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University of Wollongong Union Annual Report 2007

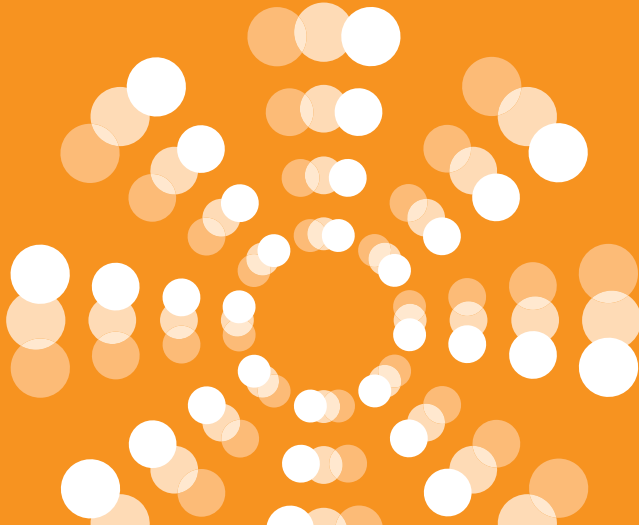


ABN 28915 832 337
ACN 081 114 089

Wollongong UniCentre Ltd

Annual Report

2007



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MISSION

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

VISION

The university community values our delivery of services and experiences

ACHIEVEMENTS

- UniCentre successfully introduced a voluntary membership program (VIP) whilst sustaining engagements and services programs. The VIP program achieved a 30% sign-up rate in its first year, one of the highest in the country.
- Commonwealth grants for transitional funding for VSU implementation totalling \$995,000 over a five year period were granted in a competitive application process.
- UniCentre Customer Service score improved again, reaching 81 (target 75).
- Black Opal Leadership Program graduates its first cohort, and wins national award for best student development program.
- Price Benchmarking demonstrated average price discount of 5 – 10%.
- Highest Quality Accreditation achieved for Kids' Uni North, OOSH Care.
- After performing a management agreement for South Coast Workers Child Care Centre, both entities agreed to move that operation to the UniCentre.

BOARD OF DIRECTORS'

Chris Grange

BA MCom

Executive Chair

Director since: January 2005

Chris is the 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. One of his children attend Kids' Uni. His areas of expertise include finance, industrial relations, risk management and quality assurance.

Angela Taylor

BA/LLB(Hons 1), Grad Dip Leg

Prac, AICD

Non Executive Director

Director since: August 2006

Angela is the University's Legal Counsel, FOI and Privacy Officer. The majority of Angela's work focuses on commercial contracts and intellectual property. Angela possesses a diverse range of experience in the legal field, and has worked in London, Sydney and locally. Angela is a proud UOW graduate and is a life member of URAC and UniCentre, and a member of the Australian Institute of Company Directors, NSW Law Society, Australian Corporations Lawyers Association and Multiple Births Association. Her twin children attend Kids Uni part time, and Angela is Chair of the UniCentre Children's Services Consultative Committee.

Brian Ward

BBus, CPA, MBA, GAICD

Non Executive Director

Director since: August 2002

Brian is currently employed by the Port Kembla Port Corporation as the General Manager Corporate Services and Corporate Secretary with responsibility for business development, finance and administration, human resources, information technology, treasury management, audit and insurance. Prior to joining Port Kembla Port Corporation Brian held a range of accounting positions within a variety of private sector organisations. Brian is the past Chair of the Illawarra Branch of CPA Australia.

Bryce Fraser

RFD, ED, BA, FAIM,

FAICD(dip), MACS

Non Executive Director

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.

Matthew Stimson

Non Executive Director
Director since: August 2006

Matthew is an Undergraduate Commerce student majoring, in Finance and Management, holding Executive roles in three of the five clubs he participates in. Matthew balances business interests with community service efforts. Included in this is a volunteering role within St. John's Ambulance and the work performed as a member of UOW Youth Rotary and the Black Opal Leadership Program. Matthew intends to draw on his passion and experience to strengthen the Board and limit the impact of VSU legislation on the quality of University services.

Debra Murphy

MBA, JP
Non Executive Director
Director since: August 2006

Debra is currently the Business Improvement and External Affairs Manager at the Port Kembla Coal Terminal. Debra is responsible for forging relationships with external stakeholders, including government, customers and the community. Debra is also responsible for driving business improvement initiatives and monitoring strategic and business plan progress. Debra was previously employed as the Regional Manager Illawarra for the Australian Industry Group and her career has spanned many different industry sectors, from manufacturing and mining, to health, finance and education. Debra has a Master of Business Administration (Human Resource Management) with merit from the University of Wollongong and attained the University of Wollongong Commerce Alumni Award of Distinction in 1999.

Jo Fisher

Non Executive Director
Director since: August 2007

Jo is the General Book Buyer for the UniShop. She has been employed with the UniCentre since 1993. In this time Jo has also worked in the office of Kids Uni. Jo is currently studying part-time in a Proof-reading and Editing course and has also studied in Welfare and Librarianship. Jo has written articles for the Bookseller and Publisher magazine as well as submitting her short stories for various literary awards. Jo also has four children, all of whom have attended Kids Uni.

Jessica Saad

Non Executive Director
Director since: August 2007

Jessica is currently working at the University of Wollongong as a Management Cadet. She is in her fourth year of a Bachelor of Commerce Dean's Scholars Degree majoring in Human Resource Management and Marketing. Jessica developed a passion for business in 2003 when she became the Illawarra's Young Business Person of the Year through Young Achievement Australia. Jessica is the Promotions Coordinator for the Golden Key Honour Society at UOW and President of Junior Chamber International's (JCI) Illawarra chamber, a professional development society for young business people. She also sits on the Illawarra Area Consultative Committee's (IACC) Professional Advisory Group which offers advice on the development of important projects for the region. Jessica believes her experiences as a staff member and student at the University enhances her understanding of the University community, and will aid her in her role to ensure UniCentre secures strategies that guarantee the success of its operations.

Chris Whittaker

Non Executive Director

Director since: August 2007

Chris is a Dean's Merit list student completing his Commerce (Finance) and Law Degree.

He is balancing work and full time study and has worked locally for Telstra. Chris is a partner in an Illawarra import materials firm through which he has a developing degree of professional experience in negotiation, client management and importing. Chris is actively involved in UniCentre's Clubs and Societies and lives on campus and enjoys the University lifestyle. Chris aims to strengthen the position of UniCentre as a provider of student services in the current VSU environment and into the future. The quality and price competitiveness of those services as well as enhancing the University experience are his focus.

Mary Youssif

B.Com, M.Stud.Accy, FCPA,

ACIS, RTA, JP

Non Executive Director

Director since: August 2004

Mary has held various senior and executive positions within the Coal Mining and Chemical Manufacturing Industries for 15 years. She also worked for the University of Wollongong between 1993 and 2001 in Chief Accountant and Project Management positions. During that time she was the Vice-Chancellor's representative on the UniCentre's Children's Services Management Committee. Currently she operates her own accounting practice locally. Mary also holds a position as a director on the Board of Community Alliance Credit Union (The Illawarra Credit Union) for 17 years. During her time she has formed and chaired their Audit Committee, was on their Strategic Planning Committee for 4 years (chair for one year), and is currently on their Executive Committee. Mary is a member of the UniCentre Audit and Risk Management Committee.

Nigel Pennington

BA, MCOM, FAIM, FAICD

Executive Director, Company

Secretary, General Manager

Director since: April 1993

Nigel has been General Manager of Wollongong UniCentre for fourteen 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 Manager's Association, the Australian Institute of Company Directors and the Sandon Point Surf Lifesavers Association.

DIRECTORS' REPORT

BOARD OF DIRECTORS'

This statement outlines the Wollongong UniCentre Ltd 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 six meetings of the Board during 2007. 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 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 the Australian Institute of Company Directors.

DIRECTORS' MEETINGS

	Board		Audit & Risk M'gmt		Services		Children's Services	
	A	B	A	B	A	B	A	B
Chris Grange	6	6	-	-	-	-	-	-
Ciarn Armour	2	2	-	-	1	2	-	-
Nathan Barton	1	1	0	2	1	1	-	-
Jo-Ann Fisher	2	2	-	-	1	1	1	1
Bryce Fraser	6	6	-	-	4	4	-	-
Stephanie Fusco	5	5	3	5	-	-	-	-
Jason Hart	4	4	2	2	-	-	-	-
Debra Murphy	5	6	-	-	0	3	-	-
Nigel Pennington	6	6	5	5	4	4	4	4
Jessica Saad	2	2	-	-	1	1	-	-
Matthew Stimson	5	6	0	1	3	4	-	-
Angela Taylor	6	6	-	-	-	-	4	4
Brian Ward	6	6	5	5	0	3	-	-
Chris Whittaker	2	2	1	1	-	-	-	-
Mary Youssif	4	6	4	5	-	-	-	-

A = Number of meetings attended

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

In Session 1 of 2007, Mrs Ciarn Armour and Mr Nathan Barton resigned from the Board of Directors. In Session 2 Miss Stephanie Fusco resigned. Mr Jason Hart's term ended in August. The results of the Elections meant that Jessica Saad, Chris Whittaker and Jo-Ann Fisher became members of the Board

RESULTS

	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
Revenue	14,269,725	14,768,005	12,568,031	13,196,815
Operating profit before income tax	(264,536)	838,529	(229,482)	667,942
Income tax attributable to operating profit	(14,755)	(12,826)	-	-
Net profit	(279,291)	825,703	(229,482)	667,942
Retained profits at the beginning of the financial year	9,106,992	8,281,289	9,027,244	8,359,302
Retained profits at the end of the financial year	8,827,701	9,106,992	8,797,761	9,027,244

AUDIT PROCESS

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

As a part of its process, the committee requires:

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

INTERNAL CONTROL FRAMEWORK

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

- Accounts payable
- Accounts receivable
- Cash handling and reconciliation
- Payroll
- IT
- 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 Governance Manual and cover:

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

RISK MANAGEMENT

The Chief Executive Officer as the General Manager, oversees a range of risk management strategies on behalf of the Board of Directors. A Risk Assessment Program was conducted in 2004 and 2007, 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 commitments above a certain limit are authorised by the Board.
- Occupational Health and Safety reviews of the workplace in accordance with the relevant legislation.

BOARD COMMITTEES

The Board has the following advisory committees:

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

DIVIDENDS

Dividends are not payable by the Wollongong UniCentre Ltd as a company limited by guarantee. Dividends are payable by the UniCentre Conferences and Functions Pty Ltd to Wollongong UniCentre Ltd.

STATE OF AFFAIRS

There were no significant changes to the scope of operating activities of the UniCentre during 2007. 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

UniCentre is negotiating to acquire a childcare centre in Wollongong.

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 36.

REVIEW OF OPERATIONS

The major challenge of 2007 was the full implementation of Voluntary Service Charges. The organisation has historically had a strong reliance on member fees, and the reduction from the revenue stream of over \$1.3million for 2006 to 2007 from this source was inevitably going to have a major impact on both costs and programs.

Reduction of income from membership fees over a two year period has been approximately \$2.7million in annual revenue. The major impact this has on the organisation is the capacity to fund capital renovations programs. Some funding assistance for specific commercial activities was achieved through the Commonwealth 'Small Business Establishment' grants program, and the University has provided for support within its Capital Management program.

Following the KPMG review of operation in 2006, opportunities to expand existing trading operations were actively sought. Key outcomes were that the Children's Services operation undertook a management arrangement with an existing community long day care program (South Coast Workers Childcare Centre). This assisted both organisations in sharing administrative costs, and at the end of 2007 it was agreed by the Boards of both organisations for UniCentre to acquire and operate the South Coast Workers Childcare Centre. The other key area for expansion was the investment in the Innovation Campus Kiosk and Functions Centre, which will add revenue streams from 2008 onwards.

The various operating units of the UniCentre made significant changes both before and during 2007 to implement the voluntary member

program, which was fully implemented from the beginning of 2007. Offering a package of discounts and rebates in retail, food services and entertainment, the program achieved nearly 30% take-up and this was one of the top three take-up rates in Australian Universities. Nonetheless the program introduced new challenges of retaining sales and loyalty for non-premium members. The Board has scheduled a strategic review of the program in mid 2008.

The UniCentre again performed its customised Customer Service Index review and achieved a very creditable score of 81 overall, with a number of UniCentre run outlets achieving strong improvements. It was also very pleasing that two of the Children's Services operations, 'Kids Uni North' and 'OOSH' were reviewed within the Commonwealth Accreditation Program and both achieved the highest possible scores.

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 21,000 subscribers during 2007. A wide range of surveys, mystery shopper and focus group programs provided key feedback in product and service development.

Our service commitment ensured that at least one food outlet was open 7:30am – 9:00pm and 9:00pm – 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 many programs, with particular highlights being the high level of involvement of volunteers in the UniCrew and Green Team environmental programs. In December 2006 there were 42 Clubs and Societies registered and in November 2007 there were 65 Clubs and Societies affiliated. That is an increase of 55% from 2006 and a particular feature of this growth was the high level of on-campus activities and programs run by the clubs. The inaugural 'UniCentre Cup' added a great new event to the campus calendar. UniCentre also organised a range of competitions including the ever popular 'Band Comp'.

The Centre also enrolled the 3rd intake of the student leadership 'Black Opal' program, and graduated its first class ('the class of 2005'). The program was also recognised nationally, winning the ACUMA 'Best Student Development

Program'. Black Opal also organised the 'Students 4 Students' Leadership conference, which we hope to make an annual event.

Our revamped marketing and sponsorship program achieved growth in Orientation programs, publications support and flash advertising on the website.

UniCentre continued to run an annual UniCentre Voluntary Service and Staff Award. The Voluntary Services Award is awarded on the basis of significant voluntary service undertaken by an individual or group that 'has enhanced or enriched the life of the campus community or parts thereof. In 2007 Mohammad Javden-Mowlai was awarded the UniCentre Voluntary Service Award for his dedication, determination and enthusiasm for improving the resources and conditions for his fellow students, as well as his organisation of student social activities through the Faculty of Engineering.

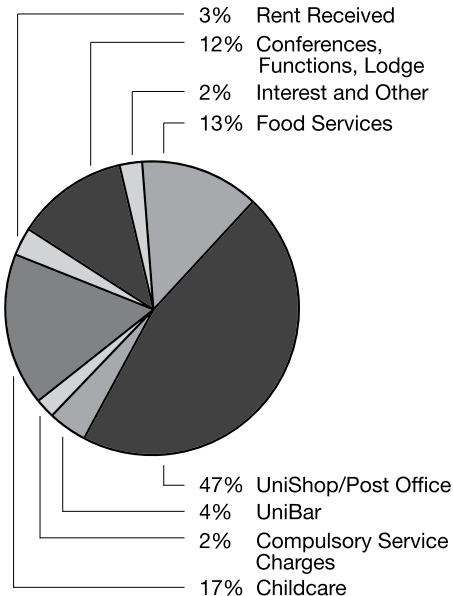
The Staff Award is awarded on the basis of outstanding service to members of the Wollongong UniCentre and their customers. In 2007 there were two winners: Denise Gracie and Natalie O'Sullivan for their dedication, hardwork and ability to 'tackle' any problem.

FINANCIAL OUTCOMES

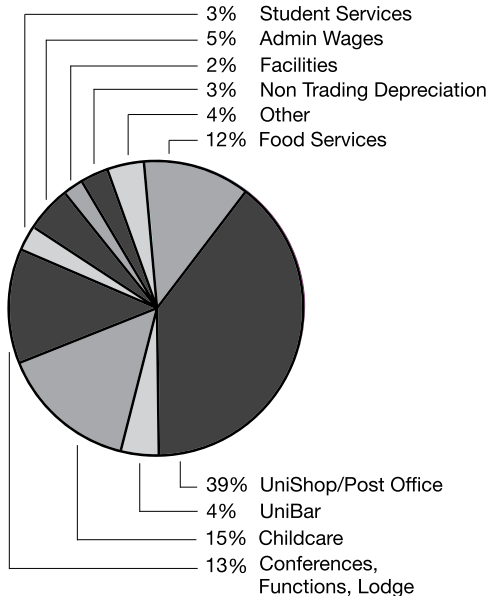
In positioning itself for the implementation of VSU, the UniCentre had eliminated all interest bearing debt and significantly reduced overhead expenditure by end 2006, and has a strong balance sheet. The pre tax operating deficit of \$264,536 was consistent with the 2007 budget, and five year plan.

The UniCentre had planned for a consolidated operating deficit of \$242,000 in 2007, with progressively reducing deficits over future years. The final result of a deficit of \$264,536 was a creditable result in the circumstances, but it is recognised that for a sustainable operation to be achieved the operation needs to return operating surpluses. The key targets for this include improving the social and commercial facilities in Building 11 and Building 67, and expanding commercial opportunities. In 2007, support from the Commonwealth government to support specific 'Small Business Establishment' initiatives totalling \$970,000 over 5 years was achieved, and the University has agreed to jointly fund two major redevelpments in Building 11 and Building 67.

INCOME DISSECTION 2007



EXPENDITURE DISSECTION 2007



DIRECTORS' DECLARATION

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

1. The financial statements and notes, set out on pages 13 to 34, are in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Company and the Consolidated entity as at 31 December 2007 and of their performance, as represented by the results of its operations and their cash flows, for the year ended on that date; and
 - (b) complying with Australian Accounting Standards and the Corporations Regulations 2001;

and

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

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

Dated at Wollongong this 8th day of April, 2008.

Signed in accordance with a resolution of the directors.

SIGNATURES



C Grange
Executive Chair



N Pennington
Director

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
Trading Revenue	2	13,338,490	12,511,208	11,571,434	10,940,018
Cost of Sales		(6,187,142)	(5,991,014)	(5,693,888)	(5,574,901)
Gross Profit		<u>7,151,348</u>	<u>6,520,194</u>	<u>5,877,546</u>	<u>5,365,117</u>
Members' Fees	2	338,178	1,713,902	338,178	1,713,902
Other Operating Revenue	2	593,057	542,895	658,419	542,895
Staffing Expenses	3	(5,873,272)	(5,542,448)	(5,051,330)	(4,836,872)
Interest Income	5	221,006	231,173	169,818	200,436
Occupancy / Depreciation Expenses		(672,013)	(723,233)	(672,013)	(723,233)
Loss on Disposal of Assets		-	(21,799)	-	(21,799)
Other Operating Expenses		(2,022,840)	(1,873,174)	(1,550,100)	(1,563,523)
Interest Expenses	5	-	(8,981)	-	(8,981)
Operating Profit/(Loss) before income tax		<u>(264,536)</u>	<u>838,529</u>	<u>(229,482)</u>	<u>667,942</u>
Income Tax Expense	6	(14,755)	(12,826)	-	-
Profit/(Loss) from continuing operations		<u>(279,291)</u>	<u>825,703</u>	<u>(229,482)</u>	<u>667,942</u>
Profit/(Loss) Attributable to Members of the Parent Entity		<u>(279,291)</u>	<u>825,703</u>	<u>(229,482)</u>	<u>667,942</u>

STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
Accumulated Profit/(Loss) at the Beginning of the Financial Year		9,106,992	8,281,289	9,027,244	8,359,302
Profit/(Loss) for the Period		<u>(279,291)</u>	<u>825,703</u>	<u>(229,482)</u>	<u>667,942</u>
Accumulated Profit/(Loss) at the End of the Financial Year		<u>8,827,701</u>	<u>9,106,992</u>	<u>8,797,762</u>	<u>9,027,244</u>

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
Assets					
Cash and Cash Equivalents	7	2,711,771	4,765,848	2,109,794	3,482,245
Trade and Other Receivables	8	737,959	717,266	511,419	486,762
Inventories	9	1,600,287	1,732,581	1,571,817	1,701,198
Total Current Assets		<u>5,050,017</u>	<u>7,215,695</u>	<u>4,193,030</u>	<u>5,670,205</u>
Trade and Other Receivables	8	50,000	100,000	50,000	100,000
Investment in Subsidiary		-	-	1	1
Property, Plant & Equipment	10	1,920,314	1,928,054	1,920,314	1,928,054
Intangibles Assets	11	1,302	2,603	-	-
Occupancy Contribution	12	5,295,503	5,549,498	5,295,503	5,549,498
Deferred tax Asset	6	19,300	15,187	-	-
Total Non Current Assets		<u>7,286,419</u>	<u>7,595,342</u>	<u>7,265,818</u>	<u>7,577,553</u>
Total Assets		<u>12,336,436</u>	<u>14,811,037</u>	<u>11,458,848</u>	<u>13,247,758</u>
Liabilities					
Trade and Other Payables	13	2,501,235	4,523,281	1,721,425	3,106,974
Borrowings	14	2,927	24,142	2,927	24,142
Provisions	15	626,611	745,240	577,641	706,029
Income Tax Payable	6	18,868	28,013	-	-
Other Liabilities	17	118,253	141,780	118,252	141,780
Total Current Liabilities		<u>3,267,894</u>	<u>5,462,456</u>	<u>2,420,245</u>	<u>3,978,925</u>
Borrowings	14	-	3,281	-	3,281
Provisions	15	89,205	70,172	89,205	70,172
Other Liabilities	17	151,636	168,136	151,636	168,136
Total Non Current Liabilities		<u>240,841</u>	<u>241,589</u>	<u>240,841</u>	<u>241,589</u>
Total Liabilities		<u>3,508,735</u>	<u>5,704,045</u>	<u>2,661,086</u>	<u>4,220,514</u>
Net Assets		<u>8,827,701</u>	<u>9,106,992</u>	<u>8,797,762</u>	<u>9,027,244</u>
Equity					
Retained Earnings		<u>8,827,701</u>	<u>9,106,992</u>	<u>8,797,762</u>	<u>9,027,244</u>
Total Equity		<u>8,827,701</u>	<u>9,106,992</u>	<u>8,797,762</u>	<u>9,027,244</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
Cash Flows From Operating Activities					
Cash Receipts in the Course of Operations		14,253,334	14,666,067	12,545,030	13,094,045
Cash Payments in the Course of Operations		(16,093,643)	(11,055,627)	(13,652,525)	(10,645,849)
Cash Generated from Operations		(1,840,309)	3,610,440	(1,107,495)	2,448,197
Interest Received		221,006	231,173	169,818	200,436
Borrowing Costs Paid		-	(8,980)	-	(8,980)
Net Cash Provided by Operating Activities		<u>(1,619,303)</u>	<u>3,832,633</u>	<u>(937,677)</u>	<u>2,639,652</u>
Cash Flows from Investing Activities					
Cash transferred to controlled entity upon inception		-	-	-	-
Payments for Property, Plant and Equipment		(410,278)	(388,025)	(410,278)	(388,025)
Net Cash Used in Investing Activities		<u>(410,278)</u>	<u>(388,025)</u>	<u>(410,278)</u>	<u>(388,025)</u>
Cash Flows from Financing Activities					
Proceeds from Borrowings		-	-	-	-
Repayments of Borrowings		(24,496)	(159,463)	(24,496)	(159,463)
Net Cash (Used in)/Provided by Financing Activities		<u>(24,496)</u>	<u>(159,463)</u>	<u>(24,496)</u>	<u>(159,463)</u>
Net (Decrease)/Increase in Cash Held		(2,054,077)	3,285,145	(1,372,451)	2,092,164
Cash and Cash Equivalents at 1 January		4,765,848	1,480,703	3,482,245	1,390,081
Cash and Cash Equivalents at 31 December	7	<u>2,711,771</u>	<u>4,765,848</u>	<u>2,109,794</u>	<u>3,482,245</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007 comprise 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.

Currently the company has underwritten the UniCentre Conferences and Functions operations to \$200,000 and this total is reviewed annually. The

balance at 31 December 2007 was \$639,085. This amount is included in these financial statements as Sundry Creditors of the consolidated entity. This amount was exceeded to enable the company to benefit from professional fund investment opportunities which benefits the controlling entity and the subsidiary.

(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, 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 IFRS's because the Consolidated Entity and the Company have adopted the not for profit requirements of the Australian Accounting Standards which are inconsistent with IFRS requirements.

These statements were authorised for issue on the 8th April 2008.

(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.

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 & 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.

Items of plant and equipment less than \$2,000 are expensed in the year of acquisition, unless they are of a capital nature.

(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. UniCentre has the right to occupy these buildings for the life of the asset.

(iii) **Leased Assets**

Leases under which the Company or its controlled entities assume substantially all the risks and benefits incidental to 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%
Building 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 recognised at the original invoice amount as this is not materially different to amortised cost, given the short term nature of these receivables.

The allowance for doubtful debts is recognised when collection of the full amount invoiced is considered to be no longer probable after due consideration of factors such as past recoverability experience and prevailing economic conditions. Known

bad debts are written off against the allowances as and when identified.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average cost basis. Net realisable value represents the estimated selling price less all estimated selling costs.

(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. They are then subsequently measured at amortised cost using the effective interest method.

(i) Employee Entitlements

Wages, Salaries and 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, which is considered to approximate amortised cost due to their short term nature and are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

As part of our membership program, we have introduced a rebate points scheme. Any unused points at balance date are recognised as a liability in accrued charges.

(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, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the company. Revenue 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. 2006 was the last year in which Compulsory Service Charges were charged. Students are able to join the

UniCentre as a member of the VIP program, which replaces the Compulsory Service Charge.

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 Cash Flow Statement 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.

(q) New Australian Accounting Standards issued but not effective:

(i) The Wollongong UniCentre did not early adopt any new accounting standards that are not yet effective.

(ii) The following new Accounting Standards have not been adopted and are not yet effective:

- AASB 8 Operating Segments (1 July 2009)
- Revised AASB 101 Presentation of Financial Statements (1 July 2009)
- Revised AASB 123 Borrowing Costs (1 July 2009)
- AASB 2007-4 Amendments to Accounting Standards arising from ED 151 and Other Amendments (1 July 2009)
- AI 12 Service Concession Arrangements (1 July 2008)

- AI 13 Customer Loyalty Programs (1 July 2009)
- AI 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements (1 July 2008)

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

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
2 REVENUE				
Trading Revenue from continuing operations				
- Sale of goods	9,236,843	9,095,629	9,236,843	9,095,629
- Provision of Services	4,101,647	3,415,579	2,334,591	1,844,389
	<u>13,338,490</u>	<u>12,511,208</u>	<u>11,571,434</u>	<u>10,940,018</u>
Members Fees				
- Compulsory Services Charges	-	1,697,892	-	1,697,892
- Voluntary Membership	338,178	16,010	338,178	16,010
	<u>338,178</u>	<u>1,713,902</u>	<u>338,178</u>	<u>1,713,902</u>
Other operating revenue				
Grants Received				
- Related Parties	185,000	185,000	185,000	185,000
- Other	-	6,726	-	6,726
Rental Income				
- Related Parties	112,215	99,312	112,215	99,312
- Other	295,842	251,857	295,842	251,857
Dividend Income				
- UniCentre Conferences and Functions	-	-	65,362	-
	<u>593,057</u>	<u>542,895</u>	<u>658,419</u>	<u>542,895</u>
3 STAFFING EXPENSES				
Wages and Salaries	4,736,383	4,537,656	4,102,058	3,962,508
Annual Leave Expense	326,070	294,930	300,616	282,440
Long Service Leave Expense	39,909	(19,643)	21,129	(15,023)
Superannuation Contributions - defined contribution plans	462,351	443,656	394,298	384,829
Other Employee Benefits	77,444	80,247	74,830	78,210
Payroll Tax	49,247	33,700	-	-
Workers Compensation Expense	181,868	171,902	158,399	143,908
	<u>5,873,272</u>	<u>5,542,448</u>	<u>5,051,330</u>	<u>4,836,872</u>
4 AUDITORS' REMUNERATION				
Auditors of UniCentre				
Audit Office of NSW				
Audit of Financial Reports	42,850	36,500	32,550	28,300
	<u>42,850</u>	<u>36,500</u>	<u>32,550</u>	<u>28,300</u>

The Audit Office provided no other services during the year.

Note	Consolidated	Consolidated	UniCentre	UniCentre
	2007	2006	2007	2006
	\$	\$	\$	\$
5 NET FINANCING COSTS				
Interest Income	221,006	231,173	169,818	200,436
Interest Expense	-	(8,981)	-	(8,981)
Net Financing Revenue	221,006	222,192	169,818	191,455
6 INCOME TAX EXPENSE				
Recognised in the income statement				
Current Tax Expense				
Current Year	18,868	28,013	-	-
Adjustments for prior years	-	-	-	-
	18,868	28,013	-	-
Deferred tax expense				
Origination and reversal of temporary differences	(4,113)	(15,187)	-	-
Expense on derecognition of tax loss	-	-	-	-
	(4,113)	(15,187)	-	-
Total income tax expense in income statement	14,755	12,826	-	-
Attributable to :				
Continuing operations	14,755	12,826	-	-
Discontinuing operations	-	-	-	-
	14,755	12,826	-	-
Numerical reconciliation between tax expense and pre-tax Profit/(Loss)				
Profit/(Loss) before tax - continuing operations	(264,536)	838,529	-	-
Profit/(Loss) before tax - discontinued operations	-	-	-	-
Profit/(Loss) before tax	(264,536)	838,529	-	-
Income tax using the domestic corporation tax rate of 30% (2006: 30%)	(79,361)	251,559	-	-
Increase in income tax expense due to :				
Non-deductible expenses	5,663	548	-	-
Deferred tax asset not brought to account	-	-	-	-
Decrease in income tax expense due to :				
Non-assessable income	88,453	(204,513)	-	-
Recognition of temporary difference				
DTA previously not brought to account	-	(17,808)	-	-
Recognition of tax loss DTA previously not brought to account	-	(16,960)	-	-
	14,755	12,826	-	-
Under/(over) provided in prior years	-	-	-	-
Income tax expense on pre-tax net Profit/(Loss)	14,755	12,826	-	-
Attributable to :				
Continuing operations	14,755	12,826	-	-
Discontinuing operations	-	-	-	-
	14,755	12,826	-	-

The current tax for the Consolidated Entity of \$18,868 (2006 : \$28,013) represents the amount of income taxes payable in respect of current and prior periods and arises from the payment of tax in deficit of the amounts due to the relevant tax authority. The company is exempt from income tax as outlined in note 1(n) however the subsidiary is subject to income tax.

Recognised deferred tax assets and liabilities

Consolidated

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
Accruals	3,710	3,072	-	-	3,710	3,072
Provision for employee entitlements	14,691	11,763	-	-	14,691	11,763
Tax losses	899	352	-	-	899	352
	<u>19,300</u>	<u>15,187</u>	<u>-</u>	<u>-</u>	<u>19,300</u>	<u>15,187</u>

Recognised deferred tax assets and liabilities

UniCentre

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
Accruals	-	-	-	-	-	-
Provision for employee entitlements	-	-	-	-	-	-
Tax losses	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note	Consolidated	Consolidated	UniCentre	UniCentre
	2007	2006	2007	2006
	\$	\$	\$	\$

7 CASH AND CASH EQUIVALENTS

Cash at Bank	2,705,251	4,764,248	2,103,274	3,480,645
Cash on Hand	6,520	1,600	6,520	1,600
	<u>2,711,771</u>	<u>4,765,848</u>	<u>2,109,794</u>	<u>3,482,245</u>

8 TRADE AND OTHER RECEIVABLES

Current:				
Debtors	615,901	541,331	308,466	310,827
Less: Provision for Impairment	(18,180)	(10,000)	-	(10,000)
Sundry Debtors	25,843	159,934	25,843	159,934
Accrued Income	-	735	-	735
Prepayments	114,395	25,266	111,748	25,266
Dividends Receivable	-	-	65,362	-
	<u>737,959</u>	<u>717,266</u>	<u>511,419</u>	<u>486,762</u>

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
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Non Current:

Debtor	50,000	100,000	50,000	100,000
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a) Impaired Receivables

As at 31 December 2007 current receivables of the group with a nominal value of \$21,794 (2006: \$12,256) were impaired. The amount of the provision was \$18,180 (2006: \$10,000).

The ageing of these receivables is as follows:

- 3 to 6 months	-	-	-	-
- Over 6 months	21,794	12,256	3,614	4,614
	<u>21,794</u>	<u>12,256</u>	<u>3,614</u>	<u>4,614</u>

As at 31 December 2007, trade receivables of \$77,667 (2006: \$59,284) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of these receivables is as follows:

- 3 to 6 months	53,998	50,110	39,407	40,924
- Over 6 months	23,669	9,174	20,366	4,340
	<u>77,667</u>	<u>59,284</u>	<u>59,773</u>	<u>45,264</u>

Movements in the provision for impaired receivables are as follows:

At 1 January	(10,000)	(10,000)	(10,000)	(10,000)
Provision for impairment recognised during the year	(18,227)	(12,256)	(47)	(4,614)
Receivables written off during the year as uncollectible	3,614	12,256	3,614	4,614
Unused amount reversed	6,433	-	6,433	-
	<u>(18,180)</u>	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>

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

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

9 INVENTORIES

Finished Goods Stock:

Catering - at cost	46,692	59,337	18,222	27,954
Bar - at cost	15,825	15,009	15,825	15,009
Books/Retail/Newsagency/Software - at cost	1,473,043	1,602,994	1,473,043	1,602,994
Post Office - at cost	64,727	55,241	64,727	55,241
	<u>1,600,287</u>	<u>1,732,581</u>	<u>1,571,817</u>	<u>1,701,198</u>

10 PROPERTY, PLANT & EQUIPMENT

	Consolidated Note	Consolidated Building Improvements	Consolidated Plant & Equipment	Consolidated Financed Plant & Equipment	Consolidated Motor Vehicles	Consolidated Computer Equipment
Cost						
Balance at 1 January 2006		3,281,655	1,402,797	243,345	39,091	61,733
Acquisitions		179,132	208,893	-	-	-
Disposals		(17,712)	(158,437)	(142,290)	-	(14,345)
Balance at 31 December 2006		3,443,075	1,453,253	101,055	39,091	47,388
Balance at 1 January 2007		3,443,075	1,453,253	101,055	39,091	47,388
Acquisitions		247,181	163,097	-	-	-
Disposals		-	-	-	-	-
Balance at 31 December 2007		3,690,256	1,616,350	101,055	39,091	47,388
Depreciation						
Balance at 1 January 2006		2,222,075	545,045	185,393	9,240	35,061
Depreciation Charge for the Year		228,197	183,785	43,004	7,818	6,858
Disposals		(17,566)	(150,076)	(134,442)	-	(8,584)
Balance at 31 December 2006		2,432,706	578,754	93,955	17,058	33,335
Balance at 1 January 2007		2,432,706	578,754	93,955	17,058	33,335
Depreciation Charge for the Year		216,995	184,825	4,275	7,818	4,105
Disposals		-	-	-	-	-
Balance at 31 December 2007		2,649,701	763,579	98,230	24,876	37,440
Carrying Amounts						
At 1 January 2006		1,059,580	857,752	57,952	29,851	26,672
At 31 December 2006		1,010,369	874,499	7,100	22,033	14,053
At 1 January 2007		1,010,369	874,499	7,100	22,033	14,053
At 31 December 2007		1,040,555	852,771	2,825	14,215	9,948

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

Consolidated Total	UniCentre Building Improvements	UniCentre Plant & Equipment	UniCentre Financed Plant & Equipment	UniCentre Motor Vehicles	UniCentre Computer Equipment	UniCentre Total
5,028,621	3,281,655	1,402,797	243,345	39,091	61,733	5,028,621
388,025	179,132	208,893	-	-	-	388,025
(332,784)	(17,712)	(158,437)	(142,290)	-	(14,345)	(332,784)
5,083,862	3,443,075	1,453,253	101,055	39,091	47,388	5,083,862
5,083,862	3,443,075	1,453,253	101,055	39,091	47,388	5,083,862
410,278	247,181	163,097	-	-	-	410,278
-	-	-	-	-	-	-
5,494,140	3,690,256	1,616,350	101,055	39,091	47,388	5,494,140
2,996,814	2,222,075	545,045	185,393	9,240	35,061	2,996,814
469,661	228,197	183,785	43,004	7,818	6,858	469,661
(310,668)	(17,566)	(150,076)	(134,442)	-	(8,584)	(310,668)
3,155,807	2,432,706	578,754	93,955	17,058	33,335	3,155,807
3,155,807	2,432,706	578,754	93,955	17,058	33,335	3,155,807
418,018	216,995	184,825	4,275	7,818	4,105	418,018
-	-	-	-	-	-	-
3,573,825	2,649,701	763,579	98,230	24,876	37,440	3,573,825
2,031,807	1,059,580	857,752	57,952	29,851	26,672	2,031,807
1,928,054	1,010,369	874,499	7,100	22,033	14,053	1,928,054
1,928,054	1,010,369	874,499	7,100	22,033	14,053	1,928,054
1,920,314	1,040,555	852,771	2,825	14,215	9,948	1,920,314

11 INTANGIBLES ASSETS

	Consolidated Goodwill - Newsagency \$	Consolidated Establishment Costs \$	UniCentre Goodwill - Newsagency \$	UniCentre Establishment Cost \$
Cost				
Balance at 1 January 2006	103,000	6,506	103,000	-
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 December 2006	103,000	6,506	103,000	-
Balance at 1 January 2007	103,000	6,506	103,000	-
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 December 2007	103,000	6,506	103,000	-
Amortisation				
Balance at 1 January 2006	103,000	2,602	103,000	-
Amortisation Charge for the Year	-	1,301	-	-
Disposals	-	-	-	-
Balance at 31 December 2006	103,000	3,903	103,000	-
Balance at 1 January 2007	103,000	3,903	103,000	-
Amortisation Charge for the Year	-	1,301	-	-
Disposals	-	-	-	-
Balance at 31 December 2007	103,000	5,204	103,000	-
Carrying Amounts				
At 1 January 2006	-	3,904	-	-
At 31 December 2006	-	2,603	-	-
			-	
At 1 January 2007	-	2,603	-	-
At 31 December 2007	-	1,302	-	-

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

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
Other Operating Expenses	1,301	1,301	-	-

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
12 OCCUPANCY CONTRIBUTION				
Cost				
Balance at 1 January	7,621,138	7,621,138	7,621,138	7,621,138
Acquisitions	-	-	-	-
Balance at 31 December	<u>7,621,138</u>	<u>7,621,138</u>	<u>7,621,138</u>	<u>7,621,138</u>
Amortisation				
Balance at 1 January	2,071,640	1,818,068	2,071,640	1,818,068
Amortisation Charge for the Year	253,995	253,572	253,995	253,572
Balance at 31 December	<u>2,325,635</u>	<u>2,071,640</u>	<u>2,325,635</u>	<u>2,071,640</u>
Carrying Amounts				
At 1 January	<u>5,549,498</u>	<u>5,803,070</u>	<u>5,549,498</u>	<u>5,803,070</u>
At 31 December	<u>5,295,503</u>	<u>5,549,498</u>	<u>5,295,503</u>	<u>5,549,498</u>
13 TRADE AND OTHER PAYABLES				
Sundry Creditors	1,127,704	1,447,269	489,191	365,572
Accrued Charges	1,373,531	3,076,012	1,232,234	2,741,402
	<u>2,501,235</u>	<u>4,523,281</u>	<u>1,721,425</u>	<u>3,106,974</u>
14 BORROWINGS				
Secured Current at amortised cost:				
Commercial Hire Purchase Liability	2,927	24,142	2,927	24,142
	<u>2,927</u>	<u>24,142</u>	<u>2,927</u>	<u>24,142</u>
Secured Non Current at amortised cost:				
Commercial Hire Purchase Liability	-	3,281	-	3,281
	<u>-</u>	<u>3,281</u>	<u>-</u>	<u>3,281</u>

Financing Arrangements:

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 2007 the unused portion of the facility was \$497,073 (2006: \$472,577) and the portion of the facility in use was \$2,927 (2006: \$27,423).

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

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
(a) not later than 1 year	2,927	24,142	2,927	24,142
(b) later than 1 year but not later than 5 years	-	3,281	-	3,281
(c) later than 5 years	-	-	-	-
	<u>2,927</u>	<u>27,423</u>	<u>2,927</u>	<u>27,423</u>

15 PROVISIONS

Current

Provision for Long Service Leave

- expected to be settled within twelve months	68,459	57,108	68,459	57,108
- expected to be settled greater than twelve months	<u>243,704</u>	<u>405,800</u>	<u>207,849</u>	<u>377,344</u>
	312,163	462,908	276,308	434,452

Provision for Annual Leave

- expected to be settled within twelve months	288,773	275,061	283,719	270,362
- expected to be settled greater than twelve months	<u>25,675</u>	<u>7,271</u>	<u>17,614</u>	<u>1,215</u>
	314,448	282,332	301,333	271,577
	<u>626,611</u>	<u>745,240</u>	<u>577,641</u>	<u>706,029</u>

Non-Current

Provision for Long Service Leave	<u>89,205</u>	<u>70,172</u>	<u>89,205</u>	<u>70,172</u>
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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 \$18,868 (2006: \$28,013) 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 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
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17 OTHER LIABILITIES

Current

Commonwealth Department of Health and

Family Services Loan	18,000	18,000	18,000	18,000
Deposits Held	33,340	33,340	33,340	33,340
Income in Advance	46,913	90,440	46,912	90,440
Trading Income Received in Advance	20,000	-	20,000	-
	<u>118,253</u>	<u>141,780</u>	<u>118,252</u>	<u>141,780</u>

Non-Current

Commonwealth Department of Health and

Family Services Loan	<u>151,636</u>	<u>168,136</u>	<u>151,636</u>	<u>168,136</u>
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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 to 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 risks refers to the risk that indebted counter parties will default on their contractual obligations, resulting in financial loss to the consolidated entity. 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 6.10% (2006: 6.11%).

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.

Fair Value

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.

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 2007 it is estimated that an increase of one percentage point in interest rates would increase the Consolidated Entity's profit before tax by approximately \$22,211 (2006: \$20,000) due to the Consolidated Entity having more money invested than borrowed.

Liquidity Risk

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

Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

2007		Weighted average effective rate	Floating interest rate	Fixed interest maturing			Non-interest bearing	Total
Note	<1year			1-5years	>5years			
Financial assets								
Cash	7	6.10%	2,705,251	-	-	-	6,520	2,711,771
Receivables	8		-	-	-	-	787,959	787,959
Total Financial Assets			2,705,251	-	-	-	794,479	3,499,730
Financial liabilities								
Payables	13	-	-	-	-	-	2,501,235	2,501,235
Total Financial Liabilities			-	-	-	-	2,501,235	2,501,235
2006		Weighted average effective rate	Floating interest rate	Fixed interest maturing			Non-interest bearing	Total
Note	<1year			1-5years	>5years			
Financial assets								
Cash	7	6.11%	4,764,248	-	-	-	1,600	4,765,848
Receivables	8		-	-	-	-	817,266	817,266
Total Financial Assets			4,764,248	-	-	-	818,866	5,583,114
Financial liabilities								
Interest bearing liabilities								
Bill Facility		7.84%	-	-	-	-	-	-
Payables	13		-	-	-	-	4,523,281	4,523,281
Total Financial Liabilities			-	-	-	-	4,523,281	4,523,281

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
19 OPERATING LEASES - AS LESSEE				
Future Non-Cancellable Operating Lease Rentals of Plant and Equipment				
Not Later than 1 Year	57,858	57,858	57,858	57,858
Later than 1 Year but Not Later than 5 Years	53,036	110,894	53,036	110,894
	<u>110,894</u>	<u>168,752</u>	<u>110,894</u>	<u>168,752</u>

20 OPERATING LEASES - AS LESSOR

(a) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:

(i) not later than one year;	126,582	230,225	126,582	230,225
(ii) later than one year and not later than five years;	261,147	110,733	261,147	110,733
	<u>387,729</u>	<u>340,958</u>	<u>387,729</u>	<u>340,958</u>

(b) Premises are leased to the lessee in accordance with their respective lease agreements

21 CONTINGENT ASSETS AND LIABILITIES

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

22 COMMITMENTS

Capital Expenditure

There were no Capital Expenditure Commitments at Balance Date.

23 CONSOLIDATED ENTITIES

Ultimate Parent Entity

University of Wollongong

Parent Entity

Wollongong UniCentre Limited

Subsidiary

UniCentre Conferences and Functions Pty Limited

Country of Incorporation: Australia

Ownership Interest: 100%

24 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
Cash Flows from Operating Activities				
Profit/(Loss) from Ordinary Activities	(279,291)	825,703	(229,482)	667,942
Adjustments for:				
Amortisation of Occupancy Contribution	255,296	254,873	253,995	253,572
Profit/(Loss) on Disposal of Assets	-	21,799	-	21,799
Dividend Receivable	-	-	(65,362)	-
Depreciation	418,018	469,661	418,018	469,661
Operating Profit/(Loss) before Changes in Working Capital and Provisions	<u>394,023</u>	<u>1,572,036</u>	<u>377,169</u>	<u>1,412,974</u>
(Increase)/Decrease in Inventories	132,296	233,106	129,382	236,508
(Increase)/Decrease in Prepayments/Other Debtors	(23,777)	(50,202)	48,345	(35,014)
(Increase)/Decrease in Trade/Term Debtors	(16,391)	(102,257)	42,361	(103,088)
(Decrease)/Increase in Trade Creditors/Accruals	(1,956,683)	2,246,339	(1,385,550)	1,207,526
(Decrease)/Increase in Other Current Liabilities	(49,175)	59,769	(40,029)	31,756
(Decrease)/Increase in Provisions	(99,596)	(126,158)	(109,355)	(111,010)
	<u>(2,013,326)</u>	<u>2,260,597</u>	<u>(1,314,846)</u>	<u>1,226,678</u>
Net Cash from Operating Activities	<u>(1,619,303)</u>	<u>3,832,633</u>	<u>(937,677)</u>	<u>2,639,652</u>

25 DIRECTOR AND 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:

Executive Directors

Chris Grange
Nigel Pennington

Non-Executive

C Armour (Resigned 2007)
N Barton (Resigned 2007)
J Fisher (Appointed 2007)
B Fraser
S Fusco (Resigned 2007)
J Hart (Resigned 2007)
D Murphy
J Saad (Appointed 2007)
M Stimson
A Taylor
B Ward
C Whittaker (Appointed 2007)
M Youssif

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.

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
Remuneration of Executive Officers				
Income paid or payable, or otherwise made available, to executive officers by entities in the consolidated entity and related parties	161,298	153,529	161,298	153,529
Remuneration of Executive Officers				
\$160,000 to \$169,000	No. 1	No. 1	No. 1	No. 1
Remuneration payments made to Executive Officers				
	\$	\$	\$	\$
Short term employee benefits	140,153	133,399	140,153	133,399
Post-employee benefits	21,145	20,130	21,145	20,130
	161,298	153,529	161,298	153,529

26 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 (Ultimate Controlling Entity)

Illawarra Technology Corporation Limited

University Recreation and Aquatic Centre

Note	Consolidated 2007 \$	Consolidated 2006 \$	UniCentre 2007 \$	UniCentre 2006 \$
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Transactions with the controlling entity The University of Wollongong were as follows:

Income				
Sales	1,676,204	1,285,032	985,501	780,322
Commissions	90,567	47,338	90,567	47,338
Grants for Specific Purposes	185,000	185,000	185,000	185,000
Total Income	1,951,771	1,517,370	1,261,068	1,012,660

Expenses

Goods and Services	496,062	689,391	496,062	689,391
Contribution to General Manager's Salary	79,694	79,694	79,694	79,694
University's Share of Lodge Profit	4,214	3,950	-	-
Total Expenses	<u>579,970</u>	<u>773,035</u>	<u>575,756</u>	<u>769,085</u>

Other

Compulsory Service Charges Collected by the University	-	1,653,619	-	1,653,619
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Receivables - Current

Trade Receivables	<u>390,286</u>	<u>244,966</u>	<u>89,968</u>	<u>119,483</u>
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Payables - Current

Trade Creditors	<u>1,300,180</u>	<u>2,870,607</u>	<u>1,300,180</u>	<u>2,870,607</u>
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From time to time Related Parties of the University of Wollongong, including Illawarra Technology Corporation Limited (ITC) and the University of Wollongong Recreation & Aquatic Centre Limited (URAC) may enter into transactions with the Controlled Entity. These transactions are on the same terms and conditions as those entered into by the Company's employees or customers 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.

A fully franked dividend of \$65,362 has been declared on 22 August 2007 payable to UniCentre Limited from the subsidiary UniCentre Conferences and Functions Pty Limited.

27 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.

28 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.

29 CORPORATE INFORMATION

Wollongong UniCentre Limited is a company limited by guarantee. If UniCentre is wound up, each member is liable to contribute a maximum of \$1.00 towards the costs, charges and expenses of winding up the Company and payments of debts and liabilities of the Company. 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

END OF AUDITED FINANCIAL REPORT



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Wollongong UniCentre Limited and controlled entities

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

I have audited the accompanying financial report of Wollongong UniCentre Limited (the Company), and the Company and controlled entities (the consolidated entity), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the consolidated entity. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion the financial report of 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 2007 and of their performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

My opinion does not provide assurance:

- about the future viability of the Company or consolidated entity,
- about the effectiveness of their internal controls, or
- that they have carried out their activities effectively, efficiently and economically.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Wollongong UniCentre Limited on 7 April 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.



J'Kheir
Director of Audit

11 April 2008
SYDNEY



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 2007, 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.

A handwritten signature in black ink, appearing to be "J Kheir". The signature is written in a cursive style and extends across the width of the page.

J Kheir
Director of Audit

7 April 2007
SYDNEY





unicentre.uow.edu.au