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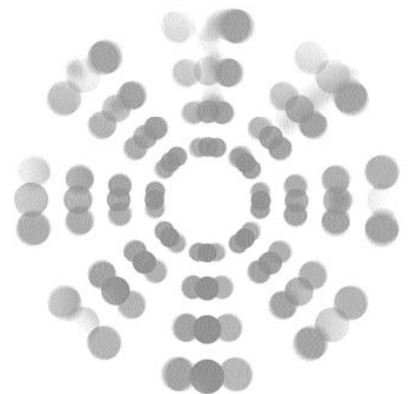
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University of Wollongong Union Annual Report 2005



Wollongong UniCentre Ltd Annual Report 05

ABN 28915 832 337
ACN 081 114 089





MISSION

UniCentre: Creating services, spaces and activities that enhance the university experience

VISION

The university community values our delivery of services and experiences

CONTENTS

Mission	1
Vision	1
Achievements	2
Board of Directors'	3
Directors' Report	5
Directors' Declaration	9
Certificate under Section 41C(1C) of the Public Finance and Audit Act	9
Income Statement	10
Statement of Changes of Equity	10
Balance Sheet	11
Cash Flow	12
Notes to the Consolidated Financial Statements	12
Independent Audit Report	25
Auditor's Independence Statement	27



ACHIEVEMENTS

The organisation underwent significant review and preparation in readiness for the introduction of Voluntary Student Unionism legislation

A comprehensive Membership Program developed

Audit 4 of the Workcover Premium Discount Scheme successfully completed

Black Opal Leadership Program launched

Expanded Entertainment program

What's On Email list grew to more than 16,000 subscribers

Overall online activity grew by more than 70%

Highest Accreditation achieved for Kids' Uni North, South and OOSH Care

The Conference Online Management System implemented

UniShop partnership with The Good Guys retailer

Price Benchmarking demonstrated average price discount of 5 – 10%

BOARD OF DIRECTORS'

CHRIS GRANGE

BA MCom

Executive Chair

Director since: January 2005

Chris is Vice-Principal

(Administration) with the University of Wollongong and Secretary to the University Council. At the University, Chris is responsible for the Academic Registrar's Division, Accommodation Services, Buildings and Grounds, Financial Services and Personnel Services. He has worked at the University since 1988. Three of his children attend Kids' Uni. His areas of expertise include finance, industrial relations, risk management and quality assurance.

JASON HART

Director since: August 2005

Jason is passionate about human rights law in Australia and beyond.

This passion has led him to his current studies in Law at

Wollongong. Jason has been actively involved with student organisations at undergraduate and postgraduate levels since

commencing his studies. He has served as President of the Wollongong University

Postgraduate Association (2004 – 2005) and Vice-President of the national body, the Council of Australian Postgraduate

Associations (2005). Aside from his work on campus, Jason has a keen interest in aviation, having attained his pilots licence in 1999.

Jason has worked in education and more recently as an adviser to a federal member of parliament and is currently employed as Business Development Manager for The Factory Graphic Design Studio.

CIARN ARMOUR

Director since: August 2005

After completing a Bachelor of Business in Tourism, Ciarn continued to work within the Food and Beverage and Front Office areas of the Hospitality industry including the Carlton Crest Hotel Darling Harbour and Park Royal Potts Point. Ciarn specialises in Function and Special Event management. Having been employed at UniCentre for more than nine years, Ciarn is dedicated to making customer service the Conference and Function Unit's highest priority.

MARY YOUSSIF

B.Com, M.Stud.Accy, FCPA, ACIS, RTA, JP.

Director since: August 2004

Mary has held various senior and executive positions within the Coal Mining and Chemical Manufacturing Industries for 15 years. She also worked for the University of Wollongong between 1993 and 2001 in Chief Accountant and Project Management positions. During that time Mary was the Vice-Chancellor's representative on the UniCentre's Children's Services Management Committee. Currently she operates her own accounting practice locally. Mary also holds the position as a director on the Board of Community Alliance Credit Union (The Illawarra Credit Union) for 15 years. During this time she formed and chaired their Audit Committee, and is currently a member of their Strategic Planning Committee and is currently the Chair of the Strategic Planning Committee.

NATHAN BARTON

Director since: August 2005

Nathan is an Undergrad Commerce student involved in several University societies, and is an Executive member of the UOW Liberal Club. His campaign was concentrated on strengthening the board, while providing good representation to remote campus and after hour's students. Nathan hopes to continue providing the members with a high level of service and very competitive prices.

MELINDA CHARLESWORTH

B Com (Emp Rel), M Sc (Log)

Director since: August 2004

Melinda is the Operations Manager at the Australian Health Management Group, a role which involves managing around 120 staff in a large contact centre and a processing centre servicing the needs of over 100,000 members. Prior to this role Melinda spent over 15 years in the IT industry in a variety of roles from programming to consulting and managing large projects and has held management positions with BHP Information Technology, Hitachi, and IBM Global Services. In 2004 Melinda won the Commerce and Business Alumni Award. She is the Chapter Chairperson of the Illawarra Chapter of the Australian Teleservices Association, the peak body for call centres, and sits on it's national board. Before joining the UniCentre Board of Directors' Melinda was President of the Parent's Committee at Kid's Uni and represented parents on the UniCentre Children's Services Management Committee.

BRYCE FRASER

RFD, ED, BA, FAIM, FAICD(dip), MACS

Director since: August 1996

A Fellow of both the Australian Institute of Management and the Australian Institute of Company Directors, Bryce is also a member of the Australian Computer Society. He is currently a consultant in business improvement through mentoring of chief executives. Until October 2002, Bryce was CEO of the Australian Health Management Group, which manages the health insurance needs of over 200,000 people. Bryce entered the private health fund industry in 1986 after eight years in local government and a prior career in the steel industry as a computer and management services professional. In December 2002, Bryce was admitted as a Fellow of the University of Wollongong. Bryce has been on the Board since August 1996.

STEFANIE GASPARI

Director since: August 2004

Stefanie is enrolled in a Bachelor of Commerce (Management and Human Resource Management) at the University of Wollongong. Whilst completing her degree, Stefanie is currently employed full-time as a Management Cadet with the University. Stefanie has been an active member of the student community in her role as an elected Faculty of Commerce Student Representative and member of the Commerce Student Liaison Committee (2002 – 2004). Stefanie has also been involved in a range of community activities and is currently a member of the Light and Hope Fundraising Sub-Committee as a part of the Lord Mayor's Mental Health Awareness Project.

SUE MATHEWS

Director since: August 2004

Sue is the Business Manager at the University of Wollongong's Graduate School of Business. Prior to accepting this position, Sue was the Personnel Manager at the University. She has also tutored in Business Communications and Recruitment and Selection Techniques at University of Wollongong. Sue lives in the Nowra area and is a working mum. Sue has over 13 years experience in local government and worked in the United States for 4 years. She is keen to facilitate the provision of appropriate, affordable and quality services to both the students and staff, particularly in relation to child care. Sue is also committed to ensuring transparency in decision-making processes.

BRIAN WARD

Director since: August 2002

Brian is currently employed by the Port Kembla Port Corporation as Chief Financial Officer and Corporate Secretary with responsibility for Finance and Administration, Human Resources, Information Technology, Treasury Management, Audit and Insurance. Prior to joining Port Kembla Corporation Brian held a range of accounting positions within a variety of private sector organisations. Brian is also Treasurer of the Commerce and Business Alumni Chapter of the University of Wollongong and Chair of the Illawarra Branch of CPA Australia.

BRAD WINTON

Director since: August 2004

Currently doing a PhD in Biophysics at the University of Wollongong, Brad has enjoyed an increasingly active involvement within University student life. Taking an active role in the Commerce Business Systems Club from 2001 and being elected as Club Treasurer from 2002 – 2003, Brad now enjoys the role of President of the Universities Liberal Club, having been elected as club treasurer in 2004. After completing his Bachelor of Science (Physics) Hons in 2003 and Masters (Physics) Research in 2005, Brad ran for election as a Director of the UniCentre in order to maximise UniCentre benefits for all its student and staff members.

NIGEL PENNINGTON

BA (QLD), MCOM (Woll), FAIM, FAICD.

Executive Director, Company Secretary, General Manager
Director since: April 1993

Nigel has been General Manager of Wollongong UniCentre for twelve years. Prior to this position, he held a similar position at James Cook University, Townsville. After graduating from the University of Queensland as a mature aged student, Nigel worked in University administration in both policy and operational areas before working in campus service organisations. Nigel completed a Masters Degree in Commerce at the University of Wollongong in 1998 and is a member of the Australian Institute of Management, the Australian Campus Union Managers' Association and the Australian Institute of Company Directors, and the Sandon Point Surf Lifesavers Association.



DIRECTORS' REPORT

BOARD OF DIRECTORS'

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

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

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

The Board is responsible for the overall Corporate Governance of the Wollongong UniCentre including its strategic direction, establishing goals for management, monitoring organisational performance and ensuring that stewardship frameworks are in place.

The Board has approved a Corporate Governance Manual. The document outlines in detail the Rights and Responsibilities of Directors, and requires that

directors uphold the Australian Institute of Directors Code of Conduct. It also states the requirements for ethical conduct within the organisation, and establishes a process for review of Board and Director effectiveness. Directors are required to submit disclosure of pecuniary interests on appointment and annually. Directors are offered external training and development activities, primarily through AICD.

DIRECTORS' MEETINGS

	Board		Finance/Admin		Children's Services		Student Development	
	A	B	A	B	A	B	A	B
Chris Grange	7	7	1	-	-	-	-	-
Nigel Pennington	7	7	5	5	4	4	1	2
Ciarn Armour	3	3	0	1	1	1	-	-
Nathan Barton	3	3	1	1	-	-	-	-
Melinda Charlesworth	6	7	-	-	3	4	-	-
Bryce Fraser	6	7	3	5	-	-	-	-
Stefanie Gaspari	7	7	3	5	-	-	-	-
Alex Hadaya	1	4	-	-	-	-	0	2
Jason Hart	3	3	1	1	-	-	-	-
Brendan Lloyd	4	4	2	4	-	-	-	-
Sue Mathews	5	7	-	-	-	-	-	-
Brian Ward	7	7	5	5	3	3	-	-
Neil Webster	4	4	4	4	-	-	-	-
Brad Winton	7	7	-	-	-	-	2	2
Mary Youssif	6	7	2	5	-	-	-	-

A = Number of meetings attended

B = Reflects the number of meetings held during the time the director held office during the year



RESULTS	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
Revenue	16,221,013	16,425,267	14,903,017	16,213,354
Operating profit before tax	875,338	1,174,983	950,610	1,174,288
Income tax attributable to operating profit	–	(3,436)	–	–
Net profit	875,338	1,171,547	950,610	1,174,288
Retained profits at the beginning of the financial year	7,405,951	6,234,404	7,408,692	6,234,404
Retained profits at the end of the financial year	8,281,289	7,405,951	8,359,302	7,408,692

AUDIT PROCESS

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

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

INTERNAL CONTROL FRAMEWORK

To assist in the discharge its responsibilities for the internal control framework, the Board uses Internal Auditors to ensure compliance with Internal Controls. The current Internal Audit Plan provides for a schedule of reviews of the following topics:

- Accounts payable
- Cash handling and reconciliation
- IT
- Accounts receivable
- Payroll
- Stock Control

DELEGATION OF AUTHORITY

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

- Property, Plant and Equipment
- Authority to enter contracts
- Staff and organisation
- Operating Expenditure
- Financial Administration
- Sponsorship and Donations

RISK MANAGEMENT

The Chief Executive Officer oversees a range of risk management strategies on behalf of the Board of Directors. A Risk Assessment Program was conducted in 2004 and key areas of risk are embedded in quarterly reporting processes. Other specific arrangements include:

- Review by the Board of the Annual Budget, and quarterly financial performance reviews
- A comprehensive Insurance Program
- Policies to ensure that capital expenditure and expenditure commitments above a certain limit are authorised by the Board.
- Occupational Health and Safety reviews of the workplace in accordance with the relevant legislation. This has been overlaid by participation in the Premium Discount Scheme, for which all benchmarks were exceeded in 2003, 2004 and 2005.

BOARD COMMITTEES

As of 2006 the Board has the following advisory committees:

- Services Committee
- Audit and Risk Management Committee
- Children's Services Committee

RESIGNATIONS, REPLACEMENTS AND ABSENCES

The Director(s) who were replaced during the year were:

Name	Effective Date
Alex Hadaya	26/8/2005
Brendan Lloyd	26/8/2005
Neil Webster	26/8/2005

DIVIDENDS

Dividends are not payable by companies limited by guarantee, such as the UniCentre.

STATE OF AFFAIRS

There were no significant changes to the scope of operating activities of the UniCentre during 2005. A range of service initiatives is discussed in the Review of Operations.

EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to the balance date.

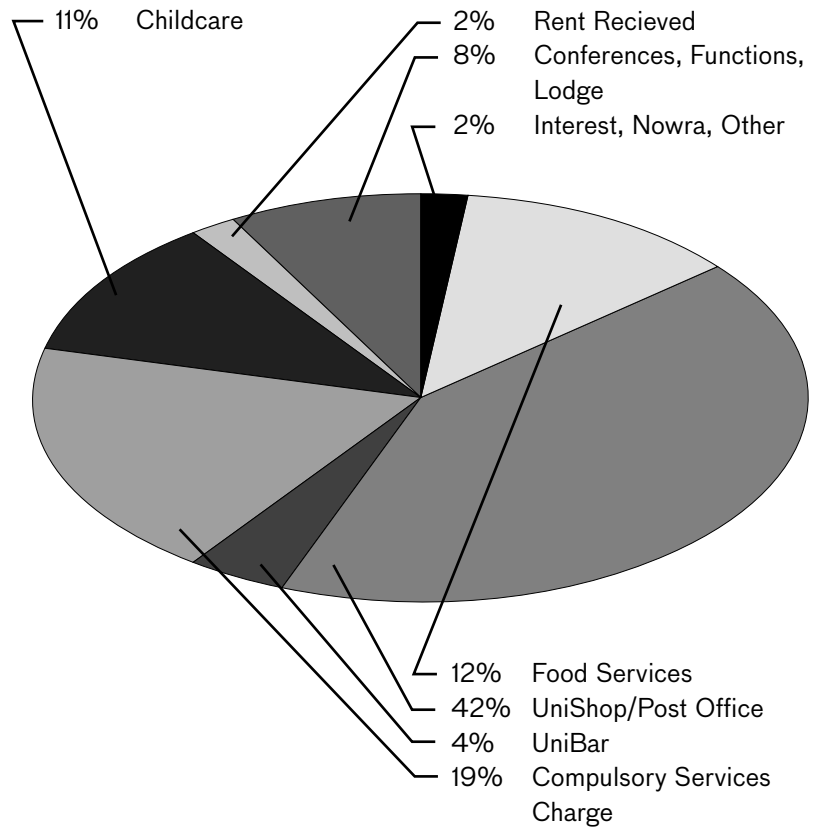
LIKELY DEVELOPMENTS

The implementation of VSU has material effects from mid 2006. This is further discussed under the Review of Operations.

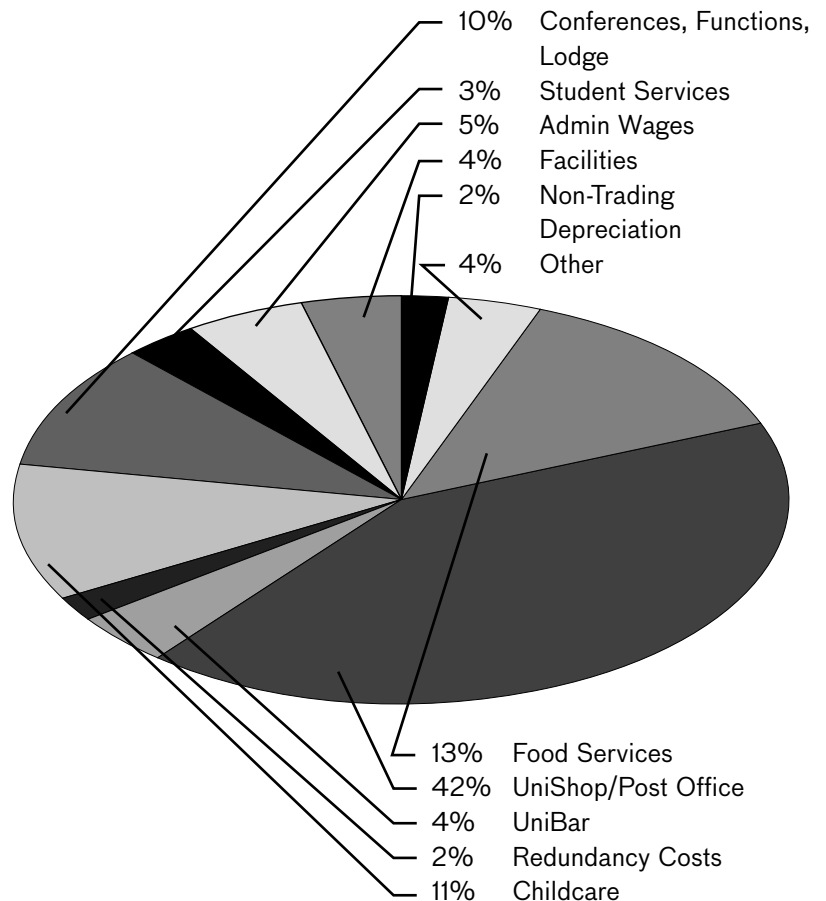
AUDITOR'S INDEPENDENT DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307c of the Corporations Act 2001 is set out on page 27.

INCOME DISSECTION 2005



EXPENDITURE DISSECTION 2005



REVIEW OF OPERATIONS

The focus of activities in 2005 was preparation for the potential change from Compulsory Service Charges as levied by the University to the 'Voluntary Student Unionism' legislation that prohibits the collection of such fees. The legislation was eventually passed in December 2005 to take effect from July 2006.

Preparation for the legislation took three forms:

- Developing a plan to manage a transition to voluntary student fees;
- Expanding membership value programs; and
- Reducing central overhead costs.

After a widespread consultation process, the plan to manage a Voluntary Membership Program involving significant discounts and rebates to paid members was adopted in September 2005.

Key membership initiatives include an expanded Entertainment and Activities program, Children's Services (a new 75 place school age children facility was renovated during 2005), and a new range of electronic and whitegoods products in the UniShop (in partnership with "the Good Guys" retail outlet). Overhead costs were significantly reduced with changed arrangements for facilities support, financial processing, and staffing in operational areas. These changes enlisted a significant number of redundancies. Difficult as this was for all concerned, it was a necessary step in the changing arrangements.

The UniCentre uses a wide range of communication and feedback processes to market and improve its products and services. Website and email communication continues to grow, and the What's On Email List reached over 16,000 subscribers (over 50% of the campus population) during 2005. A wide

range of surveys, mystery shopper and focus group programs provided key feedback in product and service development. Price benchmarking activities during 2005 demonstrated that core UniCentre products and services deliver excellent value, with an average price discount between 5 – 10%.

The UniCentre book discount at 12.5% was again the highest in the country. Our service commitment ensured that at least one food outlet was open 7:30am – 9:00pm and 9:00am – 3:00pm on weekends, during session. The UniShop also opened additional hours early in session, and on Saturdays throughout.

The Centre for Student Development ran various student-focused programs, with particular highlights being the high level of involvement of volunteers in the UniCrew and Green Team environmental programs. A total of 53 University clubs with 2,607 members were supported during 2005, and the UniCentre organised a range of competitions including the ever popular Band Comp, DJ Comp, Poetry Competition and Acquisitive Art Award.

Significant investment in capital projects during 2005 included Sal Paradise, Keira Buffet, and the refurbishment of the Heritage Listed Nissan Huts at the Innovation Campus, to provide a new base for the After School program. External recognition of UniCentre programs was provided to Kids' Uni South and the After School Program, which achieved outstanding high validation under the National Child Care Accreditation program; and the continued achievement of all structured reviews and benchmarks in the Work Cover Premium Discount Scheme. We also again recognised the contribution of members of the University through our annual awards scheme. In 2005 Matthew Hudspeth and John Montagner were both winners of the 2005 UniCentre Voluntary Service

Award and UniCentre Staff Award was awarded to the UniCentre Post Office Team who leads the way in delivering a consistently high standard of customer service, merchandising and product range, and meeting the rigorous standards set by Australia Post for a licensed Post Office.

FINANCIAL TRENDS

The total profit for 2005 was \$875,338 compared to \$1,171,547 in 2004. Recognising that fee revenue was lower by \$113,043 and that redundancies to a total amount of \$261,520 were funded in 2005, this is a reasonable result. This result reflects that overhead and staffing expenses for the year were significantly reduced.

A reduction in consolidated trading revenue seems to correspond to less intensive student presence on the campus. A further impact was a significant expense for writedown of stock in the UniShop bookshop operation. Surplus stock at the end of the Annual Sale has been valued at zero, and analysis of aged book stock indicates a potential further writedown, for which provision has been made.

Due to UniCentre's strong cashflow during 2003-2005, external debt reductions are well ahead of schedule. This strategy keeps interest expense to a minimum as there is no cost for undrawn funds. UniCentre has the option of redrawing up to \$1.2 million if required.



DIRECTORS' DECLARATION

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

1. The financial statements and notes, set out on pages 10 to 23 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 31 December 2005 and of their performance, as represented by the results of its operations and their cash flows, for the year ended on that date; and
 - (b) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Wollongong this 4th day of April, 2006.

Signed in accordance with a resolution of the directors.

C Grange
Executive Chair

N Pennington
Director and General Manager

CERTIFICATE UNDER SECTION 41C(1C) OF THE PUBLIC FINANCE AND AUDIT ACT, 1983, FOR THE YEAR ENDED 31 DECEMBER 2005

Pursuant to the requirements of the Public Finance and Audit Act, 1983, we declare that in our opinion:

1. The accompanying financial statements present a true and fair view of the financial position of the Company as at 31 December 2005 and transactions for the period then ended.
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation 2005, Urgent Issues Group Consensus Views and applicable accounting standards.

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

Dated at Wollongong this 4th day of April, 2006.

Signed in accordance with a resolution of the directors.

C Grange
Executive Chair

N Pennington
Director and General Manager

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
Trading Revenue		12,202,105	12,561,543	10,895,410	12,350,584
Cost of Sales		(6,322,874)	(6,378,851)	(5,899,082)	(6,327,186)
Gross Profit		<u>5,879,231</u>	<u>6,182,692</u>	<u>4,996,328</u>	<u>6,023,398</u>
Compulsory Service Charges		3,120,124	3,233,167	3,120,124	3,233,167
Other Operating Revenue	2	746,876	523,007	746,876	523,007
Staffing Expenses	3	(5,810,599)	(5,919,659)	(5,183,475)	(5,819,334)
Occupancy / Depreciation Expenses		(652,059)	(759,851)	(652,059)	(759,851)
Inventory Writedown		(319,073)	-	(319,073)	-
Redundancy Expenses		(261,520)	-	(261,520)	-
Other Operating Expenses		(1,942,936)	(2,109,286)	(1,600,584)	(2,050,058)
Operating Profit before Financing Costs/Revenues		<u>760,044</u>	<u>1,150,070</u>	<u>846,617</u>	<u>1,150,329</u>
Interest Income	5	151,908	107,550	140,607	106,596
Interest Expenses	5	(36,614)	(82,637)	(36,614)	(82,637)
Net Financing Revenue		<u>115,294</u>	<u>24,913</u>	<u>103,993</u>	<u>23,959</u>
Profit before Tax		<u>875,338</u>	<u>1,174,983</u>	<u>950,610</u>	<u>1,174,288</u>
Income Tax Expense	6	-	(3,436)	-	-
Profit for the Period		<u>875,338</u>	<u>1,171,547</u>	<u>950,610</u>	<u>1,174,288</u>
Profit Attributable to Members of the Parent Entity		<u>875,338</u>	<u>1,171,547</u>	<u>950,610</u>	<u>1,174,288</u>

STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
Accumulated Profit at the Beginning of the Financial Year		7,405,951	6,234,404	7,408,692	6,234,404
Profit for the Period		875,338	1,171,547	950,610	1,174,288
Financial impact of the introduction of AIFRSs		-	-	-	-
Accumulated Profit at the End of the Financial Year		<u>8,281,289</u>	<u>7,405,951</u>	<u>8,359,302</u>	<u>7,408,692</u>

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
Assets					
Cash and Cash Equivalents	7	1,480,703	1,562,943	1,390,081	1,174,222
Trade and Other Receivables	8	401,190	326,254	169,855	396,318
Inventories	9	1,965,687	1,842,684	1,937,706	1,816,455
Total Current Assets		3,847,580	3,731,881	3,497,642	3,386,995
Trade and Other Receivables	8	150,000	–	150,000	–
Investment in Subsidiary	1	–	–	1	1
Property, Plant & Equipment	10	2,031,807	1,628,799	2,031,807	1,628,799
Intangible Assets	11	3,904	5,205	–	–
Occupancy Contribution	12	5,803,070	6,056,848	5,803,070	6,056,848
Total Non Current Assets		7,988,781	7,690,852	7,984,878	7,685,648
Total Assets		11,836,361	11,422,733	11,482,520	11,072,643
Liabilities					
Trade and Other Payables	13	2,169,627	1,619,854	1,792,132	1,307,577
Interest Bearing Loans and Borrowings	14	158,914	411,584	158,914	411,584
Employee Benefits	15	380,683	382,079	357,555	344,961
Income Tax Payable	16	–	3,436	–	–
Other Current Liabilities	17	70,989	46,802	70,989	46,802
Total Current Liabilities		2,780,213	2,463,755	2,379,590	2,110,924
Interest Bearing Loans and Borrowings	14	27,972	730,831	27,972	730,831
Employee Benefits	15	560,887	618,196	529,656	618,196
Other Non Current Liabilities	17	186,000	204,000	186,000	204,000
Total Non Current Liabilities		774,859	1,553,027	743,628	1,553,027
Total Liabilities		3,555,072	4,016,782	3,123,218	3,663,951
Net Assets		8,281,289	7,405,951	8,359,302	7,408,692
Equity					
Retained Earnings		8,281,289	7,405,951	8,359,302	7,408,692
Total Equity		8,281,289	7,405,951	8,359,302	7,408,692

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
Cash Flows From Operating Activities				
Cash Receipts in the Course of Operations	15,734,953	16,171,153	14,550,257	16,067,857
Cash Payments in the Course of Operations	(14,175,108)	(14,194,338)	(12,681,012)	(14,118,742)
Cash Generated from Operations	1,559,845	1,976,815	1,869,245	1,949,115
Interest Received	151,908	107,550	140,607	106,596
Borrowing Costs Paid	(36,614)	(110,676)	(36,614)	(110,676)
Net Cash Provided by Operating Activities	1,675,139	1,973,689	1,973,238	1,945,035
Cash Flows from Investing Activities				
Cash transferred to controlled entity upon inception	-	-	-	(360,067)
Payments for Property, Plant and Equipment	(801,850)	(488,337)	(801,850)	(488,337)
Net Cash Used in Investing Activities	(801,850)	(488,337)	(801,850)	(848,404)
Cash Flows from Financing Activities				
Proceeds from Borrowings	31,518	962,495	31,518	962,495
Repayments of Borrowings	(987,047)	(2,075,955)	(987,047)	(2,075,955)
Net Cash (Used in)/Provided by Financing Activities	(955,529)	(1,113,460)	(955,529)	(1,113,460)
Net (Decrease)/Increase in Cash Held	(82,240)	371,892	215,859	(16,829)
Cash and Cash Equivalents at 1 January	1,562,943	1,191,051	1,174,222	1,191,051
Cash and Cash Equivalents at 31 December 7	1,480,703	1,562,943	1,390,081	1,174,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 SIGNIFICANT ACCOUNTING POLICIES

Wollongong UniCentre Limited (the Company) is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 31 December 2005 comprises the Company and its subsidiary UniCentre Conferences and Functions Pty Limited (together known as the Consolidated Entity). The Company's investment in its subsidiary UniCentre Conferences and Functions Pty Limited totals \$1 and this amount is eliminated on consolidation.

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. International Financial Reporting Standards (IFRSs) form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS (AIFRS).

The financial reports of the consolidated entity and the Company comply with AIFRSs. The financial reports of the Consolidated Entity and the Company do not comply with IFRSs because the Consolidated Entity and the Company have adopted the not-for-profit requirements of the Australian Accounting Standards that are inconsistent with IFRS requirements.

This is the Consolidated Entity's first financial report prepared in accordance with AIFRS and AASB 1 "First Time Adoption of AIFRS" has been applied. January 2004 was the date of transition. The application of these standards has not had a material effect on the reported financial position, financial performance or cash flows of the Consolidated Entity and the Company.

(b) Basis of Preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except that the liability for Long Service Leave is adjusted to Net Present Value.

The preparation of the financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates

with a significant risk of material adjustment in the next year are discussed in note 1.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and in preparing an opening AIFRS Balance Sheet at 1 January 2004 for the purposes of transition to Australian Accounting Standards – AIFRS.

The accounting policies have been applied consistently by consolidated entities.

(c) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by UniCentre. Control exists where UniCentre has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. UniCentre has one subsidiary only, known as UniCentre Conferences and Functions Pty Limited, whose financial statements are included in the Consolidated financial statements. Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

(ii) Transactions Eliminated on Consolidation

Intragroup balances and any income or expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(d) Property, Plant and Equipment

(i) Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation. The cost of self-constructed assets includes the cost of materials and direct labour. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Occupancy Contribution

Wollongong UniCentre Limited from time to time contributes to the cost of construction of buildings, their improvements and landscaping on land over which it has no security or tenure. These amounts are accounted for in the Balance Sheet as Occupancy Contribution, pursuant to an agreement reached with the University of Wollongong, and written off over their expected useful lives as detailed below.

(iii) Leased Assets

Leases under which the Company or its Controlled Entities assume substantially all the risks and benefits of ownership are classified as Finance Leases. Other leases are classified as operating leases.

FINANCE LEASES

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

OPERATING LEASES

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(iv) Subsequent Costs

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

(v) Depreciation

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful life of each item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

PROPERTY, PLANT & EQUIPMENT

Occupancy Contribution	3.33%
Leasehold Improvements	10% – 20%
Plant & Equipment	10% – 33%

INTANGIBLE ASSETS

Goodwill	10 Years
Establishment Costs	5 Years

(e) Trade and Other Receivables

Trade and other receivables are stated at cost, less a provision for doubtful debts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stock and bringing it to the existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

(g) Cash and Cash Equivalents

Cash and Cash Equivalents comprises Cash Balances and Call Deposits.

(h) Interest-Bearing Borrowings

Interest-Bearing Borrowings are recognised initially at fair value, and amortised over the life of the individual borrowing.

(i) Employee Entitlements

WAGES, SALARIES, & ANNUAL LEAVE

The provisions for employee entitlements to wages, salaries, and annual leave represent present obligations resulting from employees' services provided up to the balance date, calculated at their nominal values using the remuneration rate expected to apply when the liabilities are settled.

LONG SERVICE LEAVE

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government securities at balance date which most closely match the terms of maturity of the related liabilities. Leave is charged to the provision at the time leave is taken.

SUPERANNUATION ENTITLEMENTS

Contributions to employee superannuation funds are charged against income as incurred. The Consolidated Entity is under no legal obligation to make up any shortfall in the funds assets to meet payments due to employees.

(j) Provisions

A provision is recognised in the Balance Sheet when the Consolidated Entity has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Trade and Other Payables

Trade and Other Payables are stated at cost and are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Revenue

(i) Goods and Services Rendered

Revenue from the sale of goods is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from rendering services is recognised when that service has been fully provided.

(ii) Compulsory Service Charges

Compulsory Service Charges are brought to account in the year to which the charges relate, and not necessarily the year in which the University of Wollongong or Illawarra Technology Corporation Ltd, which collect those charges on behalf of the Company, remit them to the Company.

Entrance fees are included in compulsory service charges.

(iii) Rental Income

Rental income is recognised in the Income Statement on a straight-line basis as it is charged to tenants in accordance with individual leases.

(iv) Interest Income

Interest income is recognised in the income statement as it accrues.

(m) Expenses

INTEREST COSTS

Interest Costs comprise interest payable on borrowings, which is recognised in the Income Statement as it accrues.

(n) Taxation

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

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

The operations of the subsidiary company UniCentre Conferences and Functions Pty Limited are subject to Income Tax. Income Tax on the profit or loss of the subsidiary for the year

comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: Accrued Annual and Long Service Leave.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the 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.

(p) Impairment of Assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use.

(q) Change in Accounting Policy

UniCentre has changed its classification of commissions received. UniCentre previously classified commissions as other operating revenue. This change has no impact on the Total Revenue or Operating Result of the Company or the Consolidated Entity but more accurately reflects the nature of this income. use.

(r) New Accounting Standards effective on or after 1 January 2006

The Consolidated Entity and the Company have not applied several new accounting standards that are effective on or after 1 January 2006. The Consolidated Entity and the Company have reviewed the new accounting standards and at this stage do not anticipate any impact on the figures reported in this financial report. A full assessment will be conducted during 2006

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
2 OTHER OPERATING REVENUE				
Grants Received				
- Related Parties	385,000	185,000	385,000	185,000
- Other	12,462	45,087	12,462	45,087
Rental Income				
- Related Parties	70,221	68,556	70,221	68,556
- Other	279,193	224,364	279,193	224,364
	746,876	523,007	746,876	523,007
3 STAFFING EXPENSES				
Wages and Salaries	4,684,951	4,735,297	4,184,824	4,655,748
Increase/(Decrease) in Annual Leave Liability	310,156	238,293	284,312	234,596
Increase/(Decrease) in Long Service Leave Liability	54,428	133,329	47,315	129,767
Superannuation Contributions				
- defined contribution plans	500,954	471,667	461,400	465,316
Other Employee Benefits	74,052	113,996	69,001	113,735
Payroll Tax	31,330	4,374	-	-
Workers Compensation Premiums	154,728	222,703	136,623	220,172
	5,810,599	5,919,659	5,183,475	5,819,334

	Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
4	AUDITORS' REMUNERATION AUDITORS OF UNICENTRE				
	Audit Office of NSW				
	Audit and Review of Financial Reports	36,750	27,300	28,400	23,800
	Other Services	-	-	-	-
		<u>36,750</u>	<u>27,300</u>	<u>28,400</u>	<u>23,800</u>
5	NET FINANCING COSTS				
	Interest Income	151,908	107,550	140,607	106,596
	Interest Expense	(36,614)	(82,637)	(36,614)	(82,637)
	Net Financing Revenue	<u>115,294</u>	<u>24,913</u>	<u>103,993</u>	<u>23,959</u>
6	INCOME TAX EXPENSE				
	Recognised in the income statement				
	Current Tax Expense				
	Current Year	(22,582)	209	-	-
	Adjustments for prior years	-	178	-	-
		<u>(22,582)</u>	<u>387</u>	<u>-</u>	<u>-</u>
	Deferred tax expense				
	Origination and reversal of temporary differences	5,622	3,049	-	-
	Expense on derecognition of tax loss	16,960	-	-	-
		<u>22,582</u>	<u>3,049</u>	<u>-</u>	<u>-</u>
	Total income tax expense in income statement	<u>-</u>	<u>3,436</u>	<u>-</u>	<u>-</u>
	Attributable to:				
	Continuing operations	-	3,436	-	-
	Discontinuing operations	-	-	-	-
		<u>-</u>	<u>3,436</u>	<u>-</u>	<u>-</u>
	Numerical reconciliation between tax expense and pre-tax profit				
	Profit before tax – continuing operations	(75,272)	695	-	-
	Profit before tax – discontinued operations	-	-	-	-
	Profit before tax	<u>(75,272)</u>	<u>695</u>	<u>-</u>	<u>-</u>
	Income tax using the Domestic Corporation Tax Rate of 30% (2004: 30%)	(22,582)	209	-	-
	Increase in Income Tax Expense due to:				
	Deferred Tax Asset not brought to account	22,582	3,049	-	-
		<u>-</u>	<u>3,258</u>	<u>-</u>	<u>-</u>
	Under/(over) provided in prior years	-	178	-	-
	Income tax expense on pre-tax net profit	<u>-</u>	<u>3,436</u>	<u>-</u>	<u>-</u>
	Attributable to :				
	Continuing operations	-	3,436	-	-
	Discontinuing operations	-	-	-	-
		<u>-</u>	<u>3,436</u>	<u>-</u>	<u>-</u>

The current tax for the Consolidated Entity of Nil (2004 : \$3,436) represents the amount of income taxes payable in respect of current and prior periods. The Company is exempt from income tax as outlined in Note 1(n) however the subsidiary is subject to Income Tax.

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
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Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items :

Deductible temporary differences	17,808	12,185		
Tax losses	16,960	–		
	<u>34,768</u>	<u>12,185</u>		

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the taxable subsidiary can utilise the benefits from.

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
7 CASH & CASH EQUIVALENTS				
Cash at Bank	1,477,183	1,557,423	1,386,561	1,168,702
Cash on Hand	3,520	5,520	3,520	5,520
	<u>1,480,703</u>	<u>1,562,943</u>	<u>1,390,081</u>	<u>1,174,222</u>

8 TRADE & OTHER RECEIVABLES

Current:

Debtors	381,931	204,514	157,739	95,586
Less: Provision for Doubtful Debts	(10,000)	(10,000)	(10,000)	(10,000)
Sundry Debtors	–	–	–	179,401
Accrued Income	7,512	31,752	778	31,343
Prepayments	21,747	99,988	21,338	99,988
	<u>401,190</u>	<u>326,254</u>	<u>169,855</u>	<u>396,318</u>

Non Current:

Debtor	150,000	–	150,000	–
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9 INVENTORIES

Finished Goods Stock:

Catering – at cost	54,327	62,643	26,346	36,414
Bar – at cost	17,025	12,451	17,025	12,451
Books/Retail/Newsagency/Software – at cost	1,757,222	1,697,291	1,757,222	1,697,291
Books/Retail/Newsagency/Software – at NRV	86,788	–	86,788	–
Post Office – at cost	50,325	70,299	50,325	70,299
	<u>1,965,687</u>	<u>1,842,684</u>	<u>1,937,706</u>	<u>1,816,455</u>

10 Property, Plant & Equipment		Consolidated Building Improvements	Consolidated Plant & Equipment	Consolidated Motor Vehicles	Consolidated Computer Equipment	Consolidated Total	UniCentre Building Improvements	UniCentre Plant & Equipment	UniCentre Motor Vehicles	UniCentre Plant & Equipment	UniCentre Motor Vehicles	UniCentre Computer Equipment	UniCentre Total
Note													
Cost													
Balance at 1 January 2004		2,913,665	870,170	186,532	135,125	4,105,492	2,913,665	870,170	186,532	135,125	4,105,492	135,125	4,105,492
Acquisitions		-	409,704	56,813	-	488,335	-	409,704	56,813	-	488,335	-	488,335
Disposals		-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2004		2,913,665	1,279,874	243,345	135,125	4,593,827	2,913,665	1,279,874	243,345	135,125	4,593,827	135,125	4,593,827
Balance at 1 January 2005		2,913,665	1,279,874	243,345	135,125	4,593,827	2,913,665	1,279,874	243,345	135,125	4,593,827	135,125	4,593,827
Acquisitions		413,381	342,325	-	28,871	801,850	413,381	342,325	-	28,871	801,850	28,871	801,850
Disposals		(45,391)	(219,402)	-	(102,263)	(367,056)	(45,391)	(219,402)	-	(102,263)	(367,056)	(102,263)	(367,056)
Balance at 31 December 2005		3,281,655	1,402,797	243,345	61,733	5,028,621	3,281,655	1,402,797	243,345	61,733	5,028,621	61,733	5,028,621
Depreciation													
Balance at 1 January 2004		1,786,559	540,190	5,259	127,034	2,459,042	1,786,559	540,190	5,259	127,034	2,459,042	127,034	2,459,042
Depreciation Charge for the Year		272,825	92,051	134,857	3,702	505,986	272,825	92,051	134,857	3,702	505,986	3,702	505,986
Disposals		-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2004		2,059,384	632,241	140,116	130,736	2,965,028	2,059,384	632,241	140,116	130,736	2,965,028	130,736	2,965,028
Balance at 1 January 2005		2,059,384	632,241	140,116	130,736	2,965,028	2,059,384	632,241	140,116	130,736	2,965,028	130,736	2,965,028
Depreciation Charge for the Year		208,082	132,206	45,277	6,588	398,842	208,082	132,206	45,277	6,588	398,842	6,588	398,842
Disposals		(45,391)	(219,402)	-	(102,263)	(367,056)	(45,391)	(219,402)	-	(102,263)	(367,056)	(102,263)	(367,056)
Balance at 31 December 2005		2,222,075	545,045	185,393	35,061	2,996,814	2,222,075	545,045	185,393	35,061	2,996,814	35,061	2,996,814
Carrying Amounts													
At 1 January 2004		1,127,106	329,980	181,273	8,091	1,646,450	1,127,106	329,980	181,273	8,091	1,646,450	8,091	1,646,450
At 31 December 2004		854,281	647,633	103,229	4,389	1,628,799	854,281	647,633	103,229	4,389	1,628,799	4,389	1,628,799
At 1 January 2005		854,281	647,633	103,229	4,389	1,628,799	854,281	647,633	103,229	4,389	1,628,799	4,389	1,628,799
At 31 December 2005		1,059,580	857,752	57,952	26,672	2,031,807	1,059,580	857,752	57,952	26,672	2,031,807	26,672	2,031,807

The financed plant and equipment is financed by the commercial hire purchases facility disclosed at Note 14

11 INTANGIBLE ASSETS

	Consolidated Goodwill – Newsagency 2005 \$	Consolidated Establishment Costs 2004 \$	UniCentre Goodwill – Newsagency 2005 \$	UniCentre Establishment Costs 2004 \$
Cost				
Balance at 1 January 2004	103,000	–	103,000	–
Acquisitions	–	6,506	–	–
Disposals	–	–	–	–
Balance at 31 December 2004	103,000	6,506	103,000	–
Balance at 1 January 2005	103,000	6,506	103,000	–
Acquisitions	–	–	–	–
Disposals	–	–	–	–
Balance at 31 December 2005	103,000	6,506	103,000	–
Amortisation				
Balance at 1 January 2004	103,000	–	103,000	–
Amortisation Charge for the Year	–	1,301	–	–
Disposals	–	–	–	–
Balance at 31 December 2004	103,000	1,301	103,000	–
Balance at 1 January 2005	103,000	1,301	103,000	–
Amortisation Charge for the Year	–	1,301	–	–
Disposals	–	–	–	–
Balance at 31 December 2005	103,000	2,602	103,000	–
Carrying Amounts				
At 1 January 2004	–	–	–	–
At 31 December 2004	–	5,205	–	–
At 1 January 2005	–	5,205	–	–
At 31 December 2005	–	3,904	–	–

The amortisation is recognised in the following items of the income statement:

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
Other Operating Expenses	1,301	–	–	–

12 OCCUPANCY CONTRIBUTION

Cost				
Balance at 1 January 2005	7,621,138	7,621,138	7,621,138	7,621,138
Acquisitions	–	–	–	–
Balance at 31 December 2005	7,621,138	7,621,138	7,621,138	7,621,138
Amortisation				
Balance at 1 January 2005	1,564,290	1,310,504	1,564,290	1,310,504
Amortisation Charge for the Year	253,778	253,786	253,778	253,786
Balance at 31 December 2005	1,818,068	1,564,290	1,818,068	1,564,290
Carrying Amounts				
At 1 January 2005	6,056,848	6,310,634	6,056,848	6,310,634
At 31 December 2005	5,803,070	6,056,848	5,803,070	6,056,848

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
13 TRADE & OTHER PAYABLES				
Sundry Creditors	1,036,323	1,273,846	937,520	958,133
Accrued Charges	1,133,304	346,008	854,612	349,444
	<u>2,169,627</u>	<u>1,619,854</u>	<u>1,792,132</u>	<u>1,307,577</u>

14 INTEREST BEARING LOANS & BORROWINGS

Secured Current:

National Australia Bank Loan	100,000	330,000	100,000	330,000
Commercial Hire Purchase Liability	58,914	81,584	58,914	81,584
	<u>158,914</u>	<u>411,584</u>	<u>158,914</u>	<u>411,584</u>

Secured Non Current:

National Australia Bank Loan	–	670,000	–	670,000
Commercial Hire Purchase Liability	27,972	60,831	27,972	60,831
	<u>27,972</u>	<u>730,831</u>	<u>27,972</u>	<u>730,831</u>

Financing Arrangements:

The National Australia Bank loan is in the form of a bill facility and is secured by a Registered Mortgage Debenture over the assets and undertakings of Wollongong UniCentre Limited and a Guarantee and Indemnity for \$3,300,000 from the University of Wollongong.

The total available facility is \$1,320,000 (2004: \$1,650,000). The available facility reduces by \$330,000 per year. It currently expires on 30 June 2006, but is expected to be renegotiated on similar terms through to 2009. As at 31 December 2005 the unused portion of the facility was \$1,220,000 (2004: \$650,000) and the portion of the facility in use was \$100,000 (2004: \$1,000,000).

The facility had a capped interest rate until 29 December 2005, at which time it reverted to a floating rate.

The Commercial Hire Purchase Liability is an umbrella facility of up to \$500,000 that UniCentre can draw on for the purchase of equipment. It is renewable every 12 months. Interest is payable on each drawdown within the facility at the market rate prevailing at the time of the drawdown. As at 31 December 2005 the unused portion of the facility was \$413,114 (2004: \$357,585) and the portion of the facility in use was \$86,886 (2004: \$142,415).

A schedule of outstanding public borrowings or other repayable advances, setting out those debts that are due:

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
(a) not later than 1 year	158,914	411,584	158,914	411,584
(b) later than 1 year but not later than 5 years	27,972	730,831	27,972	730,831
(c) later than 5 years	–	–	–	–
	<u>186,886</u>	<u>1,142,415</u>	<u>186,886</u>	<u>1,142,415</u>

15 EMPLOYEE BENEFITS

Current

Provision for Long Service Leave	75,000	50,000	75,000	50,000
Provision for Annual Leave	305,683	332,079	282,555	294,961
	<u>380,683</u>	<u>382,079</u>	<u>357,555</u>	<u>344,961</u>

Non-Current

Provision for Long Service Leave	560,887	618,196	529,656	618,196
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Expense Recognised in the Income Statement

Movements in provisions for Annual Leave and Long Service Leave are included in the Income Statement as Staffing Expenses, as outlined in Note 3.

Superannuation

The Consolidated Entity makes contributions to various third party defined contribution superannuation funds. Contributions are included in the Income Statement as Staffing Expenses, as outlined in Note 3. The Consolidated Entity does not contribute to, or have any connection with, any defined benefit superannuation funds.

16 INCOME TAX PAYABLE

The Current Tax Liability for the Consolidated Entity of \$0 (2004 \$3,436) represents Income Tax Payable in respect of current and prior periods. UniCentre is exempt from Income Tax as outlined in Note 1(n).

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
17 OTHER LIABILITIES				
Current				
Commonwealth Department of Health and Family Services Loan	18,000	18,000	18,000	18,000
Deposits Held	32,781	20,254	32,781	20,254
Rent Received in Advance	3,628	3,544	3,628	3,544
Trading Income Received in Advance	6,572	–	6,572	–
Other	10,008	5,004	10,008	5,004
	<u>70,989</u>	<u>46,802</u>	<u>70,989</u>	<u>46,802</u>
Non-Current				
Commonwealth Department of Health and Family Services Loan	186,000	204,000	186,000	204,000

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

18 FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and foreign currency risks arises in the normal course of the Consolidated Entity's business.

Credit Risk

Credit Risk is monitored on an ongoing basis. The majority of the Consolidated Entity's business is conducted by cash or EFTPOS, and consequently the level of credit risk is low. In addition, the majority of trade and other debtors are with related entities. The Consolidated Entity does not require collateral in respect of financial assets.

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

The weighted average interest rate on interest earned by the consolidated entity is 5.2% (2004: 5.0%).

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The fair value of the Consolidated Entity's financial instruments is equal to their carrying amounts.

Interest Rate Risk

The Consolidated Entity's exposure to Interest Rate Risk is limited to interest on the balance of the National Australia Bank loan. Interest rates on commercial hire purchase finance are fixed at the time of drawdown of each individual loan within the umbrella facility.

The weighted average interest rate on the commercial bill facility is 6.48% (2004: 6.51%).

Foreign Currency Risk

The Consolidated Entity's only exposure to foreign currency risk is in relation to purchases of UniShop stock from overseas. These purchases are normally each less than \$1,000 and in total are not material to the operations of UniShop as an individual business unit or to the Consolidated Entity. Sale price of these goods is normally set after the final Australian Dollar purchase price is known, effectively passing on any foreign exchange cost or benefit to the customer and creating a hedged position for the Consolidated Entity.

Sensitivity Analysis

The Consolidated Entity recognises that fluctuations in interest rates impact on the Consolidated Entity's earnings. At 31 December 2005 it is estimated that an increase of one percentage point in interest rates would increase the Consolidated Entity's profit before tax by approximately \$9,000 (2004: \$5,000) due to the Consolidated Entity having more money invested than borrowed.

Fair Value

The fair value of all financial instruments is equal to their carrying amounts.

	Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
19 OPERATING LEASES					
Future Non-Cancellable Operating Lease Rentals of Plant and Equipment					
Not Later than 1 Year			8,476	8,476	
Later than 1 Year but Not Later than 5 Years			-	-	
			<u>8,476</u>	<u>8,476</u>	

20 CONTINGENT ASSETS & LIABILITIES

There were no known Contingent Assets or Liabilities existing at Balance Date.

21 COMMITMENTS

Capital Expenditure

There were no Capital Expenditure Commitments at Balance Date.

22 CONSOLIDATED ENTITIES

Parent Entity

Wollongong UniCentre Limited

Subsidiary

UniCentre Conferences and Functions Pty Limited

Country of Incorporation: Australia

Ownership Interest: 100%

	Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
23 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Flows from Operating Activities					
Profit from Ordinary Activities		993,031	1,171,547	1,068,303	1,174,288
Adjustments for:					
Cash transferred to controlled entity upon inception		-	-	-	360,067
(Profit)/Loss on Sale of Non-Current Assets		-	-	-	-
Amortisation of Occupancy Contribution		253,778	253,786	253,778	253,786
Amounts Set Aside to Provisions		448,868	231,570	431,627	224,908
(Profit)/Loss on Disposal of Assets		-	-	-	-
Income Tax Expense		-	3,436	-	-
Depreciation		398,281	506,065	398,281	506,065
Operating Profit before Changes in Working Capital and Provisions		<u>2,093,958</u>	<u>2,166,404</u>	<u>2,151,989</u>	<u>2,519,114</u>
(Increase)/Decrease in Inventories		(340,696)	144,976	(338,944)	171,204
(Increase)/Decrease in Prepayments/Other Debtors		281,882	(4,235)	288,616	(3,826)
(Increase)/Decrease in Trade/Term Debtors		(327,417)	(147,829)	(212,153)	(38,901)
(Increase)/Decrease in Intangibles		1,301	(5,205)	-	-
(Decrease)/Increase in Trade Creditors/Accruals		366,936	39,259	484,555	(452,419)
(Decrease)/Increase in Other Current Liabilities		6,187	(24,556)	6,187	(24,556)
(Decrease)/Increase in Provisions		(407,012)	(195,125)	(407,012)	(225,581)
		<u>(418,819)</u>	<u>(192,715)</u>	<u>(178,751)</u>	<u>(574,079)</u>
Net Cash from Operating Activities		<u>1,675,139</u>	<u>1,973,689</u>	<u>1,973,238</u>	<u>1,945,035</u>

24 DIRECTOR & EXECUTIVE DISCLOSURES

The following were directors of the Consolidated Entity at any time during the reporting period, and unless otherwise specified were directors for the entire period:

Non-Executive

C Armour (Appointed Aug 2005)
 N Barton (Appointed Aug 2005)
 M Charlesworth
 B Fraser
 S Gaspari
 A Hadaya (Resigned Aug 2005)
 J Hart (Appointed Aug 2005)
 B Lloyd (Resigned Aug 2005)
 S Matthews
 B Ward
 N Webster (Resigned Aug 2005)
 B Winton
 M Youssif

Executive

D Rome (Resigned January 2005)
 C Grange (Appointed January 2005)
 N Pennington

Apart from the details disclosed in this note, no director has entered into a material contract with UniCentre or UniCentre Conferences and Functions Pty Limited since the end of the previous Financial Year and there were no material contracts involving directors' interests existing at year end.

Directors' Transactions with UniCentre and its Subsidiary

From time to time Directors of Related Parties or their Director-related Entities may purchase goods or services from UniCentre or its Subsidiary. These purchases are on the same terms and conditions as those entered into by the employees of UniCentre and its subsidiary, or customers and are trivial or domestic in nature.

25 NON-DIRECTOR RELATED PARTIES

UniCentre has a Related Party relationship with its subsidiary UniCentre Conferences and Functions Pty Limited. It also has Related Party relationships with the following entities:

The University of Wollongong (Controlling Entity)
 Illawarra Technology Corporation Limited
 University Recreation and Aquatic Centre

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

Note	Consolidated 2005 \$	Consolidated 2004 \$	UniCentre 2005 \$	UniCentre 2004 \$
Income				
Sales	1,013,962	349,959	575,671	349,959
Commissions	43,834	171,553	43,834	171,553
Grants for Specific Purposes	185,000	185,000	185,000	185,000
Total Income	1,242,796	706,512	804,505	706,512
Expenses				
Goods and Services	579,981	417,029	579,981	417,029
Contribution to General Manager's Salary	78,935	70,400	78,935	70,400
University's Share of Lodge Profit	5,883	-	-	-
Total Expenses	664,799	487,429	658,916	487,429
Other				
Compulsory Service Charges collected by the University	3,048,187	3,117,596	3,048,187	3,117,596
Receivables – Current				
Trade Receivables	264,158	29,078	141,680	29,078
Payables – Current				
Trade Creditors	606,201	20,211	606,201	20,211
Payables – Non-Current				
Other Loans	-	-	-	-

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

From time to time Directors of Related Parties or their Director-related Entities may purchase goods or services from the Company. These purchases are on the same terms and conditions as those entered into by the Company's employees or customers and are trivial or domestic in nature.

26 ECONOMIC DEPENDENCY

The Consolidated Entity's Trading Activities do not depend on a Major Customer or Supplier. However, the Consolidated Entity is economically dependent on the continued existence of the University of Wollongong.

27 SUBSEQUENT EVENTS

There has not arisen in the interval between the End of the Financial Year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent Financial Years.

In December 2005 the Commonwealth Government passed legislation introducing Voluntary Student Unionism from 1 July 2006. This legislation will result in the collection of Compulsory Service Charges ceasing as of 30 June 2006. Whilst this legislation has no effect on the 2005 operating results of the Consolidated Entity, its full effect on the future operations is as yet unquantified. The Directors and Management of UniCentre have been working since late 2004 in preparation for this legislative change and the organisation is well structured to operate in the voluntary fees environment.

28 TRANSITION TO AIFRSs

As stated in Note 1: Significant Accounting Policies, these are the Consolidated Entity's first consolidated financial statements prepared in accordance with AIFRSs.

The policies set out in Note 1: Significant Accounting Policies have been applied in preparing the financial statements for the year ended 31 December 2005, and the comparative information presented in these financial statements.

The adoption of AIFRSs has not resulted in any changes to the opening balance sheet of the Consolidated Entity or of UniCentre's income statement or cash flow statement.

29 CORPORATE INFORMATION

Wollongong UniCentre Limited is a company limited by guarantee. The Company is incorporated and domicile in Australia. The Company's principal activities are the operation of commercial activities on The University of Wollongong campuses including Food Services, UniBar, UniShop, Child Care, Post Office and Student Entertainment.

The Registered Office of the Company is:

Northfields Avenue
North Wollongong NSW 2500



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Wollongong UniCentre Limited

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

Audit Opinion

In my opinion, the financial report of Wollongong UniCentre Limited (the Company) is in accordance with:

- the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2005 and their performance for the year ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983* (PF & A) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and Directors' Responsibility

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

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to 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 the Company that the financial report is free of *material* misstatement.

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

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

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that 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 PF & A Act further promotes independence by:

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

My Declaration of Independence dated 30 March 2006 would have been made on the same terms if it had been made at the date of this report.



J Khair B Ec FCPA
Director, Financial Audit Services

SYDNEY
6 April 2006



GPO BOX 12
Sydney NSW 2001

To the Directors
Wollongong UniCentre Limited

Auditor's Independence Declaration

As auditor for the audit of Wollongong UniCentre Limited for the year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

J Kheir
Director, Financial Audit Services

30 March 2006
SYDNEY