The University of New South Wales Financial Report 2007

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Financial Report 2007

UNSW
THE UNIVERSITY OF NEW SOUTH WALES

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Contents

Council Report
31 December 2007

The members of the Council present their report on the consolidated entity consisting of The University of New South Wales and the entities it controlled at the end of, or during the year ended 31 December 2007.

Members

The following persons were the Council members of The University of New South Wales during the year and up to the date of this report:

Official Council Members

Mr David Michael Gonski, AC was a member from the beginning of the year and continues in office at the date of this report.

Professor Frederick George Hilmer, AO was a member from the beginning of the year and continues in office at the date of this report.

Professor Anthony Haynes Dooley was a member from the beginning of the year and continues in office at the date of this report.

Ministerial Appointments

Mr Paul Ronald Pearce, MP was a member from the beginning of the year and continues in office at the date of this report.

The Honourable Susan Maree Ryan, AO was a member from the beginning of the year and continues in office at the date of this report.

Mr Matthew Grounds was a member from the beginning of the year and continues in office at the date of this report.

Mr Wallace King, AO was a member from the beginning of the year and continues in office at the date of this report.

Ms Jillian Shirley Segal, AM was a member from the beginning of the year and continues in office at the date of this report.

Mr. Warwick Negus was appointed as a member on 1 July 2007 and continues in office at the date of this report.

Elected Council Members

Mr Geoffrey Francis Lawson, OAM was a member from the beginning of the year and continues in office at the date of this report.

Ms Gabrielle Cecelia Upton was a member from the beginning of the year and continues in office at the date of this report.

Mr Darren George Challis was a member from the beginning of the year and continues in office at the date of this report.

Dr. Christine Lynette Clifton was a member from the beginning of the year and continues in office at the date of this report.

Scientia Professor Mark Andrew Bradford was a member from the beginning of the year and continues in office at the date of this report.

Professor Wai Fong Chua was a member from the beginning of the year and continues in office at the date of this report.

Scientia Professor Brien Anthony Holden, OAM was a member from the beginning of the year and continues in office at the date of this report.

Professor Joseph Albert Wolfe was a member from the beginning of the year and continues in office at the date of this report.

Miss Jennifer Melanie Till was a member from the beginning of the year and continues in office at the date of this report.

Ms Kirstin Anne Hunter was a member from the beginning of the year and continues in office at the date of this report.

Ms Angela Mary Barrett was a member from the beginning of the year and continues in office at the date of this report.

Council Appointed Members

Mr Brian Edward Suttor was as a member from the beginning of the year and continues in office at the date of this report.

Mr Terry Davis was a member from the beginning of the year and continues in office at the date of this report.

Former Members of the Council

Mr Peter Edward Mason, AM was a member from the beginning of the year until 30 June 2007.

Meetings of Members

The numbers of meetings of the members of The University of New South Wales Council and of each committee held during the year ended 31 December 2007, and the numbers of meetings attended by each member were:

	Council Meetings		Meetings of committees: Audit		Finance		Nominations & Remuneration		Risk Management	
	A	B	A	B	A	B	A	B	A	B
Mr David Gonski, AC	9	9	-	-	3	3	1	1	-	-
Professor Fred Hilmer, AO	8	9	-	-	3	3	1	1	-	-
Professor Anthony Dooley	9	9	-	-	2	3	-	1	-	-
Mr Peter Mason, AM	3	6	-	-	1	1	1	1	-	-
Mr Paul Pearce, MP	8	9	-	-	-	3	-	-	-	-
The Honourable Susan Ryan, AO	8	9	-	-	-	-	-	-	5	5
Mr Matthew Grounds	7	9	-	-	1	3	-	-	-	-
Mr Wallace King, AO	5	9	-	-			-	1	-	-
Ms Jillian Segal, AM	8	9	5	5	-	-	-	-	5	5
Mr Geoffrey Lawson, OAM	6	9	-	-	-	-	-	-	-	-
Ms Gabrielle Upton	9	9	5	5	3	3	1	1	-	-
Mr Darren Challis	7	9	-	-	3	3	-	-	-	-
Dr. Christina Clifton	8	9	-	-	-	-	-	-	-	-
Scientia Professor Mark Bradford	7	9	-	-	-	-	-	-	-	-
Professor Wai Fong Chua	7	9	-	-	2	3	-	-	-	-
Scientia Professor Brien Holden, OAM	7	9	-	-	-	-	-	-	-	-
Professor Joseph Wolfe	9	9	-	-	-	-	-	-	-	-
Miss Jennifer Till	9	9	-	-	-	-	-	-	-	-
Ms Kirstin Hunter	9	9	-	-	-	-	-	-	3	4
Ms Angela Barrett	9	9	-	-	-	-	-	-	-	-
Mr Brian Suttor	7	9	5	5	-	-	-	-	-	-
Mr Terry Davis	6	9	-	-	-	-	-	-	-	-
Mr Warwick Negus	1	2	-	-	1	2	-	-	-	-
External Committee Members										
Mr Greg Coutas *	-	-	5	5	-	-	-	-	-	-
Dr Dale Cooper *	-	-	-	-	-	-	-	-	3	5
Dr Ron Cameron *	-	-	-	-	-	-	-	-	3	5

A = Number of meetings attended, B = Number of meetings held during the time the member held office or was a member of the committee during the year
* Not a member of Council

Principal Activities

During the year, the principal continuing activities of the consolidated entity consisted of:

- The provision of education and research facilities of University standard;
- The encouragement of the dissemination, advancement, development and application, development and application of knowledge informed by free inquiry,
- The provision of courses of study or instruction across a range of fields, and the carrying out of research, to meet the needs of the community,
- The participation in public discourse,
- The conferring of degrees, including those of Bachelor, Master and Doctor, and the carrying out of research, to meet the needs of the community,
- The provision of teaching and learning that engage with advanced knowledge and inquiry,
- The development of governance, procedural rules, admission policies, financial arrangements and quality assurance processes that are underpinned by the values and goals of the University's core activities, and that are sufficient to ensure the integrity of the University's academic programs.

There are no significant changes in the nature of the activities of the consolidated entity during the year.

Review of Operations

The consolidated group reports an operating loss after tax of $6.5m. These results incorporate an operating loss of $11.2m for the University.

The University's operating loss of $11.2m in 2007 compares to a $10.7m operating surplus in 2006. Revenue (before deferred government superannuation contributions) increased by $90.7m over 2006 as a result of increases in revenue from teaching and increased investment income.

University entity costs (before deferred employee benefits for superannuation) have increased by $112.6m over 2006. This was principally a result of the closure costs of UNSW Asia ($47.6m) following the decision by the University to close its Singapore campus.

Significant Changes in the State of Affairs

On 23 May 2007, the University announced the closure of its Singapore campus and cessation of its principal business. On 24 December 2007 UNSW Asia was placed in liquidation.

Matters Subsequent to the End of the Financial Year

The value of the Group's and the parent entity's available-for-sale financial assets has decreased by $24.0m (6.70%) and $18.0m (6.20%) respectively as at 29 February 2008 since the balance sheet date, as a result of the global credit market uncertainties; no adjustments have been made to the carrying value as at 31 December 2007 in regard to this decrease.

On 1 January 2008 UNSW exchanged contracts on the sale of the property at 1408 Anzac Parade, Little Bay for $103.0m. It is expected that the contract will be settled within six months from the contract exchange date and any financial impact of this sale will be recorded in the year ending 31 December 2008.

The University intends to relocate the sports field at Little Bay to another location as a result of the sale.

Likely Developments and Expected Results of Operations

The likely developments in the operations and the expected results of those operations of the consolidated entity constituted by the University and the entities it controls from time to time are included in this report.

Environmental regulations

The primary environmental legislation impacting UNSW is the Protection of the Environment Operations (POEO) Act 1997 and the POEO Amendment Act 2005. Under this legislation, UNSW's laboratory activities have been recognised to represent the most significant source of environmental risk and are therefore being managed accordingly.

Insurance of officers

The University obtains commercial insurance to indemnify persons who serve on University Boards and Committees and on Boards and Committees of all entities in the group. Coverage also extends to University appointees who serve on the Boards of other entities, as designated representatives of the University and who are not otherwise indemnified. This insurance provides funds to defend each officer and Board appointee of the University against claims from third parties which result from actual or alleged wrong acts, as permitted by law.

The University has in place commercial Directors' and Officers' insurance on a worldwide basis in favour of such responsible persons, executive officers and individuals appointed to represent the University on Boards and Committees. The premium for this commercial insurance is paid for by University, and the University self-insures all claims expenses which fall below the commercial policy deductible or for liabilities which in respect of such insurance are prohibited by contract of insurance.

Proceedings on behalf of the University of New South Wales

There are no material proceedings against or on behalf of The University of New South Wales or its controlled entities.

This report is made in accordance with a resolution of the members of The University of New South Wales.

Mr David Gonski, AC
Chancellor
Sydney
21 April 2008

STATEMENT BY MEMBERS OF COUNCIL

Pursuant to Section 41C (1B), (1C) and (1D) of the *Public Finance and Audit Act 1983* (as amended) we state that:

1. The financial report exhibits a true and fair view of the financial position and the transactions for the University as at 31 December 2007; and

2. The financial report for the year ended 31 December 2007 has been prepared in accordance with:
   a. The provisions of the *Public Finance and Audit Act 1983* and the Commonwealth Department of Education, Employment and Workplace Relations *Financial Statement Guidelines for Australian Higher Education Providers for the 2007 Reporting Period*; and
   b. Australian Accounting Standards, Australian Accounting Standards Board Interpretation and other mandatory professional reporting requirements.

As required by the *Financial Statement Guidelines for Australian Higher Education Providers for the 2007 Reporting Period* issued by the Commonwealth Department of Education, Employment and Workplace Relations, we also certify to the best of our knowledge and belief that all the Australian Government Financial Assistance expended by the University during the year ended 31 December 2007 was expended for the purposes for which it was intended and that the University of New South Wales has complied with applicable legislation, contracts, agreements and program guidelines in making that expenditure.

Signed in accordance with a resolution of Council

Professor Frederick G. Hilmer, AO
Vice-Chancellor and President

Mr David Gonski, AC
Chancellor

AUDITOR-GENERAL NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

UNIVERSITY OF NEW SOUTH WALES AND CONTROLLED ENTITIES

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the University of New South Wales (the University), and the University 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 then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated entity comprises the University 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:

- presents fairly, in all material respects, the financial position of the University and the consolidated entity as of 31 December 2007, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- 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
- complies with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2007 Reporting Period', issued by the Australian Government Department of Education, Employment and Workplace Relations, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls 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 Council, 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 University or the consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. 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.

Peter Achterstraat
Auditor-General

SYDNEY
21 April 2008

2007 financial report
for the year ended 31 December 2007

Income statement
For the year ended 31 December 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government Grants	2(f)	**387,298**	370,216	**387,298**	370,216
HECS-HELP - Australian Government payments	2(f)	**76,014**	66,437	**76,014**	66,437
FEE-HELP	2(f)	**20,374**	20,277	**20,374**	20,277
State, Local and Foreign Government financial assistance	3	**13,874**	24,782	**13,825**	10,253
HECS-HELP - Student payments		**26,512**	24,222	**26,512**	24,222
Fees and charges	4	**309,810**	285,076	**238,745**	209,255
Investment income	5	**63,269**	56,965	**65,423**	47,076
Royalties, trademarks and licences	6	**8,292**	3,665	**2,492**	1,890
Consultancy and contracts	7	**68,323**	61,317	**58,597**	49,589
Other revenue	8	**27,049**	26,133	**23,378**	26,507
Total revenue from continuing operations		**1,000,815**	939,090	**912,658**	825,722
Gains on disposal of assets		**386**	52	**275**	41
Share of net results of associates accounted for using the equity method	40(c)	**57**	(940)	**-**	-
Other income	8	**9,260**	9,127	**8,494**	5,014
Total income from continuing operations before Deferred Government Superannuation Contributions		**1,010,518**	947,329	**921,427**	830,777
Deferred Government Superannuation Contributions	45(d)	**(50,669)**	(90,369)	**(50,669)**	(90,369)
Total revenue and income from continuing operations		**959,849**	856,960	**870,758**	740,408
Expenses from continuing operations					
Employee related expenses	10	**556,380**	554,553	**515,668**	500,408
Depreciation and amortisation	11	**45,215**	46,081	**43,439**	43,082
Repairs and maintenance	12	**24,463**	18,236	**22,916**	15,881
Finance costs	13	**2,508**	655	**3,104**	181
Impairment of assets	14	**2,172**	912	**1,663**	(1,407)
Losses on disposal of assets		**2,759**	950	**2,770**	407
Other expenses	15	**336,295**	310,185	**343,090**	261,514
Total expenses from continuing operations before Deferred Employee Benefits for Superannuation		**969,792**	931,572	**932,650**	820,066
Deferred Employment Benefits for Superannuation	10	**(50,669)**	(90,369)	**(50,669)**	(90,369)
Total expenses from continuing operations		**919,123**	841,203	**881,981**	729,697
Operating result before income tax		**40,726**	15,757	**(11,223)**	10,711
Income tax benefit/(expenses)	16(a)	**(172)**	39	**-**	-
Operating result from continuing operations		**40,554**	15,796	**(11,223)**	10,711
Operating result from discontinued operations	17(b)	**(47,036)**	-	**-**	-
Operating result after income tax for the year		**(6,482)**	15,796	**(11,223)**	10,711
Operating result attributable to members of The University of New South Wales	33(b)	**(6,482)**	15,796	**(11,223)**	10,711

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

Balance sheet
As at 31 December 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
ASSETS					
Current assets					
Cash and cash equivalents	18	**41,659**	54,539	**19,035**	13,490
Receivables	19	**59,311**	69,360	**52,508**	66,461
Inventories	20	**1,548**	1,430	**-**	-
Available-for-sale financial assets	22	**436**	2,149	**436**	2,149
Non-current assets classified as held for sale	21	**92,185**	-	**92,185**	-
Total current assets		**195,139**	127,478	**164,164**	82,100
Non-current assets					
Receivables	19	**320,750**	374,209	**320,936**	374,330
Investments accounted for using the equity method	40	**215**	158	**-**	-
Available-for-sale financial assets	22	**359,155**	345,128	**290,457**	280,810
Other financial assets	23	**3,864**	3,272	**2,854**	3,272
Property, plant and equipment	24	**1,254,638**	1,099,684	**1,247,468**	1,080,053
Intangible assets	26	**2,214**	2,571	**141**	432
Total non-current assets		**1,940,836**	1,825,022	**1,861,856**	1,738,897
Total assets		**2,135,975**	1,952,500	**2,026,020**	1,820,997
LIABILITIES					
Current liabilities					
Trade and other payables	27	**49,371**	55,887	**44,448**	41,183
Borrowings	28	**13,690**	-	**23,246**	-
Provisions	29	**143,671**	133,569	**139,634**	129,281
Current tax liabilities	30	**85**	187	**-**	-
Other liabilities	31	**80,134**	76,047	**69,225**	72,360
Total current liabilities		**286,951**	265,690	**276,553**	242,824
Non-current liabilities					
Borrowings	28	**56,339**	17,520	**56,339**	9,181
Provisions	29	**385,155**	437,736	**383,609**	436,943
Other liabilities	31	**7,538**	247	**7,538**	-
Total non-current liabilities		**449,032**	455,503	**447,486**	446,124
Total liabilities		**735,983**	721,193	**724,039**	688,948
Net assets		**1,399,992**	1,231,307	**1,301,981**	1,132,049
EQUITY					
Parent entity interest					
Statutory funds	32	**54,297**	43,688	**54,297**	43,688
Reserves	33(a)	**407,205**	232,080	**409,959**	228,804
Retained surplus	33(b)	**938,490**	955,539	**837,725**	859,557
Parent entity interest		**1,399,992**	1,231,307	**1,301,981**	1,132,049
Minority interest	34	**-**	-	**-**	-
Total equity		**1,399,992**	1,231,307	**1,301,981**	1,132,049

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity
For the year ended 31 December 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Total equity at the beginning of the financial year		**1,231,307**	1,232,237	**1,132,049**	1,132,622
Gain on revaluation of property, plant and equipment, net of tax	33(a)	**211,287**	-	**211,287**	-
Fair value gain on intangible asset	33(a)	**425**	-	**425**	-
Gain/(loss) on revaluation of available-for-sale financial assets, net of tax	33(a)	**(36,339)**	5,792	**(30,557)**	5,133
Transferred to income statement	33(a)	**(128)**	(16,739)	**-**	(16,417)
Exchange differences on translation of foreign operations	33(a)	**(78)**	(225)	**-**	-
Net (expenses)/income recognised directly in equity		**175,167**	(11,172)	**181,155**	(11,284)
Operating result for the period		**(6,482)**	15,796	**(11,223)**	10,711
Total recognised income and expense for the period		**168,685**	4,624	**169,932**	(573)
Total changes in minority interest	34	**-**	(5,554)	**-**	-
Total equity at the end of the year		**1,399,992**	1,231,307	**1,301,981**	1,132,049
Total recognised income and expense for the year is attributable to:					
Members of The University of New South Wales		**168,685**	4,624	**169,932**	(573)
Effect of correction of error in previous year, being a reduction in retained surplus, attributed to members of The University of New South Wales	9(a)	**-**	(8,051)	**-**	(8,051)
Effects of changes in accounting policy	9(b)(c)	**-**	(2,929)	**-**	(2,929)

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

Cash flow statement
For the year ended 31 December 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Cash flows from operating activities					
Australian Government Grants received					
CGS and Other DEEWR Grants	46.1	**148,882**	143,746	**148,882**	137,886
Higher Education Loan Programs	46.2	**90,971**	77,546	**90,971**	77,546
Scholarships	46.3	**10,809**	10,191	**10,809**	10,191
DEEWR Research	46.4	**84,975**	83,627	**84,975**	83,627
Australian Research Council Grants	46.5				
Discovery	46.5(a)	**29,177**	28,884	**29,177**	28,884
Linkages	46.5(b)	**12,882**	12,086	**12,882**	12,086
Networks and Centres	46.5(c)	**5,821**	5,706	**5,821**	5,706
Other Australian Government Grants	2(g)	**105,347**	95,460	**105,347**	95,460
State, Local and Foreign Government Grants		**16,212**	26,543	**16,163**	12,002
HECS-HELP - Student Payments		**26,512**	24,222	**26,512**	24,222
OS - HELP (net)	2(g)	**1**	41	**1**	41
Receipts from student fees and other customers		**433,177**	407,191	**381,450**	312,664
Investment income received		**59,781**	35,991	**62,337**	35,459
Interest received	5	**14,839**	10,691	**2,359**	1,861
Payments to suppliers and employees (inclusive of goods and services tax)		**(948,401)**	(890,628)	**(856,482)**	(792,218)
Interest and other costs of financing paid		**(2,423)**	(226)	**(3,104)**	-
Income taxes refund/(paid)		**(274)**	39	**-**	-
Net cash provided by operating activities	43	**88,288**	71,110	**118,100**	45,417
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**416**	1,697	**405**	390
Payments for available for sale and other financial assets		**(205,711)**	(85,226)	**(204,877)**	(75,565)
Proceeds from sale of available-for-sale financial assets and other financial assets		**160,727**	179,000	**145,806**	181,034
Payments for property, plant and equipment		**(95,902)**	(158,332)	**(95,061)**	(146,287)
Payments for intangible assets		**(1,870)**	(1,978)	**-**	(205)
Net cash used in investing activities		**(142,340)**	(64,839)	**(153,727)**	(40,633)
Cash flows from financing activities					
Proceeds from borrowings		**41,172**	17,295	**41,172**	-
Net cash provided by financing activities		**41,172**	17,295	**41,172**	-
Net increase/(decrease) in cash and cash equivalents		**(12,880)**	23,566	**5,545**	4,784
Cash and cash equivalents at the beginning of the financial year		**54,539**	30,973	**13,490**	8,706
Cash and cash equivalents at the end of the financial year	18	**41,659**	54,539	**19,035**	13,490

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

Notes to the financial statements

Notes to the financial statements
31 December 2007

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for The University of New South Wales as an individual entity and the consolidated entity (or 'Group') consisting of The University of New South Wales and its controlled entities.

(a) Basis of preparation

This general purpose financial report has been prepared on an accrual basis in accordance with the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulations 2005,* Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Financial Statement Guidelines for Australian Higher Education Providers for the 2007 Reporting Period* issued by the Department of Education, Employment and Workplace Relations (DEEWR) and other State/Australian Government legislative requirements.

Compliance with IFRSs
The financial statements and notes of The University of New South Wales comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The parent entity has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in *AASB 124 Related Party Disclosures.*

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through the income statement and certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

i. *Superannuation liability - Deferred Government Receivables*

Superannuation liabilities (and the corresponding Deferred Government Receivables). Certain Superannuation liabilities are expected to be fully funded by the Federal Government as recognised in the DEEWR 2004-2005 financial statements and confirmed in correspondence from DEEWR. The calculation of the liability requires the use of various assumptions. Refer to note 45 for details of various assumptions used in calculating the Superannuation liabilities and the corresponding Deferred Government Receivables.

ii. *Employment and contractor related provisions and obligations*

The Group made provisions in respect of contributions for its employees to UniSuper and additional on-costs on payments made to contractors that were engaged by the University.

The Group assessed the appropriateness of these provisions at each reporting date by evaluating conditions specific to the Group. The calculation of these provisions required the use of various assumptions, such as expected rate of return on the funds and superannuation entitlements, and is based on a range of possible outcomes.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by The University of New South Wales ("parent entity") as at 31 December 2007 and the results of all controlled entities for the year then ended.

Controlled entities are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of controlled entities by the Group (refer to note 1(k)).

Notes to the financial statements
31 December 2007
(continued)

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Where an additional ownership interest is acquired in an entity that is already controlled, the Group has elected to adopt the "modified parent entity" approach. This approach involves treating the difference between consideration paid and the book value of assets acquired as goodwill (where the consideration exceeds the book value of the assets acquired) or as a discount recorded through the profit and loss account (where the consideration is less than the book value of the assets acquired).

All inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and the equity of controlled entities are shown separately in the consolidated income statement and balance sheet respectively.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Joint ventures and Cooperative Research Centres

The Group has interests in Cooperative Research Centres (CRC) which requires the Group to contribute in cash and in-kind based on the proportion of the interest the Group has in the CRC.

Contributions in cash and in-kind are expensed and included in the income statement. The Group's share of contributions are not included in the balance sheet. In the event that a CRC's research results in a move to commercialisation, a separate legal entity is established and the Group's share of the new entity is treated as an available-for-sale financial asset, joint venture, associate or controlled entity as appropriate.

(e) Public Private Partnerships (PPP)

The Group enters into PPP with the private sector in relation to the construction and operation of new student accommodation. Each individual PPP is accounted for in accordance with its substance and economic reality, and not merely its legal form. The Group recognises an asset of the new buildings that is the subject of the PPP only when it determines it has the majority of the risks and benefits in relation to those buildings. Land leased to the private sector and any other service elements that are part of the PPP, but are not the buildings, are accounted for separately in accordance with the applicable Australian Accounting Standards.

1 Summary of significant accounting policies (continued)

(f) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is The University of New South Wales' functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, duties and taxes paid. Revenue is recognised for the following major business activities:

(i) Operating revenue
Financial assistance provided by the Government under the Higher Education Funding Act 1988 is recognised in the year in which it is received. FEE-HELP (Higher Education Loan Program) is also provided under the Higher Education Funding Act 1988 and is recognised in the year in which it applies. Grant revenue not received under the Higher Education Funding Act 1988 is recognised in the year to which it applies.

(ii) Student fees
Student fees are recognised as debtors following the census date for each session. The full value of student fees payable is recognised as revenue with any fee waivers or discounts being recognised as an expense within the income statement.

(iii) Sale of goods and services
Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the supply of products to entities outside the consolidated entity. Sales revenue is recognised when control and title of goods passes to the customer.

(iv) Fees and charges for services
Revenue from services rendered is recognised in the period in which the service is provided, having regard to the stage of completion of the service.

(v) Investment income
Interest income is recognised as it accrues.

Notes to the financial statements
31 December 2007
(continued)

1 Summary of significant accounting policies (continued)

(g) Revenue recognition (continued)

(vi) Other revenue
Represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

(h) Government grants

Grants from the government are recognised as revenue with reference to the individual grants' Deed of Agreement.

(i) Income tax

The University is exempt from income tax under Commonwealth income taxation legislation. Within the consolidated entity however, there are entities that are not exempt from this legislation.

For those entities not exempt from tax, the income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for the jurisdiction where the entity is situated. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(j) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The University leases certain property and equipment by way of operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(k) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued and/or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets and contingent assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

1 Summary of significant accounting policies (continued)

(k) Acquisitions of assets (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(l) Impairment of assets

Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. All other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets are reviewed for impairment at least annually. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As per AASB 136, in respect of not-for-profit entities, value in use is the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits. As per AASB 136, in respect of for-profit components of the Group, for the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less from date of purchase that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

(n) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impaired receivables. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impaired receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or be delinquent in making payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within impairment of assets.

The carrying amount of the asset is reduced through the use of a provision account. When a receivable is uncollectible, it is written off against the provision for impaired receivables. Subsequent recoveries of amounts previously written off are credited against impairment of assets in the income statement.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(p) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Notes to the financial statements
31 December 2007
(continued)

1 Summary of significant accounting policies (continued)

(p) Investments and other financial assets (continued)

(i) Financial assets at fair value through income statement
This comprises assets classified as held for trading and financial assets at fair value through the income statement on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and if the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

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

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

Purchases and sales of investments are recognised on the trading date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

(v) Subsequent measurement
Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

(vi) Fair value
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (as for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's-length transactions involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

1 Summary of significant accounting policies (continued)

(q) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured to their fair value.

(i) Fair value hedge
The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(r) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(s) Property, plant and equipment

Land and buildings, including student accommodation and residential properties, works of art and rare books are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings. Carrying values are reviewed on a regular basis to ensure that the carrying value does not differ materially from fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. All other property, plant and equipment is stated at historical cost less depreciation, which is assumed to approximate their fair values. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of land and buildings are credited to property, plant and equipment revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the profit or loss, the increase is first recognised in the profit or loss. Decreases that reverse previous increases in that class of assets are first charged against revaluation reserves directly in equity, to the extent of the remaining reserve attributable to the asset class; all other decreases are charged to the income statement.

Land, works of art and rare books are not depreciated, as they are shown at fair value. Depreciation on the other classes of assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Notes to the financial statements
31 December 2007
(continued)

1 Summary of significant accounting policies (continued)

(s) Property, plant and equipment (continued)

Asset	Controlled Entities	Parent
- Buildings	1.66% to 5%	1.66% to 5%
- Computer equipment	20% to 33%	33.3%
- Motor vehicles	20% to 30%	12%
- Other equipment	10%	10%
- Library holdings	20%	20%
- Leasehold improvements	1.66% to 100%	1.66% to 100%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(l)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. The net gains and losses from the sale of assets not originally purchased for the intention of resale, are included as an income or expense at the date when the conditions to a contract of sale have been satisfied, and the contract becomes unconditional. When revalued assets are sold, it is the Group's policy to transfer the amounts included in property, plant and equipment reserves in respect of those assets to retained earnings.

(t) Intangible assets

(i) Licences
Licences are carried at cost less accumulated amortisation and impairment losses. Licences that have a finite life are amortised using the straight line method to allocate the cost over their estimated useful lives. Licences that have an infinite useful life are not amortised and are assessed for impairment annually and whenever there is an indication that the licences may be impaired.

(ii) Computer software
Computer software is stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Computer software is amortised using the straight line method to allocate its cost, net of any residual value, over its estimated useful life. Computer software is amortised at 20% per annum.

(iii) Research and development - Patents
Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible; adequate resources are available to complete development and if it is sufficiently certain that the future economic benefits to the Group will cover not only the usual operational and administrative costs but also the development costs themselves. There are also several other criteria relating to the development project and the process or products being developed, all of which have to be met to justify asset recognition. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which will vary depending on useful life.

(u) Trade and other payables

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

1 Summary of significant accounting policies (continued)

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

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

(w) Finance costs

Finance costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other finance costs are expensed.

The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

(x) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(y) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in Provisions - Employee benefits in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the Provision - Employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
All employees of the Group are entitled to benefits on retirement, disability or death, from the superannuation plans contributed to by the Group. The plans have both defined benefit sections and defined contribution sections. The defined benefit sections provide defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group entities and the Group's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of each defined benefit superannuation plan is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the plan to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

1 Summary of significant accounting policies (continued)

(y) Employee benefits (continued)

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to income over the employees' expected average remaining working lives.

Past service costs are recognised immediately in income, unless the changes to the superannuation plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (for example, taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

Contributions to the defined contribution plan are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Unfunded Superannuation
The unfunded liabilities recorded in the balance sheet under Provisions have been determined by independent actuaries relating to the defined benefit superannuation plan's State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS), State Authorities Non-Contributory Superannuation Scheme (SANCS) and the UNSW Professorial Superannuation Fund. Information relating to these schemes is set out in note 45.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for The University of New South Wales's beneficiaries of the State Superannuation Schemes on an emerging cost basis, refer note 45.

This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the balance sheet under Provisions with a corresponding asset recognised under Receivables. The recognition of both the asset and liability consequently does not affect the year end net position of The University of New South Wales and its controlled entities for those schemes.

(v) Workers Compensation
The University has been granted a licence under Division 5 of Part 7 of the Workers' Compensation Act, 1987. In accordance with the licence the University has the following bank guarantees:

- $3,680,000 with ANZ Banking Group in favour of WorkCover New South Wales; and,
- $768,300 with ANZ Banking Group in favour of ACT WorkCover.

Workers' compensation matters are managed through two funds, one to record the University's workers' compensation activities in New South Wales (known as the NSW Fund) and one to record the University's workers' compensation activities in the Australian Capital Territory (known as the ACT Fund).

As a self-insurer, the University sets a notional annual premium, which is charged on in-service salaries. Costs of workers' compensation claims, claims administration expenses and actuarially assessed increases/decreases in the provision for outstanding claims liability are met from the notional premium. The outstanding claims liability includes incidents incurred but not reported as assessed actuarially. The University contributes to the WorkCover authorities for its general fund, dust and diseases fund, insurers' guarantee fund, and disaster insurance premiums. It is also a requirement of the licence that the University maintain a provision for each fund in respect of outstanding claims liability as at 31 December each year.

(z) Goods and Services Tax (GST)

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

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

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

1 Summary of significant accounting policies (continued)

(aa) Trusts and other liabilities

Revenue and expenses in respect of Trusts, Cooperative Research Centres and investments held on behalf of associated entities are recognised under Other Liabilities. Funds held and invested on behalf of controlled entities are recognised as Other Liabilities in the balance sheet of the parent entity and are eliminated on consolidation.

(ab) Key Management Personnel

For the Group, Key Management Persons are members of the University Council and persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

(ac) Standards and interpretations applicable to financial reporting periods later than those ending 31 December 2007

Compiled Standards

Standard	Name	Application Date
AASB 1	First-time Adoption of Australian Equivalents to International Financial Reporting Standards (1)	Annual reporting periods beginning on or after 1 January 2008
AASB 2	Share-based Payment (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 3	Business Combinations (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 4	Insurance Contracts (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 5	Non-current Assets Held for Sale and Discontnued Operation (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 6	Exploration for and Evaluation of Mineral Resources (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 7	Financial Instruments: Disclosures (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 8	Operating Segments (1)	Annual reporting periods beginning on or after 1 January 2009
AASB 101	Presentation of Financial Statements (1)	Annual reporting periods beginning on or after 1 January 2009
AASB 102	Inventories (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 107	Cash Flow Statements (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 110	Events after the Balance Sheet Date (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 112	Income Taxes (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 114	Segment Reporting (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 116	Property, Plant and Equipment (1)	Annual reporting periods beginning on or after 1 July 2007

1 Summary of significant accounting policies (continued)

(ac) Standards and interpretations applicable to financial reporting periods later than those ending 31 December 2007 (continued)

AASB 117	Leases (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 118	Revenue (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 119	Employee Benefits (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 121	The Effects of Changes in Foreign Exchange Rates (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 123	Borrowing Costs (1)	Annual reporting periods beginning on or after 1 January 2009
AASB 127	Consolidated and Separate Financial Statements (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 128	Investment in Associates (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 129	Financial Reporting in Hyperinflationary Economies (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 131	Interest in Joint Ventures(1)	Annual reporting periods beginning on or after 1 July 2007
AASB 132	Financial Instruments: Presentation (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 133	Earnings per Share (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 134	Interim Financial Reporting (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 136	Impairment of Assets (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 137	Provisions, Contingent Liabilites and Contingent Assets (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 138	Intangible Assets (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 139	Financial Instruments: Recognition and Measurement (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 141	Agriculture (1)	Annual reporting peiods beginning on or after 1 July 2007
AASB 1004	Contributions (1)	Annual reporting periods beginning on or after 1 July 2008
AASB 1023	General Insurance Contracts (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 1038	Life Insurance Contracts (1)	Annual reporting periods beginning on or after 1 July 2007
AASB 1048	Interpretation and Application of Standards (1)	Annual reporting periods beginning on or after 30 September 2007

1 Summary of significant accounting policies (continued)

(ac) Standards and interpretations applicable to financial reporting periods later than those ending 31 December 2007 (continued)

AASB 1049	Whole of Government and General Government Sector Financial Reporting (1)	Annual reporting periods beginning on or after 1 July 2008

Notes
(1) This compiled standard includes amendments from AASB 2007-1 to AASB 2007-9, which apply to annual reporting periods beginning on or after 28 February 2007. All other aspects of the compiled standard apply to the annual financial reporting period ended 31 December 2007.

New Standards

Standard	Name	Application Date
AASB 1050	Administered Items (1)	Annual reporting periods beginning on or after 1 July 2008
AASB 1051	Land under roads (2)	Annual reporting periods beginning on or after 1 July 2008
AASB 1052	Disaggregated disclosures (3)	Annual reporting periods beginning on or after 1 July 2008

Notes
(1) This Standard contains relevant requirements for the disclosure of administered items by government departments.

(2) This Standard specifies the requirements for financial reporting of land under roads by local governments, government departments, General Government Sectors (GGSs) and whole of governments.

(3) This Standard contains relevant requirements relating to reporting of disaggregated information by local governments and government departments.

Notes to the financial statements
31 December 2007
(continued)

1 Summary of significant accounting policies (continued)

(ac) Standards and interpretations applicable to financial reporting periods later than those ending 31 December 2007 (continued)

Interpretations

Interpretation	Name	Application Date
4	Determining whether an Arrangement contains a Lease [revised] (1)	Annual reporting periods beginning on or after 1 January 2008
11	Scope of AASB 2 - Group and Treasury Share Transactions (2)	Annual reporting periods beginning on or after 1 March 2007
12	Service Concession Arrangements (3)	Annual reporting periods beginning on or after 1 January 2008
13	Customer Loyalty Programmes (4)	Annual reporting periods beginning on or after 1 July 2008
14	AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction (5)	Annual reporting periods beginning on or after 1 January 2008
113	Jointly Controlled Entities - Non - Monetary Contributions by Venturers (6)	Annual reporting periods beginning on or after 1 July 2007
129	Service Concession Arrangements: Disclosures [revised] (7)	Annual reporting periods beginning on or after 1 January 2008
1003	Australian Petroleum Resource Rent Tax (8)	Annual reporting periods beginning on or after 30 June 2008
1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities (9)	Annual reporting periods beginning on or after 1 July 2008

Notes
(1) This interpretation specifies criteria for determining whether an arrangement is, or contains, a lease.

(2) This interpretation addresses whether certain types of transactions are accounted for as equity-settled or cash settled under AASB 2.

(3) This interpretation gives guidance for operators accounting for service concession arrangements; it does not address accounting by grantors.

(4) This interpretation addresses customer loyalty programmes under which customers are granted customer loyalty award credits.

(5) This interpretation provides general guidance on how to assess the limit in AASB 119 Employee Benefits paragraph 58 on the amount of the surplus that can be recognised as an asset by an employer sponsor. It also explains how the defined benefit surplus (asset) or deficiency (liability) recognised by an employer sponsor may be affected when there is a statutory or contractual minimum funding requirement.

(6) This interpretation deals with the venturer's accounting for non-monetary contributions to Jointly Controlled Entities in exchange for an equity interest in the Jointly Controlled Entities that is accounted for using either the equity method or proportionate consolidation.

(7) This interpretation requires specific disclosures about service concession arrangements for both grantors and operators.

(8) This interpretation applies to Australian Petroleum Resource Rent Tax.

(9) This interpretation establishes criteria for determining whether a transfer of assets to wholly-owned public sector entities from other entities in the same group of entities satisfies the definition of "contribution by owners" in AASB 1004.

The possible impact of these standards is not known and cannot be reliably estimated.

Notes to the financial statements
31 December 2007
(continued)

1 Summary of significant accounting policies (continued)

(ad) Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ae) Comparative amounts

Comparative figures have been reclassified and repositioned in the financial statement, where necessary, to conform with the basis of presentation and classification used in the current year.

(af) Working capital

The University has current assets of $164,164,000 (2006: $82,100,000) and current liabilities of $276,553,000 (2006: $242,824,000) at 31 December 2007, resulting in an excess of current liabilities of $112,389,000 (2006: $160,724,000) . The University's non-current available-for-sale financial assets of $290,457,000 (2006:$280,810,000) are readily convertible to cash.

2 Australian Government financial assistance including HECS-HELP and other Australian Government loan programs

		Consolidated		Parent	
		2007	2006	**2007**	2006
	Notes	**$'000**	$'000	**$'000**	$'000
(a) Commonwealth Grants Scheme and Other Grants	46.1				
Commonwealth Grants Scheme		**137,674**	131,758	**137,674**	131,758
Indigenous Support Fund		**541**	545	**541**	545
Equity Support Programmes		**249**	248	**249**	248
Workplace Reform Programme		**1,899**	1,839	**1,899**	1,839
Workplace productivity programme		**852**	2,381	**852**	2,381
Capital development pool		**652**	-	**652**	-
Collaboration & structural reform programme		**365**	1,115	**365**	1,115
HEFA learning and teaching performance		**6,650**	-	**6,650**	-
Total Commonwealth Grants Scheme and Other Grants		**148,882**	137,886	**148,882**	137,886
(b) Higher Education Loan Programmes	46.2				
HECS-HELP		**76,014**	66,437	**76,014**	66,437
FEE-HELP		**20,374**	20,277	**20,374**	20,277
Total Higher Education Loan Programmes		**96,388**	86,714	**96,388**	86,714
(c) Scholarships	46.3				
Australian Postgraduate Awards		**7,179**	6,937	**7,179**	6,937
International Postgraduate Research Scholarship		**1,478**	1,652	**1,478**	1,652
Commonwealth Education Cost Scholarships		**861**	603	**861**	603
Commonwealth Accommodation Scholarships		**1,344**	999	**1,344**	999
Total Scholarships		**10,862**	10,191	**10,862**	10,191

Notes to the financial statements
31 December 2007
(continued)

2 Australian Government financial assistance including HECS-HELP and other Australian Government loan programs (continued)

		Consolidated		Parent	
		2007	2006	**2007**	2006
	Notes	**$'000**	$'000	**$'000**	$'000
(d) DEEWR-Research	46.4				
Institutional Grants Scheme		**22,769**	23,022	**22,769**	23,022
Research Training Scheme		**43,182**	42,568	**43,182**	42,568
Systemic Infrastructure Initiative		**-**	1,009	**-**	1,009
Research Infrastructure Block Grants		**16,867**	17,028	**16,867**	17,028
HEFA Operating CTS		**420**	-	**420**	-
Australian Scheme for Higher Education Repositories		**164**	-	**164**	-
HEFA Implement Assist Programme		**133**	-	**133**	-
Total DEEWR-Research		**83,535**	83,627	**83,535**	83,627
(e) Australian Research Council	46.5				
***(i)* Discovery**	46.5(a)				
Project		**25,705**	25,895	**25,705**	25,895
Research Fellowships		**(2)**	-	**(2)**	-
Indigenous Researchers Development		**38**	35	**38**	35
Federation Fellowships		**1,658**	1,963	**1,658**	1,963
Total Discovery		**27,399**	27,893	**27,399**	27,893
***(ii)* Linkages**	46.5(b)				
Infrastructure		**1,517**	1,820	**1,517**	1,820
International		**283**	304	**283**	304
Projects		**10,686**	9,558	**10,686**	9,558
Total Linkages		**12,486**	11,682	**12,486**	11,682
***(iii)* Networks and Centres**	46.5(c)				
Centres		**3,907**	3,772	**3,907**	3,772
Total Networks and Centres		**3,907**	3,772	**3,907**	3,772
(f) Other Australian Government financial assistance					
Human services, health and aged care		**40,476**	34,828	**40,476**	34,828
Employment and training		**4,429**	4,772	**4,429**	4,772
Environment, sports and territories		**1,489**	1,576	**1,489**	1,576
Social security		**2,862**	3,884	**2,862**	3,884
Communication, information, technology, arts		**1,544**	419	**1,544**	419
Other		**2,817**	1,841	**2,817**	1,841
Department of Defence		**40,387**	39,396	**40,387**	39,396
Australian Taxation Office		**2,088**	3,416	**2,088**	3,416
AUSAID		**4,135**	5,033	**4,135**	5,033
Total Other Australian Government financial assistance		**100,227**	95,165	**100,227**	95,165
Reconciliation					
Commonwealth Government grants		**387,298**	370,216	**387,298**	370,216
HECS-HELP - Australian Government payments		**76,014**	66,437	**76,014**	66,437
Other Australian Government loan programmes (FEE-HELP)		**20,374**	20,277	**20,374**	20,277
Total Australian Government financial assistance		**483,686**	456,930	**483,686**	456,930

2 Australian Government financial assistance including HECS-HELP and other Australian Government loan programs (continued)

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
(g) Australian Government Grants received - cash basis				
CGS and Other DEEWR Grants	**148,882**	143,746	**148,882**	137,886
Higher Education Loan Programmes	**90,971**	77,546	**90,971**	77,546
Scholarships	**10,809**	10,191	**10,809**	10,191
DEEWR Research	**84,975**	83,627	**84,975**	83,627
ARC grants - Discovery	**29,177**	28,884	**29,177**	28,884
ARC grants - Linkages	**12,882**	12,086	**12,882**	12,086
ARC grants - Networks and Centres	**5,821**	5,706	**5,821**	5,706
Other Australian Government Grants	**105,347**	95,460	**105,347**	95,460
Total Australian Government Grants received - cash basis	**488,864**	457,246	**488,864**	451,386
OS-Help (Net)	**1**	41	**1**	41
Total Australian Government funding received - cash basis	**488,865**	457,287	**488,865**	451,427

3 State, Local and Foreign Government financial assistance

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Research financial assistance	**13,421**	9,930	**13,372**	9,815
Other financial assistance	**453**	438	**453**	438
Singapore Service Capability Programme Development Grants	**-**	14,414	**-**	-
Total State, Local and Foreign Government financial assistance	**13,874**	24,782	**13,825**	10,253

Notes to the financial statements
31 December 2007
(continued)

4 Fees and charges

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Course fees and charges				
Fee-paying overseas students	**160,372**	142,084	**131,566**	119,596
Continuing education	**19,448**	19,085	**16,337**	5,129
Fee-paying domestic postgraduate students	**21,419**	21,257	**18,647**	10,697
Fee-paying domestic undergraduate students	**12,966**	9,961	**12,966**	9,961
Fee-paying domestic non-award students	**5,103**	8,384	**2,479**	4,600
Total course fees and charges	**219,308**	200,771	**181,995**	149,983
Other non-course fees and charges				
Charges for student accommodation	**14,529**	13,157	**6,303**	5,073
Educational measurement and testing	**16,043**	15,443	**3,358**	2,701
Late fees	**907**	987	**907**	987
Library fines	**519**	257	**519**	274
Parking fees and fines	**1,531**	1,000	**1,532**	1,000
Photocopying	**818**	939	**811**	931
Publication sales	**1,404**	1,076	**1,369**	1,116
Rental charges	**7,499**	5,705	**9,864**	7,269
Gym & Sport Fees	**4,018**	3,672	**4,018**	3,672
Miscellaneous sales	**19,061**	14,836	**5,086**	3,058
Other services	**9,489**	12,411	**6,129**	6,743
Cost recoveries (i)	**14,684**	14,822	**16,854**	26,448
Total other fees and charges	**90,502**	84,305	**56,750**	59,272
Total fees and charges	**309,810**	285,076	**238,745**	209,255

(i) The University recovers costs paid on behalf of controlled entities, associated organisations and external entities.

5 Investment income

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Interest	**14,839**	10,691	**2,359**	1,861
Investment income	**54,295**	35,872	**56,793**	35,404
Net gains/(losses) on sale of investments (a)	**(1,637)**	16,767	**10,762**	16,767
	67,497	63,330	**69,914**	54,032
Income attributable to CRCs, trusts and external organisations	**(1,491)**	(1,952)	**(1,754)**	(2,543)
Income attributable to superannuation fund	**(2,737)**	(4,413)	**(2,737)**	(4,413)
Total investment income	**63,269**	56,965	**65,423**	47,076

(a) Net gain on sale of investment in the parent entity includes gain of $12,399,000 from the integration of AGSM and loss of $1,637,000 on disposals of available-for-sale financial assets.

Notes to the financial statements
31 December 2007
(continued)

6 Royalties, trademarks and licences

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Royalties	**1,487**	2,508	**940**	1,890
Licence fees	**6,805**	1,157	**1,552**	-
Total royalties, trademarks and licences	**8,292**	3,665	**2,492**	1,890

7 Consultancy and contracts

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Contract research				
Commonwealth organisations and business enterprises	**7,063**	3,080	**7,336**	2,821
Local government	**150**	103	**150**	103
Donations and bequests for research	**6,770**	5,528	**7,207**	5,528
Non-Commonwealth research financial assistance	**2,527**	2,992	**2,527**	2,992
Australian industry	**11,553**	9,146	**12,316**	9,146
Overseas organisations	**16,394**	13,987	**16,394**	13,987
Co-operative Research Centres	**6,310**	6,447	**6,310**	6,447
Other organisations	**568**	2,835	**568**	2,835
Consultancy	**16,988**	17,199	**5,789**	5,730
Total consultancy and contracts	**68,323**	61,317	**58,597**	49,589

8 Other revenue and income

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Other revenue				
Donations and bequests	**12,620**	7,162	**7,536**	6,660
Scholarships and prizes	**6,864**	7,394	**7,898**	8,073
Other external grants	**7,565**	11,577	**7,944**	11,774
Total other revenue	**27,049**	26,133	**23,378**	26,507
Other income				
Miscellaneous income	**3,980**	1,461	**3,159**	2,970
Refund from ATO franking credits	**2,385**	1,379	**2,385**	1,379
Subscription	**87**	252	**142**	361
Sponsorship	**294**	304	**294**	304
Gain on discounting on EDB grants	**2,514**	-	**2,514**	-
Discount on acquisition, refer note 34	**-**	5,731	**-**	-
Total other income	**9,260**	9,127	**8,494**	5,014
Total other revenue and income	**36,309**	35,260	**31,872**	31,521

Notes to the financial statements
31 December 2007
(continued)

9 Effect of correction of errors in previous year

(a) Alignment of accounting policy with regard to student accommodation and residential properties with AASB 116 Property Plant and Equipment

During the year the Group changed its policy from not depreciating student accommodation and residential properties held at fair value, to depreciation over the expected useful life in accordance with *AASB 116 Property Plant and Equipment.*

The change in accounting policy has been adjusted in the Group and the parent entity retrospectively by reducing the retained surplus and increasing the property, plant and equipment revaluation reserve by $2,929,000; and increasing the depreciation and the accumulated depreciation for student accommodation & residential properties by $1,554,000 for the year ended 31 December 2006.

(b) Correction of errors in recognition of project expenses

Upon conclusion of the project for the North Mall Development Zone (NMDZ), the Group performed a detailed review and reconciliation of all capitalised project costs in relation to the project. During this process the Group identified that $5,663,000 has been over-capitalised during the project, of which $ 4,012,000 related to prior periods. These expenses related to moving hazardous goods and costs for internal administration fees, that should have been expensed as incurred.

As a result, Buildings were overstated and Retained surplus was overstated by $795,000 respectively at 1 January 2006. For the year ended 31 December 2006, Buildings were overstated and Other expenses were understated respectively by $3,217,000.

(c) Correction of error in relation to on-costs due on payments made to contractors

The Group has identified that it should have provided on-costs in respect of payments made to contractors that were engaged by the University. The Group estimated that an additional liability of $8,705,932 is required , which represents an understatement of expenses of $1,450,384 in 2006 and an overstatement of the opening Retained surplus of $7,255,548 for the 2006 financial year. Management is of the opinion that this is an error rather than a change in estimation and therefore treated the additional liability as a prior period adjustment.

10 Employee related expenses

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Academic[1]				
Salaries	**211,413**	199,568	**203,278**	187,210
Contribution to superannuation and pension schemes:				
Emerging cost	**8,374**	8,287	**7,688**	7,908
Funded	**28,459**	24,675	**28,194**	23,647
Provisions for future emerging costs	**(6,945)**	(22,197)	**(6,945)**	(22,197)
Payroll tax	**14,446**	14,188	**13,914**	13,398
Worker's compensation	**602**	490	**508**	335
Long service leave expense	**12,907**	10,413	**12,876**	10,237
Annual leave	**14,714**	12,352	**14,714**	12,352
Other	**1,010**	675	**1,010**	669
Total academic	**284,980**	248,451	**275,237**	233,559
Non-academic[2]				
Salaries	**201,153**	216,159	**176,881**	184,871
Contribution to superannuation and pension schemes:				
Emerging cost	**2,931**	3,646	**2,931**	3,388
Funded	**25,025**	24,837	**23,174**	21,940
Provisions for future emerging costs	**1,147**	13,510	**1,147**	13,510
Payroll tax	**14,121**	15,370	**12,773**	13,404
Worker's compensation	**228**	(563)	**128**	(49)
Long service leave expense	**7,023**	8,321	**6,573**	7,504
Annual leave	**16,943**	22,165	**15,262**	21,154
Other	**2,829**	2,657	**1,562**	1,127

10 Employee related expenses (continued)

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Total non-academic	**271,400**	306,102	**240,431**	266,849
Total employee related expenses	**556,380**	554,553	**515,668**	500,408
Deferred employee benefits for superannuation	**(50,669)**	(90,369)	**(50,669)**	(90,369)
Total employee related expenses, including deferred employee benefits for superannuation	**505,711**	464,184	**464,999**	410,039

[1]Academic staff are paid under the Academic Staff Enterprise Agreement and include teaching staff, sessional teaching staff, guest lecturers and academic research staff.

[2]Non-academic staff are paid under The University of New South Wales General Staff Enterprise Agreement and include general and administrative staff, professional and teaching staff, examination supervisors and casual general staff.

11 Depreciation and amortisation

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Depreciation				
Buildings	**27,033**	25,332	**26,500**	24,375
Computer equipment	**4,040**	3,983	**3,439**	3,235
Motor vehicles	**405**	573	**333**	518
Other equipment	**9,916**	9,323	**9,778**	9,024
Library holdings	**2,991**	4,958	**2,991**	4,795
Total depreciation	**44,385**	44,169	**43,041**	41,947
Amortisation				
Computer software	**174**	929	**41**	849
Leasehold improvements	**444**	843	**357**	286
Patents	**212**	140	**-**	-
Total amortisation	**830**	1,912	**398**	1,135
Total depreciation and amortisation	**45,215**	46,081	**43,439**	43,082

12 Repairs and maintenance

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Service contracts	**8,975**	5,077	**8,875**	4,967
Buildings	**11,964**	10,290	**10,698**	8,247
Other equipment	**2,282**	1,903	**2,222**	1,826
Other	**1,242**	966	**1,121**	841
Total repairs and maintenance	**24,463**	18,236	**22,916**	15,881

Notes to the financial statements
31 December 2007
(continued)

13 Finance costs

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Interest expense	**2,508**	655	**3,104**	181
Total finance costs	**2,508**	655	**3,104**	181

14 Impairment of assets

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Student debtors	**(537)**	(88)	**(531)**	(95)
Sundry debtors	**(817)**	(826)	**(1,222)**	(891)
NewSouth Innovations (diminution of receivable)	**-**	-	**-**	(6,900)
Other debtors	**-**	(500)	**-**	(500)
Investments	**1,993**	1,281	**3,390**	6,899
Other non-current assets	**28**	80	**26**	80
Patents	**1,505**	965	**-**	-
Total impairment of assets	**2,172**	912	**1,663**	(1,407)

Notes to the financial statements
31 December 2007
(continued)

15 Other expenses

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Scholarships, grants and prizes	**59,482**	58,846	**59,425**	57,930
Non-capitalised equipment	**26,321**	18,035	**26,188**	16,832
Advertising, marketing and promotional expenses	**6,969**	6,993	**6,083**	4,094
Audit fees and other assurance services	**1,140**	1,330	**673**	749
Consumables	**33,546**	29,650	**30,915**	29,260
Travel and entertainment	**31,573**	31,816	**29,158**	27,663
Administrative costs	**1,246**	713	**-**	158
Catering expenses	**3,015**	3,556	**2,640**	1,418
Commission to agents	**3,566**	1,598	**-**	-
Computer software	**4,145**	3,469	**4,013**	3,347
Contract services (including consultants)	**99,694**	85,784	**93,856**	71,909
Cost of books sold	**9,212**	7,868	**-**	-
Energy and utilities	**6,541**	7,538	**5,964**	6,668
Fringe Benefit Tax (FBT)	**1,190**	1,917	**1,044**	1,817
Fees and charges	**4,082**	3,372	**3,549**	2,471
Freight and carriage	**3,207**	2,630	**1,729**	1,284
UNSW Asia's liabilities and closure costs (a)	**-**	-	**47,598**	-
Hire and rental	**5,039**	4,726	**3,354**	2,320
Insurance	**3,013**	3,316	**3,004**	3,421
Investors and collaborators	**1,254**	632	**-**	-
Licence fees	**12,496**	11,284	**12,496**	11,182
Motor vehicle expenses	**569**	883	**469**	780
Net foreign exchange loss	**188**	585	**(154)**	302
Operating lease rental expenses	**1,826**	2,973	**1,485**	1,381
Overheads - postage and telephone	**7,850**	7,405	**7,521**	6,564
Residential	**5,818**	8,070	**-**	-
Student fee discount and waivers	**28**	2,839	**28**	2,839
PELS contribution to AGSM	**1,768**	-	**1,768**	6,146
Contribution to AGSM	**-**	-	**-**	889
Other	**1,517**	2,357	**284**	90
Total other expenses	**336,295**	310,185	**343,090**	261,514

(a) In December 2007, UNSW Asia's liabilities and closure costs of $47,598,000 were assumed by the parent entity, thus enabling UNSW Asia to enter into member's voluntary liquidation. The liabilities and closure costs include a loan from ANZ Bank of $16,879,000 (refer to note 28(c)), a loan from the Economic Development Board (EDB) Singapore of $11,878,000 (refer to note 28(f)), grants liability to the EDB of $13,810,000 (refer to note 31(a)), staff termination costs of $3,454,000 and other closure costs of $1,577,000.

Notes to the financial statements
31 December 2007
(continued)

16 Income Tax

	Consolidated	
	2007	2006
	$'000	$'000
(a) Income tax (benefit)/expense		
Current tax	**172**	(39)
	172	(39)
Income tax (benefit)/expense is attributable to:		
Surplus from continuing operations	**172**	(39)
Aggregate income tax (benefit)/expense	**172**	(39)
(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable		
Operating result from continuing operations before income tax expense	**40,726**	15,757
Tax at the Australian tax rate of 30% (2006 - 30%)	**12,218**	4,727
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Net income of tax exempt entities	**(19,865)**	(7,553)
Non-recognition of DTA/DTL (pursuant to AASB 112)	**-**	7
Difference in overseas tax rates	**(126)**	(9)
Non-recognition of deferred tax asset not probable	**7,945**	2,925
Recoupment of prior year tax losses not previously recognised	**-**	(136)
Income tax (benefit)/expense	**172**	(39)
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**8,377**	7,960
Potential tax benefit at 30%	**2,724**	2,388

All unused tax losses were incurred by Australian entities.

17 Discontinued operation

(a) Description

On 23 May 2007, UNSW Asia formerly known as UNSW Asia Limited announced the closure of its Singapore campus and cessation of its principal business. On 24 December 2007, the company was placed in liquidation.

Notes to the financial statements
31 December 2007
(continued)

17 Discontinued operation (continued)

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the 11 months ended 21 December 2007.

	Consolidated 2007 $'000	Consolidated 2006 $'000
Financial performance information for the 11 months ended 21 December 2007		
Revenue	**2,487**	-
Expenses	**(49,523)**	-
Operating result from discontinued operations	**(47,036)**	-
Operating result from discontinued operations	**(47,036)**	-
Net cash used in operating activities	**(32,845)**	-
Net cash provided by financing activities	**11,876**	-
Net decrease in cash generated by the discontinued operation	**(20,969)**	-

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 21 December 2007 were as follows:

	Consolidated 2007 $'000	Consolidated 2006 $'000
Cash at bank and on hand	**350**	-
Receivables	**268**	-
Total assets	**618**	-
Trade and other payables	**(618)**	-
Total liabilities	**(618)**	-
Net assets	**-**	-

18 Cash and cash equivalents

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Cash at bank and on hand	**38,950**	51,967	**19,015**	13,478
Deposits at call and investments maturing within three months	**2,709**	2,572	**20**	12
Total cash and cash equivalents	**41,659**	54,539	**19,035**	13,490

Notes to the financial statements
31 December 2007
(continued)

18 Cash and cash equivalents (continued)

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

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

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Balances as above	**41,659**	54,539	**19,035**	13,490
Balances per cash flow statement	**41,659**	54,539	**19,035**	13,490

(b) Cash at bank

The average interest rates are 6.11% (2006: 5.53%).

(c) Deposits at call

The average interest rates are 6.15% (2006: 6.30%).

19 Receivables

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Current				
Sundry debtors	**35,416**	45,794	**31,053**	45,723
Less: Provision for impaired receivables	**(2,443)**	(4,960)	**(2,002)**	(4,725)
	32,973	40,834	**29,051**	40,998
Student debtors	**7,682**	9,015	**7,682**	9,015
Less: Provision for impaired receivables	**(6,673)**	(7,240)	**(6,671)**	(7,240)
	1,009	1,775	**1,011**	1,775
Sundry advances	**1,332**	1,473	**778**	4,132
Less: Provision for impaired receivables	**-**	-	**-**	(3,071)
	1,332	1,473	**778**	1,061
Accrued income	**6,881**	5,019	**6,807**	4,293
Payments in advance	**17,056**	17,098	**14,861**	15,175
Investment income receivable	**60**	3,161	**-**	3,159
Total other receivables	**23,997**	25,278	**21,668**	22,627
Total current receivables	**59,311**	69,360	**52,508**	66,461

19 Receivables (continued)

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Non-current				
Loans	**1,500**	1,513	**1,750**	1,750
Deferred government contribution for superannuation	**319,055**	372,461	**319,055**	372,461
Other	**195**	235	**131**	119
Total non-current receivables	**320,750**	374,209	**320,936**	374,330
Total receivables	**380,061**	443,569	**373,444**	440,791

(a) Impaired receivables

Terms of trade are 30 days. As of 31 December 2007, current receivables of the Group and the parent entity with a nominal value of $14,710,000 and $14,277,000, respectively (2006: $21,062,000 and $20,879,000, respectively) were impaired. For student and non-government debtors, the Group has provided fully for all receivables over 365 days. Receivables between 90 days to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. For government and semi government receivables, the Group and the parent entity have provided 30 per cent provision for all receivables over 365 days.

The ageing of these receivables is as follows:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
31 - 60 days	**-**	3	**-**	-
61 - 90 days	**4**	-	**-**	-
91 - 180 days	**4,512**	4,894	**4,332**	4,810
181 - 270 days	**1,071**	1,036	**927**	993
271 - 365 days	**1,232**	1,916	**1,170**	1,916
Over 365 days	**7,891**	13,213	**7,848**	13,160
Total	**14,710**	21,062	**14,277**	20,879

As of 31 December 2007, current receivables of the Group and the parent entity of $10,255,000 and $8,293,000 respectively (2006: $15,639,000 and $11,844,000 respectively) were past due but not impaired. These relate to a number of government and semi government customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
31 - 60 days	**6,513**	5,932	**5,413**	3,690
61 - 90 days	**2,743**	2,595	**2,281**	2,016
91 - 180 days	**668**	3,293	**376**	2,680
181 - 270 days	**256**	3,757	**223**	3,458
Over 365 days	**75**	62	**-**	-
Total	**10,255**	15,639	**8,293**	11,844

Notes to the financial statements
31 December 2007
(continued)

19 Receivables (continued)

(a) Impaired receivables (continued)

Movements in the provision for impaired receivables are as follows:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Sundry debtors				
At 1 January	**4,960**	6,111	**4,725**	5,739
Provision for impairment reversed during the year	**(817)**	(826)	**(1,222)**	(891)
Receivables written off during the year	**(1,700)**	(325)	**(1,501)**	(123)
At 31 December	**2,443**	4,960	**2,002**	4,725

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Student debtors				
At 1 January	**7,240**	9,126	**7,240**	9,126
Provision for impairment reversed during the year	**(537)**	(88)	**(531)**	(95)
Receivables written off during the year	**(30)**	(1,798)	**(38)**	(1,791)
At 31 December	**6,673**	7,240	**6,671**	7,240

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Sundry advances				
At 1 January	**-**	-	**3,071**	3,071
Provision for impairment reversed during the year	**-**	-	**-**	-
Receivables written off during the year	**-**	-	**(3,071)**	-
At 31 December	**-**	-	**-**	3,071

The creation and release of the provision for impaired receivables has been included in 'impairment of assets' in the income statement, refer to note 14. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

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

(b) Foreign exchange risk

The carrying amounts of the Group's and parent entity's sundry debtors are denominated in the following currencies:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Australian Dollar	**33,504**	43,231	**29,532**	43,673
US Dollar	**1,526**	1,912	**1,458**	1,820
Singaporean Dollar	**69**	236	**-**	-
Hong Kong Dollar	**133**	43	**-**	-
Others	**184**	372	**63**	230
	35,416	45,794	**31,053**	45,723

For an analysis of the sensitivity of receivables to foreign currency risk refer to note 44.

Notes to the financial statements
31 December 2007
(continued)

19 Receivables (continued)

(c) Fair value and credit risk

Due to the short-term nature of current receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group and the parent entity do not hold any collateral as security. Refer to note 44 for more information on the risk management policy of the Group.

20 Inventories

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Inventories at cost	**1,636**	1,583	**-**	-
Provision for write-down on inventories	**(88)**	(153)	**-**	-
Total inventories	**1,548**	1,430	**-**	-

21 Non-current assets classified as held for sale

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Land (a)	**91,510**	-	**91,510**	-
Post Office Licence (b)	**675**	-	**675**	-
Total non-current assets held for sale	**92,185**	-	**92,185**	-

(a) This land is at 1408 Anzac Parade, Little Bay and was sold in 2008, refer to note 42.

(b) The University has decided to sell the licence for the operation of an Australian Post Office branch in Kensington campus in 2008.

Notes to the financial statements
31 December 2007
(continued)

22 Available-for-sale financial assets

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Current				
Mortgage backed securities	**207**	472	**207**	472
Other (unit trusts) (b)	**229**	1,677	**229**	1,677
Total current available-for-sale financial assets	**436**	2,149	**436**	2,149
Non-current				
Listed domestic equities (c)	**116,417**	115,371	**114,428**	113,467
Unlisted domestic/international fixed interest (a)	**181,423**	169,445	**117,597**	109,736
Listed international equities (d)	**57,625**	56,867	**56,396**	55,593
Listed equities (e)	**3,690**	3,445	**2,036**	2,014
Total non-current available-for-sale financial assets	**359,155**	345,128	**290,457**	280,810
Total available-for-sale financial assets	**359,591**	347,277	**290,893**	282,959

As a result of the revaluation of available-for-sale financial assets, the Group and the parent entity have recognised a net loss of $36,339,000 and $30,557,000, respectively (2006: net gain of $5,792,000 and $5,133,000, respectively) in available-for-sale investment revaluation reserve, refer to note 33.

(a) Unlisted domestic/international fixed interest

Unlisted fixed interest units trusts measured at year end by reference to exit price declared by fund managers.

(b) Other (unit trusts)

Cash management unit trusts, measured at year end by reference to exit prices declared by fund managers.

(c) Listed domestic equities

Unlisted domestic equity unit trusts measured at year end by reference to exit prices declared by fund managers. The fund managers measure the listed equities at year end by reference to the Australian Securities Exchange.

(d) Listed international equities

Unlisted international equity unit trusts measured at year end by reference to exit prices declared by fund managers.

(e) Listed equities

At 31 December 2007, the parent entity owned 11,633,608 (2006: 11,633,608) and the Group owned 20,305,359 (2006: 20,305,359) Ordinary Shares in Biosignal Limited. Biosignal Limited shares was released from ASX escrow on 6 April 2006. Shares are valued based on the bid price on the Australian Stock Exchange at year end.

Notes to the financial statements
31 December 2007
(continued)

23 Other financial assets

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Non-current				
Unlisted companies (i)	**1,114**	1,772	**104**	1,772
Unincorporated venture capital investment (ii)	**2,750**	1,500	**2,750**	1,500
Total non-current other financial assets	**3,864**	3,272	**2,854**	3,272

(i) The Group's and the parent entity's investments in the following companies and ventures are shown at cost less impairment losses.

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Pacific Solar Pty Ltd	**75**	75	**75**	75
Smart Internet Technology CRC Pty Ltd	**1**	1	**1**	1
IDP Education Australia Ltd	**1**	1	**1**	1
AARnet Pty Ltd	**1**	1	**1**	1
B. Tech Avn Ltd	**22**	22	**22**	22
U21 Equity Ltd	**1**	1,670	**1**	1,670
PT UniResources Pasada International	**1**	1	**1**	1
Dosimetry & Imaging Pty Limited	**390**	-	**-**	-
BT Imaging Pty Ltd	**607**	-	**-**	-
Locata Corporation Pty Ltd	**13**	-	**-**	-
Sydney Institute of Marine Science	**1**	-	**1**	-
Other unlisted companies	**1**	1	**1**	1
Total unlisted companies	**1,114**	1,772	**104**	1,772

(ii) The unincorporated venture capital investment as at 31 December 2007 and 2006 represents the parent entity's investment in University Innovation & Investment Trust no. 3.

Notes to the financial statements
31 December 2007
(continued)

24 Property, plant and equipment

Consolidated	Buildings under construction $'000	Land $'000	Student accomm & residential properties $'000	Buildings $'000	Works of art $'000	Computer equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Other equipment $'000	Library holdings $'000	Rare books $'000	Total $'000
At 1 January 2006												
Cost	68,464	-	-	15,272	35	31,971	5,042	-	107,490	80,028	-	308,302
Valuation	-	220,426	148,208	1,252,071	5,926	-	-	9,860	-	-	10,034	1,646,525
Accumulated depreciation	-	-	-	(804,764)	-	(25,118)	(1,878)	(2,738)	(59,155)	(69,932)	-	(963,585)
Accumulated impairment	-	-	-	-	-	(16)	-	-	(753)	-	-	(769)
Net book amount	68,464	220,426	148,208	462,579	5,961	6,837	3,164	7,122	47,582	10,096	10,034	990,473
Year ended 31 December 2006												
Opening net book amount	68,464	220,426	148,208	462,579	5,961	6,837	3,164	7,122	47,582	10,096	10,034	990,473
Foreign exchange differences	-	-	-	4	-	(1)	-	-	(3)	-	-	-
Additions	118,130	-	7,551	282	41	3,950	477	5,581	15,431	3,672	-	155,115
Transfer	(133,940)	-	703	133,237	-	-	-	-	-	-	-	-
Disposal	-	-	-	(11)	(23)	(58)	(393)	-	(453)	-	-	(938)
Impairment charge	-	-	-	-	-	16	-	-	6	-	-	22
Depreciation / amortisation	-	-	(1,554)	(23,778)	-	(3,983)	(573)	(843)	(9,323)	(4,958)	-	(45,012)
Other	-	-	-	(23)	-	27	-	-	20	-	-	24
Closing net book amount	52,654	220,426	154,908	572,290	5,979	6,788	2,675	11,860	53,260	8,810	10,034	1,099,684
At 31 December 2006												
Cost	52,654	-	8,254	148,614	76	33,949	4,713	5,581	120,558	83,699	-	458,098
Valuation	-	220,426	148,208	1,250,878	5,903	-	-	9,860	-	-	10,034	1,645,309
Accumulated depreciation	-	-	(1,554)	(827,202)	-	(27,161)	(2,038)	(3,581)	(66,551)	(74,889)	-	(1,002,976)
Accumulated impairment	-	-	-	-	-	-	-	-	(747)	-	-	(747)
Net book amount	52,654	220,426	154,908	572,290	5,979	6,788	2,675	11,860	53,260	8,810	10,034	1,099,684

24 Property, plant and equipment (continued)

Consolidated	Buildings under construction $'000	Land $'000	Student accomm & residential properties $'000	Buildings $'000	Works of art $'000	Computer equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Other equipment $'000	Library holdings $'000	Rare books $'000	Total $'000
Year ended 31 December 2007												
Opening net book amount	52,654	220,426	154,908	572,290	5,979	6,788	2,675	11,860	53,260	8,810	10,034	1,099,684
Foreign exchange differences	-	-	-	-	-	(22)	-	-	-	-	-	(22)
Revaluation surplus / (decrement)	-	13,791	55,417	79,153	411	-	-	-	-	-	3,672	152,444
Additions	43,935	-	524	26,406	462	3,941	96	823	16,885	2,831	-	95,903
Transfer[3]	(80,189)	-	3,893	75,024	-	-	-	2,525	(1,253)	-	-	-
Disposals	-	-	-	(4,054)	(94)	(2,777)	(2,145)	(15)	(4,416)	(2,942)	-	(16,444)
Assets classified as held for sale	-	-	(91,510)	-	-	-	-	-	-	-	-	(91,510)
Impairment charge[1 & 2]	-	-	-	-	-	-	-	423	(451)	-	-	(28)
Transfers to discontinued operation	(5,363)	-	-	-	-	(619)	-	(3,044)	(949)	(785)	-	(10,760)
Depreciation / amortisation	-	-	(1,446)	(25,587)	-	(4,040)	(405)	(444)	(9,916)	(2,991)	-	(44,829)
Write-down of buildings[4]	-	-	-	(11,987)	-	-	-	-	-	-	-	(11,987)
Accumulated depreciation adjustment - revaluation[5]	-	-	3,000	55,843	-	-	-	-	-	-	-	58,843
Accumulated depreciation adjustment - others[6]	-	-	-	13,581	-	2,561	791	78	4,024	2,309	-	23,344
Closing net book amount	11,037	234,217	124,786	780,669	6,758	5,832	1,012	12,206	57,184	7,232	13,705	1,254,638
At 31 December 2007												
Cost	11,037	-	-	251,651	35	34,473	2,664	1,274	130,000	82,803	-	513,937
Valuation	-	234,217	124,786	1,312,382	6,723	-	-	17,463	-	-	13,705	1,709,276
Accumulated depreciation	-	-	-	(783,364)	-	(28,641)	(1,652)	(6,531)	(72,443)	(75,571)	-	(968,202)
Accumulated impairment	-	-	-	-	-	-	-	-	(373)	-	-	(373)
Net book amount	11,037	234,217	124,786	780,669	6,758	5,832	1,012	12,206	57,184	7,232	13,705	1,254,638

[1]Leasehold improvement impairment charge of $423,000 represents reversal of impairment which is net of cost of $3,007,000 and accumulated depreciation of $2,584,000.

[2]Other equipment impairment charge of $451,000 represents reversal of accumulated impairment of $374,000 and direct write off of AGSM, UNSW Asia and NSG's other equipments of $825,000.

[3]Asset transfer of $1,253,000 represents reclassification from other equipment to leasehold improvements.

[4]Write down of buildings of $11,987,000 represents cost of demolished buildings amounting to $10,194,800 and cost of derecognised buildings amounting to $1,792,000, pertaining to High Street Public Private Partnership (PPP) project.

[5]Accumulated depreciation adjustment for buildings of $55,843,000 has been made due to the resetting of the gross value and remaining life of buildings to reflect the fair value of these buildings as at 31 December 2007.

[6]Accumulated depreciation adjustment for buildings of $13,581,000 represents the reversal of accumulated depreciation upon the write down and disposals of buildings.

24 Property, plant and equipment (continued)

Parent	Buildings under construction $'000	Land $'000	Student accomm & residential properties $'000	Buildings $'000	Works of art $'000	Computer equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Other equipment $'000	Library holdings $'000	Rare books $'000	Total $'000
At 1 January 2006												
Cost	68,464	-	-	4,519	-	27,613	4,475	-	103,423	77,225	-	285,719
Valuation	-	220,426	148,208	1,252,071	5,884	-	-	9,860	-	-	10,034	1,646,483
Accumulated depreciation	-	-	-	(800,440)	-	(22,089)	(1,480)	(2,738)	(56,850)	(67,784)	-	(951,381)
Accumulated impairment	-	-	-	-	-	(16)	-	-	(754)	-	-	(770)
Net book amount	68,464	220,426	148,208	456,150	5,884	5,508	2,995	7,122	45,819	9,441	10,034	980,051
Year ended 31 December 2006												
Opening net book amount	68,464	220,426	148,208	456,150	5,884	5,508	2,995	7,122	45,819	9,441	10,034	980,051
Additions	112,767	-	7,551	-	41	2,763	449	2,537	14,215	2,747	-	143,070
Transfer	(133,940)	-	703	133,237	-	-	-	-	-	-	-	-
Disposals	-	-	-	(12)	(23)	(31)	(393)	-	(399)	-	-	(857)
Impairment charge	-	-	-	-	-	16	-	-	6	-	-	22
Depreciation / amortisation	-	-	(1,554)	(22,821)	-	(3,235)	(518)	(286)	(9,024)	(4,795)	-	(42,233)
Closing net book amount	47,291	220,426	154,908	566,554	5,902	5,021	2,533	9,373	50,618	7,393	10,034	1,080,053
At 31 December 2006												
Cost	47,291	-	8,254	137,756	41	28,600	4,285	2,537	115,472	79,972	-	424,208
Valuation	-	220,426	148,208	1,250,878	5,861	-	-	9,860	-	-	10,034	1,645,267
Accumulated depreciation	-	-	(1,554)	(822,080)	-	(23,579)	(1,752)	(3,024)	(64,107)	(72,579)	-	(988,675)
Accumulated impairment	-	-	-	-	-	-	-	-	(747)	-	-	(747)
Net book amount	47,291	220,426	154,908	566,554	5,902	5,021	2,533	9,373	50,618	7,393	10,034	1,080,053

24 Property, plant and equipment (continued)

Parent	Buildings under construction $'000	Land $'000	Student accomm & residential properties $'000	Buildings $'000	Works of art $'000	Computer equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Other equipment $'000	Library holdings $'000	Rare books $'000	Total $'000
Year ended 31 December 2007												
Opening net book amount	47,291	220,426	154,908	566,554	5,902	5,021	2,533	9,373	50,618	7,393	10,034	1,080,053
Revaluation surplus / (decrement)	-	13,791	55,417	79,153	411	-	-	-	-	-	3,672	152,444
Additions	43,935	-	524	26,146	462	3,551	17	822	16,774	2,830	-	95,062
Transfer	(80,189)	-	3,893	75,059	-	-	-	1,237	1	-	-	-
Disposals	-	-	-	-	(52)	(1,622)	(2,066)	-	(3,213)	-	-	(6,953)
Impairment charge[1 & 2]	-	-	-	-	-	-	-	423	(449)	-	-	(26)
Assets classified as held for sale	-	-	(91,510)	-	-	-	-	-	-	-	-	(91,510)
Depreciation / amortisation	-	-	(1,446)	(25,054)	-	(3,439)	(333)	(357)	(9,778)	(2,991)	-	(43,398)
Write-down of buildings[3]	-	-	-	(11,987)	-	-	-	-	-	-	-	(11,987)
Accumulated depreciation adjustment - revaluation[4]	-	-	3,000	55,843	-	-	-	-	-	-	-	58,843
Accumulated depreciation adjustment - others[5]	-	-	-	10,037	-	1,559	670	-	2,674	-	-	14,940
Closing net book amount	11,037	234,217	124,786	775,751	6,723	5,071	821	11,498	56,627	7,232	13,705	1,247,468
At 31 December 2007												
- Cost	11,037	-	-	244,622	-	30,530	2,236	-	128,211	82,803	-	499,439
- Valuation	-	234,217	124,786	1,312,382	6,723	-	-	17,463	-	-	13,705	1,709,276
Accumulated depreciation	-	-	-	(781,253)	-	(25,459)	(1,415)	(5,965)	(71,211)	(75,571)	-	(960,874)
Accumulated impairment	-	-	-	-	-	-	-	-	(373)	-	-	(373)
Net book amount	11,037	234,217	124,786	775,751	6,723	5,071	821	11,498	56,627	7,232	13,705	1,247,468

[1]Leasehold improvement impairment charge of $423,000 represents reversal of impairment which is net of cost of $3,007,000 and accumulated depreciation of $2,584,000.

[2]Other equipment impairment charge of $449,000 represents reversal of accumulated impairment of $374,000 and direct write off of AGSM and UNSW Asia's other equipments of $823,000.

[3]Write down of buildings of $11,987,000 represents cost of demolished buildings amounting to $10,194,800 and cost of derecognised buildings amounting to $1,792,000, pertaining to High Street Public Private Partnership (PPP) project.

[4]Accumulated depreciation adjustment for buildings of $55,843,000 has been made due to the resetting of the gross value and remaining life of buildings to reflect the fair value of these buildings as at 31 December 2007.

[5]Accumulated depreciation adjustment for buildings of $10,037,000 represents the reversal of accumulated depreciation upon the write down of buildings.

24 Property, plant and equipment (continued)

(a) Valuations of land, student accommodation and residential property

The valuation basis of land is fair value based on an 'in-use' basis. The valuation basis of student accommodation and residential property is fair value on a 'highest-best-use' basis being the amounts for which the assets could be exchanged between willing parties in an arm's-length transaction, based on current prices in an active market for similar properties in the same location and condition. The revaluations for 2007 were based on independent assessments by CB Richard Ellis Pty Ltd as at 31 December 2007.

(b) Valuations of buildings

The valuation basis of buildings is Depreciated Replacement Cost. The 2007 revaluations were based on independent assessments by CB Richard Ellis Pty Ltd as at 31 December 2007.

(c) Valuations of rare books

The valuation basis of rare books is fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction based on current prices in an active market. Where the market selling price is not available, fair value is measured at replacement cost. The revaluation were carried out by McWilliam & Associates Pty Ltd as at 31 December 2007.

(d) Valuations of works of art

The valuation basis of works of art is fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction based on current prices in an active market. Where the market selling price is not available, fair value is measured at replacement cost. The revaluation were carried out by McWilliam & Associates Pty Ltd as at 31 December 2007.

(e) Leasing arrangements

Certain parts of Freehold Land, Buildings, Student Accommodation and Residential Property are leased to tenants under short-term and long-term operating leases with rentals payable monthly.

Minimum lease payments by lessees to the Group and Parent (exclusive of GST) under non-cancellable operating leases of properties not recognised in the financial statements are receivable as follows:

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Within one year	**2,849**	2,928	**5,260**	5,080
Later than one year but not later than five years	**6,470**	8,656	**16,323**	20,424
Later than five years	**653**	530	**7,006**	6,883
Net book amount	**9,972**	12,114	**28,589**	32,387
Total GST payable (at 10%)	**997**	1,211	**2,859**	3,239

25 Public Private Partnerships (PPP)

(a) High Street Housing Project

The Parent has entered into a PPP with UNSW Village Pty Limited to finance, design, construct and commission student accommodation and maintain, manage and operate it for a period of 40 years. The carrying value of the existing buildings on the development site of $1,800,000 has been written down to nil at 31 December 2007 on the basis that there is no future economic benefit to the Parent from these buildings. The Parent will reimburse UNSW Village Pty Limited for site clearance works up to a maximum of $819,000. As at 31 December 2007, $400,000 of this reimbursement has been expensed.

Once the construction is completed, the Parent will grant to UNSW Village Pty Limited a 40-year lease, the concession period for the land making up the site. The Parent retains the legal title to the land. Therefore the arrangement will be treated as an operating lease with the Parent being a lessor and the land will be leased at a peppercorn rent. The land is recorded at fair value as at 31 December 2007.

The Parent does not have the significant risks and rewards in relation to the student accommodation during the PPP concession period. Management estimates that the fair value of the student accommodation at the end of the concession period will be nil. As such, the Parent will not account for the accommodation in its accounts during the concession period.

(b) New College Postgraduate Village Project

The Parent has entered into a PPP with New College Postgraduate Village to finance, design, construct and commission student accommodation and maintain, manage and operate it for a period of 49 years. At the end of the concession period the student accommodation will either be transferred to the Parent at nominal consideration or be demolished. The carrying value of the existing buildings on the development site of $364,000 has been written down to nil in the prior year on the basis that the buildings were redundant.

Once the construction is completed, the Parent will grant to New College Postgraduate Village a 49-year lease, the concession period for the land making up the site. The Parent retains the legal title to the land. Therefore the arrangement will be treated as an operating lease with the Parent being a lessor and the land will be leased at a peppercorn rent. The land is recorded at fair value as at 31 December 2007.

The Parent does not have the significant risks and rewards in relation to the student accommodation during the PPP concession period. Management estimates that the fair value of the student accommodation at the end of the concession period will be nil. As such, the Parent will not account for the accommodation in its accounts during the concession period.

26 Intangible assets

Consolidated	Patent[1] $'000	Computer software $'000	Licence $'000	Total $'000
At 1 January 2006				
Cost	4,802	37,692	250	42,744
Accumulated amortisation and impairment	(3,515)	(36,313)	-	(39,828)
Net book amount	1,287	1,379	250	2,916
Year ended 31 December 2006				
Opening net book amount	1,287	1,379	250	2,916
Additions	1,617	361	-	1,978
Disposals	-	(347)	-	(347)
Impairment charge	(907)	-	-	(907)
Amortisation charge	(140)	(929)	-	(1,069)
Closing net book amount	1,857	464	250	2,571
At 31 December 2006				
Cost	6,418	37,707	250	44,375
Accumulated amortisation and impairment	(4,561)	(37,243)	-	(41,804)
Net book amount	1,857	464	250	2,571
Year ended 31 December 2007				
Opening net book amount	**1,857**	**464**	**250**	**2,571**
Additions	**1,592**	**278**	**-**	**1,870**
Disposals	**(577)**	**(7)**	**-**	**(584)**
Revaluation surplus	**-**	**-**	**425**	**425**
Transfers to assets held for sale	**-**	**-**	**(675)**	**(675)**
Impairment charge	**(1,505)**	**-**	**-**	**(1,505)**
Amortisation charge	**(212)**	**(174)**	**-**	**(386)**
Accumulated amortisation adjustment	**578**	**-**	**-**	**578**
Transfer to discontinued operation	**-**	**(80)**	**-**	**(80)**
Closing net book amount	**1,733**	**481**	**-**	**2,214**
At 31 December 2007				
Cost	**7,433**	**38,300**	**-**	**45,733**
Accumulated amortisation and impairment	**(5,700)**	**(37,819)**	**-**	**(43,519)**
Net book amount	**1,733**	**481**	**-**	**2,214**

[1]Patents are amortised over their economic life, usually 20 years.

In prior years the cost and accumulated amortisation of patents was understated by $2,879,000. This has been corrected by restating the opening cost and accumulated amortisation at 1 January 2006 and there was no effect on prior year profits.

26 Intangible assets (continued)

Parent	Patent $'000	Computer software $'000	Licence $'000	Total $'000
At 1 January 2006				
Cost	-	37,034	250	37,284
Accumulated amortisation	-	(36,208)	-	(36,208)
Net book amount	-	826	250	1,076
Year ended 31 December 2006				
Opening net book amount	-	826	250	1,076
Additions	-	205	-	205
Transfers to assets held for sale	-	-	-	-
Amortisation charge	-	(849)	-	(849)
Closing net book amount	-	182	250	432
At 31 December 2006				
Cost	-	37,239	250	37,489
Accumulated amortisation	-	(37,057)	-	(37,057)
Net book amount	-	182	250	432
Year ended 31 December 2007				
Opening net book amount	**-**	**182**	**250**	**432**
Revaluation surplus	**-**	**-**	**425**	**425**
Transfers to assets held for sale	**-**	**-**	**(675)**	**(675)**
Amortisation charge	**-**	**(41)**	**-**	**(41)**
Closing net book amount	**-**	**141**	**-**	**141**
At 31 December 2007				
Cost	**-**	**37,239**	**-**	**37,239**
Accumulated amortisation	**-**	**(37,098)**	**-**	**(37,098)**
Net book amount	**-**	**141**	**-**	**141**

Notes to the financial statements
31 December 2007
(continued)

27 Trade and other payables

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Current				
OS-HELP liability to Australian Government	**2**	40	**2**	40
Sundry creditors	**31,859**	24,652	**34,467**	23,034
Accrued expenses	**17,363**	30,766	**9,979**	18,109
Accrued expenses payroll	**62**	429	**-**	-
Other payables	**85**	-	**-**	-
Total current trade and other payables	**49,371**	55,887	**44,448**	41,183

Foreign exchange risk

The carrying amounts of the Group's and parent entity's sundry creditors are denominated in the following currencies:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Australian Dollar	**30,978**	24,070	**33,586**	22,848
Singapore Dollar	**390**	8	**390**	8
US dollar	**271**	540	**271**	144
Others	**220**	34	**220**	34
	31,859	24,652	**34,467**	23,034

For an analysis of the sensitivity of trade and other payables to foreign exchange risk refer to note 44.

28 Borrowings

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Current				
Unsecured				
Convertible debt	**235**	-	**-**	-
Loan from Economic Development Board (f)	**11,805**	-	**11,805**	-
Loans from related parties (a)	**-**	-	**9,791**	-
Loan from ANZ bank (c)	**1,650**	-	**1,650**	-
Total current unsecured borrowings	**13,690**	-	**23,246**	-
Non-current				
Unsecured				
Loans from related parties (a)	**-**	-	**-**	9,181
Loan from ANZ bank (c)	**15,229**	17,520	**15,229**	-
Financing arrangement with Westpac Office Trust (b)	**41,110**	-	**41,110**	-
Total non-current unsecured borrowings	**56,339**	17,520	**56,339**	9,181
Total borrowings	**70,029**	17,520	**79,585**	9,181

28 Borrowings (continued)

(a) Loan from related parties

This is an unsecured inter-company loan from UNSW Global (formerly NewSouth Global) which bears a finance cost of 6.6% per annum (2006: 6%). As at 31 December 2007, the loan was to be repaid on 31 January 2008. On 1 February 2008, a new agreement was exchanged to extend the loan to 31 January 2009.

(b) Financing arrangement with Westpac Office Trust

On 15 December 2006 an agreement was signed with Westpac, in which UNSW granted a 99 year ground lease over 222-227 Anzac Parade to Westpac Office Trust for an amount of $41,000,000 (excluding GST), and agreed to take a lease back on the property for an initial period of 25 years. UNSW also holds two ten year options.The lease-back transaction is a “triple net lease” with UNSW being responsible for all outgoings, management and capital expenditure/maintenance expenditure for the full period of the lease-back periods.The transaction was completed on 12 January 2007.

UNSW has treated the transaction as a financing arrangement as UNSW has retained the significant risks and rewards of ownership of the property. Funds received under the transaction has been disclosed as an interest bearing liability. Payments of “rent” under the leaseback agreement has been treated as interest and principal repayments. The building will continue to be carried in accordance with UNSW’s accounting policy for property, plant and equipment.

As at 31 December 2007, the maturity analysis of the finance cost and principal repayments was as follows:

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Within one year	**2,530**	-	**2,530**	-
Later than one year but not later than five years	**10,900**	-	**10,900**	-
Later than five years	**73,655**	-	**73,655**	-
Total finance cost and principal repayment	**87,085**	-	**87,085**	-
Finance cost	**(45,975)**	-	**(45,975)**	-
Present value of loan principal	**41,110**	-	**41,110**	-
Within one year	**-**	-	**-**	-
Later than one year but not later than five years	**512**	-	**512**	-
Later than five years	**40,598**	-	**40,598**	-
Present value of loan principal	**41,110**	-	**41,110**	-

(c) Loan from ANZ bank

In 2006, the ANZ bank extended an interest rate loan of $17,520,000 as an unsecured cash advance to UNSW Asia. This loan is to be repaid in full on the 12th anniversary of each draw down and bears a finance cost of Bank Bill Swap Bid Rate (BBSY) + 0.15% and 0.07% on the facility limit during the construction period; and BBSY and 0.22% on the facility limit during the post construction period.

Following the closure of UNSW Asia in 2007, the loan has been assigned to the parent entity and it was subsequently renegotiated to be repaid on 40 instalments over 10 years from December 2007 – 2017. The loan bears interest at Bank Bill Swap Bid Rate (BBSY) + 0.25%.

(d) Assets pledged as security

The Group and parent entity have no assets pledged as security in 2006 and 2007.

28 Borrowings (continued)

(e) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Bank Loan facilities				
Total facilities				
ANZ Bank - cash advance	**16,526**	79,288	**16,526**	-
EDB Singapore - loan	**11,805**	49,946	**11,805**	-
Total facilities	**28,331**	129,234	**28,331**	-
Used facilities at balance sheet date				
ANZ Bank - cash advance	**16,526**	17,308	**16,526**	-
EDB Singapore - loan	**11,805**	-	**11,805**	-
Total used at balance date	**28,331**	17,308	**28,331**	-
Unused facilities at balance sheet date				
ANZ Bank - cash advance	**-**	61,980	**-**	-
EDB Singapore - loan	**-**	49,946	**-**	-
Total unused at balance date	**-**	111,926	**-**	-

In 2006, the total ANZ facility available was SGD 145,000,000 of which SGD 21,000,000 was drawn down on four instalments (SGD2,000,000 on 14 February 2006, SGD6,500,000 on 13 June 2006, SGD3,500,000 on 4 October 2006 and SGD9,000,000 on 5 December 2006). The facility was used for the construction and development of a University campus in Singapore.

In 2007, the parent entity obtained the ANZ loan facility of SGD 21,000,000 to refinance the borrowings of UNSW Asia.

(f) Loan from Economic Development Board (EDB)

The Service Capability Development Programme loan from the EDB amounting to SGD15,000,000 was drawn down on 31 January 2007 by UNSW Asia at fixed interest of 4% per annum. Following the closure of UNSW Asia in 2007, the parent entity has entered a settlement agreement with the EDB, the Government of the Republic of Singapore, the JTC Corporation and UNSW Asia on 10 December 2007 and agreed the loan to be repaid in full by 1 December 2008 at nil interest. As at 31 December 2007, the loan was equivalent to $11,805,000.

The ANZ bank, on behalf of the parent entity has issued a bank guarantee in respect of this loan for an amount of SGD 17,000,000.

(g) Fair value

The carrying amounts of borrowings at balance date are approximate to their fair value.

(1) On balance sheet

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of the financing arrangement with Westpac are based on cash flows discounted at 6% interest rate (2006: nil).

(2) Contingent liabilities

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 37. As explained in this note, no material losses are anticipated in respect of any of those contingencies.

28 Borrowings (continued)

(h) Risk exposures

The exposure of the Group's and the parent entity's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates were as follows:

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
6 months or less	**825**	-	**825**	-
6 - 12 months	**825**	-	**825**	-
1 - 5 years	**6,600**	-	**6,600**	-
Over 5 years	**8,629**	17,520	**8,629**	-
Total	**16,879**	17,520	**16,879**	-

The carrying amounts of the Group's and the parent entity's borrowings are denominated in the following currencies:

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Australian Dollar	**58,223**	17,520	**67,780**	9,181
Singapore Dollar	**11,805**	-	**11,805**	-
Total	**70,028**	17,520	**79,585**	9,181

For an analysis of the sensitivity of borrowings to interest rate risk and foreign exchange risk refer to note 44.

29 Provisions

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual leave	**52,406**	45,650	**50,572**	43,351
Long service leave (a)	**13,771**	12,333	**13,307**	11,902
Deferred government benefits for superannuation	**1,216**	3,663	**1,216**	3,663
Employment on-costs	**11,966**	12,413	**11,397**	12,112
Workers' compensation	**675**	615	**675**	615
Subtotal	**80,034**	74,674	**77,167**	71,643
Current provisions expected to be settled after more than 12 months				
Employee benefits				
Long service leave (a)	**63,637**	58,895	**62,467**	57,638
Subtotal	**63,637**	58,895	**62,467**	57,638
Total current provisions	**143,671**	133,569	**139,634**	129,281

29 Provisions (continued)

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Non-current provisions				
Employee benefits				
Long service leave (a)	**13,281**	12,477	**12,510**	11,684
Deferred government benefits for superannuation	**369,042**	423,062	**369,042**	423,062
Workers' compensation	**2,057**	2,197	**2,057**	2,197
Other provisions	**775**	-	**-**	-
Total non-current provisions	**385,155**	437,736	**383,609**	436,943
Total provisions	**528,826**	571,305	**523,243**	566,224

(a) Long service leave

The liability for long service leave is recognised as the present value of expected future payments to be made. Key assumptions used were:

	2007	**2006**
General salary inflation	**5.00%**	5.00%
Promotional wage inflation	**1.20%**	1.20%
Discount rate	**6.03%**	5.94%

30 Current tax liabilities

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Current tax liabilities				
Income tax	**85**	187	**-**	-
Total current tax liabilities	**85**	187	**-**	-

31 Other liabilities

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Current				
Income in advance	**50,733**	35,518	**39,054**	22,274
Monies held from controlled entities	**-**	-	**4,700**	14,100
Monies held from associated parties	**8,577**	11,849	**8,577**	11,831
Employee related payables	**10,732**	19,495	**10,686**	19,239
Other	**9,175**	9,185	**5,291**	4,916
EDB Grant (a)	**917**	-	**917**	-
Total current other liabilities	**80,134**	76,047	**69,225**	72,360
Non-current				
EDB Grant (a)	**7,538**	-	**7,538**	-
Other	**-**	247	**-**	-
Total non-current other liabilities	**7,538**	247	**7,538**	-
Total other liabilities	**87,672**	76,294	**76,763**	72,360

(a) This represents the Service Capability Development Programme Grant provided by the Economic Development Board (EDB), Singapore to UNSW Asia to support the development of its Singapore campus. The grant amounting to SGD17,319,000 was fully drawn down on 27 December 2006 and recognised as revenue in the 2006 consolidated income statement.

Following the closure of UNSW Asia in 2007, the parent entity has entered into a settlement agreement with EDB and all other concerned parties on 10 December 2007 to repay the grant in six instalments over five years starting from 2007 at nil interest.

As at 31 December 2007 the outstanding liability is accounted at fair value based on the discounted future contractual cash flows at 7.7% discounting rate.

32 Statutory funds

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Category 1: Australian Competitive Research Grants				
ARC grants	**24,266**	23,163	**24,266**	23,163
NHMRC Grants	**8,668**	8,545	**8,668**	8,545
Other Commonwealth Grants	**3,290**	1,331	**3,290**	1,331
	36,224	33,039	**36,224**	33,039
Category 2: Other Public Sector Research Funding				
Commonwealth Grants	**8,692**	6,703	**8,692**	6,703
State Government Grants	**9,381**	3,946	**9,381**	3,946
	18,073	10,649	**18,073**	10,649
Total statutory funds	**54,297**	43,688	**54,297**	43,688

Statutory Funds are funds granted with certain restrictions or conditions mandated by an Act or subordinate legislation. These conditions mean that these funds may only be utilised for specified expenditure purposes.

32 Statutory funds (continued)

Funds held by the Group which have been donated for a specific purposes, whereby drawing down on these funds for other purposes is restricted by an Act or subordinate legislation are included as a Statutory Fund under this note. These funds include all ARC Funding, all NHMRC funding and the majority of Category 2 funding. Any unspent research funding received from an external party for specific purposes, where the purpose is not mandated by statute, is not included.

33 Reserves and retained surplus

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
(a) Reserves				
Property, plant and equipment revaluation reserve	**404,565**	193,320	**402,264**	190,977
Available-for-sale investments revaluation reserve	**2,437**	38,904	**7,270**	37,827
Foreign currency translation reserve	**(222)**	(144)	**-**	-
Intangible asset revaluation reserve	**425**	-	**425**	-
Total reserves	**407,205**	232,080	**409,959**	228,804
Movements:				
Property, plant and equipment revaluation reserve				
Balance 1 January	**193,320**	193,320	**190,977**	190,977
Revaluation of land	**13,791**	-	**13,791**	-
Revaluation of buildings	**134,996**	-	**134,996**	-
Revaluation of student accommodation and residential property	**58,417**	-	**58,417**	-
Revaluation of rare books	**3,672**	-	**3,672**	-
Revaluation of works of art	**411**	-	**411**	-
Transfer to retained surplus	**(42)**	-	**-**	-
Balance 31 December	**404,565**	193,320	**402,264**	190,977
Available-for-sale investments revaluation reserve				
Balance 1 January	**38,904**	49,851	**37,827**	49,111
Gain/(loss) on revaluation of investments	**(36,339)**	5,792	**(30,557)**	5,133
Transfer to income statement	**(128)**	(16,739)	**-**	(16,417)
Balance 31 December	**2,437**	38,904	**7,270**	37,827
Foreign currency translation reserve				
Balance 1 January	**(144)**	81	**-**	-
Currency translation differences arising during the year	**(78)**	(225)	**-**	-
Balance 31 December	**(222)**	(144)	**-**	-
Intangible assets				
Balance 1 January	**-**	-	**-**	-
Fair value gain on post office licence	**425**	-	**425**	-
Balance 31 December	**425**	-	**425**	-

Notes to the financial statements
31 December 2007
(continued)

33 Reserves and retained surplus (continued)

(b) Retained surplus

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Opening balance at 1 January	**955,539**	952,187	**859,557**	861,290
Operating result	**(6,482)**	15,796	**(11,223)**	10,711
Less: amount set aside for statutory funds	**(10,609)**	(12,444)	**(10,609)**	(12,444)
Transfer from asset revaluation reserve	**42**	-	**-**	-
Closing balance 31 December	**938,490**	955,539	**837,725**	859,557

(c) Nature and purpose of reserves

(i) Property, plant and equipment revaluation reserve
The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(s).

(ii) Available-for-sale investments revaluation reserve
Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1(p). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(iii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(f). The reserve is recognised in profit and loss when the net investment is disposed of.

34 Minority interest

On 23 June 2006, the University of Sydney (USyd) and the University of NSW (UNSW) agreed to dissolve their relationship under the agreement dated 2 December 1998 with regards to the operation and funding of AGSM Limited (AGSM). The effect of this agreement is that UNSW has acquired USyd's 33% interest in AGSM for nil consideration. This transaction has been accounted for as follows in the 2006 financial statements:

Parent entity

UNSW has acquired an additional interest in AGSM for nil consideration and has not acquired shares as part of this transaction. UNSW has followed its accounting policy for accounting for its investments at cost, in this case nil, and therefore there has been no impact on the profit and loss account in 2006 with respect to this transaction.

Consolidated entity

UNSW has acquired an additional 33% of the net assets of AGSM as a result of this transaction and has elected to treat the difference between the consideration paid and the book value of the assets acquired as a discount on acquisition totalling $5,731,000. This approach is known as the “modified parent entity approach” and is one of the available methods of accounting on consolidation where an additional ownership interest in an entity is acquired after the entity is already controlled.

During 2007 the business activities of AGSM were integrated into the operation of the parent entity.

Notes to the financial statements
31 December 2007
(continued)

35 Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following persons were the Council members of The University of New South Wales during the financial year:

(i) Official Council Members
Mr David Michael Gonski, AC, Chancellor
Professor Fred Hilmer, AO, Vice-Chancellor and President
Professor Anthony Haynes Dooley, President of the Academic Board

(ii) Ministerial Appointments
Mr Peter Edward Mason, AM (to 30 June 2007)
Mr Warwick Negus (from 1 July 2007)
Mr Paul Ronald Pearce, MP
The Honourable Susan Maree Ryan, AO, Pro-Chancellor
Mr Matthew Grounds
Mr Wallace King, AO
Ms Jillian Shirley Segal, AM, Pro-Chancellor

(iii) Elected Council Members
Mr Geoffery Francis Lawson, OAM
Ms Gabrielle Cecelia Upton, Deputy Chancellor and Pro-Chancellor
Mr Darren George Challis
Dr Christine Lynette, Pro-Chancellor
Scientia Professor Mark Bradford
Professor Wai Fong Chua
Scientia Professor Brien Anthony Holden, OAM
Professor Joseph Albert Wolfe
Ms Jennifer Till
Ms Kirstin Anne Hunter
Ms Angela Mary Barrett

(iv) Council Appointed Members
Mr Brian Edward Suttor
Mr Terry Davis

(v) UNSW Council Members ceased from office during the year
Mr Peter Edward Mason, AM (from 1 July 2007)

(b) Other key management personnel

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

Professor Les Field	Deputy Vice-Chancellor (Research)
Professor Richard Henry, AM	Deputy Vice-Chancellor (Academic)
Mr Garry McLennan	Chief Financial Officer
Mr Peter Graham	Chief Operating Officer
Ms. Jennifer Bott	Executive Committee Member

35 Key management personnel disclosures (continued)

(c) Remuneration of Board Members and Executives

	Consolidated		Parent	
	2007	2006	**2007**	2006
	Number		**Number**	
Remuneration of Council & Board Members				
Nil to $9,999	**71**	52	**16**	20
$10,000 to $19,999	**4**	5	**-**	-
$20,000 to $29,999	**2**	-	**-**	-
$60,000 to $69,999	**-**	1	**-**	1
$70,000 to $79,999	**1**	-	**1**	-
$100,000 to $ 109,999	**1**	3	**1**	2
$120,000 to $129,999	**-**	1	**-**	-
$140,000 to $ 149,999	**-**	1	**-**	1
$150,000 to $159,999	**2**	-	**1**	-
$160,000 to $169,999	**-**	2	**-**	1
$180,000 to $189,999	**-**	2	**-**	-
$190,000 to $199,999	**-**	1	**-**	-
$210,000 to $219,999	**-**	1	**-**	1
$220,000 to $229,999	**1**	2	**1**	-
$290,000 to $299,999	**-**	1	**-**	1
$320,000 to $329,999	**-**	2	**-**	2
$340,000 to $349,999	**1**	-	**1**	-
$350,000 to $359,999	**1**	-	**1**	-
$640,000 to $649,999	**-**	-	**-**	-
$680,000 to $689,999	**1**	-	**1**	-
$1,090,000 to $1,099,999	**-**	1	**-**	1
$1,420,000 to $1,429,999	**1**	-	**-**	-
	86	75	**23**	30

Council Members include Group employees who may be an ex-officio Member or elected staff Member. No council member has received any remuneration in his/her capacity as a council member.

Council Members may also be executive officers of the University. Where this is the case they have been included in the remuneration above but excluded from the remuneration band of the executive officers overleaf.

There were 7 members (2006: 10) who received remuneration as employees of the University.

During 2006, one council member retired who received entitlements totalling $787,153 in addition to salary paid and any superannuation benefits that were received during the year, in his capacity as an executive officer of UNSW.

Notes to the financial statements
31 December 2007
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35 Key management personnel disclosures (continued)

	Consolidated		Parent	
	2007	2006	**2007**	2006
	Number	Number	**Number**	Number
Remuneration of executive officers				
Nil to $9,999	**-**	1	**-**	-
$40,000 to $49,999	**-**	-	**-**	-
$70,000 to $79,999	**1**	1	**-**	-
$80,000 to $89,999	**1**	-	**-**	-
$100,000 to $109,999	**-**	2	**-**	-
$110,000 to $119,999	**-**	1	**-**	-
$120,000 to $129,999	**-**	1	**-**	-
$130,000 to $139,999	**-**	2	**-**	-
$140,000 to $149,999	**3**	4	**-**	-
$150,000 to $159,999	**1**	2	**-**	-
$160,000 to $169,999	**4**	2	**-**	-
$170,000 to $179,999	**2**	2	**-**	1
$180,000 to $189,999	**1**	2	**-**	-
$190,000 to $199,999	**1**	1	**-**	-
$200,000 to $209,999	**1**	2	**-**	-
$210,000 to $219,999	**1**	1	**-**	-
$220,000 to $229,999	**-**	2	**-**	-
$230,000 to $239,999	**1**	-	**-**	-
$240,000 to $249,999	**2**	-	**-**	-
$250,000 to $259,999	**1**	-	**1**	-
$280,000 to $289,999	**-**	3	**-**	2
$320,000 to $329,999	**1**	-	**-**	-
$340,000 to $349,999	**1**	2	**-**	2
$400,000 to $409,999	**2**	-	**2**	-
$440,000 to $449,999	**1**	-	**1**	-
$460,000 to $469,999	**1**	-	**1**	-
$490,000 to $499,999	**-**	1	**-**	-
$540,000 to $549,999	**1**	-	**-**	-
$950,000 to $959,999	**-**	1	**-**	1
$1,180,000 to $1,189,999	**-**	1	**-**	1
	27	34	**5**	7

During 2007 eight (2006: three) executive officers retired and received entitlement totalling $1,384,000 (2006: $2,339,029) in addition to salary and any superannuation benefits that were received during the year.

(d) Key management personnel compensation

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Short-term employee benefits	**8,620**	9,541	**3,481**	3,599
Post-employment benefits	**691**	688	**426**	480
Other long-term benefits	**47**	172	**-**	-
Termination benefits	**1,472**	2,339	**-**	2,339
	10,830	12,740	**3,907**	6,418

Notes to the financial statements
31 December 2007
(continued)

36 Remuneration of auditors

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non related audit firms:

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Audit services				
Fees paid to the Audit Office of NSW:				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**1,047**	806	**673**	505
Fees paid to firms other than the Audit Office of NSW for the audit or review of financial reports of any entity in the consolidated entity	**93**	524	**-**	244
Total remuneration for audit services	**1,140**	1,330	**673**	749
Total remuneration for audit related services	**1,140**	1,330	**673**	749

37 Contingencies

(a) Contingent liabilities

The parent and the consolidated entity had the following contingent liabilities at 31 December 2007.

Claims

The parent and consolidated entity have no significant legal claims outstanding as at 31 December 2007.

Superannuation related obligations

The University may have superannuation obligations relating to prior periods dependent on certain third party events occurring. The University is obtaining advice and, dependent on the nature of the advice received, the University will identify and establish the amount of any resulting obligation. The extent and amount of any potential obligation cannot be quantified at this time.

Guarantees
AGSM has a bank guarantee with ANZ Banking Group in favour of Harina Company Limited for lease premises of $694,000. The University has a bank guarantee with ANZ Banking Group in relation to its lease on 1 O'Connell Street for the amount of $170,000.

UNSW Global Pty Ltd has a bank guarantee with ANZ Banking Group for $583,000 as a rental bond in relation to student accommodation.

The University has been granted a licence under Division 5 of Part 7 of the Workers Compensation Act 1987. In accordance with the licence the University has the following bank guarantees:

(a) $3,680,000 with the ANZ Banking Group in favour of WorkCover New South Wales,
(b) $768,300 with the ANZ Banking Group in favour of ACT WorkCover.

Research Collaboration
UNSW has a contingent liability for contributions to the amount up to SGD 2,000,000 or 20% of the total research cost, whichever is lower, arising from the research collaboration agreement with the EDB, referred to, in the contingent assets note below.

(b) Contingent assets

On 10 December 2007, UNSW signed an agreement with the Singapore Economic Development Board (EDB), in which the EDB in partnership with the National Research Foundation (NRF), the Environment and Water Industry Development Council and the NRF Clean Energy Programme Office will provide PhD scholarship support to UNSW for an amount up to SGD 2,000,000 over 5 years commencing on 1 January 2008, subject to UNSW meeting the appropriate conditions stipulated in the agreement.

The EDB will also provide an aggregate of research collaboration grants for an amount up to SGD 4,000,000 or 40% of the total research cost, whichever is lower, over 5 years subject to UNSW meeting the appropriate conditions stipulated in the agreement. This grant is recoverable if the milestones set out in the funding agreement have not been met by the end of the fifth year of the final collaboration.

38 Commitments

(a) Capital commitments

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

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Property, plant and equipment				
Within one year	**80,293**	93,593	**80,293**	88,453
Later than one year but not later than five years(i)	**46,195**	123	**46,195**	-
Later than five years	**-**	-	**-**	-
	126,488	93,716	**126,488**	88,453

(i) The Children's Cancer Institute Australia for Medical Research (CCIA) will make a contribution to UNSW of $35,000,000 towards the building costs of the Lowy Cancer Research facility on the practical completion of the building.

(b) Lease commitments

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**7,870**	9,717	**3,201**	1,296
Later than one year but not later than five years	**26,362**	29,903	**7,710**	2,321
Later than five years	**32,295**	109,024	**3,008**	-
	66,527	148,644	**13,919**	3,617
Cancellable operating leases	**-**	-	**-**	-
Non-cancellable operating leases	**66,527**	148,644	**13,919**	3,617
Future finance charges on finance leases	**-**	-	**-**	-
Commitments not recognised in the financial statements	**66,527**	148,644	**13,919**	3,617
Total GST recoverable	**19,656**	15,130	**14,183**	9,650

(c) Other commitments

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Expenditure commitments approved but not yet procured				
Within one year	**22,721**	13,143	**22,266**	11,821
Later than one year but not later than five years	**45,161**	16,091	**43,490**	15,831
Later than five years	**830**	-	**830**	-
	68,712	29,234	**66,586**	27,652

Notes to the financial statements
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(continued)

39 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	2007 %	2006 %
AGSM Ltd (i)	Australia	Limited by guarantee	**100.00**	100.00
A.C.N 125 694 546 Pty Ltd	Australia	Limited by guarantee	**100.00**	-
University of New South Wales International House Ltd	Australia	Limited by guarantee	**100.00**	100.00
University of New South Wales Press Ltd	Australia	Limited by guarantee	**100.00**	100.00
NewSouth Innovations Pty Limited	Australia	Ordinary	**100.00**	100.00
- NewSouth One Pty Limited	Australia	Ordinary	**100.00**	100.00
- Audio Nomad Pty Limited (ii)	Australia	Ordinary	**100.00**	100.00
- Dosimetry & Imaging Pty Ltd (iii)	Australia	Ordinary	**47.50**	100.00
- NewSouth Four Pty Ltd	Australia	Ordinary	**100.00**	100.00
- NewSouth Five Pty Ltd	Australia	Ordinary	**100.00**	-
- NewSouth Six Pty Ltd	Australia	Ordinary	**100.00**	-
- NewSouth Seven Pty Ltd	Australia	Ordinary	**100.00**	-
- NewSouth Eight Pty Ltd	Australia	Ordinary	**100.00**	-
- Cystemix Pty Ltd	Australia	Ordinary	**100.00**	100.00
Acyte Biotech Pty Ltd (iv)	Australia	Ordinary	**68.00**	68.00
Qucor Pty Limited (v)	Australia	Ordinary	**60.00**	60.00
HepatoCell Therapeutics Pty Ltd (vi)	Australia	Ordinary	**66.67**	66.67
UNSW Global Pty Ltd (vii)	Australia	Ordinary	**100.00**	100.00
- UNSW Global (Singapore) Pte Limited (viii)	Singapore	Ordinary	**100.00**	100.00
- UNSW (Hong Kong) Ltd	Hong Kong	Ordinary	**99.99**	99.99
- UNSW Asia School Ltd	Singapore	Ordinary	**100.00**	100.00
- NewSouth Global India Pvt Limited (ix)	India	Ordinary	**100.00**	100.00
- NewSouth Global (Thailand) Ltd (x)	Thailand	Ordinary	**48.75**	48.75
- UNSW (Thailand) Ltd (xi)	Thailand	Ordinary	**73.86**	73.86
- Australian Education Consultancy Ltd	Hong Kong	Ordinary	**100.00**	100.00
UNSW Asia (xii)	Singapore	Ordinary	**100.00**	100.00
- UNSW Asia Foundation Limited (xiii)	Singapore	Ordinary	**100.00**	-
The University of New South Wales Foundation Ltd			**-**	-
- as Trustee for the University of New South Wales Foundation	Australia	Not applicable	**100.00**	100.00
- as Trustee for the New South Wales Minerals Industry / University of New South Wales Education Trust	Australia	Not applicable	**100.00**	100.00
- as Trustee to the John Lewis and Pamela Lightfoot Trust	Australia	Not applicable	**100.00**	100.00
UNSW Hong Kong Foundation Limited	Hong Kong	Limited by guarantee	**100.00**	100.00
UNSW & Study Abroad - Friends and U.S. Alumni, Inc	USA	Not applicable	**100.00**	100.00

(i) On 16th April 2007, the Board of the Company resolved to transfer the business activities to the University of New South Wales with effect from 1 May 2007.

(ii) On 5 May 2007 the Company issued 250,000 preference shares of $1 each to UIIT Pty Ltd, there was no ownership dilution after the issue of these preference shares

(iii) The name was changed from NewSouth Three Pty Ltd to Dosimetry & Imaging Pty Ltd on 17 October 2007. 200,000 preference shares of $1 each were issued to two external investors - ANU MTAA Super Venture Capital Pty Ltd and CBDF Pty Ltd on 30 November 2007 . The holders of the preference shares have equal voting rights to the ordinary shareholders. An additional 379,998 and 20,000 ordinary shares of $1 each were issued to NewSouth Innovations and another private investor on the same date, resulting reduction of shareholding of NewSouth Innovation to 47.5%. As a result the Company ceased to be a controlled entity of NewSouth Innovations and UNSW from 30 November 2007. The operation result till 30 November 2007 is consolidated with NSi

(iv) Ownership Split: 30.2% UNSW, 37.8% NewSouth Innovations Pty Ltd, 32% Original Researchers.

(v) Ownership split: 30% UNSW, 30% NewSouth Innovations Pty Ltd, 40% held for the benefit of the Researchers by UNSW.

Notes to the financial statements
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(continued)

39 Subsidiaries (continued)

(vi) Ownership split: 33.33% UNSW, 33.33% NewSouth Innovations Pty Ltd, 33.33% Original Researchers.

(vii) With effect from 4 October 2007 the name was changed from NewSouth Global Pty Ltd to UNSW Global Pty Limited

(viii) With effect from 16 May 2007 the name was changed from UNSW (Singapore) Pte Ltd to UNSW Global (Singapore) Pte Ltd

(ix) Ownership split: 98% UNSW Global Pty Limited, 2% UNSW (Hong Kong) Ltd.

(x) Ownership split: 48.75% UNSW Global Pty Limited, remaining shareholding is held by alumni.

(xi) Ownership split: 49% UNSW Global Pty Limited, 51% NewSouth Global (Thailand) Ltd.

(xii) Formerly known as UNSW Asia Limited, on 23 May 2007, the Company announced the closure of its Singapore campus and cessation of its principal business. On 24 December 2007 the company was placed in liquidation.

(xiii) The Company is in the process of being liquidated.

40 Investments in associates

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest 2007 %	2006 %	Consolidated 2007 $'000	2006 $'000	Parent 2007 $'000	2006 $'000
Australian Technology Park Innovation Pty Ltd	Facilitation of commercialisation of start-up companies	**25**	25				
Gross value				**4,402**	4,345	**-**	-
Less cumulative impairment charge				**(4,187)**	(4,187)	**-**	-
				215	158	**-**	-
				215	158	**-**	-

	Consolidated 2007 $'000	2006 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**158**	172
Share of profits after income tax	**57**	(940)
Reversal of impairment charges	**-**	926
Carrying amount at the end of the financial year	**215**	158
(c) Share of associate's operating result		
Profit/(loss) before income tax	**57**	(940)
Income tax expense	**-**	-
Profit after income tax	**57**	(940)

40 Investments in associates (continued)

(d) Impairment losses recognised in profit or loss

Reversal of impairment charges is included in note 14 "Impairment of assets" as a reduction in the amount disclosed as "Write-down on investments"	-	(926)
	-	(926)

(e) Summarised financial information of associates

	Group's share of:			
	Assets	Liabilities	Revenues	Operating Result
Australian Technology Park Innovation Pty Ltd				
2007	**5,059**	**657**	**777**	**57**
2006	5,017	672	730	(940)

(f) Share of associates' expenditure commitments, other than for the supply of inventories

There are no lease commitments and capital commitments at the end of the financial year.

(g) Contingent liabilities of associates

There are no contingent liabilities at the end of financial year.

41 Interests in joint ventures

The University has interests in the following joint ventures in the same proportion as the total economic entity contribution bears to the total agreed contribution of all venturers.

Contributions in cash and in-kind are expensed and included in the Income Statement. The Group's interest % represents the Group's share of contributions and is not included in the Balance Sheet. Contributions are for the year to 30 June 2007. In the event that a CRC's research results in a move to commercialisation a separate legal entity is established and the Group's share of the new entity is treated as an available-for-sale financial asset, joint venture, associated or controlled entity as appropriate.

Name and principal activity	**% Interest held as at 31 December 2007**	% Interest held as at 31 December 2006	**Contribution 2007 $'000**	Contribution 2006 $'000
Bushfire CRC: The Bushfire CRC is conducting a range of research projects that collectively aim to enhance the management of the bushfire risk to the community in an economically and ecologically sustainable way.	**1.04**	-	**757**	332
Capital Markets CRC: The Capital Markets CRC strategy is to target its research to current and future challenges faced by the Capital Markets.	**13.00**	-	**928**	1,059
Cotton Catchment Communities CRC: The Cotton Catchment Communities CRC's mission is to undertake collaborative research, education and commercialisation activities to provide innovative knowledge that is adopted for the benefit of the Australian Cotton Industry, Regional Communities and the Nation.	**2.00**	1.78	**422**	283
CRC for Advanced Composite Structures: The primary aim of the CRC for Advanced Composite Structures Limited is to provide a focus for the development of advanced technologies which foster the growth of an efficient, globally competitive, Australian composite industry.	**11.10**	11.00	**859**	729
CRC for Coal in Sustainable Development: The CRC for Coal in Sustainable Development is devoted to strengthening collaborative links between industry, research organisations and government agencies to achieve real outcomes of national, economic and social significance.	**6.80**	7.00	**332**	468
CRC for Environmental Biotechnology: The vision of the Environmental Biotechnology Cooperative Research Centre is to establish environmental biotechnology as a mainstream sector in the biotechnology industry using natural bioprocesses to benefit industry and the environment.	**20.30**	19.42	**1,127**	1,256
CRC for Greenhouse Gas Technology (CO2CRC): CRC for Greenhouse Gas Technology is focusing its efforts on the development and application of technologies to more effectively capture and geologically store carbon dioxide, and is now acknowledged as one of the world's leading centres in the study of carbon dioxide capture and storage.	**2.80**	5.70	**508**	482

41 Interests in joint ventures (continued)

	% Interest held as at 31 December 2007	% Interest held as at 31 December 2006	**Contribution 2007 $'000**	Contribution 2006 $'000
CRC for Intelligent Manufacturing Systems and Technologies: The overriding objective of the CRC for Intelligent Manufacturing Systems and Technologies Education and Training program is to deliver sufficient numbers of skilled individuals to make a substantial difference in the performance of the Australian manufacturing sector. The CRC closed on 30 June 2006.	**-**	-	**-**	10
CRC for Polymers: The CRC for Polymers conducts leading edge polymer research to deliver the technically advanced polymeric materials and polymer engineering required to transform Australian industries and to establish and expand companies in emerging high growth areas of the economy. Its research activities are conducted in four programs: biomedical polymers, advanced polymeric materials, polymers for sustainable development, and engineering and design.	**3.66**	3.99	**653**	611
CRC for Spatial Information: The CRC for Spatial Information (CRCSI) considers research to include the innovative use and application of emerging technologies, as well as the development of new technologies. The CRCSI will undertake world class research leading to new applications of spatial information and enabling technologies which will be used to generate new wealth for the partners of the CRCSI.	**9.10**	9.57	**1,594**	1,910
CRC for Water Quality and Treatment: The CRC for Water Quality and Treatment aims to provide the knowledge base to achieve better, evidence based investment decisions by government; a regulatory framework that is soundly based on high quality health risk assessment research; a high level of community confidence in the safety of public water supply systems; and enhanced aesthetic quality that meets community expectations and the requirements of the tourism industry.	**4.62**	4.10	**563**	567
CRC Smart Internet Technologies: The CRC for Smart Internet Technology will combine research in Artificial Intelligence, Social Interaction and Network Development to create enabling technologies for smart Internet applications that will allow users and network providers to manage the complexity of the Internet.	**14.90**	15.30	**924**	1,142
Sustainable Tourism CRC: The Sustainable Tourism CRC aims to provide global leadership in strategic R&D to improve the sustainability of the tourism industry to maximise the economic, environmental and social benefits it delivers to Australia.	**4.45**	4.10	**1,567**	1,804
Australian Poultry CRC: The aim of the CRC is to enhance the competitiveness of the Australian egg and chicken meat industries and supporting industries through the application of strategic programmes delivering cost effective and socially responsible production of safe, quality products for domestic use.	**-**	-	**141**	238
Total cash and in-kind contributions			**10,376**	10,891

42 Events occurring after the balance sheet date

(a) Diminution in value of available-for-sale financial assets

The value of the Group's and the parent entity's available-for-sale financial assets has decreased by $24,000,000 (6.70%) and $18,000,000 (6.20%) respectively as at 29 February 2008 since the balance sheet date, as a result of the global credit market uncertainties; no adjustments have been made to the carrying value as at 31 December 2007 in regard to this decrease.

(b) Sale of Little Bay

On 1 January 2008 UNSW exchanged contracts on the sale of the property at 1408 Anzac Parade, Little Bay for $103,000,000. It is expected that the contract will be settled within six months from the contract exchange date and any financial impact of this sale will be recorded in the year ending 31 December 2008.

The University intends to relocate the sports field at Little Bay to another location as a result of the sale.

43 Reconciliation of operating result after income tax to net cash flows from operating activities

	Consolidated		**Parent**	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Operating result for the period	**(6,482)**	15,796	**(11,223)**	10,711
Depreciation and amortisation	**45,215**	46,081	**43,439**	43,082
Provision for doubtful debts	**-**	(500)	**-**	-
Write-down of investments to recoverable amount	**1,993**	1,281	**3,390**	-
Acquisition of AGSM	**-**	(5,731)	**-**	-
Write-down of other property, plant and equipment	**1,533**	80	**26**	80
Loss on disposal of property, plant and equipment	**2,373**	369	**2,495**	366
Foreign currency reserve	**-**	-	**-**	-
Net (gains)/losses on sale of investments	**1,637**	(16,238)	**(10,762)**	(16,767)
UNSW Asia's liabilities and closure costs	**-**	-	**45,083**	-
Share of profits of associates not received as dividends or distributions	**-**	940	**-**	-
Other non cash items	**(78)**	(378)	**-**	(378)
	46,191	41,700	**72,448**	37,094
Change in operating assets and liabilities				
(Increase) / decrease in receivables	**21,794**	(5,542)	**12,711**	(12,815)
(Increase) / decrease in accrued interest receivables	**3,101**	(1,314)	**3,159**	(1,379)
(Increase) / decrease in accrued income	**(1,862)**	2,185	**(2,514)**	3,393
(Increase) / decrease in inventories	**(118)**	39	**-**	-
(Increase) / decrease in sundry advances	**141**	(45)	**3,354**	158
(Increase) / decrease in payments in advance	**42**	(3,735)	**314**	(2,937)
(Increase) / decrease in deferred superannuation	**50,959**	92,720	**50,959**	92,720
(Increase) / decrease in other assets	**40**	222	**(12)**	32
Increase / (decrease) in sundry creditors and accrued expenses	**(6,516)**	14,278	**4,230**	(2,441)
Increase / (decrease) in prepaid income	**15,215**	(3,334)	**16,780**	(4,560)
Increase / (decrease) in other liabilities	**(565)**	5,921	**277**	7,965
Increase / (decrease) in provisions	**(40,134)**	(71,985)	**(43,606)**	(71,813)
	42,097	29,410	**45,652**	8,323
Net cash inflow from operating activities	**88,288**	71,110	**118,100**	45,417

44 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group does not speculatively trade in derivative instruments. The derivative transactions are entered into to hedge the risks relating to underlying physical positions arising from business activities.

The Group uses different methods to measure different types of risk to which it is exposed at the reporting date. These methods include sensitivity analysis in the case of foreign exchange, price and interest rate risks; and ageing analysis for credit risk.

Risk management is carried out by the UNSW Investment and Treasury Services (UNSW Treasury) under the UNSW Treasury Risk Management guidelines. These guidelines cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk
Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, primarily from borrowings that are denominated in Singapore dollar and receivables that are denominated in US dollar. The foreign exchange risk is minimised by initially seeking transactions effectively denominated in Australian dollar where possible and where economically favourable to do so. The risk is measured using sensitivity analysis.

Management requires group companies to manage their foreign exchange risk against their functional currency. The financial instruments used for foreign exchange risk management are cross currency interest rate swap (CCIRS) and forward foreign exchange contracts. The group companies are required to fully hedge the foreign risk exposure arising from foreign currency borrowing. Any exception to this is approved by the Vice Chancellor. Economic and translation exposures are not hedged unless approved by the CFO of UNSW.

In 2007, the parent entity was exposed to foreign exchange risk in relation to the repayment of the loan and grant provided by the Economic Development Board (EDB) to UNSW Asia as part of financial assistance packages in funding operational and capital expenditures. Following the closure of UNSW Asia in December 2007, the parent entity entered a settlement agreement with the EDB, the Government of the Republic of Singapore, the JTC Corporation and UNSW Asia on 10 December 2007. As at 31 December 2007, the contractual undiscounted loan and the grant were $11,805,000 (SGD15,000,000) and $10,969,000 (SGD14,000,000), respectively.

In 2006, UNSW Asia was exposed to foreign exchange risk in relation to the agreement to reimburse the parent entity for expenses paid on behalf of UNSW Asia and the amounts drawn down on the bank facilities provided by ANZ. The repayment of the facilities drawn is at a future time and is payable in Australian dollar. In 2006, UNSW Asia entered into a series of contracts for the purpose of hedging UNSW Asia's debt servicing of these facilities. As at 31 December 2006, the underlying liability for these contracts was $17,520,000 at fair value and the loss from the increase in fair value of the liability was $247,000. Following the closure of UNSW Asia in 2007, the parent entity has entered into an agreement with ANZ Bank to make repayment of this loan amounting to $16,879,000. The loan is payable in Australian dollar.

The sensitivity analysis shows the effect on the post-tax operating result and equity as at balance sheet date had the Australian dollar weakened/strengthened by 10% against the Singapore dollar and the US dollar at that date with all other variables held constant. A sensitivity of 10% has been selected as it is considered reasonable given the current level of exchange rate and the volatility observed both on an historical basis and market expectations for future movement.

As at 31 December 2007, the Australian dollar exchange rate against Singapore dollar was 1.2707 (2006: 1.2133). Had the Australian dollar weakened by 10% against the Singapore dollar to 1.1436 (2006: 1.0920), the post-tax operating result for the year and equity of the Group and the parent entity would have been $2,602,000 and $2,683,000 lower, respectively (2006: $1,996,000 and $1,000 higher, respectively). Had the Australian dollar strengthened by 10% against the Singapore dollar to 1.3978 (2006: 1.3346), the post-tax operating result for the year and equity of the Group and the parent entity would have been $2,129,000 and $2,195,000 higher, respectively (2006: $1,633,000 and $1,000 lower, respectively). This is mainly as a result of foreign exchange gains/losses on translation of Singapore dollar denominated borrowings. The operating result is more sensitive to movements in the Australian dollar/Singapore dollar exchange rates in 2007 than 2006 because of the increased amount of Singapore dollar denominated borrowings.

44 Financial risk management (continued)

As at 31 December 2007, the Australian dollar exchange rate against US dollar was 0.8672 (2006: 0.7812). Had the Australian dollar weakened by 10% against the US dollar to 0.7805 (2006: 0.7031), the post-tax operating result for the year and equity of the Group and the parent entity would have been $153,000 and $153,000 higher, respectively (2006: $232,000 and $233,000 higher, respectively). Had the Australian dollar strengthened by 10% against the US dollar to 0.9539 (2006: 0.8593), the post-tax operating result for the year and equity of the Group would have been $125,000 and $125,000 lower, respectively (2006: $190,000 and $191,000 lower, respectively). This is mainly as a result of foreign exchange gains/losses on translation of US dollar denominated receivables. The operating result is less sensitive to movements in the Australian dollar/US dollar exchange rates in 2007 than 2006 because of the decreased amount of US dollar denominated trade receivables.

(ii) Price risk
Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group and the parent entity are exposed to securities price risk arising from investments held and classified on the balance sheet as available-for-sale. Neither the Group nor the parent entity is exposed to commodity price risk.

The Group maintains a number of investment portfolios, with a variety of objectives. The short term portfolio performs the role of a working capital fund, and is used as a liquidity buffer to manage the variable timing of revenue and expenditure flows. This portfolio is a short duration low risk portfolio of fixed and floating rate securities. The long term portfolio represents the Group's asset reserves and has a long investment time horizon. The portfolio is tilted towards growth assets and has invested in unlisted unit trusts managed by external investment management firms. The project's portfolio essentially comprises strategic property investments acquired over time to increase the Group's real estate footprint against the need for future expansion of the Kensington campus.

The Group maintains an investment policy document which, inter alia, sets out the risk parameters for the portfolios. The key risk parameters for the short term portfolios involve a maximum modified portfolio duration, which limits the capital impact of any rise in interest rates and a set of portfolio credit limits. The key risk parameters for the long term portfolios are the fund's strategic asset allocation (60% growth assets, 40% income assets). The fund does not engage in tactical asset allocation. The portfolio is rebalanced when certain thresholds are triggered.

Although the external fund managers routinely use derivative instruments in the management of the unit trusts in which the Group has an interest, the Group's Investment and Treasury Services is precluded from using derivatives in the management of the portfolios.

The Investment and Treasury Services report to the Finance Committee for all short term portfolio transactions on a bimonthly basis. It also reports twice yearly on the long term and project pools.

The Investment Sub Committee of the Finance Committee meets quarterly to review the long term portfolio performance, fund manager selection, asset allocation, and other high level investment policy issues (e.g. the choice of benchmarks and objectives of the investment portfolios), and to make recommendations on any proposed changes to the Investment Policy.

The majority of the Group's and the parent entity's available-for-sale financial assets are marketable equity securities (held through managed funds). If equity prices as at 31 December 2007 had increased/decreased by 10% with all other variable held constant, this would have increased/decreased the Group's and the parent entity's equity by $35,081,000 (2006: $33,497,000) and $27,742,000 (2006: $25,656,000), respectively.

A sensitivity of 10% is based on reasonably possible changes, over a financial year, determined using the observed range of actual historical price data for the previous 12 months.

(iii) Cash flow and fair value interest rate risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Group's and the parent entity's main interest rate risk arises from cash and cash equivalents and long-term interest-bearing borrowings. Borrowings issued at variable rates give exposure to cash flow interest rate risk. Borrowings issued at fixed rates give exposure to fair value interest rate risk.

During 2007, UNSW Asia was exposed to interest rate risk arising from interest-bearing borrowing from the EDB and ANZ. The Service Capability Development Programme loan from the EDB amounting to SGD15,000,000 was drawn down on 31 January 2007 at fixed interest of 4% per annum. The amount of $17,520,000 was drawn down from the ANZ loan facilities in 2006 with an interest at Bank Bill Swap Bid Rate (BBSY) + 0.15% per annum.

Notes to the financial statements
31 December 2007
(continued)

44 Financial risk management (continued)

Following the closure of UNSW Asia in December 2007, these borrowings have been assigned to the parent entity and had been renegotiated. The parent entity entered into a settlement agreement with the EDB on 10 December 2007 to repay the loan in full by 1 December 2008, at nil interest. The variable base interest rate loan of $16,879,000 with ANZ is to be repaid on a quarterly basis over 10 years and bears interest at Bank Bill Swap Bid Rate (BBSY) + 0.25% per annum.

At 31 December 2007, if interest rates had changed by -/+ 50 basis point with all other variables held constant, post-tax operating result for the year and equity for the Group and the parent entity would have been $126,000 lower/ higher (2006: $187,000 lower/higher) and $33,000 higher/ lower (2006: $24,000 lower/ higher), respectively. This is mainly as a result of lower/higher interest income from cash and cash equivalents and lower/higher interest expense from borrowings.

A sensitivity of 50 basis points was selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 50 basis points would represent two rate increases which are reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period.

(iv) Summarised sensitivity analysis
The following table summarises the sensitivity of the Group's and the parent entity's financial assets and financial liabilities to foreign exchange risk, other price risk and interest rate risk.

Notes to the financial statements
31 December 2007
(continued)

44 Financial risk management (continued)

(iv) Summarised sensitivity analysis(continued)

Consolidated		Foreign exchange risk				Other price risk				Interest rate risk			
		-10%		+10%		-10%		+10%		-0.50%		+0.50%	
31 December 2007	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash at bank and on hand	**38,950**	**245**	**245**	**(201)**	**(201)**	**-**	**-**	**-**	**-**	**(195)**	**(195)**	**195**	**195**
Deposit at call and investments maturing within three months	**2,709**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14)**	**(14)**	**14**	**14**
Sundry debtors	**35,416**	**214**	**214**	**(175)**	**(175)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Mortgage backed securities	**207**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**	**1**	**1**
Unlisted domestic/international fixed interest	**181,423**	**-**	**-**	**-**	**-**	**-**	**(18,142)**	**-**	**18,142**	**-**	**-**	**-**	**-**
Listed domestic equities	**116,417**	**-**	**-**	**-**	**-**	**-**	**(11,642)**	**-**	**11,642**	**-**	**-**	**-**	**-**
Listed international equities	**57,625**	**-**	**-**	**-**	**-**	**-**	**(5,763)**	**-**	**5,763**	**-**	**-**	**-**	**-**
Listed equities	**3,690**	**-**	**-**	**-**	**-**	**-**	**(369)**	**-**	**369**	**-**	**-**	**-**	**-**
Other (unit trusts)	**229**	**-**	**-**	**-**	**-**	**-**	**(23)**	**-**	**23**	**-**	**-**	**-**	**-**
Financial liabilities													
Sundry creditors	**31,859**	**(73)**	**(73)**	**60**	**60**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accrued expenses	**17,363**	**(305)**	**(305)**	**249**	**249**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Monies held from associated parties	**8,577**	**-**	**-**	**-**	**-**	**-**	**858**	**-**	**(858)**	**-**	**-**	**-**	**-**
EDB grant	**8,455**	**(1,219)**	**(1,219)**	**997**	**997**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
EDB loan	**11,805**	**(1,312)**	**(1,312)**	**1,073**	**1,073**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ANZ bank loan	**16,879**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**84**	**84**	**(84)**	**(84)**
Total increase/ (decrease)		**(2,450)**	**(2,450)**	**2,003**	**2,003**	**-**	**(35,081)**	**-**	**35,081**	**(126)**	**(126)**	**126**	**126**

Notes to the financial statements
31 December 2007
(continued)

44 Financial risk management (continued)

(iv) Summarised sensitivity analysis(continued)

Consolidated		Foreign exchange risk				Other price risk				Interest rate risk			
		-10%		+10%		-10%		+10%		-0.5%		+0.5%	
31 December 2006	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash at bank and on hand	51,967	118	118	(97)	(97)	-	-	-	-	(260)	(260)	260	260
Deposit at call and investments maturing within three months	2,572	-	-	-	-	-	-	-	-	(13)	(13)	13	13
Sundry debtors	45,794	228	228	(187)	(187)	-	-	-	-	-	-	-	-
Mortgage backed securities	472	-	-	-	-	-	-	-	-	(2)	(2)	2	2
Unlisted domestic/international fixed interest	169,445	-	-	-	-	-	(16,945)	-	16,945	-	-	-	-
Listed domestic equities	115,371	-	-	-	-	-	(11,537)	-	11,537	-	-	-	-
Listed international equities	56,867	-	-	-	-	-	(5,687)	-	5,687	-	-	-	-
Listed equities	3,445	-	-	-	-	-	(345)	-	345	-	-	-	-
Other (unit trusts)	1,677	-	-	-	-	-	(168)	-	168	-	-	-	-
Financial liabilities													
Sundry creditors	24,652	(60)	(60)	50	50	-	-	-	-	-	-	-	-
Monies held from associated parties	11,849	-	-	-	-	-	1,185	-	(1,185)	-	-	-	-
ANZ bank loan	17,520	1,942	1,942	(1,589)	(1,589)	-	-	-	-	88	88	(88)	(88)
Total increase/ (decrease)		2,228	2,228	(1,823)	(1,823)	-	(33,497)	-	33,497	(187)	(187)	187	187

Notes to the financial statements
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(continued)

44 Financial risk management (continued)

(iv) Summarised sensitivity analysis(continued)

Parent		Foreign exchange risk				Other price risk				Interest rate risk			
		-10%		+10%		-10%		+10%		-0.5%		+0.5%	
31 December 2007	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash at bank and on hand	19,015	21	21	(17)	(17)	-	-	-	-	(95)	(95)	95	95
Sundry debtors	31,053	162	162	(133)	(133)	-	-	-	-	-	-	-	-
Mortgage backed securities	207	-	-	-	-	-	-	-	-	(1)	(1)	1	1
Unlisted domestic/international fixed interest	117,597	-	-	-	-	-	(11,760)	-	11,760	-	-	-	-
Listed domestic equities	114,428	-	-	-	-	-	(11,443)	-	11,443	-	-	-	-
Listed international equities	56,396	-	-	-	-	-	(5,640)	-	5,640	-	-	-	-
Listed equities	2,036	-	-	-	-	-	(204)	-	204	-	-	-	-
Other (unit trusts)	229	-	-	-	-	-	(23)	-	23	-	-	-	-
Financial liabilities													
Sundry creditors	34,467	(73)	(73)	60	60	-	-	-	-	-	-	-	-
Accrued expenses	9,979	(109)	(109)	89	89	-	-	-	-	-	-	-	-
Monies held from controlled entities	4,700	-	-	-	-	-	470	-	(470)	-	-	-	-
Monies held from associated parties	8,577	-	-	-	-	-	858	-	(858)	-	-	-	-
Loan from related parties	9,791	-	-	-	-	-	-	-	-	45	45	(45)	(45)
EDB grant	8,455	(1,219)	(1,219)	997	997	-	-	-	-	-	-	-	-
EDB loan	11,805	(1,312)	(1,312)	1,073	1,073	-	-	-	-	-	-	-	-
ANZ bank loan	16,879	-	-	-	-	-	-	-	-	84	84	(84)	(84)
Total increase/ (decrease)		(2,530)	(2,530)	2,069	2,069	-	(27,742)	-	27,742	33	33	(33)	(33)

44 Financial risk management (continued)

(iv) Summarised sensitivity analysis(continued)

Parent		Foreign exchange risk				Other price risk				Interest rate risk			
		-10%		+10%		-10%		+10%		-0.5%		+0.5%	
31 December 2006	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash at bank and on hand	13,478	47	47	(39)	(39)	-	-	-	-	(67)	(67)	67	67
Sundry debtors	45,723	202	202	(166)	(166)	-	-	-	-	-	-	-	-
Mortgage backed securities	472	-	-	-	-	-	-	-	-	(2)	(2)	2	2
Unlisted domestic/international fixed interest	109,736	-	-	-	-	-	(10,974)	-	10,974	-	-	-	-
Listed domestic equities	113,467	-	-	-	-	-	(11,347)	-	11,347	-	-	-	-
Listed international equities	55,593	-	-	-	-	-	(5,559)	-	5,559	-	-	-	-
Listed equities	2,014	-	-	-	-	-	(201)	-	201	-	-	-	-
Other (unit trusts)	1,677	-	-	-	-	-	(168)	-	168	-	-	-	-
Financial liabilities													
Sundry creditors	23,034	(17)	(17)	14	14	-	-	-	-	-	-	-	-
Monies held from controlled entities	14,100	-	-	-	-	-	1,410	-	(1,410)	-	-	-	-
Monies held from associated parties	11,831	-	-	-	-	-	1,183	-	(1,183)	-	-	-	-
Loan from related parties	9,181	-	-	-	-	-	-	-	-	45	45	(45)	(45)
Total increase/ (decrease)		232	232	(191)	(191)	-	(25,656)	-	25,656	(24)	(24)	24	24

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss for the other party.

The Group and the parent entity are exposed to credit risk arising from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions, investment held and classified as available-for-sale and investments in various companies and ventures. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The carrying amounts of financial assets recognised in the balance sheet, and disclosed in more detail in notes 18, 19 and 22 best represents the consolidated entity's maximum exposure to credit risk at the reporting date. In respect to those financial assets and credit risk embodied within them, the consolidated entity holds no significant collateral as security and there are no other significant credit enhancements in respect of these assets. The credit quality of all financial assets that are neither past due nor impaired is appropriate and is consistently monitored in order to identify any potential adverse changes in the credit quality. There are no significant financial assets that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

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(continued)

44 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through the Commonwealth and the ability to close-out market positions. More specifically, daily monitoring of cash flow is carried out by the Investment and Treasury Services team to ensure that there is adequate liquidity to meet the Group's obligations over the near term. The short term working capital pool is used as a liquidity buffer to this end.

The table below analyses the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated - 31 December 2007	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	**$'000**
OS-HELP liability to Australian Government	**2**	**-**	**-**	**-**	**2**
Sundry creditors	**31,859**	**-**	**-**	**-**	**31,859**
Accrued expenses	**17,363**	**-**	**-**	**-**	**17,363**
Other payables	**85**	**-**	**-**	**-**	**85**
Monies held from associated parties	**8,577**	**-**	**-**	**-**	**8,577**
Other liabilities	**9,175**	**-**	**-**	**-**	**9,175**
Financing arrangement with Westpac Office Trust *	**2,530**	**2,605**	**8,295**	**73,655**	**87,085**
EDB grant	**1,574**	**1,574**	**7,821**	**-**	**10,969**
EDB loan	**11,805**	**-**	**-**	**-**	**11,805**
ANZ bank loan *	**2,865**	**2,742**	**7,486**	**10,388**	**23,481**
Total	**85,835**	**6,921**	**23,602**	**84,043**	**200,401**

Consolidated - 31 December 2006	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	**$'000**
OS-HELP liability to Australian Government	40	-	-	-	**40**
Sundry creditors	24,652	-	-	-	**24,652**
Accrued expenses	30,766	-	-	-	**30,766**
Monies held from associated parties	11,849	-	-	-	**11,849**
Other liabilities	9,185	247	-	-	**9,432**
ANZ bank loan*	1,292	1,292	3,875	26,134	**32,593**
Total	77,784	1,539	3,875	26,134	**109,332**

44 Financial risk management (continued)

(c)Liquidity risk (continued)

Parent - 31 December 2007	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	**Total $'000**
OS-HELP liability to Australian Government	**2**	**-**	**-**	**-**	**2**
Sundry creditors	**34,467**	**-**	**-**	**-**	**34,467**
Accrued expenses	**9,979**	**-**	**-**	**-**	**9,979**
Loan from related parties	**9,791**	**-**	**-**	**-**	**9,791**
Monies held from controlled entities	**4,700**	**-**	**-**	**-**	**4,700**
Monies held from associated parties	**8,577**	**-**	**-**	**-**	**8,577**
Other liabilities	**5,291**	**-**	**-**	**-**	**5,291**
Financing arrangement with Westpac Office Trust *	**2,530**	**2,605**	**8,295**	**73,655**	**87,085**
EDB grant	**1,574**	**1,574**	**7,821**	**-**	**10,969**
EDB loan	**11,805**	**-**	**-**	**-**	**11,805**
ANZ bank loan *	**2,865**	**2,742**	**7,486**	**10,388**	**23,481**
Total	**91,581**	**6,921**	**23,602**	**84,043**	**206,147**

Parent - 31 December 2006	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	**Total $'000**
OS-HELP liability to Australian Government	40	-	-	-	**40**
Sundry creditors	23,034	-	-	-	**23,034**
Accrued expenses	18,109	-	-	-	**18,109**
Loan from related parties	-	9,181	-	-	**9,181**
Monies held from controlled entities	14,100	-	-	-	**14,100**
Monies held from associated parties	11,831	-	-	-	**11,831**
Other liabilities	4,916	-	-	-	**4,916**
Total	**72,030**	**9,181**	**-**	**-**	**81,211**

* The undiscounted cash flows represent the finance cost and principal repayments, refer to note 28.

(d) Fair value estimation

The carrying amounts of financial assets and liabilities at balance sheet date are approximate to their fair value.

45 Superannuation commitments

All employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death. The Group's superannuation plan has defined benefits sections and defined contribution sections. The defined benefit sections provide lump sum benefits based on years of service and final average salary. The defined contribution sections receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. The following sets out details in respect of the defined benefit sections only.

(a) General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:
State Authorities Superannuation Scheme (SASS)
State Authorities Non-contributory Superannuation Scheme (SANCS)
State Superannuation Scheme (SSS)

45 Superannuation commitments (continued)

(a) General description of the type of plan (continued)

The above schemes are all defined benefit schemes or at least a component of the final benefit is derived from a multiple of member salary and years of membership. All schemes are closed to new members.
The Professorial Superannuation Fund (PSF) is a combination of an accumulation benefit and a defined benefit.

(b) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	SASS $'000	**SANCS $'000**	**SSS $'000**	**PSF $'000**	**Total $'000**
2007					
Present value of defined benefit obligations	**69,634**	**19,234**	**787,841**	**44,331**	**921,040**
Fair value of plan assets	**(70,881)**	**(9,615)**	**(429,429)**	**(40,857)**	**(550,782)**
(Asset)/Liability recognised in the balance sheet	**(1,247)**	**9,619**	**358,412**	**3,474**	**370,258**

	SASS $'000	**SANCS $'000**	**SSS $'000**	**PSF $'000**	**Total $'000**
2006					
Present value of defined benefit obligations	75,084	20,629	816,656	48,398	960,767
Fair value of plan assets	(74,541)	(12,204)	(409,365)	(37,931)	(534,041)
(Asset)/Liability recognised in the balance sheet	543	8,425	407,291	10,467	426,726

$319,055,000 (2006: $372,461,000) of the net liabilities for superannuation funds is payable by the Commonwealth and State Government. This is based on the net assets of the State Authorities Superannuation Scheme of $1,247,000 (2006: net liabilities of $543,000) and the net liabilities of the Superannuation Scheme of $358,412,000 (2006: $407,291,000) less the amount contributed by the Commonwealth Government in 2004 for the University College ADFA and the earnings on that contribution totalling $38,110,000 (2006: $35,373,000).(Refer to note 19 for Receivables)

All State Fund assets are invested at arm's length through independent funds managers.

During 2004, the University reached an agreement with the Commonwealth Government regarding unfunded superannuation liabilities in respect of staff at the University College ADFA. A settlement of $25,535,000 was received in December 2004 upon which the obligation of meeting the current and future liabilities for these staff transferred from the Commonwealth Government to the University.

As at 31 December 2007, the amount received in respect of staff at the University College ADFA in 2004 plus the return on that investment totalled $38,110,000 (2006: $35,373,000). These funds are managed as part of the pool of general investments of the Group. These funds are included as part of available-for-sale financial assets and deposits at call disclosed in the balance sheet. During the year, the investment returns from these assets were $2,737,000 (2006: $4,413,000) and the receivable from the Commonwealth Government has been reduced by the same amount.

The percentage invested in each asset class at balance sheet date:

45 Superannuation commitments (continued)

(b) Balance sheet amounts (continued)

	SASS %	SANCS %	SSS %	PSF %
2007				
Equity securities - fair value relative to total %	**60.00**	**60.00**	**60.00**	**58.00**
Debt securities - fair value relative to total %	**13.00**	**13.00**	**13.00**	**40.00**
Property securities - fair value relative to total %	**10.00**	**10.00**	**10.00**	**-**
Other securities- fair value relative to total %	**16.00**	**16.00**	**16.00**	**2.00**
2006				
Equity securities - fair value relative to total %	63.00	63.00	63.00	63.00
Debt securities - fair value relative to total %	15.00	15.00	15.00	34.00
Property securities - fair value relative to total %	9.00	9.00	9.00	1.00
Other securities- fair value relative to total %	13.00	13.00	13.00	2.00

The fair value of the plan fund assets does not include amounts relating to :

- any of the consolidated entity's own financial instruments; and
- any property occupied by, or other assets used by, the consolidated entity.

(c) Reconciliation showing the movements during the period in the net liability recognised in the balance sheet

	SASS $'000	SANCS $'000	SSS $'000	PSF $'000	Total $'000
2007					
Reconciliation of the present value of the defined benefit obligation, which is partly funded:					
Balance at the beginning of the year	**75,084**	**20,629**	**816,656**	**48,398**	**960,767**
Current service cost	**3,014**	**1,106**	**2,894**	**1,121**	**8,135**
Interest cost	**4,333**	**1,150**	**47,487**	**2,112**	**55,082**
Actuarial (gains)/losses	**(2,194)**	**745**	**(58,082)**	**(2,855)**	**(62,386)**
Contribution by fund participants	**1,400**	**-**	**4,315**	**11**	**5,726**
Benefit paid	**(12,003)**	**(4,396)**	**(25,429)**	**(4,456)**	**(46,284)**
Balance at the end of the year	**69,634**	**19,234**	**787,841**	**44,331**	**921,040**
Reconciliation of the fair value of plan assets					
Balance at the beginning of the year	**74,541**	**12,204**	**409,365**	**37,931**	**534,041**
Expected return on fund assets	**5,445**	**1,124**	**29,178**	**2,785**	**38,532**
Actuarial gains/(losses)	**(1,620)**	**(115)**	**8,141**	**1,742**	**8,148**
Employer contribution	**3,118**	**798**	**3,859**	**2,844**	**10,619**
Contribution by fund participants	**1,400**	**-**	**4,315**	**11**	**5,726**
Benefit paid	**(12,003)**	**(4,396)**	**(25,429)**	**(4,456)**	**(46,284)**
Balance at the end of the year	**70,881**	**9,615**	**429,429**	**40,857**	**550,782**

45 Superannuation commitments (continued)

(c) Reconciliation showing the movements during the period in the net liability recognised in the balance sheet (continued)

	SASS $'000	SANCS $'000	SSS $'000	PSF $'000	Total $'000
2006					
Reconciliation of the present value of the defined benefit obligation, which is partly funded:					
Balance at the beginning of the year	77,237	23,741	881,420	49,507	1,031,905
Current service cost	3,177	1,321	4,086	2,274	10,858
Interest cost	3,905	1,162	45,398	2,355	52,820
Actuarial (gains)/losses	882	(1,458)	(80,112)	(1,044)	(81,732)
Contribution by fund participants	1,352	-	5,245	12	6,609
Benefit paid	(11,469)	(4,137)	(39,381)	(4,706)	(59,693)
Balance at the end of the year	75,084	20,629	816,656	48,398	960,767
Reconciliation of the fair value of plan assets					
Balance at the beginning of the year	73,333	12,355	387,122	33,313	506,123
Expected return on fund assets	5,300	1,144	27,514	2,423	36,381
Actuarial gains/(losses)	3,084	746	25,312	4,182	33,324
Employer contribution	2,941	2,096	3,553	2,707	11,297
Contribution by fund participants	1,352	-	5,245	12	6,609
Benefit paid	(11,469)	(4,137)	(39,381)	(4,706)	(59,693)
Balance at the end of the year	74,541	12,204	409,365	37,931	534,041

(d) Total expense recognised in the income statement for each of the following, and the line item(s) of the income statement in which they are included:

	SASS $'000	SANCS $'000	SSS $'000	PSF $'000	Total $'000
2007					
Current service cost	**3,014**	**1,106**	**2,894**	**1,121**	**8,135**
Interest cost	**4,333**	**1,150**	**47,487**	**2,112**	**55,082**
Expected return on plan assets	**(5,445)**	**(1,123)**	**(29,178)**	**(2,785)**	**(38,531)**
Net actuarial (gains) and losses	**(575)**	**860**	**(66,223)**	**(4,597)**	**(70,535)**
(Income)/expense recognised in the income statement	**1,327**	**1,993**	**(45,020)**	**(4,149)**	**(45,849)**
Included in the line items of income statement:					
Employee benefits and on costs	**3,117**	**1,993**	**3,859**	**(4,149)**	**4,820**
Deferred Government superannuation contribution	**(1,790)**	**-**	**(48,879)**	**-**	**(50,669)**
	1,327	**1,993**	**(45,020)**	**(4,149)**	**(45,849)**
2006					
Current service cost	3,177	1,321	4,086	2,274	10,858
Interest cost	3,905	1,162	45,398	2,355	52,820
Expected return on plan assets	(5,300)	(1,144)	(27,514)	(2,423)	(36,381)
Net actuarial gains	(2,202)	(2,204)	(105,424)	(5,226)	(115,056)
Income recognised in the income statement	(420)	(865)	(83,454)	(3,020)	(87,759)
Included in the line items of income statement:					
Employee benefits and on costs	2,941	(865)	3,554	(3,020)	2,610
Deferred Government superannuation contribution	(3,361)	-	(87,008)	-	(90,369)
	(420)	(865)	(83,454)	(3,020)	(87,759)

45 Superannuation commitments (continued)

(e) Actual return on plan assets

	SASS $'000	SANCS $'000	SSS $'000	PSF $'000	Total $'000
For period ended 31 December 2007	**5,632**	**1,008**	**31,774**	**4,526**	**42,940**
For period ended 31 December 2006	9,415	1,890	52,042	6,606	69,953

(f) Principal actuarial assumptions used as at the reporting date, including, where applicable:

	SASS %	SANCS %	SSS %	PSF %
2007				
The discount rates (gross of tax)	**6.40**	**6.40**	**6.40**	**6.40**
The discount rates (net of tax)	**6.40**	**6.40**	**6.40**	**5.30**
The expected rates of return on any plan assets for the periods presented in the financial report	**7.60**	**7.60**	**7.60**	**8.20**
The expected rates of salary increases	**4% pa to June 2008, 3.5% pa thereafter**	**4% pa to June 2008, 3.5% pa thereafter**	**4% pa to June 2008, 3.5% pa thereafter**	**4.00**
The expected rate of CPI increase	**2.50**	**2.50**	**2.50**	**2.50**
2006				
The discount rates (gross of tax)	6.00	6.00	6.00	5.60
The discount rates (net of tax)	6.00	6.00	6.00	4.70
The expected rates of return on any plan assets for the periods presented in the financial report	7.60	7.60	7.60	7.50
The expected rates of salary increases	4% pa to June 2008, 3.5% pa thereafter	4% pa to June 2008, 3.5% pa thereafter	4% pa to June 2008, 3.5% pa thereafter	4.00
The expected rate of CPI increase	2.50	2.50	2.50	2.50

For the Professorial Superannuation Fund, expected rate of return is based on the asset allocation provided as at 31 December 2007 and the appropriate risk margin for each asset class in which the defined benefit monies are invested.

For other State schemes, the expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

(g) Employer contributions

Recommended contribution rates for the University are:

	SASS %	SANCS %	SSS %
2007			
% of member salary	**-**	**17.00**	**-**
2006			
% of member salary	-	17.00	-

For the Professorial Superannuation Fund, according to the latest actuarial review, Group contributions were based on the projected benefit payments and expenses.

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45 Superannuation commitments (continued)

(g) Employer contributions (continued)

For other state schemes, the method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding Method.

Under the Aggregate Funding Method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

Total employer contributions expected to be paid by the Group for period ended 31 December 2008 are as follows:

	SASS $'000	SANCS $'000	SSS $'000	PSF $'000	Total $'000
Expected next year employer contribution	**-**	**8,105**	**-**	**3,160**	**11,265**

(h) Nature of asset/liability

If a net surplus exists in a Fund, the Group may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a net deficiency exists, the Group is responsible for any difference between the employer's share of fund assets and the defined benefit obligation, except for SASS and SSS where the difference will be borne by the Commonwealth / State Governments.

(i) Historic Summary

	SASS $'000	SANCS $'000	SSS $'000	PSF $'000	Total $'000
2007					
Defined benefit plan obligation	**69,634**	**19,234**	**787,841**	**44,331**	**921,040**
Plan assets	**(70,881)**	**(9,615)**	**(429,429)**	**(40,857)**	**(550,782)**
(Surplus)/deficit	**(1,247)**	**9,619**	**358,412**	**3,474**	**370,258**
Experience adjustments arising on plan liabilities	**(2,195)**	**745**	**(58,082)**	**(2,205)**	**(61,737)**
Experience adjustments arising on plan assets	**1,620**	**115**	**(8,210)**	**1,742**	**(4,733)**
2006					
Defined benefit plan obligation	75,084	20,629	816,656	48,398	960,767
Plan assets	(74,541)	(12,204)	(409,365)	(37,931)	(534,041)
(Surplus)/deficit	543	8,425	407,291	10,467	426,726
Experience adjustments arising on plan liabilities	882	(1,458)	(80,112)	187	(80,501)
Experience adjustments arising on plan assets	(3,084)	(746)	(25,208)	4,182	(24,856)

(j) UniSuper

The University also contributes to UniSuper Defined Benefit Plan ('UniSuper') (formerly Superannuation Scheme for Australian Universities) (SSAU) for academic staff appointed since 1 March 1988 and all other staff from 1 July 1991.

UniSuper is a defined benefit plan. Consistent with the position adopted by UniSuper, the Group has applied the multi-employer provisions according to AASB 119 (30) and accounts for the plan as if it were a defined contribution plan due to the fact that sufficient information is not available to account for the defined benefits provided by UniSuper as a defined benefit plan. As set out under Paragraph 32(b) of AASB 119, UniSuper exposes the participating employers to actuarial risks associated with the current and former employees of the other participating employers, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to participating employers.

As at 30 June 2007 there is no funding surplus or deficit which currently affects or is expected to affect, the amount of future contributions payable by participating employers including the Group, to UniSuper.

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45 Superannuation commitments (continued)

(j) UniSuper (continued)

Historically, surpluses in UniSuper have been used to improve members' benefits and has not affected the amount of participating employers' contributions.

As at 30 June 2007, the total assets of UniSuper were estimated to be $1,683,000,000 (2006: $958,000,000) in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the Defined Benefit Division (DBD).

As at 30 June 2007, the total assets of UniSuper were estimated to be $2,587,000,000 (2006: $1,834,000,000) in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefits payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in the report dated 13 July 2006 on actuarial investigation of DBD as at 31 December 2005. The financial assumptions used were:

	Vested Benefits %	Accrued Benefits %
Gross of tax investment return	7.00	8.30
Net of tax investment return	6.50	7.80
Consumer Price Index	2.50	2.50
Inflationary salary increases long term	3.50	3.50
Inflationary salary increases next two years	5.00	5.00

(Additional promotional salary increases are assumed to apply based on past experience)
Assets have been included at their net market value, i.e. allowing for realisation costs.

Clause 34 of the UniSuper Trust Deed outlines the process UniSuper must undertake (including employer notifications and notice periods) in order to request additional contributions from employers if the UniSuper assets are considered by the Trustee to be insufficient to provide benefits payable under the Deed. At least four years' notice that such a request may be made was required. If such a request was agreed to by all employers then members had to also contribute additional contributions. If all employers did not agree to increase contributions the Trustee had to reduce benefits on a fair and equitable basis. The Trustee notified employers during 2003 that such a request may be made in the future but it considered this was unlikely at that time.

The Group has no liability to make payments to UniSuper as the Fund is in surplus. Should the balance of the UniSuper Fund become a deficit, the Group is not liable to make any payments to Unisuper unless all the universities (including The University of New South Wales) who are the members of the UniSuper Fund unanimously agree to make additional contributions to the Fund. It is only on this basis that the Group would be liable for the agreed additional contribution. Management of The University of New South Wales believe it is unlikely that any additional contribution will be required in the foreseeable future.

(k) Other superannuation schemes

The Group and its controlled entities also contribute to the following superannuation schemes, which are fully funded:

- Commonwealth Superannuation Scheme, a multi-employer defined benefit scheme.
- The University of New South Wales Special Purpose Superannuation Scheme (a defined contribution scheme restricted to short–term staff employed on special purpose funds).

The total Parent and consolidated entity contribution to defined contribution schemes during the year was $51,368,000 and $53,484,000 respectively (2006: $45,587,000 and $49,512,000).

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46 Acquittal of Australian Government financial assistance

46.1 DEEWR - CGS and Other DEEWR Grants (University only)

Parent	Commonwealth Grants Scheme		Indigenous Support Fund		Equity Support Programme		Workplace Reform Programme		Workplace Productivity Programme		Learning & Teaching Performance Fund		Capital Development Pool		Collaboration & Structural Reform Programme		Total	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	**137,674**	131,758	**541**	545	**249**	248	**1,899**	1,839	**852**	2,381	**6,650**	-	**652**	-	**365**	1,115	**148,882**	137,886
Net accrual adjustments	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Revenue for the period	**137,674**	131,758	**541**	545	**249**	248	**1,899**	1,839	**852**	2,381	**6,650**	-	**652**	-	**365**	1,115	**148,882**	137,886
Surplus/(deficit) from the previous year	**-**	-	**-**	-	**-**	-	**-**	-	**1,484**	-	**-**	-	**-**	-	**1,115**	-	**2,599**	-
Total revenue including accrued revenue	**137,674**	131,758	**541**	545	**249**	248	**1,899**	1,839	**2,336**	2,381	**6,650**	-	**652**	-	**1,480**	1,115	**151,481**	137,886
Less expenses including accrued expenses	**(137,674)**	(131,758)	**(541)**	(545)	**(249)**	(248)	**(1,899)**	(1,839)	**(947)**	(897)	**(1,181)**	-	**(652)**	-	**(311)**	-	**(143,454)**	(135,287)
Surplus/(deficit) for reporting period	**-**	-	**-**	-	**-**	-	**-**	-	**1,389**	1,484	**5,469**	-	**-**	-	**1,169**	1,115	**8,027**	2,599

46 Acquittal of Australian Government financial assistance (continued)

46.2 Higher Education Loan Programmes (University only)

Parent	HECS-HELP 2007 $'000	HECS-HELP 2006 $'000	FEE-HELP 2007 $'000	FEE-HELP 2006 $'000	Sub Total 2007 $'000	Sub Total 2006 $'000	OS-HELP 2007 $'000	OS-HELP 2006 $'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	**67,577**	69,874	**23,394**	7,672	**90,971**	77,546	**261**	255
Net accrual adjustments	**8,437**	(3,437)	**(3,020)**	12,605	**5,417**	9,168	**(260)**	(214)
Revenue for the period	**76,014**	66,437	**20,374**	20,277	**96,388**	86,714	**1**	41
Surplus/(deficit) from the previous year	**-**	-	**-**	-	**-**	-	**41**	-
Total revenue including accrued revenue	**76,014**	66,437	**20,374**	20,277	**96,388**	86,714	**42**	41
Less expenses including accrued expenses	**(76,014)**	(66,437)	**(20,374)**	(20,277)	**(96,388)**	(86,714)	**(40)**	-
Surplus/(deficit) for reporting period	**-**	-	**-**	-	**-**	-	**2**	41

Notes to the financial statements
31 December 2007
(continued)

46 Acquittal of Australian Government financial assistance (continued)

46.3 Scholarships (University only)

Parent	Australian Postgraduate Awards 2007 $'000	Australian Postgraduate Awards 2006 $'000	International Postgraduate Research Scholarships 2007 $'000	International Postgraduate Research Scholarships 2006 $'000	Commonwealth Education Cost Scholarships 2007 $'000	Commonwealth Education Cost Scholarships 2006 $'000	Commonwealth Accommodation Scholarships 2007 $'000	Commonwealth Accommodation Scholarships 2006 $'000	Total 2007 $'000	Total 2006 $'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	**7,179**	6,937	**1,425**	1,652	**861**	603	**1,344**	999	**10,809**	10,191
Net accrual adjustments	**-**	-	**53**	-	**-**	-	**-**	-	**53**	-
Revenue for the period	**7,179**	6,937	**1,478**	1,652	**861**	603	**1,344**	999	**10,862**	10,191
Surplus/(deficit) from the previous year	**1,910**	1,627	**(1,103)**	(717)	**143**	-	**265**	-	**1,215**	910
Total revenue including accrued revenue	**9,089**	8,564	**375**	935	**1,004**	603	**1,609**	999	**12,077**	11,101
Less expenses including accrued expenses	**(7,010)**	(6,654)	**(2,560)**	(2,038)	**(559)**	(460)	**(833)**	(734)	**(10,962)**	(9,886)
Surplus/(deficit) for reporting period	**2,079**	1,910	**(2,185)**	(1,103)	**445**	143	**776**	265	**1,115**	1,215

46 Acquittal of Australian Government financial assistance (continued)

46.4 DEEWR Research (University only)

Parent	Institutional Grants Scheme 2007 $'000	Institutional Grants Scheme 2006 $'000	Research Training Scheme 2007 $'000	Research Training Scheme 2006 $'000	Systematic Infrastructure Initiative 2007 $'000	Systematic Infrastructure Initiative 2006 $'000	Research Infrastructure Block Grants 2007 $'000	Research Infrastructure Block Grants 2006 $'000	Small Grants 2007 $'000	Small Grants 2006 $'000	Implementation Assistance Programme 2007 $'000	Implementation Assistance Programme 2006 $'000	Australian Scheme for Higher Education Repositories 2007 $'000	Australian Scheme for Higher Education Repositories 2006 $'000	Commercialisat'n Training Scheme 2007 $'000	Commercialisat'n Training Scheme 2006 $'000	Total 2007 $'000	Total 2006 $'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	**22,769**	23,022	**44,277**	42,568	**-**	1,009	**17,212**	17,028	**-**	-	**133**	-	**164**	-	**420**	-	**84,975**	83,627
Net accrual adjustments	**-**	-	**(1,095)**	-	**-**	-	**(345)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(1,440)**	-
Revenue for the period	**22,769**	23,022	**43,182**	42,568	**-**	1,009	**16,867**	17,028	**-**	-	**133**	-	**164**	-	**420**	-	**83,535**	83,627
Surplus/(deficit) from the previous year	**-**	-	**-**	-	**344**	29	**36**	-	**107**	107	**-**	-	**-**	-	**-**	-	**487**	136
Total revenue including accrued revenue	**22,769**	23,022	**43,182**	42,568	**344**	1,038	**16,903**	17,028	**107**	107	**133**	-	**164**	-	**420**	-	**84,022**	83,763
Less expenses including accrued expenses	**(22,769)**	(23,022)	**(43,182)**	(42,568)	**(379)**	(694)	**(18,726)**	(16,992)	**-**	-	**(133)**	-	**(86)**	-	**(98)**	-	**(85,373)**	(83,276)
Surplus/(deficit) for reporting period	**-**	-	**-**	-	**(35)**	344	**(1,823)**	36	**107**	107	**-**	-	**78**	-	**322**	-	**(1,351)**	487

46 Acquittal of Australian Government financial assistance (continued)

46.5 Australian Research Council Grants

(a) Discovery

Parent	Projects 2007 $'000	Projects 2006 $'000	Fellowships 2007 $'000	Fellowships 2006 $'000	Federation Fellowships 2007 $'000	Federation Fellowships 2006 $'000	Indigenous Researchers Developments 2007 $'000	Indigenous Researchers Developments 2006 $'000	Total 2007 $'000	Total 2006 $'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	**26,609**	26,886	**(2)**	-	**2,532**	1,963	**38**	35	**29,177**	28,884
Net accrual adjustments	**(904)**	(991)	**-**	-	**(874)**	-	**-**	-	**(1,778)**	(991)
Revenue for the period	**25,705**	25,895	**(2)**	-	**1,658**	1,963	**38**	35	**27,399**	27,893
Surplus/(deficit) from the previous year	**13,882**	9,182	**858**	952	**907**	1,128	**25**	10	**15,672**	11,272
Total revenue including accrued revenue	**39,587**	35,077	**856**	952	**2,565**	3,091	**63**	45	**43,071**	39,165
Less expenses including accrued expenses	**(25,600)**	(21,195)	**-**	(94)	**(2,210)**	(2,184)	**(24)**	(20)	**(27,834)**	(23,493)
Surplus/(deficit) for reporting period	**13,987**	13,882	**856**	858	**355**	907	**39**	25	**15,237**	15,672

46 Acquittal of Australian Government financial assistance (continued)

46.5 Australian Research Council Grants (continued)

(b) Linkages

Parent	Infrastructure		International		Projects		Total	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	**1,517**	1,820	**283**	304	**11,082**	9,962	**12,882**	12,086
Net accrual adjustments	**-**	-	**-**	-	**(396)**	(404)	**(396)**	(404)
Revenue for the period	**1,517**	1,820	**283**	304	**10,686**	9,558	**12,486**	11,682
Surplus/(deficit) from the previous year	**846**	1,036	**196**	159	**2,441**	430	**3,483**	1,625
Total revenue including accrued revenue	**2,363**	2,856	**479**	463	**13,127**	9,988	**15,969**	13,307
Less expenses including accrued expenses	**(1,009)**	(2,010)	**(179)**	(267)	**(9,113)**	(7,547)	**(10,301)**	(9,824)
Surplus/(deficit) for reporting period	**1,354**	846	**300**	196	**4,014**	2,441	**5,668**	3,483

46 Acquittal of Australian Government financial assistance (continued)

46.5 Australian Research Council Grants (continued)

(c) Networks and Centres

Parent	Centres		Total	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	**5,821**	5,706	**5,821**	5,706
Net accrual adjustments	**(1,914)**	(1,934)	**(1,914)**	(1,934)
Revenue for the period	**3,907**	3,772	**3,907**	3,772
Surplus/(deficit) from the previous year	**242**	(2,532)	**242**	(2,532)
Total revenue including accrued revenue	**4,149**	1,240	**4,149**	1,240
Less expenses including accrued expenes	**(4,555)**	(998)	**(4,555)**	(998)
Surplus/(deficit) for reporting period	**(406)**	242	**(406)**	242

SUPPLEMENTARY INFORMATION

For the year ended 31 December 2007

	Budget 2007 $'000	**Actual 2007 $'000**	Budget 2008 $'000
Revenue from continuing operations			
Australian Government financial assistance			
Australian Government grants	390,642	**387,298**	414,114
HECS-HELP – Australian Government payments	74,490	**76,014**	98,000
FEE-HELP	20,436	**20,374**	20,000
State and Local Government financial assistance	10,970	**13,825**	12,000
HECS-HELP – Student payments	28,968	**26,512**	27,000
Fees and charges	227,559	**238,745**	277,687
Investment income	23,519	**65,423**	26,156
Royalties, trademarks and licences	1,206	**2,492**	591
Consultancy and contracts	56,438	**58,597**	59,000
Other revenue	26,325	**23,378**	40,444
Total revenue from continuing operations	860,553	**912,658**	974,992
Gains on disposal of assets	-	**275**	-
Other income	4,447	**8,494**	6,218
Total income from continuing operations before Deferred Government Superannuation Contribution	865,000	**921,427**	981,210
Deferred Government Superannuation Contributions	-	**(50,669)**	-
Total revenue and income from continuing operations	865,000	**870,758**	981,210
Expenses from continuing operations			
Employee benefits and on costs	485,000	**515,668**	547,482
Depreciation and amortisation	46,000	**43,439**	40,051
Repairs and maintenance	25,253	**22,916**	21,564
Finance costs	-	**3,104**	3,198
Impairment of assets	2,000	**1,663**	1,092
Losses on disposal of assets	-	**2,770**	82
Other expenses (a)	295,747	**343,090**	335,905
Total expenses from continuing operations before Deferred Employee Benefits for Superannuation	854,000	**932,650**	949,374
Deferred Employee Benefits for Superannuation	-	**(50,669)**	-
Total expenses from continuing operations	854,000	**881,981**	949,374
Operating result for the year	11,000	**(11,223)**	31,836

(a) The 'Other expenses' for 2007 includes UNSW Asia's liabilities and closure costs amounting to $47,598,000 which was not budgeted.

Investment and investment performance *(University only)*

During 2007 the University's investments were divided between the following three investment Pools:

Pool L, a long-term investment fund with an investment horizon of more than two years, the components of which were managed during the year by eight external fund managers;

Pool S, the University's short-term working capital with an investment horizon of less than two years managed internally by UNSW's Investment Services; and

Pool P consist of principally student accommodation and residential properties (95%) and significant venture initiatives (5%). The student accommodation and residential properties are held for strategic purpose and managed by the University's Strategic Property Group. These properties are not classified as investment properties under current accounting standards.

In accordance with the *Annual Reports (Statutory Bodies) Act 1984* and its Regulation 2005, the performance of Pools L and S are measured in table below against Treasury Corporation Facilities. It is not appropriate for Pool P's performance to be benchmarked in this way as it is a project fund and its investment criteria and horizon differ markedly from any of the Treasury Corporation facilities.

	Fund Manager	(i) Return for 12 months to 31/12/2007 %	(ii) Treasury Corporation Facility Performance for 12 months to 31/12/2007 %	(i) Return for 12 months to 31/12/2006 %	(ii) Treasury Corporation Facility Performance for 12 months to 31/12/2006 %
Pool L	External	7.08	5.06	13.70	13.19
Pool S	UNSW	5.90	6.55	6.30	5.96

i) The returns in the table reflect the change in market value of investments between the beginning and end of the year and, therefore, include unrealised capital gains and losses.

ii) For the Pool L comparison with the Treasury Corporation facility performance, a weighted average of the performances of the medium and long term facilities is employed to reflect the strategic asset allocation of Pool L.

University account payment performance *(University only)*

	Total Accounts paid on time			Total amount paid
	Target (1) %	Actual (1) %	$' 000	$' 000
2006				
January - March	70%	66%	69,807	114,424
April - June	70%	72%	95,434	153,178
July - September	70%	56%	81,735	135,129
October - December	70%	62%	79,785	141,399
2007				
January - March	**70%**	**54%**	**106,196**	**149,720**
April - June	**70%**	**55%**	**76,838**	**142,562**
July - September	**70%**	**64%**	**121,564**	**173,925**
October - December	**70%**	**58%**	**100,400**	**152,938**

(1) The % is based on the number of transactions processed and not on monetary terms.

Summary of significant items raised by the New South Wales Auditor-General in Management Letter *(University only)*

The following information summarises major issues raised by the NSW Auditor-General in the Management Letter for the year ended 31 December 2006 and the action provided by University management.

	Areas of Identified Deficiency	Action
1	Status of Investment of UNSW Asia	Management have kept the Audit Office up to date on events surrounding UNSW Asia as they have transpired. On 24 December 2007, UNSW Asia was placed in liquidation. (Refer note 17 - Discontinued operation, in the financial statement for further information).
2	Sundry and Student Debtors	Management have been reviewing the detail credit balance for student and sundry debtors on an ongoing basis. UNSW has commenced a project in 2008 to resolve this matter. All credit balances are reclassified as sundry creditors on a monthly basis.
3	Property Plant & Equipment Business Cycle Controls	Management has carried out a full valuation of property, plant and equipment as at 31 December 2007.

Land Appendix *(University only)*

In accordance with Section 41B 1(d) of the *Public Finance and Audit Act* , below is the unaudited Land Appendix to the Financial Statements of the University of New South Wales for the year ended 31 December 2007.

	Land Use	**Land Value 2007 $'000**	**Land Value** 2006 $'000
T	Teaching, Research and other University purposes	**255,405**	298,238
A	Student accommodation	**22,610**	27,129
LR	Leased to residential tenants	**18,060**	16,120
LC	Leased to commercial tenant	**31,695**	4,648
		327,770	**346,135**

The total value of land owned or occupied is higher than the land value recognised within the categories "Land" and "Student Accommodation and Residential Properties" in the Balance Sheet. The value of the Land disclosed in the balance sheet has been adjusted for impairment.

Summary of significant items raised by the New South Wales Auditor-General in the Statutory Audit Report for the year ended 31 December 2007 *(University only)*

The following information summarises major issues raised by the NSW Auditor-General in the Statutory Audit Report for the year ended 31 December 2007 and the responses provided by University management.

	Areas of Identified Deficiency	Management Response
1	Employment Related Legacy Issues	Management will continue the extensive review in 2008 to ascertain the extent of necessary actions and payments to resolve these matters.
2	Complexity of Group Structure	UNSW is continuing to review the appropriateness of the existing group structure with a view to address the governance and controls; reporting and issues resolution on a timely basis.
3	Governance and Processes over Major Asset Transactions	Management is continuing its review of governance, controls and processes that support University decisions to enter into and manage significant asset transactions to ensure they are effective and consistently applied across the group.
4	Grossing Up Impairment of Assets	Management will undertake further investigations into disclosing investments at cost rather than only at carrying values net of impairments.
5	Co-operative Research Centre for Eye Research and Technology (CRCERT)	Management will consider recommendations of independent report and resolution is expected in 2008.

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