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Illawarra Technology Corporation Annual Report 2003



ITC



Illawarra Technology Corporation

2003 Corporate Report

including the financial statements for 2003

development,

Contents

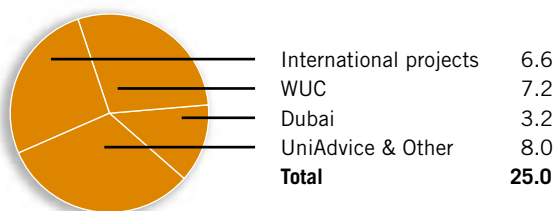
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Facts at a Glance

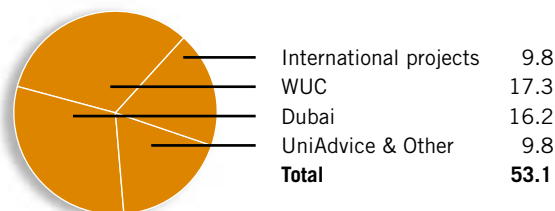
A\$mil	Revenue ITC direct (our sales)	Revenue international student fees (UniAdvice)	Revenue aggregate (ITC responsible within UOW Group)	Profit	Contribution to UOW
2003	53.11	43.0	96.11	1.30	2.65
2002	50.95	39.1	90.05	1.27	2.11
2001	41.59	33.2	74.79	0.13	0.97
2000	27.79	26.0	53.79	0.44	1.14
1999	25.00	21.5	46.50	0.05	1.30

Revenue Divisional Split A\$mil

1999





2003



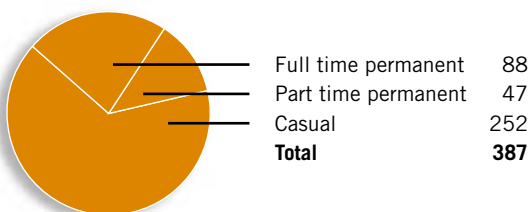
education & enterprise

ITC Worldwide Participation

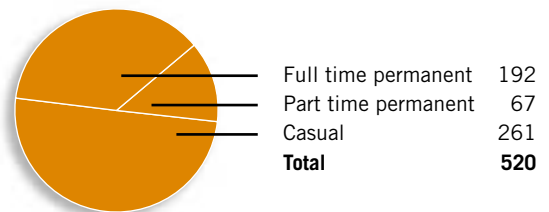
- Project Offices - ITC International 
- WUC Education/Training Centres 
- ITC Offices 

Staffing Levels

1999



2003



These numbers are NOT equivalent full time, but "in payroll" numbers.

Report

The year 2003 was very significant for the Illawarra Technology Corporation Ltd (ITC). The net result of the ordinary trading operations of the Group was a record profit of \$1,297,429 before tax (2002: \$1,271,781). Revenue was also at an all time high of \$53,113,728 (2002: \$52,049,566). This performance is particularly pleasing as the outbreak of SARS and the war in Iraq combined to make a significant impact in some of our key operational areas, in particular, the English Language College Network.

During the year, the Corporation completed a restructuring with the formation of a new subsidiary, ITC Education Ltd, to support the ongoing growth and development of the Group's activities. The Group's education related activities based in Australia were transferred to this new entity. As a result of the restructure, the parent company (ITC Ltd) ceased to satisfy the requirements of a tax-exempt entity and is now taxable from 1 July, 2003.

The international reach of the Corporation continues to spread through its expanding network of offices, educational facilities and projects. During the year the Corporation undertook new activities in Syria, Lebanon, United Arab Emirates, the Solomons and New Zealand. Wollongong University College now operates in Wollongong, Sydney, New Zealand, Dubai and Shanghai and plans for further expansion are under active consideration.

The University of Wollongong in Dubai, which is owned and managed by ITC on behalf of the University of Wollongong, continued to grow and expand with new facilities being opened in December by the Hon Mark Vaile, Minister for Trade. The University is now located in Knowledge Village, a major new initiative of the Dubai Government.

The Corporation also continued to fulfil its obligations to the University, as its shareholder, for the provision of specific services in marketing, recruitment and public relations. Record targets were achieved in both domestic and international enrolments.

Although the year was marked by a number of significant successes, it masks what was a very demanding trading period for the Corporation. The volatile international and increasingly complex regulatory environments created a number of significant challenges. It is pleasing to note that each of these was handled in such a way as to protect the overall profitability of the Corporation. This also enabled the Corporation to make a contribution to the University in excess of \$2,650,000 during the year under review.



ITC CEO & Managing Director James Langridge, left, and Chairman George Maltby.

Highlights for 2003

- > launch of Auckland campus Wollongong College
- > opening of new Knowledge Village campus of UOW in Dubai
- > new corporate structure including new subsidiary (ITC Education Ltd) designed to take ITC group into the future
- > continuing aggressive investment in facilities, resources and people of ITC to underpin the future growth of ITC
- > third year running of high growth in UOW in Dubai, now a pre-eminent university in the Middle East region
- > ITC participation (by invitation) in the first Australian mission on the reconstruction of Iraq
- > re-structuring of the international projects group to focus on the emerging non agency project opportunities worldwide
- > changes in the Board of Directors as a move to the next stage of the Corporation's development
- > record profit result for the year.

growth

Significant changes occurred in the Board membership during the latter half of the year and our special thanks go to the outgoing members Dr Brian Gillett, Ms Edwina Menzies and Professor Peter Robinson for the significant contributions each of them made to the affairs of the Corporation over a number of years. We welcome the new members to the Board, Mr Peter Robson, Ms Rosemary Sinclair and Mr Greg West.

Our thanks again go to the Board of Directors, the Shareholder and the staff of the Corporation for a very successful year and we look forward with much anticipation to another challenging and rewarding year of operation in 2004.



George F Maltby
Chairman



James W Langridge
CEO & Managing
Director



Priorities for 2004/5

- > sustainable growth strategies and opportunities in current and new business activities
- > support and establish New Zealand as a viable operation, supporting the local education market
- > leverage ITC's reputation into new market areas, particularly in the Middle East
- > hold UOW in Dubai's position as the pre-eminent western university in the region
- > explore and develop e-learning initiatives across the education sectors of the business (College Network and UOW in Dubai)
- > continue to develop staff through planning, career and professional development
- > continue to develop governance practices in accord with best practice
- > continue to grow in accord with the ITC mission
- > expand ITC's commitment to quality standards within its operation, including accreditation of UOW in Dubai and WUC New Zealand operations, and accreditation to the new "customer service" ISO standards across the organisation
- > implement new systems, particularly customer relationship management, to achieve best practice in customer dealings
- > as a responsible organisation, implement a "triple bottom line" approach to organisational performance.

education & enterprise

ITC Vision

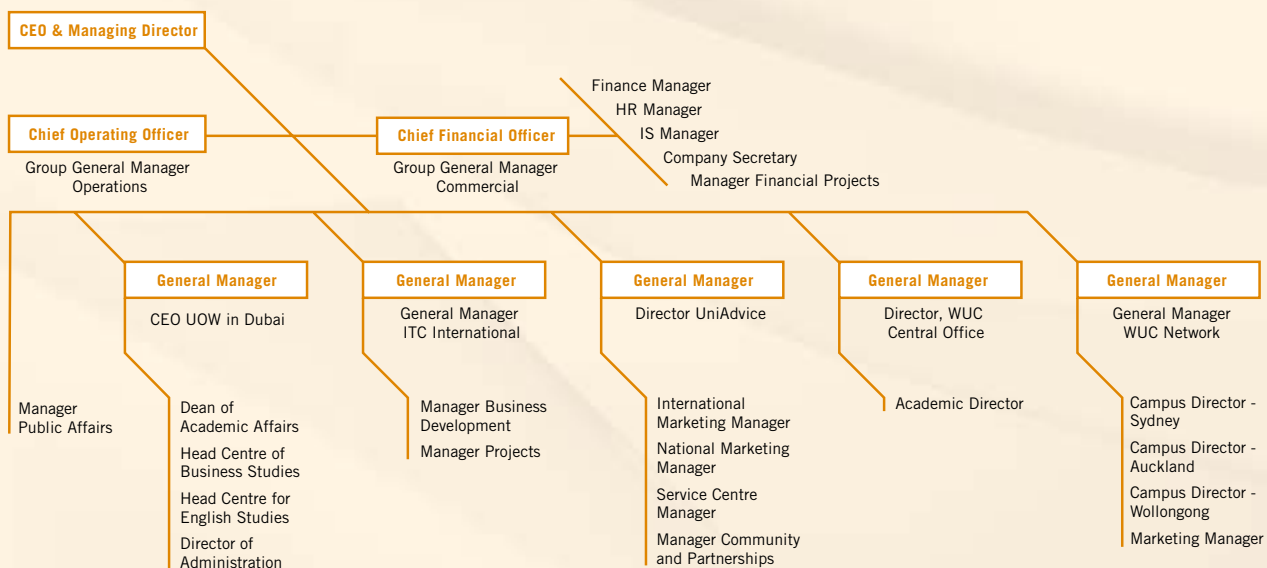
To deliver services of superior value in education, training and consulting, and project management

ITC Mission Statement

- > To undertake activities which enable ITC to support and add value to the strategic goals and objectives of the University of Wollongong
- > To continually strive to provide, maintain and improve the highest quality service and product standards through ITC's commitment to quality management undertaken in a commercially responsible manner. In so doing, ITC aims to maximise customer satisfaction and profitable growth for the benefit of the University of Wollongong, our employees, customers and all other stakeholders.



ITC Structure



Overview for 2003

Governance Practices

- > issuance of new Board and committee governance policies, compliant with best practice standards
- > review and ongoing development of Board and committee procedures and practices
- > ISO 9001 re-accreditation to 2000 standard
- > new mandate for audit sub committee of Board (best practice model)
- > new membership of Board and sub committees
- > continuing expansion of quality management systems within organisation
- > strategic planning – complete review and rewrite of strategic plan for 2004 to 2006
- > risk management – independent comprehensive risk review and audit undertaken, from Board to all staff levels within organisation, resulting in development of a comprehensive risk management plan and internal audit plan for 2004-2006
- > internal audit - independent internal audit activity, with agreed program, resourcing, pursued and reported with issues identified, action plans established for each audit, and corrective action plans reported and monitored by Board committee on a regular basis
- > internal staff based committees (OH&S, DEC and QA) all very active, with action plans, audit processes and corrective actions managed and reported on a regular basis both within the committee structure and to the ITC executive team
- > finalist in “Employer of Year”, and awarded “Employer of Choice for Women” (EOWA) for the second year running.

(left to right) Gerard Sutton, Rosemary Sinclair, Peter Robson, Joe Scimone, Brian Hickman, Greg West, James Langridge & Stuart McDonell



ITC Quality Policy Statement

It is our objective to diligently pursue the requirements of the Mission Statement and in so doing:

- > understand client needs and expectations resulting in strengthened customer confidence and relationships
- > support the discipline of continuous improvement in all aspects of ITC's activities
- > create an environment among all staff that fosters a shared vision, cooperation and teamwork

To meet these commitments it is planned to establish each division of ITC as the leading business of its type in the relevant market, and for all the divisions within the ITC Group to meet world best practice. To do that, ITC has developed documented management systems in the form of policies, procedures and instructions that comply with third party certification to ISO 9001:2000

The quality of the ITC Group's services and products are the responsibility of every person in

the organisation. This is sustained by ITC's commitment to a continuing development program for all staff, which attracts and retains quality staff.

Employees are supported and encouraged to participate in quality improvement programs and to identify and initiate actions designed to improve the service or product provided to our customers.

Full responsibility and authority for achieving, implementing and maintaining the quality management system is vested in me in the Chief Financial Officer of the ITC Group.

James W. Langridge
CEO & Managing Director
Illawarra Technology Corporation Group

our people

Overview

One of ITC's key Human Resources objectives is to be an Employer of Choice. Attracting and retaining a diverse and talented workforce is critical to ITC's future success. The Organisation's employee policies, procedures and practices are key to ensuring effective and efficient staff. These include Equity & Diversity, Recruitment and Selection, Training & Development, Professional Development Assistance, Awards for Excellence, Performance Management, Occupational Health and Safety, Grievance policies and the Code of Ethical Conduct.

- > ITC's Quality Management System provides the framework for the development of an ethical workplace culture in line with good governance principals.
- > ITC is committed to the health, safety and welfare of our employees and offers various programs to assist employees balance their work and family responsibilities.
- > ITC actively encourages professional development of employees by providing direct and indirect financial support. Total direct expenditure for Training & Development for 2003 was approximately \$193,000.
- > ITC has established a consultative process whereby employee representatives from all levels of the organisation contribute to the development and review of organisational policies, procedures and programs.

Priorities for 2004/5

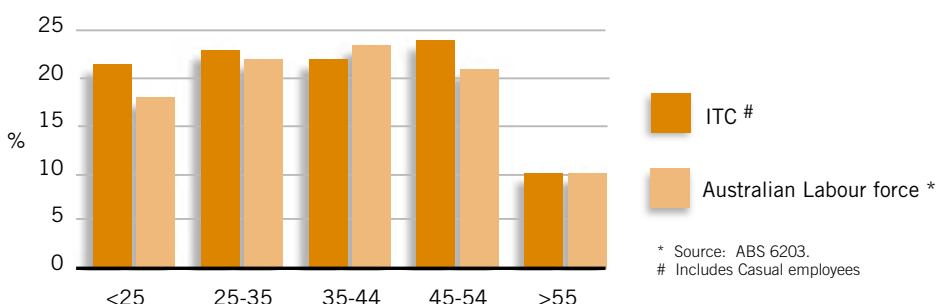
'Equity, Ethics and Excellence' in all aspects of our business, where managers and employees share responsibility and accountability.

- > Equity – 'Employer of Choice' as a minimum standard
- > Ethics – open communication, commitment to our people and sustainable growth - beyond compliance - doing what ITC "should" do, not just what it "can" or "must" do
- > Excellence – in the way ITC manages its business with greater focus on management by fact
- > Empowered employees.

ITC Professional Development Workshop 2004: "Taking your Organisation to its peak: through its people" will build on the current framework via:

- > managing staff performance
- > career development – effective strategies to meet career development needs of both staff and the organisation
- > rewards and remuneration – linking rewards to effective behaviours and achievements.

Age Profile of Workforce





Highlights for 2003

Quality

- > achieved Accreditation to ISO 9001:2000 Standard (previously accredited to ISO 9001:1994)
- > more systematic approach to the way ITC does business – shows in 'continuous improvement' ethos now in the organisation
- > launched Awards for Excellence which recognise outstanding employee achievements.

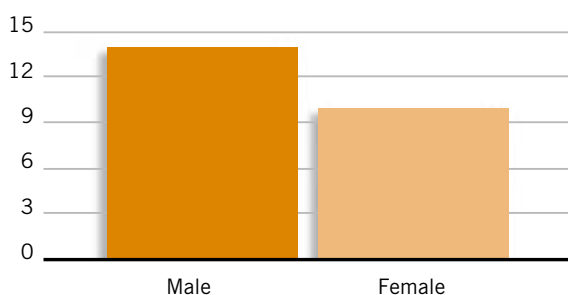
OH&S

- > second WorkCover Audit February 2003 – confirmed eligibility for WorkCover Premium Discount and the maximum allowable discount
- > OH&S Reporting database established
- > continual revision & improvements to ITC OH&S management system
- > OH&S Performance Measures established – reporting on global performance.

Diversity and Equity

- > 2003 Employer of Choice for Women Award, second year running - one of only two organisations in the Illawarra Region with this status
- > formal Orientation Program for new staff commenced February 2003
- > ITC Employee Information booklet published on EOWA website
- > improved advertising practices including global reach between Australia, Dubai and New Zealand
- > current recruitment and selection practices align the make-up of our workforce with that of the Australian labour force.

Women in Management



University of Wollongong in Dubai (UOWD)

Introduction and Overview for 2003

The University of Wollongong in Dubai (UOWD), owned and run by ITC since 1993, is the only western university operating offshore in the Emirates.

2003 saw some significant progress in the development of UOWD. This was reflected across the University in terms of administration, faculty development and improvement in facilities. In particular, the move to the new facilities at Knowledge Village and preparation for accreditation were major highlights of the year.

The Australian Minister for Trade, Hon Mark Vaile, officially opened the Knowledge Village site on December 8, 2003. Considerable improvements in terms of facilities for staff and

students have now been provided. These facilities have been enhanced by improved library and information technology support services.

Accreditation documents were provided to the Ministry of Higher Education and Scientific Research. Additionally, preparation for ISO accreditation (9001:2000) was also commenced. These twin projects saw significant consolidation of policies and procedures governing the University's operations.

The beginning of 2004 saw the commencement of a new CEO at UOWD.



Highlights for 2003

- > significant growth in student numbers and revenue (22% increase in student numbers)
- > significant growth in academic and general staff levels
- > increase in the number of successful consultancies/training programs, for example:
 - > Chartered Institute of Banking
 - > Quality and Performance for Health Professionals
- > establishment of a new University Governance Structure, including an External Advisory Board
- > inaugural Teaching Excellence Award
- > enhanced English offerings, with the establishment of monthly IELTS candidate workshops and successful tenders for Corporate English classes
- > a very successful year in research as evidenced by the 2002/2003 Research Report
- > large investment in Network infrastructures and system security, including a twofold increase in the number of computers
- > a continued growth of the interface between business communities and UOWD as evidenced by the number of academic faculty representing the University on various committees such as the Dubai Quality Group, Australian Business in the Gulf and Dubai Quality Awards
- > co-sponsor of the Quality in Higher Education Conference in Dubai, in September 2003
- > establishment of a Learning Support Unit and increased staff development workshops.

demand

Priorities for 2004/5

There are five critically important targets for the year ahead. These are:

Accreditation

UOWD is seeking to have all its existing programs accredited and proposed programs accreditation eligible by the Ministry of Higher Education and Scientific Research.

New Programs

The University hopes to have three new academic programs operational in 2004. These include a proposed Masters of Education (Schools Leadership).

New Faculty

Current approvals exist for the employment of seven new faculty members. This will enhance the depth of talent that already exists within the Business and IT Colleges.

Enhanced Revenue

Current and projected proposals for academic and English language programs, coupled with a renewed marketing strategy and emphasis on expanding existing markets while exploring new ones, should see the University reach a substantially increased revenue target.

Consolidation of the new structure

The new governance structure implemented in 2003, together with any improvements recommended by the Ministry following accreditation visits, will be consolidated during the coming year.

A new campus for 2003

The continued growth of enrolments at UOWD led to a new campus being opened at Knowledge Village in December 2003. The new campus was officially opened by Federal Trade Minister Hon Mark Vaile.

Wollongong University College Network (WUC)

Introduction and overview for 2003

The Wollongong University College (WUC) Network has acted as a source of international and domestic students into the University of Wollongong since 1988 and as an independent education institution in pre-University and English courses.

2003 saw significant change with the split of the old WUC structure into two clearly delineated areas. The first is the central function focused on curricula, quality and development, and the second is the network of Colleges responsible for delivery of the student experience.

2003 also saw the launch of the Auckland campus, further spreading the College internationally.

Highlights for 2003

- > launch of Wollongong College Auckland (WCA) with approval of the license to operate by NZQA
- > major migration of admissions process to meet best practice 24 hour turn-around on offer letters
- > two new products introduced: TOEIC English and a Diploma incorporating Cisco systems modules
- > marketing unit restructured to increase reach across off-shore markets particularly Southeast Asia, Central Europe and the sub-continent
- > implementation of UOW's Student Management Package (SMP) to provide integrated student data management
- > establishment of Central Office and Academic Unit with the appointment of five key staff to oversee curriculum development and implementation, and to support QA processes across the Network.

case study

Wollongong College Auckland's First Graduate

Pin Chen is a 20 year-old student from Zhe Jiang province in China. She started the Wollongong College Foundation Studies Program in Auckland in July 2003 and graduated with an average mark of 75%. She has recently entered The University of Auckland to take a Bachelor of Commerce degree. She says,

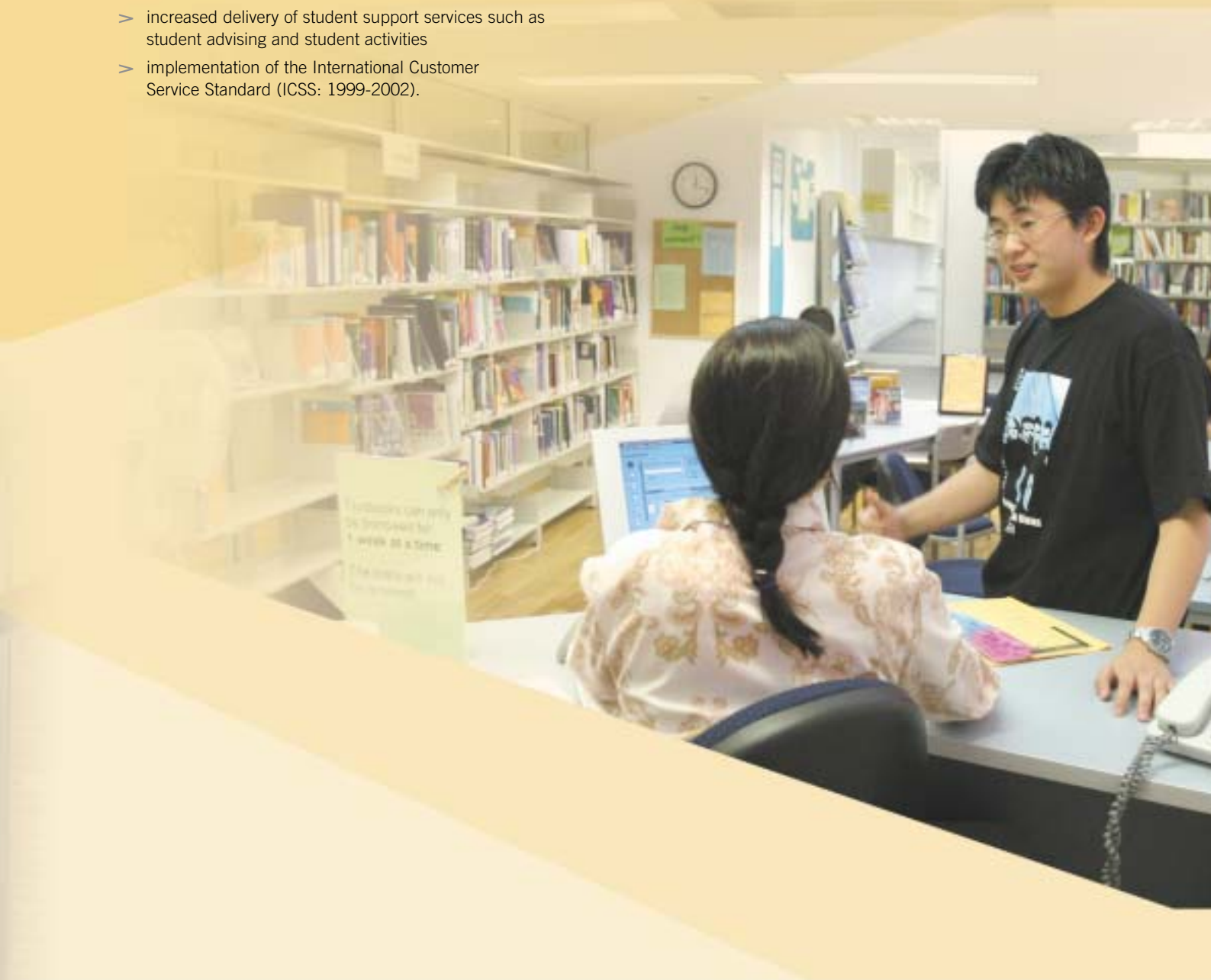
"I came to New Zealand in October 2002 and first studied English at a language school for seven months, starting at pre-intermediate level. I took IELTS in May 2003 and was delighted to achieve an overall score of 6.5. My agent recommended Wollongong College for a Foundation program because of the reputation of the University of Wollongong and the fast-track course.

In my BCom I hope to specialise in Accounting and when I've graduated I want to work in New Zealand as an accountant. I would like to thank all my teachers and the staff at Wollongong College for helping me enter the University of Auckland."



Priorities for 2004/5

- > diversify and expand source markets into the sub-continent and Central Europe
- > continued documentation of 'guarantees' of pathways on to other reputable tertiary providers. Expansion of domestic full-fee paying students into the WUC mix of students and their own pathways
- > increased delivery of student support services such as student advising and student activities
- > implementation of the International Customer Service Standard (ICSS: 1999-2002).



global perspective

ITC International

Introduction & Overview for 2003

2003 was a difficult year for ITC in its international projects operations, with an already difficult and competitive market place becoming even more so following changes in the tendering process by both AusAid and a number of the international agencies.

As a result, the Business Development Unit (BDU) was established in September 2003 to identify and pursue international development projects and commercial business opportunities, initially in the Middle East, South and South-East Asia and the Pacific. This represented a functional split in the original projects group, with BDU focussed on finding opportunities and the Project Management Unit (PMU) focused on tendering, and where successful, project managing such contracts.

With respect to development assistance projects, ITC International had previously focused upon projects financed by AusAID, the World Bank and the Asian Development Bank. The new Business Development Unit continued to target such projects but also pursued a broader range of commercial activities.

In the foreseeable future these activities will be extended to include the identification and evaluation of commercial opportunities in Central and Eastern Europe.



Highlights for 2003

The quality of the Division's project management performance was recognised when AusAID asked ITC to enter a contract for operation of a Capacity Building Facility for Solomon Islands. This Project commenced in July 2003.

In December 2003 the Business Development Unit mounted successful business missions to the Middle East and to the United States resulting in the identification of a number of commercial and international development opportunities to be followed-up in 2004. These missions also resulted in ITC forming several strategic alliances with US contracting agencies and appointing a US Representative based in Washington D.C.

In July 2003 ITC International commenced a project which supported Australia's program of assistance to Solomon Islands. AusAID asked ITC to urgently identify and mobilise 20 consultants who would be responsible for re-establishing operations in national budgeting and taxation. The Division located a member of staff in Honiara only days after Australian military and police forces arrived in Solomons. During the following weeks a total of 20 advisers were mobilised.



case study

Priorities for 2004/5

ITC International will continue to implement 'development' projects under existing contracts. However, the focus of project management is expected to change as the new Business Development Unit wins new commercial ventures.

Key specific priorities include:

- > pursuing further opportunities in development assistance and commercial ventures
- > greater focus upon selected countries and sectors in targeting development assistance projects
- > identifying opportunities, testing their feasibility and entering agreements for the establishment of private ventures in the Middle East
- > joining US consortia bidding for USAID-funded education projects
- > establishing ITC representatives in South East Asia and the Middle East to capitalise on development assistance and commercial opportunities in the region.

partnerships

Introduction and Overview for 2003

Success in a competitive environment requires strategic decisions underpinned by solid market intelligence and well-executed marketing, recruitment, relationship building and public affairs initiatives. UniAdvice's tailored marketing and promotional activities, research and commitment to customer service helps position ITC and the University of Wollongong in the global education market.

International Recruitment and Service Centre

The International Recruitment and Service Centre has undertaken a number of initiatives in 2003 including:

- > launch of the international diversification strategy in late 2002, with a view to diversification of the international student population across faculties and levels of study
- > major re-launch of the University in the sub-continent was undertaken, and intensive campaigns to increase undergraduate enrolments from Singapore and Malaysia
- > additional staffing was put in place to improve agent management and communications
- > a campaign to improve enrolments of international students already in the Sydney area saw UniAdvice undertake a number of programs with Sydney-based agents
- > staff from the Service Centre have been increasingly involved in international as well as domestic recruitment events throughout 2003, as part of the restructure of staffing responsibilities
- > UniAdvice has commissioned a new CRM (customer relationship management) tool which will improve knowledge access for both staff and prospective students, and enable comprehensive conversion strategies to be undertaken in the future.



National Marketing & Recruitment

National Marketing and Recruitment has focused on a number of core functions in 2003:

- > continued development of strategic markets for undergraduate preferences, these include the Illawarra region, Sutherland Shire, South Western Sydney and the South Coast
- > continued development and improvement of specific marketing programs and events aimed at showcasing the University. These includes Discovery Days, Careers Advisors Day, Information Evening and Role Model Breakfast. In addition specific school programs include Links Programs, Academic Link Program, Careers Markets and Rural Ambassadors Program
- > continued development and enhancement of existing communication, included the development of the Graduate Testimonials and Profiles Publication and the Shoalhaven Testimonials Publication (Real People Real Outcomes)
- > UOW website was redeveloped with the launch of the new UOW website, prospective student website and virtual tour.

Office of Development & Public Affairs

- > consolidation of UOW's scholarship portfolio
- > first stage of a corporate fundraising exercise undertaken with initial priorities being in the areas of Arts and Health
- > inaugural Alumni Appeal launched
- > enhancement of UOW's profile - close to 2,200 media hits were achieved in regional, national and international media in 2003
- > electronic media room launched, averaging 13,000 hits per month
- > coordination of 30 VIP events at UOW
- > proactive government relations program continued.



partnerships

Highlights for 2003

International Recruitment & Service Centre

Same day commencing enrolments were up 18% on prior year to exceed 1500, with significant increase in enrolments at undergraduate level. These results are encouraging in view of the appreciation of the Australian dollar through 2003, which had been expected to adversely impact international student enrolments in Australian universities.

The total international onshore student fee paying student population of the University increased more than 7%. This increase has seen international student fees reach a total of \$43 million in 2003.

National Marketing & Recruitment

Undergraduate

- > total market share of first preferences from domestic school leavers continues to increase
- > first preferences from domestic school leavers in the Illawarra region has remained constant
- > first preferences from domestic school leavers in Sutherland Shire has increased more than 4 percentage points
- > first preferences from domestic school leavers in South Western Sydney have increased approximately 1 percentage point
- > first preferences from domestic school leavers in Southern Highlands have increased 6 percentage points.

Postgraduate

The number of Postgraduate Domestic fee paying students (full fee and PELS students) enrolled at the University of Wollongong has increased more than 20%.

case study



Scholarship to assist Emma meet her challenges

Second-year University of Wollongong environmental science student Emma Collins was awarded a \$1000 equity and merit scholarship from the House with No Steps in 2003 to assist her with her studies.

Emma was born with a condition called Optic Nerve Hyperplasia which has severely affected her vision and the ability to read from books, notes, signs and a computer screen. A basketball accident in high school also led to the loss of peripheral vision in her left eye.

Emma used the scholarship money to buy two hand-held magnifiers for use in reading study notes and maps as part of her University degree.

David Rae, from the Southern Region House with No Steps, said the 'Bev Lawson Memorial Scholarship', named after the late police assistant commissioner Bev Lawson was aimed at helping a university student to make the most of their abilities.

"This scholarship is important to us. It is a way of supporting a student to achieve their goals," David said.

Priorities for 2004/5

- > continue to understand, deploy and exploit the brand consistently
- > extend relationship marketing focus in domestic recruitment to South West Sydney, and into targeted rural areas
- > understand, articulate and build our regional role and profile
- > establish a professional development function.

International Recruitment & Service Centre

A restructure of the Service Centre will create two admissions teams and a customer management team which will have a specialist focus on email and telephone communications, and undertake specific conversion campaigns through outbound phone and email. This has been made possible through the implementation of ITC's CRM in UniAdvice.

National Marketing & Recruitment

Undergraduate

- > continued increase in total domestic school leaver first preference market share with a focus on maintaining market share in key strategic areas in addition to the exploration of new markets
- > continued development of specific programs aimed at attracting high achieving domestic school leavers to enrol at UOW.

Postgraduate

- > continued development of specific marketing and recruitment strategies to increase the number of postgraduate fee paying students enrolling at UOW.

Office of Community and Partnerships

The newly established Office of Community and Partnerships will assume responsibility for scholarships, Alumni Relations, Development and Community Relations. The Office will develop UOW's already successful brand, and its relationships with these key stakeholder groups.



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The Directors' present their report together with the financial report of Illawarra Technology Corporation Limited ("the Company") and its controlled entities ("the Group") for the year ended 31st December 2003.

Directors

The following persons hold office as Directors of Illawarra Technology Corporation Limited (ITC Ltd) and subsidiaries at the date of this report:

Director	Date of Appointment				Date of Retirement
	ITC Ltd	ITC Education Ltd	ITC Europe Ltd	ITC New Zealand Ltd	
Mr GF Maltby (Chairman)	6 April 1990	-	-	-	-
Dr BS Hickman (Deputy Chairman)	1 July 1992	-	-	-	-
Mr JW Langridge (Managing Director)	23 June 1989	27 June 2003	22 Nov 2000	12 Nov 2002	-
Dr BS Gillett	23 May 1990	-	-	-	31 Oct 2003
Prof GR Sutton	17 Jan 1995	-	-	-	-
Prof PM Robinson	19 Feb 1996	-	-	-	31 Oct 2003
Ms E Menzies	1 June 2000	-	-	-	31 Oct 2003
Mr J Scimone	1 Nov 2002	-	-	-	-
Mr S McDonell (Company Secretary ITC Ltd)	-	27 June 2003	22 Nov 2000	12 Nov 2002	-
Mr G West	1 Nov 2003	-	-	-	-
Mr P Robson	1 Nov 2003	-	-	-	-
Ms R Sinclair	1 Nov 2003	-	-	-	-
Ms R Buckham	-	27 June 2003	-	-	-

Results

The net result of the ordinary trading operations of the Group for the year ended the 31 December 2003 was a profit of \$1,297,429 before tax (2002: \$1,271,781).

Principal Activities

The principal activities of the Group consist of undertaking activities which enable it to support and add value to the strategic goals and objectives of the University of Wollongong and to acquire and manage contracts and deliver services which achieve a commercial return, and enable the Group to contribute financially to support the University of Wollongong.

These primary activity areas include marketing and recruitment (UniAdvice) for the University of Wollongong and College, delivery of pre-university education (Wollongong University College), delivery of university education offshore (University of Wollongong in Dubai) and provision of international contract and consulting services (ITC International).

The marketing and recruitment activities undertaken under contract to the University of Wollongong generated a total of \$43.0 million (2002: \$39.1 million) in international fee income for the University in the period. Total costs to undertake international and domestic marketing and recruitment for the University were \$8.8 million (2002: \$8.1 million) in the period.

Significant Changes

During the year the Company completed its restructuring, with the formation of ITC Education Ltd. This entity was formed as part of the establishment of a structure intended to support the ongoing growth and development of the Group's activities. On formation, the Group's education activities based in Australia were transferred to the new entity. As the Group's offshore activities continue to expand, further offshore controlled entities are expected to be created.

Matters subsequent to the end of the financial year

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen since 31 December 2003 that has significantly affected, or may significantly affect, the operations or state of affairs of the Group in the financial years subsequent to 31 December 2003, that are not already reflected in the accounts.

Likely Developments

As at the date of this report, the Directors continue to focus their attention on the accreditation of the University of Wollongong in Dubai, and exploring the diverse range of business opportunities in the Middle East in particular.

Dividends

Under the Constitution, whilst the Company is permitted to distribute earnings by way of dividends, no dividends have been declared or paid during the period.

Directors' Interests and Benefits

- Mr James W Langridge is Vice Principal (International) of University of Wollongong, Managing Director and an employee of Illawarra Technology Corporation Ltd.
- Professor Gerard Sutton is Vice-Chancellor and Principal of the University of Wollongong, the Parent Entity of Illawarra Technology Corporation Ltd.
- Mr Stuart McDonell is Company Secretary (holding company) and an employee of Illawarra Technology Corporation Ltd.
- Ms Robin Buckham is an Executive and an employee of Illawarra Technology Corporation Ltd.

With the above exceptions no director of Illawarra Technology Corporation Ltd has received, or has become entitled to receive, a benefit (other than a remuneration benefit included in Note 25 to the accounts) because of a contract that:

- the Director; or
- a firm of which the Director is a member; or
- an entity in which the Director has a substantial financial interest;

has made with:

- Illawarra Technology Corporation Ltd; or
- an entity that Illawarra Technology Corporation Ltd controlled, or a body corporate that was related to Illawarra Technology Corporation Ltd.

Information on Directors

Director	Qualifications & Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Mr GF Maltby	Chairman, 11 years Director, 13 years 11 months <i>Chairman</i> <ul style="list-style-type: none"> • Australian Telecommunications Users Group (ATUG) • Whitesmiths Aust Pty Ltd • The Maltby Group Pty Ltd • Thales International Pacific Holdings Pty Ltd 	Non-Executive Director Member, Audit Sub-Committee Chairman, Remuneration Sub-Committee	NIL
Mr JW Langridge	Managing Director, 13 years 9 months Director, 14 years 9 months <i>Vice Principal (International)</i> <ul style="list-style-type: none"> • University of Wollongong <i>Director</i> <ul style="list-style-type: none"> • IELTS Australia Pty Ltd • ITC (Europe) Ltd • ITC Education Ltd • ITC (New Zealand) Ltd • The Forum on Education Abroad Inc. 	Executive Director Member, Remuneration Sub-Committee	NIL
Dr BS Hickman	Deputy Chairman 5 years 9 months Director, 11 years 9 months <i>Member of Council</i> <ul style="list-style-type: none"> • University of Wollongong <i>Chairman</i> <ul style="list-style-type: none"> • Audit Management and Review Committee, University of Wollongong Council <i>Director</i> <ul style="list-style-type: none"> • ARRB Transport Research Limited • Energy Resources Australia Limited 	Non-Executive Director Chairman, Audit Sub-Committee Member, Remuneration Sub-Committee	NIL

Information on Directors (cont'd)

Director	Qualifications & Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Prof GR Sutton	Director, 9 years 2 months <i>Vice-Chancellor, and Principal</i> <ul style="list-style-type: none"> • University of Wollongong <i>Director</i> <ul style="list-style-type: none"> • Australian Academic and Research Network (AARNet) Pty Ltd • Australian Vice Chancellors' Committee (AVCC) • Australian Education Office 	Non-Executive Director	NIL
Mr J Scimone	Director, 1 year 5 months <i>Member of Council</i> <ul style="list-style-type: none"> • University of Wollongong <i>Deputy Chairman</i> <ul style="list-style-type: none"> • Illawarra Area Health Service 	Non-Executive Director	NIL
Mr G West	Director, 5 months <i>Consultant</i>	Non-Executive Director Member, Audit Sub-Committee	NIL
Mr P Robson	Director, 5 months <i>Chairman</i> <ul style="list-style-type: none"> • Hicome International Pty Ltd <i>Director</i> <ul style="list-style-type: none"> • CEA Technologies Pty Ltd 	Non-Executive Director	NIL
Ms R Sinclair	Director, 5 months <i>Managing Director</i> <ul style="list-style-type: none"> • Australian Telecommunication User Group 	Non-Executive Director	NIL

Directors of one or more of the subsidiary companies additional to those listed above are:

Mr S McDonell	Company Secretary, 9 years 10 months <i>Director/Company Secretary</i> <ul style="list-style-type: none"> • ITC (Europe) Ltd • ITC (New Zealand) Ltd • ITC Education Ltd 	Executive	NIL
Ms R Buckham	Director <i>Director</i> <ul style="list-style-type: none"> • ITC Education Ltd <i>Member of Advisory Council of TAFE Illawarra Institute</i> <i>Director of Port Kembla Port Corporation</i> <i>Chair of Illawarra Area Consultative Committee</i>	Executive	NIL

Indemnities

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

Directors' Meetings

The number of Directors' meetings and meetings of committees of Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director are:

Director	ILLAWARRA TECHNOLOGY CORPORATION LTD						ITC EUROPE LTD		ITC NEW ZEALAND LTD		ITC EDUCATION LTD	
	Board Meetings		Audit Sub-Committee Meetings		Remuneration Sub-Committee Meetings		Board Meetings		Board Meetings		Board Meetings	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
Mr GF Maltby	8	8	5	5	3	3	-	-	-	-	-	-
Mr JW Langridge	8	8	4	3	3	3	1	1	2	2	1	1
Dr BS Gillett	6	4	-	-	-	-	-	-	-	-	-	-
Dr BS Hickman	8	7	5	5	3	3	-	-	-	-	-	-
Prof GR Sutton	8	8	-	-	-	-	-	-	-	-	-	-
Prof PM Robinson	6	6	-	-	-	-	-	-	-	-	-	-
Ms E Menzies	6	5	-	-	-	-	-	-	-	-	-	-
Mr J Scimone	8	8	-	-	-	-	-	-	-	-	-	-
Mr S McDonell	-	-	-	-	-	-	1	1	2	2	1	1
Mr G West	2	2	1	1	-	-	-	-	-	-	-	-
Mr P Robson	2	1	-	-	-	-	-	-	-	-	-	-
Ms R Sinclair	2	1	-	-	-	-	-	-	-	-	-	-
Ms R Buckham	-	-	-	-	-	-	-	-	-	-	1	1

This report is made in accordance with a Resolution of the Directors.



Director



Director

Dated at Wollongong this 15th day of April 2004.



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

Illawarra Technology Corporation Limited

To Members of the New South Wales Parliament and Members of Illawarra Technology Corporation Limited

Audit Opinion

In my opinion, the financial report of Illawarra Technology Corporation Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Illawarra Technology Corporation Limited's and the consolidated entity's financial position as at 31 December 2003 and financial performance for the year ended on that date, and
 - (ii) complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- (b) other mandatory financial reporting requirements in Australia, and
- (c) section 41 B of the *Public Finance and Audit Act 1983*.

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

The Directors' Role

The financial report is the responsibility of the company's directors. It consists of the statements of financial position, the statements of financial performance, the statements of cash flows, the accompanying notes and the directors' declaration for the Illawarra Technology Corporation Limited and the consolidated entity. The consolidated entity comprises the Illawarra Technology Corporation Limited and the entities controlled at the year's end, or during the financial year.

The Auditor's Role and the Audit Scope

As required by the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of Illawarra Technology Corporation Limited that the financial report is free of *material* misstatement.

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

- evaluated the accounting policies and significant accounting estimates used by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

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

My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The *Public Finance and Audit Act 1983* further promotes independence by:

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

R J Sendt
Auditor-General

SYDNEY
16 April 2004

Pursuant to the requirements of the Public Finance and Audit Act, 1983, 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 Illawarra Technology Corporation Ltd and its controlled entities as at the 31st of December 2003 and transactions for the period then ended.
- The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983 and the Public Finance and Audit Regulation 2000.

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



Director



Director

Dated at Wollongong this 15th day of April 2004.

Directors' Declaration

In accordance with a resolution of the Directors of Illawarra Technology Corporation Limited and pursuant to Section 41C, 1B and 1C of the Public Finance and Audit Act 1983, we state that:

- The attached is a general purpose financial report and presents a true and fair view of the financial position and performance of the company as at 31 December 2003 and the results of its operations and transactions of the company for the year then ended;
- The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporations Act 2001;
- The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and authoritative pronouncements of the Australian Accounting Standards Board;
- We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and,
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

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



Director



Director

Dated at Wollongong this 15th day of April 2004.

	Notes	Consolidated		ITC Limited	
		Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
Revenue from ordinary activities	4	53,113,728	50,951,005	52,049,566	50,951,005
Carrying amounts of assets sold		(49,329)	(468,110)	(1,803,670)	(468,110)
Borrowing costs expense	5	(210,871)	(182,274)	(210,866)	(182,274)
Foreign currency losses (realised)		(25,746)	(41,748)	(25,726)	(41,748)
Other expenses from ordinary activities		(51,530,353)	(48,987,092)	(48,809,907)	(48,957,119)
Profit from ordinary activities before related income tax expense	29	1,297,429	1,271,781	1,199,397	1,301,754
Income tax (expense) relating to ordinary activities	6a	(212,469)	-	(212,469)	-
Profit from ordinary activities after related income tax expense		1,084,960	1,271,781	986,928	1,301,754
Increase/ (decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations		(94,355)	-	(123,344)	-
Total changes in equity other than those resulting from transactions with owners as owners		990,605	1,271,781	863,584	1,301,754

The Statements of Financial Performance should be read in conjunction with the accompanying Notes 1 to 33.

Statements of Financial Position as at 31 December 2003

	Notes	Consolidated		ITC Limited	
		Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
CURRENT ASSETS					
Cash assets	8	7,829,449	7,874,549	3,987,872	7,872,444
Receivables	9	4,888,223	5,233,797	5,512,011	5,391,387
Inventories	10	980,295	1,235,192	978,799	1,235,192
Other current assets	11	1,965,248	1,700,263	890,277	1,574,264
TOTAL CURRENT ASSETS		15,663,215	16,043,801	11,368,959	16,073,287
NON-CURRENT ASSETS					
Receivables	9	-	-	2,436,503	-
Other financial assets	12	31,000	31,000	31,679	31,679
Property, plant and equipment	13	6,673,973	2,968,669	2,657,479	2,968,669
Deferred tax assets	6b	328,644	-	328,644	-
TOTAL NON-CURRENT ASSETS		7,033,617	2,999,669	5,454,305	3,000,348
TOTAL ASSETS		22,696,832	19,043,470	16,823,264	19,073,635
CURRENT LIABILITIES					
Payables	14	8,198,514	5,910,439	6,556,622	5,909,444
Provisions	16	1,307,051	1,763,739	1,264,894	1,763,344
Interest bearing liabilities	15	840,322	-	840,322	-
Current tax liabilities	6a	541,113	-	541,113	-
Other	17	6,506,306	6,874,928	2,412,253	6,874,928
TOTAL CURRENT LIABILITIES		17,393,306	14,549,106	11,615,204	14,547,716
NON-CURRENT LIABILITIES					
Interest bearing liabilities	15	2,225,468	2,500,000	2,225,468	2,500,000
Provisions	16	661,331	568,242	661,331	568,242
TOTAL NON-CURRENT LIABILITIES		2,886,799	3,068,242	2,886,799	3,068,242
TOTAL LIABILITIES		20,280,105	17,617,348	14,502,003	17,615,958
NET ASSETS		2,416,727	1,426,122	2,321,261	1,457,677
EQUITY					
Contributed equity	18	2	2	2	2
Reserves	19	(94,355)	-	(123,344)	-
Retained profits	20	2,511,080	1,426,120	2,444,603	1,457,675
TOTAL EQUITY		2,416,727	1,426,122	2,321,261	1,457,677

The statements of financial position should be read in conjunction with the accompanying notes 1 to 33.

Statements of Cash Flows for the year ended 31 December 2003

	Notes	Consolidated		ITC Limited	
		Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		60,400,023	51,731,877	44,107,276	51,731,877
Payments to suppliers and employees		(55,676,649)	(49,310,994)	(41,298,271)	(49,312,941)
Interest received		359,538	381,363	279,243	381,363
Borrowing costs		(210,871)	(182,275)	(210,866)	(182,275)
Net cash provided by operating activities	26(a)	4,872,041	2,619,971	2,877,382	2,618,024
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(4,896,860)	(2,013,448)	(2,239,225)	(2,013,448)
Cash transferred upon commencement of controlled entity		-	-	(2,065,945)	-
Proceeds from sale of property, plant and equipment		15,795	2,631	15,795	2,631
Investment in subsidiaries		-	-	-	(2)
Dividend received from investments		44,100	4,600	44,100	4,600
Loan to controlled entity		-	-	(2,436,503)	-
Net cash used in investing activities		(4,836,965)	(2,006,217)	(6,681,778)	(2,006,219)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase/(repayment) of interest bearing liabilities		-	600,000	-	600,000
Lease payments		(80,176)	-	(80,176)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		(80,176)	600,000	(80,176)	600,000
Net increase/(decrease) in cash held		(45,100)	1,213,754	(3,884,572)	1,211,805
Cash at the beginning of the year		7,874,549	6,660,795	7,872,444	6,660,639
CASH AT THE END OF THE YEAR	26(b)	7,829,449	7,874,549	3,987,872	7,872,444

The statements of cash flows should be read in conjunction with the accompanying notes 1 to 33.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Public Finance and Audit Act, 1983, Public Finance and Audit Regulation 2000, applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated the accounting policies adopted are consistent with those of the previous year.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year. The accounts have been prepared on the going concern basis. In addition, the financial report is prepared on an accrual basis.

(b) Principles of Consolidation

Controlled Entities

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

Unrealised gains and losses and inter-entity balance resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Acquisition of Assets

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

Property, plant and equipment, are depreciated over their estimated useful lives using the straight line method. All fixed assets are recorded in the accounts (refer note 13) at written down value. Items of plant and equipment less than \$300 are expensed in the year of acquisition.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the profit for the year.

The depreciation rates used for each class of asset are as follows:

	31 December 2003 %	31 December 2002 %
Plant and equipment	10 to 33 $\frac{1}{3}$	10 to 33 $\frac{1}{3}$
Furniture and fittings	10 to 20	10 to 20
Computer equipment	33 $\frac{1}{3}$	16 $\frac{2}{3}$ to 33 $\frac{1}{3}$
Motor vehicles	25	25

(d) Employee entitlements

The amounts expected to be paid in respect of employees' pro-rata entitlements to long service and annual leave are accrued annually at rates expected to be paid at time of settlement. The amounts shown are at their nominal value. The Group considers the difference between the present value and nominal value of the employee entitlements to be immaterial. Contributions to employee defined contribution superannuation funds are charged as expense as the contributions are paid or become payable. Provision for long service leave includes amounts payable upon completion of service in the Middle East in accordance with UAE legislation.

(e) Related entities

The Group is an education, training and consulting arm of the University of Wollongong, which holds one hundred percent (100%) of the share capital of Illawarra Technology Corporation Ltd. The Group's activities are dependent upon a continuing relationship with the University of Wollongong. Transactions between the Group and the University of Wollongong and other related entities consisted of the provision of consultancy services, materials and facilities, which were made under normal commercial terms and conditions.

The controlled entity, ITC Education Ltd was formed on 27 June 2003.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

(f) Statement of cash flows

For the purpose of the statement of cash flows, cash includes cash on hand, term deposits held at banks, investments in money market instruments and bank overdraft.

(g) Foreign currency**Translation of controlled foreign operations**

The assets and liabilities of foreign operations, including controlled entities that are self-sustaining are translated at the rates of exchange applying at reporting date. Equity items are translated at historical rates. The statements of financial performance are translated at the exchange rate at the time of transaction. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the operation.

Transactions

Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

(h) Revenue recognition

All revenue is recognised net of GST:

- Student income is recognised over the period of course or program, that is as it is earned;
- Project and other revenue is not recognised until such time as it is invoiceable to the customer;
- Revenue on sale of non-current assets is recognised at the time control of the asset transfers to the buyer; and
- Interest revenue is recognised as it accrues, taking into account the effective financial yield on the financial asset.

(i) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

No income tax expense has been recognised in the Company's accounts for the period 1 January 2003 to 30 June 2003, on the basis that the Company was exempt from income tax for this period, in accordance with the provisions of the Income Tax Assessment Act 1997.

As a result of a restructure of the Company's operations from 30 June 2003, the Company ceased to satisfy the requirements of a tax-exempt entity. The Company has been treated as being taxable from 30 June 2003 to 31 December 2003. Schedule 2D of the Income Tax Assessment Act 1936 (Division 57 'Tax exempt entities that become taxable') has been applied in the calculation of the income tax liability for the year ended 31 December 2003.

(j) Receivables and payables

Trade accounts receivable are carried at amounts due. Bad debts are written off or provided for in the period in which they are identified. The Company makes provision for doubtful debts based on specific assessment.

Trade accounts payable, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are generally settled within 45 days. The account with the parent is operated under agreed payment terms of 120 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

(k) Other Financial assets**Controlled Entities**

Investments in controlled entities are carried in the Company's financial statements at cost.

(l) Inventory valuation

Inventories are valued at the lower of historical cost or net realisable value. Work in progress inventory represents costs incurred in project deliverables which will be recognised to cost of sales when revenue becomes invoiceable or earned.

(m) Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

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

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

(n) Disposal of business activity

Illawarra Technology Corporation Limited (ITC) created the entity ITC Education Limited on 27 June 2003. ITC Education Ltd was formed to conduct the business of delivery of education programs and related marketing activities previously undertaken by ITC.

Specific assets and liabilities were disposed of by Illawarra Technology Corporation Ltd to ITC Education Ltd, as at 30 June 2003, details of which are:

	As at 30 June 2003
Consideration	552,012
Less GST included	(50,183)
	<hr/> 501,829
Net consideration paid by ITC Education Ltd for net assets acquired by ITC Education Ltd	501,829
Profit/ (loss) on disposal	Nil
Net assets acquired comprise:	
• Property plant & equip	1,768,653
• Cash assets	2,567,774
• Other current assets	1,309,239
• Unearned income	(3,659,309)
• Creditors and accruals	(1,484,528)
	<hr/> \$501,829 <hr/>

2 CHANGES IN ACCOUNTING POLICY**Foreign Currency Translation**

The operations of the University of Wollongong in Dubai and ITC New Zealand Ltd have been treated as self sustaining foreign operations for the first time this year, in accordance with AASB 1012, "Foreign Currency Translation". Gains and losses on translation have been booked to the foreign currency revaluation reserve. The net effect of the change in the accounting policy has resulted in a movement of \$94,355 at the consolidated entity level and \$123,344 at the company level for 2003. In prior years, the foreign operations were treated as integrated foreign operations and gains and losses on translation were brought to account in the statement of financial performance.

ITC Europe Ltd remains an integrated foreign operation.

3. CONTROLLED ENTITIES

The results from operations in respect of entities controlled by Illawarra Technology Corporation Ltd are as follows:

	31-Dec-03	31-Dec-02
	\$	\$
ITC (Europe) Ltd		
The basis of control of the above entity is 100% equity in 250 £1 fully paid shares totalling £STG250.00.	(955)	(1,415)
ITC (New Zealand) Ltd		
The basis of control of the above entity is 100% equity in 2 \$1 fully paid shares totalling NZD \$2.	(1,286,170)	(28,556)
ITC Europe Ltd		
The basis of control of the above entity is that Illawarra Technology Corporation Ltd is the sole member of the company.	1,385,157	-

	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
4. REVENUE FROM ORDINARY ACTIVITIES				
Sales revenue	52,694,295	50,562,411	39,000,085	50,562,411
Other revenue				
• Proceeds from sale of fixed assets	15,795	2,631	1,784,448	2,631
• Dividends	44,100	4,600	44,100	4,600
• Investment income – Interest	359,538	381,363	279,243	381,363
• Service charge to subsidiary	-	-	10,941,690	-
Total revenue from ordinary activities	53,113,728	50,951,005	52,049,566	50,951,005

5. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

The profit from ordinary activities is arrived at:

After charging:

Borrowing costs:

- | | | | | |
|------------------------------|---------|---------|---------|---------|
| • other persons/corporations | 210,871 | 182,274 | 210,866 | 182,274 |
|------------------------------|---------|---------|---------|---------|

Depreciation:

- | | | | | |
|----------------------|---------|---------|---------|---------|
| • Motor vehicles | 16,120 | 19,648 | 16,120 | 19,648 |
| • Computer equipment | 631,372 | 617,699 | 502,595 | 617,699 |
| • Other equipment | 673,679 | 674,533 | 433,637 | 674,533 |

Total Depreciation:	1,321,171	1,311,880	952,352	1,311,880
---------------------	-----------	-----------	---------	-----------

Amortisation:

- | | | | | |
|-----------------|--------|---|--------|---|
| • Leased Assets | 80,176 | - | 80,176 | - |
|-----------------|--------|---|--------|---|

Provisions:

- | | | | | |
|------------------|--------|---------|--------|---------|
| • Doubtful debts | 21,740 | 109,681 | 21,740 | 109,681 |
|------------------|--------|---------|--------|---------|

Loss from sale of fixed assets:	14,212	1,127	14,235	1,127
---------------------------------	--------	-------	--------	-------

After crediting:

Interest received/receivable:

- | | | | | |
|------------------------------|---------|---------|---------|---------|
| • Other persons/corporations | 359,538 | 381,363 | 279,243 | 381,363 |
|------------------------------|---------|---------|---------|---------|

6. INCOME TAX

No income tax expense has been recognised in the Company's accounts for the period 1 January 2003 to 30 June 2003, on the basis that the Company was exempt from income tax for this period, in accordance with the provisions of the Income Tax Assessment Act 1997.

Because of a restructure of the Company's operations from 30 June 2003, the Company ceased to satisfy the requirements of a tax-exempt entity. The Company has been treated as being taxable from 30 June 2003 to 31 December 2003. Schedule 2D of the Income Tax Assessment Act 1936 (Division 57 'Tax exempt entities that become taxable') has been applied in the calculation of the income tax liability for the year ended 31 December 2003.

For the period in which the Company was taxable, the Company has adopted the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law.

No income tax expense has been provided in the accounts of ITC New Zealand Limited or ITC Europe Limited as both companies traded at a loss during the reporting year and it is not appropriate to record a deferred tax asset as recovery is not considered certain at this time.

	Consolidated		ITC Limited	
	2003	2002	2003	2002
	\$	\$	\$	\$
(a) Income tax expense				
Prima facie income tax expense calculated at 30% on the profit of ordinary activities (2002: 30%)	359,819	-	359,819	-
Increase in income tax expense due to:				
• employee leave payments	129,160	-	129,160	-
• bad debts expense	23,346	-	23,346	-
• other	69,413	-	69,413	-
Decrease in income tax expense due to:				
• Company was tax exempt	(297,999)	-	(297,999)	-
• Other non-assessable items	(71,270)	-	(71,270)	-
Income tax expense on the profit from ordinary activities	<u>212,469</u>	<u>-</u>	<u>212,469</u>	<u>-</u>
Income tax expense/(revenue) attributable to profit from ordinary activities is made up of:				
• Current income tax Provision	541,113	-	541,113	-
• Future income tax benefit	(328,644)	-	(328,644)	-
	<u>212,469</u>	<u>-</u>	<u>212,469</u>	<u>-</u>

	Consolidated		ITC Limited	
	2003	2002	2003	2002
	\$	\$	\$	\$
(b) Deferred tax assets				
Future income tax benefit				

Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% on the following items:

• Provisions and accrued employee entitlements not currently deductible	127,359	-	127,359	-
• Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	2,327	-	2,327	-
Sundry items	198,958	-	198,958	-
	<u>328,644</u>	<u>-</u>	<u>328,644</u>	<u>-</u>

7. SEGMENT REPORTING

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprises income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Education Wollongong University College delivers educational services and courses at four locations, on the main Wollongong Campus of the University of Wollongong, in central Sydney, in Auckland - New Zealand and in Dubai. The core business is provision of English language and academic pathway programs that enable international and local students to proceed to University. The Company also manages the Dubai Campus of the University of Wollongong on behalf of the University.

Marketing The Company is responsible, under contract to the University of Wollongong, for marketing, recruitment and external relations for the University of Wollongong. Activities include domestic and international student recruitment, admissions, media relations and alumni.

Project management The Company provides consulting, project management and training and development services for clients such as the Australian Agency for International Development and the Asian Development Bank.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australia

Middle East

New Zealand

7. SEGMENT REPORTING (cont'd)

	Education 2003	Education 2002	Marketing 2003	Marketing 2002	Project Management 2003	Project Management 2002	Other 2003	Other 2002	Consolidated 2003	Consolidated 2002
PRIMARY REPORTING BUSINESS SEGMENTS										
Revenue										
External segment revenue	33,509,823	30,941,016	9,000,399	8,345,695	9,781,514	10,769,845	821,992	505,503	53,113,728	50,562,059
Inter-segment revenue	-	(300,000)	(300,000)	300,000	-	-	300,000	-	-	-
Total segment revenue	33,509,823	30,641,016	8,700,399	8,645,695	9,781,514	10,769,845	1,121,992	505,503	53,113,728	50,562,059
Other unallocated revenue									-	388,946
Total revenue									53,113,728	50,951,005
Result										
Segment result	2,767,700	1,889,387	156,490	(207,381)	107,150	(434,809)	(1,733,911)	22,546	1,297,429	1,269,743
Other unallocated revenue									-	388,945
Unallocated corporate expenses									-	(386,907)
Profit from ordinary activities before income tax									1,297,429	1,271,781
Income tax expense									(212,469)	-
Net profit after Tax									1,084,960	1,271,781
Depreciation and amortisation	1,012,839	1,611,081	78,832	112,212	26,432	27,930	283,244	197,961	1,401,347	1,949,184
Non-cash expenses other than depreciation and amortisation	793,936	391,668	68,399	114,620	37,086	91,806	90,600	166,015	990,021	764,109
Individually significant items										
Deferred expenditure written off	-	254,922	-	-	-	-	-	-	-	254,922
Fixed assets written off/disposed	42,726	229,625	-	94,513	3,265	5,524	3,338	138,448	49,329	468,110
Provision for restructuring, litigation and other	93,364	366,375	-	60,000	14,405	-	54,365	286,743	162,134	713,118
Assets										
Segment assets	13,914,568	7,395,605	862,737	2,679,524	2,864,434	2,813,264	1,158,736	1,025,799	18,800,475	13,914,192
Unallocated corporate assets									3,896,357	5,129,278
Consolidated total assets									22,696,832	19,043,470
Liabilities										
Segment liabilities	13,237,261	11,225,315	89,022	524,292	390,157	602,526	183,847	2,159,935	13,900,287	14,512,068
Unallocated corporate liabilities									6,379,818	3,105,280
Consolidated total liabilities									20,280,105	17,617,348
Acquisitions of non-current assets	4,684,995	1,243,513	132,596	74,892	13,218	32,431	712,017	662,612	5,542,826	2,013,448
SECONDARY REPORTING GEOGRAPHICAL REPORTING										
External segment revenue by location of customers			Australia 2003	Australia 2002	Middle East 2003	Middle East 2002	New Zealand 2003	New Zealand 2002	Consolidated 2003	Consolidated 2002
			36,628,885	37,955,657	16,252,478	12,995,348	232,365	-	53,113,728	50,951,005
Segment assets by location of assets			16,289,121	15,066,764	4,616,837	3,976,706	1,790,874	-	22,696,832	19,043,470
Acquisitions of non-current assets			3,214,677	1,330,785	995,969	682,663	1,332,180	-	5,542,826	2,013,448

	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
8. CASH ASSETS				
Petty cash	8,377	6,906	4,132	5,036
Cash at bank and on hand	7,821,072	7,867,643	3,983,740	7,867,408
	<u>7,829,449</u>	<u>7,874,549</u>	<u>3,987,872</u>	<u>7,872,444</u>
9. RECEIVABLES				
Current				
Trade debtors				
- UOW/UniCentre	1,536,318	2,066,021	27,118	2,066,021
- ITC Education Ltd	-	-	2,881,122	-
- Other third party	2,959,813	2,736,861	2,211,679	2,736,645
Less: Provision for doubtful debts	-	(77,819)	-	(77,819)
	<u>4,496,131</u>	<u>4,725,063</u>	<u>5,119,919</u>	<u>4,724,847</u>
Other				
- ITC Europe Ltd	-	-	173,644	208,588
- ITC New Zealand Ltd	-	-	-	171,782
- Other debtors	392,092	508,734	392,092	492,984
Less: Provision for doubtful debts	-	-	(173,644)	(206,814)
Total Receivables	<u>4,888,223</u>	<u>5,233,797</u>	<u>5,512,011</u>	<u>5,391,387</u>
Non Current				
Other				
- ITC New Zealand Ltd	-	-	2,436,503	-
	<u>-</u>	<u>-</u>	<u>2,436,503</u>	<u>-</u>
10. INVENTORY				
Current				
Books for resale	182,548	195,168	181,052	195,168
Work in progress	797,747	1,040,024	797,747	1,040,024
	<u>980,295</u>	<u>1,235,192</u>	<u>978,799</u>	<u>1,235,192</u>
Inventories are valued at cost.				
11. OTHER CURRENT ASSETS				
Current				
Prepayment and other advances	1,965,248	1,700,263	890,277	1,574,264
	<u>1,965,248</u>	<u>1,700,263</u>	<u>890,277</u>	<u>1,574,264</u>

12. OTHER FINANCIAL ASSETS

	Consolidated				ITC Limited			
	2003		2002		2003		2002	
	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)
IDP Education Australia Limited	10,000	2.7	10,000	2.7	10,000	2.7	10,000	2.7
International English Language Testing System (IELTS) Australia Pty Ltd	21,000	4.6	21,000	4.6	21,000	4.6	21,000	4.6
ITC (New Zealand) Ltd (Subsidiary)	-	-	-	-	2	100	2	100
ITC (Europe) Ltd (Subsidiary)	-	-	-	-	677	100	677	100
ITC Education Limited	-	-	-	-	-	100	-	-
	31,000		31,000		31,679		31,679	

No contribution to profit was made by IDP during the year ended 31 December 2003 (2002: Nil). During the year ended 31 December 2003 a dividend of \$44,100 (2002: \$4,600) was received from IELTS Australia Pty Ltd.

IELTS Australia Pty Ltd owns the intellectual property in the internationally recognised IELTS testing system. IDP Education Australia Limited operates a large international student recruitment network.

ITC Education Limited is limited by guarantee and Illawarra Technology Corporation Limited is the sole member.

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		ITC Limited	
	Year Ended 2003	Year Ended 2002	Year Ended 2003	Year Ended 2002
	\$	\$	\$	\$
Plant and equipment, furniture and fittings at cost	6,994,577	3,178,313	2,843,309	3,178,313
Less: Accumulated depreciation	(1,847,303)	(1,216,121)	(1,227,962)	(1,216,121)
Less: Currency adjustment	(241,766)	-	(219,942)	-
	4,905,508	1,962,192	1,395,405	1,962,192
Computer equipment at cost	2,922,960	2,069,540	2,049,061	2,069,540
Less: Accumulated depreciation	(1,583,575)	(1,087,551)	(1,220,906)	(1,087,551)
Less: Currency adjustment	(146,094)	-	(141,255)	-
	1,193,291	981,989	686,900	981,989
Motor vehicles at cost	89,360	89,360	89,360	89,360
Less: Accumulated depreciation	(80,992)	(64,872)	(80,992)	(64,872)
Less: Currency adjustment	1,016	-	1,016	-
	9,384	24,488	9,384	24,488
Leased Assets at capitalised cost	645,966	-	645,966	-
Less: Accumulated amortisation	(80,176)	-	(80,176)	-
Less: Currency adjustment	-	-	-	-
	565,790	-	565,790	-

	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
13. PROPERTY, PLANT AND EQUIPMENT (cont'd)				
Total property and equipment.	10,652,863	5,337,213	5,627,696	5,337,213
Less: Accumulated depreciation	(3,592,046)	(2,368,544)	(2,610,036)	(2,368,544)
Less: Currency adjustment	(386,844)	-	(360,181)	-
Total property, plant and equipment net book value	6,673,973	2,968,669	2,657,479	2,968,669

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Computer equipment

Carrying amount at beginning of year	981,987	1,207,518	981,987	1,207,518
Purchases during year	1,012,538	646,570	719,989	646,570
Depreciation during year	(631,372)	(617,699)	(502,595)	(617,699)
Disposals/write offs at written down value	(23,768)	(254,400)	(371,226)	(254,400)
Net foreign currency differences on translation of self-sustaining operations	(146,094)	-	(141,255)	-
Carrying amount at end of year	1,193,291	981,989	686,900	981,989

Motor vehicles

Carrying amount at beginning of year	24,488	44,136	24,488	44,136
Depreciation during year	(16,120)	(19,648)	(16,120)	(19,648)
Net foreign currency differences on translation of self-sustaining operations	1,016	-	1,016	-
Carrying amount at end of year	9,384	24,488	9,384	24,488

Plant and equipment, furniture and fittings

Carrying amount at beginning of year	1,962,192	1,521,278	1,962,192	1,521,278
Purchases during year	3,884,322	1,366,878	1,519,236	1,366,878
Depreciation during year	(673,679)	(674,533)	(433,637)	(674,533)
Disposals/write offs at written down value	(25,561)	(251,431)	(1,432,444)	(251,431)
Net foreign currency differences on translation of self-sustaining operations	(241,766)	-	(219,942)	-
Carrying amount at end of year	4,905,508	1,962,192	1,395,405	1,962,192

Leased Assets

Carrying amount at beginning of year	-	-	-	-
Additions	645,966	-	645,966	-
Amortisation	(80,176)	-	(80,176)	-
Carrying amount at end of year	565,790	-	565,790	-

	Consolidated		ITC Limited	
	Year Ended	Year Ended	Year Ended	Year Ended
	2003	2002	2003	2002
	\$	\$	\$	\$
14. PAYABLES				
Trade creditors:				
• Related entities	2,963,269	2,502,167	2,963,269	2,502,167
• Other	1,282,322	1,020,681	1,246,961	1,020,681
Other creditors and accruals	3,952,923	2,387,591	2,346,392	2,386,596
	<u>8,198,514</u>	<u>5,910,439</u>	<u>6,556,622</u>	<u>5,909,444</u>

15. INTEREST BEARING LIABILITIES

Current

Loan from UOW	625,000	-	625,000	-
Lease liabilities	215,322	-	215,322	-
	<u>840,322</u>	<u>-</u>	<u>840,322</u>	<u>-</u>

Non-current

Loan from UOW	1,875,000	2,500,000	1,875,000	2,500,000
Lease liabilities	350,468	-	350,468	-
	<u>2,225,468</u>	<u>2,500,000</u>	<u>2,225,468</u>	<u>2,500,000</u>

Illawarra Technology Corporation Limited's line of credit with the National Australia Bank Ltd comprises an overdraft facility of \$500,000 (2002: \$500,000) and a business credit card account for \$200,000 (2002: \$200,000).

The line of credit is secured by way of a Registered Mortgage Debentures over the assets and undertakings of Illawarra Technology Corporation Limited.

The company has borrowed \$2,500,000 (2002: \$2,500,000) from parent entity (University of Wollongong), which is a loan facility for the development of the new Dubai campus. The interest rate is currently at 8% variable. Interest is payable monthly in arrears.

Financing arrangements

The consolidated entity has access to the following lines of credit:

Total facilities available

Bank overdraft	500,000	500,000	500,000	500,000
Related party loans	2,500,000	2,500,000	2,500,000	2,500,000
Credit card facility	200,000	200,000	200,000	200,000
	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,200,000</u>

Facilities utilised at balance date

Bank overdraft	-	-	-	-
Related party loans	2,500,000	2,500,000	2,500,000	2,500,000
Credit card facility	43,951	12,577	43,951	12,577
	<u>2,543,951</u>	<u>2,512,577</u>	<u>2,543,951</u>	<u>2,512,577</u>

Facilities not utilised at balance date

Bank overdrafts	500,000	500,000	500,000	500,000
Related party loans	-	-	-	-
Credit card facility	156,049	187,423	156,049	187,423
	<u>656,049</u>	<u>687,423</u>	<u>656,049</u>	<u>687,423</u>

	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
16. PROVISIONS				
Current				
Annual leave	897,537	814,683	887,720	814,528
Long service leave	247,380	235,938	247,380	235,938
Restructure, litigation and other	162,134	713,118	129,794	712,878
	<u>1,307,051</u>	<u>1,763,739</u>	<u>1,264,894</u>	<u>1,763,344</u>
Non-current				
Long service leave	661,331	568,242	661,331	568,242
	<u>661,331</u>	<u>568,242</u>	<u>661,331</u>	<u>568,242</u>
Movements in annual leave				
Opening balance	814,683	640,619	814,528	640,619
Plus provided	783,084	836,764	760,504	836,609
Less paid	(595,477)	(662,700)	(582,790)	(662,700)
Less currency movement	(104,753)	-	(104,522)	-
	<u>897,537</u>	<u>814,683</u>	<u>887,720</u>	<u>814,528</u>
Movements in long service leave				
Opening balance	804,179	616,894	804,179	616,894
Plus provided	315,109	308,820	315,109	308,820
Less paid	(106,528)	(121,535)	(106,528)	(121,535)
Less currency movement	(104,049)	-	(104,049)	-
	<u>908,711</u>	<u>804,179</u>	<u>908,711</u>	<u>804,179</u>
Movements in restructure, litigation and other				
Opening balance	713,118	-	712,878	-
Plus provided	(56,432)	821,051	(88,770)	820,811
Less paid	(442,280)	(107,933)	(442,102)	(107,933)
Less currency movement	(52,272)	-	(52,212)	-
	<u>162,134</u>	<u>713,118</u>	<u>129,794</u>	<u>712,878</u>
17. OTHER LIABILITIES				
Income received in advance	6,506,306	6,874,928	2,412,253	6,874,928
	<u>6,506,306</u>	<u>6,874,928</u>	<u>2,412,253</u>	<u>6,874,928</u>
18. CONTRIBUTED EQUITY				
Issued and paid up share capital				
2 ordinary shares held by the University of Wollongong	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
19. RESERVES				
Foreign currency translation reserve	(94,355)	-	(123,344)	-
Movements during the year				
Balance at beginning of year	-	-	-	-
Net translation adjustment	(94,355)	-	(123,344)	-
Balance at end of year	(94,355)	-	(123,344)	-
20. RETAINED PROFITS				
Retained profits at beginning of year	1,426,120	154,339	1,457,675	155,921
Net profit attributable to members of the parent entity	1,084,960	1,271,781	986,928	1,301,754
Retained profits at end of year	2,511,080	1,426,120	2,444,603	1,457,675
21. AUDITORS REMUNERATION				
Total amount received/receivable by the Audit Office of New South Wales for the audit of the accounts	80,000	37,000	80,000	37,000
Total amount received/ receivable by Markham's MRI for the audit of the accounts of ITC New Zealand Ltd.	8,726	-	-	-
The Auditor received no other benefits.				
22. EVENTS SUBSEQUENT TO REPORTING DATE				
At the date of this report, the Directors are not aware of any matter or circumstance which has arisen since 31 December 2003 that has significantly affected, or may significantly affect, the operations or state of affairs of the Group in the financial years subsequent to 31 December 2003, that are not already reflected in the accounts.				

23. FINANCIAL INSTRUMENTS

Interest Rate Risk

The consolidated entity's exposure to interest rate risk on financial instruments at balance date are:

2002	Weighted average effective rate %	Floating interest rate \$	Fixed interest rate \$	Non-Interest bearing \$	Total \$
Assets					
Cash	3.69	6,874,309	-	1,000,240	7,874,549
Receivables	-	-	-	5,233,797	5,233,797
Other financial assets	-	-	-	31,000	31,000
Total financial assets		6,874,309	-	6,265,037	13,139,346
Liabilities					
Payables	-	-	-	5,910,439	5,910,439
Interest bearing liabilities	8.00	2,500,000	-	-	2,500,000
Total financial liabilities		2,500,000	-	5,910,439	8,410,439
2003					
2003	Weighted average effective rate %	Floating interest rate \$	Fixed interest rate \$	Non-Interest bearing \$	Total \$
Assets					
Cash	4.41	5,986,271	-	1,843,178	7,829,449
Receivables	-	-	-	4,888,223	4,888,223
Other financial assets	-	-	-	31,000	31,000
Total financial assets		5,986,271	-	6,762,401	12,748,672
Liabilities					
Payables	-	-	-	8,198,514	8,198,514
Lease liabilities	8.75	-	565,790	-	565,790
Interest bearing liabilities	8.00	2,500,000	-	-	2,500,000
Total financial liabilities		2,500,000	565,790	8,198,514	11,264,304

Credit risk

The credit risk on financial assets is the carrying amount shown in the statement of financial position. The consolidated entity does not have any significant exposure to any individual customer, counter party, or shareholding.

24. AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCY

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year-end exchange rates are as follows:

	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
United Arab Emirates Dirham				
Amounts payable	3,384,879	3,319,041	3,384,879	3,319,041
Amounts receivable	2,827,632	2,578,240	2,827,632	2,578,240
United States Dollars				
Amounts receivable	55,659	272,357	55,659	272,358
Lao Kips				
Amounts receivable	317,432	-	317,432	-
Solomon Island Dollars				
Amounts receivable	58,129	-	58,129	-
Vietnamese Dong				
Amounts receivable	287	-	287	-
New Zealand Dollars				
Amounts payable	616,958	394	-	-
Amounts receivable	600,542	143,618	-	-
Great Britain Pounds				
Amounts payable	830	295	-	-
Amounts receivable	520	995	-	-
Indonesian Rupiah				
Amounts payable	-	40,467	-	40,467

Consolidated Entity	
Year Ended 2003 \$	Year Ended 2002 \$

25. DIRECTORS REMUNERATION**Directors Income**

Income received, or due and receivable, by directors from the Corporation

174,529	120,052
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The number of directors of Illawarra Technology Corporation Ltd and its controlled entities whose income from Illawarra Technology Corporation Ltd or related party falls within the following bands, are as follows:

	Consolidated Entity	
	Year Ended 2003	Year Ended 2002
\$'000s		
0-10	5	3
10-20	2	2
20-30	1	2
30-40	2	1
40-50	1	-

Consolidated Entity	
Year Ended 2003 \$	Year Ended 2002 \$

Retirement benefits

Amounts paid/payable to the superannuation fund in connection with the retirement of Directors

9,377	3,740
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Directors who are Directors of controlled entities by virtue of their office as executives of the controlling entity have been excluded from the above disclosure in accordance with AASB 1017.

	Notes	Consolidated		ITC Limited	
		Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
26. NOTES TO THE STATEMENT OF CASH FLOWS					
(a) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities					
Profit from ordinary activities after income tax		1,084,960	1,271,781	986,928	1,301,754
Add/(less) items classified as investing activities:					
(Profit)/loss from sale of non-current assets		14,211	1,127	14,235	1,127
Add/(less) non-cash items:					
Depreciation		1,401,347	1,311,880	1,032,533	1,311,880
Fixed asset write down		19,322	464,352	4,987	464,352
Amortisation/deferred expenditure write off		-	637,304	-	637,304
Bad and doubtful debts		-	74,945	-	74,945
Dividend received		(44,100)	(4,600)	(44,100)	(4,600)
Net cash provided by operating activities before change in assets and liabilities		2,475,740	3,756,789	1,994,583	3,786,762
Changes in assets and liabilities					
Increase/(decrease) in taxation provisions		212,469	-	212,469	-
(Increase)/decrease in receivables		345,573	(1,852,025)	(120,624)	(2,009,789)
(Increase)/decrease in inventories		254,897	(525,797)	256,393	(525,797)
(Increase)/decrease in other assets		(264,985)	(192,479)	(625,252)	(66,481)
Increase/(decrease) in payables		2,288,077	1,151,969	2,131,703	1,152,209
Increase/(decrease) in provisions		(363,599)	1,074,468	(405,361)	1,074,074
Increase/(decrease) in other liabilities		(368,621)	(792,954)	(803,366)	(792,954)
Net foreign exchange movement in assets and liabilities		292,490	-	236,837	-
Net cash provided by operating activities		4,872,041	2,619,971	2,877,382	2,618,024
(b) Reconciliation of cash at the end of the financial period to the statement of financial position					
Cash assets	8	7,829,449	7,874,549	3,987,872	7,872,444
27. AGGREGATE EMPLOYEE BENEFITS AND RELATED ON-COSTS					
Provisions- Current	16	1,144,917	1,050,621	1,135,100	1,050,466
Provisions- Non-current	16	661,331	568,242	661,331	568,242
Accrued salaries, wages, incentives and on-costs		611,350	210,000	611,350	210,000
		2,417,598	1,828,863	2,407,781	1,828,708

Notes	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
28. COMMITMENTS				
Operating Leases				
Non-cancellable operating lease commitments (for office photocopiers, building rent and motor vehicles)				
	2,638,167	2,797,062	2,042,734	2,797,062
	4,892,867	3,066,545	2,243,610	3,066,545
	<u>7,531,034</u>	<u>5,863,607</u>	<u>4,286,344</u>	<u>5,863,607</u>
Finance Lease Commitments				
Non-cancellable finance lease commitments (for computer software)				
	244,477	-	244,477	-
	397,948	-	397,948	-
	<u>642,425</u>	<u>-</u>	<u>642,425</u>	<u>-</u>
	(76,635)	-	(76,635)	-
	<u>565,790</u>	<u>-</u>	<u>565,790</u>	<u>-</u>
classified as:				
	215,322	-	215,322	-
	350,468	-	350,468	-
	<u>565,790</u>	<u>-</u>	<u>565,790</u>	<u>-</u>

The aggregate amount of commitments in respect of operating expenditure and capital expenditure (as at the balance date) was \$55,626 and \$15,667 respectively (2002: \$230,760 and \$70,529 respectively). All these amounts are payable within twelve months of the balance date.

29. DETAILED PROFIT AND LOSS ACCOUNT

Income				
Sales revenue	52,694,295	50,562,411	39,000,085	50,562,411
Other revenue:				
Proceeds from sale of fixed assets	15,795	2,631	1,784,448	2,631
Dividends	44,100	4,600	44,100	4,600
Service charge to subsidiary	-	-	10,941,690	-
Investment income - Interest - other persons /corporations	359,538	381,363	279,243	381,363
Total income	<u>53,113,728</u>	<u>50,951,005</u>	<u>52,049,566</u>	<u>50,951,005</u>

	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
29. DETAILED PROFIT AND LOSS ACCOUNT (cont'd)				
Expenditure (third party)				
Salaries and related costs	19,706,179	16,720,835	19,146,355	16,717,623
Annual leave, annual leave loading and long service leave	1,098,193	1,145,584	1,075,613	1,145,429
Superannuation	1,260,564	1,348,802	1,260,564	1,348,802
Project consultancy costs (mainly international projects)	2,325,995	4,330,778	2,325,995	4,330,778
Agents fees (UOW and ITC)	5,044,956	4,824,480	4,237,836	4,824,480
Direct project costs (mainly international project reimbursable costs)	4,539,488	4,597,920	4,539,488	4,597,920
Site costs	3,999,747	3,034,941	3,798,783	3,034,941
Laboratory and office costs	1,295,864	1,097,632	1,213,586	1,097,632
Marketing costs (including marketing and promotion costs for UOW domestic and international markets)	3,157,623	2,890,491	3,006,310	2,890,491
Other personnel costs	629,882	760,218	539,741	759,979
Professional services	1,477,607	1,527,372	1,329,160	1,510,246
Depreciation and lease amortisation	1,401,347	1,311,880	1,032,528	1,311,880
Computer services	336,791	549,530	231,412	549,530
Amortisation of assets	-	637,304	-	637,304
Subscriptions	79,324	74,011	77,753	74,011
Travels & entertainment – non project	410,922	172,718	375,329	172,718
Insurance	65,801	55,015	65,801	55,015
Government charges	62,111	91,315	61,257	91,315
Motor vehicle expenses	554,278	415,746	539,723	415,746
Bad and doubtful debts expense	21,740	109,681	21,740	109,681
Telephones	410,528	343,350	379,665	343,350
Other expenses	1,025,408	882,111	960,676	872,870
Value of fixed assets sold/written down	49,328	468,110	1,803,669	468,110
Borrowing costs to other persons/corporations	210,871	182,274	210,866	182,274
Total expenditure (third party)	49,164,547	47,572,098	48,233,850	47,542,125
Profit before UOW expenses	3,949,181	3,378,907	3,815,716	3,408,880
Expenditure (UOW)				
Department and faculty fees	2,170,029	1,568,163	2,170,029	1,568,163
Rent	425,197	425,628	389,764	425,628
Consultancy costs	-	52,820	-	52,820
Scholarships (University Foundation)	56,526	60,515	56,526	60,515
Total expenditure (UOW)	2,651,752	2,107,126	2,616,319	2,107,126
Profit from ordinary activities before income tax	1,297,429	1,271,781	1,199,397	1,301,754
Income tax expense	212,469	-	212,469	-
Profit from ordinary activities after income tax	1,084,960	1,271,781	986,928	1,301,754

	Consolidated		ITC Limited	
	Year Ended 2003 \$	Year Ended 2002 \$	Year Ended 2003 \$	Year Ended 2002 \$
30. SALARIES AND RELATED COSTS				
Salaries (including sick leave) for employees and employed project consultants - international and domestic	20,966,460	18,218,460	20,386,063	18,215,065
Payroll tax	882,766	859,288	882,766	859,288
Other on costs (including Workers Compensation Insurance)	215,710	137,473	213,703	137,502
Total	22,064,936	19,215,221	21,482,532	19,211,855

31. ASSISTANCE PROVIDED BY GOVERNMENT ENTITIES

During the year the University of Wollongong provided rent free accommodation to the Company in relation to space occupied in Building 39 on the campus. The Company did meet all outgoings on the building during the year. This contribution has not been recognised in the financial statements. There were no other material assets or expenditure provided by or incurred by another government department as statutory authority to the Company other than as disclosed in Note 1 (related entities).

32. ECONOMIC DEPENDENCY

The Group is dependent on the University of Wollongong, as its sole shareholder, to provide financial support should the need arise. The subsidiaries of Illawarra Technology Corporation Limited being ITC Education Ltd, ITC (New Zealand) Ltd and ITC (Europe) Ltd are dependent on Illawarra Technology Corporation Limited as their sole shareholder or member to provide financial support should the need arise. Illawarra Technology Corporation Limited is committed to continuing to ensure each of the subsidiary entities has adequate cash reserves to meet all commitments as and when they fall due.

33. RELATED PARTIES

(i) Directors

The names of each person holding the position of director of Illawarra Technology Corporation Limited during the financial year are G Maltby, B Hickman, J Langridge, G Sutton, J Scimone, G West, P Robson, R Sinclair, B Gillett (retired), P Robinson (retired) and E Menzies (retired).

Details of directors' remuneration are set out in Note 25.

No director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests at year end.

(ii) Controlling entity disclosures - University of Wollongong

Unless otherwise stated all transactions with the University of Wollongong are on normal commercial terms and conditions. The University of Wollongong pays a range of operating costs of the Group, including building rent, telephone, postage, and internet charges for which it is reimbursed by the Group.

The Company received a loan from the University of Wollongong in 2001 (refer note 15). The variable interest rate charged is 8% per annum on the outstanding balance. Interest brought to account by the Company on the loan during the year was \$200,000 (2002: \$182,274).

	Year Ended 2003 \$	Consolidated Year Ended 2002 \$
Income		
• Controlling entity	9,111,778	8,274,311
Total income	9,111,778	8,274,311
Expenses		
Department and faculty fees		
• Controlling entity	2,170,029	1,568,163
Consultancy costs		
• Controlling entity	-	52,820
Rent		
• Controlling entity	425,197	425,628
Scholarships		
• Controlling entity	56,526	60,515
Total expenditure (UOW)	2,651,752	2,107,126
Reimbursable utilities and services		
• Controlling entity	1,903,101	755,170
Total	4,554,853	2,862,296
Receivables – current		
Trade receivables		
• Controlling entity	1,536,318	2,066,021
Payables – current		
Trade creditors		
• Controlling entity	2,910,326	2,492,786
Payables - non current		
Loan		
• Controlling entity	2,500,000	2,500,000

(iii) Other related parties

The Company enters into transactions with other entities controlled by the University of Wollongong, being University of Wollongong Recreation and Aquatic Centre Ltd (URAC) and Wollongong UniCentre Ltd (UniCentre).

Transactions

Expenses	312,819	247,113
Trade Receivables	-	171,782
Payables	32,236	9,381

(iv) Ultimate controlling entity

The ultimate controlling entity of the company is the University of Wollongong.

ITC Corporate Structure





Illawarra Technology Corporation Limited
A.C.N. 002 882 064
(Limited by shares and Guarantee)
A.B.N. 77 002 882 064

ISO Accrediting Body
Lloyds Register Quality Assurance



ITC is certified under a Quality Management System

Internal Auditor
KPMG

External Auditor
Audit Office of NSW

Lawyers
Minter Ellison
Kells the Lawyers

Other Accrediting and Licencing Agencies:
NSW Vocational Training Accreditation Board (VETAB)
Australian Council for Private Education & Training (ACPET)
English Australia
United Arab Emirates Ministry of Higher Education and Scientific Research

