UNIVERSITY OF WOLLONGONG AUSTRALIA

PERSONALISED EXPERIENCES : WORLD-CLASS RESULTS

2014 ANNUAL REPORT

Controlled Entities

Financial Statements

UNIVERSITY OF WOLLONGONG'S CONTROLLED ENTITIES

The Financial Statements of the University of Wollongong's Controlled Entities are presented here to meet Section 7 (1)(a)(1a) of the *Annual Reports (Statutory Bodies) Act 1984* (NSW).

The University of Wollongong 2014 Annual Report is contained in a separate edition and can be viewed on the University's website at: www.uow.edu.au/about/publications

For more comprehensive information on each of the Controlled Entities we encourage you to view their individual annual reports as prepared and presented to the University of Wollongong Council and New South Wales Parliament in June of each year.

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UOWD LTD AND ITS CONTROLLED ENTITIES

ABN 77 002 882 064

Annual Financial Statements

For the Year Ended 31 December 2014

Financial Statements **Page**

These financial statements are the consolidated financial statements of the consolidated entity consisting of UOWD Ltd and its controlled entity. The financial statements are presented in Australian currency.

UOWD Ltd is a company limited by shares, incorporated in Australia. Its registered office and principle place of business is:

UOWD Ltd

Building 39A

2 Northfields Avenue

University of Wollongong NSW 2522

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

The financial statements were authorised for issue by the directors on 20 March 2015. The directors have the power to amend and reissue the financial statements.

Directors' Report

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of UOWD Ltd and the entity it controlled at the end of, or during the year ended 31 December 2014.

General information

Directors

The names of the directors of UOWD Ltd (hereafter referred to as the Company) in office at any time during, or since the end of, the year are:

Names	**Position**
Mr Peter Robson	Chairman; Non Executive Director
Mr Gregory West	Deputy Chairman; Non Executive Director
Professor Paul Wellings CBE	Executive Director
Mr Noel Cornish	Non Executive Director
Mr Robert Ryan	Non Executive Director
Dr Stewart Routledge AO	Non Executive Director
Mr Damien Israel	Executive Director
Professor Joe Chicharo	Executive Director
Professor Eeva Leinonen	Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

Principal activities

The principal activities of the Group during the course of the financial year were the provision of education services which support and add value to the strategic goals and objectives of the University of Wollongong.

These primary activity areas include delivery of university pathway education, English language programs and vocational training (UOW College) and the delivery of higher education offshore (University of Wollongong in Dubai).

Review of operations

The consolidated profit of the Group after income tax amounted to $ 12,296,000 (2013: $ 6,597,000).

The operating profit after income tax of the Company for the year was $11,069,000 (2013: $1,845,000).

The Group recorded exceptional financial performance driven by record offshore enrolments and effective cost containment across all business. The new initiatives were focused on the development of new academic programs for both UOWD and UOW College and international student recruitment. Supporting future growth, a strategic market research project was completed aimed at guiding ongoing marketing and course development initiatives.

Dividends

In respect of the financial year ended 31 December 2013, a total dividend of $5,400,000 (270,000,000 cents per share), partly franked at 26%, was paid to the holder of fully paid ordinary shares on 16 May 2014.

In respect of the financial year ended 31 December 2012, a total dividend of $3,775,000 (188,750,000 cents per share), partly franked at 14%, was paid to the holder of fully paid ordinary shares on 3 May 2013 and 5 September 2013.

No dividend for the financial year ended 31 December 2014 has been declared or paid.

State of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

i) During 2014, the Company reached an agreement with the City University of Hong Kong for the transfer of the control of the Community College of City University entity to the University of Wollongong, via the Company. For further detail refer to note 33.

Apart from the above, there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

Environmental regulation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Events subsequent to reporting date

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

Likely developments

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Information on directors

Mr Peter Robson	*Chairman; Non Executive Director*
Period of Directorship	01/11/2003 - Current
Qualifications	Master of Commerce (Honours), Bachelor of Chemical Engineering from the University of NSW
Special Responsibilities	Chair of the Board, Chair of the Remuneration Committee, Member of the UOWD External Advisory Council

Mr Gregory West	*Deputy Chairman; Non Executive Director*
Period of Directorship	01/11/2003 - Current
Qualifications	Chartered Accountant
Special Responsibilities	Chair of the Audit & Risk Committee, Member of the UOWD External Advisory Council

Professor Paul Wellings CBE	*Executive Director*
Period of Directorship	10/02/2012 - Current
Qualifications	Bachelor of Science (Honours) from the University of London, Master of Science from Durham University, Doctor of Philosophy from University of East Anglia, Honorary Doctor of Science from Lancaster University
Special Responsibilities	Chair of the UOWD External Advisory Council

Mr Noel Cornish	*Non Executive Director*
Period of Directorship	02/12/2011 – Current
Qualifications	Bachelor of Science (Metallurgy) and Masters of Engineering Science from Newcastle University, studied at the University of Michigan Business School
Special Responsibilities	Member of Audit & Risk Committee, Member of the UOWD External Advisory Council

Mr Robert Ryan	*Non Executive Director*
Period of Directorship	05/09/2013 – Current
Qualifications	Bachelor of Economics from University of Sydney and Masters of Commercial Law from Macquarie University
Special Responsibilities	Member of the UOWD External Advisory Council

Dr Stewart Routledge AO	*Non Executive Director*
Period of Directorship	26/07/2013 – Current
Qualifications	Bachelor of Veterinary Science from University of Melbourne
Special Responsibilities	Member of the UOWD External Advisory Council

Mr Damien Israel	*Executive Director*
Period of Directorship	26/07/2013 – Current
Qualifications	Bachelor of Business and Master of Accounting from Charles Sturt University, Certified Practising Accountant
Special Responsibilities	Member of Audit & Risk Committee, Member of the UOWD External Advisory Council, Chair of UOWC Ltd Board

Professor Joe Chicharo	*Executive Director*
Period of Directorship	26/07/2013 – Current
Qualifications	Bachelor of Engineering, Doctorate of Philosophy Electrical Engineering and Telecommunications from University of Wollongong
Special Responsibilities	Member of the UOWD External Advisory Council, Chair of UOWD Academic Board, Director of UOWC Ltd, Member of the UOWC Academic Board

Professor Eeva Leinonen	*Executive Director*
Period of Directorship	26/07/2013 – Current
Qualifications	Bachelor of Science (Honours) from University of Aston, Masters of Philosophy from the University of Exeter, Doctor of Philosophy from deMontfort University, Leicester
Special Responsibilities	Member of Audit & Risk Committee, Member of the UOWD External Advisory Council, Member of the UOWD Academic Board, Director of UOWC Ltd, Chair of UOWC Academic Board

Company secretary

Ms Vanessa Bourne

Company Secretary since 30 September 2008.

Ms V Bourne holds a Bachelor of Laws (UNSW), Bachelor of Arts (UOW), Graduate Diploma of Legal Practice (UOW), Graduate Diploma of Applied Corporate Governance (GIA) and Executive Masters of Business Administration (SBS).

Ms V Bourne is a Chartered Company Secretary and Lawyer.

Ms V Bourne is the Company's Director of Legal and Governance.

The following persons held the position of Company Secretary but resigned during 2014:

Ms Marisa Mastroianni - resigned 28 July 2014

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Directors' Meetings		Audit & Risk Committee		Remuneration Committee		UOWD External Advisory Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter Robson	9	9	-	-	2	2	2	1
Mr Gregory West	9	8	5	5	2	2	2	2
Professor Paul Wellings CBE	9	7	-	-	-	-	2	2
Mr Noel Cornish	9	9	5	5	-	-	2	2
Professor Joe Chicharo	9	8	-	-	-	-	2	2
Professor Eeva Leinonen	9	5	5	3	-	-	2	2
Mr Robert Ryan	9	9	-	-	-	-	2	1
Dr Stewart Routledge AO	9	9	-	-	-	-	2	2
Mr Damien Israel	9	9	5	5	-	-	2	2

Proceedings on behalf of 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.

Indemnification and insurance of directors and officers

The Company under its global insurance arrangements has in place a Directors and Officers Indemnity Policy, which is in accordance with the Company's Constitution.

The Company has offered its Directors and Senior Executive, a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors’ and officers’ liability as such disclosure is prohibited under the terms of the contract.

Auditor's independence declaration

The auditor's independence declaration is set out on page 7 and forms part of the directors' report for the financial year ended 31 December 2014.

Rounding off

The Company is of a kind referred to in Class Order 98/0100 as amended by Class Order 04/667, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed in accordance with a resolution of the Board of Directors:

Director: ....

P Robson

Director: ....

G West

Dated 20 March 2015
Wollongong

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
UOWD Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UOWD Ltd for the year ended 31 December 2014, 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.

C. Clayton

Chris Clayton
Director, Financial Audit Services

19 March 2015
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

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

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWD Ltd and its controlled entity as at 31 December 2014 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2010*.

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

Director: ....
P Robson

Director: ....
G West

Dated 20 March 2015
Wollongong

The accompanying notes form part of these financial statements.

Directors' Declaration

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWD Ltd and its controlled entity as at the 31 December 2014 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- We 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:

Director: ....
P Robson

Director: ....
G West

Dated 20 March 2015
Wollongong

INDEPENDENT AUDITOR'S REPORT

UOWD Ltd

To Members of the New South Wales Parliament and Members of UOWD Ltd

I have audited the accompanying financial statements of UOWD Ltd (the Company), which comprise the statement of financial position as at 31 December 2014, the statement of profit or loss and other 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. 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 2014 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* (PF&A Act) and the Public Finance and Audit Regulation 2010
- comply with International Financial Reporting Standards as disclosed in Note 1(b).

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 preparing 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 are free from material misstatement, whether due to fraud or error.

In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 'Presentation of Financial Statements' that the financial statements comply with International Financial Reporting Standards.

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 an 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 carried out their activities effectively, efficiently and economically
- about the effectiveness of the 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 UOWD Ltd on 19 March 2015, would be in the same terms if provided to the directors as at the time of this auditor's report.

C. Clayton

Chris Clayton
Director, Financial Audit Services

25 March 2015
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2014

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$000's	$000's	$000's	$000's
Continuing operations					
Revenue	2	**59,999**	50,831	**44,026**	35,249
Other income	3	**-**	-	**-**	2,250
Employee related expenses		**(26,485)**	(25,129)	**(15,505)**	(15,786)
Depreciation and amortisation expense	4	**(1,312)**	(1,112)	**(1,151)**	(895)
Administration and site expenses		**(10,252)**	(10,618)	**(8,643)**	(8,936)
Marketing expenses		**(4,280)**	(4,060)	**(2,241)**	(2,111)
Loan forgiveness - subsidiaries	4	**-**	-	**-**	(3,154)
Other expenses		**(4,645)**	(2,859)	**(5,423)**	(3,895)
Finance costs	4	**(16)**	(1)	**(16)**	(1)
Profit from continuing operations before income tax		**13,009**	7,052	**11,047**	2,721
Income tax (expense) / benefit	5	**(713)**	(1,118)	**22**	(876)
Profit from continuing operations		**12,296**	5,934	**11,069**	1,845
Discontinued operations					
Profit from discontinued operations	34	**-**	663	**-**	-
Profit for the year		**12,296**	6,597	**11,069**	1,845
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Changes in fair value of available for sale financial assets	22	**397**	368	**397**	368
Foreign currency translation	22	**(353)**	(642)	**(353)**	(649)
Income tax relating to components of other comprehensive income	5(d)	**(119)**	(110)	**(119)**	(110)
		(75)	(384)	**(75)**	(391)
Items that will not be reclassified to profit or loss		**-**	-	**-**	-
Total other comprehensive income for the year, net of tax		**(75)**	(384)	**(75)**	(391)
Total comprehensive income for the year		**12,221**	6,213	**10,994**	1,454
Profit attributable to:					
Owners of UOWD Ltd		**12,296**	6,597	**11,069**	1,845
Total comprehensive income attributable to:					
Owners of UOWD Ltd		**12,221**	6,213	**10,994**	1,454

		Consolidated		Company	
		2014	**2013**	**2014**	**2013**
	Note	**$000's**	**$000's**	**$000's**	**$000's**
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	**27,213**	27,933	**14,228**	15,434
Trade and other receivables	8	**2,691**	4,549	**2,186**	1,476
Inventories	9	**44**	70	**44**	70
Other financial assets	7	**10,000**	-	**8,000**	-
Current tax receivable	17	**125**	-	**125**	-
TOTAL CURRENT ASSETS		**40,073**	32,552	**24,583**	16,980
NON-CURRENT ASSETS					
Trade and other receivables	10	**185**	173	**185**	173
Available for sale financial assets	11	**1,900**	1,503	**1,900**	1,503
Property, plant and equipment	12	**2,658**	2,055	**2,075**	1,547
Intangible assets and goodwill	13	**370**	531	**227**	304
Deferred tax assets	14	**1,340**	2,168	**437**	509
TOTAL NON-CURRENT ASSETS		**6,453**	6,430	**4,824**	4,036
TOTAL ASSETS		**46,526**	38,982	**29,407**	21,016
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	15	**6,549**	5,164	**3,208**	1,778
Provisions	16	**4,750**	4,544	**3,340**	2,853
Current tax liabilities	17	**-**	871	**-**	871
Other liabilities	18	**10,834**	11,503	**5,950**	4,882
TOTAL CURRENT LIABILITIES		**22,133**	22,082	**12,498**	10,384
NON-CURRENT LIABILITIES					
Provisions	20	**1,423**	751	**1,132**	449
TOTAL NON-CURRENT LIABILITIES		**1,423**	751	**1,132**	449
TOTAL LIABILITIES		**23,556**	22,833	**13,630**	10,833
NET ASSETS		**22,970**	16,149	**15,777**	10,183
EQUITY					
Issued capital	21	**-**	-	**-**	-
Reserves	22(a)	**1,839**	1,914	**1,195**	1,270
Retained earnings	22(b)	**21,131**	14,235	**14,582**	8,913
TOTAL EQUITY		**22,970**	16,149	**15,777**	10,183

The accompanying notes form part of these financial statements.

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$000's	$000's	$000's	$000's
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		**59,712**	53,432	**43,282**	32,339
Payments to suppliers and employees		**(43,530)**	(45,028)	**(30,716)**	(30,751)
		16,182	8,404	**12,566**	1,588
Income taxes (paid) / received		**(999)**	612	**(999)**	612
Interest paid		**(16)**	(1)	**(16)**	-
Net cash flows from operating activities	26(b)	**15,167**	9,015	**11,551**	2,200
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of plant and equipment		**4**	533	**4**	145
Purchase of property, plant and equipment	12	**(1,591)**	(1,156)	**(1,412)**	(863)
Purchase of intangible assets	13	**(7)**	(126)	**-**	(23)
Proceeds from disposal of entities	35	**-**	1,865	**-**	1,865
Interest received		**844**	781	**424**	498
Cash held in disposed entities	35	**-**	(217)	**-**	-
Net cash flows from investing activities		**(750)**	1,680	**(984)**	1,622
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of borrowings		**-**	(615)	**-**	(615)
Advances from controlled entity		**-**	-	**4,014**	5,746
Net repayment of advances to controlled entity		**-**	-	**(2,650)**	(2,909)
Dividends paid by parent entity		**(5,400)**	(3,775)	**(5,400)**	(3,775)
Net cash flows (used in) financing activities		**(5,400)**	(4,390)	**(4,036)**	(1,553)
Net increase in cash and cash equivalents		**9,017**	6,305	**6,531**	2,269
Cash and cash equivalents at beginning of the financial year		**27,933**	21,272	**15,434**	12,809
Effects of exchange rate changes on the balance of cash held in foreign currencies		**263**	356	**263**	356
Cash and cash equivalents at end of financial year	26(a)	**37,213**	27,933	**22,228**	15,434

The accompanying notes form part of these financial statements.

2014		**Company**				
	Note	**Issued capital** **$000's**	**Available for sale reserve** **$000's**	**Foreign currency translation reserve** **$000's**	**Retained earnings** **$000's**	**Total equity** **$000's**
Balance at 1 January 2014	22	**-**	**1,229**	**41**	**8,913**	**10,183**
Comprehensive income						
Profit for the year	22(b)	**-**	**-**	**-**	**11,069**	**11,069**
Other comprehensive income	22(a)	**-**	**278**	**(353)**	**-**	**(75)**
Total comprehensive income for the year		**-**	**278**	**(353)**	**11,069**	**10,994**
Transactions with owners in their capacity as owners:						
Dividends provided or paid	23	**-**	**-**	**-**	**(5,400)**	**(5,400)**
Balance at 31 December 2014		**-**	**1,507**	**(312)**	**14,582**	**15,777**

2013		**Company**				
		Issued capital **$000's**	**Available for sale reserve** **$000's**	**Foreign currency translation reserve** **$000's**	**Retained earnings** **$000's**	**Total equity** **$000's**
Balance at 1 January 2013	22	-	866	690	10,843	12,399
Comprehensive income						
Profit for the year	22(b)	-	-	-	1,845	1,845
Transfer loss from reserve to profit or loss	22(a)	-	105	-	-	105
Other comprehensive income	22(a)	-	258	(649)	-	(391)
Total comprehensive income for the year		-	363	(649)	1,845	1,559
Transactions with owners in their capacity as owners:						
Dividends provided or paid	23	-	-	-	(3,775)	(3,775)
Balance at 31 December 2013		-	1,229	41	8,913	10,183

The accompanying notes form part of these financial statements.

2014		**Consolidated**				
	Note	**Issued capital $000's**	**Available for sale reserve $000's**	**Foreign currency translation reserve $000's**	**Retained earnings $000's**	**Total equity $000's**
Balance at 1 January 2014	22	**-**	**1,229**	**685**	**14,235**	**16,149**
Comprehensive income						
Profit for the year	22(b)	**-**	**-**	**-**	**12,296**	**12,296**
Other comprehensive income	22(a)	**-**	**278**	**(353)**	**-**	**(75)**
Total comprehensive income for the year		**-**	**278**	**(353)**	**12,296**	**12,221**
Transactions with owners in their capacity as owners:						
Dividends provided or paid	23	**-**	**-**	**-**	**(5,400)**	**(5,400)**
Balance at 31 December 2014		**-**	**1,507**	**332**	**21,131**	**22,970**

2013		**Consolidated**				
		Issued capital $000's	**Available for sale reserve $000's**	**Foreign currency translation reserve $000's**	**Retained earnings $000's**	**Total equity $000's**
Balance at 1 January 2013	22	-	971	1,327	11,413	13,711
Comprehensive income						
Profit for the year	22(b)	-	-	-	6,597	6,597
Other comprehensive income	22(a)	-	258	(642)	-	(384)
Total comprehensive income for the year		-	258	(642)	6,597	6,213
Transactions with owners in their capacity as owners:						
Dividends provided or paid	23	-	-	-	(3,775)	(3,775)
Balance at 31 December 2013		-	1,229	685	14,235	16,149

The financial report includes the consolidated financial statements and notes of UOWD Ltd and controlled entity (the Group) and the separate financial statements and notes of UOWD Ltd as an individual entity (Company).

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared on an accrual basis in accordance with the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2010*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

For the purposes of financial reporting the Company is a for-profit entity.

The financial statements were authorised for issue in accordance with a resolution of the directors on 20 March 2015.

(b) Statement of Compliance

The financial statements are prepared on the historical cost basis except for available-for-sale financial assets which have been measured at fair value.

The financial statements are presented in Australian dollars which is the Group's functional currency and the currency of the majority of the Group, unless otherwise noted. All values are rounded to the nearest thousand dollars ($000) unless otherwise noted.

The consolidated financial statements of the Group comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 11 - Available for sale financial assets
- notes 16 and 20 - Provisions

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. These accounting policies have been applied consistently to all periods in these consolidated financial statements, and have been applied consistently by the subsidiary.

In the current period, the Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to the operations of the Group and effective for the current reporting period. The adoption of the standards or interpretations has been deemed to not have had a material impact on the financial statements or performance of the Group.

(i) Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, or in certain cases the nearest dollar.

1 Summary of Significant Accounting Policies (continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by UOWD Ltd at the end of the reporting period. A controlled entity is any entity over which UOWD Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 31 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation.

Non controlling interest not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

The Group treats transactions with non controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non controlling interests and any consideration paid or received is recognised within equity attributable to owners of UOWD Ltd.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(e) Trade receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. For loans repayable on demand, subsequent measurement is at face value.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flows, discounted at the original effective interest rate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

(g) Other financial assets

(i) Held-to-maturity investments - current

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

1 Summary of Significant Accounting Policies (continued)

(g) Other financial assets (continued)

(ii) Available-for-sale financial assets - non-current

Certain shares held by the Group are classified as being available for sale and after initial recognition are stated at fair value, with any resultant gain or loss being recognised directly as a separate component of equity until those shares are derecognised, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Dividends on available-for-sale investments are recognised in the statement of profit or loss and other comprehensive income when the Group's right to receive payments is established.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than $1000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

(i) Subsequent additional costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it probable that future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

(ii) Depreciation and amortisation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
Plant & Equipment	
- Plant and Equipment	10 to 33.33
- Furniture, Fixtures and Fittings	10 to 25
- Motor Vehicles	20
- Leasehold improvements	2.5 or duration of lease
Computer Equipment	33.33

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.

1 Summary of Significant Accounting Policies (continued)

(h) Property, Plant and Equipment (continued)

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(i) Goodwill and Intangibles

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units) to which the goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognised.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Leased software and purchased software

Leased or purchased software is recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful life. It has an estimated useful life of between three and five years. It is assessed annually for impairment.

(iii) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight basis over the period that accreditation approval is given for.

Accreditation costs have a finite useful life. The period of accreditation approval is three to five years.

(iv) Intellectual property

Intellectual property is attributable to the purchase of procedures and manuals required to obtain licences to operate. Intellectual property is not amortised. Instead, intellectual property is tested for impairment annually.

(v) Other intangible costs

Other intangible costs are attributable to the purchase of web-sites, trademarks and customer/supplier lists required to operate a business. Other intangible costs have a finite useful life. The period of estimated life is five years.

1 Summary of Significant Accounting Policies (continued)

(j) Trade and other payables

Trade and other payables are carried at fair value, which is usually the transaction cost, and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of these goods and services. Agents fees are recognised when a student accepts an offer to commence studying. They are carried at fair value, and due to their short term nature they are not discounted. Trade accounts payable are generally settled within 30 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

(k) Loans and Borrowings

All loans and borrowings are recorded initially at fair value, less any directly attributable transaction costs.

Subsequent to initial recognition, loans are recognised at their amortised cost, using the effective interest method, subject to set off arrangements.

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

(l) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

The amount of current annual leave provision not expected to be taken within twelve months is calculated using expected future increases in wage and salary rates including related on costs and expected leave pattern history and is discounted using the rates attaching to Commonwealth Government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as annual leave expense.

(ii) Long service leave

The Group's net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Provision for long service leave includes amounts payable upon completion of service in Dubai, in accordance with UAE legislation.

The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Commonwealth Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(iii) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1 Summary of Significant Accounting Policies (continued)

(m) Provisions (continued)

(i) Site restoration

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology.

Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated in accordance with the Group’s depreciation and amortisation policy. The unwinding of the effect of discounting on provision is recognised as a finance cost.

(ii) Restructuring

The Group recognises restructuring provisions when it is demonstrably committed to either terminating the employment of employees, according to a detailed formal plan, without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(n) Revenue and other income

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 discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

(i) Provision of services

Student income is recognised over the period of the course or program once the student has accepted an offer and enrolled in the course or program. Fees for students who have enrolled and paid prior to year end, for a course commencing in the following year, are recognised as income received in advance.

(ii) Sale of non-current assets

Sales of non current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(iii) Dividend revenue

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

1 Summary of Significant Accounting Policies (continued)

(n) Revenue and other income (continued)

(iv) Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

(o) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Foreign currency

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

(iii) Translation of controlled foreign operations

On consolidation, the assets and liabilities of the Group’s overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in the statement of profit or loss and other comprehensive income on disposal of the foreign operation.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(q) Income Tax

Income tax arising on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

1 Summary of Significant Accounting Policies (continued)

(q) Income Tax (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Tax Consolidation legislation

UOWD Ltd and its wholly owned Australian controlled entity have implemented the tax consolidation legislation.

The head entity, UOWD Ltd, and the controlled entity in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, UOWD Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Charges or benefits arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

(r) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases. Other leases are classified as operating leases and are not recognised on the Group's statement of financial position.

(i) Finance Leases

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

(ii) Operating Leases

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of

1 Summary of Significant Accounting Policies (continued)

(r) Leases (continued)

benefits to be derived from the leased property.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(iii) Group as Lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Income received is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

(s) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(t) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

1 Summary of Significant Accounting Policies (continued)

(u) New Accounting Standards issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The possible impact of these standards in the period of initial application is unlikely to result in a material adjustment.

(v) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

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.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(w) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. The results of the discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(x) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(y) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

2 Revenue

Revenue from continuing operations

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Sales revenue				
- sale of goods	**26**	68	**18**	68
- provision of services	**59,129**	49,987	**43,584**	34,683
	59,155	50,055	**43,602**	34,751
Other revenue				
- interest received	**844**	776	**424**	498
	844	776	**424**	498
Total Revenue	**59,999**	50,831	**44,026**	35,249

From discontinued operations (note 34)

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
- Revenue from services	**-**	1,099	**-**	-
- Other revenue	**-**	16	**-**	-
- Sale of subsidiary - International Film School Sydney Pty Ltd	**-**	1,865	**-**	-
- Gain on settlement of loan borrowing repayment	**-**	68	**-**	-
	-	3,048	**-**	-

3 Other income

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Sale of investment - International Film School Sydney Pty Ltd	**-**	-	**-**	1,865
Gain on settlement of loan borrowing repayment	**-**	-	**-**	385
Total Other Income	**-**	-	**-**	2,250

4 Expenses

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Depreciation				
-plant and equipment	**671**	443	**579**	324
-computer equipment	**488**	464	**476**	462
Total Depreciation	**1,159**	907	**1,055**	786
Amortisation				
- intangible assets and goodwill	**153**	205	**96**	109
Total amortisation	**153**	205	**96**	109
Total depreciation and amortisation	**1,312**	1,112	**1,151**	895
Finance costs				
-other persons/corporations	**16**	1	**16**	1
Total finance costs	**16**	1	**16**	1

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Loan Forgiveness - subsidiaries	**-**	-	**-**	3,154
Net (profit)/loss on disposal of property, plant and equipment	**(3)**	33	**(3)**	34
Rental expenses relating to operating leases -minimum lease payments	**6,531**	5,747	**5,515**	4,888
Impairment loss on intangible assets	**33**	422	**-**	-
Net bad and doubtful debts expense	**68**	24	**40**	22
Cost of sales of goods	**18**	42	**11**	40

5 Income tax expense / (benefit)

(a) Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Profit from continuing operations before income tax expense / (benefit)	**13,009**	7,052	**11,047**	2,721
Profit from discontinuing operations before income tax expense / (benefit)	**-**	618	**-**	-
	13,009	7,670	**11,047**	2,721
Tax at the Australian tax rate of 30% (2013: 30%)	**3,903**	2,301	**3,314**	816
Increase in income tax expense / (benefit) due to:				
Non-deductible expenses	**184**	420	**37**	1,863
Commercial debt forgiveness	**-**	116	**-**	116
Decrease in income tax expense / (benefit) due to:				
Intra-group transactions	**-**	-	**-**	(47)
Tax exempt income	**(3,373)**	(1,421)	**(3,373)**	(1,421)
Non-assessable income	**-**	(296)	**-**	(450)
Other deductible expenses	**(4)**	(59)	**-**	-
Income tax expense / (benefit)	**710**	1,061	**(22)**	877
Over/(under) provided in prior periods	**3**	12	**-**	(1)
Total income tax expense / (benefit)	**713**	1,073	**(22)**	876

(b) The components of tax expense / (benefit) comprise

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$000's	$000's	$000's	$000's
Income tax expense / (benefit)					
Current tax		**(24)**	948	**-**	(336)
Deferred tax		**734**	113	**(22)**	1,213
Adjustments for current tax of prior periods		**4**	1	**1**	(3)
Adjustments for deferred tax of prior periods		**(1)**	11	**(1)**	2
Total income tax expense / (benefit)		**713**	1,073	**(22)**	876
Income tax expense / (benefit) is attributable to:					
Income tax from continuing operations		**713**	1,118	**(22)**	876
Income tax from discontinued operations	34(a)	**-**	(45)	**-**	-
Total income tax expense / (benefit)		**713**	1,073	**(22)**	876

5 Income tax expense / (benefit) (continued)

(c) Unrecognised temporary differences

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Deferred tax assets have not been recognised in respect of the following items:				
Temporary differences	**218**	16	**-**	-
Capital losses	**837**	837	**837**	837
	1,055	853	**837**	837

Temporary differences, tax losses and capital losses do not expire under the current tax legislation. The deferred tax asset with respect to temporary differences and tax losses has not been recognised because it is not probable that future taxable income will be available against which the Group can utilise the benefits therefrom.

The deferred tax asset with respect to capital losses has not been recognised because it is not probable that future taxable capital gains will be available against which the Group can utilise the benefits therefrom.

(d) Income tax (expense) relating to items of other comprehensive income

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$000's	$000's	$000's	$000's
Changes in the fair value of available for sale financial assets	22(a)	**(119)**	(110)	**(119)**	(110)
		(119)	(110)	**(119)**	(110)

6 Current assets - Cash and cash equivalents

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Cash at bank and on hand	**27,213**	27,933	**14,228**	15,434

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Group's exposure to interest rate risk is disclosed in note 30.

7 Other financial assets - current

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Held-to-maturity term deposits	**10,000**	-	**8,000**	-

(a) Impairment and risk exposure

None of the held-to-maturity investments are either past due or impaired.

All held to maturity investments are denominated in Australian currency. As a result, there is no exposure to foreign currency risk.

There is also no exposure to price risk as the assets will be held to maturity.

8 Current assets- Trade and other receivables

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$000's	$000's	$000's	$000's
CURRENT					
Net receivables from related parties					
-Subsidiaries	32	**-**	-	**-**	669
-University of Wollongong (c)	32	**135**	1,087	**124**	252
Other third parties		**76**	-	**-**	-
Students		**696**	2,344	**569**	327

8 Current assets- Trade and other receivables (continued)

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Less: allowance for impairment loss (a)	**(85)**	(53)	**(54)**	(27)
	822	3,378	**639**	1,221
Other receivables	**652**	87	**565**	38
Prepayments	**1,169**	1,084	**980**	208
GST receivable	**48**	-	**2**	9
Total current trade and other receivables	**2,691**	4,549	**2,186**	1,476

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on a 30 day term. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

The ageing analysis of these receivables is as follows:

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
0-30 days	**-**	-	**-**	-
31-60 days	**-**	-	**-**	-
61-90 days	**-**	-	**-**	-
91+ days	**85**	53	**54**	27
	85	53	**54**	27

Allowance for impairment loss

An impairment loss of $70,000 (2013: $31,000) has been recognised by the Group and an impairment loss of $40,000 (2013: $22,000) has been recognised by the Company for the current year. This is before the recoupment of prior year impairments of $2,000 ($2013: $12,000) for the Group. These amounts have been included in the ‘other expenses’ line item on the statement of profit or loss and other comprehensive income. No individual amount within the impairment allowance is material.

8 Current assets- Trade and other receivables (continued)

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Balance at 1 January	**53**	53	**27**	9
Impairment charge for the year	**70**	31	**40**	22
Foreign exchange translation	**8**	1	**8**	1
Sale of subsidiary	**-**	(7)	**-**	-
Amounts recouped	**(2)**	(12)	**-**	-
Amounts written off	**(44)**	(13)	**(21)**	(5)
Balance at 31 December	**85**	53	**54**	27

(b) Past due but not impaired

Receivables past due but not considered impaired are $570,000 (2013: $1,079,000) for the Group and $513,000 (2013: $294,000) for the Company. Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within current trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

At 31 December, the ageing analysis of trade receivables is as follows:

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
0-30 days	**252**	2,299	**126**	927
31- 60 days	**53**	315	**10**	43
61 - 90 days	**18**	255	**9**	9
91+ days	**499**	509	**494**	242
	822	3,378	**639**	1,221

(c) Related party receivables

Receivables from University of Wollongong are non interest bearing and are on 30 day terms.

(d) 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 is the fair value of the receivables. No collateral is held as security.

9 Current assets - Inventories

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
CURRENT				
At cost:				
Finished goods	**122**	84	**122**	84
Less: write-down to net realisable value	**(78)**	(14)	**(78)**	(14)
	44	70	**44**	70

During the year ended 31 December 2014 the write down of inventories to net realisable value for the Group and the Company amounted to $62,000 (2013: $14,000). These expenses have been included in the ‘other expenses’ line on the statement of profit or loss and other comprehensive income.

10 Non-current assets - Trade and other receivables

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Prepayments	**185**	173	**185**	173

11 Non-current assets - Available for sale financial assets

(a) Available for sale financial assets comprise:

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
At fair value				
Shares- Australian unlisted				
- Education Australia Ltd*	**1,900**	1,503	**1,900**	1,503
	1,900	1,503	**1,900**	1,503

*Share holding ownership in Education Australia Ltd is 2.6% (2013: 2.6%)

Education Australia Ltd owns 50% of IDP Education Pty Ltd, a company that provides services for international students wishing to study in Australian educational institutions and also provides International English Language Testing (IELTS).

During the year there was no dividend received from Education Australia Ltd (2013: nil) for the Group and Company.

Available for sale investments consist of investments in ordinary shares and therefore have no fixed maturity date or coupon rate.

Shares - Australian unlisted

Valuation assumptions

The fair value of the unlisted available for sale investments has been estimated using valuation techniques based on the assumptions listed below, that are not supported by observable market prices or rates. Management believes the estimated fair value resulting from the valuation techniques and recorded in the statement of financial position and the related changes in fair value recorded in equity are reasonable and the most appropriate at the reporting date.

Education Australia Ltd – an estimate of the value of Education Australia Ltd taking into account projected earnings times an appropriate earnings multiple discounted by a factor to reflect the lack of marketability of these shares. This earnings multiple was estimated based on historical acquisitions within the education sector.

A reconciliation of the movement during the year is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Opening balance at 1 January	**1,503**	1,135	**1,503**	1,135
Net valuation gains	**397**	368	**397**	368
	1,900	1,503	**1,900**	1,503

Valuation sensitivity

Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation models and has quantified this to be a fair value of approximately $1,754,000 (2013: $1,388,000) using less favourable assumptions and a fair value of approximately $2,046,000 (2013: $1,619,000) using more favourable assumptions.

Liquidity risk

Information regarding liquidity risk exposure is set out in note 30.

12 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Company

	Plant and Equipment $000's	Computer equipment $000's	Capital work in progress $000's	Total $000's
Balance 31 December 2014				
Opening net book amount	**652**	**895**	**-**	**1,547**
Exchange differences	**90**	**82**	**-**	**172**
Additions	**904**	**250**	**258**	**1,412**
Disposals	**(1)**	**-**	**-**	**(1)**
Depreciation charge	**(579)**	**(476)**	**-**	**(1,055)**
Closing net book amount	**1,066**	**751**	**258**	**2,075**
At 31 December 2014				
Cost	**4,491**	**2,523**	**258**	**7,272**
Accumulated depreciation	**(3,425)**	**(1,772)**	**-**	**(5,197)**
Net book amount	**1,066**	**751**	**258**	**2,075**
Balance at 31 December 2013				
Opening net book amount	712	691	-	1,403
Exchange differences	100	93	-	193
Additions	288	575	-	863
Disposals	(124)	(2)	-	(126)
Depreciation charge	(324)	(462)	-	(786)
Closing net book amount	652	895	-	1,547
At 31 December 2013				
Cost	3,402	2,167	-	5,569
Accumulated depreciation	(2,750)	(1,272)	-	(4,022)
Net book amount	652	895	-	1,547

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

Consolidated

	Plant and Equipment	Computer equipment	Capital work in progress	Total
	$000's	$000's	$000's	$000's
Balance at 31 December 2014				
Opening net book amount	**1,127**	**928**	**-**	**2,055**
Exchange differences	**90**	**82**	**-**	**172**
Additions	**1,072**	**261**	**258**	**1,591**
Disposals	**(1)**	**-**	**-**	**(1)**
Depreciation charge	**(671)**	**(488)**	**-**	**(1,159)**
Closing net book amount	**1,617**	**783**	**258**	**2,658**
At 31 December 2014				
Cost	**5,700**	**2,569**	**258**	**8,527**
Accumulated depreciation	**(4,083)**	**(1,786)**	**-**	**(5,869)**
Net book amount	**1,617**	**783**	**258**	**2,658**
Balance at 31 December 2013				
Opening net book amount	1,513	743	24	2,280
Exchange differences	97	95	-	192
Amounts commissioned for use	24	-	(24)	-
Additions	546	610	-	1,156
Disposals	(131)	(6)	-	(137)
Impairment of plant and equipment	(84)	-	-	(84)
Sale of subsidiary	(310)	(32)	-	(342)
Depreciation charge	(528)	(482)	-	(1,010)
Closing net book amount	1,127	928	-	2,055
At 31 December 2013				
Cost	4,443	2,202	-	6,645
Accumulated depreciation	(3,316)	(1,274)	-	(4,590)
Net book amount	1,127	928	-	2,055

13 Non-current assets - Intangible assets and goodwill

Movement in the carrying amounts for each class of intangible asset and goodwill between the beginning and the end of the current financial year:

	Company				
	Goodwill	**Other Intangible Assets**	**Software**	**Accreditation Costs**	**Total**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**
Balance at 31 December 2014					
Opening net book amount	**-**	**-**	**60**	**244**	**304**
Exchange differences	**-**	**-**	**4**	**15**	**19**
Additions	-	-	**-**	**-**	**-**
Amortisation charge	-	-	**(25)**	**(71)**	**(96)**
Closing net book amount	-	-	**39**	**188**	**227**
At 31 December 2014					
Cost	-	-	**136**	**673**	**809**
Accumulated amortisation and impairment	-	-	**(97)**	**(485)**	**(582)**
Net book amount	-	-	**39**	**188**	**227**
Balance at 31 December 2013					
Opening net book amount	-	-	215	255	470
Exchange differences	-	-	20	38	58
Additions	-	-	-	23	23
Disposals	-	-	(138)	-	(138)
Amortisation charge	-	-	(37)	(72)	(109)
Closing net book amount	-	-	60	244	304
At 31 December 2013					
Cost	-	-	124	615	739
Accumulated amortisation and impairment	-	-	(64)	(371)	(435)
Net book amount	-	-	60	244	304

13 Non-current assets - Intangible assets and goodwill (continued)

	Consolidated				
	Goodwill	Other Intangible Assets	Software	Accreditation costs	Total
	$000's	$000's	$000's	$000's	$000's
Balance at 31 December 2014					
Opening net book amount	**-**	**59**	**60**	**412**	**531**
Exchange differences	-	-	**4**	**15**	**19**
Additions - acquisition	-	-	**-**	**7**	**7**
Impairment loss on Accreditation Costs	-	**-**	**-**	**(33)**	**(33)**
Transfers to assets held for sale	-	-	**-**	-	**-**
Amortisation charge	-	**(17)**	**(25)**	**(111)**	**(153)**
Closing net book amount	**-**	**42**	**39**	**290**	**371**
At 31 December 2014					
Cost	**-**	**86**	**124**	**844**	**1,054**
Accumulated amortisation and impairment	-	**(44)**	**(86)**	**(554)**	**(684)**
Net book amount	**-**	**42**	**38**	**290**	**370**
Balance at 31 December 2013					
Opening net book amount	920	76	498	405	1,899
Exchange differences	-	-	20	38	58
Additions - acquisition	-	-	50	76	126
Disposal of subsidiary	(920)	-	-	(5)	(925)
Impairment loss on Software	-	-	(422)	-	(422)
Amortisation charge	-	(17)	(86)	(102)	(205)
Closing net book amount	-	59	60	412	531
At 31 December 2013					
Cost	-	86	124	838	1,048
Accumulated amortisation and impairment	-	(27)	(64)	(426)	(517)
Net book amount	-	59	60	412	531

Impairment tests for goodwill

Goodwill acquired through business combinations have been allocated to and are tested at the level of their respective cash generating unit. Following the sale of International Film School Pty Ltd during 2013, the goodwill on consolidation was eliminated.

14 Non-current assets - Tax

(a) Balance of deferred tax assets comprise temporary differences to:

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Unearned income	**210**	1,022	**-**	-
Property plant and equipment	**14**	-	**15**	22
Available for sale financial assets	**(384)**	(265)	**(384)**	(265)
Accruals	**196**	164	**34**	36
Provisions	**498**	512	**-**	-
Trade and other receivables	**(13)**	(4)	**(22)**	(11)
Tax loss carry forwards	**794**	727	**794**	727
Other	**25**	12	**-**	-
Total deferred tax assets	**1,340**	2,168	**437**	509

(b) Movements

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Balance at 1 January	**2,168**	2,508	**509**	1,834
(Charged)/credit to the statement of profit or loss and other comprehensive income	**(709)**	(124)	**47**	(1,215)
Sale of subsidiary	**-**	(106)	**-**	-
(Charged) to equity	**(119)**	(110)	**(119)**	(110)
Balance at 31 December	**1,340**	2,168	**437**	509

15 Current liabilities - Trade and other payables

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$000's	$000's	$000's	$000's
Current					
Unsecured liabilities					
Trade payables		**485**	118	**457**	62
Trade payables due to University of Wollongong	32	**1,978**	1,616	**555**	867
Payables owing to subsidiaries	32	**-**	-	**718**	-
GST payable		**-**	18	**-**	-
Non-trade payables and accruals		**4,086**	3,412	**1,478**	849
		6,549	5,164	**3,208**	1,778

Fair Value

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

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 30.

16 Current liabilities - Provisions

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Current				
Restructuring	**36**	285	**-**	-
Liability for annual leave	**1,389**	1,445	**581**	553
Liability for long service leave	**3,325**	2,814	**2,759**	2,300
	4,750	4,544	**3,340**	2,853

The current provision for the Group includes $221,000 ($2013: 232,000) of annual leave entitlements accrued but not expected to be taken within 12 months. The current provision for the Company is all expected to be taken within 12 months.

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

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Restructuring				
Balance at 1 January	**285**	500	**-**	500
Additional Provisions	**148**	297	**-**	-
Provisions used	**(330)**	(512)	**-**	(500)
Provisions reversed	**(67)**	-	**-**	-
Balance at 31 December	**36**	285	**-**	-

Provision for restructuring

During 2013 and 2014, the Group undertook a review of the structure for the UOW College business and the Corporate function. A provision was raised for known costs associated with these restructures.

17 Current tax (assets) / liabilities

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Current tax receivable	**(125)**	-	**(125)**	-
Current tax payable	**-**	871	**-**	871
Total current tax (assets) / liabilities	**(125)**	871	**(125)**	871

Income tax

The current tax asset for the Group and Company of $125,000 (2013: $871,000 liability) represents the amount of income tax receivable (2013: payable) in respect of current and prior periods and arises from the payment of tax in excess (2013: deficit) of the amounts due to the Australian Tax Office.

18 Current liabilities - Other current liabilities

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Income received in advance	**10,834**	11,503	**5,950**	4,882

19 Financing arrangements

The Group has access to the following lines of credit with the National Australia Bank and the Standard Chartered Bank in Dubai as at 31 December:

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Floating rate				
Bank overdraft	**750**	750	**750**	750
Lease facility	**500**	500	**500**	500
Bank guarantee	**250**	250	**250**	250
Credit card facility	**300**	300	**200**	300
Margin on guarantee	**95**	87	**95**	87
	1,895	1,887	**1,795**	1,887
Used at balance date				
Bank overdraft	**-**	-	**-**	-
Lease facility	**-**	-	**-**	-
Bank guarantee	**-**	-	**-**	-
Credit card facility	**42**	-	**-**	-
Margin on guarantee	**95**	87	**95**	87
	137	87	**95**	87

19 Financing arrangements (continued)

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Unused at balance date				
Bank overdrafts	**750**	750	**750**	750
Lease facility	**500**	500	**500**	500
Bank guarantee	**250**	250	**250**	250
Credit card facility	**258**	300	**200**	300
Margin on guarantee	**-**	-	**-**	-
	1,758	1,800	**1,700**	1,800

The lines of credit are secured by way of a Registered Mortgage Debenture over the assets and undertakings of the Group, including goodwill and uncalled capital and called but unpaid capital.

20 Non-current liabilities - Provisions

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Liability for long service leave	**709**	594	**418**	292
Site restoration costs	**714**	157	**714**	157
	1,423	751	**1,132**	449

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

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Site restoration costs				
Balance at 1 January	**157**	135	**157**	135
Additional provisions recognised	**491**	-	**491**	-
Unwinding of the discount rate	**16**	-	**16**	-
Effect of movement in foreign exchange	**50**	22	**50**	22
Closing balance at 31 December	**714**	157	**714**	157

Site restoration

In accordance with the lease contracts in Dubai, the Group and Company must restore the leased premises to their original condition at the end of its occupancy.

A provision has been raised in respect of the Group and Company's obligation to remove leasehold improvements from these leased premises and is included in the carrying amount of leasehold improvements. This provision had a balance of $714,000 as at 31 December 2014 (2013: $157,000).

Because of the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been calculated using a pre tax discount rate of 2.51% (2013: 4.50%).

21 Issued Capital

(a) Ordinary shares

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	No. & $	**No. & $**	**No. & $**	**No. & $**
At the beginning of the reporting period	**2**	2	**2**	2
At the end of the reporting period	**2**	2	**2**	2

Fully paid ordinary shares carry one vote per share, the right to dividends and are held by the University of Wollongong. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

Capital management

When managing capital, the Board of Director's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors has no current plans to issue further shares to its shareholder. The Group currently manages issued capital of $2.

Refer note 23 for dividends declared.

22 Reserves and retained earnings

(a) Reserves

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Reserves				
Available for sale reserve	**1,507**	1,229	**1,507**	1,229
Foreign currency translation reserve	**332**	685	**(312)**	41
Total Reserves	**1,839**	1,914	**1,195**	1,270

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Available for sale reserve				
Balance at 1 January	**1,229**	971	**1,229**	866
Revaluation increments	**397**	368	**397**	368
Transfer from reserve for realised loss	**-**	-	**-**	105
Deferred tax liability arising on revaluation	**(119)**	(110)	**(119)**	(110)
Balance at 31 December	**1,507**	1,229	**1,507**	1,229
Foreign currency translation reserve				
Balance at 1 January	**685**	1,327	**41**	690
Translation of foreign operations	**(353)**	(642)	**(353)**	(649)
Balance at 31 December	**332**	685	**(312)**	41

(b) Retained earnings

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Balance at 1 January	**14,235**	11,413	**8,913**	10,843
Net profit attributable to the Owners of UOWD Ltd	**12,296**	6,597	**11,069**	1,845
Ordinary dividends	**(5,400)**	(3,775)	**(5,400)**	(3,775)
Balance at 31 December	**21,131**	14,235	**14,582**	8,913

Available for sale reserve

The available for sale reserve arises on the revaluation of available for sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

23 Dividends

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Ordinary shares				
Final dividend	**5,400**	3,775	**5,400**	3,775

A total dividend of $5,400,000 (270,000,000 cents per share) for the year ended 31 December 2013 was declared and paid on 16 May 2014. The dividend was franked at 26%.

A total dividend of $3,775,000 (188,750,000 cents per share) for the year ended 31 December 2012 was declared and paid on 3 May 2013 and 5 September 2013. The dividend was franked at 14%.

No dividend for the financial year ended 31 December 2014 has been declared or paid.

Dividend franking account

	Company	
	2014	**2013**
	$000's	**$000's**
The amount of franking credits available for the subsequent financial year are:		
-franking account balances as at the end of the financial year at 30% (2013: 30%)	**358**	923

The above available balance is based on the dividend franking account at year-end adjusted for:

(a) Franking credits that will arise from the (receipt) / payment of the current tax receivable / payable. Refer note 17.

24 Auditors remuneration

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Auditors of the company				
The Audit Office of New South Wales				
Audit of the financial statements	**153,200**	157,900	**110,900**	118,000
Total remuneration for audit and other assurance services	**153,200**	157,900	**110,900**	118,000

25 Key Management Personnel Disclosures

(a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of UOWD Ltd during the financial year:

(i) Chairman- Non-executive director
Mr Peter Robson

(ii) Executive directors
Professor P Wellings
Professor J Chicharo
Professor E Leinonen
Mr D Israel

(iii) Non-executive directors
Mr G West
Mr N Cornish
Mr R Ryan
Dr S Routledge

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

Ms M Mastroianni	Chief Executive Officer	UOWC Ltd
Ms V Bourne	Director Legal & Governance	UOWC Ltd
Ms J. Renwick	General Manager UOW College	UOWC Ltd
Mr G Drummond	Chief Financial Officer/Director Corporate Services	UOWC Ltd - Appointed 28 January 2014
Mr A Slevin	Acting Chief Financial Officer	UOWC Ltd - Ceased 17 January 2014
Mr T Spedding	President of UOW in Dubai	UOWD Ltd - Ceased 8 May 2014
Prof. Mohamed Salem	Acting President of UOW in Dubai	UOWD Ltd - Appointed 8 May 2014
	President of UOW in Dubai	UOWD Ltd - Appointed 19 January 2015

(b) Transactions with key management personnel

In addition to their salaries, the Group also provides non cash benefits to directors and executive officers, and contributes to a post employment defined contributions plan on their behalf.

Key management personnel compensation

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Short-term employee benefits	**1,801,684**	1,576,448	**542,499**	1,080,992
Post-employment benefits	**165,437**	310,500	**35,581**	191,127
Termination benefits	**69,168**	281,806	**-**	281,806
	2,036,289	2,168,754	**578,080**	1,553,925

25 Key Management Personnel Disclosures (continued)

(c) Other transactions and balances with key management personnel and their related parties

The Group engaged the services of Dr. S Routledge in relation to various consultancy services in 2014 and 2013. Amounts were billed at normal market rates for services and were due and payable under normal payment terms. The aggregate amount paid in 2014 was $17,854 (2013: $11,760).

Prior to the sale of International Film School Sydney Pty Ltd (IFSS), a loan was payable to Mr R Vandersluis, a former director and shareholder of IFSS. The sale of IFSS, on 30 June 2013, triggered the repayment of the loan to Mr R Vandersluis for an agreed settlement amount. Accordingly, the balance of the loan at 31 December 2013 was nil. During 2013, $23,000 of interest was capitalised on the loan to reflect the restatement to fair value prior to the sale. The Group result also reflected a net gain on the settlement of the loan of $68,000 during 2013. Refer also to note 32.

(d) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Group or Company, including their personnally related parties.

26 Statement of cash flow reconciliation

(a) Reconciliation to cash at end of year

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$000's	$000's	$000's	$000's
As per Statement of Financial Position					
Cash and cash equivalents	6	**27,213**	27,933	**14,228**	15,434
Other financial assets - current	7	**10,000**	-	**8,000**	-
As per Statement of Cash Flows		**37,213**	27,933	**22,228**	15,434

26 Statement of cash flow reconciliation (continued)

(b) Reconciliation of net cash inflow from operating activities to profit.

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Profit for the year after income tax	**12,296**	6,597	**11,069**	1,845
Depreciation and amortisation	**1,312**	1,215	**1,151**	895
Net (gain) / loss on sale of non-current assets	**(3)**	33	**(3)**	34
(Gain) on sale of IFSS	**-**	(601)	**-**	(1,115)
Impairment write down	**33**	506	**-**	105
Gain on loan restatement	**-**	-	**-**	385
Interest income	**(844)**	(781)	**(424)**	(498)
Interest paid - non cash	**-**	(45)	**-**	-
Operating profit before change in assets and liabilities	**12,794**	6,924	**11,793**	1,651
Decrease / (increase) in trade and other receivables	**1,845**	(170)	**(1,369)**	847
Decrease in inventories	**26**	15	**26**	15
Increase / (decrease) in trade and other payables	**1,385**	263	**712**	(562)
Increase / (decrease)in other provisions	**878**	(782)	**1,169**	(2,672)
(Decrease) / increase in other operating liabilities	**(669)**	1,898	**1,068**	1,078
(Decrease) / increase in provision for income taxes payable	**(996)**	1,569	**(996)**	1,569
Decrease in deferred tax asset	**828**	340	**72**	1,325
Net foreign exchange movement in assets and liabilities	**(924)**	(1,042)	**(924)**	(1,051)
Net cash inflow from operating activities	**15,167**	9,015	**11,551**	2,200

27 Capital and Leasing Commitments

(a) Capital expenditure commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities:

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Property, plant & equipment				
Payable:				
Within 1 year	**6**	-	**-**	-
	6	-	**-**	-

(b) Operating lease commitments

Leases as lessee

The Group leases buildings, motor vehicles and plant and equipment under non cancellable operating leases expiring from one to five years. The leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

For buildings, lease payments comprise a base rent, which is subject to market review on a periodic basis. For motor vehicles, lease payments comprise a base monthly amount. For plant and equipment leases, lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based upon changes in operating criteria.

During the year ended 31 December 2014 $6,531,000 was recognised as an expense in the Group’s statement of profit or loss and other comprehensive income in respect of operating leases, including discontinued operations (2013: $5,872,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Less than 1 year	**5,443**	3,468	**5,298**	3,468
Between 1 year and 5 years	**3,536**	105	**3,477**	105
	8,979	3,573	**8,775**	3,573

Leases as lessor

The Group has currently no lease agreements in place.

28 Assistance provided by Government entities

During the year the University of Wollongong provided rent free accommodation to the Group in relation to space occupied in Building 39 on the campus. This contribution has not been recognised in the financial statements. All other property related transactions were on an arms length basis with the University of Wollongong. There were no other material assets or expenditure provided by or incurred by another government department or statutory authority to the Group or Company other than as disclosed in note 32 (related party transactions).

29 Economic Dependency

The University of Wollongong in Dubai is dependent upon the University of Wollongong for use of the University's brand and the University's course materials in providing education services.

UOW College is highly dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses, and is a key source of qualified international students for the University of Wollongong, once students have completed their College preparation courses.

The Group is dependent on the University of Wollongong, as its sole shareholder, to provide financial support should the need arise. The subsidiary of the Company, being UOWC Ltd is dependent on the Company as its sole shareholder or member to provide financial support should the need arise. The Company is committed to continuing to ensure the subsidiary entity has adequate cash reserves to meet all commitments as and when they fall due.

30 Financial Risk Management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets, available for sale financial assets and trade and other payables.

The Group has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Groups's exposure to credit risk arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables. The carrying amount of the Group's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Group trades with students and other educational organisations and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

30 Financial Risk Management (continued)

(a) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Australia	**338**	3,104	**124**	921
Dubai	**569**	327	**569**	327
	907	3,431	**693**	1,248

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Education	**896**	3,371	**693**	564
Subsidiaries	**-**	-	**-**	669
Other	**11**	60	**-**	15
Total	**907**	3,431	**693**	1,248

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions:

The Group manages liquidity risk by regularly reviewing forecasts of liquidity reserves on the basis of expected cash flow, as well as by maintaining adequate banking facilities and reserve borrowing facilities. Details of these facilities are outlined in note 19.

The Group also manages liquidity risk by geographical region. A dissection of cash balances, including current other financial assets, by geographical region at 31 December is shown below:

	Consolidated		Company	
	2014 $000's	2013 $000's	2014 $000's	2013 $000's
Australia	**32,145**	25,144	**17,160**	12,645
Dubai	**5,068**	2,789	5,068	2,789
	37,213	27,933	**22,228**	15,434

The following liquidity risk disclosures reflect all contractually fixed payments resulting from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

30 Financial Risk Management (continued)

(b) Liquidity risk (continued)

Financial assets are considered and disclosed in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the following table reflect a balanced view of cash inflows and outflows of financial assets and liabilities.

Maturity analysis - Non-derivative

Consolidated	**Within 1 Year**		**1 and 5 Years**		**Over 5 Years**		**Total**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Financial assets								
Cash and cash equivalents	**27,392**	28,192	**-**	-	**-**	-	**27,392**	28,192
Trade and other receivables	**1,522**	3,465	**-**	-	**-**	-	**1,522**	3,465
Other financial assets	**10,174**	-	**-**	-	**-**	-	**10,174**	-
Available-for-sale financial assets	**-**	-	**1,900**	1,503	**-**	-	**1,900**	1,503
	39,088	31,657	**1,900**	1,503	**-**	-	**40,988**	33,160
Financial liabilities								
Trade and other payables	**(6,549)**	(5,164)	**-**	-	**-**	-	**(6,549)**	(5,164)
Net exposure	**32,539**	26,493	**1,900**	1,503	**-**	-	**34,439**	27,996

Company	**Within 1 Year**		**1 to 5 Years**		**Over 5 Years**		**Total**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Financial Assets								
Cash and cash equivalents	**14,299**	15,600	**-**	-	**-**	-	**14,299**	15,600
Trade and other receivables	**1,206**	1,268	**-**	-	**-**	-	**1,206**	1,268
Other financial assets	**8,139**	-	**-**	-	**-**	-	**8,139**	-
Available-for-sale financial assets	**-**	-	**1,900**	1,503	**-**	-	**1,900**	1,503
	23,644	16,868	**1,900**	1,503	**-**	-	**25,544**	18,371
Financial liabilities								
Trade and other payables	**(3,208)**	(1,778)	**-**	-	**-**	-	**(3,208)**	(1,778)
Net exposure	**20,436**	15,090	**1,900**	1,503	**-**	-	**22,336**	16,593

30 Financial Risk Management (continued)

The amounts presented in the above tables comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group is exposed to currency risks on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The functional currencies of Group entities are the Australian Dollar (AUD) and the United Arab Emirates Dirham (AED). Whilst the volume of sales and purchases denominated in foreign currencies other than the respective functional currencies is not significant, the main foreign currency in which these other transactions primarily are denominated in is the US Dollar (USD).

The Group can be exposed to foreign currency risk when transferring funds between countries. The Group does not currently use any hedging instruments when dealing with foreign currency.

In respect of financial assets and financial liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At December 31, 2014, there was no exposure to US denominated trade and other receivables (2013: nil).

(ii) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and other financial assets. The Group's trade and related party receivables are non interest bearing. All non related party loans and borrowings of the Group have a fixed interest rate for the term of the borrowing. At 31 December 2014, there was no loans or borrowings outstanding (2013: nil).

The Group does not currently use any hedging instruments when dealing with interest rates.

The Group operates a treasury policy which directs excess cash reserves to be placed in short term fixed interest rate term deposits. At the reporting date, the Group had $25,000,000 (2013: $20,500,000) and the Company had $16,000,000 (2013: $12,500,000) in short term deposits with interest rates ranging from 3.45% - 3.60% (2013: 3.40% - 3.80%) for the Group and 3.45% - 3.50% (2013: 3.40% - 3.75%) for the Company.

At the reporting date, the only financial asset the Group had that is exposed to Australian variable interest rate risk is cash and cash equivalents. The value at the reporting date for the Group is $7,143,000 (2013: $4,642,000) and for the Company $1,160,000, (2013: $144,000).

(iii) Summarised sensitivity analysis

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

Significant assumption's used in the interest rate sensitivity analysis include:

- Acknowledging the Group has significant amounts of cash and cash equivalents in short term fixed interest rate term deposits.

- The Reserve Bank of Australia cash rate was 2.50% for all of 2014.

-Interest rates are forecast to marginally decrease during 2015.

30 Financial Risk Management (continued)

	Consolidated		Company	
	Profit	Equity	Profit	Equity
	$000's	$000's	$000's	$000's
Year ended 31 December 2014				
Cash and Cash Equivalents - at bank				
Increase of 25bps	13	13	2	2
Decrease of 25bps	(13)	(13)	(2)	(2)

	Consolidated		Company	
	Profit	Equity	Profit	Equity
	$000's	$000's	$000's	$000's
Year ended 31 December 2013				
Cash and Cash Equivalents - at bank				
Increase of 25bps	19	19	7	7
Decrease of 25bps	(19)	(19)	(7)	(7)

(d) Fair value measurements

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

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- 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
- 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 2014.

	Level 1	Level 2	Level 3	Total
Consolidated	$'000	$'000	$'000	$'000
2014	$000's	$000's	$000's	$000's
Financial assets:				
Available for sale financial assets:				
- Equity securities	-	-	1,900	1,900

30 Financial Risk Management (continued)

(d) Fair value measurements (continued)

2013	Level 1 $000's	Level 2 $000's	Level 3 $000's	Total $000's
Financial assets:				
Available for sale financial assets:				
- Equity securities	-	-	1,503	1,503

Company 2014	Level 1 $'000 $000's	Level 2 $'000 $000's	Level 3 $'000 $000's	Total $'000 $000's
Financial assets:				
Available for sale financial assets:				
- Equity securities	**-**	**-**	**1,900**	**1,900**

2013	Level 1 $'000 $000's	Level 2 $'000 $000's	Level 3 $'000 $000's	Total $'000 $000's
Financial assets:				
Available for sale financial assets:				
- Equity securities	-	-	1,503	1,503

Management has assessed the Group’s financial assets and financial liabilities and have identified that their fair value measurements do not fall in the Level 1 and Level 2 hierarchy requirements. Therefore, they have determined that all their fair value measurements fall under Level 3 hierarchy requirements

Reconciliation of level 3 investments

	Consolidated		Company	
	2014 $000's	2013 $000's	2014 $000's	2013 $000's
Opening balance	**1,503**	1,135	**1,503**	1,135
Revaluation increments recognised in other comprehensive income	**397**	368	**397**	368
Closing balance	**1,900**	1,503	**1,900**	1,503

30 Financial Risk Management (continued)

The Group and company estimates the value of Education Australia Ltd taking into account projected earnings times an appropriate earnings multiple discounted by a factor to reflect the lack of marketability of these shares. The potential effect of using an alternative discount rate (up or down 5%) would have the effect of reducing fair value by $190,000 (2013: $150,000) or increasing fair value by $190,000 (2013: $150,000).

31 Controlled Entities

	Country of Incorporation	Percentage Owned % 2014	Percentage Owned % 2013
Subsidiaries:			
UOWC Ltd	Australia	**100**	100

ITC Education Ltd was renamed to UOWC Ltd on 12 July 2013.

On 30 June 2013 UOWD Ltd sold its 100% shareholding in International Film School Sydney Pty Ltd.

On 12 February 2013 ITC (New Zealand) Limited was deregistered.

32 Related Parties

(a) Transactions with key management personnel

The names of each person holding the position of director of the Company during the financial year are Messrs P Robson, G West, Prof. P Wellings, Mr N Cornish, Prof. J Chicharo, Prof. E Leinonen, R Ryan, S Routledge, and D Israel.

Details of key management personnel compensation are set out in note 25 to the financial statements.

Apart from the details disclosed in note 25, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties

Parent entity and ultimate parent company

The parent entity of the Group is UOWD Ltd and the ultimate controlling entity of the Group is the University of Wollongong.

Subsidiaries

UOWC Ltd.

32 Related Parties (continued)

(b) Transactions with related parties (continued)

Transactions with the parent entity

The Company engages the ultimate parent entity to provide course materials, academic registrar services and other student services related to providing degree courses at the Company's Dubai operations. Fees are paid by the Company to the ultimate parent entity for these services in relation to the Dubai operations.

The Group engaged the ultimate parent entity to deliver course material for the Group's UOW College operations.

The Group also rents premises and uses services and facilities of the ultimate parent entity for its UOW College operations located in Building 30 and other locations. The Group also uses services and facilities of the ultimate parent entity for its Corporate operations. These charges all are in the normal course of business and on normal terms and conditions.

In January 2013, the Group transferred assets associated with the Uniadvice & External Relations operations (refer also note 33) to the University of Wollongong. These assets were sold at accounting net book value and no profit or loss was recognised on the sale.

The Group enters into transactions with other entities controlled by the University of Wollongong. These include University of Wollongong Recreation & Aquatic Centre Limited and Wollongong UniCentre Ltd.

Transactions with subsidiaries

The Company, up to 30 June 2013, paid the operating costs of UOWC Ltd, including salaries and other labour related costs. UOWC Ltd paid service fees at cost to the Company for salaries and other labour related costs provided by the Company up to that date.

From 1 July 2013, the Company paid a corporate charge for management and administrative services to UOWC Ltd.

The Company is charged a fee for course development by UOWC Ltd.

Receivables for and payables to subsidiaries are interest free and payable on demand.

During 2013 the net receivable by the Company from International Film School Sydney Ltd was forgiven. This resulted in a loss of $3,154,000 for the Company.

Transactions

All transactions with other related parties are on normal terms and conditions.

Transactions with other related parties

The aggregate amounts included in the profit from continuing operations before income tax expense that resulted from transactions with non director related parties are:

32 Related Parties (continued)

(b) Transactions with related parties (continued)

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Sales of goods and services				
Controlling entity	**46**	67	**-**	-
Purchases of goods and services				
Department fees				
Controlling entity	**563**	580	**481**	489
Rent				
Controlling entity	**581**	562	**-**	-
Reimbursable utilities and services				
Controlling entity	**420**	270	**94**	81
Enrolment and admission services				
Controlling entity	**200**	293	**-**	146
	1,764	1,705	**575**	716
Fees and Charges				
Entities controlled by the Controlling entity	**51**	14	**34**	6
Total expenditure (University of Wollongong)	**1,815**	1,719	**609**	722
Corporate charge				
Subsidiaries	**-**	-	**2,305**	1,565
Course development				
Subsidiaries	**-**	-	**399**	297
Total expenditure	**1,815**	1,719	**3,313**	2,584

32 Related Parties (continued)

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

(i) Trade and other receivables/payables

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Current receivables (sales of goods and services)				
Controlling entity	**135**	1,087	**124**	252
Subsidiaries	**-**	-	**-**	669
Current payables (purchases of goods and services)				
Trade creditors				
Controlling entity	**1,978**	1,616	**555**	867
Subsidiaries	**-**	-	**718**	-

33 Business combinations

(a) Summary of proposed acquisition of Community College of the City University of Hong Kong

In April 2014, UOW responded to an Expression of Interest issued by the City University of Hong Kong ("CityU") regarding a proposed change of control of a controlled entity, the Community College of the City University of Hong Kong ("CCCU").

CCCU is a self-financing College located in Hong Kong that currently offers sub-degree programs to around 5,600 students.

On 21 August 2014 the Council of the University of Wollongong authorised the Vice-Chancellor to establish CCCU as a controlled entity of UOWD Ltd. On 14 November 2014, the Board of UOWD Ltd approved the transfer of control of CCCU to UOWD Ltd.

The change of control required a number of contractual conditions precedent to be met. As at the date of this report these conditions precedent have not been fulfilled, but the Board expects these to be met during the course of 2015 and CCCU to be a controlled entity of UOWD Ltd.

34 Discontinued Operations

ITC (New Zealand) Limited

The company was deregistered on 12 February, 2013. The company did not operate during the period.

UniAdvice and External Relations

The UniAdvice and External Relations operations transitioned across to the University in January 2013. As a result, these operations have been classified as discontinued operations for the Group.

International Film School Sydney Pty Ltd

The company was sold on 30 June 2013. The operations disposed of are reported in these financial statements as a discontinued operation. Details of the sale are disclosed in Note 35.

The results of the discontinued operations which have been included in the statement of profit or loss and other comprehensive income and other financial statements are as follows.

(a) Profit from discontinued operations

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Revenue from the rendering of services	-	1,099	-	-
Other revenue	-	16	-	-
Sale of subsidiary	-	1,865	-	-
Gain on settlement of loan borrowing repayment	-	68	-	-
Total revenue	-	3,048	-	-
Employee related expenses	-	(327)	-	-
Net bad and doubtful debts expense	-	(7)	-	-
Depreciation and amortisation expense	-	(103)	-	-
Administration and site expenses	-	(437)	-	-
Marketing expenses	-	(70)	-	-
Production expenses	-	(104)	-	-
Impairment loss on property, plant and equipment	-	(84)	-	-
Finance charges	-	(23)	-	-
Book value of subsidiary sold	-	(1,264)	-	-
Other expenses	-	(11)	-	-
	-	(2,430)	-	-
Profit before income tax of discontinued operations	-	618	-	-
Attributable income tax credit	-	45	-	-
Operating result from discontinued operations	-	663	-	-

34 Discontinued Operations (continued)

(b) Cash flows from discontinued operations

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Net cash (outflow) from operating activities	-	(1,036)	-	(969)
Net cash inflow from investing activities	-	2,220	-	-
Net cash (outflow) from financing activities	-	(615)	-	-
Net increase/(decrease) in cash generated by discontinued operations	-	569	-	(969)

(c) Assets and liabilities of discontinued operations

	Consolidated		Company	
	2014	2013	2014	2013
	$000's	$000's	$000's	$000's
Total assets	-	-	-	-
Total liabilities	-	-	-	-
Net assets atributable to discontinued operations	-	-	-	-

35 Disposal of subsidiary

On 30 June 2013, the Group disposed of International Film School Sydney Pty Ltd.

	Consolidated		Company	
	2014	2013	2014	2013
Carrying amount of non-cash assets and liabilities sold	$000's	$000's	$000's	$000's
Receivables	-	91	-	-
Property, plant and equipment	-	342	-	-
Goodwill	-	920	-	-
Other assets	-	118	-	-
Investment in subsidiaries	-	-	-	750
Total assets	-	1,471	-	750
Provisions	-	(167)	-	-
Other liabilities	-	(257)	-	-
Total current liabilities	-	(424)	-	-
Net assets	-	1,047	-	750

35 Disposal of subsidiary (continued)

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$000's	**$000's**	**$000's**	**$000's**
Total consideration				
- Received in cash	-	1,865	-	1,865
- Cash and cash equivalents disposed of	-	(217)	-	-
Net cash received	-	1,648	-	1,865
Net profit on sale	-	601	-	1,115

36 Subsequent events

Other than matters discussed in Note 33, 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 operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

37 Contingencies

There were no contingent assets or liabilities for the Group and the Company at 31 December 2014 (2013: nil).

End of audited financial statements

WOLLONGONG UNICENTRE LIMITED

ABN 28 915 832 337

Wollongong UniCentre is the social hub of the University of Wollongong. UniCentre is a non-profit organisation receiving income from its trading operations, and using these funds to build new facilities, provide services for the benefit and welfare of its members, and provide recreation, artistic, cultural and developmental events for the University and the wider community.

The UniCentre mission is to create services, spaces, and activities that enhance the University experience, funded by maximising the commercial returns of our business operations.

Our Vision

UniCentre to be a deciding factor in experiencing UOW.

Our Mission

Our mission is to create services, spaces and activities that enhance the University experience, funded by maximising the commercial returns of our business operations.

Aim

UniCentre will strive for increased campus engagement and support of UOW's goal toward the top 1% of world Universities.

GOALS TO DELIVER AND STRATEGIES

Goal 1. Student Experience and Engagement

Build strong networks of student engagement resulting in 7% year on year growth in Clubs and Societies with establishment of satellite campus clubs to a sustainable level for each campus.

Goal 2. Retail and Service Growth

UniCentre delivered retail and service provision on UOW campuses will be exemplary leaders across the Australian and International tertiary landscapes measured through local, national and international benchmarks (CSI, SEQ, ISB).

Goal 3. Business Transformation

Ensure UniCentre leverages and delivers against UOW strategy and flagship development opportunities.

Goal 4. Digital Innovation

Align ourselves with digital partners to embed the latest digital technology to our UniCentre student spaces and services on campus.

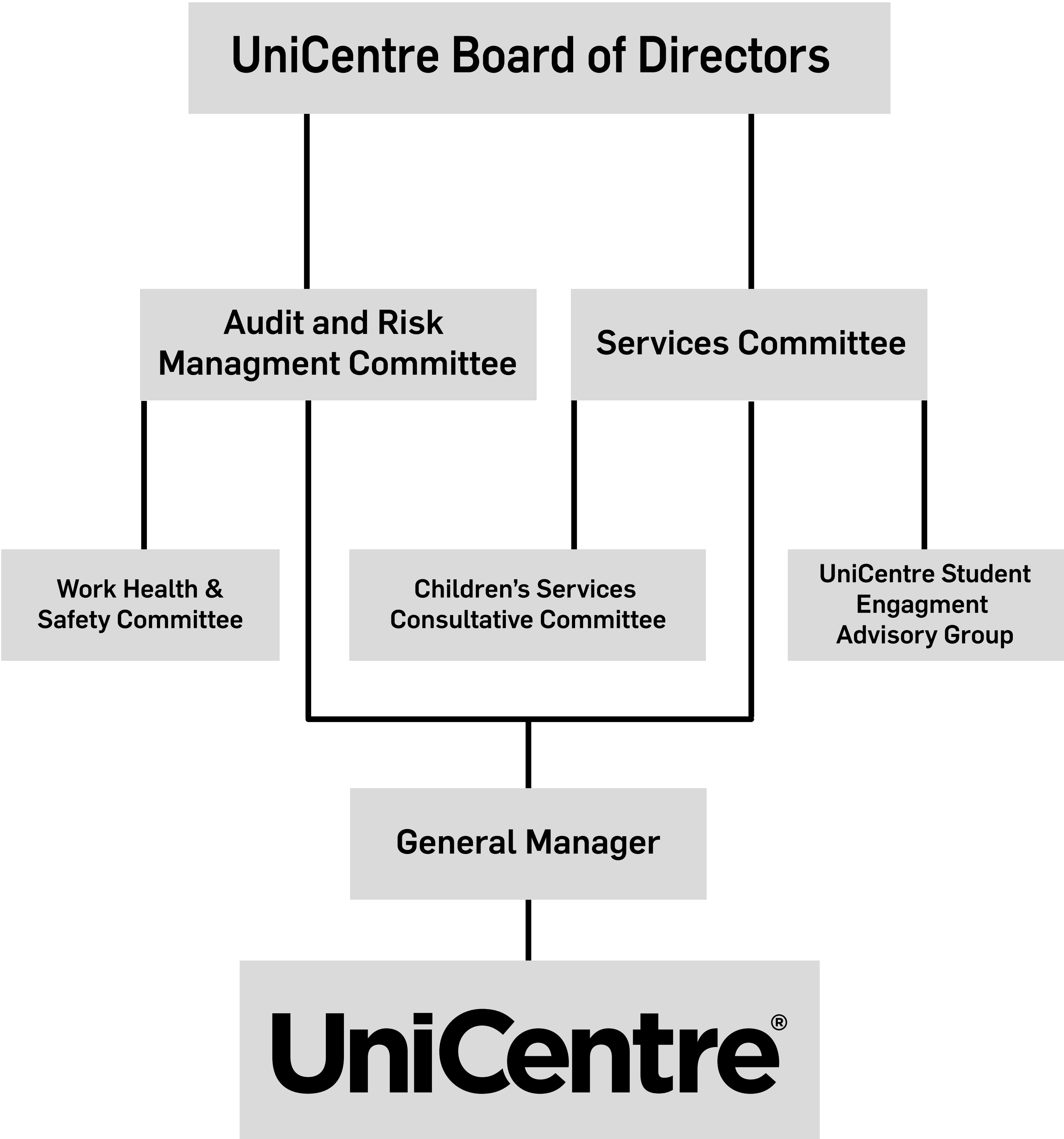
Goal 5. People and Culture

Attract and retain quality people to support UniCentre in delivering its strategic outcomes.

Goal 6. Sustaining UniCentre

Manage our operations, accreditation activity and business risk to ensure an ongoing and sustainable service provision is delivered to campus community.

COMPANY STRUCTURE



DIRECTORS' REPORT

Through 2014 UniCentre continued to provide high quality services and support to the University of Wollongong (UOW) Campus Communities.

The focus in 2014, remained working towards the strategies identified in its Strategic Plan (available on the UniCentre website: **www.unicentre.uow.edu.au**).

ACHIEVEMENTS

- UniCentre measured the level of satisfaction through a new process – year long operating customer opinion tablets placed across campus. UniCentre has 12 tablet Opinion-Meter Kiosks across the campuses receiving "at-time-of-experience" ratings from our customers. The Opinion-Meter rating of customer satisfaction continually rated above 80% on a month to month basis.
- Through 2014 UniCentre undertook its regular Employee Opinion Survey – and achieved nationally recognised Gold Status with a 75% Employee Satisfaction.
- The financial results for Wollongong UniCentre Limited saw a deficit for the 2014 year, of ($9,368).
- UniCentre's student engagement and social activity function - Centre for Student Engagement (CSE) continued to broaden its reach across the campus community. Not only increasing the number of people engaged in its activity on the Wollongong Campus, but spreading its reach and effect to the local community through programs it delivers.
- UniCentre facilitated a high level of student engagement through its Clubs & Societies programs. There was a total of 120 Clubs and/or Societies affiliated through CSE – an increase of in excess of the 7% target against 2012 Club numbers.
- Children's Services underwent National Quality Framework at the Kids Uni South Long Day Care Centre, achieving an Exceeding NQF result. This significant result further demonstrates the high quality care that our teams provide to families and the children attending our services.
- UniCentre delivered a new retail operation within the Arc Precinct at the Western Campus – B67 Convenience. This new operation had a successful year, achieving a positive margin result in its first year.
- UniCentre achieved continued Quality Assurance ISO 9001 external accreditation for its business units and administrative functions, and having successfully undergoing its first phase of accreditation now moves to an annual accreditation process – demonstrating the maturity of this process system.

BOARD OF DIRECTORS

Melva Crouch, CSM

Executive Chair, UOW Chief Administrative Officer
Director since August 2013

Ms Melva Crouch joined the core Executive team of the University of Wollongong as Chief Administrative Officer in August 2013.

Ms Crouch has extensive experience as a logistics and corporate support manager in complex organisations. She commenced her career with the Australian Army as a logistics officer, serving for 23 years in a variety of Army and joint Defence roles culminating with the position of Head of Logistics and Administration at Joint Operations Command at the rank of Colonel.

Ms Crouch left the Army in 2005 to join the United Nations, subsequently providing logistic support to peacekeeping missions in Democratic Republic of Congo, Liberia and Western Sahara. After five years in the field, she moved to New York to take on a more strategic administrative role with Department of Field Support. Prior to her current role she held the position of Director of Facilities and Commercial Services Division in the Department of Management, managing the office and conference facilities of the United Nations Headquarters and providing common support functions to the Secretariat.

Mike Gilmore

Executive Director, Company Secretary, General Manager
Director Since January 2009

As Executive Director and General Manager of Wollongong UniCentre Ltd, Mike's responsibility is across the direction and accountability for UniCentre as a complete entity. Prior to this role Mike was General Manager for the UOW Accommodation Services Division for 4 years and before that worked in the Facilities Management Division since 1997. Mike's experience before coming to the University of Wollongong was in the Hospitality and Support Services sectors providing hospitality based services to commercial organisations, major sporting/leisure venues as well as 4 and 5 star Hotels in Sydney and the ACT.

Through UniCentre's membership of the Tertiary Access Group Buying Cooperative, Mike is an elected Board Director of the group, and was nominated Treasurer in November 2014.

Mary Youssif

B.Com, M.Stud.Accy, FCPA, AGIA, RTA, MAMI, MAICD
Non Executive Director
Director Since August 2004

Mary has held various senior and executive positions within the Coal Mining and Chemical Manufacturing Industries for 15 years. She also worked for the University of Wollongong between 1993 and 2001 in Chief Accountant and Project Management positions. During that time she was the Vice-Chancellor's representative on the UniCentre's Children's Services Management Committee. Currently she operates her own accounting practice locally. Mary has been a director on the Board of Community Alliance Credit Union (The Illawarra Credit Union) for the past 24 years and served as Chair of the Board from 2008 to 2014 and has recently become the Chair of the Risk Committee. During her time she formed and Chaired their Audit Committee, was on the Strategic Planning Committee for 4 years (Chair for one year), and the Governance Committee for 6 years (Chair for 2 years).

As a former student and employee of the University of Wollongong, Mary brings extensive financial and business knowledge together with an understanding of the Unicentre and the environment in which it operates. Mary is a University of Wollongong appointed Director to UniCentre.

Walter Immoos

Non Executive Director
Director Since August 2010

Walter commenced his career in 1969 as an apprentice chef. He worked in various hotels through Europe in the kitchen until 1978. Walter attended hotel school in Lausanne, Switzerland & completed his hotel management diploma. Walter has worked for nearly all major hotel brands including the Hilton, Westin, Sun International and Holiday Inn. He came to Australia in 1989 to open Peppers on Sea Terrigal. Walter then converted this property to the very first Crown Plaza brand in Australia. In 1994 he then transferred to the Holiday Inn Menzies, which he converted to All Seasons Premier Menzies in 1996. In 2000 ACCOR bought the All Seasons group and hence, Walter commenced his career with ACCOR. During that year the Menzies was the official family hotel for the Olympic Games. At the end of 2005 Walter transferred to the Novotel Wollongong Northbeach and retired from this position as the General Manager in 2014. Walter's interests include art, history, tennis and golf. Walter is a University of Wollongong appointed Director to UniCentre.

Samantha Domagala

BCom, MBA, JP, GAICD
Non Executive Director
Director Since October 2013

Samantha joined the University of Wollongong in 2005 as Quality Assurance Manager and is currently working in Student Central as Senior Manager Client Service. She started her career in private health insurance and then moved to a large Wollongong call centre with over 500 staff as a Service and then Quality Manager. Samantha has also been a part-time student at UOW for over 10 years, and completed her Master of Business of Administration in 2009. She brings extensive experience and specialist knowledge in student and administrative functions, process improvement, service excellence as well as the customer experience..

Dean Young
Non Executive Director
Director Since February 2011

Dean started his career working as a Trainee Accountant for a local council in the UK. He qualified as an Accountant in 1997, shortly after joining an Investment Bank in London as a Management Accountant. In 2002, Dean commenced his career in Property working for CB Richard Ellis as a Financial Controller responsible for the Europe, Middle East and Asia regions. Having migrated to Australia in 2005, he joined AMP as a Divisional Finance Manager responsible for various Shopping Centres within Australia and New Zealand. In 2006, Dean became the Centre Manager of a Shopping Centre in Sydney, before transferring to the Illawarra responsible for Dapto Mall. At the start of 2010, Dean moved to Wollongong Central where he is today the Centre Manager for the GPT Group. Dean's interests include all sports, primarily football, golf and tennis. Dean is a University of Wollongong appointed Director to UniCentre.

Jo Fisher
Non Executive Director
Director Since August 2007

Jo is the instore merchandiser for the unishop. She has been employed with the Unicentre since 1993. Jo has studied in Welfare and Librarianship. She has written articles for Bookseller and Publisher magazine. Jo has 5 children, all of whom attend or have attended Kids Uni.

Jo is also a UOW Cares champion and a member of the Ally network on campus and a member of Women on Boards

Samuel Tedeschi
Non Executive Director
Director Since October 2014

Sam is an undergraduate student in the third year of a Bachelor of Arts degree. Sam moved from regional NSW to Wollongong in 2013 to attend University. He holds executive positions with several UniCentre Clubs and Societies on campus, as well as a founding member of the UOW Music Society. Sam was also elected as a General Representative on the WUSA Council for 2014. He has also served on the Student Representative Forum and the UniCentre Student Engagement Advisory Group. In addition to his University commitments, Sam works for the NSW Parliament and teaches guitar. Sam brings enthusiasm, dedication, and a commitment to students' interests to the board.

Tarrant Sewell

Non Executive Director
Director Since October 2013

Studying a Bachelor of Economics and Finance / Bachelor of Laws, Tarrant is a socially engaged student who has managed to develop strong community ties throughout Wollongong. Moving to the Illawarra in 2011, Tarrant has previously been involved with three of the largest hotels in Wollongong, completed a 6 month internship at a growing local economics firm and is currently working as a clerk at one of the largest law firms in the region. On a personal level, Tarrant can be found every morning at one of the city's most popular beachside cafes enjoying a post swim coffee. Tarrant is intending to apply his previous directorship experience to evoke positive change when needed and ensure ongoing student engagement.

Ashley Lake-Johns

Non Executive Director
Director Since October 2013

Ashley is in his first year of a Masters in International Business. Since 2012 when he started at the University of Wollongong, he has been an executive of UOW clubs and has proven to be one of their active members. Outside of university Ashley has worked for a member of Parliament and has strong interests in history, politics and rugby. Ashley will bring to UniCentre a positive and focused business mind together with a dynamic commitment. He appreciates the importance and the value of the services provided by UniCentre and will aim at both maintaining and improving them for students

Thomas Quinn

Non Executive Director
Director Since October 2014

Thomas is in his first year of a Masters in International Business, having just completed his undergraduate degrees in Commerce and Arts at UOW. After Studying for 4 years, Tom has developed extensive experience in navigating the challenges faced by many UOW students. After participating in the UniCentre's Alive and S4S Leadership programs, Tom increased his involvement with the UniCentre and now facilitates these and other programs for new and/or current students. Complementing Tom's on-campus activities is eight years of experience in providing high level strategic, administration and retail support in the Illawarra, ACT and Sydney.

BOARD OF DIRECTORS

This statement outlines the Wollongong UniCentre Corporate Governance Practices that were in place throughout the financial year.

The Board of Directors consists of six elected and up to six appointed directors, as provided for in the Articles of Association. The elected directors are drawn from the staff and students of the University, and the staff of UniCentre. The directors appointed by the University are selected with regard to the Government's guidelines for governance in controlled entities. The General Manager is the only Executive Director.

There were six meetings of the Board during 2014. The number of Board meetings attended by directors is detailed below.

The Board is responsible for the overall Corporate Governance of Wollongong UniCentre Limited, including:

- strategic direction;
- establishing goals for management;
- monitoring organisational performance; and
- ensuring that stewardship frameworks are in place.

The Board has an approved Corporate Governance Manual. This document outlines in detail the Rights and Responsibilities of Directors, and requires that directors uphold the Australian Institute of Directors Code of Conduct. It also states the requirements for ethical conduct within the organisation, and disclosure of pecuniary interests on appointment and annually. Directors are offered external training and development activities, primarily through Australian Institute of Company Directors.

DIRECTORS MEETING ATTENDANCE

	Board		Audit & Risk Management		Services	
	A	B	A	B	A	B
Melva Crouch	6	6	-	-	-	-
Mike Gillmore	6	6	4	4	4	5
Jo-Ann Fisher	5	6	-	-	1	5
Dean Young	5	6	-	-	-	-
Brian Ward	2	4	2	2	-	-
Mary Youssif	4	6	3	4	-	-
Walter Immoos	4	6	-	-	4	5
Theresa Hoynes	2	4	-	-	3	3
Samantha Domagala	6	6	4	4	4	5
Ashley Lake-Johns	6	6	3	4	5	5
Samuel Tedeschi	6	6	3	4	5	5
Tarrant Sewell	6	6	0	2	-	-
Thomas Quinn	2	2	1	1	1	1

A = Number of meetings attended.
B = Reflects the number of meetings held during the time the director held office during the year.

Through 2014, Mr Brian Ward, Appointed Board Member, resigned having provided valuable direction and guidance to the UniCentre Board for some 12 years. During his tenure with us as an appointed Director, Brian Chaired the inaugural Audit & Risk Management Committee through to August 2014. Brian also kindly served as Deputy Chair of the Board since 2010.

At the election of Board members in August 2014, Ms Theresa Hoynes term came to an end. Mr Thomas Quinn was duly elected and commenced his term at the October 2014 Board Meeting.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year a premium to insure directors and officers of the company was paid by the University of Wollongong, to the amount of $34,100 per S300 (1)g, 300(8) and 300(9). The liabilities insured include costs and expenses that may be brought against the directors and officers in their capacity as directors and officers of the company.

FINANCIAL PERFORMANCE

	2014 $	2013 $
Revenue	18,817,766	18,089,978
Operating result for the year	(9,368)	(358,751)
Retained earnings at the beginning of the financial year	9,292,051	9,650,802
Retained earnings at the end of the financial year	9,282,683	9,292,051

PRINCIPLE ACTIVITIES

The Company's principal activities are the operation of commercial activities on The University of Wollongong Campuses including Food, Beverage and Coffee Services, Functions & Events, UniBar, UniShop, Child Care, Post Office, to support non-commercial Student Engagement activities and provide high level social experiences within modern facilities.

AUDIT PROCESS

As a controlled entity of the University of Wollongong, the external auditors are The Audit Office of NSW and their agents. The Audit and Risk Management Committee advises the Board on the external audit program and outcomes. As a part of its process the committee requires:

- The attendance of The Audit Office of NSW representatives at meetings where their reports are considered.
- A formal sign-off from management to the Board, on the accuracy of financial position and performance statements.
- A procedure of absenting senior managers during Audit meetings.

INTERNAL CONTROL FRAMEWORK

To assist in the discharge of its responsibilities for the internal control framework the Board uses Internal Auditors KPMG to ensure compliance with internal controls. The 2014 Internal Audit Plan provided a schedule of reviews of the following topics:

- Tenancy Management
- Procurement and Stock Management
- Payroll Processing and Taxation Compliance
- Governance Processes
- Social Media

DELEGATION OF AUTHORITY

The Board has, under section 198D of the Corporations Act, defined delegations of authority to individuals and committees. These delegations are recorded in the Governance Manual and cover:

- Property, Plant and Equipment
- Authority to Enter Contracts
- Staff and Organisation
- Operating Expenditure
- Financial Administration
- Sponsorship and Donation

RISK MANAGEMENT

The General Manager oversees a range of risk management strategies on behalf of the Board of Directors. A Risk Assessment Program, conducted in 2012, reviewed and monitored key areas of risk that are embedded in quarterly reporting processes. The UniCentre Risk Assessment Program is being reviewed and refreshed early 2015 to update risks and action plans. Other specific arrangements include:

- Review by the Board of the annual budget and regular financial performance reviews.
- A comprehensive Insurance Program.
- Policies to ensure that capital expenditure commitments above a certain limit are authorised by the Board.
- Work Health and Safety reviews of the workplace in accordance with the relevant legislation.

BOARD COMMITTEES

The Board has the following advisory committees:

- Services Committee
- Audit and Risk Management Committee
- Children's Services Consultative Committee
- UniCentre Student Engagement Advisory Group (USEAG)

DIVIDENDS

Dividends are not payable by companies limited by guarantee, such as the Wollongong UniCentre Limited as a company limited by guarantee. Dividends have been payable by the UniCentre Conferences and Functions Pty Ltd to Wollongong UniCentre Ltd, but this sub-entity of UniCentre was wound up in August 2014 and merged into the parent entity.

STATE OF AFFAIRS

There were no significant changes to the scope of operating activities of the UniCentre during 2014. A range of service initiatives is discussed in the Review of Operations.

EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to the balance date.

LIKELY DEVELOPMENTS

Currently no likely developments to report.

AUDITOR'S INDEPENDENT DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307c of the *Corporations Act 2001* is set out on page 18.

REVIEW OF OPERATIONS
Food & Beverage Retail

With the continued introduction to the campus retail offer of new businesses, UniCentre has been aware throughout 2014 that our own innovation and service levels have to be continually reviewed and challenged. In spite of the spirited competition, there have been positive results within what was certainly a challenging environment.

Boost Juice has continued to improve financial performance thanks largely to focused controls and a consistent effort by the energetic and professional Manager that leads the business from the front. It is a reasonable forecast that this business unit will move into surplus in 2015. Our other franchised outlet, Subway, continued to deliver a healthy margin.

UniBar took on the challenge of 2014's financial target and through hard work and a great team spirit managed to come home strong and meet their budget. Food sales have been encouraging and the hard work that has taken place throughout the year in identifying and chasing new business streams should be realised in 2015. The business has taken steps to ensure compliance with new smoking related legislation and together with a fresh partnership approach with a new band promoter/booking agent the team are confident of a lively and successful 2015.

The make your own sandwich and salad business at Fuel has experienced perhaps the biggest challenge of all the UniCentre operated food & beverage retail businesses, with the options and offers presented by tenanted operators improving all of the time. High pricing of food product supplies contributed to a squeeze in gross profit returns. Whilst the percentage return remains at a satisfactory level, it is becoming increasingly difficult to retain market share with other operators successfully identifying the benefits of meeting the needs of a health conscious customer.

The Rush and Rush 2 businesses continue to impress in what has become a vibrant campus coffee culture and a most competitive area. These businesses must continue to identify new products and innovative ways of engaging customers to continue their considerable success story. Commendable efforts in 2014 have seen product and marketing initiatives keep the Rush name ahead of the competition. The relationship with the business' coffee provider, Toby's Estate will be of particular benefit, as the supplier looks to impress towards the end of the current supply arrangement.

Student Engagement

The UniCentre Centre for Student Engagement (CSE) saw continued growth and positive feedback across all program areas. Overall, 442 events were facilitated by the CSE team (an increase of 34% on 2013 events), and in turn the attendance at these events also increased with 51,083 registered participants (an increase of 26% on 2013).

The student contribution to campus activities saw increases across all program areas. Volunteer contribution in 2014 saw an increase of 35% on 2013 (total of 5,409 hours) and the number of registered Club-run activities increasing by an incredible 106% (a total of 1,918 registered Club activities). As a result of those 1,918 registered Club-run activities, the attendance recorded reached 48,026 people (an increase of 79% on 2013).

Therefore the total reach of CSE activities, both facilitated internally or through student Clubs & Societies saw a reach of 99,109 participants across 2014, this is an increase of 47% on the recorded participation in 2013 (67,331).

Employee Relations

In August 2014 Wollongong UniCentre Ltd (UniCentre) underwent the Staff Satisfaction Survey. Conducted over a period of three weeks staff were able to anonymously rate and bench measures of staff satisfaction. The overall result of 75% (Gold Medal) is the highest level of satisfaction since the survey inception in 2006 and is above the Australian average of 69%. Participants report that the best things about working at UniCentre are fellow employees, hours of work, work/life balance and teamwork.

Enterprise bargaining negotiations commenced for Children's Services, Retail and Hospitality with those agreements reaching the nominal expiry date. UniCentre remains firm in its approach to developing industrial instruments that meet the UniCentre organisational needs in addition to longer term strategy developments while recognising the valued contribution by all staff.

On the work, health and safety front UniCentre had its best year in the three year reporting cycle which affects workers compensation premiums. A revised workplace inspection program achieved significant growth in reporting and resolution of workplace hazards while lower injuries and workers compensation resulted in a positive adjustment to the 2014 workers compensation premium.

Children's Services

UniCentre Children's Service, Kids Uni South, underwent an Assessment and Compliance Inspection by the NSW Department of Education and Communities during July 2014. The centre received a rating of "Exceeding" which is a great reward for the team's hard work.

During 2014 the remainder of UniCentre Children's Services (Kids Uni OOSH and South Coast Workers Child Care Centre) were also accredited under the ISO 9001 International Management System.

UniCentre Children's Services offered a wide variety of activities in the annual Calendar of Events for 2014. Most popular events included Chinese New Year, National Science Week, Cancer Council's "Biggest Morning Tea", Harmony Day, Soccer Man, National Children's Week, NAIDOC Week, World Environment Day, Junior Art Trail, Happy Harold, Backyard Bugs, the "Special Magic Show", Stress Down Day, Learn to Swim Safety, National Recycle Week, visits by Police and Fire Brigades, Preschool Graduations and Children's Christmas Parties.

Kids Uni North, South and South Coast Workers child care centres continued working with the UOW Early Start Project as three of the Early Start Engagement Centres. These three centres were involved in considerable research throughout 2014 particularly in the areas of obesity & physical exercise and language & numeracy.

Events & Venues

Following on from the positive feedback received regarding event and service quality in 2013, Events & Venues enacted a range of efficiency improvements concentrating efforts on larger events. This strategy included a review of pricing policies that involved identifying those areas where the business was investing time and resources in smaller events that carried little or no financial gain for UniCentre. The result was that smaller events reduced in number whilst efforts to attract larger functions and conferences successfully delivered a greater mix of business. An example includes the successful tender process for the Australian Croatian Football Association who held their annual dinner and awards evening for in excess of 1,000 guests in UniHall / UniBar. This event attracted significant praise in respect of UniCentre's ability to provide quality service and customer satisfaction, and in conjunction with similar feedback from key events that are returning year on year (Police Ball; Rotary Awards; School Formals).

Whilst this external market delivered returns, it was imperative that Events & Venues was successful in continuing to encourage a partnership approach with faculties and divisions on campus. In this regard, services were planned and commenced with both the Vice Chancellor's Unit and Student Services (Graduation Robing/Gowning). This has resulted in UniCentre successfully displaying an available range of capabilities and willingness to provide services, very useful to UOW departments who experience stretched resources from time to time.

Other successful relationship events included the Innovation Campus positioned Alumni Dinner and a repeat of the Admin Christmas party being held in the UniBar precinct. Our rapport with Careers Central helped to ensure a most successful NAGCAS Conference attended by delegates from all over Australia in December.

Quality Assurance

Through 2014 UniCentre continued to implement ISO9001 (externally accredited Quality System) in all business units. UniCentre has consistently performed well during the external surveillance audits and as a result the frequency of these audits will be conducted annually rather than six monthly. The scope of certification includes Events and Venues, Production Kitchen, Retail and Licensing (Rush 1, Rush 2, Subway, Boost Juice, UniBar, Fuel), UniShop, E11even, 67 Convenience, Post Office, Children's Services, CSE and the Corporate Support Team that incorporates Marketing, HR and Finance. This process provides UniCentre operations with transparent, robust operating procedures and a framework for continuous improvement – leading to more consistent operational outcomes for our businesses and our customers.

Tenancy Operations

The UniCentre Food and Beverage tenants portfolio continued to expand in 2014 and achieving a marginal increase in revenues from 2013. The strong increase in revenues and patronage was experienced by OKUMA Sushi, The Yard and Delish. Whilst not as strong growth was also experienced by Little Curry House and Panizzi both showing an increase in revenues. Company 67 Dining Pty Ltd, negotiated a new lease for Out For Lunch which commenced in October, 2014 and chose not to seek a renewal at the end of the term for their restaurant, 67 Dining.

The construction of UOW's new Flagship, The Early Start Facility provided for the inclusion of a new food and beverage tenant. Throughout 2014 a wide advertising campaign asking for expressions of interest was conducted to attract a new tenant who met the operating philosophy of Early Start. Business operators Espresso Warriors were offered and accepted the lease with trading to start in May 2015.

The Kew Thai Group also negotiated a new lease starting in March, 2015.

How do our Customers Rate Us?

UniCentre's new method of seeking feedback through kiosks positioned in highly trafficked areas was in full swing throughout 2014. The feedback strategy was expanded to include all retail and food & beverage on campus. The kiosks are located at the point of experience gathering feedback all year round. To encourage feedback, the "Spill – give us your thoughts" campaign, whose aim is to generate feedback during a 4 week period, was facilitated in both session 1 & 2. UniCentre's overall average satisfaction rating remained consistently high at 8.7% throughout both campaigns. The result is the campus community's acknowledgement and recognition of the efforts and commitment undertaken by all UniCentre teams. Forming part of the feedback strategy is the generating of comments which can highlight suggestions for improvements. In 2014 this included expanding the introduction of paywave facilities in food and beverage to speed up the payment process.

FINANCIAL OUTCOMES

The financial performance for 2014 was an operating deficit of ($9,368), whilst disappointing is a material improvement from the previous year. The improvement was driven from increased trading revenue and increased operating performance from food and beverage units in addition to child care services.

Revenue increased to $18,817,766 during the year which drove the improved financial performance from the previous year, despite the year end deficit result.

Trading units that did not perform to expectations included newly established food and beverage units, UniShop and Events and Venues. Changing consumer behaviour on the campus markets has resulted in tradition product lines such as printed text book sales marginally declining, whilst some food and beverage units are excelling. Units supplying beverage products such as caffeine and the UniBar attracted strong customer loyalty and patronage.

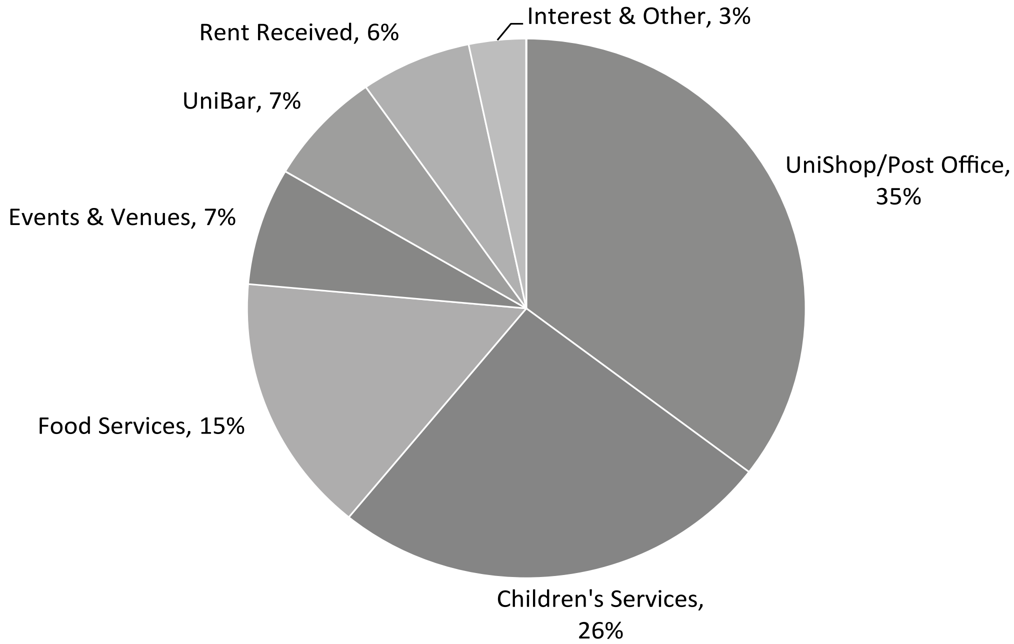
The Centre for Student Engagement unit provided increased engagement activity within the University campuses during the year. This unit is an integral component of UniCentre's overall activities and continues to provide value added student engagement activities to the students on campus.

The Statement of Financial Position continues to be a strength. UniCentre continues to pay down debt, whilst still maintaining a strong financial position. This strong financial position will be the basis of future growth and development supporting the campus Retail Development Plan.

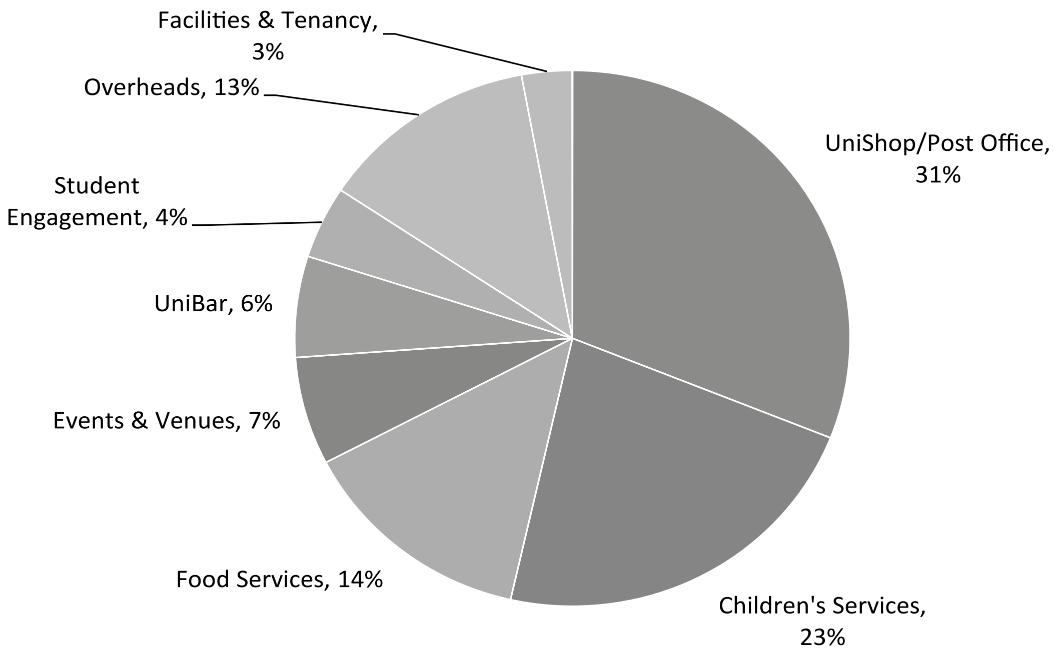
UniCentre's overhead expenses for the year were managed well within expectations and budget, despite the growth in revenue and pressure placed on the management of trading and non-trading activities.

The increase in revenue is a positive sign of a healthy and robust campus market and shows promising indicators that the 2015 year will return an operating surplus.

2014 INCOME DISSECTION



2014 EXPENDITURE DISSECTION



Signed in accordance with a resolution of the Board of Directors on 21st April, 2015.

Mary Youssif
Deputy Chair

Michael Gillmore
Executive Director

INDEPENDENT AUDITOR'S REPORT

Wollongong UniCentre Limited

To Members of the New South Wales Parliament and Members of Wollongong UniCentre Limited

I have audited the accompanying financial statements of Wollongong UniCentre Limited (the Company), which comprise the statement of financial position as at 31 December 2014, 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 2014 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* (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 preparing 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 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 an 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 management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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 Wollongong UniCentre Limited on 14 April 2015, would be in the same terms if provided to the directors as at the time of this auditor's report.

C. Clayton

Chris Clayton
Director, Financial Audit Services

23 April 2015
SYDNEY

To the Directors
Wollongong UniCentre Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Wollongong UniCentre Limited for the year ended 31 December 2014, 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.

C. Clayton

Chris Clayton
Director, Financial Audit Services

14 April 2015
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

DIRECTOR'S DECLARATION

In the opinion of the Directors of Wollongong UniCentre Limited ("the Company"):

1. The financial statements and notes, are in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*, including:

    (a) Giving a true and fair view of the financial position of the Company as at 31 December 2014 and of their performance, as represented by the results of its operations and their cash flows, for the year ended on that date; and

    (b) Complying with Australian Accounting Standards and the Corporations Regulations 2001;

    and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Wollongong, 21 April 2015.

Signed in accordance with a resolution of the Directors.

SIGNATURES

Mary Youssif
Deputy Chair

Michael Gillmore
Executive Director

Statement of Comprehensive Income

For the Year Ended 31 December 2014

	Note	2014 $	2013 $
Revenue from continuing operations	3	**18,817,766**	18,089,978
Gain/(loss) on disposal of assets	4	**(2,830)**	(42,866)
Raw materials and consumables used		**(6,131,110)**	(6,057,844)
Employee related expenses	5(a)	**(9,151,487)**	(8,979,875)
Depreciation and amortisation expense	5(b)	**(964,989)**	(1,012,240)
Other expenses	5(c)	**(2,528,418)**	(2,281,204)
Finance costs		**(48,300)**	(74,700)
Operating Result before income tax		**(9,368)**	(358,751)
Income tax expense	1(e)	**-**	-
Operating Result for the year		**(9,368)**	(358,751)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**(9,368)**	(358,751)

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 31 December 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**2,516,902**	2,038,802
Trade and other receivables	7	**706,274**	1,158,987
Inventories	8	**2,066,192**	2,146,343
Total current assets		**5,289,368**	5,344,132
Non current assets			
Investment in subsidiary		**-**	1
Property, plant and equipment	9	**2,385,071**	2,711,856
Intangible assets	10	**5,630,407**	5,945,396
Total non current assets		**8,015,478**	8,657,253
Total assets		**13,304,846**	14,001,385
LIABILITIES			
Current liabilities			
Trade and other payables	11	**2,148,874**	2,424,455
Borrowings	12	**440,000**	440,000
Provision	13	**892,534**	923,288
Other liabilities	14	**200,354**	131,294
Total current liabilities		**3,681,762**	3,919,037
Non current liabilities			
Borrowings	12	**126,672**	566,672
Provisions	13	**173,296**	150,258
Other liabilities	14	**40,433**	73,367
Total non current liabilities		**340,401**	790,297
Total liabilities		**4,022,163**	4,709,334
Net assets		**9,282,683**	9,292,051
EQUITY			
Retained earnings	15	**9,282,683**	9,292,051
Total equity		**9,282,683**	9,292,051

Statement of Changes in Equity
For the Year Ended 31 December 2014

2013

	Note	Retained Earnings $	Total $
Balance at 1 January 2013		9,650,802	9,650,802
Total comprehensive income for the year	15	(358,751)	(358,751)
Balance at 31 December 2013		9,292,051	9,292,051

2014

	Note	Retained Earnings $	Total $
Balance at 1 January 2014		**9,292,051**	**9,292,051**
Total comprehensive income for the year	15	**(9,368)**	**(9,368)**
Balance at 31 December 2014		**9,282,683**	**9,282,683**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**21,137,552**	19,468,052
Payments to suppliers and employees		**(19,913,252)**	(19,932,914)
Interest received		**86,145**	108,004
Interest paid		**(48,300)**	(74,700)
Net cash flows from operating activities	23	**1,262,145**	(431,558)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		**(313,707)**	(481,278)
Payments for intangibles		**(12,338)**	(53,954)
Net cash used in investing activities		**(326,045)**	(535,232)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		**(458,000)**	(458,000)
Net cash used in financing activities		**(458,000)**	(458,000)
Net increase/(decrease) in cash and cash equivalents held		**478,100**	(1,424,790)
Cash and cash equivalents at beginning of year		**2,038,802**	3,463,592
Cash and cash equivalents at the end of the year		**2,516,902**	2,038,802

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2014

1 Summary of Significant Accounting Policies

Wollongong UniCentre Limited (the "Company") is a company limited by guarantee incorporated and domiciled in Australia. If the Company is wound up, each 'member' is liable to contribute a maximum of $1.00 towards the costs, charges and expenses of winding up the Company and payment of debts and liabilities of the Company. The address of the Company's registered office is Northfields Avenue, North Wollongong NSW 2500.

The financial statement covers Wollongong UniCentre Limited for the year ended 31 December 2014. Wollongong UniCentre Limited has continued the operations previously performed by the subsidiary UniCentre Conferences & Functions Pty Limited. The subsidiary, UniCentre Conferences and Functions Pty Limited was deregistered on 10 August 2014. The subsidiary did not trade during the year and there were no transactions or balances for the period ended 10 August 2014, when it was deregistered or for the year ended 31 December 2013.

The nature of the operations and principal activities of the Company are providing services primarily to students including childcare, entertainment, student engagement activities, retail and food services.

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards (which includes Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board, the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*.

These statements were authorised for issue on the 21st of April, 2015.

The financial statements are presented in Australian dollars.

Compliance with Australian Charities and Not-for-profits Commission
The financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act* 2012.

Compliance with IFRS
The financial statements of the Company do not comply with IFRS because the Company has adopted the not for profit requirements of the Australian Accounting Standards which are inconsistent with IFRS requirements.

Historical cost convention
The financial statements have been prepared under the historical cost convention except that the liability for long service leave is adjusted to net present value.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards 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 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 about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

(b) Principles of consolidation

1 Summary of Significant Accounting Policies continued

(i) Subsidiaries
The financial statements incorporate the assets and liabilities of the Company as at 31 December 2014 and the results of the Company for the year then ended. The Company had one subsidiary only, known as UniCentre Conferences and Functions Pty Limited.

Wollongong UniCentre Limited has continued the operations previously performed by the subsidiary UniCentre Conferences & Functions Pty Limited.

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

The subsidiary was deregistered on 10 August 2014. As such there is no Consolidated entity reported in these financial statements.

(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 Company 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) Sale of goods and rendering of services
Revenue from the sale of goods is recognised as revenue when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is recognised when the service is provided or by reference to the stage of completion.

(ii) Lease income
Lease income from operating leases is recognised as income on a straight line basis over the lease term.

*(iii) Interest incom*e
Interest income is recognised in the Statement of Comprehensive Income as it accrues.

(iv) Dividends
Dividends are recognised as revenue when the right to receive payment is established.

(v) Grants and contributions
Grants and contributions are generally recognised as revenues when the company obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

(d) Interest costs

Interest costs comprise interest payable on borrowings, which is recognised in the statement of comprehensive income as it accrues

(e) Income tax

The operations of the Company are exempt from income tax under Section 50-5 of the *Income Tax Assessment Act (1997).*

1 Summary of Significant Accounting Policies continued

The operations of the Company are exempt from payroll tax under Sections 10.1(k) and 10.2 of the *Payroll Tax Act 1971.*

(f) 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.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by 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 liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

(g) Impairment of assets

Goodwill and intangible 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.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities in the statement of financial position.

(i) Trade and other receivables

Trade and other receivables are recognised at the original invoice amount as this is not materially different to amortised cost, given the short term nature of these receivables. Collectability of trade receivables is 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 Company 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 (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the statement of comprehensive income.

Debt forgiveness is recognised as the amount receivable as at the time the debt is forgiven.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the

1 Summary of Significant Accounting Policies continued

method most appropriate to each particular class of inventory, with the majority being valued on a weighted average cost basis. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated selling costs.

(k) Investments and other financial assets

Classification
Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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 are included in current assets, except for those with maturities greater than 12 months after 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.

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

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

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement
Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Company's right to receive payment is established.

Fair value
The fair values of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques, that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Other valuation techniques

1 Summary of Significant Accounting Policies continued

used are the cost approach and the income approach based on the characteristics of the asset and the assumptions made by market participants.

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

(l) Property, plant and equipment

(i) Owned Assets
Property, plant and equipment is stated at historical cost less depreciation.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Generally property, plant and equipment and intangible assets with a greater value than $5,000 are capitalised except for computer equipment which is normally capitalised irrespective of the $5,000 threshold where it is considered to be part of a network of assets. Other property, plant and equipment items will be capitalised if they are individually less than $5,000 in value only if they collectively with other items exceed $5,000 combined and form one asset item.

Depreciation is calculated on a straight line basis over the estimated useful life of the specific assets as follows:

	2014	2013
Building improvements	5 - 10 years	5 - 10 years
Plant and equipment	3 - 10 years	3 - 10 years
Computer equipment	3 - 5 years	3 - 5 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. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(m) Intangible assets

(i) Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Computer Software

1 Summary of Significant Accounting Policies continued

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. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

(iii) Occupancy Contribution
The Company from time to time contributes to the cost of construction of buildings, their improvements and landscaping on land over which it has no security or tenure. These amounts are accounted for in the statement of financial position as Occupancy Contribution, pursuant to an agreement reached with the University of Wollongong. The Company has the right to occupy these buildings for the life of the asset.

	2014	2013
Occupancy Contribution	30 - 40 Years	30 - 40 Years

(n) Trade and other payables

Trade and other payables are stated at cost, which is considered to approximate amortised cost due to their short term nature and are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

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 other income or other expenses.

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

(p) 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 pre tax 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. The increase in the provision resulting from the passage of time is recognised in finance costs.

(q) Employee benefits

(i) Short term obligations
Liabilities for wages and salaries (including non monetary benefits) and annual leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in

1 Summary of Significant Accounting Policies continued

respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non current liability.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government securities at reporting date which most closely match the terms of maturity of the related liabilities. Leave is charged to the provision at the time leave is taken. The provision for long service leave for the year ending 31 December, 2014 was assessed by management in accordance with guidelines recommended by PricewaterhouseCoopers.The assumptions used to calculate the long service leave provision include:

- Salary inflation rate per annum 3%
- Discount rate 2.27%
- Proportion of leave taken in service 22%

(iii) Superannuation entitlements
Contributions to employee superannuation funds are charged against income as incurred. The Company is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees.

(r) 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.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 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 the financial statement or significantly impact the disclosures in relation to the Company.

2 Financial risk management objectives and policies

The Company's principal financial instruments comprise cash, investments, receivables, payables and borrowings.

The Company manages its exposure to the following financial risks, including credit risk, liquidity risk and market risk relating to interest rate and equity risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The Committee reports to the Board on its activities.

(a) Credit risk

Credit risk refers to the risk that indebted counter parties will default on their contractual obligations, resulting in financial loss to the Company. Credit risk is monitored on an ongoing basis. The majority of the Company's business is conducted by cash or EFTPOS, and consequently the level of credit risk is low. In addition, the majority of trade and other debtors are with related entities. The Company does not require collateral in respect of financial assets. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 7.

Investments are allowed only in liquid securities. All funds invested are invested with the National Australia Bank.

The weighted average interest rate on interest earned by the Company is 2.47% (2013: 2.71%).

At reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk by class of recognised financial assets is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Details with respect to credit risk of trade and other receivables are provided in Note 7.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities
The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non derivative financial liabilities.

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. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of each reporting period.

2 Financial risk management objectives and policies continued

31 December 2014

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	2.47	2,516,902	-	2,516,902	-	-	-	2,516,902
Receivables	-	-	-	641,723	-	-	641,723	641,723
Total financial assets	**2.47**	**2,516,902**	**-**	**3,158,625**	**-**	**-**	**641,723**	**3,158,625**
Financial liabilities								
Payables	-	-	-	2,148,874	-	-	-	2,148,874
Borrowings- Uni of Wollongong	6	-	566,672	440,000	126,672	-	-	566,672
Borrowings- Dep of Health and Ageing	-	-	-	18,000	25,500	-	43,500	43,500
Total financial liabilities	**6**	**-**	**566,672**	**2,606,874**	**152,172**	**-**	**43,500**	**2,759,046**

31 December 2013

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate	Less than 1 Year	1 to 5 Years	5+ Years	Non Interest	Total
	%	$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	2.71	2,038,802	-	2,038,802	-	-	-	2,038,802
Receivables	-	-	-	1,090,768	-	-	1,090,768	1,090,768
Total financial assets	**2.71**	**2,038,802**	**-**	**3,129,570**	**-**	**-**	**1,090,768**	**3,129,570**
Financial liabilities								
Payables	-	-	-	2,424,454	-	-	-	2,424,454
Borrowings- Uni of Wollongong	6	-	1,006,672	440,000	566,672	-	-	1,006,672
Borrowings- Dep of Health and Ageing	-	-	-	18,000	43,500	-	61,500	61,500
Total financial liabilities	**6**	**-**	**1,006,672**	**2,882,454**	**610,172**	**-**	**61,500**	**3,492,626**

(c) **Market risk**

(i) Foreign currency risk
The Company's only exposure to foreign currency risk is in relation to purchases of UniShop stock from overseas. These purchases are normally each less than $1,000 and in total are not material to the operations of UniShop as an individual business unit or to the Company. Sale price of these goods is set after the goods are paid for, thus the Australian Dollar amount is known, effectively passing on any foreign exchange cost or benefit to the customer.

(ii) Price risk
The Company and the parent entity maybe exposed to equity securities price risk. This arises from investments that may be held by the Company and classified on the statement of financial position as fair value through profit or loss. At reporting date, the value of the securities was nil (2013: $nil). The Company is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, investments held by the Company are diversified.

2 Financial risk management objectives and policies continued

(iii) Cash flow and fair value interest rate risk
Interest Rate Risk is limited to interest on the balance of the National Australia Bank accounts, shown as cash and cash equivalents in Note 6. The forecast at the end of 2014 is an increase or decrease of 1% based on the current Reserve Bank of Australia cash rate of 2.5%. The Company's trade and other receivables are non interest bearing and all related party loans and receivables are interest free. Interest rates on Commercial Hire Purchase finance are fixed at the time of drawdown of each individual loan within the umbrella facility. The Company's trade and other payables are non interest bearing.

(iv) Summarised sensitivity analysis
The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and price risk.

31 December 2014		**Interest rate risk**				**Price risk**			
		-1%		**+1%**		**-1.304%**		**+1.304%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets									
Cash and Cash Equivalents	**2,516,902**	**(25,169)**	**(25,169)**	**25,169**	**25,169**	**-**	**-**	**-**	**-**
Accounts receivable	**706,274**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities									
Trade payables	**2,148,874**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current borrowings	**440,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-current borrowings	**126,672**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other financial liabilities	**57,072**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total increase/(decrease)		**(25,169)**	**(25,169)**	**25,169**	**25,169**	**-**	**-**	**-**	**-**

31 December 2013		**Interest rate risk**				**Price risk**			
		-1%		**+1%**		**-1.304%**		**+1.304%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets									
Cash and Cash Equivalents	**2,038,802**	**(20,388)**	**(20,388)**	**20,388**	**20,388**	**-**	**-**	**-**	**-**
Accounts receivable	**1,158,987**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities									
Trade payables	**2,424,454**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current borrowings	**440,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-current borrowings	**566,672**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other financial liabilities	**74,644**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total increase/(decrease)		**(20,388)**	**(20,388)**	**20,388**	**20,388**	**-**	**-**	**-**	**-**

3 Revenue

From continuing operations

	2014	2013
	$	$
Sales revenue		
- sale of goods	**11,981,886**	11,889,764
- provision of services	**5,263,594**	4,845,694
	17,245,480	16,735,458
Other revenue		
- interest	**86,145**	108,004
- Rental income	**1,199,591**	1,059,107
- Grants received - related parties	**185,000**	185,000
- Other income	**101,550**	2,409
	1,572,286	1,354,520
	18,817,766	18,089,978

4 Gain/(loss) on disposal of assets

	2014	2013
	$	$
Gain/(loss) on disposal of assets	**(2,830)**	(42,866)
	(2,830)	(42,866)

5 Expenses

(a) Employee benefits expense

	2014	2013
	$	$
Wages and salaries	**7,596,842**	7,369,302
Annual leave expense	**565,738**	535,858
Long service leave expense	**101,186**	121,069
Superannuation expense	**694,454**	651,188
Workers compensation expense	**120,017**	231,459
Other employee benefits	**73,250**	70,999
	9,151,487	8,979,875

5 Expenses continued

Superannuation

The Company makes contributions to various third party defined contribution superannuation funds. Contributions are included in the income statement as employee benefit expense, as outlined in Note 5a. The Company does not contribute to, or have any connection with, any defined benefit superannuation funds.

(b) Depreciation and Amortisation

	2014	2013
	$	$
Depreciation		
Building improvements	**388,633**	399,349
Plant and equipment	**233,195**	276,628
Computer equipment	**15,834**	11,682
Total Depreciation	**637,662**	687,659
Amortisation		
Occupancy contribution	**308,784**	308,784
Goodwill and Establishment costs	**1,609**	2,904
Computer software	**16,934**	12,893
Total amortisation	**327,327**	324,581
Total depreciation and amortisation	**964,989**	1,012,240

(c) Other Expenses

Consultant fees	**285,100**	218,429
Maintenance	**304,474**	243,854
Advertising & Promotional	**82,530**	89,572
Computer rental	**61,587**	87,538
Auditor's remuneration - audit of financial statements	**66,600**	65,000
Security	**30,862**	55,507
Activity Expenses	**116,275**	101,590
Cleaning	**75,318**	65,687
Kids Uni Catering	**96,298**	94,958
Bank charges	**111,869**	104,618
Laundry	**63,867**	52,800
Nappy Services	**53,615**	46,476
Waste disposal	**104,158**	94,956
Other	**1,075,865**	960,219
	2,528,418	2,281,204

6 Current assets - Cash and cash equivalents

	2014	2013
	$	$
Cash at bank and on hand	**2,516,902**	2,038,802

7 Current assets - Trade and other receivables

		2014	2013
		$	$
Trade receivables		**647,518**	1,096,682
Provision for impairment	(a)	**(5,795)**	(5,914)
Sub - Total		**641,723**	1,090,768
Prepayments		**64,551**	38,193
GST receivable		**-**	30,026
Total current trade and other receivables		**706,274**	1,158,987

(a) **Impaired trade receivables**

As at 31 December 2014 current trade receivables of the Company with a nominal value of $76,788 (2013: $305,130) were past due. Of this past due amount, $5,795 (2013: $5,914) was considered impaired and provided for. The individually impaired receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations.

The ageing of these receivables is as follows:

	2014	2013
	$	$
Over 6 months	**5,795**	5,914

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

	2014	2013
	$	$
At 1 January	**(5,914)**	(23,826)
Provision for impairment recognised during the year	**(1,705)**	1,173
Receivables written off during the year as uncollectible	**-**	16,739
Provision for impairment recovered during the year	**1,824**	-
At 31 December	**(5,795)**	(5,914)

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

7 Current assets - Trade and other receivables continued

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

Information about the Company's exposure to credit risk, foreign currency and interest rate risk is provided in Note 2.

As of 31 December 2014, trade receivables of $70,993 (2013: $299,216) 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:

	2014	2013
	$	$
1 to 3 months	**43,337**	123,458
3 to 6 months	**7,038**	85,141
Over 6 months	**20,618**	90,617
At 31 December	**70,993**	299,216

8 Current assets - Inventories

	2014	2013
	$	$
Inventories - at cost	**2,066,192**	2,146,343
	2,066,192	2,146,343

Write downs of inventories to net realisable value recognised as an expense during the year ended 31 December 2014 amounted to $33,009 (2013: $28,859). The expense has been included in 'raw materials and consumables used in the statement of comprehensive income.

9 Non current assets - Property, plant and equipment

	2014	2013
	$	$
Building improvements		
Cost or fair value	**4,466,020**	4,350,200
Accumulated depreciation	**(3,002,181)**	(2,613,548)
Total building improvements	**1,463,839**	1,736,652
Plant and equipment		
Cost or fair value	**2,473,662**	2,328,808
Accumulated depreciation	**(1,625,142)**	(1,399,599)
Total plant and equipment	**848,520**	929,209

9 Non current assets - Property, plant and equipment continued

Computer equipment		
Cost or fair value	**126,531**	83,980
Accumulated depreciation	**(53,819)**	(37,985)
Total computer equipment	**72,712**	45,995
Total property, plant and equipment	**2,385,071**	2,711,856

(a) **Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Building improvements	Plant and equipment	Computer equipment	Total
	$	$	$	$
Balance at 31 December 2014				
Balance at the beginning of year	**1,736,652**	**929,209**	**45,995**	**2,711,856**
Additions	**115,820**	**155,336**	**42,551**	**313,707**
Disposals - written down value	**-**	**(2,830)**	**-**	**(2,830)**
Depreciation expense	**(388,633)**	**(233,195)**	**(15,834)**	**(637,662)**
Balance at 31 December 2014	**1,463,839**	**848,520**	**72,712**	**2,385,071**
Balance at 31 December 2013				
Balance at the beginning of year	2,298,318	678,679	183	2,977,180
Additions	-	465,201	-	465,201
Transfer to Plant and Equipment	(123,767)	-	-	(123,767)
Transfer to Computer Equipment	-	(57,494)	-	(57,494)
Transfer from Plant and Equipment	-	123,767	57,494	181,261
Disposals - written down value	(38,550)	(4,316)	-	(42,866)
Depreciation expense	(399,349)	(276,628)	(11,682)	(687,659)
Balance at 31 December 2013	1,736,652	929,209	45,995	2,711,856

10 Non current assets - Intangible Assets

	2014	2013
	$	$
Computer software		
Cost	**75,388**	63,048
Accumulated amortisation and impairment	**(29,828)**	(12,893)
Net carrying value	**45,560**	50,155
Goodwill and Establishment costs		
Cost	**186,698**	180,192
Accumulated amortisation and impairment	**(116,699)**	(108,584)
Net carrying value	**69,999**	71,608
Occupancy contribution		
Cost	**9,821,137**	9,821,138
Accumulated amortisation and impairment	**(4,306,289)**	(3,997,505)
Net carrying value	**5,514,848**	5,823,633
Total Intangibles	**5,630,407**	5,945,396

(a) **Movements in Carrying Amounts**

	Computer software	Goodwill and Establishment costs	Occupancy contribution	Total
	$	$	$	$
Year ended 31 December 2014				
Net carrying amount at start of year	**50,155**	**71,608**	**5,823,632**	**5,945,395**
Additions	**12,339**	**-**	-	**12,339**
Amortisation	**(16,934)**	**(1,609)**	**(308,784)**	**(327,327)**
Closing value at 31 December 2014	**45,560**	**69,999**	**5,514,848**	**5,630,407**
Year ended 31 December 2013				
Net carrying amount at start of year	50,388	17,422	6,132,416	6,200,226
Additions	12,660	57,090	-	69,750
Amortisation	(12,893)	(2,904)	(308,784)	(324,581)
Closing value at 31 December 2013	50,155	71,608	5,823,632	5,945,395

11 Current liabilities - Trade and other payables

	2014	2013
	$	$
Sundry creditors	**393,098**	607,205
GST payable	**39,164**	-
Accrued expenses	**1,716,612**	1,817,249
	2,148,874	2,424,454

Information about the Company's exposure to foreign exchange risk is provided in Note 2.

12 Borrowings

(a) Current liabilities

	2014	2013
	$	$
Unsecured		
Loans from related parties	**440,000**	440,000
Total current borrowings	**440,000**	440,000

(b) Non-current liabilities

	2014	2013
	$	$
Unsecured		
Loans from related parties	**126,672**	566,672
Total non-current borrowings	**126,672**	566,672
Total borrowings	**566,672**	1,006,672

13 Provisions

(a) Current liabilities

	2014	2013
	$	$
Employee benefits - long service leave	**405,482**	426,924
Employee benefits - annual leave	**487,052**	496,364
	892,534	923,288

(b) Non current liabilities

	2014	2013
Employee benefits - long service leave	**173,296**	150,258
	173,296	150,258

The current provision for long service leave and annual leave includes all unconditional entitlements where employees have completed the required period of service. The entire amount is presented as current. Based on past experience, the Company does not expect all employees to take the full amount of accrued current long service leave and annual leave or require payment within the next 12 months. The following amounts reflect current leave that is not expected to be taken or paid within the next 12 months.

	2014	2013
	$	$
Long service leave obligation expected to be settled after 12 months	**308,489**	445,210
Annual leave obligation expected to be settled after 12 months	**103,831**	114,279

Expense recognised in the profit or loss

Movements in provisions for annual leave and long service leave are included in the profit or loss as employee benefits expense, as outlined in Note 5a.

14 Other liabilities

	2014	2013
	$	$
CURRENT		
Commonwealth Department of Health and Ageing Loan	**18,000**	18,000
Deposits held	**13,572**	13,144
Income in advance	**168,782**	100,150
	200,354	131,294

	2014	2013
	$	$
NON-CURRENT		
Commonwealth Department of Health and Ageing Loan	**25,500**	43,500
Income in advance	**14,933**	29,867
	40,433	73,367

The Company has responsibility for repayment of a loan, made by the Commonwealth Department of Health and Ageing to the University of Wollongong, to finance, in part, extensions to the Children's Services Centre.

15 Retained Earnings

	2014	2013
	$	$
Balance 1 January	**9,292,051**	9,650,802
Operating Result for the year	**(9,368)**	(358,751)
Retained earnings at 31 December	**9,282,683**	9,292,051

16 Key Management Personnel Disclosures

(a) **Directors**

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

(i) Executive Chair
Melva Crouch

(ii) Executive Director
Michael Gillmore

(iii) Non executive Directors
Jo Ann Fisher
Brian Ward (Concluded: 19/08/2014)
Mary Youssif
Theresa Hoynes (Concluded: 19/08/2014)
Dean Young
Walter Immoos
Samantha Domagala
Ashley Lake Johns
Tarrant Sewell
Samuel Tedeschi
Thomas Quinn (Commenced: 21/10/2014)

Apart from the details disclosed in note 19, no Director has entered into a material contract with Wollongong UniCentre Limited since the end of the previous financial year. All contracts involving a Director are conducted at arm's length.

The totals of remuneration paid to the key management personnel of Wollongong UniCentre Limited during the year are as follows:

(b) **Remuneration of Executive Officers**

	2014 $	2013 $
Remuneration payments made to Executive Officers		
Short term employee benefits	**220,387**	202,450
Post employment benefits	**29,817**	29,559
	250,204	232,009

17 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company:

	2014 $	2013 $
Audit Office of NSW		
Audit of financial statements	**66,600**	65,000

18 Commitments

(a) Lease commitments

(i) Operating lease commitments

Future Non Cancellable Operating Lease Rentals of Plant and Equipment

The Company has entered into a commercial lease for computer equipment and a motor vehicle. The computer equipment lease is for three years whilst the motor vehicle is leased for four years. There are no restrictions placed upon the lessee by entering into these leases. The GST component of operating lease commitments for the year 2014 is $13,784 (2013: $20,607)

	2014	2013
	$	**$**
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Within one year	**82,571**	73,382
Later than one year but not later than five years	**69,055**	153,293
	151,626	226,675

(ii) Operating lease commitments receivable

The Company has entered into commercial property leases for office space and food outlets.

These non cancellable leases have remaining terms of between one and five years. Leases are based on net sales or fixed amounts with a clause included to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The future minimum lease payments receivable under non cancellable operating leases in the aggregate and for each of the following periods are:

	2014	2013
	$	**$**
Receivable - minimum lease payments:		
Within one year	**478,640**	468,062
Later than one year but not later than five years	**380,400**	549,606
	859,040	1,017,668

Several tenants annual rent is based on a percentage of their turnover for the year. Contingent rent of $318,727 Incl GST (2013: $281,648) was received by the Company in the period. The total GST component of operating lease

18 Commitments continued

(ii) Operating lease commitments receivable continued

commitments receivable for the year 2014 is $78,095 (2013:$92,515)

(iii) Hire purchase commitments

The Commercial Hire Purchase Liability is an umbrella facility of up to $500,000 that the Company can draw on for the purchase of equipment. It is renewable every 12 months. Interest is payable on each drawdown within the facility at the market rate prevailing at the time of the drawdown. As at 31 December 2014 the unused portion of the facility was $500,000 (2013: $500,000) and the portion of the facility in use was $0 (2013: nil).

(b) **Capital commitments**

The Company has a contractual obligation to purchase within the next 12 months, $0 of plant and equipment at reporting date (2013: nil).

19 Related Parties

(a) Directors' Transactions with UniCentre and its Subsidiary

From time to time Directors of related parties or their Director related entities may purchase goods or services from Wollongong UniCentre Limited. These purchases are on the same terms and conditions as those entered into by the employees of Wollongong UniCentre Limited, or customers and are trivial or domestic in nature.

(b) **Transactions with related parties**

Wollongong UniCentre Limited has a related party relationship with the following entities:

The University of Wollongong (Ultimate Controlling Entity)
UOW Enterprises
University of Wollongong Recreation and Aquatic Centre

Transactions with the controlling entity The University of Wollongong were as follows:

	2014	2013
	$	$
Sales of goods and services		
Sales	**1,610,757**	1,490,231
Rent received	**162,515**	150,945
Commissions	**80,861**	82,592
Grants for specific purposes	**185,000**	185,000
	2,039,133	1,908,768

19 Related Parties continued

	2014	2013
	$	$
Purchases of goods		
- Goods and services	**855,262**	830,739
- Contribution to General Manager's salary	**114,357**	106,392
	969,619	937,131

From time to time Related Parties of the University of Wollongong, including UOW Enterprises and the University of Wollongong Recreation & Aquatic Centre Limited (URAC) may enter into transactions with the Controlled Entity. These transactions are on the same terms and conditions as those entered into by the Company's employees or customers.

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

	2014	2013
Current receivables (sales of goods and services)		
Trade receivables	**180,140**	169,910
Current payables (purchases of goods)		
Trade creditors	**91,643**	41,581
Payables (loans)		
Current portion loan from University of Wollongong	**440,000**	440,000
Non current portion loan from University of Wollongong	**126,672**	566,672

The loan from University of Wollongong accrues interest on the outstanding balance at 6% per annum, is unsecured and due to be repaid in full by August 2016.

20 Economic dependency

The Company's trading activities do not depend on a major customer or supplier. However, the Company is economically dependent on the continued existence of the University of Wollongong.

21 Events Occurring After the Reporting Date

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

22 Contingencies

There were no known contingent assets or liabilities existing at reporting date (nil at 31/12/2013).

23 Reconciliation of Operating Result After Income Tax to Net Cash Flows From Operating Activities

	2014	2013
	$	$
Profit for the year	**(9,368)**	(358,751)
Non-cash flows in profit:		
Amortisation	**327,327**	324,581
Depreciation	**637,662**	687,939
Net (gain)/loss on sale of non current assets	**2,830**	42,866
Changes in assets and liabilities		
(Increase)/decrease in trade/term debtors	**449,164**	(169,725)
Decrease/(increase) in prepayments/other debtors	**3,668**	(39,013)
(Increase)/decrease in inventories	**80,151**	(476,691)
(Increase)/decrease in bad debts allowance	**(119)**	(17,912)
(Decrease)/increase in income in advance	**53,698**	(94,456)
Increase/(decrease) in trade creditors/accruals	**(275,580)**	(385,184)
Increase/(decrease) in other operating liabilities	**428**	1,202
Increase/(decrease) in other provisions	**(7,716)**	53,586
Net cash inflow/(outflow) from operating activities	**1,262,145**	(431,558)

END OF AUDITED FINANCIAL REPORT.

UNIVERSITY OF WOLLONGONG RECREATION & AQUATIC CENTRE LIMITED

ABN 99 082 907 382

The University of Wollongong Recreation and Aquatic Centre (URAC) provides sporting, recreational, and aquatic facilities and services to the University of Wollongong community, and to the broader community of Wollongong.

URAC's mission is to enhance the quality of life of our members through provision of an extensive range of sporting, leisure, recreation and fitness opportunities for the university population and the wider community through access to quality programs, services and facilities.

AUDITOR-GENERAL NEW SOUTH WALES

Professor John Patterson
Executive Chair
University of Wollongong Recreation and Aquatic Centre Limited
Northfield Avenue
WOLLONGONG NSW 2522

Contact: Chris Clayton
Phone no: 02 9275 7248
Our ref: D1509763/0868

30 March 2015

Dear Professor Patterson

STATUTORY AUDIT REPORT

for the year ended 31 December 2014

University of Wollongong Recreation and Aquatic Centre Limited

I have audited the financial statements of the University of Wollongong Recreation and Aquatic Centre Limited (the Company) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 31 December 2014, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Company. The PF&A Act requires that I send this report to the Company, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Company's financial statements. I have enclosed the Independent Auditor's Report, together with the Company's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

Audit Result

I expressed an unmodified opinion on the Company's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

Misstatements in the Financial Statements

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. I am obliged to report the more significant/material changes in the Statutory Audit Report
- the Auditing Standards require me to bring matters of governance interest and significant misstatements identified during the audit to your attention and others charged with governance
- where misstatements resulted from, or were not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to the Company, I will report these in accordance with my statutory obligations.

The financial statements contained misstatements which are listed in the attached Appendix. The Appendix explains the nature and impact of the misstatements in the Company's financial statements:

- Table one reports significant corrected misstatements
- Table two reports significant uncorrected misstatements
- Table three reports the effect on the reported surplus/(deficit) after income tax of misstatements that have not been corrected in the period in which they occurred.

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on the Company's financial statements. This includes testing whether the Company has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Auditor-General's Report to Parliament

Volume Two of the 2015 Auditor-General's Report to Parliament will incorporate the results of the audit.

Acknowledgment

I thank the Company's staff for their courtesy and assistance.

Yours sincerely

C Clayton

Chris Clayton
Director, Financial Audit Services

University of Wollongong Recreation & Aquatic Centre Limited
ABN 99 082 907 382
Financial Statements for the year ended 31 December 2014

The University of Wollongong Recreation & Aquatic Centre Limited (the Company) is a company limited by guarantee. In the event that the Company is wound up, the members' liability is limited to One Dollar ($1.00). The Company is incorporated and domiciled in Australia. The registered office and principal place of business is:

University of Wollongong Recreation & Aquatic Centre Limited
Northfields Avenue
North Wollongong NSW 2522

Directors' report

The Directors present their report together with the financial statements of University of Wollongong Recreation and Aquatic Centre Limited ("the Company") for the year ended 31 December 2014.

Directors

The following persons were directors of University of Wollongong Recreation & Aquatic Centre Limited during the whole of the financial year and up to the date of this report:

Professor John Patterson
Peter Maywald until October 19th
Paul Manning
Canio Fierravanti
Murray Reid
Dr Diane Harland
Dr Paul Webb
Michael Kelly

Information on Directors

Professor John Patterson Appointed Director in June 1998
MSc Oregon, MEd Syd, EdD N Colorado, FAICD, FACHPER
Experience and Expertise
Executive Chair, URAC, since November 1998.
Senior Deputy Vice Chancellor, University of Wollongong (Retired, December, 2014)

Peter Maywald until October 19th Appointed Director in November 2001, until October 19th 2014
B.A.
Experience and Expertise
Senior Project Officer - Early Start at University of Wollongong (retired, September, 2014)

Paul Manning Appointed Director in June 1998
B.E.D (Syd), M.Mgmt FAICD.
Experience and Expertise
Executive Director and Company Secretary, University of Wollongong Recreation and Aquatic Centre Limited.

Canio Fierravanti Appointed Director in October 2001
B Comm
Experience and Expertise
Director, Government Relations at University of Wollongong

Murray Reid Appointed Director in June 1998
FAC, B. Comm
Experience and Expertise
Partner of O'Donnell Hennessy & Co Chartered Accountants & Auditors, Fellow of the Institute of Chartered Accountants
Other Current Directorships
Director Wollongong Golf Club

Dr Diane Harland Appointed Director in June 1998
B.Ed (TSIT) M.Sc (Hons), Ph.D
Experience and Expertise
Lecturer, Faculty of Science, Medicine and Health at University of Wollongong

Directors' report (continued)

Directors (continued)

Dr Paul Webb Appointed Director in June 1998
DipPhysEd GradDipSpEd, BEd, Tas CAE, MH Kinetics Windsor, MSc Ph.D Oregon

Experience and Expertise
Deputy Chair, URAC, since November 1998
Senior lecturer, School of Education at University of Wollongong

Michael Kelly Appointed Director in May 2002
BA LLB GDLP LLM

Experience and Expertise
Senior Solicitor, NSW Self Insurance Corporation and Building Insurers' Guarantee Corporation

Company secretary
The company secretary is Mr Paul Manning. Mr Manning was appointed to the position of company secretary in 1998.

Meetings of directors

The number of meetings of the company's board of directors held during the year ended 31 December 2014, and the number of meetings attended by each director were:

	Meetings of directors	
	A	B
Professor John Patterson	5	5
Peter Maywald until October 19th	4	4
Paul Manning	5	5
Canio Fierravanti	2	5
Murray Reid	4	5
Dr Diane Harland	5	5
Dr Paul Webb	4	5
Michael Kelly	5	5

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the year.

Principal activities

The principal activity of the Company during the course of the year was the provision of aquatic and recreation facilities to the University, community and the general public. There were no significant changes in the nature of the activities of the Company during the year.

Results

The operating deficit after income tax of the Company for the year amounted to $742,396 (2013: $579,387).

Dividends - University of Wollongong Recreation & Aquatic Centre Limited

Dividends are not payable by companies limited by guarantee. Therefore no dividends were declared or paid during the year. (2013: nil).

Significant changes in state of affairs

There were no changes in the state of affairs of the Company.

Proceeding on behalf of the entity

Nil.

Review of operations

2014 continued the difficult trading environment of the previous few years, due to the decrease in campus parking spaces in close proximity to URAC, and an increase in low-cost unsupervised health clubs locally, and the industry trend away from quality. URAC continued to strategically attack these new threats, with the introduction of a broader range of lifestyle programs such as the "90 Day Challenge", additional access control systems and hardware at iC Health, and targeted marketing. While this approach was very successful in growing visits, particularly in student members, it resulted in very little change in total income. New systems and technology did provide greater control of expenses, thanks in part to the successful renovation of the roof structure of building 13, which was completed in January, funded entirely by the University.

Visitor numbers across all URAC managed areas were up significantly with over 643,000 visits in 2014, adding to the health and wellbeing of the campus and surrounding community. The URAC Board continues to pursue a strategically sensitive approach to pricing, with only minor annual increases, due to the current heavy discounting in the local industry. Students and staff are benefiting from this, and will continue to do so for the foreseeable future. A continued success was the support from the Student Amenities Fee (SAF) discount by the University, where all student Fitness Passes were discounted by 30% across the year. This amounted to over $357,000 in discounts passed on directly to students..

Since the University substantially closed the Ovals car park (P7) in early December 2013, the negative effect of URAC's external client base has been significant, but the URAC Board have acted strategically to increase free parking for customers during off peak times, and open up a new access point closer to the Sports Hub parking (P6) for the benefit of early morning customers. It is hoped that both of these options will reduce the negative impact of the loss of this area's to parking for URAC's early morning and evening customers.

2014 milestones in brief:

- Australia University Games, (September in Sydney) A team of 86 students represented UOW, contributing significantly from their own resources to attend. Results were very good, with many teams gaining promotion from division 2 up to division 1. Bahaviour was excellent, with credit due to the athletes and UOW Team Managers, Jamie Hart and Chi Him Kong. 2014 additional SAF funding provided some uniforms and equipment for teams to use during the event.
- URAC Sports Hub. The last 12 months has seen a slight increase in student and community competition participation, but with court hire, casual parking and use of the new High Performance Training Area (HPTA) running at or near capacity. The HPTA grew by over 100% this year, with donations of weight equipment from St George Illawarra Dragons. The Illawarra Hawks also began their first year of fitness training, utilising URAC facilities including HPTA. .
- URAC continued the hosting of lectures and storage/office facilities for Education, as well as other external groups, including the following regional sporting groups:

  Illawarra Academy of Sport
  NSW ACT AFL Development (Until December)
  NSW Rugby Union Development
  NSWIS Junior Triathlon
- During the year URAC played host to a number of elite sports teams, including St George Illawarra Dragons, various NRL and Super 14 teams, Wollongong Wolves FC, various elite triathlete and swimming coaches and athletes, and the Illawarra Cutters. URAC also hosted the Iraqi Asian Cup football squad at the end of 2014.
- Major new external signage was installed for the Sports Hub and Recreation Centre in 2014. This project has been on hold for some time, in anticipation of the new roof, and will now roll out internally over the next 1-2 years as funds become available. The new signage has been designed to complement the new UOW brand, and better identify URAC as an integral aspect of UOW's community, student and staff engagement strategies.
- Major work concluded in 2014 was the upgrading of the building 13 roof by the University in January, due to multiple structural issues over many years. Included in this $2.2m project, was associated expenditure which saw the replacement of many of the aging air conditioning units at no cost to URAC. It is expected that this work will significantly reduce energy and maintenance costs over the next 3-5 years.
- Further governance education was approved and undertaken by various members of the URAC Board.

Company objective

To enhance the quality of life of our campus and community through the provision of an extensive range of sporting, leisure, recreation, health and fitness opportunities through access to quality programs, services and facilities.

How we met this objective in 2014

- We continued to broaden the range and depth of the services we provide, both to on campus and off campus populations.
- URAC also met the targeted operational breakeven point, despite very difficult trading conditions.
- URAC met its strategic financial targets to hold growth in expenses to 5% or less. Most of this excellent result was due to savings associated with lower maintenance and energy costs as aging air conditioning units were removed as part of the roof project, and some reimbursement by the University of agreed building maintenance costs in maintaining various University fixed assests managed by URAC.
- Long serving Board member, Peter Maywald, resigned in October on departure from the University. Otherwise, the URAC Board remained stable during the year and many Directors engaged in a variety of educational opportunities to enhance their skill levels.
- URAC staff also remained relatively stable during the year, and this assisted in the excellent results achieved.
- We donated significant facility and labour resources to assist in the fund raising efforts associated with the MS "Megaswim" 24 hrs event in March, as well as numerous other smaller charitable fundraisers. URAC continues to donate prizes and awards to various fundraisers held within the University and surrounding community.
- URAC continued to increase the level of community engagement on behalf of the University, across a range of sporting and non-sporting events throughout the year.

Environmental regulation

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

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Likely developments

UOW University Council has allocated $2m from the Capital Management Plan to refurbish the public areas of building 13, and this work will be carried out in the second half of 2015. Much of the work will redress the lack of high quality finishes due to budget constraints in previous building phases, and will help bring the entire building up to standard of surronding UOW structure. It is expected there will also be major benefits in security, energy use, and lower maintenance costs in the short to medium term.

It is expected only minor URAC-funded capital expenditure will again be possible in 2015 and for the foreseeable future. Replacement of the RPM Spin bikes will occur early in 2015, as the current lease expires, but it is expected that the resale of the current 4 year old bikes will reduce the cost of leasing any replacement bikes by around 40%.

Directors' emoluments

During the financial year ended 31 December 2014, no director of the Company has received or become entitled to receive a benefit (other than a benefit disclosed in notes to the financial statements) by reason of a contract made by the Company or a related corporation with a director or firm of which a director is associated.

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 7.

No other non audit services were provided by the auditors (the Audit Office of NSW).

Indemnification and insurance of officers

The University of Wollongong carries insurances to indemnify officers and directors of the Company. The University of Wollongong charges the Company on an annual basis for this service.

Signed in accordance with a resolution of the Board of Directors:

Director: .... Professor John Patterson

Director: .... Paul Manning

Dated at Wollongong this ....25th.................day of ....March......2015.

Certificate under the Section 41C (1B) of the Public Finance and Audit Act 1983 for the financial year ended 31 December 2014

The accompanying financial statements have been prepared in accordance with the requirements of the Public Finance and Audit Act 1983, Public Finance and Audit Regulations 2010, Corporations Act 2001 and applicable Accounting Standards, which includes Australian Accounting Interpretations.

In our opinion the statements exhibit a true and fair view of the financial position of the Company for the year ended 31 December 2014 and the financial performance for the year.

There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors are not aware of any circumstances, as at the date of this certificate, which would render any particulars to be misleading or inaccurate.

Signed in accordance with a resolution of the directors.

Director .... Professor John Patterson

Director .... Paul Manning

Dated at Wollongong this ....25th.................day of ....March.......2015

Statement of Profit or Loss
For the Year Ended 31 December 2014

	Note	2014 $	2013 $
Revenue from continuing operations	3	**3,242,740**	3,349,291
Other income	3(a)	**28,106**	4,992
Depreciation and amortisation expense	4	**(574,340)**	(466,223)
Employee expenses	5	**(2,511,244)**	(2,429,233)
Repairs & maintenance		**(277,662)**	(308,146)
Operating expenses		**(335,768)**	(377,746)
Utilities expenses		**(251,215)**	(276,060)
Other expenses		**(26,247)**	(30,100)
Finance costs	4	**(36,766)**	(46,162)
Surplus/(deficit) before income tax		**(742,396)**	(579,387)
Income tax expense	1(c)	**-**	-
Surplus/(deficit) after income tax		**(742,396)**	(579,387)

The above statement of profit & loss should be read in conjunction with the accompanying notes.

	2014	2013
	$	$
Surplus/(deficit) after income tax	**(742,396)**	(579,387)
Total comprehensive income for the year	**(742,396)**	(579,387)
Total comprehensive income for the year is attributable to:		
Owners of University of Wollongong Recreation & Aquatic Centre Limited	**(742,396)**	(579,387)
	(742,396)	(579,387)

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

Statement of Financial Position
As at 31 December 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**227,408**	85,361
Trade and other receivables	7	**179,614**	192,920
Other	9	**22,663**	5,627
Inventories	8	**14,171**	-
TOTAL CURRENT ASSETS		**443,856**	283,908
NON-CURRENT ASSETS			
Property, plant and equipment	10	**911,963**	1,219,492
Occupancy contribution	11	**3,263,977**	3,488,132
Intangible assets	12	-	-
TOTAL NON-CURRENT ASSETS		**4,175,940**	4,707,624
TOTAL ASSETS		**4,619,796**	4,991,532
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**3,855,995**	3,423,515
Borrowings	14(a)	**153,987**	153,198
Provisions	15(a)	**443,714**	350,209
Income in advance	16	**1,310**	-
TOTAL CURRENT LIABILITIES		**4,455,006**	3,926,922
NON-CURRENT LIABILITIES			
Borrowings	14(b)	**122,962**	275,903
Provisions	15(b)	**38,203**	43,325
Other	17	**1,364**	725
TOTAL NON-CURRENT LIABILITIES		**162,529**	319,953
TOTAL LIABILITIES		**4,617,535**	4,246,875
NET ASSETS		**2,261**	744,657
EQUITY			
Retained profits	18	**2,261**	744,657
TOTAL EQUITY		**2,261**	744,657

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

	Note	Retained Profits 2014 $	Total 2014 $
Total equity at the beginning of the financial year		744,657	**744,657**
Total comprehensive income		(742,396)	**(742,396)**
Other movement	18	-	-
Total equity at 31 December 2014		**2,261**	**2,261**

	Note	Retained Profits 2013 $	Total 2013 $
Total equity at the beginning of the financial year		1,324,044	1,324,044
Total comprehensive income		(579,387)	(579,387)
Other movement	18	-	-
Total equity at 31 December 2013		744,657	744,657

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

University of Wollongong Recreation & Aquatic Centre Limited
Statement of Cash Flows
For the Year Ended 31 December 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**3,333,555**	3,382,501
Payments to suppliers and employees		**(2,993,050)**	(3,317,871)
		340,505	64,630
Interest received		**5,139**	5,900
Finance costs		**(36,766)**	(46,162)
Net cash (outflow) inflow from operating activities	24	**308,878**	24,368
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment and occupancy	10	**(42,785)**	(118,888)
Proceeds on disposal of non-current assets		**28,106**	4,992
Net cash (outflow) inflow from investing activities		**(14,679)**	(113,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		**(152,152)**	(140,710)
Net cash inflow (outflow) from financing activities		**(152,152)**	(140,710)
Net increase (decrease) in cash and cash equivalents		**142,047**	(230,238)
Cash and cash equivalents at the beginning of the financial year		**85,361**	315,599
Cash and cash equivalents at end of year	6	**227,408**	85,361

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

1 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

(i) Statement of compliance

The general purpose financial statement has been prepared in accordance with Australian Accounting Standards (which includes Australian Accounting Interpretations), the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010 and the Corporations Act 2001. They have been prepared on an accrual basis and comply with the Australian Accounting Standards. The entity is a not-for-profit entity and these statements have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the IFRS requirements.

The financial statement of the Company for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the director's on 25 March 2015.

The financial statements are presented in Australian dollars.

(ii) Basis of measurement

The financial statements are prepared on a going concern basis and on the historical cost basis except that the liability for long service leave is adjusted to net present value.

The preparation of the financial statements in conformity with Australian Accounting Standards (which includes Australian Accounting Interpretations) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimated 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 Australian Accounting Standards (which includes Australian Accounting Interpretations) that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note (n).

(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.

Revenue is recognised for the major business activities as follows:

(i) Goods and Services Rendered
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from rendering of services is recognised when that service has been fully provided.

Revenue from memberships is accounted for on a cash basis in that it is recognised when a membership is signed up and income is not apportioned over the term of the membership.

(ii) Rental income
Rental income is recognised in the income statement on a straight-line basis as it is charged to tenants in accordance with individual leases.

(iii) Interest Income
Interest income is recognised in the income statement as it accrues.

(c) Income Tax

The operations of the Company are exempt from income tax under Sections 50-45 and 50-5 of the Income Tax Assessment Act (1997).

The operations of the Company are exempt from payroll tax under Section 10.1(k) and 10.2 of the Payroll Tax Act 1971.

(d) 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 14). 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 borrowings, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(e) Impairment of assets

Goodwill and intangible 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.

(f) Cash and cash equivalents

For statement of cashflows 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(g) Trade receivables

Trade receivables are recognised initially at fair value less allowance for impairment. Trade receivables are generally due for settlement within 30 days. Short term receivables are recognised at original invoice amount because the impact of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement 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 income statement.

(h) Property, plant and equipment

Items of property, plant & equipment are stated at cost less accumulated depreciation. The cost of self constructed assets includes the cost of materials and direct labour.

Where parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items of property, plant & equipment.

From time to time the Company contributes to the cost of construction of buildings, their improvements and landscaping on land over which it has no security. These amounts are accounted for in the statement of financial position as Occupancy Contribution, pursuant to an agreement reached with the University of Wollongong. The Occupancy Contribution is recognised as an asset as it gives the Company the right to occupy and use the buildings, and is amortised at a rate which the Company believes best reflects the expected useful life of such contribution.

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

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

	2014	2013
- Building Improvements	10 years	10 years
- Occupancy Contribution	13-36 years	13-36 years
- Computer Equipment	3 years	3 years
- Plant & Equipment	4-10 years	4-10 years

**Plant & equipment includes the following sub categories: general equipment, unigym/unicircuit equipment, leased equipment. furniture & fittings, motor vehicles, pool equipment, hockey equipment and sports hub equipment.

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

All assets acquired including property, plant and equipment and intangibles other then goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of consideration provided plus incidental costs directly attributable to the acquisition.

Expenditure, including that on internally generated assets other than research and development costs is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Items of plant and equipment less than $5,000 are expensed as incurred.

(i) Trade and other payables

Trade and other payables are stated at cost, which is considered to approximate amortised cost due to their short term nature. Recognition of trade and other payables occurs when goods and services have been received and obligation to make future payments arises.

Trade and other payables are due for settlement no more than 120 days from the date of recognition for related parties as per University of Wollongong's policy.

(j) Provisions

Provisions 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to that liability.

(k) Employee benefits

(i) Short term obligations
Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before twelve months after the end of the reporting period, and is recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates payable.

(ii) Other long-term employee benefit obligations
The liability for other long-term employee benefits such as annual leave, accumulating sick leave and long service leave is recognised in current provisions for employee benefits if it is not expected to be settled wholly before twelve months after the end of the reporting period. It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Superannuation Entitlements
Contributions to employee superannuation funds are charged against income as incurred. The Company is under no legal obligation to make up any shortfall in the funds assets to meet payments due to employees.

(l) 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.

(m) Borrowings

Borrowings are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method

(n) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2014 reporting period. The company has not early adopted any new account Accounting Standards and Interpretations that are not yet effective, as there are no Accounting Standards and Interpretations that will have a material effect on the company's financial statements.

The Company has assessed the impact of these new Accounting Standards and Interpretations and considers the impact to be insignificant.

2 Financial Risk Management

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when commercial transactions and recognised financial assets and liabilities are denominated in a currency that is not in the Company's functional currency. The Company does not operate internationally and is therefore not exposed to foreign exchange risk arising from various currency exposures.

(ii) Price risk

The Company is not exposed to equity securities price risk and commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Company has minimal interest rate risk. Its borrowings are issued at fixed rates, and ultimate controlling entity does not charge interest to the Company.

(iv) Summarised sensitivity analysis

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

31 December 2014	Carrying Amount	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	227,408	(2,274)	(2,274)	2,274	2,274
Trade and other receivables	180,570	-	-	-	-
Financial Liabilities	276,949	-	-	-	-
Trade payables	3,799,106	-	-	-	-
Other	-	-	-	-	-
Total increase/(decrease)		(2,274)	(2,274)	2,274	2,274

31 December 2013	Carrying Amount	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	$	$	$	$	$
Financial assets					
Cash and Cash Equivalents	85,361	(854)	(854)	854	854
Trade and other receivables	192,920	-	-	-	-
Financial liabilities	429,101	-	-	-	-
Trade payables	3,423,515	-	-	-	-
Other	725	-	-	-	-
Total increase/(decrease)		(854)	(854)	854	854

(b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Credit risk represent the loss that would be recognised if counterparts failed to perform as contracted. The credit risk on the Company's financial assets is the carrying amount shown on the statement of financial position.

Receivable balances are monitored on an ongoing basis with the net result that the Company's' exposure to bad debts is not significant. All outstanding amount past 90 days are followed up on a monthly basis.

The Company is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

2 Financial Risk Management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and flexibility in payment terms provided by the University of Wollongong.

The board of directors 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 Company, to set risk limits and control and to monitor risks. Compliance with policies is reviewed by internal audits on a continuous basis.

Maturities of financial assets and liabilities

	Average Interest rate		Variable interest rate		Within 1 year		1 - 5 years		5+ years		Non Interest		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets:														
Cash	2.25	2.25	221,808	80,161	-	-	-	-	-	-	5,600	5,200	227,408	85,361
Receivables	-	-	-	-	-	-	-	-	-	-	180,570	192,920	180,570	192,920
Total Financial Assets			221,808	80,161	-	-	-	-	-	-	186,170	198,120	407,978	278,281
Financial Liabilities:														
Other	-	-	-	-	-	-	-	-	-	-	-	725	-	725
Payables	-	-	-	-	-	-	-	-	-	-	3,799,105	3,423,515	3,799,105	3,423,515
Financial liabilities	7.13	7.13	-	-	153,987	153,198	122,962	275,903	-	-	-	-	276,949	429,101
Total Financial Liabilities			-	-	153,987	153,198	122,962	275,903	-	-	3,799,105	3,424,240	4,076,054	3,853,341

3 Revenue

	2014	2013
	$	$
From continuing operations		
Trading income - revenue from rendering of services	3,077,957	3,180,232
Interest	5,139	5,900
Rents	159,644	163,159
	3,242,740	3,349,291

(a) Other Income

	2014	2013
	$	$
Net gain/(loss) on disposal of property, plant and equipment	28,106	4,992
	28,106	4,992

4 Expenses

Profit before income tax includes the following specific expenses:

	2014	2013
	$	$
Depreciation and amortisation		
Building improvements	58,971	60,328
Computer equipment	2,924	2,923
Motor vehicles	29,943	33,828
Other equipment	97,524	96,632
Occupancy contribution	224,155	105,813
Leased plant and equipment	160,823	166,699
Total depreciation and amortisation	574,340	466,223
Finance costs		
Interest expense and bank charges	11,776	10,692
Finance charges on capitalised leases	24,990	35,470
	36,766	46,162

5 Employee related expenses

	2014	2013
	$	$
Wages and salaries (including annual leave and long service leave expenses)	2,273,655	2,229,670
Superannuation expense - defined contribution plans	214,945	199,563
	2,488,600	2,429,233

6 Current assets - Cash and cash equivalents

	2014	2013
	$	$
Cash at bank	221,808	80,161
Cash on hand	5,600	5,200
	227,408	85,361

7 Current assets - Trade and other receivables

	2014	2013
	$	$
Net trade receivables		
Trade receivables	187,438	163,378
Allowance for impairment	(11,156)	(11,264)
	176,282	152,114
Net other receivables		
Accrued income	3,332	40,806
	3,332	40,806
	179,614	192,920

(a) Impaired receivables

As of 31 December 2014, trade receivables of $86,550 (2013: $108,500) were past due.

	2014	2013
1 to 6 months	69,889	91,450
Over 6 months	16,661	17,050
	86,550	108,500

(b) Movements in the provision for impaired receivables are as follows:

	2014	2013
Opening balance	(11,264)	(12,395)
Recoveries	-	2,000
Amounts written off	1,064	195
Impairment recognised in 2014	(956)	(1,064)
Closing balance	(11,156)	(11,264)

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

8 Inventories

	2014	2013
	$	$
At cost:		
Inventories	14,171	-
	14,171	-
	14,171	-

9 Current assets - Other

	2014	2013
	$	$
Prepayment	22,663	5,627
Total current assets	22,663	5,627

10 Non-current assets - Property, plant and equipment

	Unigym / unicircuit equipment	Pool equipment	Hockey equipment	Plant and equipment	fixtures and fittings	motor vehicles	Leased plant & equipment	Sports hub equipment	Building improvements	Computer equipment	Total
	$	$	$	$	$	$	$	$	$	$	$
At 1 January 2013											
Cost	50,488	102,648	7,113	436,710	103,837	164,187	757,648	457,165	768,600	38,156	2,886,552
Accumulated depreciation	(20,917)	(85,061)	(2,489)	(259,305)	(93,344)	(35,319)	(163,568)	(162,291)	(553,534)	(32,309)	(1,408,137)
Net book amount	29,571	17,587	4,624	177,405	10,493	128,868	594,080	294,874	215,066	5,847	1,478,415
Year ended 31 December 2013											
Opening net book amount	29,571	17,587	4,624	177,405	10,493	128,868	594,080	294,874	215,066	5,847	1,478,415
Additions	-	32,587	-	5,390	-	61,383	-	38,364	19,300	-	157,024
Disposals	-	-	-	-	-	(55,537)	-	-	-	-	(55,537)
Depreciation charge	(4,101)	(6,215)	(711)	(34,845)	(2,209)	(33,828)	(166,699)	(48,551)	(60,328)	(2,923)	(360,410)
Closing net book amount	25,470	43,959	3,913	147,950	8,284	100,886	427,381	284,687	174,038	2,924	1,219,492
At 31 December 2013											
Cost	50,488	135,234	7,113	442,100	103,837	153,513	757,648	495,529	787,900	38,156	2,971,518
Accumulated depreciation	(25,018)	(91,275)	(3,200)	(294,150)	(95,553)	(52,627)	(330,267)	(210,842)	(613,862)	(35,232)	(1,752,026)
Net book amount	25,470	43,959	3,913	147,950	8,284	100,886	427,381	284,687	174,038	2,924	1,219,492
Year ended 31 December 2014											
Opening net book amount	25,470	43,959	3,913	147,950	8,284	100,886	427,381	284,687	174,038	2,924	1,219,492
Additions	-	-	4,249	44,790	-	103,639	-	-	-	-	152,678
Disposals	-	-	-	-	-	(110,022)	-	-	-	-	(110,022)
Depreciation charge	(3,849)	(7,082)	(924)	(33,908)	(2,209)	(29,943)	(160,823)	(49,552)	(58,971)	(2,924)	(350,185)
Closing net book amount	21,621	36,877	7,238	158,832	6,075	64,560	266,558	235,135	115,067	-	911,963
At 31 December 2014											
Cost	50,488	135,234	11,363	486,890	103,837	83,641	757,648	495,529	787,900	38,156	2,950,686
Accumulated depreciation	(28,867)	(98,357)	(4,125)	(328,058)	(97,762)	(19,081)	(491,090)	(260,394)	(672,833)	(38,156)	(2,038,723)
Net book amount	21,621	36,877	7,238	158,832	6,075	64,560	266,558	235,135	115,067	-	911,963

11 Non-current assets - Occupancy contribution

	2014	2013
	$	$
Occupancy contribution		
Opening balance	7,469,127	7,451,727
Expenditure incurred	-	17,400
Closing balance	7,469,127	7,469,127
Accumulated amortisation		
Opening balance	(3,980,995)	(3,875,182)
Amortisation for the year	(224,155)	(105,813)
Closing balance	(4,205,150)	(3,980,995)
Net book value of occupancy contribution	3,263,977	3,488,132

12 Non-current assets - Intangible assets

	Computer software	Total
	$	$
At 1 January 2013		
Cost	44,904	44,904
Accumulated amortisation and impairment	(44,904)	(44,904)
Year ended 31 December 2013		
Opening net book amount	231	231
Additions	-	-
Amortisation	(231)	(231)
Closing net book amount	-	-
At 31 December 2013		
Cost	44,904	44,904
Accumulated amortisation and impairment	(44,904)	(44,904)
Net book amount	-	-
Year ended 31 December 2014		
Opening net book amount	-	-
Additions	-	-
Amortisation	-	-
Closing net book amount	-	-
At 31 December 2014		
Cost	44,904	44,904
Accumulated amortisation and impairment	(44,904)	(44,904)
Net book amount	-	-

13 Current Liabilities - Trade and other payables

	2014	2013
	$	$
University of Wollongong - Intercompany payable (note 22)	3,688,626	3,253,385
Other creditors	167,369	170,130
	3,855,995	3,423,515

14 Financial Liabilities - Secured

(a) Current financial liabilities

	2014	2013
	$	$
Finance lease liability	153,987	153,198

The Company has access to the following facilities.

As at 31 December 2014 the Company had access to Leasing facility of $770,000 (2013: $770,000) and business credit card facility of $50,000 (2013: $50,000).

Facilities that were utilised at balance date were Leasing facility $277,355 (2013: $429,000). Business credit card facility $890 (2013: $3,774).

(b) Non-current financial liabilities

	2014	2013
	$	$
Finance lease liability	122,962	275,903

15 Provisions

(a) Current-liabilities - Provisions

	2014	2013
	$	$
Provisions	296,236	215,851
Annual Leave	147,478	134,358
	443,714	350,209

Amounts expected to be settled within the next 12 months:

The current provision for long service leave and annual leave includes all unconditional entitlements where employees have completed the required period of service. The entire amount is represented as current. Based on past experience, the following amounts reflect leave that is expected to be settled within the next 12 months:

Annual leave: $79,000
Long service leave: $23,000

(b) Non-current liabilities - Provisions

	2014	2013
	$	$
Provisions	38,203	43,325
	38,203	43,325

16 Current liabilities - Income in Advance

	2014	2013
	$	$
Income in advance	1,310	-
	1,310	-

17 Non-current liabilities - Other

	2014	2013
	$	$
Unclaimed money	1,364	725
	1,364	725

18 Retained profits

	2014	2013
	$	$
Opening retained profits	744,657	1,324,044
Net profit (loss) for the year	(742,396)	(579,387)
Balance at 31 December	2,261	744,657

19 Remuneration of Auditors

	2014	2013
	$	$
Audit of financial statements	19,750	16,600

20 Contingencies

(a) Contingent Liabilities

There are no known contingent liabilities existing at balance date (nil at 31 December 2013).

(b) Contingent Assets

There are no known contingent assets existing at balance date (nil at 31 December 2013).

21 Commitments

(a) Capital expenditure commitments

No Capital commitments at balance date (nil at 31 December 2013).

(b) Lease commitments

	2014	2013
	$	$
(i) Finance lease commitments		
Commitments in relation to finance leases are payable as follows:		
Within one year	**169,417**	179,583
Later than one year but not later than five years	**126,498**	295,787
Later than five years	**-**	-
Minimum lease payments	**295,915**	475,370
Less: Future lease finance charges	**(18,966)**	(46,269)
Recognised as a liability	**276,949**	429,101
Representing lease liabilities:		
Current (note 14(a))	**153,987**	153,198
Non-current (note 14(b))	**122,962**	275,903
	276,949	429,101

(ii) Operating lease commitments

There are no operating lease commitments.

(c) Lease commitments: where the Company is the lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2014	2013
	$	$
No later than 1 year	**55,000**	55,000
Between 1 year and 5 years	**13,750**	68,750
Total minimum lease payments	**68,750**	123,750

22 Related party transactions

(a) Directors

The names of each person holding the position of director of University of Wollongong Recreation & Aquatic Centre Limited during the financial year are:

Canio Fierravanti, Diane Harland, Prof Don Iverson, Michael Kelly, Paul Manning, Peter Maywald, Prof John Patterson, Murray Reid and Dr Paul Webb.

(b) Ultimate controlling entity

The ultimate controlling entity of the Company is the University of Wollongong.

(c) Non-director related parties

The classes of non-director related parties are:

- controlling entity of the Company: and
- commonly controlled entities

(d) Controlling entity disclosures - University of Wollongong

Other transactions with the controlling entity:

	2014 $	2013 $
Sales	**926,700**	809,674
	926,700	809,674
Goods and services	**730,166**	769,793
	730,166	769,793

Balances with the controlling entity:

	2014 $	2013 $
Receivables	**44,870**	13,949
	44,870	13,949
Intercompany balance	**3,688,626**	3,253,385
Payables	**98,268**	76,242
	3,786,894	3,329,627

From time to time, the Company may enter into transactions with the ultimate controlling entity. These transactions are on the same terms and conditions as those entered into by the Company's customers or suppliers.

The main transactions that occur between the Company and the ultimate controlling entity are sales of memberships and payment for utilities and maintenance.

(e) Other related parties

The Company enters into transactions with other entities controlled by the University of Wollongong: Wollongong Unicentre Ltd and UOW Enterprises. No material transactions which were outside the company's normal operating activities were entered into for the year ended 31 December 2014.

23 Economic dependency

The Company's trading activities do not depend upon a major customer or supplier. However, the Company is economically dependent upon the continued existence of the operating and financial arrangements it has with the University of Wollongong. These include:

- Free use of buildings and land used for sporting facilities
- Short term cash flow relief for payments made on the Company's behalf.

24 Reconciliation of surplus/(deficit) after income tax to net cash inflow from operating activities

	2014	2013
	$	$
Surplus/(deficit) after income tax	(742,396)	(757,973)
Depreciation and amortisation	574,340	644,809
Net (gain)/loss on sale of non-current assets	(28,106)	(4,992)
(Increase)/decrease in receivables	(24,168)	1,414
(Increase)/decrease in accrued income	37,474	-
(Increase)/decrease in prepayments	(17,036)	(2,845)
Increase/(decrease) in income received in advance	1,310	-
(Increase)/decrease in other assets	(14,171)	-
Increase/(decrease) in other liabilities	639	(2,563)
Increase/(decrease) in trade creditors	432,609	70,579
Increase/(decrease) in other provisions	88,383	75,939
Net cash inflow (outflow) from operating activities	308,878	24,368

25 Events Occurring After the Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transactions or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

End of audited financial statements.

INDEPENDENT AUDITOR'S REPORT

University of Wollongong Recreation and Aquatic Centre Limited

To Members of the New South Wales Parliament and Members of the University of Wollongong Recreation and Aquatic Centre Limited

I have audited the accompanying financial statements of the University of Wollongong Recreation and Aquatic Centre Limited (the Company), which comprise the statement of financial position as at 31 December 2014, the statement of profit or loss, 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 2014 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* (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 preparing 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 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 an 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
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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 the University of Wollongong Recreation and Aquatic Centre Limited on 25 March 2015, would be in the same terms if provided to the directors as at the time of this auditor's report.

C. Clayton

Chris Clayton
Director, Financial Audit Services

30 March 2015
SYDNEY

To the Directors
University of Wollongong Recreation & Aquatic Centre Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of the University of Wollongong Recreation & Aquatic Centre Limited for the year ended 31 December 2014, 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.

C. Clayton

Chris Clayton
Director, Financial Audit Services

25 March 2015
SYDNEY

APPENDIX

Table One: Corrected Monetary Misstatements and Disclosure Deficiencies

Corrected Monetary Misstatements

Management corrected the following misstatements in the current year's financial statements. I agree with management's determination and confirm this treatment is in accordance with Australian Accounting Standards.

Description	Assets	Liabilities	Retained earnings/Equity	Comprehensive income
Effect of potential correction	**Increase/ (Decrease) $**	**(Increase)/ Decrease $**	**(Increase)/ Decrease $**	**(Increase)/ Decrease $**
Factual misstatements				
Long service leave liabilities were understated because the leave accrual for staff with over 15 years of service did not pick up the correct entitlement from the relevant Award.	--	(22,644)	--	22,644
Total impact if misstatements were corrected	**--**	**(22,644)**	**--**	**22,644**

Corrected Disclosure Deficiencies

Management corrected the following disclosure deficiencies in the current year's financial statements. I agree with management's determination and confirm this treatment is in accordance with Australian Accounting Standards.

AASB reference	Disclosure title	Description of disclosure deficiency
AASB 107	Statement of Cash Flows	The cash and cash equivalents at the end of the year ($73,266) per the Statement of Cash Flows did not agree with the cash and cash equivalents balance on the Statement of Financial Position ($227,408).
AASB 1054	Reconciliation of surplus/(deficit) after income tax to net cash inflow from operating activities	The surplus/(deficit) in the note ($732,967) did not agree with the Statement of Profit or Loss ($719,752). Similarly the net cash inflow/(outflow) from operating activities in the note ($308,749) did not agree with the Statement of Cash Flows ($186,733).
Not applicable	Note 1(a) Basis of preparation	The note was updated to state the financial statements were prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*.
AASB 101	Various	Various minor issues were corrected in the financial statements such as the values per the primary statements not agreeing with the corresponding note disclosure. There were also incorrect references to the primary statements (income statement vs statement of profit or loss).

Table Two: Uncorrected Monetary Misstatements and Disclosure Deficiencies

Uncorrected Monetary Misstatements

The following uncorrected monetary misstatements were reported to management. I have received written representations from them confirming management's belief the effect of not correcting these misstatements is immaterial, individually and in aggregate, to the financial statements taken as a whole. I agree with management's determination and do not consider the uncorrected misstatements significant enough to modify my opinion in the Independent Auditor's Report.

Description	Assets	Liabilities	Retained earnings/Equity	Comprehensive income
Effect of potential correction	**Increase/ (Decrease) $**	**(Increase)/ Decrease $**	**(Increase)/ Decrease $**	**(Increase)/ Decrease $**
Factual misstatements				
Rental income was understated because: • CPI was not applied to the tenants rent per the lease agreement (Pool Unique Café - $2,560) • Revenue relating to the 2014 financial year was not accrued at year-end (Illawarra Academy of Sport Inc - $1,000).	3,560	--	--	(3,560)
The Company incorrectly recognised revenue from Chodat Fitness which it pays for the right to instruct fitness classes at IC Health. The revenue was incorrectly recognised as rental income instead of trading income. The misclassification does not affect the net result.	--	--	--	--
Total impact if misstatements were corrected	**3,560**	**--**	**--**	**(3,560)**

Uncorrected Disclosure Deficiencies

I did not detect any disclosure deficiencies in the financial statements.

Table Three: Effect of Misstatements on the reported surplus/(deficit) after income tax

To fully understand the Company's current year's financial result, those charged with governance should consider the impact of misstatements from previous years corrected in the current period and the postponement of errors in the current period.

This table illustrates the effect of significant misstatements that have not been corrected in the period in which they occurred.

Description and Effect	Net Income Increase/ (Decrease) $
Surplus/(deficit) after income tax	(742,396)
Prior year transactions recorded in the current year's surplus/(deficit) after income tax *	(23,938)
Current year misstatements that have not been corrected	3,560
Adjusted current year surplus/(deficit) after income tax	(762,774)

*This includes:

- misstatements reported in previous years corrected in the current year's surplus/(deficit) after income tax
- transactions identified and recorded in the current year, which relate to a prior period.

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+61 2 4221 3555

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