

# Annual report | 2016

VOLUME 2: CONTROLLED ENTITIES FINANCIAL STATEMENTS

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# Contact us

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**PHOTOS:** All photos by Chris Stacey unless otherwise noted.

This document has been prepared by Group Marketing, Macquarie University.  
The information in this document is correct as at the date of publication.

# **Macquarie University Annual 2016 Report - Volume 2**

**Controlled Entities**

**Annual Financial Statements**

**For the year ended 31 December 2016**

## Table of contents

Access Macquarie Limited	5
Australian Proteome Analysis Facility Limited	35
CMBF Limited	57
COH Property Trust	81
Macquarie University Clinical Associates Limited	95
Macquarie University Hong Kong Foundation Limited	119
Macquarie University Property Investment Company No.3 Pty Limited	133
Macquarie University Property Investment Company Pty Limited	147
Macquarie University Property Investment Trust	161
MGSM Limited	175
MUH Operations No.2 Pty Limited	207
MUH Operations Pty Limited	243
MUPH Clinic Pty Limited	257
MUPH Hospital Pty Limited	271
Risk Frontiers Flood (Australia) Pty Limited	285
Risk Frontiers Group Pty Limited	311
U@MQ Limited	337

Macquarie University Hong Kong Foundation Limited was incorporated during 2016.

# **Access Macquarie Limited**

ABN 59 003 849 198

## **Financial Statements**

For the Year Ended 31 December 2016

**Contents**  
**For the Year Ended 31 December 2016**

	Page
<b>Financial Statements</b>	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by the Directors	25
Independent Auditor's Report	26

**Statement of Comprehensive Income**  
**For the Year Ended 31 December 2016**

	2016	2015
Note	\$'000	\$'000
<b>Revenue from continuing operations</b>		
Fees and charges	2(a) 21,065	15,509
Consulting	2(b) 4,322	6,566
Royalties, trademarks and licences	16	96
Grants and contributions	2(d) 7,969	7,746
Interest revenue	2(c) 256	392
<b>Total revenue from continuing operations</b>	<b>33,628</b>	<b>30,309</b>
<b>Expenses</b>		
Employee benefits expense	3(a) (21,306)	(18,876)
Licensing/Registration/Membership fees	(377)	(374)
Amortisation, impairment expense	3(b) (3,179)	-
Commission	3(d) (3,775)	(3,500)
Macquarie University fee	(418)	(315)
Rental	(1,374)	(1,426)
Depreciation	3(b) (258)	(359)
Travel expenses	(702)	(803)
Professional services	(736)	(1,226)
Printing and stationery	(154)	(268)
Advertising and marketing	(607)	(444)
Consultancies	(838)	(608)
Other expenses	3(c) (1,893)	(1,277)
Visitor expenses	(1,048)	(653)
Bank Fees	(106)	(85)
<b>Total expenses from continuing operations</b>	<b>(36,771)</b>	<b>(30,214)</b>
<b>Net result</b>	<b>(3,143)</b>	<b>95</b>
<b>Other comprehensive income</b>	<b>(3,143)</b>	<b>95</b>
<b>Total comprehensive income for the year attributable to: Owners of Access Macquarie Limited</b>	<b>(3,143)</b>	<b>95</b>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
For the Year Ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,517	1,154
Trade and other receivables	5	1,500	1,236
Other financial assets	6	9,000	9,574
<b>Total current assets</b>		<b>13,017</b>	11,964
<b>Non-current assets</b>			
Property, plant and equipment	7	631	578
Intangible assets	8	1,083	3,489
<b>Total non-current assets</b>		<b>1,714</b>	4,067
<b>Total assets</b>		<b>14,731</b>	16,031
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	6,094	5,460
Provisions	10	2,116	2,158
Other liabilities	11	2,868	1,769
<b>Total current liabilities</b>		<b>11,078</b>	9,387
<b>Non-current liabilities</b>			
Provisions	10	851	699
<b>Total non-current liabilities</b>		<b>851</b>	699
<b>Total Liabilities</b>		<b>11,929</b>	10,086
<b>NET ASSETS</b>		<b>2,802</b>	5,945
<b>EQUITY</b>			
Accumulated fund		2,802	5,945
<b>TOTAL EQUITY</b>		<b>2,802</b>	5,945

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity**  
**For the Year Ended 31 December 2016**

2016

	<b>Accumulated fund</b>
	<b>\$'000</b>
<b>At 1 January 2016</b>	<b>5,945</b>
Net result	(3,143)
<b>At 31 December 2016</b>	<b>2,802</b>

2015

	<b>Accumulated fund</b>
	<b>\$'000</b>
<b>At 1 January 2015</b>	5,850
Net result	95
<b>At 31 December 2015</b>	<b>5,945</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	2016	2015
Note	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	36,475	33,028
Payments to suppliers and employees	(34,835)	(33,645)
Interest received	256	392
<b>Net cash provided by/ (used in) operating activities</b>	<b>1,896</b>	<b>(225)</b>
	18	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(310)	(381)
Payment for intangible assets	(772)	(2,722)
<b>Net cash used by investing activities</b>	<b>(1,082)</b>	<b>(3,103)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loan received/(paid) to Parent Entity	549	(9,574)
<b>Net cash used by financing activities</b>	<b>549</b>	<b>(9,574)</b>
<b>Net increase /(decrease) in cash and cash equivalents held</b>	<b>1,363</b>	<b>(12,902)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,154</b>	<b>14,056</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>2,517</b>	<b>1,154</b>
	4	

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statement is set out below. These policies have been consistently applied for all years reported unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, which includes the Australian Accounting interpretations, Section 41B(1) of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2015*, other authoritative pronouncements of the Australian Accounting Standards Board .

The directors have determined that the company is a not for profit entity for financial reporting purposes.

Access Macquarie Ltd is 100% wholly owned by Macquarie University, which is a not-for-profit entity. Risk Frontiers Flood (Australia) Pty Ltd is 100% wholly owned by Risk Frontiers Group Pty Ltd which in turn is 100% wholly owned by Access Macquarie Ltd.

##### *Principles of consolidation*

Access Macquarie Ltd has exercised its option under AASB 127 not to prepare consolidated financial statements for Access Macquarie Ltd. Macquarie University prepares consolidated financial statements that comply with Australian Accounting standards for public use. These are available from <https://www.mq.edu.au>

##### *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 profit or loss, certain classes of property, plant and equipment and investment property.

##### *Critical accounting estimates*

###### (i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

###### (ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that periods, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

#### **Rounding of amounts**

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

#### (b) Foreign currency transactions and balances

##### **Functional and presentation currency**

The functional currency of Access Macquarie Limited and its entities is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### Transaction 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 statement of comprehensive income.

### (c) Revenue and other income

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are, trade allowances, rebates and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- Revenue is recognised for the major business activities as follows:
- Revenue on projects is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project-by-project basis with reference to labour costs/ direct costs incurred on a project in addition to underlying contracts and achievement of project milestones.
- Interest revenue is recognised as interest accrues using the effective interest method.
- Revenue from The Macquarie University English Language Centre main form of income being Student Tuition Fee income is recognised when the student commences their tuition.
- Royalty income is recognised in accordance with the substance of the relevant agreement.
- Government grants are recognised based on a cash basis.

### (d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 12). Under the requirements of AASB 117, lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit, even if the payments are not on that basis.

### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant change in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### (f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. Recognising receivables at the original invoice amount is not materially different from amortised cost due to their short term nature. Trade receivables are carried at amount due.

Bad debts are written off during the year in which they are identified and provision for doubtful debts is created based on a review of all outstanding amounts periodically or at year end. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### (g) Other Financial Assets

#### Loan to Parent Entity

Loans to Macquarie University are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. They arise when the Company provides money, goods and 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 reporting date which are classified as non-current assets. Loans to Parent Entity are presented as other financial assets in the statement of financial position.

### (h) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave are measured at the amounts expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period. Liabilities for accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### (ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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 end of the reporting period 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

The Company's legal or constructive obligation is limited to fixed contributions it makes on behalf of employees to the default or employee nominated defined contribution plan. Defined superannuation contributions 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.

### (i) 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 Australian Taxation Office (ATO). 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 ATO is included with other receivables or payables in the statements of financial position.

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

### (j) Property, plant and equipment

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	33.33%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	25%
Computer Equipment	33.33%
Computer Software	25%

## Notes to the Financial Statements For the Year Ended 31 December 2016

Fixed asset class	Depreciation rate
Leasehold improvements	33.33%

**(k) Trade and other payables**

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

**(l) Impairment of assets**

As a not-for-profit entity with no cash generating units, the Company entity is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of the fair value less costs to sell and depreciated replacement cost. This means that for an asset already measured at fair value impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

**(m) Intangible Assets**

**Research and development**

The Company recognises intangible assets only if it is probable that future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value at the date of acquisition.

All research costs are expenses. Development costs are only capitalised when certain criteria are met

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Company's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The Company's intangible assets consist of internally developed software relating to HSC Study Lab and Mind spot platform. Software is amortised using the straight line method over a period between 3 and 5 years. Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

**(n) Provisions**

Provisions for legal claims and other obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

**(o) Income Tax**

The Company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*. Accordingly, no provision for income tax liability or future income tax benefit has been included in the account.

**(p) Adoption of new and revised accounting standards**

Certain new Accounting Standards and Interpretations became mandatory for 31 December 2016 reporting period. These new requirements have not had a material impact on either the results or disclosure of the Company. Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2016 reporting period. The Company has decided to early adopt 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-For-Profit Public Sector Entities. Other than this standard, the Company has elected not to early adopt any of these standards. The Company has assessed the impact of these future Standards and Interpretations and considers the impact to be insignificant for the year ending December 2016.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### New accounting standards for application in future periods

AASB 15 Revenue from Contracts with Customers <sup>1</sup>	1 January 2018
AASB 16 Leases <sup>2</sup>	1 January 2019
AASB 9 Financial Instruments <sup>2</sup>	1 January 2018
2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) <sup>2</sup>	1 January 2018
2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2014-5 Amendments to Australian Accounting Standards arising from AASB 15 <sup>1</sup>	1 Jan 2017
2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) <sup>2</sup>	1 Jan 2018 (early adoption permitted)
2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 10 <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities <sup>2</sup>	1 Jul 2016 (early adoption permitted)
2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities <sup>2</sup>	1 Jul 2016 (early adoption permitted)
2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 <sup>2</sup>	1 Jan 2017

<sup>1</sup> Application of AASB 15 may result in material changes to the Group's future financial reports, however, the quantitative effect of the Group adopting this standard has not yet been determined.

<sup>2</sup> It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

#### (q) Repairs and Maintenance

Repairs and maintenance expenses are recognised as incurred, except where they meet the capitalisation criteria under the Australian Accounting Standards, in which case, the costs are capitalised and depreciated. Other maintenance expenses are recognised as expenses as they are incurred,

#### (r) Comparative amounts

Comparatives are consistent with amounts reported in the previous years' audited financial statements, and reclassified to improve presentation where relevant.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**2 Revenue from continuing operations**

**(a) Fees and charges**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Project revenue	<b>6,815</b>	5,351
Tuition and education service revenue	<b>12,486</b>	8,264
Other fees and charges	<b>1,170</b>	1,282
Personnel services income	<b>594</b>	612
<b>Total fees and charges</b>	<b>21,065</b>	15,509

**(b) Consulting**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
International English Language Testing System Tests fee	<b>3,213</b>	4,905
Project Consulting	<b>1,084</b>	1,620
Other	<b>25</b>	41
<b>Total Consulting</b>	<b>4,322</b>	6,566

**(c) Interest revenue**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Interest from financial assets	<b>256</b>	392
<b>Total investment revenue</b>	<b>256</b>	392

**(d) Grants and contributions**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Mind spot -Department of Health & Ageing	<b>6,261</b>	6,058
Kids & Traffic -Transport for NSW	<b>1,598</b>	1,598
Other	<b>110</b>	90
<b>Total grants and contributions</b>	<b>7,969</b>	7,746

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**3 Expenses**

**(a) Employment benefit expense**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Salaries	<b>18,141</b>	15,878
Superannuation contributions	<b>1,646</b>	1,711
Payroll tax	<b>1,053</b>	1,053
Workers compensation	<b>199</b>	192
Annual Leave	<b>1</b>	(77)
Long service leave	<b>190</b>	76
Other	<b>76</b>	43
<b>Total employment benefit expense</b>	<b>21,306</b>	18,876

**(b) Depreciation, Amortisation and Impairment**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Depreciation</b>		
Plant and equipment	<b>23</b>	27
Motor vehicles	<b>28</b>	13
Lease hold fittings	<b>19</b>	83
Office furniture and fittings	<b>36</b>	32
Computer equipment	<b>152</b>	204
<b>Total Depreciation</b>	<b>258</b>	359
<b>Amortisation and Impairment</b>		
Amortisation software	<b>58</b>	-
Allowance for impairment	<b>3,121</b>	-
<b>Total Amortisation and Impairment</b>	<b>3,179</b>	-

**(c) Other Expenses**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
- Discount given	<b>203</b>	-
- Student Excursion/Activities	<b>144</b>	163
- Tele-communications	<b>105</b>	105
- Project Expenses realized	<b>455</b>	160
- Other	<b>986</b>	849
<b>Total other expenses</b>	<b>1,893</b>	1,277

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

(d) **Commissions**

	2016	2015
	\$'000	\$'000
International English Language Testing System commission	1,638	2,405
English Language Centre commission	2,123	1,075
Other	14	20
<b>Total commission</b>	<b>3,775</b>	<b>3,500</b>

**4 Cash and cash equivalents**

	2016	2015
	\$'000	\$'000
Cash at bank and on hand	2,517	1,154
<b>Total cash and cash equivalents</b>	<b>2,517</b>	<b>1,154</b>

Cash at bank bear an interest rate of 1.4% (2015: 2.93%)

(a) **Reconciliation of cash**

Cash and cash equivalents are reconciled to the Statement of Cash Flows as follows:

	2016	2015
	\$'000	\$'000
Cash and cash equivalents	2,517	1,154
<b>Balance as per statement of cash flows</b>	<b>2,517</b>	<b>1,154</b>

**5 Trade and other receivables**

	2016	2015
	\$'000	\$'000
<b>CURRENT</b>		
Trade receivables	533	640
Prepayments	338	294
Accrued income	25	172
GST receivable	-	4
Related party receivable	604	126
<b>Total current trade and other receivables</b>	<b>1,500</b>	<b>1,236</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**(a) Impairment of receivables**

As of 31 December 2016, trade receivables of \$389,000 (2015: 400,185) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of trade receivables as follows:

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Up to 3 months	<b>340</b>	271
Over 3 months	<b>49</b>	130
<b>Balance at end of the year</b>	<b>389</b>	401

**(b) Fair value and credit risk.**

Due to the short term nature of these receivables, their carrying amounts are considered to be approximate to their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 1(f) for more information on the risk management policy of the company and the credit quality of the entity's trade receivables.

**(c) Impaired receivables**

As of 31 December 2016, none of the trade receivables were impaired. (2015:\$ Nil)

**6 Other financial assets**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Loan to Parent Entity	<b>9,000</b>	9,574
<b>Total other financial assets</b>	<b>9,000</b>	9,574

The loans to Macquarie University are short term in nature maturing on 6 January 2017. The balance of the loan as at 31 December 2016 consist of 9 million in principal and accrued interest of \$25,000. The average interest rate of the loan during the year was 2.7 %.( 2015: 2.93%)

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

7 Property, plant and equipment

**Movements in carrying amounts of property, plant and equipment**

	Plant and Equipment \$'000	Furniture, Fixtures and Fittings \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
<b>Year ended 31 December 2016</b>						
Balance at the beginning of the year	44	165	98	244	27	578
Additions	-	85	-	226	-	311
Depreciation / amortisation charge	(23)	(36)	(28)	(152)	(19)	(258)
<b>Balance at the end of the year</b>	<b>21</b>	<b>214</b>	<b>70</b>	<b>318</b>	<b>8</b>	<b>631</b>
<b>At 31 December 2016</b>						
Gross fair value	67	325	113	508	9	1,022
Accumulated depreciation/amortisation	(47)	(110)	(43)	(190)	(1)	(391)
<b>Carrying amount at fair value</b>	<b>20</b>	<b>215</b>	<b>70</b>	<b>318</b>	<b>8</b>	<b>631</b>

**Notes to the Financial Statements**  
 For the Year Ended 31 December 2016

	Plant and Equipment \$'000	Furniture, Fixtures and Fittings \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
<b>Year ended 31 December 2015</b>						
Balance at the beginning of the year	31	177	10	239	99	556
Additions	40	20	101	209	10	380
Depreciation / amortisation charge	(27)	(32)	(13)	(204)	(82)	(358)
<b>Balance at the end of the year</b>	<b>44</b>	<b>165</b>	<b>98</b>	<b>244</b>	<b>27</b>	<b>578</b>
<b>At 31 December 2015</b>						
Gross fair value	90	239	113	537	267	1,246
Accumulated depreciation/amortisation	(46)	(74)	(15)	(293)	(240)	(668)
<b>Carrying amount at fair value</b>	<b>44</b>	<b>165</b>	<b>98</b>	<b>244</b>	<b>27</b>	<b>578</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**8 Intangible Assets**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
HSC Study Lab Platform	<b>3,122</b>	3122
Mind spot platform	<b>1,139</b>	367
Amortisation	<b>(58)</b>	-
Impairment	<b>(3,122)</b>	-
	<b>1,083</b>	<b>3,489</b>

**IT Software**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Balance at the beginning of the year	<b>3,489</b>	768
Additions	<b>772</b>	2,721
Amortisation	<b>(58)</b>	-
Allowance for Impairment	<b>(3,122)</b>	-
<b>Closing value at 31 December</b>	<b>1,083</b>	<b>3,489</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**9 Trade and other payables**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>CURRENT</b>		
Trade Payables	850	1,047
GST payable	75	-
Workers compensation	10	-
Accrued expense	2,902	2,409
Intercompany Accruals	2,158	1,946
Intercompany Payables	99	58
<b>Total current Trade and other payables</b>	<b>6,094</b>	5,460

All amounts are short term and the carrying values are considered to be a reasonable approximation of amortised cost. The Company has an existing credit card facility for \$400,000 with National Australia Bank (NAB). As at 31 December 2016, the balance of credit card payable recorded under accrued expense amount to \$136,264.

**10 Provisions**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>CURRENT</b>		
Long service leave	710	629
Other employment related costs	-	113
Royalty	150	150
Annual leave	1,256	1,266
<b>Total current provisions</b>	<b>2,116</b>	2,158
<b>NON-CURRENT</b>		
Long service leave	851	699
<b>Total non-current provisions</b>	<b>851</b>	699
<b>Total provisions</b>	<b>2,967</b>	2,857

**(a) Settlement of annual leave provision**

The entire amount of the annual leave provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. No discounting was applied to leave expected to be taken after 12 months as this is deemed immaterial by management.

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Leave obligations expected to be settled within next 12 months	1,005	1,013

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Leave obligations expected to be settled after 12 months	<b>251</b>	253
<b>Total</b>	<b>1,256</b>	1,266

**(b) Settlement of current long service liability**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Current provisions expected to be settled within next 12 months	<b>428</b>	356
Current provisions expected to be settled after 12 months	<b>282</b>	273
<b>Total</b>	<b>710</b>	629

The provision for LSL covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

**11 Other liabilities**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>CURRENT</b>		
Revenue received in advance	<b>2,868</b>	1,769
<b>Total current other liabilities</b>	<b>2,868</b>	1,769

**12 Commitments**

**Lease commitments- Company as lessee**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	<b>1,134</b>	1,109
- between one year and five years	<b>2,278</b>	2,987
- later than five years	<b>-</b>	373
<b>Total future minimum lease payments (including GST)</b>	<b>3,412</b>	4,469

The Lease commitments include the 5 year leases of Siemens building and E3B building.

**13 Financial risk management**

The Company is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Company's objectives, policies and processes for managing and measuring these risks. The

## Notes to the Financial Statements For the Year Ended 31 December 2016

Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Company is exposed to are described below:

- Market risk - currency risk, cash flow interest rate risk and price risk
- Credit risk
- Liquidity risk

### (a) Objectives, policies and processes

Risk management is carried out by the Company's risk management committee under the delegated power from the Board of Directors. The Chief Operating Officer has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval. Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

The Company holds the following financial instruments:

	Note	2016 \$'000	2015 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	4	2,517	1,154
Trade and other receivables	5	1,137	937
Available-for-sale financial assets:			
- at fair value			
Loan to Parent Entity	6	9,000	9,574
<b>Total financial assets</b>		<b>12,654</b>	<b>11,665</b>
<b>Financial Liabilities</b>			
Trade and other payables	9	5,807	5,172
<b>Total financial liabilities</b>		<b>5,807</b>	<b>5,172</b>

Trade and other receivables excludes statutory receivables and prepayments (outside scope of AASB 7) and Trade and other payables excludes statutory payables and unearned revenue (outside scope of AASB7).

### (b) Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it has cash to allow it to meet its liabilities when they become due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-out flows due in day-to-day business.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Company's liabilities have contractual maturities which are summarised below: The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows:

(a) based on their contractual maturities:

- (i) all non-derivative financial liabilities, and
- (ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

understanding of the timing of the cash flows

(b) based on the remaining period to the expected settlement date:

(i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows (not applicable to the company in 2016 or 2015)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than one year		Between 1 and 5 years		Over 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	5,791	5,156	5	5	11	11	5,807	5,172
<b>Total</b>	<b>5,791</b>	<b>5,156</b>	<b>5</b>	<b>5</b>	<b>11</b>	<b>11</b>	<b>5,807</b>	<b>5,172</b>

**(c) Market risk**

Most of the Company transactions are carried out in Australian Dollars market prices. The Company is not exposed to market risk. The Company has no exposure to foreign currency risk and does not enter into commodity contracts. The Company has no investments in listed equity securities and as such is not exposed to price risk. The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonable possible change in risk variable has been determined after taking into account the economic environment in which the Company operates and the time frame for the assessment (i.e. until the end of next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis assumes that all other variables remain constant.

**(d) Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Company. As at 31 December 2016, the Company and the parent entity do not have assets and liabilities that are measured and recognised at fair value meet the requirements of the fair value measurement hierarchy.

Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer. Credit risk associated with the Company's financial assets, other than receivables, is managed through the selection of counter parties and establishment of minimum credit rating standards.

All trade debtors are recognised as amounts receivable at the reporting rate. Collectability of trade debtors is reviewed on an ongoing basis. Procedures are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

**(e) Cash flow interest rate sensitivity**

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1% (2015: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**31-December-2016**  
**Interest rate risk**

	-1%		+1%	
	Results	Equity	Results	Equity
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>	-	-	-	-
Cash and cash equivalents	(25)	-	25	-
Trade and other receivables	-	-	-	-
Other Financial Assets	(90)	-	90	-
<b>Financial Liabilities</b>	-	-	-	-
Trade and other payables	-	-	-	-
<b>Total increase /decrease</b>	<b>(115)</b>	-	<b>115</b>	-

**(f) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Access Macquarie Limited has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

As at 31 December 2016, the Company and the parent entity do not have assets and liabilities that are measured and recognised at fair value meet the requirements of the fair value measurement hierarchy.

**14 Key management personnel disclosures**

**(a) Directors**

The following persons were directors of Access Macquarie Limited during the financial year.

Mr Thushyanthan Sathiamoorthy

Prof Mark Gabbott (resigned on 17 March 2016)

Prof Sakkie Pretorius

Mr John Gorman (retired on 31 December 2016)

Paul Schreier (resigned on 25 February 2016)

John Simons (resigned on 23 December 2016)

Tim Beresford (appointed on 15 March 2016)

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**(b) Key management personnel compensation**

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

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>664</b>	645
<b>Total key management personnel</b>	<b>664</b>	645

Short term employee benefits include salary, superannuation and short -term bonus payments.

**15 Remuneration of auditors**

	<b>2016</b>	2015
	<b>\$</b>	\$
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>		
Audit of financial statements	<b>60,000</b>	57,000
Total remuneration for audit and other assurance services	<b>60,000</b>	57,000

**16 Contingencies**

In the opinion of the Directors, the Company did not have any contingent assets or liabilities at 31 December 2016 (31 December 2015: None).

**17 Related Parties**

**(a) Parent entity and subsidiaries.**

The ultimate parent entity, which exercises control over the Company, is Macquarie University. Access Macquarie Limited has one 100% subsidiary, Risk Frontiers Group Pty Limited. Risk Frontiers Group is the 100% direct parent of Risk Frontiers Flood (Australia) Pty Limited.

**(b) Key management personnel**

The names of persons who were directors of the Company at any time during the financial year are as follows:

Mr Thushyanthan Sathiamoorthy, Prof Mark Gabbott, Mr. John Gorman, Prof Sakkie Pretorius Prof John Simons, Prof Paul Schreier and Time Beresford. All of these persons were directors as at 31 December 2016 except Prof Paul Schreier, John Simons and Mark Gabbot.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**(c) Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	<b>Purchases</b>	<b>Sales</b>	<b>Receivables</b>	<b>Payables</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2016</b>				
Macquarie University	1,930	10,750	9,608	2,197
Australian Proteome Analysis Facility Ltd	-	164	22	-
MGSM Limited	37	121	-	11
Risk Frontiers Flood (Australia) Pty Ltd	-	631	-	-
U@MQ Ltd.	131	-	-	49
	<b>2,098</b>	<b>11,666</b>	<b>9,630</b>	<b>2,257</b>
<b>2015</b>				
Macquarie University	2,446	5,961	9,672	2,001
Australian Proteome Analysis Facility Ltd	-	177	26	-
MGSM Limited	9	252	-	-
MUH Operations No.2 Pty Ltd	-	6	2	-
Risk Frontiers Flood (Australia) Pty Ltd	-	613	-	-
U@MQ Ltd	41	-	-	3
	<b>2,496</b>	<b>7,009</b>	<b>9,700</b>	<b>2,004</b>

**18 Cash flow information**

**(a) Reconciliation of result for the year to cash flows from operating activities**

Reconciliation of net results to net cash provided by operating activities:

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Net results for the year	<b>(3,143)</b>	95
Non-cash flows in profit:		
- depreciation and amortisation	<b>3,436</b>	359
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	<b>(234)</b>	76
- (increase)/decrease in prepayments	-	(48)
- increase/(decrease) in trade and other payables	<b>1,727</b>	(710)
- increase/(decrease) in provisions	<b>110</b>	3
Cash flows from operations	<b>1,896</b>	(225)

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 19 Events occurring after the reporting date

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

### 20 Members' guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At 31 December 2016 the number of members was 1 (2015: 1).

### 21 Company details

The registered office of the Company is:

Access Macquarie Limited  
Level 2, Building 3  
160 Herring Road,  
Macquarie University NSW 2109

Access Macquarie Limited is a not for profit public company, limited by guarantee, domiciled in Australia and wholly owned by Macquarie University.


END OF AUDITED FINANCIAL STATEMENTS

## Statement by the Directors

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 24 ,
  - (a) comply with Australian Accounting Standards including the Australian Accounting Interpretations and
  - (b) are prepared in accordance with the *Corporations Act 2001; Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015*
  - (c) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year then ended of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. They are not aware of any circumstance which would render any particulars in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  
  
Tim Beresford

Director .....  
  
Thushyanthan Sathiamoorthy

Dated 16 March 2017



## INDEPENDENT AUDITOR'S REPORT

### Access Macquarie Limited

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Access Macquarie Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

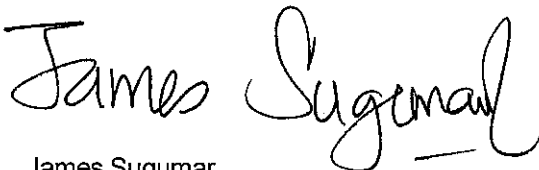
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements



James Sugumar  
Director, Financial Audit Services

17 March 2017  
SYDNEY

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# **Australian Proteome Analysis Facility Limited**

ABN 81 101 734 098

## **Financial Statements**

For the Year Ended 31 December 2016

## Contents

### For the Year Ended 31 December 2016

	Page
<b>Financial Statements</b>	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by Directors	17
Independent Auditor's Report	18

**Statement of Comprehensive Income**  
**For the Year Ended 31 December 2016**

	<b>Note</b>	<b>2016</b>	2015
		<b>\$'000</b>	\$'000
<b>Revenue from continuing operations</b>			
Fees and Charges	2.	<b>1,077</b>	1,002
Interest revenue	2.	<b>17</b>	19
Other revenue	2.	<b>19</b>	19
		<hr/>	<hr/>
<b>Total revenue from continuing operations</b>		<b>1,113</b>	1,040
<b>Expenses</b>			
Management Fees - Macquarie University	13.(d)	<b>(872)</b>	(811)
Management Fees - Access Macquarie Limited	13.(d)	<b>(185)</b>	(177)
Other expenses		<b>(40)</b>	(71)
		<hr/>	<hr/>
<b>Total expenses from continuing operations</b>		<b>(1,097)</b>	(1,059)
<b>Net result</b>		<hr/> <b>16</b>	(19)
<b>Other comprehensive income for the year</b>		<hr/> <b>-</b>	-
<b>Total comprehensive income for the year, attributable to owner of Australian Proteome Analysis Facility Limited</b>		<hr/> <b>16</b>	(19)

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
**As at 31 December 2016**

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	160	276
Trade and other receivables	4	482	508
Other financial assets	5	205	100
<b>Total current assets</b>		<b>847</b>	884
<b>Total assets</b>		<b>847</b>	884
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	584	637
<b>Total current liabilities</b>		<b>584</b>	637
<b>Total liabilities</b>		<b>584</b>	637
<b>NET ASSETS</b>			
		<b>263</b>	247
<b>EQUITY</b>			
Accumulated funds	7	263	247
<b>TOTAL EQUITY</b>		<b>263</b>	247

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity**  
For the Year Ended 31 December 2016

2016

	<b>Accumulated funds</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2016</b>	<b>247</b>	<b>247</b>
Net result	16	16
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>16</b>	<b>16</b>
<b>Balance at 31 December 2016</b>	<b>263</b>	<b>263</b>

2015

	<b>Accumulated funds</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2015</b>	266	266
Net result	(19)	(19)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(19)</b>	<b>(19)</b>
<b>Balance at 31 December 2015</b>	<b>247</b>	<b>247</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		1,225	1,105
Payments to suppliers and employees		(1,250)	(1,063)
Interest received	2	17	19
<b>Net cash provided by (used in) operating activities</b>		<b>(8)</b>	61
 <b>Cash flows from investing activities</b>			
Loans to parent entity - Macquarie University		(3)	(351)
Purchase of Investments		(105)	(100)
<b>Net cash used by investing activities</b>		<b>(108)</b>	(451)
 <b>Net increase (decrease) in cash and cash equivalents held</b>			
Cash and cash equivalents at beginning of year		276	666
<b>Cash and cash equivalents at end of financial year</b>	3	<b>160</b>	276

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements For the Year Ended 31 December 2016

The principle activities of the Company for the year ended 31 December 2016 were...

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

The Australian Proteome Analysis Facility Limited (the company) is a not-for profit public company limited by guarantee which was incorporated under the *Corporations Act 2001* and domiciled in Australia. The company is wholly owned by Macquarie University. The registered office of the company is Level 4, Building F7B, Macquarie University, NSW, 2109, Australia.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the directors of the company on 23 February 2017.

#### (b) Basis of Preparation

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements are general purpose financial statements that have been prepared on an accrual basis and in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

##### (i) Significant accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

##### (ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

#### (c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

##### Interest revenue

Interest is recognised as it accrues using the effective interest method.

##### Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1. Summary of Significant Accounting Policies

(c) **Revenue and other income**

can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

**Other revenue**

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, bank deposits and other short-term highly liquid investments with maturities of three months or less and which are subject to an insignificant risk of change in value.

(e) **Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(f) **Trade and other payables**

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

Fees for Services received in advance are treated as unearned income and classified as liabilities in the statement of financial position. Services expected to be performed in greater than one year hence are classified as non current.

(g) **Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1. Summary of Significant Accounting Policies

**(h) Income Tax Exemption**

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

**(i) Rounding of amounts**

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

**(j) Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

**(k) Going concern**

The financial report has been prepared on the going concern basis. On this basis the Company is expected to meet its liabilities as and when they become due and payable and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations.

The Board believe the going concern basis of accounting is appropriate as the entity has no external borrowings and the APAF Facility continues strongly.

**(l) New Accounting Standards and Interpretations Issued but not yet effective**

Certain new Accounting Standards and Interpretations became mandatory for 31 December 2016 reporting period. These new requirements have not had a material impact on either the results or disclosure of the Company.

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2016 reporting period. The Company has decided to early adopt 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-For-Profit Public Sector Entities. Other than this standard, the Company has elected not to early adopt any of these standards. The Company has assessed the impact of these future Standards and Interpretations and considers the impact to be insignificant for the year ending December 2016.

The Company's assessment of the impact of these new Standards and Interpretations is set out below

<b>Standard Name</b>	<b>Effective date for entity</b>
AASB 15 Revenue from Contracts with Customers - note 1	1 Jan 2019
AASB 9 Financial Instruments - note 2	1 Jan 2018
2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) - note 2	1 Jan 2018
2014-5 Amendments to Australian Accounting Standards arising from AASB 15 - note 1	1 Jan 2017
2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - note 2	1 Jan 2018 (early adoption permitted)

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1. Summary of Significant Accounting Policies

(l) **New Accounting Standards and Interpretations Issued but not yet effective**

<b>Standard Name</b>	<b>Effective date for entity</b>
2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 - note 2	1 Jan 2016 (early adoption permitted)
2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not for Profit Public Sector Entities - note 2	1 Jul 2016 (early adoption permitted)
2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not for Profit Public Sector Entities - note 2	1 Jul 2016 (early adoption permitted)
2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 - note 2	1 Jan 2017

**Notes**

<sup>1</sup>Application of AASB 15 may result in material changes to the Company's future financial reports, however, the quantitative effect of the Company adopting this standard has not yet been determined.

<sup>2</sup> It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

#### 2. Revenue and Other Income

(a) **Revenue from continuing operations**

	<b>Note</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Services			
- Fees and charges		<b>1,077</b>	1,002
<b>Total services</b>		<b>1,077</b>	1,002
Other revenue from ordinary activities			
- Interest revenue		<b>17</b>	19
- Other revenue		<b>19</b>	19
<b>Total other revenue from ordinary activities</b>		<b>36</b>	38
<b>Total Revenue</b>		<b>1,113</b>	1,040

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 3. Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank and in hand	160	175
Deposits at call	-	101
<b>Total Cash and cash equivalents</b>	<b>160</b>	<b>276</b>

Deposits at call have a term of 90 days or less and bear fixed interest with a weighted average of 2.8% (2015 : 3.2%)

#### (a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$'000	\$'000
Cash and cash equivalents	160	276
<b>Balance as per statement of cash flows</b>	<b>160</b>	<b>276</b>

#### 4. Trade and other receivables

	2016	2015
	\$'000	\$'000
<b>Current</b>		
Trade receivables	128	138
<b>Net trade receivables</b>	128	138
Loan receivable from Macquarie University	354	351
Other amounts receivable from Macquarie University	-	19
<b>Total current trade and other receivables</b>	<b>482</b>	<b>508</b>

#### (a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2016	2015
	\$'000	\$'000
Balance at beginning of the year	-	4
Reversal of impairment	-	(4)
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 4. Trade and other receivables

##### (b) Credit risk

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

There are no balances within trade receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

#### 5. Other financial assets

	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>
Other financial assets	<b>205</b>	100
	<hr/>	<hr/>
Total financial assets	<b>205</b>	100

Term deposits have a term of 91 to 365 days and bear fixed interest with a weighted average of 2.8% (2015 3.2%). One Term deposit in 2015 had a term less than 90 days, therefore has been reported as cash or cash equivalent.

#### 6. Trade and other payables

	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued expenses	<b>23</b>	19
Related Parties	<b>197</b>	250
Fees in advance	<b>364</b>	368
	<hr/>	<hr/>
<b>Total current trade and other payables</b>	<b>584</b>	637

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

#### 7. Retained Earnings

	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>
Accumulated funds at the beginning of the financial year	<b>247</b>	266
Net result for the year	<b>16</b>	(19)
	<hr/>	<hr/>
<b>Accumulated funds at end of the financial year</b>	<b>263</b>	247

#### 8. Commitments

The Company had no commitments at 31 December 2016 (2015 : \$nil).

#### 9. Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 9. Financial Risk Management

This note discloses the Company's objectives, policies and processes for managing and measuring these risks.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

##### Specific risks

- Market risk - currency risk, cash flow interest rate risk and price risk
- Credit risk
- Liquidity risk

##### Financial instruments held

	2016	2015
	\$'000	\$'000
<b>Financial Assets</b>		
Cash and cash equivalents	160	276
Trade and other receivables*	128	138
Trade receivable from parent entity*	-	19
Loan receivable from parent entity*	354	351
Other financial Assets	205	100
	<b>847</b>	<b>884</b>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost		
Trade and other payables*	209	258
	<b>209</b>	<b>258</b>

\*excludes statutory receivables and payables, prepayments and unearned income.

##### Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

The Company manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

The Company's liabilities have contractual maturities which are summarised below:

	Less than 6 months		6 to 12 months		1 to 5 years		Carrying amount	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and Other Payables	209	258	-	-	-	-	209	258
<b>Total</b>	<b>209</b>	<b>258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209</b>	<b>258</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 9. Financial Risk Management

##### Market risk

###### (i) Foreign currency sensitivity

Most of the Company transactions are carried out in Australian Dollars. At the reporting date there were no financial assets or liabilities denominated in foreign currency (2015: nil).

###### (ii) Cash flow interest rate sensitivity

The Company is exposed to interest rate risk as funds are deposited at floating and fixed rates.

The following table illustrates the sensitivity of the Surplus/(deficit) for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2015: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2016		2015	
	+1.00%	-1.00%	+1.00%	-1.00%
	\$'000	\$'000	\$'000	\$'000
<b>Cash and cash equivalents</b>				
Net operating result	(2)	2	(3)	3
Equity	(2)	2	(3)	3
<b>Trade and Other Receivables</b>				
Net operating result	(5)	5	(5)	5
Equity	(5)	5	(5)	5
<b>Other financial assets</b>				
Net operating result	(2)	2	(1)	1
Equity	(2)	2	(1)	1
<b>Trade and Other Payables</b>				
Surplus/(deficit)	(2)	2	(3)	3
Equity	(2)	2	(3)	3

##### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **9. Financial Risk Management**

##### **Credit risk**

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

##### **Price risk**

The Company is not exposed to any material commodity price risk.

##### **Fair value estimation**

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

The Company does not have any financial instruments traded in active or inactive markets, derivatives contracts or long-term debt instruments, for each of the reporting dates under review.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these instruments.

##### **Credit risk**

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Company.

#### **10. Key Management Personnel Disclosures**

##### **(a) Directors**

The names of persons who were directors of the company at any time during the financial year are as follows:

Dr John Ballard,  
 Professor Barbara Messerle,  
 Professor Bernard Mans (alternate director for Professor Barbara Messerle)  
 Associate Professor Mark Molloy,  
 Mr Thusy Sathiamoorthy.

All of these persons were also directors during the year ended 31 December 2015, except for Professor Bernard Mans, who was appointed on 24 October 2016, as alternate director for Professor Barbara Messerle.

##### **(b) Remuneration of Board Members**

The bands of remuneration paid to the key management personnel of Australian Proteome Analysis Facility Limited during the year are as follows:

	<b>2016</b>	<b>2015</b>
Nil to \$9,999	<b>5</b>	<b>4</b>
\$10,000 to \$19,999	-	-
\$20,000 to \$29,999	<b>1</b>	<b>1</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 10. Key Management Personnel Disclosures

##### (c) Totals of remuneration paid

The totals of remuneration paid to the key management personnel of Australian Proteome Analysis Facility Limited during the year are as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Short term benefits	<u>20</u>	<u>20</u>
<b>Total remuneration paid to Key Management Personnel by Australian Proteome Analysis Facility Limited</b>	<b><u>20</u></b>	<b><u>20</u></b>

#### 11. Remuneration of Auditors

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Remuneration of the auditor of the Company, the Audit Office of NSW, for:</b>		
- Audit of financial statement	<u>15</u>	<u>15</u>
<b>Total remuneration of Auditors</b>	<b><u>15</u></b>	<b><u>15</u></b>

#### 12. Contingencies

The Company did not have any contingencies at 31 December 2016 (31 December 2015:None).

#### 13. Related Parties

The Company's main related parties are as follows:

##### (a) Entities exercising control over the Group

The ultimate parent entity, which exercises 100% control over the Company, and other entities within the consolidated Macquarie University Group, is Macquarie University.

##### (b) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 10.: Key Management Personnel Compensation.

##### (c) Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 13. Related Parties

##### (d) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	\$'000	\$'000	\$'000	\$'000	\$'000
	P&L Transactions			Balance sheet	
	Revenue	Expense	Trade Receivable	Loan Receivable	Payable
<b>2016</b>					
Access Macquarie Ltd	-	185	-	-	22
Macquarie University	129	872	-	354	175
	<u>129</u>	<u>1,057</u>	<u>-</u>	<u>354</u>	<u>197</u>
<b>2015</b>					
Access Macquarie Ltd	-	177	-	-	26
Macquarie University	87	811	19	351	224
	<u>87</u>	<u>988</u>	<u>19</u>	<u>351</u>	<u>250</u>

#### 14. Reconciliation of Net result for the year to cash flows from operating activities

Reconciliation of net income to net cash flows provided by operating activities:

	2016 \$'000	2015 \$'000
Net result for the year	16	(19)
Changes in operating assets and liabilities:		
- (increase)/decrease in trade and other receivables	29	(16)
- increase/(decrease) in other operating liabilities	(53)	96
Net cash inflow/(outflow) from operating activities	<u>(8)</u>	<u>61</u>

#### 15. Events Occurring After the Reporting Date

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

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **16. Members' Guarantee**

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. There is one class of member and that member is Macquarie University through its delegate, the Deputy Vice Chancellor. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the Company. At 31 December 2016 the number of members was 1 (2015: 1).

END OF AUDITED FINANCIAL STATEMENTS

## Statement by Directors

The directors of the company declare that:

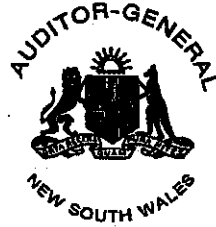
1. The financial statements and notes, as set out on pages 1 to 16 :
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the performance for the year then ended of the company
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. They are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the Board of Directors.

Director .....  
  
Dr John Ballard - Chairman

Director .....  
  
Assoc Prof Mark Molloy - Facility Director

Sydney  
Dated 23 February 2017



## INDEPENDENT AUDITOR'S REPORT

### Australian Proteome Analysis Facility Limited

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Australian Proteome Analysis Facility Pty Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

#### The Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

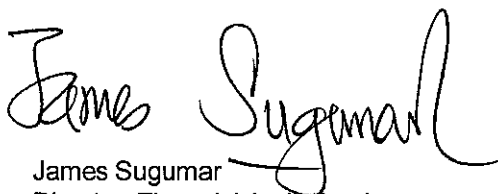
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

1 March 2017  
SYDNEY

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# **CMBF Limited**

ABN 46 003 407 609

## **Financial Statements**

For the Year Ended 31 December 2016

## **Contents**

### **For the Year Ended 31 December 2016**

	Page
<b>Financial Statements</b>	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by the Directors	19
Independent Auditor's Report	20

**Statement of Comprehensive Income**  
**For the Year Ended 31 December 2016**

	Note	2016 \$'000	2015 \$'000
<b>Revenue from continuing operations</b>			
Management fee	3	2,891	3,251
Other fees and charges		166	183
Interest received		47	90
<b>Total revenue from continuing operations</b>		<b>3,104</b>	<b>3,524</b>
<b>Expenses from continuing operations</b>			
Employee benefits expense	4	(2,036)	(2,541)
Depreciation and amortisation expense	9	(18)	(20)
Other expenses	5	(414)	(916)
<b>Total expenses from continuing operations</b>		<b>(2,468)</b>	<b>(3,477)</b>
<b>Net Results from continuing operations</b>		<b>636</b>	<b>47</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year, attributable to owners of CMBF Limited</b>		<b>636</b>	<b>47</b>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
**As at 31 December 2016**

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,547	972
Trade and other receivables	7	10	29
Other financial assets	8	2,000	2,000
<b>Total current assets</b>		<b>3,557</b>	<b>3,001</b>
<b>Non-current assets</b>			
Plant and equipment	9	19	37
<b>Total non-current assets</b>		<b>19</b>	<b>37</b>
<b>Total assets</b>		<b>3,576</b>	<b>3,038</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	83	137
Provisions	11	152	211
<b>Total current liabilities</b>		<b>235</b>	<b>348</b>
<b>Non-current liabilities</b>			
Provisions	11	84	69
<b>Total non-current liabilities</b>		<b>84</b>	<b>69</b>
<b>Total liabilities</b>		<b>319</b>	<b>417</b>
<b>Net assets</b>		<b>3,257</b>	<b>2,621</b>
<b>EQUITY</b>			
Accumulated funds		3,257	2,621
<b>Total equity</b>		<b>3,257</b>	<b>2,621</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

## **Statement of Changes in Equity**

**For the Year Ended 31 December 2016**

**2016**

	<b>Accumulated funds</b>
	<b>\$'000</b>
<b>Balance at 1 January 2016</b>	<b>2,621</b>
Net result	<b>636</b>
<b>Total comprehensive for the year</b>	<b>636</b>
<b>Balance at 31 December 2016</b>	<b>3,257</b>

**2015**

	<b>Accumulated funds</b>
	<b>\$'000</b>
<b>Balance at 1 January 2015</b>	<b>2,574</b>
Net result	<b>47</b>
<b>Total comprehensive for the year</b>	<b>47</b>
<b>Balance at 31 December 2015</b>	<b>2,621</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	2016	2015
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	3,204	3,456
Payments to suppliers and employees	(2,696)	(3,440)
Interest received	47	84
Finance costs	(4)	2
GST recovered / paid	24	52
<b>Net cash provided by / (used in) operating activities</b>	<b>575</b>	<b>154</b>
	18	
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	-	(28)
Payment for held-to-maturity investments	-	(768)
<b>Net cash provided by / (used in) investing activities</b>	<b>-</b>	<b>(796)</b>
<b>Cash flows from financing activities</b>		
<b>Net cash provided by / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>	<b>575</b>	<b>(642)</b>
Cash and cash equivalents at beginning of year	972	1,614
<b>Cash and cash equivalents at end of financial year</b>	<b>1,547</b>	<b>972</b>
	6	

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **1 Summary of Significant Accounting Policies**

##### **(a) Reporting Entity**

CMBF Limited (the Company) is a not-for-profit company limited by guarantee, which was incorporated under the *Corporations Act 2001* and domiciled in Australia. The Company is controlled by Macquarie University.

The registered office of the company is CMBF Limited, Level 7, Building E4A, Macquarie University NSW 2109.

In 2015, CMBF Limited owned a 100% subsidiary Macquarie Education South Africa NPC (MESA). MESA was a not for profit company (NPC) established under the Companies Act 2008, of the Republic of South Africa (RSA).

MESA was established for the initial purpose of applying for regulatory approvals in connection with the delivery of the Masters of Financial Regulation program in the Republic of South Africa. On 8 August 2014, the sole member (CMBF Limited) of MESA resolved to authorise the directors of MESA to proceed with deregistration. MESA was successfully deregistered on 12 March 2015.

CMBF Limited have exercised their option under AASB127, Para Aus 10.1 not to prepare consolidated financial statements for CMBF Limited.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the directors of the company on 27 February 2017.

##### **(b) Basis of Preparation**

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements are general purpose financial statements that have been prepared on an accruals basis and in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, Public Finance and Audit Regulation 2015.

###### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

###### *Critical accounting estimates*

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

##### **(c) Revenue and other income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue is recognised for the major business activities as follows:

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **1 Summary of Significant Accounting Policies**

##### **(c) Revenue and other income**

###### **(i) Revenue**

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

###### **(ii) Management Fee**

Accrued on a monthly basis as per service agreement.

###### **(iii) Course revenue**

Revenue in respect of courses leading to an academic award is recognised in that year in which teaching was conducted. Revenue in respect of public, corporate courses is recognised in the month in which the course is completed.

###### **(iv) Facilities rental**

Revenue in respect of facilities rental is recognised when the goods and services are provided.

###### **(v) Consulting**

Sales of consulting services are recognised in the accounting period in which the services are rendered. Consultation revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total consultation to be provided.

###### **(vi) Interest revenue**

Interest income is recognised as it is earned.

##### **(d) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

##### **(e) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

##### **(f) Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The Directors have determined that the carrying amount of plant and equipment approximates the fair value. Acquisition and additions of non-current assets are capitalised and depreciated over two to ten years if the value is \$5,000 or more.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate,

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (f) Plant and Equipment

only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

The depreciable amount of all plant and equipment is depreciated on a straight-line method from the date that management determine that the asset is available for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
- Plant and equipment	3.3 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

#### (g) Trade and other payables

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

#### (h) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

#### (i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

##### (i) Short-term obligations

Liabilities for wages, salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period 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) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **1 Summary of Significant Accounting Policies**

**(i) Employee benefits**

and salary levels, experience of employee departures and periods of services. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

*(iii) Retirement benefit obligations*

Certain employees of the Company are entitled to benefits from UniSuper superannuation plan on retirement, disability or death. The defined contribution section received fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions. Defined superannuation contributions 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.

**(j) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the NATO is included as part of receivables or payables in the statement of financial position.

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

**(k) Income Tax Exemption**

No provision for income tax has been recognised in the financial statements as the Company is exempt from income tax under subdivision 50B of the *Income Tax Assessment Act 1997*.

**(l) Rounding of amounts**

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

**(m) Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening accumulated funds previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

**(n) New Accounting Standards and Interpretations**

Certain new Accounting Standards and Interpretations became mandatory for 31 December 2016 reporting period. These new requirements have not had a material impact on either the results or disclosure of the Company.

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2016 reporting period. The Company has decided to early adopt 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-For-Profit Public Sector Entities. Other than this standard, the Company has elected not to early adopt any of these standards. The Company has assessed the impact of these future Standards and Interpretations and considers the impact to be insignificant for the year ending December 2016.

CMBF Limited's assessment of the impact of these new Standards and Interpretations is set out below:

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (n) New Accounting Standards and Interpretations

Standard	Application date of Standard
AASB 15 Revenue from Contracts with Customers (note 1)	1 Jan 2019
AASB 16 Leases (note 2)	1 Jan 2019
AASB 9 Financial Instruments (note 2)	1 Jan 2018
AASB 1058 Income for Not-for-Profit Entities (note 1)	1 Jan 2019

Note 1 - Application to AASB 15 and AASB 1058 may result in material changes to the Company's future financial reports, however, the quantitative effect of the Company adopting this standard has not yet been determined

Note 2 - It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods

##### (o) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

#### 2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

##### Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

#### 3 Revenue from continuing operations

	2016	2015
	\$'000	\$'000
<b>Fee and charges</b>		
- Management fee	2,891	3,251

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 4 Employee related expenses

	2016	2015
	\$'000	\$'000
<b>Academic</b>		
Wages & Salaries	456	750
Superannuation contributions	48	95
Payroll tax	33	46
Long service leave	6	8
Annual leave	(4)	2
<b>Total academic</b>	<b>539</b>	<b>901</b>
<b>General</b>		
Wages & Salaries	1,147	1,406
Superannuation contributions	118	130
Payroll tax	71	85
Workers compensation	(1)	4
Long service leave	28	12
Annual leave	14	3
<b>Casual</b>		
Wages & Salaries	104	-
Payroll tax	6	-
Superannuation contributions	10	-
<b>Total general and casual</b>	<b>1,497</b>	<b>1,640</b>
<b>Total employee related expenses</b>	<b>2,036</b>	<b>2,541</b>

#### 5 Other expenses

	2016	2015
	\$'000	\$'000
Advertising, marketing and promotions	114	526
Audit fees, banks charges, legal costs and insurance	14	22
Consulting	139	186
Equipment costs and licenses	11	29
General consumables and materials	47	35
Travel	24	55
Miscellaneous expenses	65	63
<b>Total other expenses</b>	<b>414</b>	<b>916</b>

#### 6 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank and in hand	1,547	972
<b>Total cash and cash equivalents</b>	<b>1,547</b>	<b>972</b>

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term and highly liquid investments with original maturities of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**6 Cash and cash equivalents**

In 2016, Deposits at call bear fixed interest with a weighted average of 0.95% (2015: 1.61%).

**(a) Reconciliation of cash**

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

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Cash and cash equivalents	<b>1,547</b>	972
<b>Balance as per statement of cash flows</b>	<b>1,547</b>	972

**7 Trade and other receivables**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Current</b>		
Trade receivables	-	5
GST receivable	2	12
Accrued income	5	6
Prepayments	-	6
Other receivables	3	-
<b>Total current trade and other receivables</b>	<b>10</b>	29

As at 31 December 2016 no trade debtors were past due or impaired (2015: nil).

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**8 Other financial assets**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Current</b>		
Other investments	<b>2,000</b>	2,000
<b>Total current assets</b>	<b>2,000</b>	2,000

Term deposits have a term of 91 to 365 days and bear fixed interest with a weighted average of 2.01% (2015: 2.12%). Refer to note 13 for information on the risk management policy of the Company.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 9 Plant and equipment

	<b>Plant and Equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>At 1 January 2015</b>		
Gross amount	101	101
Accumulated depreciation	(72)	(72)
<b>Carrying amount</b>	<b>29</b>	<b>29</b>
<b>Year ended 31 December 2015</b>		
Gross amount	29	29
Additions	28	28
Depreciation	(20)	(20)
<b>Carrying amount</b>	<b>37</b>	<b>37</b>
<b>At 31 December 2015</b>		
- Cost	129	129
- Accumulated Depreciation	(92)	(92)
<b>Carrying amount</b>	<b>37</b>	<b>37</b>
<b>Year ended 31 December 2016</b>		
Gross amount	37	37
Depreciation charge	(18)	(18)
<b>Carrying amount</b>	<b>19</b>	<b>19</b>
<b>At 31 December 2016</b>		
- Cost	129	129
- Accumulated Depreciation	(110)	(110)
<b>Carrying amount</b>	<b>19</b>	<b>19</b>

#### 10 Trade and other payables

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade payables	14	23
Related parties	-	3
Accrued expense	69	111
<b>Total current trade and other payables</b>	<b>83</b>	<b>137</b>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

#### 11 Provisions

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	108	143
Long service leave	44	68
<b>Total current provisions</b>	<b>152</b>	<b>211</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 11 Provisions

	2016	2015
	\$'000	\$'000
<b>Non-current</b>		
Long service leave	84	69
<b>Total non-current provisions</b>	84	69

Current provisions include total employee benefits of \$44,000 (2015: \$68,000) that are expected to be settled more than 12 months after the reporting date.

Management has assessed that the portion of annual leave expected to be settled after twelve months is not material.

#### 12 Commitments

The company had no capital expenditure or leasing arrangements at 31 December 2016 (2015: nil).

#### 13 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Company's objectives, policies and processes for managing and measuring these risks.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

##### Specific risks

- Market risk - currency risk and cash flow interest rate risk
- Credit risk
- Liquidity risk

##### Financial instruments held

The principal categories of financial instrument used by the Company are:

	Note	2016	2015
		\$'000	\$'000
<b>Financial assets</b>			
Cash and Cash Equivalents	6	1,547	972
Trade and other receivables (excluding statutory receivables and prepayments)	7	8	11
Other financial asset	8	2,000	2,000
		3,555	2,983
<b>Financial liabilities</b>			
Trade and other payables	10	83	137
		83	137

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 13 Financial Risk Management

##### (a) Objectives, policies and processes

Specific information regarding the mitigation of each financial risk to which Company is exposed is provided below.

##### (b) Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Company maintains cash and short-term deposits to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of term deposits.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

At the reporting date, the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Company's liabilities have contractual maturities which are summarised below:

	Less than 6 months		6 to 12 months		1 to 5 years		Carrying amount	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	83	137	-	-	-	-	83	137

##### (c) Market risk

###### (i) Foreign currency sensitivity

Most transactions are carried out in Australian Dollars. At the reporting date there were no financial assets denominated in foreign currency (2015: nil).

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions, however are considered minimal.

###### (ii) Cash flow interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2015: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	Carrying amount	-1% Net Result	\$'000		
			-1% Equity	1% Net Result	1% Equity
<b>2016</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	1,547	(15)	(15)	15	15
<b>2015</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	972	(8)	(8)	8	8

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **13 Financial Risk Management**

##### **(d) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Management considers that all the financial assets for each of the reporting dates under review are of good credit quality. None are past due or impaired.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Total receivables less than three months post due but not impaired in 2016 is nil (2015: \$4,540)

##### **(e) Fair value estimation**

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

The Company does not have any financial instruments traded in active or inactive markets, derivatives contracts or long-term debt instruments, for each of the reporting dates under review.

The carrying values less impairment provision of trade and other receivables and trade and other payables, other financial assets and borrowings is a reasonable approximation of their fair values due to the short-term nature of these instruments.

#### **14 Key Management Personnel Disclosures**

##### **(a) Names of responsible persons and executive officers**

The following persons were responsible persons and directors of CMBF Limited during the financial year:

###### **(i) Executive directors**

K. M. Jameson

A. M. Cooper

###### **(ii) Non-executive directors**

P. R. Dodd (Resigned 10 January 2017)

S. B. Downton

T. M. Gabbott (Resigned 16 March 2016)

P. J. Gorman

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**14 Key Management Personnel Disclosures**

**(b) Remuneration of Board Members and Executives**

One Executive Director is paid by CMBF Ltd and one is paid by Macquarie University.

	<b>2016</b>	<b>2015</b>
<b>Remuneration of Executive Directors</b>		
49,999 to 100,000	1	-
270,000 to 289,999	-	1

**(c) Totals of remuneration paid**

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	<u>65</u>	<u>273</u>
<b>Total remuneration paid to Key Management Personnel by CMBF Limited</b>	<u><b>65</b></u>	<u><b>273</b></u>

Short-term employee benefits include salary and superannuation.

**15 Remuneration of Auditors**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>		
- Audit fee for parent entity's financial statements	11	11
- Audit fees for subsidiary's financial statements paid by parent entity	-	3
<b>Total remuneration of Auditors</b>	<u><b>11</b></u>	<u><b>14</b></u>

**16 Contingencies**

At 31 December 2016, in the opinion of the Directors, the Company did not have any contingent assets or liabilities.

**17 Related Parties**

The Company's main related parties are as follows:

**(a) Entities exercising control over the Company**

Macquarie University has full control over the company.

**(b) Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 14: Key Management Personnel Disclosures.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 17 Related Parties

##### (c) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties in 2016:

	Revenue \$'000	Expenses \$'000	Receivables \$'000	Payables \$'000
Macquarie University	3,016	120	-	-
	<u>3,016</u>	<u>120</u>	<u>-</u>	<u>-</u>

Expenses included transfer for academic staff leave liabilities \$86,000.

The following transactions occurred with related parties in 2015:

	Revenue \$'000	Expenses \$'000	Receivables \$'000	Payables \$'000
Macquarie University	3,253	29	1	3
	<u>3,253</u>	<u>29</u>	<u>1</u>	<u>3</u>

CMBF Limited paid the following fees on behalf of Macquarie Education South Africa NPC:

	2016 \$'000	2015 \$'000
Audit fee - Audit Office of NSW - audit of financial statements	-	3
Tax clearance and filing for deregistration - KPMG Republic of South Africa - audit of financial statements	-	3
Deregistration of MESA - Edward Nathan Sonnenberg Inc	-	1
	<u>-</u>	<u>7</u>

#### 18 Cash Flow Information

##### (a) Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016 \$'000	2015 \$'000
Surplus for the year	636	47
Non-cash flows in surplus:		
Depreciation and amortisation	18	20
Changes in operating assets and liabilities:		
(Increase)/decrease in trade debtors	19	26
Increase/(decrease) in trade creditors	(54)	31
Increase/(decrease) in other operating liabilities	-	(1)
Increase/(decrease) in other provisions	(44)	31
<b>Net cash inflow / (outflow) from operating activities</b>	<u>575</u>	<u>154</u>

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **19 Events Occurring After the Reporting Date**

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

#### **20 Members' Guarantee**

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by members' guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At 31 December 2016 the number of members was 14 (2015: 14). During the year, 2 new members were appointed and 2 members resigned, with a total of 14 members at 31 December 2016.

#### **21 Economic dependency**

During the year, the company received \$2,890,528 (2015: \$3,250,728) as fees and other recoveries \$125,715 (2015: \$2,450) from Macquarie University. The fees were received by the company for the administration of the Master of Applied Finance Program. This is the major source of income for the company. The company occupies premises on the campus of Macquarie University for which a rent of \$2,000 (2015: \$2,000) is payable to the University for the year ended 31 December 2016. During the year, Macquarie University provided accommodation facilities in Sydney CBD and other resources to enable the company to administer the Program. Macquarie University determines what income and expenses are allocated to CMBF Limited.

END OF AUDITED FINANCIAL STATEMENTS

## Statement by the Directors

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 18:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the financial performance for the year then ended of the company; and
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. They are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....



**K. M. Jameson**

Director .....



**A. M. Cooper**

Dated

27/2/17



## INDEPENDENT AUDITOR'S REPORT

### CMBF Limited

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of CMBF Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

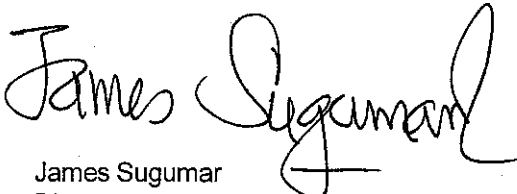
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

1 March 2017  
SYDNEY

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# **COH Property Trust**

## **Financial Statements**

**For the Year Ended 31 December 2016**

## Contents

For the Year Ended 31 December 2016

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by the Trustees	9
Independent Auditor's Report	10

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2016**

	2016	2015
	\$	\$
<b>Revenue</b>		
Other revenue	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>
<b>Expenses</b>		
Other expenses	-	-
<b>Total expenses</b>	<u>-</u>	<u>-</u>
<b>Net Result</b>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to members of COH Property Trust</b>	<u>-</u>	<u>-</u>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**

As at 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	-	-
<b>Total Current assets</b>		-	-
<b>TOTAL ASSETS</b>		-	-
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<b>Total Current liabilities</b>		-	-
<b>TOTAL LIABILITIES</b>		-	-
<b>NET ASSETS</b>		-	-
<b>EQUITY</b>			
Contributed Unit Capital	3	-	-
Accumulated funds		-	-
<b>TOTAL EQUITY</b>		-	-

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

## Statement of Changes in Equity

For the Year Ended 31 December 2016

2016

	Note	Units on Issue	Accumulated funds	Total
		\$	\$	\$
Balance at 1 January 2016		-	-	-
Total comprehensive income		-	-	-
<b>Balance at 31 December 2016</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>

2015

	Note	Units on Issue	Accumulated funds	Total
		\$	\$	\$
Balance at 1 January 2015		-	-	-
Total comprehensive income		-	-	-
<b>Balance at 31 December 2015</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

## Statement of Cash Flows

For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash provided by (used in) operating activities	-	-
9	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash provided by (used in) investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by (used in) financing activities	-	-
<b>Net increase (decrease) in cash and cash equivalents held</b>	-	-
Cash and cash equivalents at beginning of year	-	-
<b>Cash and cash equivalents at end of financial year</b>	-	-
2	-	-

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (a) Reporting entity

COH Property Trust (the Trust) an individual entity, COH Property Trust is a unit trust, incorporated and domiciled in Australia. Its registered office and principal place of business is Office of Financial Services, Building E11A, Macquarie University NSW 2109.

It's ultimate parent entity is Macquarie University.

##### (b) Basis of Preparation

The financial statements are general purpose financial statements have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

The Trustees have assessed the Trust as a for-profit entity and these statements have been prepared on that basis.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the Trustees on the March 2017.

##### *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 profit or loss, certain classes of property, plant and equipment and investment property.

##### (c) Critical accounting estimates and judgments

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of the accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

##### (d) Revenue and other income

The Trust recognises revenue when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria have been met for each of the Trust's activities. The Trust bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (d) Revenue and other income (continued)

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties

##### (e) Income Tax Exemption

The Trust is exempt from the payment of tax by virtue of subdivision 50B of the *Income Tax Assessment Act 1997*.

##### (f) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

##### (g) Rounding of amounts

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

##### (h) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied to the financial statements. The Trust's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Trust.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 2 Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank	-	-
	<u>-</u>	<u>-</u>

#### (a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	-	-
Balance as per statement of cash flows	<u>-</u>	<u>-</u>

#### 3 Contributed Unit Capital

	2016	2015
	\$	\$
Balance at 1 January	-	-
<b>Balance at 31 December</b>	<u>-</u>	<u>-</u>

#### 4 Commitments

There were no commitments for expenditure of a capital nature as at 31 December 2016 (31 December 2015: Nil).

#### 5 Key Management Personnel Disclosures

The Trustees of the Trust during the year were:

Patrick John Gorman

Peter Raymond Dodd (resigned 1 November 2016)

Timothy Derek Arthur Beresford (appointed 1 December 2016)

No remuneration was paid or made payable to the Trustees out of the assets of the Trust.

#### 6 Remuneration of Auditors

	2016	2015
	\$	\$
<b>Remuneration of the auditor of the Trust, Audit Office of NSW, for:</b>		
- Audit of financial statements	<b>3,000</b>	3,000

Macquarie University (parent entity) paid the audit fees on behalf of the Trust.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 7 Contingencies

The Trust did not have any contingent assets or liabilities at 31 December 2016 (31 December 2015: Nil).

#### 8 Related Parties

##### a) Parent entities

The parent entity and the ultimate parent entity is Macquarie University.

The Trust had no controlled entities during 2016.

##### b) Trustees

The names of persons who were Trustees of the Trust at any time during the financial year are as follows: Patrick John Gorman and Timothy Derek Arthur Beresford.

##### c) Transactions with related parties

There were no transactions with related parties in 2016 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the Trust.

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

	2016	2015
	\$	\$
Operating result for the period	-	-
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	-	-
<b>Net cash flows from operating activities</b>	<u>-</u>	<u>-</u>

#### 10 Events Occurring After the Reporting Date

There are no events after the balance sheet date of which the Trustees are aware that will have a material effect on the Trust's operations (2015: Nil).


END OF AUDITED FINANCIAL STATEMENTS

## Statement by the Trustees


In the Trustees' opinion:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the performance for the year ended of the Trust; and
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
  
2. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the Trustees.

Trustee .....  .....

**Patrick John Gorman**

Trustee .....  .....

**Timothy Derek Arthur Beresford**

<sup>TR</sup>  
23/3/17

Sydney  
Dated



## INDEPENDENT AUDITOR'S REPORT

### COH Property Trust

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of COH Property Trust (the Trust), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Trust in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Trust are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Trust's ability to continue as a going concern unless the Trust will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

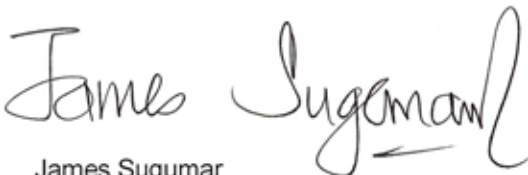
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Trust carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

24 March 2017

SYDNEY

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# **Macquarie University Clinical Associates Limited**

**ABN 56 606 405 270**

## **Financial Statements**

**For the Year Ended 31 December 2016**

# Financial Statements

For the Year Ended 31 December 2016

## Contents

	<b>Page</b>
Directors' Report	1
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Statement by the Directors	20
Independent Auditor's Report	21

## Directors' Report

### 31 December 2016

#### General information

The names of each person who has been a director during the year and to the date of this report are:

#### **Professor S B Downton**

Qualifications MB, BS, MD, FACMG, FRACP

Experience Currently Vice-Chancellor of Macquarie University. The Vice-Chancellor is the Chief Executive of the university, with overall responsibility for its academic, research, administrative, financial and development strategies. Prior to his appointment served as a senior medical executive having held a range of positions in university, health care and consulting organisations. He also served as a paediatrician at the Massachusetts General Hospital for Children and as Clinical Professor of Paediatrics at Harvard Medical School.

Area of responsibility Chairman

Period of directorship Commenced as a Director on 12 June 2015

#### **Emeritus Professor B H Barraclough, AO**

Qualifications MB, BS, FRACS, DSc. (Hon), DDU, FACS, FAICD, Emeritus Professor University of Western Sydney Medical school

Experience Has governance experience at Board level for over 20 years including as formerly, President, Royal Australasian College of Surgeons, Board Chair, Australian E-Health Research Centre, Board Member, Cabrini Health and Board Member National Breast Cancer Centre.

Area of responsibility Non-Executive Director

Period of directorship Commenced as a Director on 2 November 2015

#### **Ms C A Bryant**

Qualifications BSc (UNSW); Grad Dip Ed (Armidale)

Experience CEO of Macquarie University Hospital (MUH). Has held executive positions within the private hospital sector for the past 22 years, the last eleven prior to MUH as CEO at Westmead Private Hospital. Prior to executive roles, was a Registered Nurse.

Area of responsibility Director

Period of directorship Commenced as a Director on 12 June 2015

#### **Professor M R Compton, AM**

Qualifications BSc, MBA (UNSW), FAIM, FAICD, AFCHSM

Experience Experienced CEO in the public company and health care and life sciences environments. Current and former Board Director with listed and unlisted healthcare and life science companies. Professor at Macquarie University.

Area of responsibility Non-Executive Director

Period of directorship Commenced as a Director on 12 November 2015

## Directors' Report

31 December 2016

### Mr P J Gorman

Qualifications

BBus, MBA, FCPA, FTIA, MAICD

Experience

Chief Financial Officer of Macquarie University from September 2007 to December 2016. Previous experience as the Chief Financial Officer for a NSW state owned corporation in the waste management industry, Chief Financial Officer/Company Secretary for several publicly listed entities in manufacturing, transport and logistics industries. In the 20 years prior to this, he held senior finance positions in the oil industry, in sectors ranging from refining and distribution to exploration and development. Strengths in the areas of capital raising and debt structure, investment management, organisational change, financial and management reporting.

Area of responsibility

Director

Period of directorship

Commenced as a Director on 12 June 2015

### Professor R F Kefford, AM

Qualifications

MB BS (Hons) (Syd), PhD, FRACP

Experience

Clinical Program Head Cancer, medical oncologist and clinic-laboratory investigator. Founding Director of the Department of Medical Oncology at Westmead Hospital in 1986, the Familial Cancer Service at Westmead in 1992 and the Westmead Institute for Cancer Research in 1996. Also a founding Member of the Melanoma Institute Australia and Co-Director of Research since its inception and was the University of Sydney Professor of Medicine at Westmead Hospital 1998-2013. Appointed as Professor of Cancer Medicine at Macquarie University Hospital with relocation of the Kefford-Rizos laboratory to Macquarie University in 2014.

Area of responsibility

Director

Period of directorship

Commenced as a Director on 4 November 2015

### Professor H P McNeil

Qualifications

MB, BS (Hons) (UTas), PhD (UNSW), FRACP

Experience

Executive Dean of the Faculty of Medicine and Health Sciences at Macquarie University since November 2014 and Managing Director of Macquarie University Clinical Associates since December 2015. Previously led a research team within the Faculty of Medicine at the University of New South Wales and was Executive Clinical Director of Liverpool Hospital and Chair of Arthritis Australia.

Area of responsibility

Director

Period of directorship

Commenced as a Director on 12 June 2015

### Dr P J R Schreier

Qualifications

MA (Cantab), MEng (Cantab), PhD (Cantab)

Experience

Chief Operating Officer of Macquarie University. Previously Deputy Secretary, Economic and Strategy in the Department of the Prime Minister and Cabinet, management consultancy partner for McKinsey & Company and officer with the British Royal Navy.

Area of responsibility

Director

Period of directorship

Commenced as a Director on 12 June 2015 and resigned on 4 March 2016

## Directors' Report

### 31 December 2016

#### Professor M Stoodley

Qualifications	BmedSc, MB.BS(Hons), PhD, FRACS
Experience	Clinical Program Head Neurosciences, Professor of Neurosurgery and senior neurosurgeon with clinical expertise in neurovascular surgery. Directs the neurosurgery laboratory at the Faculty of Medicine and Health Sciences and continues research on syringomyelia as well as developing new biological treatments for brain arteriovenous malformations (AVMs).
Area of responsibility	Director
Period of directorship	Commenced as a Director on 4 November 2015

#### Professor S M Willcock

Qualifications	PhD, FRACGP, MBBS (Hons), Dip Obs
Experience	Clinical Program Head Primary Care and Wellbeing and academic general practitioner who has worked in both rural and metropolitan NSW. Educational and research interests include musculoskeletal medicine, generational change in the medical workforce and the health of doctors. Previously Chairman of General Practice Education and Training Ltd (resigned 2012), a Commonwealth company responsible for general practice training on behalf of the government and Minister for Health and Ageing.
Area of responsibility	Director
Period of directorship	Commenced as a Director on 4 November 2015

#### Mr T D A Beresford

Qualifications	B.Ec (Syd), LLB (SYD), M Phil (Cantab), ASIA, FAICD
Experience	Chief Operating Officer and Deputy Vice-Chancellor of Macquarie University. Previously Deputy Secretary, Tourism, Investment and International Education and Programs, The Australian Trade & Investment Commission, senior banking executive at Westpac and experienced McKinsey trained management consultant.
Area of responsibility	Director
Period of directorship	Commenced as a Director on 12 October 2016

#### Company secretary

The following persons held the position of Company secretary at the end of the financial year:

Ms Natalie Sequeira held the position of Company Secretary during and at the date of this report (appointed 12 June 2015).

Ms Emma Lawler held the position of Company Secretary during and at the date of this report (appointed 9 November 2015).

#### Ongoing financial support from parent - Macquarie University

On 8 December 2016, Macquarie University Council approved funds would be lent to Macquarie University Clinical Associates Limited to enable it to meet its obligations.

## Directors' Report

### 31 December 2016

#### Principal activities

The principal activity of Macquarie University Clinical Associates Limited, a company limited by guarantee, is to facilitate the delivery of clinical services and integration of clinical, teaching and research activities at MQ Health in conjunction with its parent, Macquarie University, Macquarie University Hospital and other appropriate educational, medical and research institutions.

No significant changes in the nature of the Company's activity occurred during the year.

#### Review of operations

The result of the Company during the financial year ended 31 December 2016 is a surplus of \$1.3million (2015: deficit \$143k).

#### Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year ended 31 December 2016.

#### Events after the reporting date

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

#### Future developments and results

Macquarie University Health Sciences Centre strategy was branded as MQ Health in 2016. MQ Health is Australia's first fully integrated university-led health sciences center and it brings together Macquarie University Hospital, Macquarie University Clinical Associates, the Faculty of Medicine and Health Sciences and clinical components of the Faculty of Human Sciences.

One of the main objectives of MQ Health is to deliver ongoing growth for the Hospital and Clinic operations including increases in occupancy level and improved financial results.

#### Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

#### Indemnification and insurance of officers and auditors

During the financial year, Macquarie University, the parent entity, paid a premium on behalf of the Company in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001* and in accordance with the terms and conditions the protection provides.

In addition, a Deed of Indemnity, Insurance and Access has been provided to each Director and Company Secretary.

## Directors' Report

31 December 2016

### Meetings of directors


During the financial year, 6 meetings of directors were held. Attendances by each director during the year were as follows:

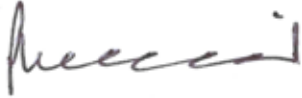
	Directors' Meetings	
	Number eligible to attend	Number attended
Professor S B Dowton	6	6
Emeritus Professor B H Barraclough, AM	6	6
Ms C A Bryant	6	6
Professor M R Compton, AM	6	6
Mr P J Gorman	6	5
Professor R F Kefford, AM	6	3
Professor H P McNeil	6	5
Dr P J R Schreier	1	1
Professor M Stoodley	6	6
Professor S M Willcock	6	5
Mr T D A Beresford	2	-

**Directors' Report**  
31 December 2016

**Sign off information**

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

Director:  .....

Director:  .....

Dated: 28 March 2017

## Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	1 January to 31 December 2016 \$000's	12 June to 31 December 2015 \$000's
<b>Revenue</b>			
Revenue from continuing operations	2	1,908	-
Other revenue		123	-
<b>Total revenue</b>		<b>2,031</b>	<b>-</b>
<b>Expense</b>			
Personnel services expense	3	(434)	(26)
Medical supplies	3	(30)	-
Professional and governance expenses	3	(104)	(117)
Other expenses	3	(83)	-
Finance costs	3	(10)	-
Administrative expenses	3	(98)	-
<b>Total expenses</b>		<b>(759)</b>	<b>(143)</b>
<b>Surplus / (Deficit)</b>		<b>1,272</b>	<b>(143)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to members of Macquarie University Clinical Associates Limited</b>		<b>1,272</b>	<b>(143)</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

The current reporting period covers 1 January to 31 December 2016 whilst the comparative period is from 12 June to 31 December 2015. As a consequence, the revenue and expense items in the financial statements are not comparable.

Revenue from business activities commenced in 2016 while there was no activity in 2015.

**Statement of Financial Position**

As at 31 December 2016

	Note	2016 \$000's	2015 \$000's
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,337	-
Trade and other receivables	5	126	-
Other assets	6	64	-
<b>Total current assets</b>		<u>1,527</u>	-
<b>TOTAL ASSETS</b>		<u>1,527</u>	-
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	266	141
Provisions	8	100	2
<b>Total current liabilities</b>		<u>366</u>	143
<b>Non-current liabilities</b>			
Provisions	9	32	-
<b>Total non-current liabilities</b>		<u>32</u>	-
<b>TOTAL LIABILITIES</b>		<u>398</u>	143
<b>NET ASSETS/(LIABILITIES)</b>		<u>1,129</u>	(143)
<b>EQUITY</b>			
Accumulated funds		<u>1,129</u>	(143)
<b>TOTAL EQUITY</b>		<u>1,129</u>	(143)

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity**  
**For the Year Ended 31 December 2016**

	1 January to 31 December 2016	12 June to 31 December 2015
	\$000's	\$000's
<b>Opening balance</b>	(143)	-
Surplus / (Deficit) attributable to members of the entity	1,272	(143)
<b>Closing balance</b>	<u>1,129</u>	<u>(143)</u>

*The Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

## Statement of Cash Flows

### For the Year Ended 31 December 2016

		1 January to 31 December 2016	12 June to 31 December 2015
	Note	\$000's	\$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		1,842	-
Payments to suppliers and employees		(505)	-
Net cash from operating activities		<u>1,337</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net cash used in investing activities		<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net cash used from financing activities		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents held		1,337	-
Cash and cash equivalents at beginning of year		-	-
<b>Cash and cash equivalents at end of financial year</b>	4	<u>1,337</u>	<u>-</u>

*The Statement of Cash Flow should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Account Policies

##### (a) Reporting entity

Macquarie University Clinical Associates Limited is a company limited by guarantee and the liability of Members is limited. The company is wholly owned by Macquarie University.

The registered office of the company is Macquarie University Clinical Associates Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

The principal accounting policies adopted in the preparation of the financial reports are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements for the year ended 31 December 2016 were authorised for issue by the board on 28 March 2017.

The current reporting period covers 1 January to 31 December 2016 whilst the comparative period is from 12 June to 31 December 2015. As a consequence, the revenue and expense items in the financial statements are not comparable.

##### (b) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of Macquarie University Clinical Associates Limited. They have been prepared on an accrual basis in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015.

Macquarie University Clinical Associates Limited is a not-for-profit entity and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the IFRS requirements.

##### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

##### (c) Critical accounting estimates and judgements

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Account Policies

##### (d) Revenue recognition

###### *(i) Consulting and patient revenue*

Revenue from patient consulting services are recognised when patient services have been provided, the patient account has been accepted for payment, and that financial benefits have flowed to the entity which can be reliably measured.

###### *(ii) Contributions*

Contributions from other bodies (including donations) are generally recognised as revenue when the company obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

##### (e) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (f) Rounding of amounts

All amounts are rounded to the nearest thousand and are expressed in Australian currency.

##### (g) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations became mandatory for 31 December 2016 reporting period. These new requirements have not had a material impact on either the results or disclosure of the University.

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2016 reporting period. The University has decided to early adopt 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-For-Profit Public Sector Entities. Other than this standard, the University has elected not to early adopt any of these standards. The University has assessed the impact of these future Standards and Interpretations and considers the impact to be insignificant for the year ending December 2016.

Macquarie University Clinical Associates Limited's assessment of the impact of these new Standards and Interpretations is set out below:

<b>Standard</b>	<b>Application date of Standard</b>
AASB 15 Revenue from Contracts with Customers <sup>1</sup>	1 Jan 2019
AASB 16 Leases <sup>2</sup>	1 Jan 2019
AASB 9 Financial Instruments <sup>2</sup>	1 Jan 2018
AASB 1058 Income of Not-for-Profit Entities <sup>1</sup>	1 Jan 2019
20107 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) <sup>2</sup>	1 Jan 2018

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Account Policies

20145 Amendments to Australian Accounting Standards arising from AASB 15 <sup>1</sup>	1 Jan 2018
20147 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) <sup>2</sup>	1 Jan 2018 (early adoption permitted)
20158 Amendments to Australian Accounting Standards Effective Date of AASB 15 <sup>2</sup>	1 Jan 2017
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 <sup>2</sup>	1 Jan 2017
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 <sup>2</sup>	1 Jan 2018
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities <sup>2</sup>	1 Jan 2017
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities <sup>2</sup>	1 Jan 2017
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities <sup>2</sup>	1 Jan 2019

1 Application of AASB 15 and AASB 1058 may result in material changes to the company's future financial reports, however, the quantitative effect of the company adopting this standard has not yet been determined.

2 It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 2 Revenue and other income

##### Revenue from continuing operations

	1 January to 31 December 2016	12 June to 31 December 2015
	\$000's	\$000's
<b>Sales of goods and services</b>		
Patient services revenue	1,908	-
<b>Other revenue</b>		
Other revenue	121	-
Interest	2	-
<b>Total other revenue</b>	<u>123</u>	<u>-</u>
<b>Total revenue</b>	<u>2,031</u>	<u>-</u>

#### 3 Expenses

	1 January to 31 December 2016	12 June to 31 December 2015
	\$000's	\$000's
<b>Other expenses</b>		
Personnel services expense	434	26
Medical supplies	30	-
Other expenses	83	-
Finance costs	10	-
<b>Total other expenses</b>	<u>557</u>	<u>26</u>
<b>Professional and governance expenses</b>		
Professional	98	115
Governance	6	2
<b>Total professional and governance expenses</b>	<u>104</u>	<u>117</u>
<b>Administrative expenses</b>		
General office expenses	98	-
<b>Total administrative expenses</b>	<u>98</u>	<u>-</u>
<b>Total expenses</b>	<u>759</u>	<u>143</u>

Employee related expenses of \$2.2mil for the year has been borne by the parent entity (Macquarie University) in support of Macquarie University Clinical Associates. (2015: Nil)

Employee entitlements in relation to Personnel Services Expense are provided for by the service entity, MUH Operations No.2 Pty Ltd.

Accommodation expenses related to use of office space is borne by MUH Operations No.2 Pty Ltd.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 4 Cash and cash equivalents

	2016	2015
Note	\$000's	\$000's
Cash at bank	1,337	-
<b>Total cash and cash equivalent</b>	<b>1,337</b>	<b>-</b>

#### 5 Trade and other receivables

	2016	2015
	\$000's	\$000's
<b>Current</b>		
Trade receivables	71	-
GST receivable	6	-
Other receivables	49	-
<b>Total current trade and other receivables</b>	<b>126</b>	<b>-</b>

#### 6 Other assets

	2016	2015
	\$000's	\$000's
<b>Current</b>		
Prepayments	3	-
Accrued patient revenue	61	-
<b>Total current other assets</b>	<b>64</b>	<b>-</b>

#### 7 Trade and other payables

	2016	2015
	\$000's	\$000's
<b>Current</b>		
Sundry	4	-
Related parties	262	131
Employee benefits	-	4
Accruals	-	6
<b>Total current trade and other payables</b>	<b>266</b>	<b>141</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 8 Provisions

	2016	2015
	\$000's	\$000's
<b>Current</b>		
Employee benefits - annual leave	100	2
<b>Total current provisions</b>	<u>100</u>	<u>2</u>

#### 9 Employee benefits

	2016	2015
	\$000's	\$000's
<b>Non-current liabilities</b>		
Long service leave	32	-
<b>Total non-current employee benefits</b>	<u>32</u>	<u>-</u>

#### 10 Commitments

##### (a) Lease commitments: Company as lessee

	2016	2015
	\$000's	\$000's
<i>Non-cancelable operating leases</i>		
Within one year	67	-
Later than one year but not later than five years	138	-
Present value of minimum lease payments (including GST)	<u>205</u>	<u>-</u>

*Lease commitments relates to property, plant and equipment.*

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 11 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2016 and up to the date of this report are:

Professor S B Dowton  
 Emeritus Professor B H Barraclough, AM  
 Ms C A Bryant  
 Adjunct Professor M R Compton, AM  
 Mr P J Gorman  
 Professor R F Kefford, AM  
 Professor H P McNeil  
 Dr P J R Schreier  
 Professor M Stoodley  
 Professor S M Willcock  
 Mr T D A Beresford

None of the Directors receive remuneration for their role as a Director of the company.

#### 12 Remuneration of Auditors

	2016 \$000's	2015 \$000's
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
Audit of financial statements	20	4

#### 13 Contingencies

The Company did not have any contingencies at 31 December 2016. (2015: Nil)

#### 14 Related Parties

##### (a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Revenue \$'000	Expenses \$'000	Receivable \$'000	Payable \$'000	Loan \$'000	Equity \$'000
<b>Related parties</b>						
Macquarie University	-	-	-	71	-	-
Macquarie University Hospital	-	-	-	191	-	-
<b>Total</b>	-	-	-	262	-	-

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 15 Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company'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 Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

The Company holds the following financial instruments:

	2016	2015
	\$'000	\$'000
Cash and cash equivalents	1,337	-
Trade and other receivables (excluding pre-payment and statutory receivables)	120	-
<b>Total financial assets</b>	<b>1,457</b>	<b>-</b>
Trade and other payables	266	141
<b>Total financial liabilities</b>	<b>266</b>	<b>141</b>

#### (a) Market risk

##### *Cash flow and fair value interest rate risk*

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest bearing positions. The simulation is done on a need basis to verify that the maximum loss potential is within the limit given by management.

The financial impact on the net operating results for the Company of 100 bps is estimated at \$13,370 (2015: Nil).

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2016**

### **16 Events Occurring After the Reporting Date**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations.

In January 2017, MUH Operations No.2 Pty Ltd transferred the Head Lease so far as it relates to the Clinic Building and all current Medical Specialists License Agreements to Macquarie University Clinical Associates Ltd.

*End of audited financial statements*

## Statement by the Directors

The directors of the entity declare that:


1. The financial statements and notes, as set out on pages 7-19:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the financial performance and cash flows for the year ended of the company;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: .....



Director: .....



Dated: 28 March 2017



## INDEPENDENT AUDITOR'S REPORT

### Macquarie University Clinical Associates Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Macquarie University Clinical Associates Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

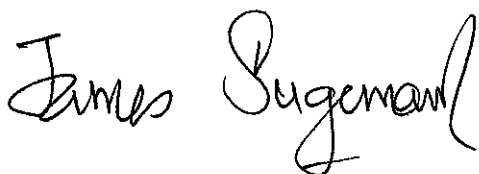
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf)  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

31 March 2017  
SYDNEY

# **Macquarie University Hong Kong Foundation Limited**

## **Financial Statements**

**For the Period 3 June to 31 December 2016**

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Statement	9
Independent Auditor's Report	10

**Statement of Comprehensive Income**  
**For the Period 3 June to 31 December 2016**

	<b>3 June to 31 December 2016 \$</b>
<b>Revenue</b>	
Revenue	-
<b>Total revenue</b>	<u>-</u>
<b>Expense</b>	
Expenses	-
<b>Total expenses</b>	<u>-</u>
<b>Net Result</b>	<u>-</u>
<b>Other comprehensive income for the year</b>	<u>-</u>
<b>Total comprehensive income for the year attributable to members of Macquarie University Hong Kong Foundation Limited</b>	<u>-</u>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes*

**Statement of Financial Position**

As at 31 December 2016

	2016 \$
<b>ASSETS</b>	
Current assets	-
<b>Total current assets</b>	<u>-</u>
<b>Non-Current Assets</b>	
<b>Total Non-Current Assets</b>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>-</u>
<b>LIABILITIES</b>	
Current liabilities	-
<b>Total current liabilities</b>	<u>-</u>
<b>Non-Current Liabilities</b>	
<b>Total Non-current liabilities</b>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>
<b>NET ASSETS</b>	<u>-</u>
<b>EQUITY</b>	
Accumulated Funds	-
<b>TOTAL EQUITY</b>	<u>-</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes*

## Statement of Changes in Equity

For the Period 3 June to 31 December 2016

2016

	Accumulated funds \$
<b>Balance at 3 June 2016</b>	-
Net result attributable to members of the entity	-
<b>Balance at 31 December 2016</b>	<u>-</u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Period 3 June to 31 December 2016**

**3 June to**  
**31 December 2016**  
**\$**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net cash provided by (used in) operating activities

\_\_\_\_\_  
 -  
 \_\_\_\_\_

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Net cash provided by (used in) investing activities

\_\_\_\_\_  
 -  
 \_\_\_\_\_

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Net cash provided by (used in) financing activities

\_\_\_\_\_  
 -  
 \_\_\_\_\_

**Net increase /decrease in cash and cash equivalents held**

Cash and cash equivalents at beginning of year

\_\_\_\_\_  
 -  
 \_\_\_\_\_

**Cash and cash equivalents at end of financial year**

\_\_\_\_\_  
 -  
 \_\_\_\_\_

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### For the Period 3 June to 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (a) Reporting entity

Macquarie University Hong Kong Foundation Limited is a company limited by guarantee and the liability of Members is limited. The company is wholly owned by Macquarie University. The Company was registered and incorporated in Hong Kong on 3 June 2016.

The registered office of the company is MQ Hong Kong Foundation, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. It is domiciled in Hong Kong.

The principal accounting policies adopted in the preparation of the financial reports are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (b) Basis of Preparation

These financial statements are the first set prepared for the Company and have no comparative information. The general purpose financial statements have been prepared on an accrual basis in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*.

###### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

##### (c) Critical accounting estimates and judgments

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

## Notes to the Financial Statements

### For the Period 3 June to 31 December 2016

**(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade discounts and rebates.

The company receives all donations by way of direct deposits and electronic funds transfer. All donations are recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria have been met.

**(e) Cash and cash equivalents**

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Rounding of amounts**

All amounts are rounded to the nearest thousand dollar and are expressed in Australian currency.

**(g) New Accounting Standards and Interpretations**

Certain new Accounting Standards and interpretations became mandatory for 31 December 2016 reporting period. These new requirements have not had a material impact on either the results or disclosure of the company.

Certain new Accounting Standards and interpretations have been published that are not mandatory for 31 December 2016 reporting period. The Foundation has assessed the impact of these future Standards and Interpretations and considers the impact to be insignificant for the year ending December 2016. The Foundation's assessment of the impact of these new Standards and Interpretations is set out below:

**Standard Application date of Standard**

AASB 15 Revenue from Contracts with Customers (note 1) 1 Jan 2019

AASB 16 Leases (note 2) 1 Jan 2019

AASB 9 Financial Instruments (note 2) 1 Jan 2018

AASB 1058 Income for Not-for-Profit Entities (note 1) 1 Jan 2019

Note 1 - Application to AASB 15 and AASB 1058 may result in material changes to the Group's future financial reports, however, the quantitative effect of the Group adopting this standard has not yet been determined

Note 2 - It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods

**(h) Income tax**

The company is exempt from the payment of tax by virtue of Section 88 of the *Inland Revenue Ordinance* (Cap.112). This is an exemption in Hong Kong.

## Notes to the Financial Statements

### For the Period 3 June to 31 December 2016

	<b>2016</b>
<b>2 Cash and cash equivalents</b>	<b>\$</b>
Cash on hand	-
<b>Cash on hand</b>	<b>-</b>

	<b>2016</b>
<b>3 Accumulated Funds</b>	<b>\$</b>
Accumulated Funds	-
<b>Accumulated Funds</b>	<b>-</b>

#### 4 Commitments

There were no commitments for capital expenditure at 31 December 2016. There were no signed lease commitments at 31 December 2016.

#### 5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2016 and up to the date of this report are:

Timothy Derek Arthur Beresford

David Wilkinson

Patrick John Gorman (until 23<sup>rd</sup> December 2016)

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

#### 6 Remuneration of Auditors

	<b>2016</b>
	<b>\$</b>
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>	
- Audit of financial statements	<b>5,000</b>

Macquarie University (parent entity) paid the audit fees on behalf of the Company

## **Notes to the Financial Statements**

### **For the Period 3 June to 31 December 2016**

#### **7 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016

#### **8 Related Parties**

There were no transactions with related parties during 2016 except for the payment of the audit fee of \$5,000 and payment for secretarial services of \$13,582 to Tricor Services Limited by the parent entity (Macquarie University) on behalf of the company.

#### **9 Events Occurring After the Reporting Date**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations

END OF AUDITED FINANCIAL STATEMENTS

## Statement by the Directors

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the financial performance and cash flows for the period 3 June to 31 December 2016 of the company;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
2. In the Director's opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. The directors are not aware of any circumstances, which would render any details included in the financial statements to be misleading or inaccurate.

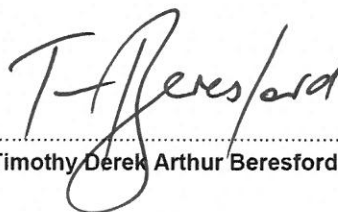
This declaration is made in accordance with a resolution of the Board of Directors.

Director .....



David Wilkinson

Director .....

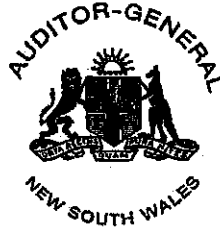


Timothy Derek Arthur Beresford

Dated

10.3.17

14.3.17



## INDEPENDENT AUDITOR'S REPORT

### Macquarie University Hong Kong Foundation Limited

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Macquarie University Hong Kong Foundation Limited (the Foundation), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 3 June 2016 to 31 December 2016, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Foundation as at 31 December 2016, and of its financial performance and its cash flows for the period 3 June 2016 to 31 December 2016 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Foundation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Foundation are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Foundation's ability to continue as a going concern unless the Foundation will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

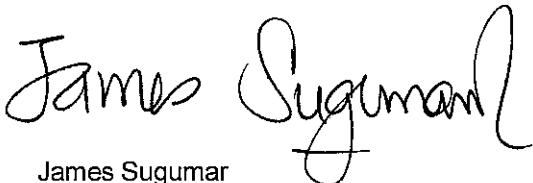
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Foundation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements



James Sugumar  
Director, Financial Audit Services

17 March 2017  
SYDNEY

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# **MU Property Investment Company No.3 Pty Limited**

## **Financial Statements**

**For the Year Ended 31 December 2016**

## Contents

For the Year Ended 31 December 2016

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Statement	9
Independent Auditor's Report	10

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2016**

	2016	2015
	\$	\$
<b>Revenue</b>		
Revenue	-	-
<b>Total revenue</b>	-	-
<b>Expenses</b>		
Expenses	-	-
<b>Total expenses</b>	-	-
<b>Net Result</b>	-	-
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year attributable to members of MU Property Investment Company No.3 Pty Limited</b>	-	-

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
As at 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	1	1
<b>Total Current assets</b>		<u>1</u>	<u>1</u>
<b>TOTAL ASSETS</b>		<u>1</u>	<u>1</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<b>Total Current liabilities</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>1</u>	<u>1</u>
<b>EQUITY</b>			
Contributed equity	3	1	1
Accumulated funds		<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>1</u>	<u>1</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity**  
**For the Year Ended 31 December 2016**

2016

		Contributed equity	Accumulated funds	Total
	Note	\$	\$	\$
Balance at 1 January 2016		1	-	1
Total comprehensive income		-	-	-
<b>Balance at 31 December 2016</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>1</b>

2015

		Contributed equity	Accumulated funds	Total
	Note	\$	\$	\$
Balance at 1 January 2015		1	-	1
Total comprehensive income		-	-	-
<b>Balance at 31 December 2015</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>1</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash provided by (used in) operating activities	9	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash provided by (used in) investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by (used in) financing activities	-	-
<b>Net increase (decrease) in cash and cash equivalents held</b>	-	-
Cash and cash equivalents at beginning of year	1	1
<b>Cash and cash equivalents at end of financial year</b>	2	1

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (a) Reporting entity

Macquarie University Property Investment Company No.3 Pty Limited is a private company, registered and domiciled in Australia. It has one share issued, valued at \$1, and is wholly owned and controlled by Macquarie University. The company was incorporated on 16 September 2009. The registered office of the company is Macquarie University Property Investment Company No.3 Pty Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

It's ultimate parent entity is Macquarie University.

#### (b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

MU Property Investment Company No. 3 Pty Limited is a not-for-profit entity and these statements have been prepared on that basis.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the Directors on the March 2017.

#### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

#### (c) Critical accounting estimates and judgments

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies (continued)

#### (d) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement is recognised on an accrual basis.

#### (e) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (f) Rounding of amounts

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

#### (g) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

#### (h) Income tax

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Cash and cash equivalents

	2016	2015
	\$	\$
Cash in hand	1	1
	<u>1</u>	<u>1</u>

#### (a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	1	1
<b>Balance as per statement of cash flows</b>	<u>1</u>	<u>1</u>

### 3 Contributed equity

	2016	2015
	\$	\$
Contributed equity	1	1
Equity per share	1	1

Major shareholder – MU Hospital Pty Limited (100%). There are no issued but unpaid shares.

### 4 Commitments

There were no commitments for capital expenditure at 31 December 2016 (31 December 2015: Nil).

### 5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2016 and up to the date of this report are:

Patrick John Gorman

Peter Raymond Dodd (resigned 1 November 2016)

Timothy Derek Arthur Beresford (appointed 1 December 2016)

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

### 6 Remuneration of Auditors

	2016	2015
	\$	\$
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>		
- Audit of financial statements	3,000	3,000

Macquarie University (parent entity) paid the audit fees on behalf of the Company.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015: Nil).

### 8 Related Parties

#### (a) Transactions with related parties

There were no transactions with related parties during 2016 except for the payment of the audit fee of \$3,000 by the parent entity (Macquarie University) on behalf of the company.

### 9 Cash Flow Information

#### (a) Reconciliation of profit for the year to cash flows from operating activities

	2016	2015
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>

### 10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2015: Nil).


END OF AUDITED FINANCIAL STATEMENTS

## Directors' Statement

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the financial performance and cash flows for the year ended of the company and;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
  
2. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the Board of Directors.

Director .....   
Patrick John Gorman

Director .....   
Timothy Derek Arthur Beresford

Sydney  
Dated

23/3/17



## INDEPENDENT AUDITOR'S REPORT

### Macquarie University Property Investment Company No.3 Pty Limited

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Macquarie University Property Investment Company No.3 Pty Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

24 March 2017  
SYDNEY

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# **Macquarie University Property Investment Company Pty Limited**

## **Financial Statements**

**For the Year Ended 31 December 2016**

## Contents

For the Year Ended 31 December 2016

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Statement	9
Independent Auditor's Report	10

**Statement of Profit or Loss and Other Comprehensive Income**

For the Year Ended 31 December 2016

	2016	2015
	\$	\$
<b>Revenue</b>		
Revenue	-	-
<b>Total revenue</b>	-	-
<b>Expenses</b>		
Expenses	-	-
<b>Total expenses</b>	-	-
<b>Net Result</b>	-	-
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year attributable to members of Macquarie University Property Investment Company Pty Limited</b>	-	-

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**

As at 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	<u>2</u>	<u>2</u>
<b>Total Current assets</b>		<u>2</u>	<u>2</u>
<b>TOTAL ASSETS</b>		<u>2</u>	<u>2</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<b>Total Current liabilities</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>2</u>	<u>2</u>
<b>EQUITY</b>			
Contributed equity	3	<u>2</u>	<u>2</u>
Accumulated funds		<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>2</u>	<u>2</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity**

For the Year Ended 31 December 2016

**2016**

		Contributed equity	Accumulated funds	Total
	Note	\$	\$	\$
<b>Balance at 1 January 2016</b>		2	-	2
Total comprehensive income		-	-	-
<b>Balance at 31 December 2016</b>	3	<u>2</u>	<u>-</u>	<u>2</u>

**2015**

		Contributed equity	Accumulated funds	Total
	Note	\$	\$	\$
<b>Balance at 1 January 2015</b>		2	-	2
Total comprehensive income		-	-	-
<b>Balance at 31 December 2015</b>	3	<u>2</u>	<u>-</u>	<u>2</u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**

For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash provided by (used in) operating activities	9	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash provided by (used in) investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by (used in) financing activities	-	-
<b>Net increase (decrease) in cash and cash equivalents held</b>	-	-
Cash and cash equivalents at beginning of year	2	2
<b>Cash and cash equivalents at end of financial year</b>	2	2

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (a) Reporting entity

Macquarie University Property Investment Company Pty Limited is a private company, incorporated and operating in Australia and acts as the Trustee for the Macquarie University Property Investment Trust. The registered office of the company is Macquarie University Property Investment Company Pty Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

It's ultimate parent entity is Macquarie University.

##### (b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

Macquarie University Property Investment Company Pty Limited is a not-for-profit entity and these statements have been prepared on that basis.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the Directors on the March 2017.

##### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

##### (c) Critical accounting estimates and judgments

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies (continued)

**(d) Revenue recognition**

Revenue is recognised on an accrual basis.

**(e) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Rounding of amounts**

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

**(g) New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

**(h) Income tax**

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Cash and cash equivalents

	2016	2015
	\$	\$
Cash in hand	2	2
	<u>2</u>	<u>2</u>

#### (a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	2	2
<b>Balance as per statement of cash flows</b>	<u>2</u>	<u>2</u>

### 3 Contributed equity

	2016	2015
	\$	\$
Contributed equity	2	2
Equity per share	1	1

Major shareholder – Macquarie University (100%). There are no issued but unpaid shares.

### 4 Commitments

There were no commitments for capital expenditure at 31 December 2016 (31 December 2015: Nil).

### 5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2016 and up to the date of this report are:

Patrick John Gorman

Peter Raymond Dodd (resigned 1 November 2016)

Timothy Derek Arthur Beresford (appointed 1 December 2016)

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

### 6 Remuneration of Auditors

	2016	2015
	\$	\$
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>		
- Audit of financial statements	3,000	3,000

Macquarie University (parent entity) paid the audit fees on behalf of the Company.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015: Nil).

### 8 Related Parties

#### (a) Transactions with related parties

There were no transactions with related parties during 2016 except for the payment of the audit fee of \$3,000 by the parent entity (Macquarie University) on behalf of the company.

### 9 Cash Flow Information

#### (a) Reconciliation of profit for the year to cash flows from operating activities

	2016	2015
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>

### 10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2015: Nil).

END OF AUDITED FINANCIAL STATEMENTS

## Directors' Statement

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the financial performance and cash flows for the year ended of the company and;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
  
2. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

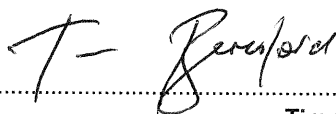
This statement is made in accordance with a resolution of the Board of Directors.

Director .....



Patrick John Gorman

Director .....



Timothy Derek Arthur Beresford

Sydney  
Dated

23/3/17



## INDEPENDENT AUDITOR'S REPORT

### Macquarie University Property Investment Company Pty Limited

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Macquarie University Property Investment Company Pty Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## The Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

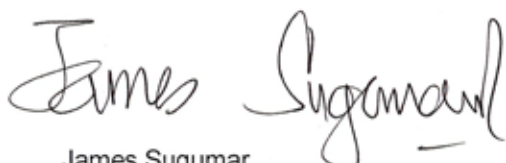
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

24 March 2017  
SYDNEY

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# **Macquarie University Property Investment Trust (MUPIT)**

## **Financial Statements**

**For the Year Ended 31 December 2016**

## Contents

For the Year Ended 31 December 2016

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by the Trustees	9
Independent Auditor's Report	10

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2016**

	2016	2015
	\$	\$
<b>Revenue</b>		
Other revenue	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>
<b>Expenses</b>		
Other expenses	-	-
<b>Total expenses</b>	<u>-</u>	<u>-</u>
<b>Net Result</b>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to members of MUPIT</b>	<u>-</u>	<u>-</u>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**

As at 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	2	2
<b>Total Current assets</b>		<u>2</u>	<u>2</u>
<b>TOTAL ASSETS</b>		<u>2</u>	<u>2</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<b>Total Current liabilities</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>2</u>	<u>2</u>
<b>EQUITY</b>			
Contributed Unit Capital	3	2	2
Accumulated funds		<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>2</u>	<u>2</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

## Statement of Changes in Equity

For the Year Ended 31 December 2016

2016

		Units on Issue	Accumulated funds	Total
	Note	\$	\$	\$
Balance at 1 January 2016		2	-	2
Total comprehensive income		-	-	-
<b>Balance at 31 December 2016</b>	3	<b>2</b>	<b>-</b>	<b>2</b>

2015

		Units on Issue	Accumulated funds	Total
		\$	\$	\$
Balance at 1 January 2015		2	-	2
Total comprehensive income		-	-	-
<b>Balance at 31 December 2015</b>	3	<b>2</b>	<b>-</b>	<b>2</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**

For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash provided by (used in) operating activities	-	-
9		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash provided by (used in) investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by (used in) financing activities	-	-
<b>Net increase (decrease) in cash and cash equivalents held</b>	-	-
Cash and cash equivalents at beginning of year	2	2
<b>Cash and cash equivalents at end of financial year</b>	2	2
2		

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (a) Reporting entity

Macquarie University Property Investment Trust (the Trust) is a unit trust incorporated and domiciled in Australia. The registered office and principal place of business is Office of Financial Services, Building E11A, Macquarie University NSW 2109.

It's ultimate parent entity is Macquarie University.

#### (b) Basis of Preparation

The financial statements are general purpose financial statements have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

The Trustees have assessed the Trust as a for-profit entity and these statements have been prepared on that basis.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the Trustees on the March 2017.

##### *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 profit or loss, certain classes of property, plant and equipment and investment property.

#### (c) Critical accounting estimates and judgments

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of the accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

#### (d) Revenue and other income

The Trust recognises revenue when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria have been met for each of the Trust's activities. The Trust bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies (continued)

#### (d) Revenue and other income (continued)

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties

#### (e) Income Tax Exemption

The Trust is exempt from the payment of tax by virtue of subdivision 50B of the *Income Tax Assessment Act 1997*.

#### (f) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

#### (g) Rounding of amounts

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

#### (h) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied to the financial statements. The Trust's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Trust.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**2 Cash and cash equivalents**

	<b>2016</b>	2015
	\$	\$
Cash at bank	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

**(a) Reconciliation of cash**

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	<b>2016</b>	2015
	\$	\$
Cash and cash equivalents	<u>2</u>	<u>2</u>
Balance as per statement of cash flows	<u>2</u>	<u>2</u>

**3 Contributed Unit Capital**

	<b>2016</b>	2015
	\$	\$
Balance at 1 January	<u>2</u>	<u>2</u>
<b>Balance at 31 December</b>	<u>2</u>	<u>2</u>

**4 Commitments**

There were no commitments for expenditure of a capital nature as at 31 December 2016 (31 December 2015: Nil).

**5 Key Management Personnel Disclosures**

The Trustees of the Trust during the year were:

Patrick John Gorman

Peter Raymond Dodd (resigned 1 November 2016)

Timothy Derek Arthur Beresford (appointed 1 December 2016)

No remuneration was paid or made payable to the Trustees out of the assets of the Trust.

**6 Remuneration of Auditors**

	<b>2016</b>	2015
	\$	\$
<b>Remuneration of the auditor of the Trust, Audit Office of NSW, for:</b>		
- Audit of financial statements	<b>3,000</b>	3,000

Macquarie University (parent entity) paid the audit fees on behalf of the Trust.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**7 Contingencies**

The Trust did not have any contingent assets or liabilities at 31 December 2016 (31 December 2015: Nil).

**8 Related Parties**

**a) Parent entities**

The parent entity and the ultimate parent entity is Macquarie University.

The Trust had no controlled entities during 2016.

**b) Trustees**

The names of persons who were Trustees of the Trust at any time during the financial year are as follows: Patrick John Gorman and Timothy Derek Arthur Beresford.

**c) Transactions with related parties**

There were no transactions with related parties in 2016 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the Trust.

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

	<b>2016</b>	2015
	<b>\$</b>	<b>\$</b>
Operating result for the period	-	-
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	-	-
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>

**10 Events Occurring After the Reporting Date**

There are no events after the balance sheet date of which the Trustees are aware that will have a material effect on the Trust's operations (2015: Nil).

END OF AUDITED FINANCIAL STATEMENTS

## Statement by the Trustees

In the Trustees' opinion:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the performance for the year ended of the Trust; and
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
  
2. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

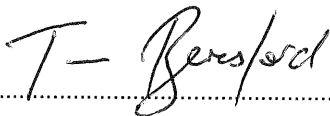
This statement is made in accordance with a resolution of the Trustees.

Trustee .....



**Patrick John Gorman**

Trustee .....



**Timothy Derek Arthur Beresford**

Sydney  
Dated

23/3/17



## INDEPENDENT AUDITOR'S REPORT

### Macquarie University Property Investment Trust

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Macquarie University Property Investment Trust (the Trust), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Trust in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## The Directors' Responsibility for the Financial Statements

The Directors of the Trust are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Trust's ability to continue as a going concern unless the Trust will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

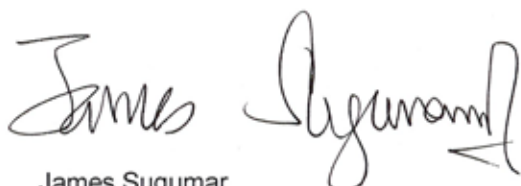
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Trust carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

24 March 2017  
SYDNEY

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# **MGSM Limited**

ABN 83 153 973 481

## **Financial Statements**

**For the Year Ended 31 December 2016**

## Contents

For the Year Ended 31 December 2016

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by the Directors	27
Independent Auditor's Report	28

## Statement of Comprehensive Income

### For the Year Ended 31 December 2016

		2016	2015
		000's	000's
	Note	\$	\$
<b>Revenue from continuing operations</b>			
Revenue	2(a).	35,123	29,300
Other income	2(b).	791	792
<b>Total revenue from continuing operations</b>		<b>35,914</b>	<b>30,092</b>
<b>Expenditure from continuing operations</b>			
Employee benefits expense	3	(8,275)	(8,861)
Personnel services expense	3	(7,708)	(7,793)
Course expenditure		(3,810)	(4,838)
Contractors and consultancy fees		(2,924)	(2,716)
Accommodation & Catering		(1,122)	(1,141)
Operating lease expense		(850)	(782)
Facility rental cost		(171)	(171)
Macquarie University fee		(3,374)	(2,802)
Other expenses		(1,025)	(534)
<b>Total expenditure from continuing operations</b>		<b>(29,259)</b>	<b>(29,638)</b>
<b>Net result from continuing operations</b>		<b>6,655</b>	<b>454</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year, attributable to owners of MGSM Limited</b>		<b>6,655</b>	<b>454</b>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**

As At 31 December 2016

		2016	2015
		000's	000's
	Note	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,825	3,603
Trade and other receivables	5	30,046	23,646
Inventories	6	52	53
<b>Total current assets</b>		<b>32,923</b>	<b>27,302</b>
<b>Non-current assets</b>			
Other financial assets	7	375	375
Plant and equipment	8	658	763
Intangible assets	9	-	8
<b>Total non-current assets</b>		<b>1,033</b>	<b>1,146</b>
<b>Total assets</b>		<b>33,956</b>	<b>28,448</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	2,314	3,067
Provisions	11	796	884
Other liabilities	12	335	636
<b>Total current liabilities</b>		<b>3,445</b>	<b>4,587</b>
<b>Non-current liabilities</b>			
Provisions	11	240	245
<b>Total non-current liabilities</b>		<b>240</b>	<b>245</b>
<b>Total liabilities</b>		<b>3,685</b>	<b>4,832</b>
<b>NET ASSETS</b>		<b>30,271</b>	<b>23,616</b>
<b>EQUITY</b>			
Accumulated funds		30,271	23,616
<b>TOTAL EQUITY</b>		<b>30,271</b>	<b>23,616</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity**  
**For the Year Ended 31 December 2016**

**2016**

	Accumulated funds 000's
Note	\$
<b>Balance as at 1 January 2016</b>	<u>23,616</u>
Net result attributable to members of the entity	<u>6,655</u>
<b>Balance at 31 December 2016</b>	<u><u>30,271</u></u>

**2015**

	Accumulated funds 000's
Note	\$
<b>Balance as at 1 January 2015</b>	<u>23,162</u>
Net result attributable to members of the entity	<u>454</u>
<b>Balance at 31 December 2015</b>	<u><u>23,616</u></u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	2016	2015
	000's	000's
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	33,784	28,848
Payments to suppliers and employees	(28,744)	(28,785)
Interest received	788	775
<b>Net cash provided by operating activities</b>	<b>5,828</b>	<b>838</b>
20		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	34	47
Proceeds from sale of held-to-maturity investments	-	37,100
Purchase of plant and equipment	(40)	(501)
Loans to parent entity (Macquarie University)	(6,600)	(22,250)
Payment for held-to-maturity investments	-	(14,300)
<b>Net cash (used in) provided by investing activities</b>	<b>(6,606)</b>	<b>96</b>
<b>Net (decrease) increase in cash and cash equivalents held</b>	<b>(778)</b>	<b>934</b>
Cash and cash equivalents at beginning of year	3,603	2,669
<b>Cash and cash equivalents at end of financial year</b>	<b>2,825</b>	<b>3,603</b>
4		

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (a). Reporting entity

MGSM Limited (the "Company") is a not-for-profit, unlisted public company, limited by guarantee, which was incorporated and domiciled in Australia on 27 October 2011 under the Corporations Act 2001. The Company is wholly owned by Macquarie University, with its registered office located at 99 Talavera Road, North Ryde.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the directors of the Company on 10 March 2017.

##### (b). Basis of Preparation

Material accounting policies adopted in the preparation and presentation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements are general purpose financial statements that have been prepared on an accruals basis and in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, and Public Finance and Audit Regulation 2015.

###### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, or modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

###### *Critical accounting estimates*

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

##### (c). Foreign currency translation

###### (i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (c). Foreign currency translation

###### (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 are recognised in the statement of comprehensive income. During the year, revenue transactions in Hong Kong dollars were translated into the functional currency using exchange rates fixed under forward exchange agreements and at spot rates provided by the bank.

##### (d). Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

###### (i) *Course Revenue*

Revenue in respect of courses leading to an academic award is recognised in that year in which teaching was conducted. Revenue in respect of public, corporate courses is recognised in the month in which the course is completed.

###### (ii) *Facilities rental and hotel operations*

Revenue in respect of facilities rental and hotel operations is recognised when the goods and services are provided.

###### (iii) *Consulting*

Sales of consulting services are recognised in the accounting period in which the services are rendered. Consultation revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total consultation to be provided.

###### (iv) *Interest income*

Interest income is recognised as it accrues.

##### (e). Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 13(a)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

##### (f). Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (g). Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to shortterm receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

##### (h). Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises the actual value of direct materials only, applied under the First In First Out (FIFO) basis.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

##### (i). Investments and other financial assets

###### *(i) Financial assets at fair value through profit or loss*

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss 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 the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. 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 are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They arise when the Company 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 reporting date which are classified as noncurrent assets. Loans and receivables are included in receivables in the statement of financial position.

###### *(iii) Held to maturity investments*

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

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (j). Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The net book value of plant and equipment approximates the fair value. Acquisition and additions of noncurrent assets are capitalised and depreciated over two to ten years if the value is more than \$5,000.

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

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

Plant and equipment	10.0 years
Motor vehicles	6.7 years
Computer hardware	3.3 years
Leasehold improvements CBD Sydney	Amortised over term of lease

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

##### (k). Intangible assets

###### (i) Computer software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to IT development and software. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straightline basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of the technical feasibility and where the Company has an intention and ability to use the asset.

###### (ii) Intellectual Property

Costs incurred in the purchase of intellectual property and materials related to specified executive education programs, including general marketing and brand information, database and network information, and website content. Amortisation is calculated on a straightline basis over 3 years.

##### (l). Trade and other payables

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

##### (m). Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (m). Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

#### (n). Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

##### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period 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) Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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 end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

##### *(iii) Retirement benefit obligations*

All employees of the Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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) Personnel services*

Certain employees of Macquarie University are seconded to the Company. The Company reimburses Macquarie University for their salary, superannuation and oncosts. All other employee benefit liabilities associated with these employees are reflected in the financial statements of Macquarie University.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

**(o). Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payable are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

**(p). Income tax exemption**

The Commissioner of Taxation has granted the company exemption from the payment of income tax, under subdivision 50B of the *Income Tax Assessment Act 1997*.

**(q). Rounding of amounts**

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

**(r). Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (s). New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table lists these standards and their application date.

The Company's assessment of the impact of these new Standards and Interpretations is set out below:

Standard Name	Application date of Standard
AASB 15 Revenue from Contracts with Customers <sup>1</sup>	1 January 2019
AASB 16 Leases <sup>2</sup>	1 January 2019
AASB 9 Financial Instruments <sup>2</sup>	1 January 2018
AASB 1058 Income of Not-for-Profit Entities <sup>1</sup>	1 January 2019
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) <sup>2</sup>	1 January 2018
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 <sup>1</sup>	1 January 2018
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) <sup>2</sup>	1 January 2018 (early adoption permitted)
AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 <sup>2</sup>	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 1072	1 January 2017
AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 152	1 January 2018
AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets for Not-for-Profit Entities <sup>2</sup>	1 January 2017
AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 Not-for-Profit Entities <sup>2</sup>	1 January 2017
AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities <sup>2</sup>	1 January 2019

<sup>1</sup> Application of AASB 15 and AASB 1058 may result in material changes to the company's future financial reports, however, the quantitative effect has not yet been determined.

<sup>2</sup> It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 2 Revenue from continuing operations

##### (a). Revenue

	2016 000's \$	2015 000's \$
Course revenue	29,409	23,567
Hotel and facilities revenue	4,247	4,412
Other revenue	1,466	1,321
<b>Total revenue</b>	<b>35,122</b>	<b>29,300</b>

Revenue is recognised at gross and the levy payable to the parent entity is recognised as an expense.

##### (b). Other income

	2016 000's \$	2015 000's \$
Interest revenue	791	785
Foreign currency translation gains	-	7
<b>Total other income</b>	<b>791</b>	<b>792</b>

#### 3 Expenditure from continuing operations

	2016 000's \$	2015 000's \$
<i>Employee benefit expense</i>		
Salary and wages	6,724	7,111
Superannuation	639	707
Payroll tax	436	450
Workers compensation	28	13
Annual leave	384	471
Long service leave	64	109
Total employee benefits expense	<b>8,275</b>	<b>8,861</b>
<i>Personnel services expense</i>		
Salary	6,447	6,531
Superannuation	773	781
Payroll tax	462	455
Workers compensation	26	26
Total personnel services expense	<b>7,708</b>	<b>7,793</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**3 Expenditure from continuing operations**

	<b>2016</b>	2015
	<b>000's</b>	000's
	<b>\$</b>	\$
Other expenses includes:		
<i>Depreciation</i>		
Plant and equipment	<b>93</b>	87
Motor vehicles	<b>10</b>	17
Computer hardware	-	2
Total depreciation	<b>103</b>	106
<i>Amortisation</i>		
Software	-	2
Leadership consortium	<b>8</b>	34
Total amortisation	<b>8</b>	36
Total depreciation and amortisation	<b>111</b>	142

**4 Cash and cash equivalents**

	<b>2016</b>	2015
	<b>000's</b>	000's
	<b>\$</b>	\$
Cash at bank and in hand	<b>2,825</b>	3,603
	<b>2,825</b>	3,603

**Reconciliation of cash**

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

	<b>2016</b>	2015
	<b>000's</b>	000's
	<b>\$</b>	\$
Cash and cash equivalents	<b>2,825</b>	3,603
<b>Balance as per statement of cash flows</b>	<b>2,825</b>	3,603

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 5 Trade and other receivables

	2016	2015
	000's	000's
Note	\$	\$
<b>Current</b>		
Trade receivables	313	591
Provision for impairment	(a). (3)	(5)
<b>Net trade receivables</b>	<b>310</b>	<b>586</b>
Prepayments	142	112
GST receivable	38	24
Loan receivable from parent entity	28,850	22,250
Trade receivables from related parties	578	629
Accrued income	128	45
<b>Total current trade and other receivables</b>	<b>30,046</b>	<b>23,646</b>

#### (a). Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2016	2015
	000's	000's
	\$	\$
Balance at beginning of the year	5	-
Provision for impairment	3	5
Provision used	(5)	-
<b>Balance at end of the year</b>	<b>3</b>	<b>5</b>

Trade and other receivables, excluding Loan receivable from parent entity, are non-interest bearing. Due to the short term nature of these receivables, their carrying amounts are considered to be approximate to their fair value.

Loan receivable from parent entity has arisen from a Central Treasury Agreement with Macquarie University signed by the Company in March 2015. Within the terms of the agreement, the monies loaned to the parent entity are interest bearing, and interest revenue received and receivable has been recognised in these statements.

#### 6 Inventories

	2016	2015
	000's	000's
	\$	\$
<b>Current</b>		
Stationery - at cost	21	24
Catering - at cost	12	11
Alcoholic beverages - at cost	19	18
<b>Total current inventories</b>	<b>52</b>	<b>53</b>

Write downs of inventories to net realisable value during the year were \$ nil (2015: \$ nil ).

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 7 Other financial assets

	2016 000's \$	2015 000's \$
<b>Non-current</b>		
Held to maturity term deposits	375	375
Total non-current financial assets	<u>375</u>	<u>375</u>
<b>Total other financial assets</b>	<u>375</u>	<u>375</u>

Term deposits bear fixed interest at a weighted average of 3.04% (2015: 3.33%). Refer to note 14 for more information on the risk management policy of the Company.

#### 8 Plant and equipment

	Plant and Equipment 000's \$	Motor Vehicles 000's \$	Computer Equipment 000's \$	Leasehold Improvement 000's \$	Total 000's \$
<b>Year ended 31 December 2015</b>					
Opening net carrying amount	394	74	2	-	470
Additions	393	62	-	-	455
Disposals - written down value	-	(56)	-	-	(56)
Depreciation expense	(87)	(17)	(2)	-	(106)
<b>Closing net carrying amount</b>	<u>700</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>763</u>
<b>At 31 December 2015</b>					
- Cost	925	90	18	2	1,035
Accumulated depreciation	(225)	(27)	(18)	(2)	(272)
<b>Net carrying amount</b>	<u>700</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>763</u>
<b>Year ended 31 December 2016</b>					
Opening net carrying amount	700	63	-	-	763
Additions	37	-	-	-	37
Disposals - written down value	(3)	(36)	-	-	(39)
Depreciation expense	(93)	(10)	-	-	(103)
<b>Closing net carrying amount</b>	<u>641</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>658</u>
<b>At 31 December 2016</b>					
- Cost	955	45	18	-	1,018
Accumulated depreciation	(314)	(28)	(18)	-	(360)
<b>Net carrying amount</b>	<u>641</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>658</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**9 Intangible Assets**

	Computer software 000's \$	Intellectual Property 000's \$	Total 000's \$
<b>Year ended 31 December 2015</b>			
Opening net carrying amount	2	42	44
Amortisation	(2)	(34)	(36)
<b>Closing net carrying amount</b>	<b>-</b>	<b>8</b>	<b>8</b>
<b>At 31 December 2015</b>			
- Cost	10	101	111
- Accumulated amortisation and impairment	(10)	(93)	(103)
<b>Net carrying amount</b>	<b>-</b>	<b>8</b>	<b>8</b>
<b>Year ended 31 December 2016</b>			
Opening net carrying amount	-	8	8
Amortisation	-	(8)	(8)
<b>At 31 December 2016</b>			
- Cost	10	101	111
- Accumulated amortisation and impairment	(10)	(101)	(111)
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

**10 Trade and other payables**

	2016 000's \$	2015 000's \$
<b>Current</b>		
Trade payables	95	164
Sundry payables and accrued charges	491	938
Related party payables	1,728	1,965
<b>Total current trade and other payables</b>	<b>2,314</b>	<b>3,067</b>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 11 Provisions

	2016 000's \$	2015 000's \$
<b>Current</b>		
<i>Employee benefits</i>		
Annual leave	409	429
Long service leave	387	455
<b>Total current provisions</b>	<b>796</b>	<b>884</b>
<b>Non-current</b>		
<i>Employee benefits</i>		
Long service leave	240	245
<b>Total non-current provisions</b>	<b>240</b>	<b>245</b>

Current provisions include employee benefits for long service leave of \$ 249,000 (2015: \$ 308,000) that are expected to be settled more than 12 months after the reporting date.

The present value of long service leave provisions is based on a valuation by an independent actuary.

The following financial assumptions were used:

<i>Salary growth rates:</i>	Year 1	3.0% (2015: 3.0%)
	Year 2+	2.0% (2015: 3.0%)
<i>Discount rate:</i>		2.2% (2015: 2.9%)

#### 12 Other liabilities

	2016 000's \$	2015 000's \$
<b>Current</b>		
Deposits on hand	39	70
Course fees received in advance	296	566
<b>Total other current liabilities</b>	<b>335</b>	<b>636</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**13 Capital and Leasing Commitments**

**(a). Operating Leases - Company as lessee**

Future minimum lease payments by the Company under non-cancellable operating leases:

	<b>2016</b>	2015
	<b>000's</b>	000's
	<b>\$</b>	\$
Not later than one year	<b>172</b>	980
Between one year and five years	<b>64</b>	190
<b>Total Operating Lease Commitments (inclusive of GST)</b>	<b>236</b>	1,170

The company leases computer and other equipment. The company may, at its absolute discretion, acquire the computer equipment at the end of the lease.

**(b). Capital Commitments**

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

	<b>2016</b>	2015
	<b>000's</b>	000's
	<b>\$</b>	\$
<i>Equipment and services</i>		
Payable within one year	<b>71</b>	206

Both operating lease and capital commitments for 2016 and 2015 shown above include GST.

**14 Financial Risk Management**

The Company is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Company's objectives, policies and processes for managing and measuring these risks.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The main risks MGSM Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, and foreign currency risk.

The Company's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, loan to parent entity, and leases.

The totals for each category of financial instruments are as shown in the table on the following page.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 14 Financial Risk Management

	2016	2015
	000's	000's
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	2,825	3,603
Trade and other receivables	1,017	1,372
Loan receivable from parent entity	28,850	22,250
Held-to-maturity investments	375	375
<b>Total financial assets</b>	<b>33,067</b>	<b>27,600</b>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost		
Trade and other payables	2,314	3,067
<b>Total financial liabilities</b>	<b>2,314</b>	<b>3,067</b>

##### (a) Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

The Company manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The majority of the Company's financial liabilities are expected to mature within the next 6 months.

##### (b) Market risk

###### (i) Foreign exchange risk

Most of the Company transactions are carried out in Australian Dollars. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are denominated in a currency that was not the functional currency.

To mitigate the Company's exposure to foreign currency risk, non-Australian Dollar cash flows are monitored and forward exchange contracts are entered into in accordance with Company's risk management policies

Whilst these forward contracts are economic hedges of the cash flow risk, the Company does not apply hedge accounting to these transactions. The implications of this decision are that unrealised foreign exchange gains and losses are recognised in profit and loss in the period in which they occur.

Forward exchange contracts are mainly entered into for significant long term foreign currency exposures that are not expected to be offset by other currency transactions. During the year, the Company did not enter into any forward exchange agreements.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 14 Financial Risk Management

##### (ii) Cash flow interest rate sensitivity

The following tables summarise the sensitivity of the Company's financial assets and financial liabilities to interest rate risk in the current and prior years:

	Carrying amount	-1% Net result	-1% Equity	+1% Net result	+1% Equity
	000's	000's	000's	000's	000's
	\$	\$	\$	\$	\$
<b>31 December 2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,825	(56)	(56)	56	56
Trade and other receivables	1,017	-	-	-	-
Loan receivable from parent entity	28,850	(238)	(238)	238	238
Other financial assets	375	(4)	(4)	4	4
<b>Financial liabilities</b>					
Trade and other payables	2,314	-	-	-	-
<b>Total increase (decrease)</b>		<b>(298)</b>	<b>(298)</b>	<b>298</b>	<b>298</b>
	Carrying amount	-100bps Net result	-100bps Equity	+70bps Net result	+70bps Equity
	000's	000's	000's	000's	000's
	\$	\$	\$	\$	\$
<b>31 December 2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3,603	(26)	(26)	26	26
Trade and other receivables	1,372	-	-	-	-
Loan receivable from parent entity	22,250	(112)	(112)	112	112
Other financial assets	375	(4)	(4)	4	4
<b>Financial liabilities</b>					
Trade and other payables	3,068	-	-	-	-
<b>Total increase (decrease)</b>		<b>(142)</b>	<b>(142)</b>	<b>142</b>	<b>142</b>

##### (c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, outstanding receivables and committed transactions.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 14 Financial Risk Management

##### (d). Fair value estimation

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

The Company does not have any financial instruments traded in active or inactive markets, derivatives contracts or long-term debt instruments, for each of the reporting dates under review.

The carrying value less impairment provision of trade and other receivables, trade and other payables, and other financial assets, is a reasonable approximation of their fair values due to the short-term nature of these instruments.

#### 15 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstandings and obligations of the Company. At 31 December 2016 the number of members was 18 (2015: 18).

#### 16 Key Management Personnel Disclosures

##### (a). Directors

The following persons were directors of the Company during the financial year:

###### (i) Chairman - non-executive

Prof J Simons (resigned 1 December 2016)

###### (ii) Executive director

Prof A Frino (Dean, resigned 16 April 2016)

Prof N Harrison (Acting Dean, appointed 27 May 2016)

###### (iii) Non-executive directors

Mr P J Gorman (resigned 23 December 2016)

Mr M Gabbott (resigned 17 March 2016)

Mr P Schreier (resigned 4 March 2016)

Mr T Beresford (appointed 29 March 2016)

Ms D Anderson (appointed 29 March 2016)

Mr K Jameson (appointed 29 March 2016)

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 16 Key Management Personnel Disclosures

#### (b). Other key management personnel

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

<b>Name</b>	<b>Position</b>	<b>Employer</b>
Prof C Areni	Interim Pro-Dean; Vice Dean	Macquarie University
Prof R Petty	Associate Dean, International (Hong Kong)	Macquarie University
Prof M Behnia	Deputy Dean, Research & International	Macquarie University
Ms M Kershaw	Director, Executive Education	MGSM Limited
Mr P Stewart	Director, Operations; Executive Director	MGSM Limited
Mr R Hosmann	Director, Business Development & Marketing	MGSM Limited
Mr I Bhayat	Executive Director, Finance & Operations	Macquarie University

Mr I Bhayat was appointed Executive Director, Finance & Operations on 30 May 2016, following the departure of Mr P Stewart. Prof C Areni resigned on 24 June 2016.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 16 Key Management Personnel Disclosures

#### (c). Remuneration of directors and key management personnel

The bands of remuneration paid to directors and key management personnel during the year are as follows:

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
<b>Remuneration of directors and key management personnel</b>		
\$145,000 to \$159,999	2	-
\$200,000 to \$299,999	4	3
\$300,000 to \$399,999	2	2
\$400,000 to \$499,999	-	2
\$500,000 to \$599,999	-	1
\$600,000 to \$ 699,999	1	-

#### (d). Totals of remuneration paid

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

	<b>2016</b>	2015
	<b>000's</b>	000's
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	670	969
Personnel services	1,470	1,449
Termination benefits	475	396
	<b>2,615</b>	<b>2,814</b>

*Short-term employee benefits* include salary, superannuation and, short term bonus payments.

*Personnel services* include payments to Macquarie University for those employees seconded to the Company, and include salary, superannuation, and oncosts.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 16 Key Management Personnel Disclosures

(e). **Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 19: Related Party Transactions.

### 17 Remuneration of Auditors

(a). **Audit Office of NSW**

	2016	2015
	\$	\$
<b>Audit services:</b>		
Audit of financial statement	48,000	46,500

### 18 Contingencies

(a). **Contingent Liabilities**

MGSM Limited had the following contingent liabilities at 31 December 2016 (and 31 December 2015):

*Guarantees*

Bank guarantees amounting to \$ 374,550 have been provided to third parties. These bank guarantees are secured by interest bearing deposits of \$374,550 (refer Note 7).

(b). **Contingent Assets**

The Company had no contingent assets at 31 December 2016 (2015: Nil).

### 19 Related Parties

The Company's main related parties are as follows:

(a). **Entities exercising control over the Group**

The ultimate parent entity, which exercises 100% control over the Company, is Macquarie University.

(b). **Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 16: Key Management Personnel Compensation.

(c). **Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 19 Related Parties

##### (c). Transactions with related parties

	Balances outstanding				
	Revenue	Expenses	Trade Receivable	Loan Receivable	Payable
	000's	000's	000's	000's	000's
	\$	\$	\$	\$	\$
<b>31 December 2016</b>					
<b>Macquarie University</b>	2,312	11,872	567	28,850	1,727
<b>Related parties within Macquarie Group</b>					
Access Macquarie Ltd	37	122	11	-	-
U@MQ Ltd	1	16	-	-	1
MUH	1	1	-	-	-
<b>Total related parties Macquarie Group</b>	<b>2,351</b>	<b>12,011</b>	<b>578</b>	<b>28,850</b>	<b>1,728</b>
<b>Other related parties</b>					
KMP related parties	-	17	-	-	-
<b>Total other related parties</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2015</b>					
<b>Macquarie University</b>	1,876	11,186	629	22,250	1,963
<b>Related parties within Macquarie Group</b>					
Access Macquarie Ltd	9	252	-	-	-
U@MQ Ltd	-	12	-	-	1
MUH	-	1	-	-	1
CMBF	1	-	-	-	-
<b>Total related parties Macquarie Group</b>	<b>1,886</b>	<b>11,451</b>	<b>629</b>	<b>22,250</b>	<b>1,965</b>
<b>Other related parties</b>					
KMP related parties	-	38	-	-	-
<b>Total other related parties</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 20 Cash Flow Information

##### (a). Reconciliation of net result for the year to cashflows from operating activities

	2016	2015
	000's	000's
	\$	\$
Net result from continuing operations	6,655	454
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	111	141
- net loss on disposal of property, plant and equipment	8	14
Changes in assets and liabilities:		
- increase in trade and other receivables	813	(836)
- (increase) decrease in inventories	1	(2)
- decrease (increase) in other assets	(30)	330
- increase (decrease) in trade and other payables	(1,637)	1,039
- (decrease) increase in provisions	(93)	(302)
Cashflows from operating activities	<u>5,828</u>	<u>838</u>

#### 21 Events Occurring After the Reporting Date

Following a resolution by the Board of directors on 29 November 2016, employment arrangements for 48 employees of the Company transferred to the parent entity, Macquarie University, on 5 January 2017. Macquarie University will continue to provide Personnel Services to the Company through these employees.

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

## Statement by the Directors

The directors of the entity declare that:

1. The financial statements and notes as set out on pages 1 to 26:
  - (a) give a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the financial year ended on that date;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. The directors are not aware of any circumstances which would render any details in the financial statements misleading and inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  
Mr K Jameson (Director)

Director .....  
Mr T Beresford (Director)

Dated 10 March 2017



## INDEPENDENT AUDITOR'S REPORT

### MGSM Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of MGSM Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

### The Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

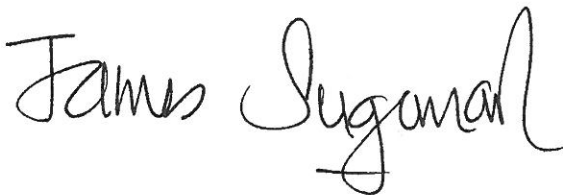
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf)  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

17 March 2017  
SYDNEY

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# **MUH Operations No. 2 Pty Ltd**

ABN 46 141 203 125

## **Financial Statements**

For the Year Ended 31 December 2016

# Financial Statements

**For the Year Ended** 31 December 2016

## Contents

	<b>Page</b>
Directors' Report	1
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Statement by the Directors	31
Independent Auditor's Report	32

## Directors' Report

31 December 2016

### General Information

The names of each person who has been a Director during the year and at the date of this report are:

**Mr G Savvides**

Qualifications

BEng, MBA, FAICD

Experience

Former Managing Director of Medibank Private and over twenty five years' experience in the Australian health care industry. Chairman of World Vision Australia, Chairman Kings Transport and Director Ryman Healthcare NZ.

Area of responsibility

Non-Executive Chairperson

Period of directorship

Commenced 1 November 2016

**Dr P R Dodd**

Qualifications

BCom, DipEd, MCom, MSc, PhD

Experience

Has over 25 years of senior management experience in both the private sector and universities. Peter was Chief Operating Officer and Deputy Vice-Chancellor at Macquarie University. Prior to that he was Chief Financial Officer of North American Energy Partners, which is a New York Stock Exchange listed construction and mining company operating in the Oil Sands of Northern Alberta. Peter has over 20 years experience in Investment Banking and was Global Head of Corporate Finance for ABN Amro. Earlier, he was Professor of Finance, later Dean of Australian Graduate School of Management at the University of New South Wales and Associate Professor of Finance at the Graduate School of Business at the University of Chicago. Currently, he is a Non Executive Director of Investa Office Fund, Networks NSW, and is Chairman of Macquarie University Hospital.

Area of responsibility

Non-Executive Chairperson

Period of directorship

Commenced 18 December 2009 and resigned 1 November 2016

**Emeritus Professor  
B H Barraclough, AO**

Qualifications

MB, BS, FRACS, DDU, FACS, FAICD,

Experience

Emeritus Professor University of Western Sydney Medical school  
Has governance experience at Board level for over 20 years including as formerly, President, Royal Australasian College of Surgeons, Board Chair, Australian E-Health Research Centre, Board Member, Cabrini Health and Board Member National Breast Cancer Centre. Since December 2012 has been a Board member MUH Operations No.2 Pty Ltd and since November 2015, of Macquarie University Clinical Associates, Ltd.

Area of responsibility

Non-Executive Director, Chairman of the Clinical Risk Committee and Member of the Audit & Risk Committee

Period of directorship

Commenced 5 December 2012

**Professor**

**M R Compton, AM**

Qualifications

BSc, MBA (UNSW), FAIM, FAICD, AFCHSM

Experience

Experienced CEO in the public company and health care and life sciences environments. Current and former Board Director with listed and unlisted healthcare and life science companies. Professor at Macquarie University.

Area of responsibility

Non-Executive Director and Member of the Audit & Risk Committee

Period of directorship

Commenced 27 April 2010

## Directors' Report

### 31 December 2016

The names of each person who has been a Director during the year and at the date of this report are: (continued)

**Dr M G Irving, AM**

Qualifications

Experience

BCom, FCPA, SF Fin Life, Hon DLitt, FAICD Life

Has held a number of directorships and chairs covering the corporate, tertiary, health, government and community service sector. Chair of MGSM Ltd (Retired May 2015). Member of Macquarie University Council from 1993 until retirement in December 2010 (including as Deputy Chancellor of Macquarie University Council). Chair of the University's Finance and Facilities Committee from 1993 until retirement.

Area of responsibility

Non-Executive Director, Chair of the Audit & Risk Committee and Member of the Clinical Risk Committee

Period of directorship

Commenced 18 December 2009

**Professor H P McNeil**

Qualifications

Experience

MB, BS (Hons) (UTas), PhD (UNSW), FRACP

Executive Dean of the Faculty of Medicine and Health Sciences at Macquarie University since November 2014. Previously led a research team within the Faculty of Medicine at the University of New South Wales and was Executive Clinical Director of Liverpool Hospital, and Chair of Arthritis Australia.

Area of responsibility

Director

Period of directorship

Commenced 12 February 2015

**Ms E M Johnstone**

Qualifications

Experience

LLB, MA (Hons), BA (Hons), FAICD

Former Corporate Partner of a major international law firm leading the Company Law and Governance practice, prior substantial senior executive experience managing strategic planning and marketing functions and leading organisational change programs. Several Board and Member appointments to international, state, professional and community bodies. She is a Fellow of the Australian Institute of Company Directors and a previous Business and Professional Women's Association (BPW) Business Woman of the Year.

Area of responsibility

Non-Executive Director, Member of the Audit & Risk Committee, Member of the Clinical Risk Committee

Period of directorship

Commenced 27 April 2010

**Mr G M Jones**

Qualifications

Experience

BA (Macq.), MA (Macq.)

Member of Macquarie University Council and currently Chair of the University Discipline Committee. He also has an interest in School Governance and is working with the Department of Education and Communities on developing effective models of School Governance for use in public schools.

Area of responsibility

Non-Executive Director

Period of directorship

Commenced 17 October 2013

## Directors' Report

31 December 2016

The names of each person who has been a Director during the year and at the date of this report are: (continued)

### Alternate Directors

#### Ms E Crouch

Qualifications

BEC (Macq.), FAICD

Experience

A consultant to government and the private sector, Ms Crouch is Deputy Chancellor of Macquarie University, Director of McGrath Limited, SGS Economics and Planning and the Western Sydney Local Health District . Ms Crouch spent 16 years with the Federal Government before moving into the private sector, where she held various positions including the role of Chief Executive of the Housing Industry Association.

Area of responsibility

Alternate Director

Period of directorship

Commenced as an Alternate Director to Mr G Jones on 17 October 2013

#### Mr P J Gorman

Qualifications

BBus, MBA, FCPA, FTIA, MAICD

Experience

Chief Financial Officer of Macquarie University from September 2007 to December 2016. Previous experience as the Chief Financial Officer for a NSW state owned corporation in the waste management industry, Chief Financial Officer/Company Secretary for several publicly listed entities in manufacturing, transport and logistics industries. In the 20 years prior to this, he held senior finance positions in the oil industry, in sectors ranging from refining and distribution to exploration and development. Strengths in the areas of capital raising and debt structure, investment management, organisational change, financial and management reporting.

Area of responsibility

Alternate Director

Period of directorship

Commenced as an Alternate Director to Dr Dodd on 28 September 2010 and resigned 1 November 2016

### Company Secretary

The following persons held the position of Company Secretary during the financial year:

Ms Carol Bryant held the position of Company Secretary. Ms Emma Lawler held the position of Company Secretary.

### Ongoing financial support from parent - Macquarie University

The Company continues to receive financial support from its parent, Macquarie University through a loan facility. As at 31 December 2016, the total 10 year evergreen facility was \$120 million, of which \$100 million has been drawn down, \$20 million remained available to be drawn. On 8 December 2016, Macquarie University Council approved funds would continue to be lent to MUH Operations No. 2 Pty Ltd to enable it to meet its obligations.

### Measuring the Company's performance

Performance of the Company's operations are measured in terms of occupancy levels, patient days, average length of stay, patient revenue per patient day, labour work hours per patient day and clinical and pharmaceutical supplies costs per patient day. The Board reviews the Company's performance at each meeting.

### Matters subsequent to the end of the financial year

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of the operation, or the state of affairs of the Company in future financial years.

### Likely developments and expected results of operations

Macquarie University Health Sciences Centre was branded as MQ Health in 2016. MQ Health is Australia's first fully integrated university-led health sciences center and it brings together Macquarie University Hospital, Macquarie University Clinical Associates, the Faculty of Medicine and Health Sciences and clinical components of the Faculty of Human Sciences. One of the main objectives of MQ Health is to deliver ongoing growth for the Hospital and Clinic operations including increases in occupancy level and improved financial results.

## Directors' Report

31 December 2016

### Environmental regulation

The Company is subject to environmental regulation in respect of the transport and disposal of medical waste. The Company contracts with reputable, licenced businesses to dispose of waste and there have been no investigations or claims during the financial year. The Directors believe that the Company has complied with all environmental regulations.

### Principal activities

There were no significant changes in the nature of the Company's activities during the year. Throughout the year the principal activity of the company was providing health care services. Our vision for the hospital is to earn recognition by providing care of the highest quality to every patient. The Hospital is an integral part of MQ Health and our commitment towards integrating clinical care, learning and research is reflected through our engagement with Macquarie University Clinical Associates and the Faculty of Medicine and Health Sciences (FMHS).

### Review of operations

The result for the year ended 31 December 2016 is a deficit of \$4.2 million (2015: \$21.3 million).

### Dividend paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payments of dividend has been made.

### Meetings of directors

During the financial year 12 meetings of directors and 4 audit and risk committee meetings were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee Meetings		Clinical Risk Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr G Savvides	2	2	-	-	-	-
Dr P R Dodd (Chair)	10	10	-	-	-	-
Emeritus Prof. B Barraclough	12	12	4	4	6	6
Adjunct Prof. M R Compton	12	11	4	3	-	-
Dr M G Irving	12	9	4	4	6	6
Prof. H P McNeil	12	11	-	-	-	-
Ms E M Johnstone	12	10	4	3	5	1
Mr G M Jones	12	12	-	-	-	-
Ms E Crouch*	-	-	-	-	5	5

### Alternate Director attendance\*

	Directors' Meetings attended
Mr P J Gorman	11
Ms E Crouch	11

\* Alternate Directors attended Board meetings as well as Directors.

Ms Katrina Zdrilic attended 3 of the 4 Audit and Risk Committee meetings as a member of the Committee. Mr Ian Chisholm was appointed as a member of the Clinical Risk Committee during the year. He was eligible to attend four of the meetings and attended each of the four.

## Directors' Report

31 December 2016

### Indemnification of Directors and Officers and Insurance of Officers

During the financial year, Macquarie University Hospital paid a premium on behalf of the company in respect of a contract insuring the Directors of the Company, Company Secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer.

In addition a Deed of Indemnity, Insurance and Access has been provided to each Director and Committee Member.

### Sign off information

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

Director:   
Mr G Savvides

Director:   
Dr M G Irving

Dated: 28 March 2017

**Statement of Comprehensive Income**  
**For the Year Ended 31 December 2016**

	Notes	2016 \$'000	2015 \$'000
<b>Revenue</b>			
Sales of goods and services	2	109,848	99,636
Other revenue	2	<u>23,954</u>	8,628
<b>Total revenue</b>		<u><b>133,802</b></u>	<u>108,264</u>
<b>Expenses</b>			
Cost of goods and services	3	(55,891)	(50,013)
Employee benefits expense	3	(49,953)	(48,288)
Facility management	3	(22,580)	(22,294)
General administration	3	(718)	(882)
Information technology and communication	3	(2,027)	(2,106)
Professional & governance expenses	3	(2,915)	(2,196)
Finance costs	3	(3,931)	(3,180)
Other expenses	3	<u>-</u>	(623)
<b>Total expenses</b>		<u><b>(138,015)</b></u>	<u>(129,582)</u>
<b>Deficit for the year</b>		<u><b>(4,213)</b></u>	<u>(21,318)</u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to members of MUH Operations No. 2 Pty Ltd</b>		<u><b>(4,213)</b></u>	<u>(21,318)</u>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

## Statement of Financial Position

As at 31 December 2016

	Notes	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,757	2,946
Trade and other receivables	5	19,974	19,617
Inventories	6	4,732	4,464
Other assets	7	118	118
<b>Total current assets</b>		<b>26,581</b>	<b>27,145</b>
<b>Non-current assets</b>			
Receivables	5	107	141
Other assets	7	1,002	1,131
<b>Total non-current assets</b>		<b>1,109</b>	<b>1,272</b>
<b>TOTAL ASSETS</b>		<b>27,690</b>	<b>28,417</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	13,747	13,191
Other liabilities	10	646	742
Provisions	11	3,147	2,546
<b>Total current liabilities</b>		<b>17,540</b>	<b>16,479</b>
<b>Non-current liabilities</b>			
Borrowings	9	99,751	97,820
Other liabilities	10	2,192	2,354
Provisions	11	1,457	801
<b>Total non-current liabilities</b>		<b>103,400</b>	<b>100,975</b>
<b>TOTAL LIABILITIES</b>		<b>120,940</b>	<b>117,454</b>
<b>NET ASSETS</b>		<b>(93,250)</b>	<b>(89,037)</b>
<b>EQUITY</b>			
Issued capital	12	70,000	70,000
Accumulated deficit		(163,250)	(159,037)
<b>TOTAL EQUITY</b>		<b>(93,250)</b>	<b>(89,037)</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity**  
**For the Year Ended 31 December 2016**

**2016**

	<b>Issued Capital \$'000</b>	<b>Accumulated (Deficit) \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 January 2016</b>	<b>70,000</b>	<b>(159,037)</b>	<b>(89,037)</b>
Deficit for the year	-	(4,213)	(4,213)
<b>Balance at 31 December 2016</b>	<b>70,000</b>	<b>(163,250)</b>	<b>(93,250)</b>

**2015**

	<b>Issued Capital \$'000</b>	<b>Accumulated (Deficit) \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 January 2015</b>	<b>70,000</b>	<b>(137,719)</b>	<b>(67,719)</b>
Deficit for the year	-	(21,318)	(21,318)
<b>Balance at 31 December 2015</b>	<b>70,000</b>	<b>(159,037)</b>	<b>(89,037)</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	2016	2015
Notes	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from sale of goods and services	116,990	104,634
Payments to suppliers and employees	(116,179)	(108,770)
<b>Net cash flows from operating activities</b>	<b>811</b>	<b>(4,136)</b>
	19	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	-	8,400
Repayments of borrowings	(2,000)	(3,000)
<b>Net cash flows from financing activities</b>	<b>(2,000)</b>	<b>5,400</b>
Net increase (decrease) in cash and cash equivalents held	(1,189)	1,264
Cash and cash equivalents at beginning of year	2,946	1,682
<b>Cash and cash equivalents at end of financial year</b>	<b>1,757</b>	<b>2,946</b>
	4	

*The above Statement of Cash Flow should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (a) Reporting entity

MUH Operations No. 2 Pty Ltd is a not for profit company limited by shares, incorporated and domiciled in Australia and wholly owned by Macquarie University.

The registered office of the company is:

MUH Operations No. 2 Pty Ltd  
3 Technology Place  
Macquarie University NSW 2109

The financial statements for the year ended 31 December 2016 have been authorised for issue by the directors of the company on 28 March 2017.

The principal accounting policies adopted in the preparation of the financial reports are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, the *Public Finance & Audit Act 1983*, Public Finance and Audit Regulations 2015 and Australian Accounting Standards and Interpretations. The directors have determined that the company is a not for profit entity for financial reporting purposes.

##### *Going concern*

The financial statements have been prepared on a going concern basis. The Company continues to receive financial support from Macquarie University, the parent entity, to meet its obligations.

##### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical cost modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### *Critical accounting estimates*

##### *(i) Significant accounting judgement*

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (b) Basis of preparation (continued)

###### *(ii) Significant accounting estimates and assumptions*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

##### (c) Foreign currency translation

###### *(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's 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 statement of profit or loss.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

##### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade discounts and rebates.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

###### *(i) Fees and charges - sale of patient goods*

A sale is recognised when patient goods have been provided to the patient, the patient has accepted the goods provided, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

Patient goods include prostheses and associated items used during surgery.

Prostheses charges are based on scheduled charges for specific medical devices and associated items provided.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (d) Revenue recognition (continued)

###### *(ii) Fees and charges - sale of patient services*

A sale is recognised when patient services have been provided, the patient account has been accepted for payment, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

Patient services include surgical fees, hospital accommodation, nursing services, drugs and other materials consumed in the treatment of patients.

Service charges are based on the price specified in contracts and at point of sale, net of discounts and returns at time of sale.

###### *(iii) Other revenue*

Other revenue is recognised when the goods and services are provided. For fixed price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided.

Other revenue includes facilities subleasing, parking, functions and events, and retail operations. These are mainly provided to non patients.

###### *(iv) Consulting revenue*

Revenue from consulting services are recognised in the accounting period in which the services are rendered. Consultation revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total consultation to be provided.

###### *(v) Interest revenue*

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

##### (e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 13). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis, over the period of the lease.

Lease income from the operating leases where the Company is a lessor is recognised in income on a straight line basis over the lease term (note 13).

##### (f) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

##### (h) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises the actual value of direct materials only, applied under the First In First Out (FIFO) basis.

Cost of inventory is determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

##### (i) Investments and other financial assets

###### Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the Company's separate financial statements, investments in associates are accounted as other financial assets, due to:

- The parent entity, Macquarie University, prepares consolidated financial statements
- The parent and the Company are not for profit entities complying with Australian Accounting Standards

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period. Gains or Losses on available-for-sale investments are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year.

A security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (j) Fair value estimation

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. 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 Company for similar financial instruments.

The Company does not have any financial instruments traded in active or inactive markets, derivative contracts or long term debt instruments, for each reporting date under review.

##### (k) Trade and other payables

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

##### (l) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

##### (m) Employee benefits

###### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled within 12 months are measured at the amounts expected to be paid when the liabilities are settled. Using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. Management has assessed the Company's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (m) Employee benefits (continued)

###### *(ii) Other long-term obligations*

The liability for other long-term employee benefits such as annual leave, accumulating sick leave and long service leave is recognised in current provisions for employee benefits if it is expected to be settled wholly before twelve months after the end of the reporting period. It is measured at the present value expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

###### *(iii) Retirement benefit obligations*

All employees of the Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution scheme receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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.

##### (n) 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 acquisition of the asset or as part of the expense.

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

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

##### (o) Income Tax exemption

The Company is exempt from the payment of tax by virtue of Subdivision 50B of the *Income Tax Assessment Act 1997*. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

##### (p) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations became mandatory for 31 December 2016 reporting period. These new requirements have not had a material impact on either the results or disclosure of MUH Operations No. 2 Pty Ltd.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (p) New Accounting Standards and Interpretations (continued)

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2016 reporting period. MUH Operations No. 2 Pty Ltd has decided to early adopt 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-For-Profit Public Sector Entities. Other than this standard, MUH Operations No. 2 Pty Ltd has elected not to early adopt any of these standards. MUH Operations No. 2 Pty Ltd has assessed the impact of these future Standards and Interpretations and considers the impact to be insignificant for the year ending 31 December 2016.

MUH Operations No. 2 Pty Ltd's assessment of the impact of these new Standards and Interpretations is set out below:

Standard	Application date of Standard
AASB 15 Revenue from Contracts with Customers <sup>1</sup>	1 Jan 2019
AASB 16 Leases <sup>2</sup>	1 Jan 2019
AASB 9 Financial Instruments <sup>2</sup>	1 Jan 2018
AASB 1058 Income of Not-for-Profit Entities <sup>1</sup>	1 Jan 2019
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) <sup>2</sup>	1 Jan 2018
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 <sup>1</sup>	1 Jan 2018
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) <sup>2</sup>	1 Jan 2018 (early adoption permitted)
AASB 2015-8 Amendments to Australian Accounting Standards Effective Date of AASB 15 <sup>1</sup>	1 Jan 2017
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 1072 <sup>2</sup>	1 Jan 2017
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 152 <sup>2</sup>	1 Jan 2018
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities <sup>2</sup>	1 Jan 2017
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities <sup>1</sup>	1 Jan 2017
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities <sup>2</sup>	1 Jan 2019

<sup>1</sup> Application of AASB 15 and AASB 1058 may result in material changes to the Company's future financial reports, however, the quantitative effect of the Company adopting this standard has not yet been determined.

<sup>2</sup> It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (q) 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 profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

##### (r) Revenue received in advance

Revenue received in advance is recorded when patients pay anticipated hospital fees in advance of surgical and medical services being provided. Until the surgical and medical services have been provided, there remains a likelihood that patient arrangements may change and the intended services may not proceed at the intended time or may change in nature, resulting in a change to the intended fee.

As a result, patient fees paid in advance are recognised as a revenue received in advance until there is acceptance about the hospital's legal entitlement to collect patient fees for services rendered. In other words, revenue received in advance is transferred to revenue when the surgical and medical goods and services have been provided to the patient, the patient has accepted the goods and services provided, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

##### (s) Rounding of amounts

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**2 Revenue and Other Revenue**

**Revenue from continuing operations**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Sale of goods and services</b>		
Patient services revenue	79,573	73,121
Prostheses	30,275	26,515
<b>Total sale of goods and services</b>	<b>109,848</b>	<b>99,636</b>
<b>Other revenue</b>		
Rental income	4,412	5,106
Interest revenue	37	46
Commercial operations	1,275	1,248
Consulting revenue	1,639	1,902
Other revenue	399	326
Contribution from parent	16,192	-
<b>Total other revenue</b>	<b>23,954</b>	<b>8,628</b>
<b>Total revenue</b>	<b>133,802</b>	<b>108,264</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**3 Expenses**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cost of goods and services</b>		
Prostheses	30,700	26,560
Medical supplies	21,920	20,466
Catering and amenities	3,271	2,987
<b>Total cost of goods and services</b>	<b>55,891</b>	<b>50,013</b>
<b>Employee benefits and expenses</b>		
Employee costs	39,944	39,331
Annual leave	5,788	4,976
Superannuation	3,902	3,635
Recruitment and training	319	346
<b>Total employee benefits and expenses</b>	<b>49,953</b>	<b>48,288</b>
<b>Facilities management</b>		
Maintenance and services	6,429	6,179
Property and equipment rental	16,151	16,115
<b>Total facilities management</b>	<b>22,580</b>	<b>22,294</b>
<b>General administration</b>		
General administration expense	718	882
<b>Information technology and communication</b>		
Information technology and communication	2,027	2,106
<b>Professional &amp; governance expenses</b>		
Professional services	2,818	2,046
Governance	97	150
<b>Total professional &amp; governance</b>	<b>2,915</b>	<b>2,196</b>
<b>Finance costs</b>		
Interest expense	3,931	3,180
<b>Other expenses</b>		
Allowance for impairment	-	623
<b>Total expenses</b>	<b>138,015</b>	<b>129,582</b>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 4 Cash and Cash Equivalents

	2016	2015
	\$'000	\$'000
Cash on hand	4	4
Cash at bank	1,753	2,942
<b>Cash at bank and in hand</b>	<b>1,757</b>	<b>2,946</b>

#### (a) Risk exposure

The Company's exposure to interest rate risk is discussed in note 14(b). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

#### (b) Cash at bank

Bank balance, which includes the trading account and cash maximiser accounts, are bearing floating interest rates between 0% and 1.5% (2015: between 0% and 1.95%).

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**5 Trade and Other Receivables**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
Trade receivables - patient fees	<b>8,573</b>	8,753
Trade receivables - non-patient fees	<b>2,646</b>	1,563
GST and other	<b>899</b>	911
Allowance for impairment	<b>(667)</b>	(350)
	<b>11,451</b>	10,877
<b>Related party receivables</b>		
Receivable from other entities within the group	<b>366</b>	368
Receivable from associates	<b>163</b>	60
	<b>529</b>	428
<b>Accrued revenue</b>		
Accrued patient fee revenue	<b>6,875</b>	7,015
Accrued commercial activity revenue	<b>144</b>	192
	<b>7,019</b>	7,207
<b>Prepayments</b>		
Insurance	<b>162</b>	95
Maintenance service contracts	<b>813</b>	1,010
	<b>975</b>	1,105
<b>Total current trade and other receivables</b>	<b>19,974</b>	19,617
<b>NON-CURRENT</b>		
Receivables from associates	<b>3,938</b>	3,972
Allowance for impairment	<b>(3,831)</b>	(3,831)
<b>Total non-current trade and other receivables</b>	<b>107</b>	141
<b>Total trade and other receivables</b>	<b>20,081</b>	19,758

**(a) Impairment of receivables - current**

Reconciliation of changes in the provision for impairment of receivables is as follows:

Balance at beginning of the year	<b>(350)</b>	(213)
Additional impairment loss recognised	<b>(514)</b>	(385)
Written off during the year	<b>197</b>	248
<b>Balance at end of the year</b>	<b>(667)</b>	(350)

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**5 Trade and Other Receivables (continued)**

**(b) Past due but not impaired**

As at 31 December 2016, trade receivables of \$2.8m (2015 \$2.5m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and no objective evidence of impairment required. The ageing analysis of these trade receivables is as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Up to 3 months	2,023	1,517
3 to 6 months	763	1,007
	<u>2,786</u>	<u>2,524</u>

**(c) Impaired receivables - non-current**

As at 31 December 2016, the amount of the provision was \$3.8m (2015 - \$3.8m)

Balance at the beginning of the year	(3,831)	(2,790)
Allowance for impairment recognised during the year	-	(1,041)
	<u>(3,831)</u>	<u>(3,831)</u>

**(d) Fair value and credit risk**

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the Company is considered to relate to the class of assets described as 'trade and other receivables'.

**6 Inventories at Cost**

Theatre and medical	4,694	4,426
Catering and amenities	38	38
<b>Total current inventories</b>	<u>4,732</u>	<u>4,464</u>

Write downs of inventories during the year were NIL (2015: NIL).

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**7 Other Assets**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
Lease incentive	118	118
<b>Total current other assets</b>	<b>118</b>	<b>118</b>
<b>NON-CURRENT</b>		
Share in associates	(a) 1,000	1,000
Allowance for impairment	(a) (582)	(582)
Lease incentive	584	713
<b>Total non-current other assets</b>	<b>1,002</b>	<b>1,131</b>
<b>Total other assets</b>	<b>1,120</b>	<b>1,249</b>
<b>(a) Movement of net share in associates</b>		
Share in associates	1,000	1,000
Allowance for impairment	(582)	(582)
<b>Net investment in associates</b>	<b>418</b>	<b>418</b>

**8 Trade and Other Payables**

<b>CURRENT</b>		
Trade payables	10,807	8,834
Accruals	2,940	4,357
<b>Total current trade and other payables</b>	<b>13,747</b>	<b>13,191</b>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

**9 Borrowings**

<b>NON-CURRENT</b>		
Loans from related parties (unsecured)	99,751	97,820
<b>Total non-current borrowings</b>	<b>99,751</b>	<b>97,820</b>

As at 31 December 2016, the total 10 year financial accommodation (evergreen facility) was \$120 million, of which \$100 million has been drawn down, \$20 million remained available to be drawn. No formal agreement was made to repay outstanding amounts of the loan in the short term.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 10 Other Liabilities

	2016	2015
	\$'000	\$'000
<b>CURRENT</b>		
Revenue received in advance	484	580
Lease incentive	162	162
<b>Total current other liabilities</b>	<u>646</u>	<u>742</u>
<b>NON-CURRENT</b>		
Lease incentive	2,192	2,354
<b>Total non-current other liabilities</b>	<u>2,192</u>	<u>2,354</u>
<b>Total other liabilities</b>	<u>2,838</u>	<u>3,096</u>

### 11 Provisions

<b>CURRENT</b>		
Employee benefits - annual leave	2,979	2,378
Other provision	168	168
<b>Total current provision</b>	<u>3,147</u>	<u>2,546</u>

The portion of annual leave expected to be settled beyond 12 months is not assessed by management as material.

<b>NON-CURRENT</b>		
Employee benefits - long service leave	1,457	801
<b>Total non-current provisions</b>	<u>1,457</u>	<u>801</u>
<b>Total provision</b>	<u>4,604</u>	<u>3,347</u>

### 12 Issued Capital

Class B Funding Shares	70,000	70,000
<b>Total issued capital</b>	<u>70,000</u>	<u>70,000</u>

The holder of a Class B Funding Share has the following rights:

- i) a right to attend a meeting of members;
- ii) a right to attend and vote at a meeting of Class B Shareholders; and
- iii) a right, on a winding up, after satisfaction of all the Company's debts and liabilities, to payment of the amount then paid up on the share.

The holder of a Class B Funding Share does not have:

- i) a right to vote at a meeting of members;
- ii) a right to participate in a dividend;
- iii) a right to payment on cancellation of the share;
- iv) a right to repayment of capital in a reduction of the Company's share capital; and
- v) a right to participate in a buy back of the Company's shares; or a right to participate in the distribution of the surplus property of the Company on winding up.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 13 Commitments

##### (a) Lease commitments: Company as lessee

###### *Non-cancellable operating leases*

The Company leases the hospital, medical equipment, and other plant and machinery from its parent, Macquarie University. Major risks occurring with the buildings and equipment are insured by the University and are the responsibility of the University. The Company does not have an option to acquire the building at the end of the lease.

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	18,559
Later than one year but not later than five years	<b>29,369</b>	34,348
Later than five years	<b>79,677</b>	77,369
<b>Present value of minimum lease payments (including GST)</b>	<b>109,046</b>	130,276

##### (b) Revenue commitments: Company as lessor

The Company also leases the upper floors of the Clinic building from the University, and sub leases some space to medical specialists.

Rental revenue commitments have arisen upon negotiated contracts with medical specialists, with some contracts extending to 5 years.

Within one year	<b>3,923</b>	3,356
Later than one year and not later than five years	<b>9,950</b>	9,753
<b>Total (including GST)</b>	<b>13,873</b>	13,109

##### (c) Capital commitments

The Company does not have any capital commitments as at 31 December 2016 (31 December 2015: NIL).

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 14 Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company'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 Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

The Company holds the following financial instruments:

	2016	2015
	\$'000	\$'000
Cash and cash equivalents	1,757	2,946
Trade and other receivables (excluding pre-payment and statutory receivables)	18,207	17,742
<b>Total financial assets</b>	<b>19,964</b>	<b>20,688</b>
Trade and other payables	13,747	13,191
Borrowings	99,751	97,820
<b>Total financial liabilities</b>	<b>113,498</b>	<b>111,011</b>

#### (a) Liquidity risk

Liquidity arises from the company's management of working capital and the finance charges and principle repayments. It is the risk that the company will encounter difficulties in meeting their financial obligations as they fall due.

Liquidity risk management ensures maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility to meet obligations when due and close out market positions. Refer to Directors' report for details of the loan facility from the parent entity, Macquarie University.

#### *Maturities of financial liabilities*

The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows:

(i) based on their contractual maturities:

(a) all non-derivative financial liabilities; and

(ii) based on the remaining period to the expected settlement date:

(a) derivative financial liabilities for which the contractual maturities are not essential or an understanding of the timing of the cash flows (not applicable to the company in 2016 or 2015).

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 14 Financial Risk Management (continued)

##### (a) Liquidity risk (continued)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months		Greater than 5 Years	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Borrowings	-	-	99,751	97,820
Trade payables	13,747	13,191	-	-
<b>Total</b>	<b>13,747</b>	<b>13,191</b>	<b>99,751</b>	<b>97,820</b>

##### (b) Market risk

###### *Cash flow and fair value interest rate risk*

The Company's main interest rate risk arises from operational borrowings from its parent, Macquarie University. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk if the borrowings are carried at fair value.

As at the end of the reporting period, the Company had the following variable rate borrowings:

	31 December 2016		31 December 2015	
	%	\$'000	%	\$'000
Loans	3.76	99,751	4.23	97,820
Net exposure to cash flow interest rate risk	3.76	99,751	4.23	97,820

An analysis by maturities is provided in 14(a).

The Company's borrowings attract variable interest rates on a quarterly basis. The Company's borrowings and receivables are carried at amortised cost.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest bearing positions. The simulation is done on a need basis to verify that the maximum loss potential is within the limit given by management.

The financial impact on the net operating results for the Company of 100 bps is estimated at \$979,000 (2015: \$948,000).

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 14 Financial Risk Management (continued)

##### (c) Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer.

	2016	2015
	\$'000	\$'000
<b>Trade receivables</b>		
Counterparties - Patient Debtors	8,573	8,753
Counterparties - Others Non Patient Debtors	3,545	2,474
	<u>12,118</u>	<u>11,227</u>
<b>Cash at bank and short term bank deposit</b>	<u>1,757</u>	<u>2,946</u>

#### 15 Key Management Personnel Disclosures

##### (a) Directors

The following persons were directors of MUH Operations No. 2 Pty Ltd during the financial year:

##### (i) Chairman - Non-executive

Mr George Savvides  
Dr P R Dodd (resigned 1 November 2016)

##### (ii) Non-executive directors

Emeritus Professor B H Barraclough  
Adjunct Professor M R Compton  
Dr M G Irving  
Ms E M Johnstone  
Mr G M Jones  
Professor H P McNeil  
Ms E Crouch (Alternate Director to Mr G Jones)  
Mr P J Gorman (Alternate Director to Dr Dodd)

##### (b) Executive management

Ms C Bryant, Chief Executive Officer  
Mr P Jasani, Chief Financial Officer  
Ms C Kennedy, Director Clinical Services (to 31 Dec 2016)  
Professor D Gillatt, Director of Medical Services

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 15 Key Management Personnel Disclosures (continued)

##### (c) Key management personnel compensation

The totals of remuneration paid to the key management personnel of MUH Operations No. 2 Pty Ltd during the year are as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	<u>1,312</u>	1,145
<b>Total key management personnel remuneration</b>	<u><b>1,312</b></u>	<u>1,145</u>

#### 16 Remuneration of Auditors

##### The Audit Office of NSW - External Audit

Audit of financial statements	100	97
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##### PriceWaterhouseCoopers - Internal Audit

Internal audit, review of financial systems and controls	<u>98</u>	93
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	<u><b>198</b></u>	<u>190</u>
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#### 17 Contingencies

At the reporting date, the Company had a number of claims outstanding which it is currently evaluating. Management has assessed that none of these claims would result in material financial exposure for the Company or require specific disclosure in the financial statements. (2015: None)

#### 18 Related Parties

##### (a) Parent entities

The ultimate parent entity, which exercises control over the Company, is Macquarie University which controls 100% of the company.

##### (b) Directors

Refer to note 15 for the list of Directors.

##### (c) Financial support from Macquarie University

On 8 December 2016 Macquarie University Council resolved that funds would continue to be lent to MUH Operations No. 2 Pty Ltd to enable MUH Operations No. 2 Pty Ltd to meet its obligations.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 18 Related Parties (continued)

##### (d) Transactions with related parties

Amounts receivable from and payable to the parent entity are included in Notes 5, 8 and 9 of the financial statements. There were no commercial transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

	Revenue \$'000	Expenses \$'000	Receivable \$'000	Payable \$'000	Loan \$'000	Equity \$'000
<b>Related parties</b>						
Macquarie University	17,059	4,899	175	350	99,751	70,000
Access Macquarie Ltd	-	8	-	-	-	-
MGSM Ltd	1	1	-	-	-	-
Macquarie University Clinical Associates Ltd	-	-	191	-	-	-
<b>Total</b>	<b>17,060</b>	<b>4,908</b>	<b>366</b>	<b>350</b>	<b>99,751</b>	<b>70,000</b>

#### 19 Reconciliation of Result for the Year to Net Cash Flows from Operating Activities

	2016 \$'000	2015 \$'000
<b>Deficit for the year</b>	<b>(4,213)</b>	<b>(21,318)</b>
<b>Non-cash flows in profit</b>		
Non-cash rent expense	-	16,277
Non-cash interest expense	<b>3,931</b>	3,180
<b>Changes in assets and liabilities</b>		
(increase)/decrease in trade and other receivables	<b>(357)</b>	(4,457)
(increase)/decrease in other operating assets	<b>163</b>	(320)
(increase)/decrease in inventories	<b>(268)</b>	(146)
increase/(decrease) in trade creditors	<b>556</b>	2,217
increase/(decrease) in income operating liabilities	<b>(258)</b>	(162)
increase/(decrease) in employee provisions	<b>1,257</b>	593
<b>Net cash flows from operating activities</b>	<b>811</b>	<b>(4,136)</b>

#### 20 Events Occurring After the Reporting Date

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

*End of audited financial statements.*

## Statement by the Directors

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 30:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the performance for the year ended of the Company;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable based on the financial support from the parent entity, Macquarie University.
3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: .....



Mr G Savvides

Director: .....



Dr M G Irving

Dated: 28 March 2017



## INDEPENDENT AUDITOR'S REPORT

### MUH Operations No.2 Pty Ltd

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of MUH Operations No.2 Pty Ltd (the Hospital), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Hospital as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Hospital in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Hospital are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Hospital's ability to continue as a going concern unless the Hospital will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

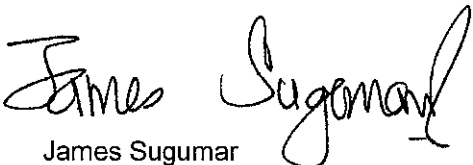
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf)  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Hospital carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

31 March 2017  
SYDNEY

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# **MUH Operations Pty Ltd**

## **Financial Statements**

**For the Year Ended 31 December 2016**

**Contents**  
**For the Year Ended 31 December 2016**

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Statement	9
Independent Auditor's Report	10

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2016**

	2016	2015
	\$	\$
<b>Revenue</b>		
Revenue	-	-
<b>Total revenue</b>	-	-
<b>Expenses</b>		
Expenses	-	-
<b>Total expenses</b>	-	-
<b>Net Result</b>	-	-
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year attributable to members of MUH Operations Pty Limited</b>	-	-

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
 As at 31 December 2016

	2016	2015
Note	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2     1	1
<b>Total Current assets</b>	<u>1</u>	<u>1</u>
<b>TOTAL ASSETS</b>	<u>1</u>	<u>1</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
<b>Total Current liabilities</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>	<u>1</u>	<u>1</u>
<b>EQUITY</b>		
Contributed equity	3     1	1
Accumulated funds	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>	<u>1</u>	<u>1</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity**  
**For the Year Ended 31 December 2016**

**2016**

		Contributed equity	Accumulated funds	Total
	Note	\$	\$	\$
<b>Balance at 1 January 2016</b>		1	-	1
Total comprehensive income		-	-	-
<b>Balance at 31 December 2016</b>	3	<u>1</u>	<u>-</u>	<u>1</u>

**2015**

		Contributed equity	Accumulated funds	Total
	Note	\$	\$	\$
<b>Balance at 1 January 2015</b>		1	-	1
Total comprehensive income		-	-	-
<b>Balance at 31 December 2015</b>	3	<u>1</u>	<u>-</u>	<u>1</u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash provided by (used in) operating activities	9	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash provided by (used in) investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by (used in) financing activities	-	-
<b>Net increase (decrease) in cash and cash equivalents held</b>	-	-
Cash and cash equivalents at beginning of year	1	1
<b>Cash and cash equivalents at end of financial year</b>	2	1

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (a) Reporting entity

MUH Operations Pty Ltd is a private company, registered and domiciled in Australia. It has one share issued, valued at \$1, and is wholly owned and controlled by Macquarie University. The company was incorporated on 16 September 2009. The registered office of the company is MUH Operations Pty Ltd, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

It's ultimate parent entity is Macquarie University.

##### (b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

MUH Operations Pty Ltd is a not-for-profit entity and these statements have been prepared on that basis.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the Directors on the March 2017.

##### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

##### (c) Critical accounting estimates and judgments

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (d) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement is recognised on an accrual basis.

##### (e) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (f) Rounding of amounts

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

##### (g) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

##### (h) Income tax

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Cash and cash equivalents

	2016	2015
	\$	\$
Cash in hand	1	1
	<u>1</u>	<u>1</u>

#### (a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	1	1
<b>Balance as per statement of cash flows</b>	<u>1</u>	<u>1</u>

### 3 Contributed equity

	2016	2015
	\$	\$
Contributed equity	1	1
Equity per share	1	1

Major shareholder - Macquarie University (100%). There are no issued but unpaid shares.

### 4 Commitments

There were no commitments for capital expenditure at 31 December 2016 (31 December 2015: Nil).

### 5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2016 and up to the date of this report are:

Patrick John Gorman

Malcolm Geoffrey Irving (resigned 1 December 2016)

Peter Raymond Dodd (resigned 1 November 2016)

Timothy Derek Arthur Beresford (appointed 1 December 2016)

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

### 6 Remuneration of Auditors

	2016	2015
	\$	\$
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>		
- Audit of financial statements	<b>3,000</b>	3,000

Macquarie University (parent entity) paid the audit fees on behalf of the Company.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015: Nil).

### 8 Related Parties

#### (a) Transactions with related parties

There were no transactions with related parties during 2016 except for the payment of the audit fee of \$3,000 by the parent entity (Macquarie University) on behalf of the company.

### 9 Cash Flow Information

#### (a) Reconciliation of profit for the year to cash flows from operating activities

	2016	2015
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>

### 10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2015: Nil).

END OF AUDITED FINANCIAL STATEMENTS

## Directors' Statement

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the financial performance and cash flows for the year ended of the company and;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
  
2. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the Board of Directors.

Director .....



**Patrick John Gorman**

Director .....



**Timothy Derek Arthur Beresford**

Sydney  
Dated

23/3/17



## INDEPENDENT AUDITOR'S REPORT

### MUH Operations Pty Ltd

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of MUH Operations Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## The Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

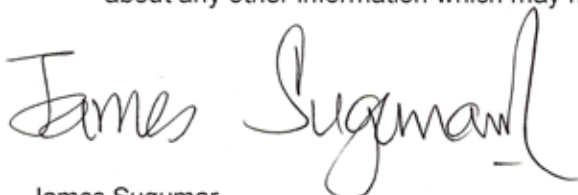
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar,  
Director, Financial Audit Services

24 March 2017  
SYDNEY

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# **MUPH Clinic Pty Limited**

## **Financial Statements**

**For the Year Ended 31 December 2016**

**Contents**  
**For the Year Ended 31 December 2016**

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Statement	9
Independent Auditor's Report	10

**Statement of Profit or Loss and Other Comprehensive Income**  
For the Year Ended 31 December 2016

	2016	2015
	\$	\$
<b>Revenue</b>		
Revenue	-	-
<b>Total revenue</b>	-	-
<b>Expenses</b>		
Expenses	-	-
<b>Total expenses</b>	-	-
<b>Net Result</b>	-	-
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year attributable to members of MUPH Clinic Pty Limited</b>	-	-

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
As at 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	<u>2</u>	<u>2</u>
<b>Total Current assets</b>		<u>2</u>	<u>2</u>
<b>TOTAL ASSETS</b>		<u>2</u>	<u>2</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<b>Total Current liabilities</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>2</u>	<u>2</u>
<b>EQUITY</b>			
Contributed equity	3	<u>2</u>	<u>2</u>
Accumulated funds		<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>2</u>	<u>2</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

## Statement of Changes in Equity

For the Year Ended 31 December 2016

### 2016

	Note	Contributed equity	Accumulated funds	Total
		\$	\$	\$
Balance at 1 January 2016		2	-	2
Total comprehensive income		-	-	-
<b>Balance at 31 December 2016</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>2</b>

### 2015

	Note	Contributed equity	Accumulated funds	Total
		\$	\$	\$
Balance at 1 January 2015		2	-	2
Total comprehensive income		-	-	-
<b>Balance at 31 December 2015</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>2</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash provided by (used in) operating activities	9	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash provided by (used in) investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by (used in) financing activities	-	-
<b>Net increase (decrease) in cash and cash equivalents held</b>	-	-
Cash and cash equivalents at beginning of year	2	2
<b>Cash and cash equivalents at end of financial year</b>	2	2

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (a) Reporting entity

MUPH Clinic Pty Limited is a private company, incorporated and operating in Australia and acts as the Trustee Company for the MUPH Clinic Sub Trust. The registered office of the company is MUPH Clinic Pty Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

It's ultimate parent entity is Macquarie University.

##### (b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

MUPH Clinic Pty Limited is a not-for-profit entity and these statements have been prepared on that basis.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the Directors on the March 2017.

##### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

##### (c) Critical accounting estimates and judgments

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

##### (d) Revenue recognition

Revenue is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project-by-project basis with reference to the underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

##### (e) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (f) Rounding of amounts

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

##### (g) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

##### (h) Income tax

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 2 Cash and cash equivalents

	2016	2015
	\$	\$
Cash in hand	2	2
	<u>2</u>	<u>2</u>

#### (a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	2	2
<b>Balance as per statement of cash flows</b>	<u>2</u>	<u>2</u>

#### 3 Contributed equity

	2016	2015
	\$	\$
Contributed equity	2	2
Equity per share	1	1

Major shareholder - MU Hospital Pty Limited (100%). There are no issued but unpaid shares.

#### 4 Commitments

There were no commitments for capital expenditure at 31 December 2016 (31 December 2015: Nil).

#### 5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2016 and up to the date of this report are:

Patrick John Gorman

Peter Raymond Dodd (resigned 1 November 2016)

Timothy Derek Arthur Beresford (appointed 1 December 2016)

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

#### 6 Remuneration of Auditors

	2016	2015
	\$	\$
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>		
- Audit of financial statements	3,000	3,000

Macquarie University (parent entity) paid the audit fees on behalf of the Company.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015: Nil).

#### 8 Related Parties

##### (a) Transactions with related parties

There were no transactions with related parties during 2016 except for the payment of the audit fee of \$3,000 by the parent entity (Macquarie University) on behalf of the company.

#### 9 Cash Flow Information

##### (a) Reconciliation of profit for the year to cash flows from operating activities

	2016	2015
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>

#### 10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2015: Nil).

END OF AUDITED FINANCIAL STATEMENTS

## Directors' Statement

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the financial performance and cash flows for the year ended of the company and;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
  
2. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the Board of Directors.

Director .....



**Patrick John Gorman**

Director .....



**Timothy Derek Arthur Beresford**

Sydney  
Dated

28/3/17



## INDEPENDENT AUDITOR'S REPORT

### MUPH Clinic Pty Limited

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of MUPH Clinic Pty Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

24 March 2017  
SYDNEY

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# **MUPH Hospital Pty Limited**

## **Financial Statements**

**For the Year Ended 31 December 2016**

## **Contents**

**For the Year Ended 31 December 2016**

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Statement	9
Independent Auditor's Report	10

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2016

	2016	2015
	\$	\$
<b>Revenue</b>		
Revenue	-	-
<b>Total revenue</b>	-	-
<b>Expenses</b>		
Expenses	-	-
<b>Total expenses</b>	-	-
<b>Net Result</b>	-	-
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year attributable to members of MUPH Hospital Pty Limited</b>	-	-

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
**As at 31 December 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	<u>2</u>	<u>2</u>
<b>Total Current assets</b>		<u>2</u>	<u>2</u>
<b>TOTAL ASSETS</b>		<u>2</u>	<u>2</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<b>Total Current liabilities</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>2</u>	<u>2</u>
<b>EQUITY</b>			
Contributed equity	3	<u>2</u>	<u>2</u>
Accumulated funds		<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>2</u>	<u>2</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

## Statement of Changes in Equity

For the Year Ended 31 December 2016

2016

		Contributed equity	Accumulated funds	Total
	Note	\$	\$	\$
Balance at 1 January 2016		2	-	2
Total comprehensive income		-	-	-
<b>Balance at 31 December 2016</b>	3	<b>2</b>	<b>-</b>	<b>2</b>

2015

		Contributed equity	Accumulated funds	Total
	Note	\$	\$	\$
Balance at 1 January 2015		2	-	2
Total comprehensive income		-	-	-
<b>Balance at 31 December 2015</b>	3	<b>2</b>	<b>-</b>	<b>2</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash provided by (used in) operating activities	9	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash provided by (used in) investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by (used in) financing activities	-	-
<b>Net increase (decrease) in cash and cash equivalents held</b>	-	-
Cash and cash equivalents at beginning of year	2	2
<b>Cash and cash equivalents at end of financial year</b>	2	2

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Notes to the Financial Statements

## For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (a) Reporting entity

MUPH Hospital Pty Limited is a private company, incorporated and domiciled in Australia and acts as the Trustee Company for the MUPH Hospital Sub Trust. The registered office of the company is MUPH Hospital Pty Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

It's ultimate parent entity is Macquarie University.

#### (b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

MUPH Hospital Pty Limited is a not-for-profit entity and these statements have been prepared on that basis.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the Directors on the March 2017.

##### *Historical cost convention*

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

#### (c) Critical accounting estimates and judgments

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates. Key judgements are disclosed as part of accounting policies notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies (continued)

**(d) Revenue recognition**

Revenue is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project-by-project basis with reference to the underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

**(e) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Rounding of amounts**

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

**(g) New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

**(h) Income tax**

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Cash and cash equivalents

	2016	2015
	\$	\$
Cash in hand	2	2
	<u>2</u>	<u>2</u>

#### (a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	2	2
<b>Balance as per statement of cash flows</b>	<u>2</u>	<u>2</u>

### 3 Contributed equity

	2016	2015
	\$	\$
Contributed equity	2	2
Equity per share	1	1

Major shareholder - MU Hospital Pty Limited (100%). There are no issued but unpaid shares.

### 4 Commitments

There were no commitments for capital expenditure at 31 December 2016 (31 December 2015: Nil).

### 5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2016 and up to the date of this report are:

Patrick John Gorman

Peter Raymond Dodd (resigned 1 November 2016)

Timothy Derek Arthur Beresford (appointed 1 December 2016)

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

### 6 Remuneration of Auditors

	2016	2015
	\$	\$
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>		
- Audit of financial statements	3,000	3,000

Macquarie University (parent entity) paid the audit fees on behalf of the Company.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015: Nil).

### 8 Related Parties

#### (a) Transactions with related parties

There were no transactions with related parties during 2016 except for the payment of the audit fee of \$3,000 by the parent entity (Macquarie University) on behalf of the company.

### 9 Cash Flow Information

#### (a) Reconciliation of profit for the year to cash flows from operating activities

	2016	2015
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>

### 10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2015: Nil).

END OF AUDITED FINANCIAL STATEMENTS

## Directors' Statement

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the financial performance and cash flows for the year ended of the company and;
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
  
2. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

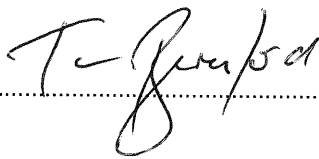
This statement is made in accordance with a resolution of the Board of Directors.

Director .....



**Patrick John Gorman**

Director .....



**Timothy Derek Arthur Beresford**

Sydney  
Dated

23/3/17



## INDEPENDENT AUDITOR'S REPORT

### MUPH Hospital Pty Limited

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of MUPH Hospital Pty Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

24 March 2017  
SYDNEY

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# **Risk Frontiers Flood (Australia) Pty Ltd**

ABN 96 130 190 206

## **Financial Statements**

For the Year Ended 31 December 2016

## Contents

For the Year Ended 31 December 2016

	<b>Page</b>
<b>Financial Statements</b>	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by the Directors	22
Independent Auditor's Report	23

## Statement of Comprehensive Income

### For the Year Ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
<b>Revenue from continuing operations</b>			
Rendering of services	2	953	1,038
<b>Expenses from continuing operations</b>		-	-
Consultants	3	(359)	(358)
Personnel services expense	3	(633)	(612)
Other expenses		(26)	(48)
<b>Total expenses from continuing operations</b>		<u>(1,018)</u>	<u>(1,018)</u>
<b>Profit /(loss)before income tax</b>		(65)	20
Income tax benefit / (expense)	9	20	(6)
<b>Profit/ (loss) from continuing operations after income tax</b>		<u>(45)</u>	14
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<u>(45)</u>	14
<b>Total comprehensive income attributable to Owners of Risk Frontiers Flood (Australia) Pty Limited</b>		<u>(45)</u>	14

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**

As at 31 December 2016

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	38	18
Trade and other receivables	5	127	272
Current tax asset		8	-
<b>Total current assets</b>		<u>173</u>	<u>290</u>
<b>Non current assets</b>			
Deferred tax assets	10	27	8
<b>Total non-current assets</b>		<u>27</u>	<u>8</u>
<b>Total assets</b>		<u>200</u>	<u>298</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	74	120
Current tax liabilities		-	7
<b>Total current liabilities</b>		<u>74</u>	<u>127</u>
<b>Total liabilities</b>		<u>74</u>	<u>127</u>
<b>NET ASSETS</b>		<u>126</u>	<u>171</u>
<b>EQUITY</b>			
Retained earnings		<u>126</u>	<u>171</u>
<b>TOTAL EQUITY</b>		<u>126</u>	<u>171</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

## Statement of Changes in Equity

### For the Year Ended 31 December 2016

#### 2016

	<b>Retained Earnings</b>
	<b>\$'000</b>
<b>Balance at 1 January 2016</b>	<b>171</b>
Profit/ (loss) for the year	<b>(45)</b>
<b>Balance at 31 December 2016</b>	<b>126</b>

#### 2015

	<b>Retained Earnings</b>
	<b>\$'000</b>
<b>Balance at 1 January 2015</b>	<b>157</b>
Profit /(loss) for the year	<b>14</b>
<b>Balance at 31 December 2015</b>	<b>171</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

### For the Year Ended 31 December 2016

	2016	2015
Note	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	1,193	993
Payments to suppliers and employees	(1,159)	(1,049)
Income taxes paid	(14)	1
<b>Net cash provided by / (used in) operating activities</b>	<b>20</b>	<b>(55)</b>
16		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
<b>Net cash used by investing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<b>Net cash used by financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>20</b>	<b>(55)</b>
Cash and cash equivalents at beginning of year	18	73
<b>Cash and cash equivalents at end of financial year</b>	<b>38</b>	<b>18</b>
4		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

This financial report covers Risk Frontiers Flood (Australia) Pty Ltd as an individual entity. Risk Frontiers Flood (Australia) Pty Ltd is a for profit company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Risk Frontiers Flood (Australia) Pty Ltd is Australian dollars.

#### 1 Summary of Significant Accounting Policies

##### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulations 2015*. The financial statements are presented in Australian dollars. The directors have assessed the entity as a for profit entity for financial reporting purposes. Risk Frontiers Flood (Australia) Pty Ltd is wholly owned by Risk Frontiers Group Pty Ltd which, in turn, is wholly owned by Access Macquarie Limited. The ultimate parent entity is Macquarie University.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

##### *Critical Accounting Estimates*

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements

##### *Rounding of amounts*

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

##### (b) Historical cost convention

The financial statements are prepared under historical cost convention except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements have been prepared on an accruals basis and is based on historical costs and do not take into account changing money values or, except where stated, the revaluation of certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

##### *Comparative amounts*

Comparative amounts are consistent with amounts reported in the previous years' audited financial statements and reclassified to improve presentation when relevant.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies continued

#### (c) Plant and Equipment

Plant and equipment are stated at historical cost less depreciation. 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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are expensed during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line basis from the date that management determine that the asset is available for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	20-33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

#### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (e) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the Statement of Profit or Loss and Other Comprehensive Income.

#### (f) Trade and other payables

Trade and other payables are carried at amortised cost. Trade and other payables are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services

#### (g) Income Tax

The tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies continued

##### (g) Income Tax continued

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the Australian Taxation Office, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies continued

##### (h) Trade Receivables

Receivables are recognised initially at fair value usually based on transaction costs or face value subsequent to measurement at amortised cost using the effective interest method less an allowance for impairment of receivables. Trade receivables are carried at amounts due. Payment terms are 30 days net. Bad debts are written off during the period in which they are identified and provision for impairment of trade receivables is created based on a review of all outstanding amounts periodically or at 31 December.

##### (i) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied. Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

##### Investment income

Interest is recognised using the effective interest method.

##### Service Revenue

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

##### (j) Borrowing costs

Borrowing costs (or finance costs) are interest and other costs incurred by an entity in connection with the borrowing of funds. Borrowing costs may include:

- (i) Interest on bank overdrafts and short-term and long-term borrowings;
- (ii) Amortisation of discounts or premiums relating to borrowings;
- (iii) Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- (iv) Finance charges in respect of finance leases; and
- (v) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies continued

##### (k) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows in the Statement of Cash Flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

##### (l) Foreign currency transactions and balances

###### Functional and presentation currency

The functional currency of each of Risk Frontiers Flood (Australia) Pty Ltd's entities is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

###### Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction. At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

##### (m) Adoption of new and revised accounting standards

Certain new Accounting Standards and Interpretations became mandatory for 31 December 2016 reporting period. These new requirements have not had a material impact on either the results or disclosure of the Company. Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2016 reporting period. The Company has decided to early adopt 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-For-Profit Public Sector Entities. Other than this standard, the Company has elected not to early adopt any of these standards. The University has assessed the impact of these future Standards and Interpretations and considers the impact to be insignificant for the year ending December 2016.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies continued

##### (n) New Accounting Standards and Interpretations

Standard Name	Effective date for entity
AASB 15 Revenue from Contracts with Customers <sup>1</sup>	1 January 2018
AASB 16 Leases <sup>2</sup>	1 January 2019
AASB 9 Financial Instruments <sup>2</sup>	1 January 2018
2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) <sup>2</sup>	1 January 2018
2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2014-5 Amendments to Australian Accounting Standards arising from AASB 151 <sup>2</sup>	1 Jan 2017
2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) <sup>2</sup>	1 Jan 2018 (early adoption permitted)
2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities <sup>2</sup>	1 Jul 2016 (early adoption permitted)
2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities <sup>2</sup>	1 Jul 2016 (early adoption permitted)
2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 <sup>2</sup>	1 Jan 2017

<sup>1</sup> Application of AASB 15 may result in material changes to the Group's future financial reports, however, the quantitative effect of the Group adopting this standard has not yet been determined.

<sup>2</sup> It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies continued

##### (o) Acquisition of assets

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. Company policy is to capitalise assets with a value in excess of \$5000. The carrying value of the plant and equipment are measured at depreciated historic cost. There is no substantive difference between the fair value and the carrying value of these assets, and historical cost is a surrogate for fair value due to the short lived nature of the asset. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

##### (p) Related party disclosure

Where the term "related parties" is used in the financial report, it refers to:

Entities which, at any time during the year, exercised control or significant influence over the Group or were subject to control or significant influence by the Group. This includes:

- associated companies;
- directors;
- spouses and other close members of the families of the directors; individuals or close members of the families or such individuals who have significant influence or close members of the families of such individuals who have significant influence or control over the company through holding an ownership interest.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 2 Revenue from continuing operations

	2016	2015
	\$'000	\$'000
<b>Rendering of services</b>		
Database fees	953	1,038
<b>Total Revenue</b>	<b>953</b>	<b>1,038</b>

#### 3 Expenses

	2016	2015
	\$'000	\$'000
Personnel services expense	633	612
<b>Other expenses</b>		
Auditor's Remuneration	6	10
Depreciation	-	1
Accounting fees	18	36
Other Expenses	2	1
<b>Total other expenses</b>	<b>26</b>	<b>48</b>

#### 4 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank and on hand	38	18
<b>Total cash at bank and on hand</b>	<b>38</b>	<b>18</b>

##### (a) Reconciliation of cash

Cash and cash equivalents comprise of cash at bank, cash on hand and deposits with maturity of less than 90 days. The above figures are reconciled to the Statement of Cash Flows as follows:

	2016	2015
	\$'000	\$'000
Cash and cash equivalents	38	18
<b>Balance at 31 December 2016 per statement of cash flows</b>	<b>38</b>	<b>18</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 5 Trade and other receivables

	2016 \$'000	2015 \$'000
<b>CURRENT</b>		
Trade receivables	87	248
Accrued Income	40	24
<b>Total trade and other receivables</b>	<u>127</u>	<u>272</u>

#### 6 Property, plant and equipment

##### (a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment \$'000
<b>2016</b>	
<b>Year ended 31 December 2016</b>	
Balance at 1 January 2016	-
Additions	-
<b>Balance at 31 December 2016</b>	<u>-</u>
<b>At 31 December 2016</b>	
Cost	44
Accumulated depreciation	(44)
<b>Carrying amount at 31 December 2016</b>	<u>-</u>
	<b>Plant and Equipment \$'000</b>
<b>2015</b>	
<b>Year ended 31 December 2015</b>	
Balance at 1 January 2015	1
Additions	-
Depreciation	(1)
<b>Balance at 31 December 2015</b>	<u>-</u>
<b>At 31 December 2015</b>	
Cost	44
Accumulated depreciation	(44)
<b>Carrying amount at 31 December 2015</b>	<u>-</u>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 7 Trade and other payables

	2016	2015
	\$'000	\$'000
<b>CURRENT</b>		
Trade payables	34	61
Accrued expenses	25	26
GST payable	15	33
<b>Total Trade and other payables</b>	<b>74</b>	<b>120</b>

#### 8 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Company's objectives, policies and processes for managing and measuring these risks.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

##### Objectives, policies and processes

The main risks Risk Frontiers Flood (Australia) Pty Ltd is exposed to through its financial instruments are credit risk, liquidity risk and market risk. Market risk consists of interest rate risk, foreign currency risk and equity price risk.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, and accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016	2015
		\$'000	\$'000
<b>Financial Assets</b>			
Cash and cash equivalents	4	38	18
Trade and other receivables	5	127	272
<b>Total financial assets</b>		<b>165</b>	<b>290</b>
<b>Financial Liabilities</b>			
Trade and other payables	7	59	87
<b>Total financial liabilities</b>		<b>59</b>	<b>87</b>

Trade and other receivables excludes statutory receivables and prepayments and Trade other other payables excludes statutory payables and unearned income.

##### Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 8 Financial Risk Management continued

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Company's liabilities have contractual maturities which are summarised below:

	less than 1 year		1 to 5 years		More than 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	59	87	-	-	-	-	59	87
<b>Total</b>	<b>59</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>87</b>

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is not exposed to market risk. The Company has no exposure to foreign currency risk and does not enter into commodity contracts. The Company has no investments in listed equity securities and as such is not exposed to price risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis assumes that all other variables remain constant.

#### (i) Cash flow interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2015: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 8 Financial Risk Management continued

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2016		2015	
	+1%	-1%	+1%	-1%
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	-	-
Net results	1	(1)	2	(2)
Equity	1	(1)	2	(2)
Trade and other receivables	-	-	-	-
<b>Financial Liabilities</b>				
Trade and other payables	-	-	-	-

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. The Board has established procedures to recover outstanding amounts. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Company is not materially exposed to credit risk to a single receivable or group receivables under financial instruments entered into by the Company.

Based on past experience, debtors that are not past due and not less than three months past due are not considered impaired. There are no debtors which are currently not passed due or impaired whose terms have been negotiated.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 8 Financial Risk Management continued

##### Credit risk continued

	Gross amount \$'000	Past due and impaired \$'000	Past due but not impaired (days overdue)				Within initial trade terms \$'000
			< 30	31-60	61-90	> 90	
			\$'000	\$'000	\$'000	\$'000	
<b>2016</b>							
Trade receivables	127	-	-	-	-	-	127
Total	127	-	-	-	-	-	127
<b>2015</b>							
Trade receivables	272	-	-	-	-	-	272
Total	272	-	-	-	-	-	272

##### Fair value estimation

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 Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

##### *Fair value hierarchy*

The fair value of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels of the hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 9 Income Tax Expense

(a) The major components of tax expense /(income) comprise:

	2016 \$'000	2015 \$'000
<b>Current tax (benefit) / expense</b>		
Current Tax	-	7
	<u>-</u>	<u>7</u>
<b>Deferred income tax (revenue) /expense included in income tax expenses comprises:</b>		
Decrease/(increase) in deferred tax asset	(20)	(5)
Recoupment of prior year tax losses	-	4
	<u>(20)</u>	<u>(1)</u>

(b) Reconciliation of income tax to prima facie tax payable

	2016 \$'000	2015 \$'000
Profit from continuing operations	(65)	20
Income Tax at Australian tax rate -30%	(20)	6
Add:		
- Tax losses recognised as deferred tax assets	20	-
- Income Tax expense	<u>-</u>	<u>6</u>

#### 10 Income Tax

	Opening Balance at 1 January \$'000	Charged to Income \$'000	Charged directly to Equity \$'000	Carried Forward losses \$'000	Prior year adjustments \$'000	Closing Balance at 31 December \$'000
<b>Deferred tax assets</b>						
<b>2016</b>						
Accruals	8	(1)	-	-	-	7
Carried forward losses	-	-	-	20	-	20
<b>Balance at 31 December 2016</b>	<u>8</u>	<u>(1)</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>27</u>
<b>2015</b>						
Accruals	-	1	-	-	2	3
Carried forward losses	-	-	-	(5)	9	4
<b>Balance at 31 December 2015</b>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(5)</u>	<u>11</u>	<u>7</u>

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 10 Income Tax continued

##### Deferred Tax Liability

There is no movement in Deferred Tax Liability for the year ended 2016. (2015: nil)

##### (a) Deferred Tax Assets

	2016 \$'000	2015 \$'000
Temporary differences attributable to Accrued Expenses	7	8
<b>Total Deferred tax Assets</b>	<b>27</b>	<b>8</b>

#### 11 Key Management Personnel Disclosures

The total remuneration paid to the key management personnel of Risk Frontiers Flood (Australia) Pty Ltd during the year as follows which is the aggregate amount of income received or due and receivable in respect of the financial year by all Directors of the company directly or indirectly from the company or from any related party:

	2016 \$'000	2015 \$'000
Short-term employee benefits	-	-
	-	-

##### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 15: Related Party Transactions.

#### 12 Remuneration of Auditors

	2016 \$	2015 \$
Remuneration of the auditor of the Company, The Audit Office of NSW, for: Audit of Financial statements	6,500	6,000
	6,500	6,000

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 13 Capital and non-capital expenditure commitments

There were no material capital and lease expenditure commitments as at 31 December 2016. (2015: Nil)

#### 14 Contingencies

The Company did not have any contingent assets or liabilities at 31 December 2016 (31 December 2015: None).

#### 15 Related Parties

The Company's main related parties are as follows:

##### (a) Entities exercising control over the Group

The ultimate parent entity, which exercises control over the Company, is Macquarie University.

##### (b) Key management personnel

Names of the directors who have held office during the financial year are, Peter Dodd, James Piper, John Gorman, Kevin John McAneney, Peter Cheesman and Thushyanthan Sathiamoorthy

For details of disclosures relating to key management personnel, refer to Note 11: Key Management Personnel Compensation. Kevin John McAneney and Delphine McAneney are employees of Access Macquarie Limited which paid for their services in 2016 and Delphine McAneney is paid \$6,325 for her services by Access Macquarie Ltd. (2015:16,859)

##### (c) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Purchases	Sales	Owed to the company	Owed by the company
<b>2016</b>				
Access Macquarie Limited	633	-	-	-
<b>2015</b>				
Access Macquarie Limited	612	-	-	-

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 16 Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

	2016	2015
	\$'000	\$'000
Profit/(Loss) for the year	(45)	14
Non-cash flows in profit:		
- depreciation	-	1
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	145	(149)
- (increase)/decrease in deferred tax balances	(19)	(1)
- increase/(decrease) in trade and other payables	(46)	73
- increase/(decrease) in income taxes payable	(15)	7
Cash flow from operating activities	<u>20</u>	<u>(55)</u>

### 17 Events Occurring After the Reporting Date

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

### 18 Company Details

**The registered office of the company is:**

Risk Frontiers Flood (Australia) Pty Ltd  
 Level 2, Building 3  
 160 Herring Road,  
 Macquarie University NSW 2109

**The principal places of business are:**

Room 817, Building E7A  
 Macquarie University NSW 2109

Risk Frontiers Flood (Australia) Pty Ltd is a for-profit private company limited by shares, domiciled in Australia and ultimately wholly owned by Macquarie University.

## Statement by the Directors

The directors of the Company declare that:

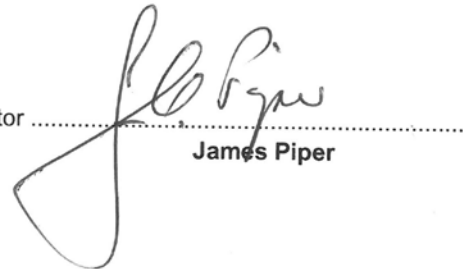
1. the financial statements and notes for the year ended 31 December 2016
  - a. comply with the Australian Accounting Standards, which, include the Australian Accounting interpretations, and the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*
  - b. give a true and fair view of the financial position at 31 December 2016 and performance of the Company for the year then ended
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors. We are not aware of any circumstances which would any particulars in the financial statements to be misleading or inaccurate

Director .....

  
Thushyanthan Sathiamoorthy

Director .....

  
James Piper

Dated 15 March 2017



## INDEPENDENT AUDITOR'S REPORT

### Risk Frontiers Flood (Australia) Pty Ltd

To Members of the New South Wales Parliament and Members of Risk Frontiers Flood (Australia) Pty Ltd

#### Opinion

I have audited the accompanying financial statements of Risk Frontiers Flood (Australia) Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

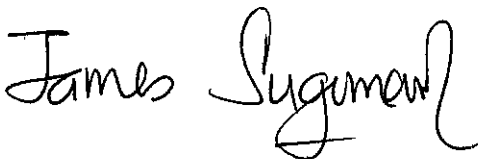
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

17 March 2017  
SYDNEY

# **Risk Frontiers Group Pty Limited**

ABN 75 129 001 485

## **Financial Statements**

For the Year Ended 31 December 2016

**Contents**  
**For the Year Ended 31 December 2016**

	Page
<b>Financial Statements</b>	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by the Directors	22
Independent Auditor's Report	23

**Statement of Comprehensive Income**  
For the Year Ended 31 December 2016

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Revenue from continuing operations</b>					
Rendering of Services	2	953	1,038	-	-
<b>Expenses from continuing operations</b>					
Consultants		(359)	(358)	-	-
Personnel services expense	3	(633)	(612)	-	-
Other expenses	3	(26)	(48)	-	-
<b>Total expenses from continuing operations</b>		<b>(1,018)</b>	<b>(1,018)</b>	-	-
<b>Profit/(loss) before income tax</b>		<b>(65)</b>	20	-	-
Income tax expense	9	20	(6)	-	-
<b>Profit/(loss) from continuing operations</b>		<b>(45)</b>	14	-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-	-	-
<b>Total comprehensive income attributable to: Owners of Risk Frontiers Group Pty Limited</b>		<b>(45)</b>	14	-	-

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
**31 December 2016**

		Consolidated		Parent	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	38	18	-	-
Trade and other receivables	5	127	272	-	-
Current tax asset		8	-	-	-
<b>Total current assets</b>		<b>173</b>	<b>290</b>	<b>-</b>	<b>-</b>
<b>Non-current assets</b>					
Deferred tax assets	10	27	8	-	-
<b>Total non-current assets</b>		<b>27</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>200</b>	<b>298</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	7	74	120	-	-
Current tax liabilities		-	8	-	-
<b>Total current liabilities</b>		<b>74</b>	<b>128</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>74</b>	<b>128</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		<b>126</b>	<b>171</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>					
Retained earnings		126	171	-	-
<b>TOTAL EQUITY</b>		<b>126</b>	<b>171</b>	<b>-</b>	<b>-</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity**  
 For the Year Ended 31 December 2016

2016

	Consolidated Retained Earnings	Parent Retained Earnings
	\$'000	\$'000
<b>Balance at 1 January 2016</b>	171	-
Profit /(Loss) from continuing operations	(45)	-
<b>Balance at 31 December 2016</b>	126	-

2015

	Consolidated Retained Earnings	Parent Retained Earnings
	\$'000	\$'000
<b>Balance at 1 January 2015</b>	157	-
Profit /(Loss) from continuing operations	14	-
<b>Balance at 31 December 2015</b>	171	-

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
 For the Year Ended 31 December 2016

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers		1,193	993	-	-
Payments to suppliers and employees		(1,159)	(1,049)	-	-
Income taxes paid		(14)	1	-	-
<b>Net cash provided by / (used in) operating activities</b>	16	<b>20</b>	<b>(55)</b>	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
<b>Net cash used by investing activities</b>		-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
<b>Net cash used by financing activities</b>		-	-	-	-
<b>Net increase / (decrease) in cash and cash equivalents held</b>		<b>20</b>	<b>(55)</b>	-	-
Cash and cash equivalents at beginning of year		18	73	-	-
<b>Cash and cash equivalents at end of financial year</b>	4	<b>38</b>	<b>18</b>	-	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (a) Basis of Preparation

This financial report covers Risk Frontiers Group Pty Limited as a consolidated entity. Risk Frontiers Group Pty Limited is a for profit company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency is Australian dollars.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*. The financial statements are presented in Australian dollars. The directors have assessed the entity as a for profit entity for financial reporting purposes. Risk Frontiers Flood (Australia) Pty Ltd is a wholly owned entity of Risk Frontiers Group Pty Ltd which, in turn, is a wholly owned entity of Access Macquarie Limited. The ultimate parent entity is Macquarie University.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated. The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities. In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

#### Rounding of amounts

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

#### (b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intra group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group have been eliminated in full for the purpose of these consolidated financial statements.

Appropriate adjustments have been made to a controlled entity's financial statements where the accounting policies used by that entities were different from those adopted in the consolidated financial statements.

#### (c) Historical cost convention

The accounts have been prepared on the basis of historical costs and do not take into account changing money values or current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for asset.

#### (d) Significant accounting policies

##### i) Significant accounting judgement

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of accounting policies notes.

##### (ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies continued

(d) **Significant accounting policies continued**

significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(e) **Plant and Equipment**

Plant and equipment are stated at historical cost less depreciation. 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.

**Depreciation**

The depreciable amount of all property, plant and equipment, is depreciated on a straight-line method from the date that management determine that the asset is available for use.

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	20-33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(f) **Financial instruments**

In accordance with AASB7 "Presentation and Disclosure of Financial Instruments" information is disclosed in Note 8 in respect of the credit risk and interest rate risk of financial instruments. All such amounts, except for investments in shares, are carried in the accounts at cost. The carrying amounts equate to the net fair value of financial assets and liabilities. Class of instruments recorded at cost comprises:

- cash
- receivables
- payables

All financial instruments including revenue, expenses or other cash flows arising from these instruments are recognised on an accruals basis

(g) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) **Provisions**

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

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the Statement of Profit or Loss and Other Comprehensive Income.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies continued

#### (i) Income Tax

The tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the Australian Taxation Office, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### (j) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

##### i) Investment income

Investment income is recognised as it is earned.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies continued

#### (ii) Service Revenue

Service revenue is recognised in the accounting period in which the services are rendered. For fixed price service contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided. Product revenue is recognised at the time of practical completion of the product to the contracted specifications and acceptance by the customer

#### (k) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows in the Statement of Cash Flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

#### (l) Foreign currency transactions and balances

##### Functional and presentation currency

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

##### Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

#### (m) Adoption of new and revised accounting standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2016 reporting period. The Group did not early adopt any new accounting standards that are not yet effective. The Group has assessed the impact of the new standards and interpretations on issue but not effective and considers the impact to be insignificant.

#### (n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The following table summarises those future requirements, and their impact on the Group:

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**1 Summary of Significant Accounting Policies continued**

**(n) New Accounting Standards and Interpretations continued**

<b>Standard Name</b>	<b>Effective date for entity</b>
AASB 15 Revenue from Contracts with Customers <sup>1</sup>	1 January 2018
AASB 16 Leases <sup>2</sup>	1 January 2019
AASB 9 Financial Instruments <sup>2</sup>	1 January 2018
2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 Jan 2018
2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2014-5 Amendments to Australian Accounting Standards arising from AASB 15 <sup>1</sup>	1 Jan 2017
2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) <sup>2</sup>	1 Jan 2018 (early adoption permitted)
2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 <sup>2</sup>	1 Jan 2016 (early adoption permitted)
2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities <sup>2</sup>	1 Jul 2016 (early adoption permitted)
2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities <sup>2</sup>	1 Jul 2016 (early adoption permitted)
2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 <sup>2</sup>	1 Jan 2017

<sup>1</sup> Application of AASB 15 may result in material changes to the Group's future financial reports, however, the quantitative effect of the Group adopting this standard has not yet been determined.

<sup>2</sup> It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

**(o) Trade and other payables**

Trade and other payables are recognised at amortised cost. Trade and other payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies continued

**(p) Trade and other receivables**

Receivables are recognised initially at fair value usually based on transaction costs or face value subsequent to measurement at amortised cost using the effective interest method less an allowance for impairment of receivables. Trade receivables are carried at amounts due. Bad debts are written off during the year in which they are identified and provision for impairment of trade receivables is created based on a review of all outstanding amounts periodically or at 31 December.

**(q) Related party disclosure**

Where the term “related parties” is used in the financial report, it refers to:

Entities which, at any time during the year, exercised control or significant influence over the Group or were subject to control or significant influence by the Group. This includes:

- associated companies;
- directors;
- spouses and other close members of the families of the directors; individuals or close members of the families or such individuals who have significant influence or close members of the families of such individuals who have significant influence or control over the company through holding an ownership interest.

**(r) Impairment of assets**

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

**(s) Acquisition of assets**

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. Group policy is to capitalise assets with a value in excess of \$5,000. The carrying value of the plant and equipment are measured at depreciated historic cost. There is no substantive difference between the fair value and the carrying value of these assets, and historical cost is a surrogate for fair value due to the short lived nature of the asset.

**Notes to the Financial Statements**  
For the Year Ended 31 December 2016

**2 Revenue from continuing operations**

**Rendering of Services**

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Database fees	953	1,038	-	-
<b>Total Revenue</b>	<b>953</b>	<b>1,038</b>	<b>-</b>	<b>-</b>

**3 Expenses from continuing operations**

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Personnel services expense	633	612	-	217
<b>Total Personnel services expense</b>	<b>633</b>	<b>612</b>	<b>-</b>	<b>217</b>
<b>Other expenses</b>				
- Auditor's remuneration	19	10	-	-
- Accounting fees	5	36	-	-
- Other expenses	2	1	-	-
- Depreciation	-	1	-	-
<b>Total Other expenses</b>	<b>26</b>	<b>48</b>	<b>-</b>	<b>-</b>

**4 Cash and cash equivalents**

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash and cash equivalents	38	18	-	-
<b>Total cash and cash equivalents</b>	<b>38</b>	<b>18</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**4 Cash and cash equivalents continued**

**Reconciliation of cash**

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

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash and cash equivalents	38	18	-	-
<b>Balance as per statement of cash flows</b>	<b>38</b>	<b>18</b>	<b>-</b>	<b>-</b>

Cash equivalents comprise of cash at bank, cash on hand and deposits with maturities of less than 90 days.

**5 Trade and other receivables**

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>CURRENT</b>				
Trade receivables	87	248	-	-
Accrued income	40	24	-	-
<b>Total trade and other receivables</b>	<b>127</b>	<b>272</b>	<b>-</b>	<b>-</b>

No trade receivables are considered impaired.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**6 Plant and equipment**

**(a) Movements in carrying amounts of property, plant and equipment**

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

	<b>Consolidated Plant and Equipment \$'000</b>	<b>Parent Plant and Equipment \$'000</b>
<b>Year ended 31 December 2016</b>		
Balance at 1 January 2016	-	-
Additions	-	-
Depreciation	-	-
	<hr/>	<hr/>
<b>Carrying amount at 31 December 2016</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2016</b>		
Cost	44	-
Accumulated depreciation	(44)	-
	<hr/>	<hr/>
<b>Carrying amount at 31 December 2016</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
	<b>Parent Plant and Equipment \$'000</b>	<b>Consolidated Plant and Equipment \$'000</b>
<b>Year ended 31 December 2015</b>		
Balance at 1 January 2015	1	-
Additions	-	-
Depreciation	(1)	-
	<hr/>	<hr/>
<b>Carrying amount at 31 December 2015</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2015</b>		
Cost	44	44
Accumulated depreciation	(44)	(44)
	<hr/>	<hr/>
<b>Carrying amount at 31 December 2015</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**7 Trade and other payables**

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
CURRENT				
Trade payables	34	62	-	-
Accrued expense	25	26	-	-
GST Payables	15	32	-	-
<b>Total Trade and other payables</b>	<b>74</b>	<b>120</b>	<b>-</b>	<b>-</b>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

**8 Financial Risk Management**

The Group's principal financial instruments are outlined below. These financial instruments arise directly from the Group's operations or are required to finance the Group's operations. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's main risks arising from financial instruments are outlined below, together with the Group's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Group's Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Group, to set risk limits and controls and to monitor risks.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Financial Assets</b>					
Cash and cash equivalents	4	38	18	-	-
Trade and other receivables	5	127	272	-	-
<b>Total financial assets</b>		<b>165</b>	<b>290</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>					
Trade and other payables	7	59	87	-	-
<b>Total financial liabilities</b>		<b>59</b>	<b>87</b>	<b>-</b>	<b>-</b>

Trade and other receivables exclude statutory receivables and prepayments and Trade and other payables exclude statutory payables and unearned income.

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**8 Financial Risk Management continued**

become due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-out flows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Group's liabilities have contractual maturities which are summarised below:

Consolidated	Less than 1 year		1 to 5 years		More than 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	74	120	-	-	-	-	74	120
<b>Total</b>	<b>74</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74</b>	<b>120</b>

**Market risk**

Most of the Group transactions are carried out in Australian Dollars. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is not exposed to market risk. The Group has no exposure to foreign currency risk and does not enter into commodity contracts. The Group has no investments in listed equity securities and as such is not exposed to price risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Group operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis assumes that all other variables remain constant.

**Interest rate risk**

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Group's exposure to interest rate risk is set out below. The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

Consolidated	2016		2015	
	+1%	-1%	+1%	-1%
<b>Financial assets</b>				
Cash and cash equivalents	-	-	-	-
Net results	1	(1)	2	(2)
Equity	1	(1)	2	(2)
Trade and other receivables	-	-	-	-
<b>Financial liabilities</b>				
Trade and other payables	-	-	-	-

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**8 Financial Risk Management continued**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Group is not materially exposed of credit risk to a single receivable or group receivables under financial instruments entered into by the Group.

Based on past experience, debtors that are not past due and not less than three months past due are not considered impaired. There are no debtors which are currently not past due or considered impaired whose terms have been negotiated. Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

**Past due but not impaired**

**(days overdue)**

	<b>Gross amount</b>	<b>Past due and impaired</b>	<b>&lt; 30</b>	<b>31-60</b>	<b>61-90</b>	<b>&gt; 90</b>	<b>Within initial trade terms</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated</b>							
<b>2016</b>							
Trade receivables	127	-	-	-	-	-	127
Total	127	-	-	-	-	-	127
<b>2015</b>							
Trade receivables	272	-	-	-	-	-	272
Total	272	-	-	-	-	-	272

**Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market 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 sheet date. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**8 Financial Risk Management continued**

*Fair value hierarchy*

The fair value of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels of the hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**9 Income Tax Expense**

(a) The major components of tax expense /(income) comprise:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Current tax (benefit)/ expense</b>				
Current Tax	-	7	-	-
	-	7	-	-
<b>Deferred income tax /(revenue) expense included in income tax comprises:</b>				
Decrease /(increase )in deferred tax asset	(20)	(5)	-	-
Recoupment of prior year tax losses	-	4	-	-
	(20)	(1)	-	-

(b) Reconciliation of income tax to primaefacia tax payable

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Profit from continuing operations	(65)	20	-	-
Income Tax at Australian tax rate -30%	(20)	6	-	-
<b>Add</b>				
- Effect of tax losses recognised as deferred tax assets	20	-	-	-
- Income Tax Expense	-	6	-	-

**Notes to the Financial Statements**  
For the Year Ended 31 December 2016

**10 Tax**

**Recognised deferred tax assets and liabilities**

**Deferred Tax Assets**

	Opening Balance 1 January \$'000	Charged to Income \$'000	Carried Forward losses \$'000	Prior year adjustments \$'000	Closing Balance 31 December \$'000
<b>Consolidated</b>					
<b>Deferred tax assets</b>					
<b>2016</b>					
Accruals	8	(1)	-	-	7
Carried forward losses	-	-	20	-	20
<b>Balance at 31 December 2016</b>	<b>8</b>	<b>(1)</b>	<b>20</b>	<b>-</b>	<b>27</b>
<b>2015</b>					
Accruals	-	1	-	2	3
Carried forward losses	-	-	(5)	9	4
<b>Balance at 31 December 2015</b>	<b>-</b>	<b>1</b>	<b>(5)</b>	<b>11</b>	<b>7</b>

**Deferred Tax Liability**

There is no movement in Deferred Tax Liability for the year ended 2016.(2015 none)

**(i) Deferred Tax Assets**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Temporary differences attributable to:				
Accrued Expenses	<b>27</b>	8	-	-
<b>Net deferred tax assets</b>	<b>27</b>	8	-	-

**11 Key Management Personnel Disclosures**

Key management personnel remuneration included within employee expenses for the year is shown below:

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**11 Key Management Personnel Disclosures continued**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Short-term employee benefits	-	-
<b>Total compensation paid to key management personnel</b>	<b>-</b>	<b>-</b>

**Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 15: Related Party Transactions.

**12 Remuneration of Auditors**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Remuneration of the auditor of the parent entity, Audit Office of NSW, for:				
- Audit of Financial statements	<b>12,000</b>	11,000	<b>5,500</b>	5,000
<b>Total remuneration paid to auditors</b>	<b>12,000</b>	11,000	<b>5,500</b>	5,000

**13 Commitments**

The Group did not have any commitments at 31 December 2016.  
(2015: Nil).

**14 Contingencies**

The Group did not have any contingencies at 31 December 2016.  
(2015: Nil).

**15 Related Parties**

The group's main related parties as follows:

**(a) Entities exercising control over the Group**

The ultimate parent entity, which exercises control over the Group, is Macquarie University. The consolidated financial statements include the financial statements of Risk Frontiers Group Pty Ltd and its subsidiary Risk Frontiers Flood (Australia) Pty Ltd. Risk Frontiers Flood (Australia) Pty Ltd is incorporated in Australia. Risk Frontiers Group Pty Ltd has 100 per cent of the equity in Risk Frontiers Flood (Australia) Pty Ltd. The cost of this investment was \$1.

**(b) Key management personnel**

Names of Directors who have held office during the financial year are, Peter Dodd, James Piper, Kevin John McAneney, Peter Cheesman and Thushyanthan Sathiamoorthy

For details of disclosures relating to key management personnel, refer to Note 11: Key Management Personnel Compensation.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

(c) **Other related parties**

Access Macquarie Limited is a related party. John McAneney and Delphine McAneney are employees of Access Macquarie Limited and receive salaries for their services to that company. In 2016 and Delphine McAneney was paid \$6,325 for her services by Access Macquarie Ltd. (2015: \$16,859)

(d) **Transactions with related parties**

	Purchases	Sales	Receivables	Payables
<b>2016</b>				
Access Macquarie Limited	633	-	-	-
	<b>633</b>	-	-	-
<b>2015</b>				
Access Macquarie Limited	612	-	-	-
	<b>612</b>	-	-	-

**16 Cash Flow Information**

(a) **Reconciliation of result for the year to cash flows from operating activities**

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Profit/(Loss) for the year	(45)	14	-	-
Non-cash flows in profit:				
- depreciation	-	1	-	-
Changes in assets and liabilities:				
- (increase)/decrease in trade and other receivables	145	(149)	-	-
- increase/(decrease) in trade and other payables	(46)	73	-	-
- increase/(decrease) in income taxes payable	(15)	7	-	-
- increase/(decrease) in deferred tax balances	(19)	(1)	-	-
Cash flow from operating activities	<b>20</b>	<b>(55)</b>	-	-

**17 Events Occurring After the Reporting Date**

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

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**18 Company Details**

**The registered office of the company is:**

Risk Frontiers Group Pty Limited  
Level 2, Building 3  
160 Herring Road,  
Macquarie University NSW 2109

**The principal places of business are:**

Room 817, Building E7A  
Macquarie University NSW 2109

Risk Frontiers Group Pty Limited is a for-profit private company limited by shares, domiciled in Australia and 100% owned by Macquarie University.

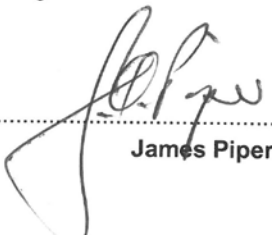
## Statement by the Directors

The directors of the Group declare that:

1. the financial statements and notes for the year ended 31 December 2016
  - a. comply with Accounting Standards, which include the Australian Accounting Interpretations; *the Public Finance and Audit Act 1983, and the Public Finance and Audit Regulations 2015* and
  - b. give a true and fair view of the financial position at 31 December 2016 and performance of the Group for the year then ended.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Director .....  
  
**Thushyanthan Sathiamoorthy**

Director .....  
  
**James Piper**

Dated 15 March 2017



## INDEPENDENT AUDITOR'S REPORT

### Risk Frontiers Group Pty Limited

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Risk Frontiers Group Pty Limited (the Company), which comprise the statements of financial position as at 31 December 2016, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company and the consolidated entity as at 31 December 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the ability of the Company and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must, disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

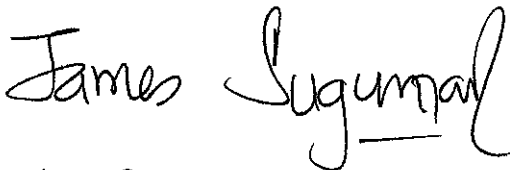
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar7.pdf](http://www.auasb.gov.au/auditors_files/ar7.pdf)  
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company or the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



James Sugumar  
Director, Financial Audit Services

17 March 2017  
SYDNEY

**U@MQ Limited**  
ABN 27 125 926 169

**Financial Statements**

For the Year Ended 31 December 2016

**Contents**  
**For the Year Ended 31 December 2016**

	Page
<b>Financial Statements</b>	
Statement by Directors	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Independent Auditor's Report	27

## Statement by Directors

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2:
  - (a) give a true and fair view of the financial position as at 31 December 2016 and the performance for the year ended of the company; and
  - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors.



Director .....  
Deidre Anderson



Director .....  
Nicole Gower

Dated 31/03/2017

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2016**

	Note	2016 \$'000	2015 \$'000
<b>Revenue from continuing operations</b>			
Sale of goods	2	8,444	8,525
Services	2	17,168	16,333
Grant revenue	2	1,472	2,513
Rental revenue	2	1,975	1,951
Other revenue	2	981	1,186
		<b>30,040</b>	<b>30,508</b>
<b>Expenses from continuing operations</b>			
Materials and consumables	3	(4,007)	(4,184)
Employee benefits expense	4	(16,942)	(17,358)
Depreciation and amortisation expense	5	(808)	(821)
Occupancy expenses		(1,360)	(1,392)
Cleaning expenses		(738)	(1,243)
Repairs and maintenance expenses		(982)	(1,270)
Other operating expenses	6	(4,522)	(4,919)
Finance costs		(20)	(18)
		<b>(29,379)</b>	<b>(31,205)</b>
<b>Net result for the year</b>		<b>661</b>	<b>(697)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year is attributable to: Owner of U@MQ Limited</b>		<b>661</b>	<b>(697)</b>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

## Statement of Financial Position

As At 31 December 2016

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	2,445	2,412
Trade and other receivables	8	7,403	7,858
Inventories	9	494	525
<b>Total current assets</b>		<b>10,342</b>	10,795
<b>Non-current assets</b>			
Plant and equipment	10	2,502	2,072
Intangible assets	11	90	220
<b>Total non-current assets</b>		<b>2,592</b>	2,292
<b>Total assets</b>		<b>12,934</b>	13,087
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	2,358	3,664
Borrowings	13	135	-
Provisions	14	1,062	1,115
<b>Total current liabilities</b>		<b>3,555</b>	4,779
<b>Non-current liabilities</b>			
Borrowings	13	385	-
Provisions	14	385	360
<b>Total non-current liabilities</b>		<b>770</b>	360
<b>Total liabilities</b>		<b>4,325</b>	5,139
<b>NET ASSETS</b>		<b>8,609</b>	7,948
<b>EQUITY</b>			
Reserves		260	260
Accumulated funds		8,349	7,688
<b>TOTAL EQUITY</b>		<b>8,609</b>	7,948

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Statement of Changes in Equity**  
**For the Year Ended 31 December 2016**

2016

	Reserves	Accumulated Funds	Total equity
Note	\$'000	\$'000	\$'000
<b>Balance at 1 January 2016</b>	260	7,688	7,948
Net result	-	661	661
<b>Balance at 31 December 2016</b>	260	8,349	8,609

2015

	Reserves	Accumulated Funds	Total equity
Note	\$'000	\$'000	\$'000
<b>Balance at 1 January 2015</b>	260	8,385	8,645
Net result	-	(697)	(697)
<b>Balance at 31 December 2015</b>	260	7,688	7,948

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended 31 December 2016**

	<b>2016</b>	2015
<b>Note</b>	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	<b>33,441</b>	33,269
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(33,297)</b>	(31,462)
Interest received	<b>219</b>	230
Interest paid	<b>(10)</b>	(6)
<b>Net cash inflow from operating activities</b>	<b>353</b>	2,031
	21	
<b>Cash flows from investing activities</b>		
Proceeds from sale of plant and equipment	<b>70</b>	-
Acquisition of plant and equipment	<b>(1,110)</b>	(864)
Loans to parent entity	-	(7,500)
Repayment of loans from parent entity	<b>200</b>	600
<b>Net cash (outflow) from investing activities</b>	<b>(840)</b>	(7,764)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>561</b>	-
Finance lease payments	<b>(41)</b>	(171)
<b>Net cash (outflow) from financing activities</b>	<b>520</b>	(171)
<b>Net increase in cash and cash equivalents</b>	<b>33</b>	(5,904)
Cash and cash equivalents at the beginning of the financial year	<b>2,412</b>	8,316
<b>Cash and cash equivalents at end of year</b>	<b>2,445</b>	2,412
	7	

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

U@MQ Limited was established in 2007 to provide facilities for the members of the University community, including staff and students.

The registered office of the company is:

U@MQ Limited  
1 Balaclava Road  
Macquarie University  
North Ryde NSW 2109

U@MQ Limited is a not-for-profit public company limited by guarantee, domiciled in Australia and wholly owned by Macquarie University.

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, AASB Interpretations, Section 41B(1) of the *Public Finance & Audit Act 1983*, and *Public Finance and Audit Regulations 2015*.

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 profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

##### (i) Critical accounting judgement

In the preparation of financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of the accounting policies notes.

##### (ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The financial statements for the year ended 31 December 2016 have been authorised for issue by the directors of the company on 31 March 2017.

#### (b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 31 December 2016 are outlined in the table below:

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (b) New accounting standards and interpretations

Standard Name	Effective date for entity	Impact
AASB 15 Revenue from Contracts with Customers	1 Jan 2019	May result in material changes to the Group's future financial reports, however, the quantitative effect of the Group adopting this standard has not yet been determined.
AASB 16 Leases	1 Jan 2019	No material impact on the financial statements.
AASB 9 Financial Instrument	1 Jan 2018	No material impact on the financial statements.
AASB 1058 Income of Not-for-Profit Entities	1 Jan 2019	May result in material changes to the Group's future financial reports, however, the quantitative effect of the Group adopting this standard has not yet been determined.
2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 Jan 2018	No material impact on the financial statements.
2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 Jan 2018	May result in material changes to the Group's future financial reports, however the quantitative effect of the Group adopting this standard has not yet been determined.

#### (c) Income Tax Exemption

The Company is exempt from the payment of tax by virtue of section 50 B of the *Income Tax Assessment Act 1997*. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

#### (d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured.

- Grant revenue: Macquarie University grant revenue is recognised monthly.
- Sale of goods: Point of sales revenue is recognised upon receipt of cash.
- Services: Childcare fees are recognised upon an accruals basis.
- Rental revenue: Rental revenue is recognised upon invoice or an accruals basis.
- Other revenue: Functions revenue is recognised once the function has occurred. Other revenue is recognised upon invoice or receipt of cash.
- Interest revenue: Interest revenue is recognised as interest revenue accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### (e) Government grants

U@MQ Limited recognise the government grants on receipt.

Revenue is measured at the fair value of the contributions received or receivable, when all the following conditions have been satisfied:

- a. U@MQ Limited obtains controls of the contribution or the right to receive the contribution;
- b. it is probable that the economic benefits comprising the contribution will flow to U@MQ Limited; and
- c. the amount of the contribution can be measured reliably.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (f) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (g) Trade receivables

Due to their short term nature, trade receivables are recognised and subsequently measured at original invoice amount. The effect of not discounting receivables to amortised cost is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An impairment provision is recognised when there is objective evidence that U@MQ Limited may not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the effective interest rate.

#### (h) Inventories

Inventories are valued at the lower of cost and net realisable value. From June 2016, all costs are assigned on a first in first out basis which approximately reflects actual cost.

#### (i) Trade and other payables

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

Trade and other payables are carried at original invoice cost and due to their short term nature, they are not discounted.

#### (j) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### (k) Impairment of non-financial assets

As a not for profit entity with no cash generating units, U@MQ Limited is effectively exempted from AASB 136 Impairment of Assets and Impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

At each reporting date, U@MQ Limited reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, U@MQ Limited estimates the recoverable amount of the cash generating unit to which the asset belongs.

#### (l) Acquisition 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 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.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **1 Summary of Significant Accounting Policies**

##### **(l) Acquisition of assets**

Identifiable 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 U@MQ Limited'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.

Where an asset is acquired at no cost or for a nominal amount, the cost is its fair value as at the date of acquisition. An asset costing less than the capitalisation threshold of \$5,000 is not capitalised but expensed.

##### **(m) Fair value measurements**

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The company considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 company for similar financial instruments.

##### **(n) Plant and Equipment**

Each class of plant and equipment is carried at lower of cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment are measured at historical cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

The cost of fixed assets constructed within U@MQ Limited includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to profit and loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to the retained earnings.

##### **Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to U@MQ Limited commencing from the time the asset is held ready for use.

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	4-10 years
Furniture, Fittings and Equipment	3-10 years
Machinery and Vehicles	6.66 years
Computer Equipment	3.33 years

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (n) Plant and Equipment

Fixed asset class	Depreciation rate
Academic Dress	5 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve to the asset are transferred to retained earnings.

#### (o) Intangible Assets

##### Computer software

Computer software is recorded at cost. Computer software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

#### (p) Leases

Leases of plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 15). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight line basis over the lease term. The respective leased assets are included in the Statement of Financial Position based on their nature.

#### (q) Employee benefits

##### (i) Wages and salaries, annual leave

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months after the end of the period 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 for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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 end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (q) Employee benefits

##### (iii) Retirement benefit obligations

All employees of the Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Defined superannuation contributions 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) Termination benefits

Liabilities for termination benefits are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, 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.

#### (r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

#### (s) Goods and Services Tax (GST)

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

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

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

#### (t) Rounding of amounts

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (u) Going concern

Notwithstanding the Company's deficiency in net results, the 2016 financial report has been prepared on the going concern basis.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**2 Revenue**

**Revenue from continuing operations**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Sale of goods</b>		
- Sale of goods	<b>7,593</b>	7,611
- Sale of food and beverages	<b>851</b>	914
Total sale of goods	<b>8,444</b>	8,525
<b>Services</b>		
- Services	<b>586</b>	565
- Facilities Hire	<b>173</b>	109
- Equipment Hire	<b>1,167</b>	1,058
- Child care fees	<b>4,853</b>	4,511
- Membership fees	<b>8,165</b>	7,933
- Event fees	<b>1,571</b>	1,523
- Sport programs fees	<b>653</b>	634
Total services	<b>17,168</b>	16,333
<b>Grant revenue</b>	<b>1,472</b>	2,513
<b>Rental revenue</b>	<b>1,975</b>	1,951
<b>Other revenue</b>		
- Gain on disposal of assets	<b>68</b>	-
- Interest	<b>229</b>	250
- Commissions	<b>442</b>	442
- General	<b>113</b>	149
- Sponsorships	<b>118</b>	96
- Rental recoveries	<b>12</b>	9
- Sydney Institute of Business and Technology fees	<b>-</b>	240
Total other income	<b>982</b>	1,186

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**3 Materials and consumables**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of goods sold - general	3,950	4,127
Cost of goods sold - wastage	57	57
<b>Total materials and consumables</b>	<b>4,007</b>	<b>4,184</b>

**4 Employee benefits expense**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and contractors	15,119	15,461
Workers compensation	77	109
Superannuation	1,321	1,366
Annual leave expense	-	32
Long service leave expense	179	72
Other employee expenses	246	318
<b>Total employee benefits expense</b>	<b>16,942</b>	<b>17,358</b>

**5 Depreciation and amortisation expense**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation</b>		
Plant and equipment	345	426
Plant and equipment under finance leases	87	121
Furniture & Fittings	109	135
Motor vehicles	6	7
Computer Equipment	79	33
Academic Dress	14	25
<b>Total depreciation</b>	<b>640</b>	<b>747</b>
<b>Amortisation</b>		
Computer software	168	74
<b>Total amortisation</b>	<b>168</b>	<b>74</b>
<b>Total depreciation and amortisation</b>	<b>808</b>	<b>821</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**6 Other expenses**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Professional services fees	<b>235</b>	128
Personnel services expenses	<b>490</b>	457
Printing and stationery	<b>158</b>	289
Marketing	<b>226</b>	493
Hire and lease	<b>264</b>	363
Fees	<b>425</b>	327
Travel	<b>215</b>	237
Loss on disposal of assets	-	15
Other expenses	<b>2,509</b>	2,610
<b>Total other expenses</b>	<b>4,522</b>	4,919

**7 Cash and cash equivalents**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Cash at bank and in hand	<b>2,445</b>	2,412
<b>Total Cash and cash equivalents</b>	<b>2,445</b>	2,412

**(a) Reconciliation to cash at the end of the year**

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Balance as per statement of cash flows</b>	<b>2,445</b>	2,412

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**8 Trade and other receivables**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Current</b>		
Trade receivables	222	268
Loan receivable from parent entity	6,700	6,900
Trade receivables from related parties	311	480
GST receivable	-	24
Other receivable	88	55
Prepayments	82	131
<b>Total current trade and other receivables</b>	<b>7,403</b>	<b>7,858</b>

**(a) Impaired trade receivables**

The ageing of these receivables is as follows:

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Past due but not impaired</b>		
Up to 3 months	362	264
3 to 6 months	12	15
Over 6 months	1	-
	<b>375</b>	<b>279</b>

**(b) Fair value and credit risk**

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

**9 Inventories**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
at cost	502	563
allowance for impairment loss relating to obsolescence	(8)	(38)
<b>Total inventories</b>	<b>494</b>	<b>525</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

10 Plant and equipment											Total \$'000
	Construction in Progress \$'000	Leased plant & equipment \$'000	Plant and equipment \$'000	Furniture, fittings and equipment \$'000	Machinery and vehicles \$'000	Computer Equipment \$'000	Works of Art \$'000	Academic Dress \$'000			
<b>Year ended 31 December 2016</b>											
Opening carrying amount	624	105	1,002	203	26	34	28	50			2,072
Additions	1,110	-	-	-	-	-	-	-			1,110
Disposal/Write-Off	-	-	(2)	-	-	-	-	-			(2)
Transfer of assets between classes	(1,526)	579	204	233	-	463	-	9			(38)
Depreciation charge	-	(87)	(345)	(109)	(6)	(79)	-	(14)			(640)
<b>Closing carrying amount</b>	<b>208</b>	<b>597</b>	<b>859</b>	<b>327</b>	<b>20</b>	<b>418</b>	<b>28</b>	<b>45</b>			<b>2,502</b>
<b>At 31 December 2016</b>											
Gross value	208	818	3,147	1,091	96	989	28	256			6,633
Accumulated depreciation	-	(221)	(2,288)	(764)	(76)	(571)	-	(211)			(4,131)
<b>Carrying amount</b>	<b>208</b>	<b>597</b>	<b>859</b>	<b>327</b>	<b>20</b>	<b>418</b>	<b>28</b>	<b>45</b>			<b>2,502</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

10 Plant and equipment											Total \$'000
	Construction in Progress \$'000	Leased plant & equipment \$'000	Plant and equipment \$'000	Furniture, fittings and equipment \$'000	Machinery and vehicles \$'000	Computer Equipment \$'000	Works of Art \$'000	Academic Dress \$'000			
<b>Year ended 31 December 2015</b>											
Opening carrying amount	123	226	1,190	315	33	49	28	62			2,026
Additions	864	-	-	-	-	-	-	-	-	-	864
Disposal/Write-Off	-	-	(22)	-	-	-	-	-	-	-	(22)
Transfer of assets between classes	(363)	-	260	23	-	18	-	13			(49)
Depreciation charge	-	(121)	(426)	(135)	(7)	(33)	-	(25)			(747)
<b>Closing carrying amount</b>	<b>624</b>	<b>105</b>	<b>1,002</b>	<b>203</b>	<b>26</b>	<b>34</b>	<b>28</b>	<b>50</b>			<b>2,072</b>
<b>At 31 December 2015</b>											
Gross value	624	792	3,076	914	116	667	28	252			6,469
Accumulated depreciation	-	(687)	(2,074)	(711)	(90)	(633)	-	(202)			(4,397)
<b>Carrying amount</b>	<b>624</b>	<b>105</b>	<b>1,002</b>	<b>203</b>	<b>26</b>	<b>34</b>	<b>28</b>	<b>50</b>			<b>2,072</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**11 Intangible Assets**

	<b>Computer software, other 2016 \$'000</b>	<b>Computer software, other 2015 \$'000</b>
Opening carrying amount	220	245
Additions	38	49
Amortisation	(168)	(74)
<b>Closing carrying amount</b>	<b>90</b>	<b>220</b>
Gross value	398	360
Accumulated amortisation and impairment	(308)	(140)
<b>Closing carrying amount</b>	<b>90</b>	<b>220</b>

**12 Trade and other payables**

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Current</b>		
Trade payables	<b>456</b>	1,044
GST payable (Net)	<b>33</b>	-
Amount due to related parties	<b>486</b>	687
Sundry accrual and other payables	<b>1,294</b>	1,845
PAYG Withholding	<b>89</b>	88
<b>Total current trade and other payables</b>	<b>2,358</b>	<b>3,664</b>

**13 Borrowings**

	<b>Note</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Current, secured liabilities</b>			
Lease liabilities	15	<b>135</b>	-
<b>Total current borrowings</b>		<b>135</b>	-
<b>Non-current, secured liabilities</b>			
Lease liabilities	15	<b>385</b>	-
<b>Total non-current borrowings</b>		<b>385</b>	-
<b>Total borrowings</b>		<b>520</b>	-

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**14 Provisions**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Current provision expected to be settled within 12 months</b>		
Employee benefits - annual leave	<b>573</b>	548
Employee benefits - long service leave	<b>106</b>	89
<b>Subtotal</b>	<b>679</b>	637
<b>Current provisions expected to be settled after more than 12 months</b>		
Employee benefits - annual leave	<b>210</b>	306
Employee benefits - long service leave	<b>173</b>	172
<b>Subtotal</b>	<b>383</b>	478
<b>Total current provisions</b>	<b>1,062</b>	1,115
	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Non-current provisions</b>		
Employee benefits - long service leave	<b>385</b>	360
<b>Total non-current provisions</b>	<b>385</b>	360
<b>Total provisions</b>	<b>1,447</b>	1,475

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 15 Commitments

#### (a) Finance Leases - Company as lessee

U@MQ Limited leases gymnasium equipment with a carrying amount of \$597k (2015: \$105k) under finance leases which expired in 2020.

	2016	2015
	\$'000	\$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	154	-
Later than one year but not later than five years	409	-
Minimum lease payments	<u>563</u>	-
Future finance charges	<u>(43)</u>	-
<b>Recognised as a liability - see note 13</b>	<u>520</u>	-
The present value of finance lease liabilities is as follows:		
Within one year	135	-
Later than one year but not later than five years	<u>385</u>	-
<b>Minimum lease payments (GST exclusive)</b>	<u>520</u>	-

#### (b) Operating leases - Company as lessee

U@MQ Limited has entered into commercial leases on certain items of plant and equipment. These leases have an average life of four years with no renewal option included in the contracts. There are no restrictions placed upon U@MQ Limited by entering into these leases.

	2016	2015
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	11	10
Later than one year but not later than five years	<u>23</u>	13
<b>Total non-cancellable operating leases payable (GST exclusive)</b>	<u>34</u>	23

#### (c) Operating leases - Company as lessor

U@MQ Limited has entered into operating leases on property consisting of food and other retail outlets. These leases have terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions or fixed rates. The total rental revenue recognised during the year is \$1,975k (2015: \$1,951k).

	2016	2015
	\$'000	\$'000
Commitments to minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:		
Within one year	1,105	1,561
Later than one year but not later than five years	<u>1,072</u>	1,165
<b>Total non-cancellable operating leases receivable (GST exclusive)</b>	<u>2,177</u>	2,726

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 15 Commitments

#### (d) Capital commitments

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

	2016	2015
	\$'000	\$'000
<i>Property, plant and equipment</i>		
Payable:		
Within one year	11	100
<b>Total capital commitments (GST exclusive)</b>	<b>11</b>	<b>100</b>

### 16 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company'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 Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

The Company holds the following financial instruments:

	2016	2015
	\$'000	\$'000
<b>Financial assets</b>		
Cash and cash equivalents	2,445	2,412
Trade and other receivables	7,321	7,703
<b>Total Financial assets</b>	<b>9,766</b>	<b>10,115</b>
<b>Financial liabilities</b>		
Trade and other payables	2,222	3,591
Borrowings	563	-
<b>Total Financial liabilities</b>	<b>2,785</b>	<b>3,591</b>

#### (a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. At the reporting date the Company held deposits at call of \$0 (2015: \$0) that are expected to readily generate cash inflows for managing liquidity risk.

#### (b) Market risk

##### (i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk if the borrowings are carried at fair value. U@MQ Limited's policy is not to value its fixed rate, long term borrowings at fair value.

As at the end of the reporting period, the Company has no variable rate borrowings.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 16 Financial risk management

#### (c) Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer. Ongoing credit evaluation is performed regularly on the financial condition of U@MQ Limited's debtors.

#### *Maturities of financial liabilities*

The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows;

(a) based on their contractual maturities:

i) all non derivative financial liabilities, and

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### **Contractual maturities of financial liabilities**

	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying Amount \$'000
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#### **2016**

##### **Non-derivatives**

Trade payables	2,222	-	-	-	-	2,222	2,222
Borrowings	77	77	153	256	-	563	520
<b>Total non-derivatives</b>	<b>2,299</b>	<b>77</b>	<b>153</b>	<b>256</b>	<b>-</b>	<b>2,785</b>	<b>2,742</b>

	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying Amount \$'000
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#### **2015**

##### **Non-derivatives**

Trade payables	3,591	-	-	-	-	3,591	3,591
<b>Total non-derivatives</b>	<b>3,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,591</b>	<b>3,591</b>

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 16 Financial risk management

#### (d) Summarised sensitivity analysis

##### *Summarised sensitivity analysis*

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

	Carrying amount	-1%	-1%	+1%	+1%
	Equity \$'000	Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
<b>2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,445	(24)	(24)	24	24
Trade and other receivable	7,321	-	-	-	-
<b>Total increase/(decrease) in financial assets</b>		<b>(24)</b>	<b>(24)</b>	<b>24</b>	<b>24</b>
<b>Financial liabilities</b>					
Trade payables	2,222	-	-	-	-
Borrowings	563	6	6	(6)	(6)
<b>Total increase/(decrease) in financial liabilities</b>		<b>6</b>	<b>6</b>	<b>(6)</b>	<b>(6)</b>
<b>Total increase/(decrease)</b>		<b>(18)</b>	<b>(18)</b>	<b>18</b>	<b>18</b>

	Carrying amount	-1%	-1%	+1%	+1%
	Equity \$'000	Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
<b>2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,412	(24)	(24)	24	24
Trade and other receivable	7,703	-	-	-	-
<b>Total increase/(decrease) in financial assets</b>		<b>(24)</b>	<b>(24)</b>	<b>24</b>	<b>24</b>
<b>Financial liabilities</b>					
Trade payables	3,591	-	-	-	-
Borrowings	-	-	-	-	-
<b>Total increase/(decrease) in financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase/(decrease)</b>		<b>(24)</b>	<b>(24)</b>	<b>24</b>	<b>24</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**17 Key Management Personnel Disclosures**

**(a) Directors**

The following persons were directors of U@MQ Limited during the financial year:

*(i) Chairman - non-executive*

Deidre Anderson

*(ii) Non-executive directors*

Josh Stinton

Michael Graham Wall (resigned 5 December 2016)

Patrick John Gorman (resigned 23 December 2016)

Paul Schreier (resigned 4 March 2016)

Nicole Gower

Kieren Ash

**(b) Other key management personnel**

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

<i>Name</i>	<i>Position</i>	<i>Employer</i>
Kim Guerin	Chief Executive Officer	Macquarie University
Cindy Hoad	General Manager - Sport & Recreation	U@MQ Limited
Niels Pantenburg	General Manager - Campus Services	U@MQ Limited
Richard Luxford (until 31 Jan 2016)	Head of Operations	U@MQ Limited
Maria Bennett	Children's Services Manager	U@MQ Limited

**(c) Key management personnel compensation**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>618</b>	751
Personnel services	-	289
Termination benefits	<b>95</b>	-
<b>Total key management personnel compensation</b>	<b>713</b>	<b>1,040</b>

Short-term employee benefits include salary and superannuation.

Personnel services include payments to Macquarie University for those employees seconded to the Company, and include salary, superannuation and oncosts.

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 18 Remuneration of Auditors

	2016	2015
	\$	\$
<b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b>		
Audit of financial statement	55,000	50,000
<b>Total remuneration for audit services</b>	<b>55,000</b>	<b>50,000</b>

### 19 Contingencies

The Company had no contingent liabilities and assets at 31 December 2016. (2015:\$nil)

### 20 Related party transactions

#### (a) Parent entities

The ultimate parent entity, which exercises 100% control over the Company, is Macquarie University.

#### (b) Transactions with related parties

There were no transactions between the Company and the Directors or with organisations with which the Directors held a substantial financial interest other than minor food and beverages at commercial rates.

The following transactions occurred with following related parties:

	P&L Transactions			Balance Sheet	
	Revenue	Expenses	Trade Receivable	Loan Receivables	Payables
	\$'000	\$'000	\$'000	\$'000	\$'000
Access Macquarie Ltd	87	-	49	-	-
Macquarie University	4,341	1,971	262	6,700	486
MGSM Limited	16	1	-	-	-
<b>Total</b>	<b>4,444</b>	<b>1,972</b>	<b>311</b>	<b>6,700</b>	<b>486</b>

### 21 Reconciliation of net results to net cash inflow from operating activities

	2016	2015
	\$'000	\$'000
Net results	661	(697)
Depreciation and amortisation	808	821
Net gain on sale on non-current assets	(68)	22
Changes in operating assets and liabilities		
Decrease (increase) in trade debtors	230	226
Decrease (increase) in inventories	31	(38)
(Decrease) increase in trade creditors	(1,281)	1,593
(Decrease) increase in other provisions	(28)	104
<b>Net cash inflow (outflow) from operating activities</b>	<b>353</b>	<b>2,031</b>

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 22 Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations (2015: \$nil).

### 23 Statement of guarantee

The Company is incorporated in Australia under the Corporations Act 2001 and is limited by guarantee to the amount of \$1.00 (2015:\$1.00) by the sole member. In the event of winding up the surplus of all assets and liabilities must not be distributed to the Member but must be distributed to an organisation approved by the University Council which has similar objects to U@MQ Limited.

### 24 Administered Assets

	2016	2015
	\$'000	\$'000
Cash at bank and on hand	<u>189</u>	<u>178</u>

The company administers, but does not control, certain activities on behalf of University based student and sporting clubs. It is accountable to those University based student and sporting clubs for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the company's own objectives.



## INDEPENDENT AUDITOR'S REPORT

U@MQ Limited

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of U@MQ Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## **The Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

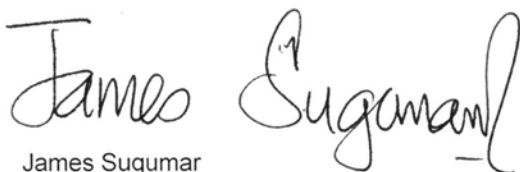
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements



James Sugumar  
Director, Financial Audit Services

5 April 2017  
SYDNEY





Macquarie University is a vibrant hub of intellectual thinkers, all working towards a brighter future for our communities and our planet.

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