

19 Retained earnings and accumulated losses

Movements in accumulated losses were as follows:

	2012 $'000	2011 $'000
Opening Balance	**(63,504)**	(27,504)
Loss for the year	**(31,405)**	(36,000)
Balance 31 December	**(94,909)**	(63,504)

20 Remuneration of auditors

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

	2012 $'000	2011 $'000
(a) NSW Audit Office – External Audit		
Audit of financial statement	**82**	82
(b) Deloitte Touche Tohmatsu – Internal Audit		
Audit and other assurance services		
Internal audit, review of financial systems and controls	**67**	87
Total auditors' remuneration	**149**	169

21 Contingencies

The Company had contingent liabilities estimated at $nil at 31 December 2012 (2011: $nil).

22 Commitments

(a) Lease commitments: Company as lessee

	2012 $'000	2011 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**15,205**	15,516
Later than one year but not later than five years	**52,839**	58,085
Later than five years	**79,502**	201,463
	147,546	275,064

22 Commitments (continued)

(i) Non-cancellable operating leases

The Company leases the hospital, medical equipment, and other plant and machinery from Macquarie University. Major risks occurring with the buildings and equipment are insured by the University and are the responsibility of the University. The company does not have an option to acquire the building at the end of the lease.

	2012 $'000	2011 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**13,552**	13,978
Later than one year but not later than five years	**51,275**	56,248
Later than five years	**79,502**	201,463
	144,329	271,689

(ii) Cancellable operating leases

	2012 $'000	2011 $'000
Commitments in relation to cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**1,653**	1,538
Later than one year but not later than five years	**1,564**	1,837
Later than five years	**-**	-
	3,217	3,375

(b) Revenue commitments and contingencies: Company is lessor

The Company also leases the upper floors of the Clinic building from the University, and sub-leases some space to medical specialists.

Rental revenue commitments have arisen upon negotiated contracts with medical specialists, with some contracts extending to 15 years.

	2012 $'000	2011 $'000
Within one year	**3,260**	2,540
Later than one year and not later than five years	**10,153**	10,553
Later than five years	**5,396**	7,430
	18,809	20,523

Further rental revenue commitments will arise contingent upon the outcome of continuing negotiations with medical specialists.

23 Key management personnel disclosures

(a) Directors

The following persons were directors of MUH Operations No. 2 Limited during the financial year:

(i) Chairman - Non-executive

Dr P R Dodd

(ii) Non-executive directors

Dr M G Irving
Mr G N Brunsdon (resigned 25/09/12)
Mr M R Compton
Ms E M Johnstone
Mr A B Bissett (appointed as Director on 1/1/2011)
Mr P J Gorman (Alternate Director to Dr Dodd)
The Hon. P Forsythe (Alternate Director to Mr Bissett ; Resigned 2/05/2012)
Mr B Barraclough (appointed 05/12/2012)
Mr G Jones (appointed as an Alternated Director to Mr A B Bissett on 20/06/2012)

(b) Executive Management

Ms C. Bryant, Chief Executive Officer
Mr E. Rawstron, Chief Operating Officer
Mr P. Jasani, Chief Financial Officer (appointed 03/09/12)
Ms C. Kennedy, Director Clinical Services (appointed 13/03/12)

(c) Key management personnel compensation

	2012 **$'000**	2011 $'000
Short-term employee benefits	**1,734**	1,286
Long-term benefits	**16**	96
	1,750	1,382

24 Related party transactions

(a) Parent entities

The ultimate parent entity of the Company is Macquarie University which controls 100% of the company.

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: Dr P R Dodd; Dr M G Irving; Mr G N Brunsdon (resigned 25/09/12); Mr M R Compton; Ms E M Johnstone; Mr A B Bissett; Mr P J Gorman, the Hon. P Forsythe (resigned 02/05/12); Mr G M Jones, and Mr B H Barraclough. Appointment dates for Directors appointed during the financial year ended 31 December 2012 are included in Note 23.

The independent non-executive Directors receive remuneration from MUH Operations No. 2 Limited in their capacity as Directors.

24 Related party transactions (continued)

(c) Transactions with related parties

Amounts receivable from and payable to the parent entity are included in Note 6, 11 and 12 of the financial statements.

Ms E M Johnstone was a consultant at Ashurst during the reporting period. The firm has supplied legal services to the Company during the year. There were no other commercial transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

A list of all transactions with related parties, including the parent entity, is provided below:

	2012 $'000	2011 $'000
Rent paid to the parent company Macquarie University	**13,996**	13,457
Rent, outgoings and other income from the Australian School of Advanced Medicine (ASAM)	**501**	352
Rent, outgoings and other income from Macquarie University Medical Services	**156**	70
Loan for operations from the parent company Macquarie University	**99,387**	68,436
Lease incentive liability	**3,001**	3,164
Interest paid on the loan from the University	**5,008**	3,216
Remuneration paid to directors	**379**	330
Purchase of preference shares in Macquarie Medical Imaging Pty Ltd	**-**	1,000
	122,428	90,025

(d) Support from Macquarie University

Refer to Directors' report for details of ongoing support provided by the parent entity, Macquarie University

25 Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations (2011: $nil).

26 Reconciliation of profit to net cash inflow from operating activities

	2012 $'000	2011 $'000
Deficit for the year	**(31,405)**	(36,000)
Non-cash rent expense	**14,158**	13,457
Non-cash interest expense	**5,008**	3,216
Non-cash insurance expense	**685**	297
Change in operating assets and liabilities		
(Increase) in trade debtors and bills of exchange	**(1,507)**	(2,602)
Decrease (increase) in inventories	**(646)**	76
(Increase) decrease in other operating assets	**(844)**	740
(Decrease) increase in trade creditors	**6,036**	(281)
(Decrease) increase in other operating liabilities	**(162)**	(135)
(Decrease) increase in employee provisions	**564**	1,053
Net cash inflow (outflow) from operating activities	**(8,113)**	(20,179)

27 Members guarantee

MUH Operations No. 2 Limited is limited by guarantee. Under the Company's Constitution, if the Company is wound up, each Member must contribute to the assets of the Company up to an amount not exceeding $1 for payment of the debts and liabilities of the Company including the costs of winding up.

Number of Members at 31 December 2012 was 14 (2011: 16).

End of audited financial statements

Directors' Declaration

For the Financial Year ended 31 December 2012

In accordance with a resolution of the Directors of MUH Operations No. 2 Limited the Directors declare that:

(a) The attached financial statements and notes thereto:

(i) Give a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date; and
(ii) Comply with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements.

(b) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, the Public Finance and Audit Act 1983, and the Public Finance and Audit Regulations 2010.

(c) As at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable based on the financial support from Macquarie University.

(d) They are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Directors, and on behalf of the Directors.

Dr P R Dodd
Chairperson

Dr M G Irving
Director

Sydney
26 March 2013

INDEPENDENT AUDITOR'S REPORT

MUH Operations No.2 Limited

To Members of the New South Wales Parliament and Members of MUH Operations No.2 Limited

I have audited the accompanying financial statements of MUH Operations No.2 Limited (the Company), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of MUH Operations No. 2 Limited on 19 March 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar

James Sugumar
Director, Financial Audit Services

2 April 2013
SYDNEY

Risk Frontiers Flood (Australia) Pty Ltd
A.B.N. 96 130 190 206

FINANCIAL STATEMENT
for the financial year ended 31 December 2012

Risk Frontiers Flood (Australia) Pty Ltd

DIRECTORS' REPORT for the year ended 31 December 2012

The Directors of Risk Frontiers Flood (Australia) Pty Ltd ("Company") submit their report for the financial year ended 31 December 2012. In accordance with the Corporations Act 2001, the Directors report that:

The names of Directors in office during the financial year or since year end to the date of this report:

Name	**Period of Directorship**
Peter Dodd	From 30 August 2012
James Piper	From 30 August 2012
John Gorman	From 8 November 2012
Kevin John McAneney	From 12 November 2012
	From 17 March 2008 to 30 August 2012
Malcom John Castle	From 17 March 2008 to 30 August 2012
David Michael Wright	From 22 May 2010 to 1 November 2012

Principal activity

The Company specialises in quantitative flood risk assessment and risk management for residential properties in Australia and develops and supplies specialised flood risk databases to the insurance industry.

Operating results

The loss after income tax for the financial year ending 31st December 2012 was $10,909 (2011: profit $19,254).

Information on Directors

Name	Qualifications	Experience
K J McAneney	B.Sc. (Hons) M.S., Ph.D.	Director of Risk Frontiers - NHRC

MEETINGS OF DIRECTORS

During the 2012 financial year, 2 meetings of Directors were held. Attendees were:

	Directors' Meetings	
	Number Eligible to Attend	**Number Attended**
P R Dodd	2	2
J A Piper	2	2
P J Gorman	2	2
K J McAneney	1	1
M.J. Castle	0	0
D M Wright	1	1

In addition Directors, individually and together, met with Company staff during the year to discuss Company business.

Changes in state of affairs

The Company was incorporated on 17 March 2008 and executed its first contract for risk assessment and risk management services in September 2008. There have otherwise been no significant changes in the state of the affairs.

Summary of operations

The Company commenced operations on 17 March 2008. The Company negotiated and executed an agreement, in September 2008, with the Insurance Council of Australia ("ICA") to provide its services and a national flood information database ("NFID") to the ICA and to corporate Members of the ICA. The three year NFID catchment expansion phase of this agreement should be completed by 31 March 2012.

The Company has also been maintaining NFID as part of a five year maintenance program. Pursuant to its contract with the Company, Willis Reinsurance Australia Limited, has been providing certain sub-contracted services to the Company relating to the additions to NFID and its maintenance.

In 2010 the Company began investigating aspects of volcanic risk as it pertains to natural hazard risk to insured properties and this work has continued through 2012.

During 2010 and 2011 the ICA, pursuant to the above agreement with RFFA, has been developing the market for sub-licensing NFID to insurance companies and actuaries that are not members of the ICA. This should result in further revenue for the Company in 2013 and ensuing years.

DIRECTORS BENEFITS

No Director has received or become entitled to receive a benefit, other than disclosed in the accounts, because of a contract made by the Company, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full-time employee of the Company, or a related body corporate, by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he/she is a member, or with an entity in which he/she has a substantial financial interest.

Matters subsequent to the end of the financial year

Since the end of the financial year and to the date of this report, there has been no other matter or circumstance, which has arisen which has significantly affected or may significantly affect:

(a) the operations, in financial years after the financial year, of the Company; or
(b) the results of those operations; or
(c) the state of affairs, in financial years after the financial year, of the Company.

FUTURE DEVELOPMENTS

In 2013 the Company expects to negotiate and complete an agreement with the ICA which should enable them in selling NFID licences to companies which are not members of the ICA.

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

DIVIDENDS

No dividends were paid or declared since the start of the year and to the date of this report. No recommendation for payment of dividends has been made.

Indemnifying Officer

The Company has entered into deeds of access, indemnity and insurance with directors of the Company. The deeds provide the relevant officer with:

(a) rights of access to certain Board papers of the Company during the year while the relevant officer is or was an officer of the Company and for a period of seven years after they cease to be an officer;

(b) subject to the limitations set out in the Corporations Act 2001, the Company indemnifies the relevant officer against any liability incurred whilst acting in their capacity as an officer of the Company; and

(c) the requirement for the Company to use its best endeavours to maintain directors' and officers' insurance for the officer.

No liability has arisen under these indemnities at the date of this report.

During the financial year, the Company has not directly paid insurance premiums in respect of a contract, insuring all the Directors, against liability whilst acting in their capacity as a director or officer (as applicable) of the Company.

ENVIRONMENTAL ISSUES

The Company is not subject to significant environmental regulations under the law of the Commonwealth and State.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

DECLARATION OF INDEPENDENCE

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of Directors.

Dated at Sydney this 11th day of April 2013.

....	....
Director	Director
Kevin John McAneney	James Austin Piper

Risk Frontiers Flood (Australia) Pty Ltd

DIRECTORS' DECLARATION - 31 December 2012

In accordance with a resolution of the Directors of Risk Frontiers Flood (Australia) Pty Ltd, we declare that:

1. The attached financial statements and notes present a true and fair view of the financial position as at 31 December 2012 and its performance and cash flows for the year ended 31 December 2012.

2. The financial statements and notes have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010 and the Corporations Act 2001;

3. The financial statements and notes have been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;

4. We are not aware of any circumstances which would render any particulars included in the financial statements and notes to be misleading or inaccurate; and

5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of Directors, and on behalf of the Directors.

Dated at Sydney this 11th day of April 2013.

K J McAneney

Director

Kevin John McAneney

Director

James Austin Piper

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
Risk Frontiers Flood (Australia) Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Risk Frontiers Flood (Australia) Pty Ltd for the year ended 31 December 2012, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

James Sugumar
Director, Financial Audit Services

9 April 2013
SYDNEY

Risk Frontiers Flood (Australia) Pty Ltd

Statement of Comprehensive Income
for the financial year ended 31 December 2012

	Note	2012 $	2011 $
CONTINUING OPERATIONS	13		
REVENUE			
Revenue from continuing activities		988,012	1,542,226
Other Revenue		5,386	4,161
Total Revenue		993,398	1,546,387
EXPENSES	13		
Employee benefits expense		324,682	279,138
Consultants		496,656	1,035,642
Other expenses		176,599	196,028
Total Expenses		997,937	1,510,808
(Loss)/Profit before income tax		(4,539)	35,579
Income tax (benefit)/expense	12	6,370	16,325
(Loss)/Profit for the year from continuing operations		**(10,909)**	**19,254**
OTHER COMPREHENSIVE INCOME			
Share of other comprehensive income of associates		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(10,909)	19,254
Total comprehensive income for the year is attributable to:			
Owners of Risk Frontiers Flood (Australia) Pty Ltd		(10,909)	19,254

The accompanying notes form part of the financial statements.

Risk Frontiers Flood (Australia) Pty Ltd

Statement of Financial Position
for the financial year ended 31 December 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	11,721	272,951
Trade and other receivables	3	261,504	183,978
Total Current Assets		**273,225**	**456,929**
NON-CURRENT ASSETS			
Plant & equipment	4	10,650	20,226
Deferred tax asset	5	65,734	47,494
Total Non-Current Assets		**76,384**	**67,720**
TOTAL ASSETS		**349,609**	**524,649**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	95,895	274,792
Provisions	7	24,497	17,573
Other	8	16,191	12,369
Current Tax liability	12	-	20,590
Total Current Liabilities		**136,583**	**325,324**
NON-CURRENT LIABILITIES			
Deferred tax liability	9	39,470	14,860
Total Non-Current Liabilities		**39,470**	**14,860**
TOTAL LIABILITIES		**176,053**	**340,184**
NET ASSETS		**173,556**	**184,465**
EQUITY			
Contributed Equity	10	1	1
Retained Profits	11	173,555	184,464
TOTAL EQUITY		**173,556**	**184,465**

The accompanying notes form part of the financial statements.

Risk Frontiers Flood (Australia) Pty Ltd

Cash Flow Statement
for the financial year ended 31 December 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers		1,009,287	1,596,220
Payments to suppliers and employees		(1,255,313)	(1,680,760)
Income tax paid		(20,590)	50,154
Interest received		5,386	4,161
Interest paid		-	-
Net cash inflow/(outflow) provided by operating activities	**14**	**(261,230)**	**(30,225)**
Cash flows from investing activities			
Payment for plant & equipment		-	(5,681)
Net cash inflow/(outflow) provided by investing activities		**-**	**(5,681)**
Cash flows from financing activities			-
Net increase/(decrease) in cash and cash equivalents held		(261,230)	(35,906)
Cash at the beginning of the financial year		272,951	308,857
Balance of cash and cash equivalents held at end of financial year	15	**11,721**	**272,951**

The accompanying notes form part of the financial statements.

Risk Frontiers Flood (Australia) Pty Ltd

Statement of Changes in Equity
for the financial year ended 31 December 2012

	Contributed equity	Reserves	Retained earnings	Total
	$	$	$	$
Balance as at 1 January 2011	1	-	165,210	165,211
Profit for the year	-	-	19,254	19,254
Total comprehensive income for the year	**1**	**-**	**184,464**	**184,465**
Balance as at 31 December 2011	**1**	**-**	**184,464**	**184,465**
Balance as at 1 January 2012	1	-	184,464	184,465
Profit for the year	-	-	(10,909)	(10,909)
Total comprehensive income for the year	**1**	**-**	**173,555**	**173,556**
Balance as at 31 December 2012	**1**	**-**	**173,555**	**173,556**

The accompanying notes form part of the financial statements.

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with Australian Accounting Standards, which include Australian Accounting Interpretations, the Corporation Act 2001, Section 41B(1) of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2010, and complies with other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements are presented in Australian dollars.The directors have assessed the entity as a for profit entity for financial reporting purposes.

Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, some of which contain requirements specific to not for profit entities that are inconsistent with international financial reporting standard requirements.

Risk Frontiers Flood (Australia) Pty Ltd is a controlled entity of Risk Frontiers Group Pty Ltd which, in turn, is a controlled entity of Access Macquarie Limited.

The ultimate parent entity is Macquarie University.

The financial statements have been authorised for issue by the Directors of Risk Frontiers Flood (Australia) Pty Ltd on ## day of April 2013.

(b) Historical cost convention

The financial statements have been prepared on an accruals basis and is based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(d) New Australian Accounting Standards issued but not effective

In the current year the Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report. Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2011 reporting period. The Company did not early adopt any new accounting standards that are not yet effective. The Company has assessed the impact of the new standards and interpretations on issue but not effective and considers the impact to be insignificant.

(e) Significant Accounting Judgements & Estimates

(i) *Significant accounting judgement*
In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of accounting policies notes.

(ii) *Significant accounting estimates and assumptions*
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(f) Revenue recognition

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

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

(i) *Investment income*
Investment income is recognised as it is earned.

(ii) *Service Revenue*
Service revenue is recognised in the accounting period in which the services are rendered. For fixed price service contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided. Product revenue is recognised at the time of practical completion of the product to the contracted specifications and acceptance by the customer.

(g) 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 applicable 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. Current tax assets & liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

(g) Income tax (continued)

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 subsidiaries 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.

(h) Goods and services tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables; or

(iii) cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Acquisition of assets

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. Company policy is to capitalise Assets with a value in excess of $5,000.00. The carrying value of the plant and equipment are measured at depreciated historic cost. There is no substantive difference between the fair value and the carrying value of these assets, and historical cost is a surrogate for fair value due to the short lived nature of the asset.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(j) Borrowing Costs

Borrowing costs (or finance costs) are interest and other costs incurred by an entity in connection with the borrowing of funds. Borrowing costs may include:

(i) Interest on bank overdrafts and short-term and long-term borrowings;

(ii) Amortisation of discounts or premiums relating to borrowings;

(iii) Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;

(iv) Finance charges in respect of finance leases; and

(v) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

(k) Plant & Equipment

Plant & equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(l) Depreciation

Plant & equipment are depreciated over their estimated useful lives. Depreciation is calculated using the straight line method.
The depreciation rates used for each class of depreciable assets are:
Furniture, fittings and office equipment 20-33%

(m) 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.

(n) Related party disclosure

Where the term "related parties" is used in the financial report, it refers to:

Entities which, at any time during the year, exercised control or significant influence over the Company or were subject to control or significant influence by the Company. This includes:

(i) associated companies;
(ii) directors; and
(iii) spouses and other close members of the families of the directors; individuals or close members of the families of such individuals who have significant influence or close members of the families of such individuals who have significant influence or control over the Company through holding an ownership interest.

(o) Employee benefits

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to the reporting date. The balances of these provisions as at the end of the financial year have been categorised for Statement of Financial Position purposes as either current liabilities or non-current liabilities. Employee entitlements for accrued annual leave and long service leave are accrued annually using the nominal basis of measurement being remuneration rates that the Company expects to pay as at each reporting date and does not discount cash flows to their present value because the difference between the two methods of calculation is not material. The Company contributes to a defined contribution superannuation fund on behalf of its employees as required by law and contributions are charged as expenses when incurred.

(p) Trade and other payables

Trades and other payables are carried at amortised cost. Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(q) Trade receivables

Receivables are recognised initially at fair value usually based on transaction costs or face value subsequent to measurement at amortised cost using the effective interest method less an allowance for impairment of receivables. Trade receivables are carried at amounts due. Payment terms are 30 days net. Bad debts are written off during the period in which they are identified and provision for impairment of trade receivables is created based on a review of all outstanding amounts periodically or at 31 December.

(r) Other assets

Other assets are recognised on a cost basis.

(s) Foreign currency translation

Foreign Currency transactions during the year are generally brought to account using the exchange rate in effect at the date of the transaction, with exchange rate fluctuations being recorded in the profit & loss.

(t) Superannuation

Superannuation expense is calculated as a percentage of the employees' salary, per the Superannuation Guarantee Levy.

	2012 $	2011 $
NOTE 2 – CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	11,721	272,951
NOTE 3 – TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables – Other	128,333	134,444
Trade receivables – Related party	-	-
- Other Tax refunds from ATO	1,606	-
Less: Provision for Doubtful Debts	-	-
Prepaid insurance	-	10,107
Accrued income	131,565	39,427
	261,504	183,978

Related party is Access Macquarie Limited

NOTE 4 - NON-CURRENT ASSETS: PLANT AND EQUIPMENT

	Furniture, fittings and office equipment $	Total $
Year ended 31 December 2011		
Opening net book amount	25,683	25,683
Additions	5,681	5,681
Depreciation charge	(11,138)	(11,138)
Closing net book amount	20,226	20,226
At 31 December 2011		
Cost	44,040	44,040
Accumulated depreciation	(23,814)	(23,814)
Net book amount	20,226	20,226
Year ended 31 December 2012		
Opening net book amount	20,226	20,226
Additions	-	-
Depreciation charge	(9,576)	(9,576)
Closing net book amount	10,650	10,650
At 31 December 2012		
Cost	44,040	44,040
Accumulated depreciation	(33,390)	(33,390)
Net book amount	10,650	10,650

NOTE 5 - DEFERRED TAX ASSETS	**2012**	**2011**
	$	**$**
The balance comprises temporary differences attributable to:		
Plant and equipment	-	7,731
Employee benefits	9,346	6,613
Accrued expenses	3,300	33,150
Total deferred tax assets	12,646	47,494
Set-off of deferred tax liabilities pursuant to set-off provisions		
Carried forward losses	53,088	-
Net deferred tax assets	65,734	47,494
Deferred tax assets to be recovered within 12 months	65,734	47,494
Deferred tax assets to be recovered after more than 12 months	-	-
	65,734	47,494

Movements	**Plant and equipment**	**Employee benefits**	**Accrued expenses**	**Carried forward losses**	**Total**
	$	**$**	**$**	**$**	**$**
Opening balance at 1 January 2010	-	1,090	31,680	-	32,770
(Charged)/credited to the statement of comprehensive income	-	1,974	1,410	-	3,384
Credited directly to equity	-	-	-		-
Closing balance at 31 December 2010	-	3,064	33,090	-	36,154
Opening balance at 1 January 2011	-	3,064	33,090	-	36,154
(Charged)/credited to the statement of comprehensive income	7,731	3,549	60	-	11,340
Credited directly to equity	-	-	-		-
Closing balance at 31 December 2011	7,731	6,613	33,150	-	47,494
Opening balance at 1 January 2012	7,731	6,613	33,150	-	47,494
(Charged)/credited to the statement of comprehensive income	(7,731)	2,733	(29,850)	-	(34,848)
Carried forward losses	-	-	-	53,088	53,088
Credited directly to equity	-	-	-	-	-
Closing balance at 31 December 2012	-	9,346	3,300	53,088	65,734

NOTE 6 – TRADE AND OTHER PAYABLES

		2012 $	2011 $
Current			
Trade payables	- Related party	-	-
	- Others	84,895	154,778
Other Tax payable to ATO		-	9,514
Accrued liabilities		11,000	110,500
		95,895	274,792

Related party is Access Macquarie Ltd in both years.

NOTE 7 – PROVISIONS

	2012 $	2011 $
Current		
Annual Leave	24,497	17,573
	24,497	17,573

All annual leave is expected to be taken in the next 12 months.

NOTE 8 - OTHER LIABILITIES

	2012 $	2011 $
Current – Super and PAYG payable	16,191	12,369
Total Current Other Liabilities	16,191	12,369

Related parties are Macquarie University, Access Macquarie Ltd and Risk Frontiers Group Pty Ltd

NOTE 9 - DEFERRED TAX LIABILITIES

	2012 $	2011 $
The balance comprises temporary differences attributable to:		
Prepaid Insurance	-	3,032
Accrued income	39,470	11,828
Total deferred tax liabilities	39,470	14,860
Net deferred tax liabilities	39,470	14,860
Deferred tax liabilities to be settled within 12 months	39,470	14,860
	39,470	14,860

Movements

	Prepaid Insurance $	Accrued income $	Total $
Opening balance at 1 January 2010	4,271	41,882	46,153
Charged/(credited) to the statement of comprehensive income	(1,452)	(31,264)	(32,716)
Closing balance at 31 December 2010	**2,819**	**10,618**	**13,437**
Opening balance at 1 January 2011	2,819	10,618	13,437
Charged/(credited) to the statement of comprehensive income	213	1,210	1,423
Closing balance at 31 December 2011	**3,032**	**11,828**	**14,860**
Opening balance at 1 January 2012	3,032	11,828	14,860
Charged/(credited) to the statement of comprehensive income	(3,032)	27,642	24,610
Closing balance at 31 December 2012	**-**	**39,470**	**39,470**

Risk Frontiers Flood (Australia) Pty Ltd

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2012

	2012 $	2011 $
NOTE 10 – CONTRIBUTED EQUITY		
Contributed Equity	$1	$1
Total number of share issued is	1	1
Equity per share	$1	$1
Major Shareholders:		
Risk Frontiers Group Pty Ltd	%	%
(Access Macquarie Limited owns Risk Frontiers Group Pty Ltd)	100	100
One fully paid share was issued on incorporation of the company.		

NOTE 11 – RETAINED PROFIT

	2012 $	2011 $
Balance at beginning of financial year	184,464	165,210
Net (Loss) for current financial year	(10,909)	19,254
Balance at end of financial year	173,555	184,464

NOTE 12 - INCOME TAX

	2012 $	2011 $
Current tax	-	20,590
	-	20,590
Income tax expenses is attributable to:		
Profit/(Loss) from continuing operations	(4,539)	35,579
Income tax expense	(1,362)	10,673
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax asset	(34,848)	11,340
(Decrease)/increase in deferred tax liabilities	(24,610)	(1,423)
	(59,458)	9,917
Numerical reconciliation of income tax expense to prima facie tax payable		
Operating result from continuing operations before income tax expenses	(4,539)	35,579
Tax at the Australian tax rate of 30%	(1,362)	10,673
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible items (net)	7,732	5,652
Income tax expense	6,370	16,325

NOTE 13 - PROFIT FROM CONTINUING ACTIVITIES

Profit from continuing activities before income tax includes the following items of revenue and expense:

	2012 $	2011 $
(a) **Operating Revenue**:		
Rendering of Services	988,012	1,542,226
Interest Revenue	5,386	4,161
	993,398	1,546,387
(b) **Expenses:**		
Royalty	-	-
Salaries & Wages	289,317	248,053
Consultants	496,656	1,035,642
Insurance	10,696	10,501
Legal fees	41,415	12,919
Superannuation	28,064	25,025
Other Employer expenses	7,242	6,060
Director fees	22,500	30,000
Depreciation	9,576	11,138
Audit fees	11,000	10,500
Other expenses	81,194	120,761
Bank Charges	277	208
	997,937	1,510,807

NOTE 14 – CASH FLOW FROM OPERATING ACTIVITIES

The net profit/loss is reconciled to net cash flows from operating activities as follows:

	2012	2011
(Loss)/Profit after income tax	(10,909)	19,254
Depreciation	9,576	11,138
Changes in assets & liabilities:		
Decrease/(Increase) in debtors	(77,526)	(100,229)
Decrease/(Increase) in deferred tax asset	(18,240)	(11,340)
Increase/(Decrease) in other liabilities	-	7,216
(Decrease)/Increase in accrued expenses and trade creditors	(150,465)	(42,865)
Increase/(Decrease) in income taxes payable	(20,590)	77,819
Increase/(Decrease) in deferred tax liability	-	1,423
Increase/(Decrease) in provision	6,924	7,359
Net cash (outflow) from operating activities	**(261,230)**	**(30,225)**

	2012	2011
NOTE 15 - RECONCILIATION OF CASH	**$**	**$**
The cash figure as shown in the Statement of Financial Position is reconciled to cash as at the end of the financial year as disclosed in the Statement of Cash Flows as follows:		
Cash at bank - Note 2	11,721	272,951
Cash at bank and on hand	11,721	272,951

NOTE 16 - RELATED PARTY INFORMATION

Names of Directors who have held office during the financial period are:

K J McAneney	Appointed 17 March 2008. Ceased 30 August 2012. Reappointed 12 November 2012.
M J Castle	Appointed 17 March 2008. Ceased 30 August 2012.
D M Wright	Appointed 22 May 2010. Ceased 1 November 2012

	2012	2011
The aggregate amount of income received or due and receivable, in respect of the financial year by all Directors of the Company, directly or indirectly from the company or from any related entity)	24,525	32,700
Number of Directors whose total remuneration fell between		
$0 - $9,999	-	-
$10,000-$20,000	-	-
$20,000-$30,000	1	-
$30,000-$40,000	-	1
$40,000-$50,000	-	-

During the financial year, the Company made payment of $55,244 (2011:$ 60,609)(including GST) to a company controlled by Malcom Castle for business services provided to Risk Frontiers Group Pty Ltd and Risk Frontiers Flood (Australia) Pty Ltd. John McAneney and David Wright are employees of Access Macquarie Limited where they are paid a salary for their services. Delphine McAneney is an employee of Risk Frontiers Flood (Australia) Pty Ltd and received total remuneration of $91,575 (2011: $88,000) for the year ended 31 December 2012.

The Company made payments to Access Macquarie Limited for contracted business services totalling $303,638 (2011:$406,079) during the financial year ending 31 December 2012.

NOTE 17 - FINANCIAL INSTRUMENTS

The Company's principal financial instruments are outlined below. These financial instruments arise directly from the Company's operations or are required to finance the Company's operations. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's main risks arising from financial instruments are outlined below, together with the Company's objectives, policies and processes for measuring the managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Company's Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to indentify and analyse the risks faced by the Company, to set risk limits and controls and to monitor risks.

Compliance with policies is reviewed by the Company's Board on a continuous basis.

a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	
Class:			**2012** **$**	**2011** **$**
Cash and cash equivalents	2	N/A	11,721	272,951
Receivables[1]	3	Loans and receivables (at amortised cost)	259.898	173,871
Financial Liabilities				
Class:				
Payables[2]	6	Financial liabilities measured at amortised cost	95,895	265,278

Notes:
1) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2) Excludes statutory payables etc. (i.e. not within scope of AASB 7).

b) Credit risk

Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in a financial loss to the Company. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Group, including deposits with banks and receivables. No collateral is held by the Group. The Group has not granted any financial guarantees.

Credits risk associated with the Group's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

(i) Cash and cash equivalents
(ii) Cash comprises cash in banks.
(iii) Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. The Board has established procedures to recover outstanding amounts. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Company is not materially exposed to concentrations of credit risk to a single receivable or group receivables under financial instruments entered into by the Company.

Based on past experience, debtors that are not past due and not less than three months past due are not considered impaired. There are no debtors which are currently not passed due or impaired whose terms have been negotiated.

	Total	Past due but not impaired	Considered impaired
2012			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
>6 months overdue	-	-	-
2011			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
>6 months overdue	-	-	-

c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due. The Group continuously manages risk through monitoring future cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

No assets have been pledged as collateral. The Group's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled no later than the end of the month the invoice is received or following the month in which an invoice or a statement is received, or in the case of Willis Reinsurance Ltd, when the invoice becomes due and payable.

The table below summarises the maturity profile of the Company's financial liabilities, together with the interest rate exposure.

			Interest Rate Exposure		Maturity Dates		
	Weighted Average Effective Int. Rate	**Nominal Amount**	**Fixed Interest rate**	**Variable Interest rate**	**<1 year**	**1-5 years**	**>5 years**
2012 Payables:		**$**			**$**		
Creditors		95,895	-	-	95,895	-	-
Total		**95,895**	-	-	**95,895**	-	-
2011 Payables:		**$**			**$**		
Creditors		265,278	-	-	265,278	-	-
Total		**265,278**	-	-	**265,278**	-	-

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is not exposed to market risk. The Group has no exposure to foreign currency risk and does not enter into commodity contracts. The Group has no investments in listed equity securities and as such is not exposed to price risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Group operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date.

The analysis assumes that all other variables remain constant.

e) Interest rate risk

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Company's exposure to interest rate risk is set out below.

	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
2012					
Financial Assets:					
Cash and cash equivalents	11,721	(117.21)	(117.21)	117.21	117.21
Receivables	259,898	-	-	-	-
Financial Liabilities:					
Payables	95,895	-	-	-	-
2011					
Financial Assets:					
Cash and cash equivalents	272,951	(2,729.51)	(2,729.51)	2,729.51	2,729.51
Receivables	173,871	-	-	-	-
Financial Liabilities:					
Payables	265,278	-	-	-	-

f) Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to their short-term nature. The fair value of financial liabilities sis measured at cost.

Note 18 - Expenditure commitments

There were no material commitments for expenditure of a non-capital nature as at 31st December 2012 (2011: $nil)

NOTE 19 - CAPITAL EXPENDITURE COMMITMENTS

There were no material commitments for capital expenditure as at 31st December 2012 (2011: $nil).

Note 20 - CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st December 2012. (2011: $nil)

NOTE 21 - CONTRIBUTIONS TO DEFINED BENEFIT SUPERANNUATION PLANS

There were no contributions to defined benefit superannuation as at 31st December 2012 (2011: $nil)

NOTE 22 – FINANCE FACILITIES

There were no standby arrangements with banks to provide funds and support facilities.

NOTE 23 – AUDITOR REMUNERATIONS

During the year the following fees were paid for services provided by the auditor of the parent entity.	**2012** **$**	**2011** **$**
Audit services		
Fees paid to The Audit Office of New South Wales: Audit of financial statements	11,000	10,500

NOTE 24 – EVENTS OCCURRING AFTER REPORTING DATE

There are no significant events occurred since the end of the financial year and to the date of this financial statement.

NOTE 25 – ADDITIONAL COMPANY INFORMATION

Risk Frontiers F lood (Australia) Pty Ltd is a proprietary limited company, incorporated and operating in Australia.

Registered office	**Principal place of business**
Access Macquarie Limited	Room 817, Building E7A
Level 1, 3 Innovation Road	Macquarie University NSW 2109
Macquarie University NSW 2109	

END OF AUDITED FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT

Risk Frontiers Flood (Australia) Pty Ltd

To Members of the New South Wales Parliament and Members of Risk Frontiers Flood (Australia) Pty Ltd

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Risk Frontiers Flood (Australia) Pty Ltd on 9 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar

James Sugumar
Director

12 April 2013
SYDNEY

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RISK FRONTIERS GROUP PTY LTD

A.B.N. 75 129 001 485

FINANCIAL STATEMENT
for the financial year ended

31st December 2012

Risk Frontiers Group Pty Ltd

DIRECTORS' REPORT for the year ended 31st December 2012

The Directors of Risk Frontiers Group Pty Limited submit herewith the annual Financial Report for the financial year 1st January 2012 to 31st December 2012. In accordance with the Corporations Act 2001, the Directors report that:

The names of Directors in office during the financial year and to the date of this report:

Name	Period of Directorship Commencement
Peter Dodd	From 30 August 2012
James Piper	From 30 August 2012
John Gorman	From 8 November 2012
Kevin John McAneney	From 12 November 2012
	From 17 March 2008 to 30 August 2012
Malcom John Castle	From 17 March 2008 to 30 August 2012
David Michael Wright	From 22 May 2010 to 1 November 2012

PRINCIPAL ACTIVITY

The Group specialises in quantitative flood risk assessment and risk management for residential properties in Australia and develops and supplies specialised flood risk databases to the insurance industry.

OPERATING RESULTS

The Group did not trade during the financial year. The Group's wholly owned subsidiary Risk Frontiers Flood (Australia) Pty Ltd began trading late in 2008.

The consolidated loss after income tax for the financial year was $10,909 (2011: profit $19,254).

INFORMATION ON DIRECTORS

Name	Qualifications	Experience
M J Castle	BS.,MSc(Hons), MBA, MAICD, M Inst.Phys	Professional Company Director and Company Secretary

MEETINGS OF DIRECTORS

During the 2012 financial year, 2 meetings of Directors were held. Attendees were:

	Directors' Meetings	
	Number Eligible to Attend	Number Attended
P R Dodd	2	2
J A Piper	2	2
P J Gorman	2	2
K J McAneney	1	1
M.J. Castle	0	0
D M Wright	1	1

CHANGES IN STATE OF AFFAIRS

There were no other significant changes in the state of the affairs other than that referred to in the financial statements or notes thereto.

Risk Frontiers Group Pty Ltd

DIRECTORS' REPORT for the year ended 31st December 2012

SUMMARY OF OPERATIONS

During the financial year the parent company did not trade and therefore recorded a nil operating result.

The subsidiary company Risk Frontiers Flood (Australia) Pty Ltd negotiated an agreement with the Insurance Council of Australia ("ICA") in September 2008 to provide its services and a national flood information database ("NFID") to the ICA and to corporate Members of the ICA. The subsidiary has since been delivering additions to NFID, covering new catchments, as part of a three year program which ended in March 2012. The subsidiary has also been maintaining NFID as part of a five year program. Pursuant to a 2008 agreement between the subsidiary and Willis Reinsurance Australia Limited, Willis continues to provide certain sub-contracted services to the subsidiary company. In 2012, the company negotiated a license to members of the ICA for a new patented database called Flood Exclusion Zones (FEZ) to supplement NFID. This will bring in future income in 2013.

DIRECTOR BENEFITS

No Director has received or become entitled to receive a benefit, other than disclosed in the accounts, because of a contract made by the Company, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full-time employee of the Company, or a related body corporate, by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he/she is a member, or with an entity in which he/she has a substantial financial interest.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year and to the date of this report, there has been no other matter or circumstance which has arisen which has significantly affected or may significantly affect:

(a) the operations, in financial years after the financial year, of the company; or
(b) the results of those operations; or
(c) the state of affairs, in financial years after the financial year, of the company.

FUTURE DEVELOPMENTS

During the financial year 2013 the company may seek Commonwealth Government Proof of Concept Grants for a proposed volcanic risk project and a flood project and may begin developing one or more new risk assessment products and conduct risk research in one or more new industry sectors.

DIVIDENDS

No dividends were paid or declared since the start of the year and to the date of this report. No recommendation for payment of dividends has been made.

Further information on likely developments in the operations of the group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the group.

INDEMNIFYING OFFICER

The Company has entered into deeds of access, indemnity and insurance with each current director of the Company. The deeds provide the relevant officer with:

(a) rights of access to certain Board papers of the Company during the period while the relevant officer is or was an officer of the Company and for a period of seven years after they cease to be an officer;

(b) subject to the limitations set out in the Corporations Act 2001, the Company indemnifies the relevant officer against any liability incurred whilst acting in their capacity as an officer of the Company; and

(c) the requirement for the Company to use its best endeavours to maintain directors' and officers' insurance for the officer.

No liability has arisen under these indemnities at the date of this report.

During the financial year, the Company has not directly paid insurance premiums in respect of a contract, insuring all the Directors, against liability whilst acting in their capacity as a director or officer (as applicable) of the Company.

ENVIRONMENTAL ISSUES

The Company is not subject to significant environmental regulations under the Law of the Commonwealth and State.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for Leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

DECLARATION OF INDEPENDENCE

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of Directors.

Dated at Sydney this 11th day of April 2013

K J McAneney

Director

Kevin John McAneney

James Piper

Director

James Austin Piper

Risk Frontiers Group Pty Ltd

DIRECTORS' DECLARATION for the year ended 31st December 2012

In accordance with a resolution of the Directors of Risk Frontiers Group Pty Ltd, we state that:

1. The attached financial statements and notes of the company and of the group consolidated entity present a true and fair view of the financial position as at 31 December 2012 and their financial performance and cash flows for the year ended on that date;

2. The financial statements and notes of the company and of the group consolidated entity has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010 and the Corporations Act 2001;

3. The financial statements and notes of the company and of the group consolidated entity has been prepared in accordance with Australian Accounting Standards;

4. We are not aware of any circumstances which would render any particulars included in the financial statements and notes to be misleading or inaccurate; and

5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of Directors, and on behalf of the Directors.

Dated at Sydney this 11th day of April 2013.

Director
Kevin John McAneney

Director
James Austin Piper

To the Directors
Risk Frontiers Group Pty Ltd

Auditor's Independence Declaration

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

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

James Sugumar

James Sugumar
Director, Financial Audit Services

9 April 2013
SYDNEY

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Risk Frontiers Group Pty Ltd

STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31st December 2012

	Note	Group Consolidated		Parent Entity	
		2012	**2011**	**2012**	**2011**
		$	**$**	**$**	**$**
CONTINUING OPERATIONS					
REVENUE					
Revenue from ordinary activities	14	988,012	1,542,226	-	-
Other Revenue		5,386	4,161	-	-
Total Revenue		993,398	1,546,387	-	-
EXPENSES	14				
Employee benefits expense		324,682	279,138	-	-
Consultants		496,656	1,035,642	-	-
Other expenses		176,599	196,028	-	-
Total Expenses		997,937	1,510,808	-	-
(Loss)/Profit before income tax		(4,539)	35,579	-	-
Income Tax (Benefit)/Expense	13	6,370	16,325	-	-
(Loss)/Profit for the year from Continuing Operations		**(10,909)**	**19,254**	**-**	
OTHER COMPREHENSIVE INCOME					
Share of other comprehensive income of associates		-	-	-	-
Income tax relating to components of other comprehensive income		-	-	-	-
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the year		**(10,909)**	**19,254**	**-**	**-**
(Loss)/Profit is attributable to:					
Owners of Risk Frontiers Group Pty Ltd		(10,909)	19,254	-	-
Total comprehensive income for the period is attributable to:					
Owners of Risk Frontiers Group Pty Ltd		(10,909)	19,254	-	-

The accompanying notes form part of the financial statements.

Risk Frontiers Group Pty Ltd

STATEMENT OF FINANCIAL POSITION
for the financial year ended 31st December 2012

	Notes	Group Consolidated		Parent Entity	
		2012	2011	2012	2011
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	2	11,721	272,951	-	-
Trade and other receivables	3	261,504	183,978	-	-
Total current assets		**273,225**	**456,929**	**-**	**-**
NON-CURRENT ASSETS					
Plant & equipment	5	10,650	20,226	-	-
Investment	4	-	-	1	1
Deferred tax assets	6	65,734	47,494	-	-
Total non-current assets		**76,384**	**67,720**	**1**	**1**
TOTAL ASSETS		**349,609**	**524,649**	**1**	**1**
CURRENT LIABILITIES					
Trade and Other Payables	7	95,895	274,792	-	-
Provisions	8	24,497	17,573	-	-
Other	9	16,191	12,369	-	-
Current tax liability	13	-	20,590	-	-
Total current liabilities		**136,583**	**325,324**	**-**	**-**
NON-CURRENT LIABILITIES					
Deferred tax liability	10	39,470	14,860	-	-
Total non-current liabilities		**39,470**	**14,860**	**-**	**-**
TOTAL LIABILITIES		**176,053**	**340,184**	**-**	**-**
NET ASSETS		**173,556**	**184,465**	**1**	**1**
EQUITY					
Contributed Equity	11	1	1	1	1
Retained Profits	12	173,555	184,464	-	-
TOTAL EQUITY		**173,556**	**184,465**	**1**	**1**

The accompanying notes form part of the financial statements.

Risk Frontiers Group Pty Ltd

STATEMENT OF CASH FLOW
for the financial year ended 31st December 2012

	Notes	Group Consolidated		Parent Entity	
		2012 $	2011 $	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,009,287	1,596,220	-	-
Payments to suppliers and employees		(1,255,313)	(1,680,760)	-	-
Income tax paid		(20,590)	50,154	-	-
Interest received		5,386	4,161	-	-
Interest paid		-	-	-	-
Net cash inflow/(outflow) provided by operating activities	15	(261,230)	(30,225)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for plant & equipment		-	(5,681)	-	-
Net cash inflow/(outflow) provided by investing activities		-	(5,681)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash inflow/(outflow)provided by financing activities		-	-	-	-
Net increase (decrease) in cash and cash equivalents held		**(261,230)**	**(35,906)**	**-**	**-**
Cash and cash equivalents at the beginning of the financial year		272,951	308,857	-	-
BALANCE OF CASH AND CASH EQUIVALENTS HELD AT END OF FINANCIAL YEAR	**16**	**11,721**	**272,951**	**-**	**-**

The accompanying notes form part of the financial statements.

Risk Frontiers Group Pty Ltd

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2012

	Contributed equity $	Reserves $	Retained earnings $	Total $
Consolidated				
Balance as at 1 January 2011	1	-	165,210	165,211
Total comprehensive income for the year	-	-	19,254	19,254
Total comprehensive income for the year	**1**	**-**	**184,464**	**184,465**
Balance as at 31 December 2011	**1**	**-**	**184,464**	**184,465**
Balance as at 1 January 2012	1	-	184,464	184,465
Total comprehensive income for the year	-	-	(10,909)	(10,909)
Total comprehensive income for the year	**1**	**-**	**173,555**	**173,556**
Balance as at 31 December 2012	**1**	**-**	**173,555**	**173,556**
Parent				
Balance as at 1 January 2011	1	-	-	1
Total comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**1**	**-**	**-**	**1**
Balance as at 31 December 2011	**1**	**-**	**-**	**1**
Balance as at 1 January 2012	1	-	-	1
Total comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**1**	**-**	**-**	**1**
Balance as at 31 December 2012	**1**	**-**	**-**	**1**

The accompanying notes form part of the financial statements.

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

Risk Frontiers Group Pty Ltd was incorporated on 20th of December, 2007. Risk Frontiers Group Pty Ltd i s a pr oprietary c ompany limited b y S hares. T he amount of m ember's s hare i s $1 .00. R isk Frontiers Group Pty Ltd is a controlled entity of Access Macquarie Limited.

The ultimate parent entity is Macquarie University.

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accruals bas is and i n ac cordance with A ustralian Accounting S tandards, w hich i nclude A ustralian Accounting Interpretations, the Corporation Act 2001, Section 41B(1) of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2010, and complies with other authoritative pronouncements of the Australian Accounting Standards Board The financial statement is presented in Australian dollars. The directors have assessed the entity as a for profit entity for financial reporting purposes.

The f inancial statements have been au thorised f or i ssue b y t he D irectors of t he gr oup on ## April 2013.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Risk Frontiers Group Pty Ltd and its subsidiary as at 31 December each year (the Group).

The subsidiary is that entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether a group controls another entity.

The f inancial s tatements of t he s ubsidiary are pr epared f or t he s ame r eporting per iod-end as t he parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments i n s ubsidiaries hel d b y t he G roup ar e accounted f or at c ost i n t he s eparate f inancial statements of the parent entity less any impairment charges.

The ac quisition of s ubsidiaries i s ac counted f or us ing t he pur chase m ethod of ac counting. T he purchase m ethod of ac counting i nvolves al locating t he c ost of t he bus iness c ombination t o the f air value of t he as sets ac quired and t he l iabilities and c ontingent liabilities as sumed at t he dat e of acquisition.

Statement of Compliance:
The f inancial statements complies w ith Australian A ccounting S tandards, some o f w hich c ontain requirements specific to not-for-profit entities that are inconsistent with international financial reporting standards.

(c) Historical cost convention

The ac counts ha ve b een prepared on the basis of hi storical c osts and do not t ake i nto account changing money values or current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

(d) Significant accounting policies

(i) *Significant accounting judgement*
In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of accounting policies notes.

(ii) *Significant accounting estimates and assumptions*
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(e) New Australian Accounting Standards issued but not effective

In the current year the Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report. Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2011 reporting period. The Company did not early adopt any new accounting standards that are not yet effective. The Company has assessed the impact of the new standards and interpretations on issue but not effective and considers the impact to be insignificant.

(f) Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

(i) *Investment income*
Investment income is recognised as it is earned.

(ii) *Service Revenue*
Service revenue is recognised in the accounting period in which the services are rendered. For fixed price service contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided. Product revenue is recognised at the time of practical completion of the product to the contracted specifications and acceptance by the customer.

(g) 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 applicable 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. Current tax assets and liabilities of the current and prior periods are measured at the amount expected to be recovered form or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

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 subsidiaries 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.

(h) Goods and services tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
(ii) for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.
(iii) cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Acquisition of assets

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. Group policy is to capitalise Assets with a value in excess of $5,000.00. The carrying value of the plant and equipment are measured at depreciated historic cost. There is no substantive difference between the fair value and the carrying value of these assets, and historical cost is a surrogate for fair value due to the short lived nature of the asset.

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(j) Plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(k) Depreciation

Plant and equipment are depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method.
The depreciation rates used for each class of depreciable assets are:
Furniture, fittings and office equipment 20-33%

(l) Impairment of assets

At each reporting date, the entity reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

(m) Related party disclosure

Where the term "related parties" is used in the financial report, it refers to:

Entities which, at any time during the year, exercised control or significant influence over the Group or were subject to control or significant influence by the Group. This includes:

- associated companies;
- directors;
- spouses and other close members of the families of the directors; individuals or close members of the families or such individuals who have significant influence or close members of the families of such individuals who have significant influence or control over the company through holding an ownership interest.

(n) Employee entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to the reporting date. The balances of these provisions as at the end of the financial year have been categorised for Statement of Financial Position purposes as either current liabilities or non-current liabilities. Employee entitlements for accrued annual leave and long service leave are accrued annually using the nominal basis of measurement being remuneration rates that the Company expects to pay as at each reporting date and does not discount cash flows to their present value because the difference between the two methods of calculation is not material. The Company contributes to a defined contribution superannuation fund on behalf of its employees as required by law and contributions are charged as expenses when incurred.

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

(o) Trade and other payables

Trade and other payables are recognised at amortised cost. Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(p) Trade and other receivables

Receivables are recognised initially at fair value usually based on transaction costs or face value subsequent to measurement at amortised cost using the effective interest method less an allowance for impairment of receivables. Trade receivables are carried at amounts due. Bad debts are written off during the year in which they are identified and provision for impairment of trade receivables is created based on a review of all outstanding amounts periodically or at 31 December.

(q) Other assets

Other assets, including prepayments are recognised on a cost basis.

(r) Foreign currency translation

Foreign currency transactions during the year are generally brought to account using the exchange rate in effect at the date of the transaction, with exchange rate fluctuations being recorded in the Income Statement.

(s) Superannuation

Superannuation expense is calculated as a percentage of an employee's salary, per the Superannuation Guarantee Levy.

(t) Financial instruments

In accordance with AAS33 (AASB 1033) "Presentation and Disclosure of Financial Instruments" information is disclosed in Note 20 in respect of the credit risk and interest rate risk of financial instruments. All such amounts, except for investments in shares, are carried in the accounts at cost. The carrying amounts equate to the net fair value of financial assets and liabilities. Class of instruments recorded at cost comprises:

- cash
- receivables
- payables

All financial instruments including revenue, expenses or other cash flows arising from these instruments are recognised on an accrual accounting basis.

(u) 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.

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Group Consolidated		Parent Entity	
	2012	2011	2012	2011
NOTE 2 - CASH AND CASH EQUIVALENTS	$	$	$	$
Cash at bank and on hand	11,721	272,951	-	-
NOTE 3 – TRADE AND OTHER RECEIVABLES				
CURRENT				
Trade receivables - Related party	-	-	-	-
- Other	128,333	134,444	-	-
-Other tax refunds from ATO	1,606	-	-	-
Prepaid insurance	-	10,107	-	-
Accrued income	131,565	39,427	-	-
	261,504	183,978	-	-
Related party is Access Macquarie Limited				
NOTE 4 – INVESTMENT				
Share held in controlled entity	-	-	1	1
	-	-	1	1

Risk Frontiers Group Pty Ltd owns 100% of shares in Risk Frontiers Flood (Australia) Pty Ltd. Risk Frontier Flood (Australia) Pty Ltd was incorporated in Australia on 17 March 2008.

NOTE 5 - NON-CURRENT ASSETS: PLANT AND EQUIPMENT	Furniture, fittings and office equipment $	Total $
Consolidated		
Year ended 31 December 2011		
Opening net book amount	25,683	25,683
Additions	5,681	5,681
Depreciation charge	(11,138)	(11,138)
Closing net book amount	20,226	20,226
At 31 December 2011		
Cost	44,040	44,040
Accumulated depreciation	(23,814)	(23,814)
Net book amount	20,226	20,226
Year ended 31 December 2012		
Opening net book amount	20,220	20,220
Additions	-	-
Depreciation charge	(9,576)	(9,576)
Closing net book amount	10,650	10,650
At 31 December 2012		
Cost	44,040	44,040
Accumulated depreciation	(33,390)	(33,390)
Net book amount	10,650	10,650

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Furniture, fittings and office equipment $	Total $
Parent		
Year ended 31 December 2011		
Opening net book amount	-	-
Additions	-	-
Disposals	-	-
Depreciation charge	-	-
Closing net book amount	-	-
At 31 December 2011		
Cost	-	-
Accumulated depreciation	-	-
Net book amount	-	-
Year ended 31 December 2012		
Opening net book amount	-	-
Additions	-	-
Disposals	-	-
Depreciation charge	-	-
Closing net book amount	-	-
At 31 December 2012		
Cost	-	-
Accumulated depreciation	-	-
Net book amount	-	-

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Note	Group Consolidated 2012 $	2011 $	Parent Entity 2012 $	2011 $
NOTE 6 – DEFERRED TAX ASSETS					
The balance comprises temporary differences attributable to:					
Plant and equipment		-	7,731	-	-
Employee benefits		9,346	6,613	-	-
Accrued expenses		3,300	33,150	-	-
Total deferred tax assets		12,646	47,494	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions		-	-	-	-
Carried forward losses		53,088	-	-	-
Net deferred tax assets		65,734	47,494	-	-
Deferred tax assets to be recovered within 12 months		65,734	47,494	-	-
Deferred tax assets to be recovered after more than 12 months			-	-	-
		65,734	47,494	-	-

Movements	Plant and equipment $	Employee benefits $	Accrued expenses $	Carried forward losses $	Total $
Consolidated:					
Opening balance at 1 January 2011	-	3,064	33,090	-	36,154
(Charged)/credited to the comprehensive income statement	7,731	3,549	60	-	11,340
Credited directly to equity	-	-	-	-	-
Closing balance at 31 December 2011	7,731	6,613	33,150	-	47,494
Opening balance at 1 January 2012	7,731	6,613	33,150	-	47,494
(Charged)/credited to the comprehensive income statement	(7,731)	2,733	(29,850)	-	(34,848)
Carried forward losses	-	-	-	53,088	53,088
Credited directly to equity	-	-	-	-	-
Closing balance at 31 December 2012	-	9,346	3,300	53,088	65,734
Parent:					
Opening balance at 1 January 2011		-	-	-	-
(Charged)/credited to the comprehensive income statement		-	-	-	-
(Charged/credited directly to equity		-	-	-	-
Closing balance at 31 December 2011		-	-	-	-
Opening balance at 1 January 2012		-	-	-	-
(Charged)/credited to the comprehensive income statement		-	-	-	-
Credited directly to equity		-	-	-	-
Closing balance at 31 December 2012		-	-	-	-

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Note	Group Consolidated 2012 $	Group Consolidated 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
NOTE 7 – TRADE AND OTHER PAYABLES					
CURRENT					
Trade payables - Related party		-	-	-	-
- Others		84,895	154,778	-	-
Other tax payable to ATO		-	9,514	-	-
Accrued charges		11,000	110,500	-	-
		95,895	274,792	-	-
Related party is Access Macquarie Ltd in both the years.					
NOTE 8 – PROVISIONS					
CURRENT					
Annual Leave		24,497	17,573	-	-
		24,497	17,573	-	-
NON-CURRENT					
The aggregate employee entitlement liability recognised and included in the financial report is as follows:		-	-	-	-
PROVISION FOR EMPLOYEE ENTITLEMENTS					
Current		24,497	17,573	-	-
		24,497	17,573	-	-
NOTE 9 – OTHER LIABILITIES					
Super and PAYG payable		16,191	12,369	-	-
		16,191	12,369	-	-

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Note	Group Consolidated 2012 $	Group Consolidated 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
NOTE 10 – DEFERRED TAX LIABILITIES					
The balance comprises temporary differences attributable to:					
Prepaid insurance		-	3,032	-	-
Accrued income		39,470	11,828	-	-
Total deferred tax liabilities		39,470	14,860	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions		-	-	-	-
Net deferred tax liabilities		39,470	14,860	-	-
Deferred tax liabilities to be settled within 12 months		39,470	14,860	-	-
Deferred tax liabilities to be settled after more than 12 months		-	-	-	-
		39,470	14,860	-	-

Movements	Prepaid insurance $	Accrued income $	Total $
Consolidated:			
Opening balance at 1 January 2011	2,819	10,618	13,437
Charged/(credited) to the comprehensive income statement	213	1,210	1,423
Closing balance at 31 December 2011	3,032	11,828	14,860
Opening balance at 1 January 2012	3,032	11,828	14,860
Charged/(credited) to the comprehensive income statement	(3,032)	27,642	24,610
Closing balance at 31 December 2012	-	39,470	39,470

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

Parent:

Movements	**Prepaid insurance $**	**Accrued income $**	**Total $**
Opening balance at 1 January 2011	-	-	-
Charged/(credited) to the comprehensive income statement	-	-	-
Charged/(credited) directly to equity	-	-	-
Closing balance at 31 December 2011	-	-	-
Opening balance at 1 January 2012	**-**	**-**	**-**
Charged/(credited) to the comprehensive income statement	-	-	-
Credited directly to equity	-	-	-
Closing balance at 31 December 2012	-	-	-

	Note	**Group Consolidated 2012 $**	**2011 $**	**Parent Entity 2012 $**	**2011 $**
NOTE 11 - CONTRIBUTED EQUITY					
Contributed equity		-	-	1	1
Total number of share issued		-	-	1	1
Equity per share		-	-	1	1
Major Shareholders: Access Macquarie Limited owns Risk Frontiers Group Pty Ltd		-	-	100%	100%
One fully paid share was issued on incorporation of the company.					
NOTE 12 – RETAINED PROFIT					
Balance at beginning of financial year		184,464	165,210	-	-
(Loss)/Profit for current financial year		(10,909)	19,254	-	-
Balance at end of financial year		173,555	184,464	-	-

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Note	Group Consolidated 2012 $	Group Consolidated 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
NOTE 13 – CURRENT TAX LIABILITY					
Current tax		-	20,590	-	-
		-	20,590	-	-
Income tax expenses are attributable to:					
(Loss)/Profit from continuing operations		(4,539)	35,579	-	-
Income tax expense		(1,362)	10,673	-	-
Deferred income tax (revenue) expense included in income tax expense comprises:					
Decrease/(increase) in deferred tax asset		(34,848)	11,340	-	-
(Decrease)/increase in deferred tax liabilities		(24,610)	(1,423)	-	-
		(59,458)	9,917	-	-
Numerical reconciliation of income tax expense to prima facia tax payable					
Operating result from continuing operations before income tax expenses		(4,539)	35,579	-	-
Tax at the Australian tax rate of 30%		(1,362)	10,673	-	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
Non deductible		7,732	5,652	-	-
Income tax expense		6,370	16,325	-	-

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Note	Group Consolidated 2012 $	Group Consolidated 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
NOTE 14 - PROFIT FROM CONTINUING ACTIVITIES					
Profit from continuing activities before income tax includes the following items of revenue and expense:					
(a) **Operating Revenue**:					
Rendering of Services		988,012	1,542,226	-	-
Interest Revenue		5,386	4,161	-	-
		993.398	1,546,387	-	-
(b) **Expenses:**					
Royalty		-	-	-	-
Salaries & Wages		289,317	248,053	-	-
Consultants		496,656	1,035,642	-	-
Insurance		10,696	10,501	-	-
Legal fees		41,415	12,919	-	-
Superannuation		28,064	25,025	-	-
Other Employer expenses		7,242	6,060	-	-
Director fees		22,500	30,000	-	-
Depreciation		9,576	11,138	-	-
Audit fees		11,000	10,500	-	-
Other expenses		81,194	120,761	-	-
Bank Charges		277	208	-	-
		997,937	1,510,807	-	-

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Note	Group Consolidated 2012 $	Group Consolidated 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
NOTE 15 - CASH FLOW FROM OPERATING ACTIVITIES					
The net profit is reconciled to net cash flows from operating activities as follows:					
Profit/(Loss) after income tax		(10,909)	19,254	-	-
Depreciation		9,576	11,138	-	-
Changes in assets & liabilities:					
Decrease/(Increase) in debtors		(77,526)	(100,229)	-	-
Decrease/(Increase) in deferred tax asset		(18,240)	(11,340)	-	-
Increase/(Decrease) in other liabilities		-	7,216	-	-
(Decrease)/Increase in accrued expenses and trade creditors		(150,465)	(42,865)	-	-
Increase/(Decrease) in income taxes payable		(20,590)	77,819	-	-
Increase/(Decrease) in deferred tax liability		-	1,423	-	-
Increase/(Decrease) in provision		6,924	7,359	-	-
Net cash inflow (outflow) from operating activities		(261,230)	(30,225)	-	-

NOTE 16 - RECONCILIATION OF CASH

The cash figure as shown in the Balance Sheet is reconciled to cash as at the end of the financial year as disclosed in the Statement of Cash Flows as follows:

	Note	Group Consolidated 2012 $	Group Consolidated 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Cash at bank	2	11,721	272,951	-	-
Cash at bank and on hand		11,721	272,951	-	-

NOTE 17 - RELATED PARTY INFORMATION

Names of Directors who have held office during the financial year are:
M J Castle Appointed 20 December 2007. Ceased 30 August 2012
K J McAneney Appointed 20 December 2007. Ceased 30 August 2012.
Reappointed 12 November 2012
D Wright Appointed 20 May 2010. Ceased 01 November 2012.

The aggregate amount of income received or due and receivable, in respect of the financial year by all Directors of the Company, directly or indirectly from the company or from any related entity was $24,525 (2011:$32,700).

Access Macquarie Limited is a related party. K J McAneney is an employee of Access Macquarie Limited and receive salaries for their services to that company. D McAneney is an employee of Risk Frontiers Flood (Australia) Pty Ltd and received total remuneration of $91,515 (2011: $88,000) for the year ended 31 December 2012. During the financial year, the Company made payment of $55,244 (2011:$60,609)(including GST) to a company controlled by Malcom Castle for business services provided to Risk Frontiers Group Pty Ltd and Risk Frontiers Flood (Australia) Pty Ltd**.**

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

Subsidiary

The consolidated financial statements include the financial statements of Risk Frontiers Group Pty Ltd and its subsidiary Risk Frontiers Flood Australia Pty Ltd. Risk Frontiers Flood Australia Pty Ltd is incorporated in Australia. Risk Frontiers Group Pty Ltd has 100 per cent of the equity in Risk Frontiers Flood Australia Pty Ltd. The cost of this investment was $1.

Ultimate parent

Macquarie University is the ultimate parent entity of the Group.

	Consolidated	
Number of Directors whose total remuneration fell between	**2012**	**2011**
$0 - $9,999	-	-
$10,000-$20,000	1	-
$20,000-$30,000	-	-
$30,000-$40,000	-	1
$40,000-$50,000	-	-

NOTE 18 - EXPENDITURE COMMITMENTS

There were no material commitments for expenditure of a non-capital nature as at 31st December 2012 (2011: $nil).

NOTE 19 - CAPITAL EXPENDITURE COMMITMENTS

There were no material commitments for capital expenditure as at 31st December 2012 (2011: $nil).

NOTE 20 - FINANCIAL INSTRUMENTS

The Group's principal financial instruments are outlined below. These financial instruments arise directly from the Group's operations or are required to finance the Group's operations. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's main risks arising from financial instruments are outlined below, together with the Group's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Group's Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Group, to set risk limits and controls and to monitor risks.

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

Compliance with policies is reviewed by the Group's Board on a continuous basis.

a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	
Class:			**2012 Group**	**2011 Group**
			$	**$**
Cash and cash equivalents	2	N/A	11,721	272,951
Receivables[1]	3	Loans and receivables (at amortised cost)	259,898	173,871
Financial Liabilities				
Payables[2]	7	Financial liabilities measured at amortised cost	95,895	(265,278)

Notes:
1 Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2 Excludes statutory payables etc. (i.e. not within scope of AASB 7).

b) Credit risk

Credit risk arises when there is the possibility of the Group's debtors defaulting on their contractual obligations, resulting in a financial loss to the Group. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Group, including deposits with banks and receivables. No collateral is held by the Group. The Group has not granted any financial guarantees.

Credits risk associated with the Group's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

(i) Cash and cash equivalents
(ii) Cash comprises cash in banks.
(iii) Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directors are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Group is not materially exposed to concentrations of credit risk to a single receivable or group receivables under financial instruments entered into by the Group.

Based on past experience, debtors that are not past due and not less than three months past due are not considered impaired. There are no debtors which are currently not passed due or impaired whose terms have been negotiated.

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

	Total	Past due but not impaired	Considered impaired
2012			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
>6 months overdue	-	-	-
2011			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
>6 months overdue	-	-	-

c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due. The Group continuously manages risk through monitoring future cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

No assets have been pledged as collateral. The Group's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled no later than the end of the month the invoice is received or following the month in which an invoice or a statement is received, or in the case of Willis Reinsurance Ltd, when the invoice becomes due and payable.

The table below summarises the maturity profile of the Group's financial liabilities, together with the interest rate exposure.

			Interest Rate Exposure		Maturity Dates		
	Weighted Average Effective Int. Rate	**Nominal Amount**	**Fixed Interest rate**	**Variable Interest rate**	**<1 year**	**1-5 years**	**>5 years**
2012 Payables:		**$**			**$**		
Creditors	N/A	95,895	-	-	95.895	-	-
Total		**95,895**	**-**	**-**	**95,895**	**-**	**-**
2011 Payables:							
Creditors	N/A	265,278	-	-	265,278	-	-
Total		**265,278**	**-**	**-**	**265,278**	**-**	**-**

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is not exposed to market risk. The Group has no exposure to foreign currency risk and does not enter into commodity contracts. The Group has no investments in listed equity securities and as such is not exposed to price risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Group operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date.

The analysis assumes that all other variables remain constant.

e) Interest rate risk

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Group's exposure to interest rate risk is set out below.

	Carrying Amount	**-1%**		**+1%**	
		Profit	**Equity**	**Profit**	**Equity**
2012					
Financial Assets:					
Cash and cash equivalents	11,721	(117.21)	(117.21)	117.21	117.21
Receivables	259,898	-	-	-	-
Financial Liabilities:					
Payables	95,895	-	-	-	-
2011					
Financial Assets:					
Cash and cash equivalents	272,951	(2,729.51)	(2,729.51)	2,729.51	2,729.51
Receivables	173,871	-	-	-	-
Financial Liabilities:					
Payables	265,278	-	-	-	-

Risk Frontiers Group Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2012

f) Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined us ing v aluation t echniques. T he G roup us es a v ariety of m ethods and makes assumptions that are based on market conditions existing at each balance sheet date.

NOTE 21 - CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st December 2012 (2011: nil).

NOTE 22 – SUPERANNUATION PLANS

There were no contributions to defined benefit superannuation plans as at 31st December 2012 (2011: nil).

NOTE 23 - FINANCIAL FACILITIES

There were no standby arrangements with banks to provide funds and support facilities.

NOTE 24 – AUDITOR REMUNERATIONS	Consolidated 2012 $	2011 $
Audit services		
Fees paid to The Audit Office of New South Wales:	11,000	10,500
Audit of financial statements		

NOTE 25 - EVENTS OCCURRING AFTER REPORTING DATE

As at 31st December 2012 there were no known events that have the potential to significantly affect the ongoing structure and financial activities of the company.

NOTE 26 – ADDITIONAL COMPANY INFORMATION

Risk Frontiers Group Pty Ltd is a proprietary for Profit Company, operating in Australia.

Registered office
c/o Access Macquarie Limited
3 Innovation Drive
Macquarie University NSW 2109

Principal place of business
Room 817, Building E7A
Macquarie University NSW 2109

END OF AUDITED FINANCIAL STATEMENT

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Risk Frontiers Group Pty Ltd

To Members of the New South Wales Parliament and Members of Risk Frontiers Group Pty Ltd

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Risk Frontiers Group Pty Ltd on 9 April 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar

James Sugumar
Director, Financial Audit Services

12 April 2013
SYDNEY

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U@MQ Limited

ABN 27 125 926 169

Financial statements for the year ended 31 December 2012

U@MQ Limited ABN 27 125 926 169
Financial statements - 31 December 2012

Contents

Directors' report

Your directors present their report on the Company for the year ended 31 December 2012. The financial statements have been prepared pursuant to the provisions of the *Corporations Act 2001.*

Directors
The names and particulars of the Directors of the company during the financial year and up to the date of this report are:

Deidre Anderson (Chair)
Director since 28 June 2010

Denise Osmand
Director since 20 June 2007

Tim Sprague
Director since 28 June 2010

Michael Graham Wall
Director since 16 March 2011
Resigned 30 January 2013

Edwin Nelson
Director since 22 May 2011
Resigned 18 May 2012

Gemma Brooks
Director since 22 June 2012

Josh Stinton
Director since 13 July 2012

Review of operations

Objectives of U@MQ Limited

The objectives of U@MQ Limited are to provide facilities for the members of the University community, including staff and students. Without limiting the generality of that objective, the objectives of U@MQ include to:

(a) complement and support the academic activities of the University by providing products, services and facilities that:

(i) meet the social, cultural, sporting and recreational needs of the staff and students of the University;

(ii) promote, support and engage the interest and welfare of the University, its staff and students;

(iii) generally develop a sense of community among members of the University community;

(iv) promote the wellbeing of members of the University community; and

(b) make available sporting and recreational facilities to members of the University community, guests and visitors to the University;

(c) provide food, beverage and retail services for members of the University community, guests and visitors to the University;

(d) provide or support welfare services and such other services considered appropriate by Directors for members of the University community;

(e) provide facilities to the Council if needed;

(f) take over the funds, assets and liabilities of former student organisations on campus;

(g) operate a business to achieve these objects, provided that the operation of any new business not already conducted by a former student organisation receives the prior written approval of the Council;

(h) secure the co-operation of the University men and women and the University organisations and bodies in furthering the interests of the University,

Review of operations (continued)
(i) encourage the continuing involvement of graduates in the life of the University;

(j) provide personal and professional development opportunities to students and staff of the University;

(k) encourage the University Community to advance the University's interests; and

(l) any other activity incidental or necessary to achieve the abovementioned objects.

The strategies employed for achieving these objectives are as follows:

1. Develop a pervasive research and an ethical approach to research and scholarly activities.
2. Develop relevant, future focused and high quality student programs, services and events.
3. Attract and retain culturally and socially diverse students and staff.
4. Ensure a safe, positive and supportive experience and environment for students and staff.

Principal activities

There were no significant changes in the nature of the Company's activities during the year.

During the year the principal continuing activities of U@MQ Limited were to provide products, services and facilities to the members of the University community including staff and students that complement and support the academic activities of the University. Those services and facilities include sporting and recreational facilities, food, beverage, retail services and childcare.

How the activities assisted in achieving U@MQ Limited's objectives

The activities directly support the objectives and strategies of the U@MQ constitution and strategic plan, and are monitored and reviewed by the Board and management on an annual basis.

How U@MQ Limited measures its performance

The performance of U@MQ Limited is measured against the strategic plan, business plan, operational plans and annual budget.

The company's operations are measured in terms of number of transactions per outlet, average outlet transactions revenue, sports membership numbers, child care utilisation rates, customer satisfaction rates, % of cost of goods sold against revenue, % of wages and % of direct expenses against revenue.

Membership

Macquarie University is the sole member of U@MQ Limited.

Contribution of Member on winding up

The member undertakes to contribute to the property of U@MQ Limited if U@MQ Limited is wound up while they are a member, and the amount is not to exceed $1.00.

Dividends

U@MQ Limited is a company limited by guarantee and its constitution does not allow for the payment of any dividends.

Review of operations (continued)

Review of operations

The company operations resulted in a surplus for the year of $440,588 (2011: $1,995,505 loss). The company is not taxable under Subdivision 50-B of Income Tax Assessment Act 1997.

It should be noted that the Macquarie University grant to U@MQ Limited in 2012 was $3,987,090 (2011: $1,800,000).

Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs during the financial year.

Matters subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of the operation, or the state of affairs of the company in future financial years.

Likely developments and expected results of operations

No information is included on the likely developments in the operations of the Company and the expected results of those operations in future financial years. No change is foreseen in the scope of Company's operation.

Environmental regulation

The directors are of the opinion that the Company has complied with all relevant environmental legislation, so far as it concerns the operations of the entity. U@MQ Limited has adopted a sustainability policy to ensure that the wise use of resources within a framework in which social, environmental, economic and cultural factors are integrated.

Information on directors

Deidre Anderson (Chair) BA (VU), MA (VU), PD SSci (LTU). *Non-executive.*
Experience and expertise
Deidre Anderson joined Macquarie University 2001 as the Chief Executive of Sport and Recreation. In 2007 she was appointed to the position of Chief Executive Officer of U@MQ Limited, the newly created student services entity. Since September 2009 Deidre has been in the role of Executive Director, Campus Experience and recently appointed to the role of Deputy Vice-Chancellor, Students and Registrar in August 2011.

Denise Osmand BBus Kuring-gai CAE, FCPA, JP. *Non-executive.*
Experience and expertise
Denise Osmand is retired from her former position as the Director, Financial Services for Macquarie University in 2007.

Tim Sprague BSC (Syd), DipEd(Syd), MCom (UNSW), Registered Psychologist . *Non-executive.*
Experience and expertise
Tim Sprague joined Macquarie University in July 2004 as Director of Human Resources.

Michael Graham Wall BA LLB Macq. *Non-executive.*
Experience and expertise
Michael Wall is an Alumni of Macquarie University.

Edwin Nelson Member of Macquarie University Council. *Non-executive.*
Experience and expertise
Edwin Nelson has been the Student member of the University Council from May 2011 until May 2012.

Gemma Brooks Member of Macquarie University Council. *Non-executive.*
Experience and expertise
Gemma Brooks has been the Student member of the University Council since May 2012.

Josh Stinton M. Banking & Fin Reg., B. Int. Bus.. *Non-executive.*
Experience and expertise
Josh Stinton is an Alumni of Macquarie University.

Company Secretary
Gregory Robert Tongue was appointed to the position of Company Secretary on 28 June 2010 and continues in office at the date of this report.

Meetings of directors
The following table sets out the number of directors' (including committee of directors) held during the financial year and the number of meetings attended by each director (while they were a director).

	Full meetings of directors	
	A	**B**
Deidre Anderson (Chair)	7	6
Denise Osmand	7	7
Tim Sprague	7	6
Michael Graham Wall (resigned 30 January 2013)	7	5
Edwin Nelson (resigned 18 May 2012)	2	2
Gemma Brooks (appointed 22 June 2012)	5	4
Josh Stinton (appointed 13 July 2012)	5	5

A = Number of meetings held during the time the Director held office
B = Number of meetings attended.

Indemnification and insurance of Directors
During the financial year, Macquarie University paid a premium on behalf of U@MQ Limited in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against any liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

Proceedings on behalf of the Company
No person has applied for leave of Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company, for all or any part of those proceedings.

Auditor's independence declaration
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Auditor
The Audit Office of New South Wales continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Deidre Anderson
Director

Denise Osmand
Director

Sydney
15 March 2013

To the Directors
U@MQ Limited

Auditor's Independence Declaration

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

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

James Sugumar

James Sugumar
Director, Financial Audit Services

13 March 2013
SYDNEY

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

U@MQ Limited ABN 27 125 926 169
Financial statements - 31 December 2012

Contents

These financial statements of U@MQ Limited are as an individual entity. The financial statements are presented in the Australian currency.

U@MQ Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Building C10A
1 Balaclava Road
North Ryde N SW 2113.

The financial statements were authorised for issue by the directors on 15 March 2013. The directors have the power to amend and reissue the financial statements.

	Notes	**2012** **$**	2011 $
Revenue from continuing operations			
Sale of goods	3	**7,369,778**	7,611,225
Services	3	**13,990,603**	12,069,720
Other revenue from continuing activities	3	**6,535,836**	4,338,641
Total revenue from continuing operations		**27,896,217**	24,019,586
Other revenue	4	564,506	643,374
Total income		**28,460,723**	24,662,960
Expenses from continuing operations			
Raw materials and consumables used		**(4,022,728)**	(4,065,773)
Salaries & wages		**(13,708,214)**	(13,238,873)
Superannuation	5	**(1,121,941)**	(1,078,902)
Annual leave expense		**(105,299)**	(69,598)
Long service leave expense		**(188,038)**	(164,169)
Personnel services expenses		**(181,584)**	-
Depreciation and amortisation expense	5	**(885,697)**	(641,313)
Occupancy expenses		**(1,558,753)**	(1,264,966)
Net loss on disposal of assets		**(99,278)**	(248,534)
Cleaning		**(1,093,966)**	(984,355)
Repairs, maintenance and minor replacements		**(1,021,548)**	(955,656)
Professional services fees		**(267,927)**	(205,901)
Printing and stationery		**(344,839)**	(365,361)
Marketing		**(269,919)**	(362,382)
Hire and lease	5	**(329,544)**	(371,289)
Fees		**(338,960)**	(274,705)
Travel		**(182,485)**	(170,742)
Other expenses		**(2,230,975)**	(2,166,960)
Finance costs		**(68,440)**	(28,986)
Total expenses from continuing operations		**(28,020,135)**	(26,658,465)
Surplus/(Deficit) for the year		**440,588**	(1,995,505)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**440,588**	(1,995,505)
		440,588	(1,995,505)
Total comprehensive income for the year is attributable to:			
Owner of U@MQ Limited		**440,588**	(1,995,505)
		440,588	(1,995,505)

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

	Notes	**2012** **$**	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**8,235,540**	6,547,696
Trade and other receivables	7	**638,757**	842,020
Inventories	8	**506,719**	583,890
Total current assets		**9,381,016**	7,973,606
Non-current assets			
Property, plant and equipment	9	**2,988,047**	3,748,236
Total non-current assets		**2,988,047**	3,748,236
Total assets		**12,369,063**	11,721,842
LIABILITIES			
Current liabilities			
Trade and other payables	10	**2,139,732**	2,053,946
Borrowings	11	**196,606**	181,490
Provisions	12	**981,816**	822,958
Total current liabilities		**3,318,154**	3,058,394
Non-current liabilities			
Borrowings	13	**384,281**	580,887
Provisions	14	**508,894**	374,415
Total non-current liabilities		**893,175**	955,302
Total liabilities		**4,211,329**	4,013,696
Net assets		**8,157,734**	7,708,146
EQUITY			
Reserves	15(a)	**260,458**	251,458
Accumulated funds	15(b)	**7,897,276**	7,456,688
Capital and reserves attributable to owner of U@MQ Limited		**8,157,734**	7,708,146
Total equity		**8,157,734**	7,708,146

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

		Reserves $	Accumulated funds $	Total equity $
Balance at 1 January 2011		**9,000**	**9,452,193**	**9,461,193**
Revaluation Surplus	15	242,458	-	242,458
Total comprehensive income for the year		-	(1,995,505)	(1,995,505)
Balance at 31 December 2011		**251,458**	**7,456,688**	**7,708,146**
Balance at 1 January 2012		**251,458**	**7,456,688**	**7,708,146**
Revaluation Surplus	15	9,000	-	9,000
Total comprehensive income for the year		-	440,588	440,588
Balance at 31 December 2012		**260,458**	**7,897,276**	**8,157,734**

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

	Notes	**2012** **$**	2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**30,815,785**	26,940,187
Payments to suppliers and employees (inclusive of goods and services tax)		**(28,992,343)**	(28,005,779)
		1,823,442	(1,065,592)
Interest received		**336,003**	413,966
Interest paid		**(54,616)**	(14,193)
Net cash (outflow) inflow from operating activities	22	**2,104,829**	(665,819)
Cash flows from investing activities			
Payments for property, plant and equipment		**(235,496)**	(1,039,209)
Proceeds from sale of property, plant and equipment		**-**	67,560
Net cash (outflow) inflow from investing activities		**(235,496)**	(971,649)
Cash flows from financing activities			
Proceeds from borrowings		**-**	805,525
Finance lease payments		**(181,489)**	(152,824)
Net cash inflow (outflow) from financing activities		**(181,489)**	652,701
Net increase (decrease) in cash and cash equivalents		**1,687,844**	(984,767)
Cash and cash equivalents at the beginning of the financial year		**6,547,696**	7,532,463
Cash and cash equivalents at end of year	6(a)	**8,235,540**	6,547,696

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001,* Section 41B(1) of the *Public Finance & Audit Act 1983, Public Finance and Audit Regulations 2010,* other authoritative pronouncements of the Australian Accounting Standards Board.

The directors have assessed the entity as a not for profit entity for financial reporting purposes.

Compliance with IFRS
The financial statements of U@MQ Limited comply with Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

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 surplus or deficit, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
(i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(c) Income Tax Exemption

The Company is exempt from the payment of tax by virtue of section 50-B of the Income Tax Assessment Act 1997. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

(d) Revenue recognition

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

Macquarie University grant revenue is recognised on a cash basis. Point of sales revenue is recognised upon receipt of cash. Childcare fees are recognised upon an accruals basis. Rental income is recognised upon invoice or an accruals basis. Functions revenue is recognised once the function has occurred. Other revenue is recognised upon invoice or receipt of cash.

1 Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

Interest revenue is recognised as interest revenue accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(e) Government grants

U@MQ Limited accounts for the receipt of non- taxable government grants as income rather than as deferred income. As such, a temporary difference does not arise.

Income is measured at the fair value of the contributions received or receivable. Income arising from the contribution of an asset to U@MQ Limited shall be recognised when, and only when, all the following conditions have been satisfied:
- U@MQ Limited obtains controls of the contribution or the right to receive the contribution;
- it is probable that the economic benefits comprising the contribution will flow to U@MQ Limited; and
- the amount of the contribution can be measured reliably.

(f) Cash and cash equivalents

For statement of cash flows presentation purposes, 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.

(g) Trade receivables

Due to their short term nature, trade receivables are recognised and subsequently measured at original invoice amount. The effect of not discounting receivables to amortised cost is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An impairment provision is recognised when there is objective evidence that U@MQ Limited will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the effective interest rate.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on weighted average basis, which approximately reflects actual cost.

(i) Trade and other payables

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

Trade and other payables are carried at original invoice cost and due to their short term nature, they are not discounted.

(j) Impairment of non-financial assets

As a not-for-profit entity with no cash generating units, U@MQ Limited is effectively exempted from AASB 136 Impairment of Assets and Impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

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

Where it is not possible to estimate the recoverable amount of an individual asset, U@MQ Limited estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Summary of significant accounting policies (continued)

(k) Acquisition 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 U@MQ Limited's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the 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 a cquired.

Where an asset is acquired at no cost or for a nominal amount, the cost is its fair value as at the date of acquisition. An asset costing less than the capitalisation threshold of $5,000 is not capitalised but expensed.

(l) Property, plant and equipment

Each class of property, plant and equipment is carried at lower of cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment are measured at historical cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

The cost of fixed assets constructed within U@MQ Limited includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entitiy and the cost of the item can be measured reliably. All other repairs and maintenance are charged to surplus and deficit during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to surplus and deficit. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the surplus and deficit and depreciation based on the asset's original cost is transferred from the revaluation reserve to the accumulated funds.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to U@MQ Limited commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

- Plant and equipment	4-10 years
- Furniture & Fittings	3-10 years
- Motor vehicles	6.66 years
- Computer Equipment	3.33 years
- Academic Dress	10 years
- Artworks & Artefacts	No Depreciation

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve to the asset are transferred to accumulated funds.

1 Summary of significant accounting policies (continued)

(l) Property, plant and equipment (continued)

U@MQ engaged a valuer to do valuation of its Property, Plant and Equipments in January 2011.
The details of the valuer are:
Phillip L Warren of Global Valuation Services Pty Ltd
Certified Practising Valuer
Registered Number 232

(m) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 9). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the Statement of Financial Position based on their nature.

(n) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetory benefits and annual leave expected to be settled within 12 months after the end of the period 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) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period. 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 end of the reporting period 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 Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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.

(iv) Termination benefits
Liabilities for termination benefits are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

1 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, 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.

(o) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(p) Goods and Services Tax (GST)

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

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

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

2 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk .

The Company holds the following financial instruments:

	2012 **$**	2011 $
Financial assets		
Cash and cash equivalents	**8,235,540**	6,547,696
Trade and other receivables	**510,831**	731,225
	8,746,371	7,278,921
Financial liabilities		
Trade and other payable	**2,139,732**	2,053,946
Borrowings	**580,887**	762,377
	2,720,619	2,816,323

(a) Market risk

(i) Cash flow and fair value interest rate risk
The Company's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk if the borrowings are carried at fair value. U@MQ Limited's policy is not to value its fixed-rate, long-term borrowings at fair value.

As at the end of the reporting period, the Company has no variable rate borrowings.

(b) Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer. Ongoing credit evaluation is performed regularly on the financial condition of U@MQ Limited's debtors.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. At the reporting date the Company held deposits at call of $8,235,540 (2011: $6,547,696) that are expected to readily generate cash inflows for managing liquidity risk.

2 Financial risk management (continued)

Maturities of financial liabilities
The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows;
(a) based on their contractual maturities:
(i) all non-derivative financial liabilities, and
The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contract-ual cash flows**	**Carrying Amount (assets)/ liabilities**
2012	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Trade payables	2,139,732	-	-	-	-	2,139,732	2,139,732
Borrowings	118,053	118,053	236,106	177,078	-	649,290	580,887
Total non-derivatives	2,257,785	118,053	236,106	177,078	-	2,789,022	2,720,619

2011	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contract-ual cash flows	Carrying Amount (assets)/ liabilities
	$	$	$	$	$	$	$
Non-derivatives							
Trade payables	2,053,946	-	-	-	-	2,053,946	2,053,946
Borrowings	118,053	118,053	236,106	413,184	-	885,396	762,377
Total non-derivatives	2,171,999	118,053	236,106	413,184	-	2,939,342	2,816,323

2 Financial risk management (continued)

(d) Fair value measurements

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

U@MQ Limited has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the company's assets and liabilities measured and recognised at fair value at 31 December 2012. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

As at 31 December 2012	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Available-for-sale financial assets				
Other (contingent consideration)	-	-	-	-
Total assets	-	-	-	-

As at 31 December 2011	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets				
Other (contingent consideration)	-	-	-	-
Total assets	-	-	-	-

2 Financial risk management (continued)

(e) Summarised sensitivity analysis

Summarised sensitivity analysis
The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk.

		Interest rate risk			
		-100bps		**+70bps**	
2012	**Carrying amount $**	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial assets					
Cash and cash equivalents	8,235,540	(82,355)	(82,355)	57,649	57,649
Trade and other receivable	510,831	-	-	-	-
Total increase/(decrease) in financial assets		(82,355)	(82,355)	57,649	57,649
Financial liabilities					
Trade payables	2,139,732	-	-	-	-
Borrowings	580,887	5,809	5,809	(4,066)	(4,066)
Total increase/(decrease) in financial liabilities		5,809	5,809	(4,066)	(4,066)
Total increase/ (decrease)		(76,546)	(76,546)	53,583	53,583

		Interest rate risk			
		-100bps		+70bps	
2011	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash and cash equivalents	6,547,696	(65,477)	(65,477)	45,834	45,834
Trade and other receivable	731,225	-	-	-	-
Total increase/(decrease) in financial assets		(65,477)	(65,477)	45,834	45,834
Financial liabilities					
Trade payables	2,053,946	-	-	-	-
Borrowings	762,377	7,624	7,624	(5,337)	(5,337)
Total increase/(decrease) in financial liabilities		7,624	7,624	(5,337)	(5,337)
Total increase/ (decrease)		(57,853)	(57,853)	40,497	40,497

3 Revenue

	2012 $	2011 $
Revenue from operating activities		
Sale of goods		
Sale of goods	**6,775,244**	7,171,605
Sale of food and beverages	**594,534**	439,620
Total sale of goods	**7,369,778**	7,611,225
Services		
Services	**716,808**	669,308
Facilities hire	**647,838**	617,081
Equipment hire	**311,305**	382,138
Child care fees	**3,972,464**	3,641,374
Membership fees	**6,749,865**	5,226,130
Event fees	**1,081,152**	1,051,340
Sport programs fees	**511,171**	482,349
Total services	**13,990,603**	12,069,720
Other revenue from ordinary activities		
Rents	**1,850,965**	1,720,495
Interest	**338,548**	395,142
Grant	**3,987,090**	1,800,000
Commissions	**359,233**	423,004
Total other revenue from ordinary activities	**6,535,836**	4,338,641
Total revenue from ordinary activities	**27,896,217**	24,019,586

4 Other revenue

	2012 $	2011 $
General	**172,014**	219,174
Sponsorships	**90,120**	120,582
Rental recoveries	**30,752**	29,838
Sydney Institute of Business and Technology fees	**271,620**	273,780
	564,506	643,374

5 Expenses

	2012 $	2011 $
Surplus before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**362,180**	270,236
Plant and equipment under finance leases	**172,214**	82,835
Furniture & Fittings	**150,182**	84,996
Motor vehicles	**20,389**	19,077
Computer Equipment	**133,165**	159,668
Academic Dress	**47,567**	24,501
Total depreciation	**885,697**	641,313

5 Expenses (continued)

	2012 **$**	2011 $
Rental expense relating to operating leases		
Minimum lease payments	**329,544**	371,289
Total rental expense relating to operating leases	**329,544**	371,289
Defined contribution superannuation expense	**1,121,941**	1,078,902

6. Current assets - Cash and cash equivalents

	2012 **$**	2011 $
Cash at bank and in hand	**8,235,540**	6,547,696

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2012 **$**	2011 $
Balance as per statement of cash flows	**8,235,540**	6,547,696

7 Current assets - Trade and other receivables

	2012 **$**	2011 $
Net trade receivables		
Trade receivables	**180,617**	259,846
Provision for impairment of receivables ((a))	**(1,740)**	(758)
	178,877	259,088
Related party receivable	**210,673**	232,993
	210,673	232,993
Net other receivables		
GST receivable (Net)	**(30,383)**	(35,830)
Other receivable	**121,281**	239,144
	90,898	203,314
Prepayments	**158,309**	146,625
	638,757	842,020

Trade and other receivables are non-interesting bearing.

7 Current assets - Trade and other receivables (continued)

(a) Impaired trade receivables

The ageing of these receivables is as follows:

	2012 $	2011 $
Considered impaired		
1 to 3 months	**-**	-
3 to 6 months	**560**	-
Over 6 months	**1,180**	779
	1,740	779

	2012 $	2011 $
Past due but not impaired		
Up to 3 months	**-**	-
3 to 6 months	**25,791**	274
Over 6 months	**-**	-
	25,791	274

	2012 $	2011 $
Movements in the allowance for impairment of receivables are as follows:		
At 1 January	**758**	7,744
Provision for impairment recognised during the year	**3,265**	779
Receivables written off during the year as uncollectible	**(1,525)**	(1,822)
Unused amount reversed	**(758)**	(5,943)
	1,740	758

(b) Fair value and credit risk

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the Company and the credit quality of the entity's trade receivables.

8 Current assets - Inventories

	2012 $	2011 $
- at cost	**535,232**	590,655
- allowance for impairment loss	**(28,513)**	(6,765)
	506,719	583,890

9 Non-current assets - Property, plant and equipment

	Construction in progress $	Plant and equipment $	Furniture, fittings and equipment $	Machinery and vehicles $	Leased plant & equipment $	Computer Equipment $	Works of Art $	Academic Dress $	Total $
At 1 January 2011									
Cost or fair value	94,662	2,459,167	719,737	127,180	369,194	763,805	28,500	245,052	4,807,297
Accumulated depreciation	-	(564,261)	(143,441)	(42,826)	(132,293)	(438,815)	-	(61,685)	(1,383,321)
Net book amount	94,662	1,894,906	576,296	84,354	236,901	324,990	28,500	183,367	3,423,976
Year ended 31 December 2011									
Opening net book amount	94,662	1,894,906	576,296	84,354	236,901	324,990	28,500	183,367	3,423,976
Revaluation surplus	-	242,458	-	-	-	-	-	-	242,458
Additions	248,198	-	-	-	799,546	-	-	-	1,047,744
Disposals/Write-Off	(8,535)	(94,419)	(12,163)	-	(208,512)	-	(1,000)	-	(324,629)
WIP Completed during the year	(253,335)	96,226	86,503	-	-	70,606	-	-	-
Depreciation charge	-	(270,236)	(84,996)	(19,077)	(82,835)	(159,668)	-	(24,501)	(641,313)
Impairment loss	-	-	-	-	-	-	-	-	-
Closing net book amount	80,990	1,868,935	565,640	65,277	745,100	235,928	27,500	158,866	3,748,236
At 31 December 2011									
Cost or fair value	80,990	2,649,125	787,497	127,180	805,530	821,747	27,500	245,053	5,544,622
Accumulated depreciation	-	(780,190)	(221,857)	(61,903)	(60,430)	(585,819)	-	(86,187)	(1,796,386)
Net book amount	80,990	1,868,935	565,640	65,277	745,100	235,928	27,500	158,866	3,748,236

9 Non-current assets - Property, plant and equipment (continued)

	Construction in progress $	Plant and equipment $	Furniture, fittings and equipment $	Machinery and vehicles $	Leased plant & equipment $	Computer Equipment $	Works of Art $	Academic Dress $	Total $
Year ended 31 December 2012									
Opening net book amount	80,990	1,868,935	565,640	65,277	745,100	235,928	27,500	158,866	3,748,236
Revaluation surplus	-	8,093	907	-	-	-	-	-	9,000
Additions	235,496	-	-	-	-	-	-	-	235,496
Disposals/Write-Off	(19,709)	(23,674)	(9,985)	-	(551)	(44,383)	-	(20,686)	(118,988)
WIP Completed during the year	(296,809)	140,728	44,996	17,490	-	93,595	-	-	-
Depreciation charge	-	(362,180)	(150,182)	(20,389)	(172,214)	(133,165)	-	(47,567)	(885,697)
Impairment loss	-	-	-	-	-	-	-	-	-
Closing net book amount	(32)	1,631,902	451,376	62,378	572,335	151,975	27,500	90,613	2,988,047
At 31 December 2012									
Cost or fair value	(32)	2,733,116	811,625	144,670	804,730	791,050	27,500	189,883	5,502,542
Accumulated depreciation	-	(1,101,214)	(360,249)	(82,292)	(232,395)	(639,075)	-	(99,270)	(2,514,495)
Net book amount	(32)	1,631,902	451,376	62,378	572,335	151,975	27,500	90,613	2,988,047

10. Current liabilities - Trade and other payables

	2012 $	2011 $
Trade payables	**478,687**	493,856
Amounts due to related parties (note 20)	**516,930**	116,772
Sundry accrual and other payables	**1,144,115**	1,443,318
	2,139,732	2,053,946

11 Current liabilities - Borrowings

	2012 $	2011 $
Lease liabilities (note 18)	**196,606**	181,490
Total current borrowings	**196,606**	181,490

12 Current liabilities - Provisions

	2012 $	2011 $
Employee benefits - long service leave (a)	**236,560**	183,001
Employee benefits - annual leave	**745,256**	639,957
Total secured current liabilities	**981,816**	822,958

(a) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. H owever, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect long service leave that is not expected to be taken or paid within the next 12 months.

	2012 $	2011 $
Leave obligations expected to be settled after 12 months	**191,907**	150,070

13 Non-current liabilities - Borrowings

	2012 $	2011 $
Secured		
Lease liabilities (note 18)	**384,281**	580,887
Total secured non-current borrowings	**384,281**	580,887
Total non-current borrowings	**384,281**	580,887

14. Non-current liabilities - Provisions

	2012 $	2011 $
Employee benefits - long service leave	**508,894**	374,415
	508,894	374,415

15 Reserves and accumulated funds

	2012 $	2011 $
(a) Reserves		
Asset revaluation reserve	**260,458**	251,458
	260,458	251,458

Movements:

	2012 $	2011 $
Revaluation surplus - property, plant and equipment		
Balance 1 January	**251,458**	9,000
Revaluation - gross (note 9)	**9,000**	242,458
Balance 31 December	**260,458**	251,458

(b) Accumulated funds

Movements in accumulated funds were as follows:

	2012 $	2011 $
Balance 1 January	**7,456,688**	9,452,193
Surplus for the year	**440,588**	(1,995,505)
Balance 31 December	**7,897,276**	7,456,688

16 Remuneration of auditors

	2012 $	2011 $
(a) NSW Audit Office		
Audit services		
Audit of financial statement	**43,000**	41,500
Total remuneration for audit and other assurance services	**43,000**	41,500

17 Contingencies

The Company had no contingent liabilities and assets at 31 December 2012. (2011:$nil)

18 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2012 $	2011 $
Property, plant and equipment		
Payable:		
Within one year	**5,500**	20,980
	5,500	20,980

(b) Lease commitments: Company as lessee

(i) Non-cancellable operating leases
U@MQ Limited has entered into commercial leases on certain items of plant and equipment. These leases have an average life of two years with no renewal option included in the contracts. There are no restrictions placed upon U@MQ Limited by entering into these leases.

	2012 $	2011 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**23,343**	24,873
Later than one year but not later than five years	**22,141**	14,500
	45,484	39,373

(ii) Finance leases
U@MQ Limited leases gymnasium equipment with a carrying amount of $572,335 (2011 - $745,100) under finance leases expiring within four years. The lease has no terms for renewal.

	2012 $	2011 $
Commitments in relation to finance leases are payable as follows:		
Within one year	**236,106**	236,106
Later than one year but not later than five years	**413,184**	649,290
Minimum lease payments	**649,290**	885,396
Future finance charges	**(68,403)**	(123,019)
Recognised as a liability	**580,887**	762,377
The present value of finance lease liabilities is as follows:		
Within one year	**196,606**	181,490
Later than one year but not later than five years	**384,281**	580,887
Minimum lease payments	**580,887**	762,377

19 Key management personnel disclosures

(a) Directors

The following persons were directors of U@MQ Limited during the financial year:

(i) Chairman - non-executive
Deidre Anderson (Chair)

(ii) Non-executive directors
Denise Osmand
Tim Sprague
Michael Graham Wall (resigned 30 January 2013)
Edwin Nelson (resigned 18 May 2012)
Gemma Brooks (appointed 22 June 2012)
Josh Stinton (appointed 13 July 2012)

(b) Key management personnel compensation

	2012 **$**	2011 $
Short-term employee benefits	**707,488**	614,920
	707,488	614,920

20 Related party transactions

(a) Parent entities

The ultimate parent entity of the company is Macquarie University which controls the company.

20 Related party transactions (continued)

(b) Transactions with related parties

There were no transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest other than minor food and beverages at commercial rates.

The following transactions occurred with following related parties:
Macquarie University
Centre for Money, Banking and Finance Limited (CMBF)
Australia Proteome Analysis Facility Ltd (APAF)
Macquarie Graduate School of Management Pty Ltd (MGSM)
Access Macquarie Ltd
LAMS International Pty Ltd (LAMS Intl)
MUH Operations No.2 Ltd

	2012 **$**	2011 $
Sales of goods and services		
Grant	**3,987,090**	1,800,000
Room and other hire	**1,888,103**	1,990,115
	5,875,193	3,790,115

	2012 **$**	2011 $
Purchases of goods		
Other expenses	**259,860**	312,170
Utility expenses	**616,888**	284,436
Printing, stationery and postage	**64,070**	27,733
Telecommunications	**15,616**	21,918
Security services	**155,005**	17,384
General consumables	**18,700**	44,800
Rental, hire and other leasing fees	**36,068**	1,850
Non Academic - Salaries	**181,584**	85,000
Non Academic - Workers Compensation	**116,683**	57,441
	1,464,474	852,732

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

Amounts receivable from and payable to related parties are disclosed in Note 7 and 10 of the financial statements.

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

20 Related party transactions (continued)

	2012 **$**	2011 $
Current receivables (sales of goods and services)		
Other related parties	**210,673**	232,993
	210,673	232,993
Non-current receivables (loans)		
Other related parties	**-**	-
	-	-
Current payables (purchases of goods)		
Other related parties	**516,930**	116,772
	516,930	116,772
Non-current payables (loans)		
Other related parties	**-**	-
	-	-

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

21 Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations (2011: $nil).

22 Reconciliation of Surplus / (Deficit) to net cash inflow from operating activities

	2012 **$**	2011 $
Surplus / (Deficit) for the year	**440,588**	(1,995,505)
Depreciation and amortisation	**885,697**	641,313
Write-off of non-current assets	**19,709**	-
Net loss on sale of non-current assets	**99,278**	248,534
Change in operating assets and liabilities		
Decrease (increase) in trade debtors	**203,263**	(111,033)
Decrease (increase) in inventories	**77,171**	(160,594)
(Increase) decrease in other operating assets	**-**	-
(Decrease) increase in trade creditors	**85,786**	477,699
(Decrease) increase in other provisions	**293,337**	233,767
Net cash inflow (outflow) from operating activities	**2,104,829**	(665,819)

23 Statement of guarantee

The Company is incorporated in Australia under the Corporations Act 2001 and is limited by guarantee to the amount of $1.00 (2011:$1.00) by the sole member. In the event of winding up the surplus of all assets and liabilities must not be distributed to the Member but must be distributed to an organisation approved by the University Council which has similar objects to U@MQ Limited.

24 Administered Assets

	2012	2011
	$	$
Cash at bank and on hand	**463,255**	378,028

The company administers, but does not control, certain activities on behalf of University-based student and sporting clubs. It is accountable to those University based student and sporting clubs for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the company's own objectives.

End of the audited financial statements

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 to 31 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Australian Accounting Standards, the *Public Finance and Audit Act 1983* the *Corporations Regulations 2001* and other mandatory professional reporting requirements,
   (ii) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date, and

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

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

Deidre Anderson (Chair)
Director

Denise Osmand
Director

Sydney
15 March 2013

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

U@MQ Limited

To Members of the New South Wales Parliament and Members of U@MQ Limited

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

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of U@MQ Limited on 13 March 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

James Sugumar
Director, Financial Audit Services

20 March 2013
SYDNEY

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