

FINANCIAL STATEMENTS

The University of Newcastle ABN 157 365 767 35

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THE UNIVERSITY OF NEWCASTLE
Income statement
For the year ended 31 December 2013

		Consolidated		Parent	
		2013	2012	2013	2012
	Note	\$000	\$000	\$000	\$000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	320,033	306,660	320,033	306,660
HELP - Australian Government Payment	2	134,638	110,460	134,638	110,460
State and local Government financial assistance	3	602	1,964	602	1,964
HECS-HELP - Student payments		9,060	9,573	9,060	9,573
Fees and charges	4	112,312	100,942	106,004	95,056
Investment revenue	5	21,592	23,354	20,826	33,590
Royalties, trademarks and licences	6	1,010	97	135	97
Consultancies and contracts	7	70,366	76,067	57,341	61,257
Other revenue	8	28,723	27,639	27,543	27,354
Total revenue from continuing operations		698,336	656,756	676,182	646,011
Other income					
Gains on disposal of assets		1,469	382	1,218	610
Total income from continuing operations		699,805	657,138	677,400	646,621
Expenses					
Employee related expenses	9	374,167	364,751	358,961	349,478
Depreciation and amortisation	10	36,516	38,312	36,021	37,527
Repairs and maintenance	11	31,441	23,828	31,000	23,511
Borrowing costs		4,901	3,439	4,901	3,541
Impairment of assets	12	1,337	1,480	1,257	1,499
Loss on disposal of assets		1,135	44	1,135	35
Deferred super expense	9	451	178	451	178
Other expenses	13	185,057	169,499	180,392	171,007
Total expenses from continuing operations		635,005	601,531	614,118	586,776
Operating result before income tax		64,800	55,607	63,282	59,845
Income tax expense	14	116	1,756	-	-
Operating result after income tax for the year		64,684	53,851	63,282	59,845
Operating result attributable to members of the University of Newcastle	33	64,684	53,851	63,282	59,845

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

THE UNIVERSITY OF NEWCASTLE
Statement of comprehensive income
For the year ended 31 December 2013

	Consolidated		Parent	
	2013	2012	2013	2012
Note	\$000	\$000	\$000	\$000
Operating result for the year	64,684	53,851	63,282	59,845
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Changes in the fair value of available-for-sale financial assets, net of tax	17,734	9,971	17,707	9,972
Exchange differences on translation of foreign operations	472	129	-	-
Cash flow hedges, net of tax	1,129	(4,649)	1,129	(4,649)
Total	19,335	5,451	18,836	5,323
<i>Items that will not be reclassified to profit or loss</i>				
Gain on revaluation of property, plant and equipment, net of tax	22,445	16,235	23,838	16,235
Net actuarial losses (gains) recognised in respect of Defined Benefit Plans and University Pension Fund	643	-	643	-
Total	23,088	16,235	24,481	16,235
Total other comprehensive income for the year, net of tax	42,423	21,686	43,317	21,558
Total comprehensive income for the year	107,107	75,537	106,599	81,403
Total comprehensive income attributable to:				
The University of Newcastle	107,107	75,537	106,599	81,403

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

THE UNIVERSITY OF NEWCASTLE
Statement of financial position
As at 31 December 2013

		Consolidated		Parent	
		2013	2012	2013	2012
	Note	\$000	\$000	\$000	\$000
ASSETS					
Current assets					
Cash and cash equivalents	15	12,716	22,122	7,006	17,860
Trade and other receivables	16	38,073	36,111	37,341	35,280
Inventories	17	103	148	-	-
Other financial assets	18	135,135	194,537	119,535	178,587
Total current assets		186,027	252,918	163,882	231,727
Non-current assets					
Trade and other receivables	16	264,269	308,545	264,269	308,545
Other financial assets	18	299,040	208,082	297,454	207,918
Property, plant and equipment	19	915,491	833,320	914,273	831,071
Intangible assets	20	3,502	2,660	3,113	2,421
Total non-current assets		1,482,302	1,352,607	1,479,109	1,349,955
Total assets		1,668,329	1,605,525	1,642,991	1,581,682
LIABILITIES					
Current liabilities					
Trade and other payables	21	35,308	39,929	30,411	35,002
Borrowings	22	-	-	-	-
Current tax liabilities		164	174	-	-
Provisions	23	90,713	86,437	88,646	84,581
Other liabilities	25	9,117	8,528	5,183	5,537
Total current liabilities		135,302	135,068	124,240	125,120
Non-current liabilities					
Trade and other payables	21	387	494	387	494
Borrowings	22	85,000	85,000	85,000	85,000
Provisions	23	311,419	354,719	310,999	354,173
Derivative financial instruments	24	3,520	4,649	3,520	4,649
Total non-current liabilities		400,326	444,862	399,906	444,316
Total liabilities		535,628	579,930	524,146	569,436
Net assets		1,132,701	1,025,595	1,118,845	1,012,246
EQUITY					
Reserves	26	538,552	496,129	539,388	496,071
Retained earnings	26	594,149	529,466	579,457	516,175
Total equity		1,132,701	1,025,595	1,118,845	1,012,246

The above statement of financial position should be read in conjunction with the accompanying notes.

THE UNIVERSITY OF NEWCASTLE
Statement in changes of equity
For the year ended December 2013

	Note	Reserves \$000	Retained earnings \$000	Total \$000
Consolidated				
Balance at 1 January 2012		474,443	475,615	950,058
Operating result for the year		-	53,851	53,851
Other comprehensive income		21,686	-	21,686
Balance at 31 December 2012		496,129	529,466	1,025,595
 Balance at 1 January 2013		 496,129	 529,466	 1,025,595
Operating result for the year		-	64,684	64,684
Other comprehensive income		42,423	-	42,423
Balance at 31 December 2013		538,552	594,149	1,132,701
Parent				
Balance at 1 January 2012		474,513	456,330	930,843
Operating result for the year		-	59,845	59,845
Other comprehensive income		21,558	-	21,558
Balance at 31 December 2012		496,071	516,175	1,012,246
 Balance at 1 January 2013		 496,071	 516,175	 1,012,246
Operating result for the year		-	63,282	63,282
Other comprehensive income		43,317	-	43,317
Balance at 31 December 2013		539,388	579,457	1,118,845

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

THE UNIVERSITY OF NEWCASTLE
Statement of cash flows
For the year ended 31 December 2013

		Consolidated		Parent	
		2013	2012	2013	2012
	Note	\$000	\$000	\$000	\$000
Cash flows from operating activities					
Australian Government grants	2(i)	456,132	420,118	456,132	420,118
State Government grants		602	1,963	602	1,963
HECS-HELP - Student payments		9,060	9,573	9,060	9,573
Receipts from student fees and other customers		222,418	217,361	195,463	194,726
Dividends received		1,764	4,796	1,764	13,252
Payments to suppliers and employees		(625,373)	(548,797)	(600,868)	(539,320)
Interest received		11,885	12,410	11,101	11,489
Interest paid		(4,857)	(3,489)	(4,857)	(3,489)
GST recovered (paid)		14,768	6,056	15,060	6,541
Income taxes paid		(146)	(3,555)	-	-
Net cash provided by operating activities	33	86,253	116,436	83,457	114,853
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		444	312	353	290
Proceeds from sale of available-for-sale financial assets		46,791	1,303	46,791	1,188
Proceeds from redemption of held to maturity investments		336,533	371,443	316,733	350,343
Payments for purchase of property, plant and equipment		(93,836)	(34,549)	(93,013)	(33,772)
Payments for purchase of available-for-sale financial assets		(79,314)	(57,849)	(79,311)	(57,799)
Payments for purchase of held to maturity investments		(306,541)	(476,222)	(285,891)	(455,574)
Proceeds from repayment of interest bearing loans		57	247	57	247
Payments for purchase of intellectual property		(255)	(287)	-	-
Proceeds from repayment of other loans		120	100	120	100
Net cash used by investing activities		(96,001)	(195,502)	(94,161)	(194,977)
Cash flows from financing activities					
Proceeds from borrowings		-	85,000	-	85,000
Repayment of borrowings		(150)	(400)	(150)	(400)
Net cash (used) provided by financing activities		(150)	84,600	(150)	84,600
Net increase (decrease) in cash and cash equivalents held		(9,898)	5,534	(10,854)	4,476
Cash and cash equivalents at beginning of year		22,122	16,485	17,860	13,384
Effects of exchange rate changes on cash and cash equivalents		492	103	-	-
Cash and cash equivalents at end of financial year	15	12,716	22,122	7,006	17,860

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of The University of Newcastle. They have been prepared on an accrual basis in accordance with Australian Accounting Standards.

Additionally the statements have been prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003 (Cwth)* (Financial Statement Guidelines)
- *Public Finance and Audit Act 1983 (NSW)*
- The requirements of the Department of Education and other State/Australian Government legislative requirements.

The University of Newcastle is a not-for-profit entity and these statements have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the IFRS requirements.

Date of authorisation for issue

The financial statements were authorised for issue by the Council of The University of Newcastle on 31 March 2014.

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.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying The University of Newcastle's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The University of Newcastle makes estimates and assumptions covering the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

- Provision for impairment of receivables – a provision is estimated when there is objective evidence that the Group will not be able to collect all amounts due according to the original forms of the receivables as outlined in note 1(j).
- Impairment of investments and other financial assets – the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired as outlined in note 1(l).
- Employee benefits – Long service leave – the liability for long service leave is measured at the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date as outlined in note 1(v)(ii).
- Employee benefits – Defined benefit plans – the liability or asset in respect of defined benefit superannuation plans and pensions is measured at the present value of the defined benefit obligation and pension at the reporting date as outlined in note 1(v)(iii). These benefits are independently valued by an actuary where certain key assumptions are taken into account as outlined in note 36(b).
- Useful lives of property, plant and equipment – depreciation of property, plant and equipment is calculated over the assets estimated useful lives. Useful lives are reviewed and adjusted if appropriate at each reporting date as outlined in note 1(o).
- Valuation of property, plant and equipment – land, buildings and infrastructure, artworks and rare books are independently valued as outlined in note 1(o). Certain key assumptions are taken into account as outlined in note 19.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The University of Newcastle ("parent entity") as at 31 December 2013 and the results of all subsidiaries for the year then ended. The University of Newcastle and its subsidiaries together are referred to in this financial report as the Group.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of consolidation (continued)

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

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

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

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

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

(iii) Joint ventures

Joint venture operations

Where relevant, the proportionate interests in the assets, liabilities and expenses of a joint venture operation are incorporated into the financial statements under the appropriate headings.

(iv) Joint venture entities

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the statement of comprehensive income and statement of changes in equity.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is The University of Newcastle'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 income statement. Qualifying cash flow hedges and qualifying net investment hedges in a foreign operation shall be accounted for by recognising the portion of the gain or loss determined to be an effective hedge in other comprehensive income and the ineffective portion in profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

If gains or losses on non-monetary items are recognised in other comprehensive income, translation gains or losses are also recognised in other comprehensive income. Similarly, if gains or losses on non-monetary items are recognised in profit and loss, translation gains or losses are also recognised in profit or loss.

(iii) Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are accounted for by recognising the effective portion in other comprehensive income and the ineffective portion in the income statement. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the gain or loss relating to the effective portion of the hedge that has been recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment.

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

(d) Revenue recognition

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.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group'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 Group 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) Government Grants

The University of Newcastle treats operating grants received from Australian Government entities as income in the year of receipt.

Grants from the government are recognised at their fair value where the Group obtains control of the right to receive the grant, it is probable that economic benefits will flow to the Group and it can be reliably measured.

(ii) HELP payments

Revenue from HELP is categorised into those received from the Australian Government and those received directly from students. Revenue is recognised and measured in accordance with the above disclosure.

(iii) Student fees and charges

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income (or portion thereof) is treated as income in advance in liabilities. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

(iv) Consultancies and contracts

Contract revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

Other human resources revenue is recognised when the service is provided.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

(v) Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(vi) Royalties, trademarks and licences

Revenue from royalties, trademarks and licences is recognised as income when earned.

(vii) Other revenue

Other revenue is recognised in the year of receipt.

(e) Income tax

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

The income tax expense or revenue for the period is the tax payable or receivable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Current and deferred tax assets and liabilities relating to the same taxation authority are offset when there is a legally enforceable right to offset current tax assets and liabilities and they are intended to be either settled on a net basis, or the asset is to be realised and the liability settled simultaneously.

Current and deferred tax balances attributable to amounts recognised outside profit and loss are also recognised outside profit and loss.

(f) Leases

Leases of property, plant and equipment where the Group as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and 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 income statement 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 property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 30(b)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(g) Business combinations

The acquisition method shall be applied to account for each business combination; this does not include a combination of entities or businesses under common control, the formation of a joint venture, or the acquisition of an asset or a group of assets. The acquisition method requires identification of the acquirer, determining the acquisition date and recognising and measuring the identifiable assets acquired, liabilities assumed, goodwill gained, a gain from a bargain purchase and any non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree shall be recognised separately from goodwill as of the acquisition date. Intangible assets acquired in a business combination are recognised separately from goodwill if they are separable, but only together with a related contract, identifiable asset or liability. Acquisition related costs are expensed in the periods in

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Business combinations (continued)

which they are incurred with the exception of costs to issue debt or equity securities, which are recognised in accordance with AASB132 *Financial Instruments: Presentation* and AASB139 *Financial Instruments: Recognition and Measurement*.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Measurement of any non-controlling interest in the acquiree is at fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by Australian Accounting Standards.

Contingent liabilities assumed are recognised as part of the acquisition if there is a present obligation arising from past events and the fair value can be reliably measured. The excess at the acquisition date of the aggregate of the consideration transferred, the amount of any non-controlling interest and any previously held equity interest in the acquiree, over the net amounts of identifiable assets acquired and liabilities assumed is recognised as goodwill (refer to 1(p)(ii)). If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement of the acquirer, but only after a reassessment of the identification and measurement of the net assets acquired.

Consideration transferred in a business combination shall be measured at fair value. Where the business combination is achieved in stages, the acquirer shall remeasure previously held equity interest in the acquiree at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) 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 after end of month 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 Group 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 income statement.

(k) Inventories

(i) Retail stock

Retail stock is stated at the lower of cost and net realisable value. Cost comprises direct materials only. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Investments and other financial assets

Classification

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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 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 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 Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

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

Initial recognition and derecognition

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

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary security denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and on monetary securities classified as available-for-sale are recognised in equity.

Fair value

The fair values of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques, that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Other valuation techniques used are the cost approach and the income approach based on the characteristics of the asset and the assumptions made by market participants.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

Impairment

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

(m) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or (2) hedges of highly probable forecast transactions (cash flow hedges).

(i) Fair value hedge

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

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts that have been recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within sales.

However, when the forecast cash flow that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously recognised in other comprehensive income are either reclassified as a reclassification adjustment to the income statement or are included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

(n) Fair value measurement

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

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the balance sheet date (level 1). The quoted market price used for assets held by the Group is the most representative of fair value in the circumstances within the bid-ask spread.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Fair value measurement (continued)

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter-derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets or liabilities. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date. The level in the fair value hierarchy shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the *highest and best use* of the asset. The Group 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 Group for similar financial instruments.

(o) Property, plant and equipment

Land, buildings and infrastructure, artworks and rare books are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. 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. Any additions to land, buildings and infrastructure, artworks and rare books since the valuation by external valuers are shown at historical cost less depreciation. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include gains or losses that were recognised in other comprehensive income on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Increases in the carrying amounts arising on revaluation of land, buildings and infrastructure, artworks and rare books are recognised, net of tax, in other comprehensive income and accumulated in equity under the heading of property, plant and equipment revaluation reserve. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are also firstly recognised in other comprehensive income before reducing the balance of revaluation surpluses in equity, to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

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

Buildings	40 - 70 years
Plant and equipment	2 - 10 years
Library collections	2 - 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.

Land, buildings and infrastructure were valued by Global Valuation Services in October 2013.

(p) Intangible Assets

(i) Intellectual property

Expenditure on intellectual property, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other intellectual property expenditure is recognised in the income statement as an expense incurred. Capitalised expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which varies from 10 to 16 years.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Intangible Assets (continued)

(ii) Goodwill

Goodwill represents the excess of the aggregate of the fair value measurement of the consideration transferred in an acquisition, the amount of any non-controlling interest and any previously held equity interest in the acquiree, over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(iii) Computer Software

Expenditure on software, being software that is not an integral part of the related hardware, is capitalised. Capitalised expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, to a maximum of 5 years.

(q) Unfunded superannuation

A long standing arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the University of Newcastle's beneficiaries of the NSW State Superannuation Scheme (SSS) and the NSW State Authorities Superannuation Scheme (SASS) on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly the liabilities have been recognised in the Statement of Financial Position under provisions (note 23) with a corresponding asset recognised under receivables (note 16).

The Australian Government and the State Government are reviewing the current arrangements relating to unfunded NSW State Superannuation Schemes.

(r) Trade and other payables

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

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and recognised on a straight-line basis over the term of the facility.

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 other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date and does not expect to settle the liability for at least 12 months after the reporting date.

(t) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are expensed at the time they are incurred.

(u) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is 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.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Provisions (continued)

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. The increase in the provision due to the passage of time is recognised as a finance cost.

(v) Employee benefits

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before twelve months after the end of the reporting period, and is recognised in other payables.

(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 not expected to be settled wholly before twelve months after the end of the reporting period. It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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 Group are entitled to benefits on retirement, disability or death from the Group's Superannuation plan. The Group has a defined benefit section and defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions. A significant proportion of the employees of the parent entity are members of the defined contribution section of the Group's plan.

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

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.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Past service costs are recognised in income immediately. Contributions to the defined contribution section of the Group's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Group recognises termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of *AASB137 Provisions, Contingent Liabilities and Contingent Assets* that involves the payment of termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits not expected to be settled wholly before 12 months after the end of the reporting period are discounted to present value.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Rounding of amounts

The University of Newcastle is of a kind referred to in Class Order 98/0100 as amended by Class Order 04/667, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the Class Order, to the nearest thousand dollars, or in certain cases, the nearest dollar.

(x) 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to tax authorities.

(y) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(z) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

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.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(aa) New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2013 reporting periods. The University's assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 Financial instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AAB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective 1 January 2015)

AASB 9 amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

1. Amortised cost
2. Fair value through profit or loss
3. Fair value through other comprehensive income.

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

The company does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.

- Interpretation 21 Accounting for Levies (effective 1 January 2014)

Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

The company is not liable to pay any government levies. There will therefore be no impact on the financial statements when this interpretation is first adopted.

- AASB 10 Consolidated Financial Statements This standard is applicable to annual reporting periods beginning on or after 1 January 2013.

The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity.

A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

(ab) New, revised or amending Accounting Standards and Interpretations adopted

The University has applied all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards ('AASB') that are mandatory for the current reporting year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*

AASB 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. No differences were found in the valuation approach of financial instruments and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 13. New disclosure requirements under AASB 13 are contained within the financial statements.

- AASB 119 *Employee Benefits* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119*

The company has applied AASB 119 and its consequential amendments from 1 January 2013. The standard changed the definition of short-term employee benefits, from 'due to' to 'expected to' to be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken. New disclosure requirements under AASB 119 are contained within the financial statements.

It significantly changes the recognition and measurement of defined benefit superannuation plan (BDP) expenses and termination benefits, and the disclosures for employee benefits. Changes must be applied retrospectively.

The amendments relating to DBPs improve the comparability and understandability of changes occurring year-on-year by removing options and requiring entities to recognise gains and losses immediately.

The key changes include:

- net interest income is determined based on the discount rate applied to liabilities rather than the expected rate of return on assets
- enhanced disclosure requirements relating to the characteristics, risks and amounts in the financial statements regarding DBPs, as well as the effect of DBPs on the amount, timing and certainty of the entity's future cash flows

(ab) New, revised or amending Accounting Standards and Interpretations adopted (continued)

- entities must recognise actuarial gains/losses on re-measuring DBP obligations/assets in other comprehensive income (OCI) rather than profit or loss
- timing for recognition of liabilities for termination benefits
- clarification that employee benefits are classified as current when the University does not have an unconditional right of deferral for at least 12 months after the end of the financial year. Annual leave not expected to be settled within 12 months of the end of the reporting period will be discounted. The entity must disclose the amount due to be settled within 12 months and the amounts due to be settled after 12 months eliminating the deferral of gains and losses for DBPs ('corridor method').

Defined contribution superannuation expense - Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred

THE UNIVERSITY OF NEWCASTLE
Notes to the financial statements
For the year ended 31 December 2013

2 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND OTHER AUSTRALIAN GOVERNMENT LOAN PROGRAMS

	<i>Note</i>	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
(a) Commonwealth Grants Scheme and other grants					
Commonwealth Grants Scheme		213,236	206,657	213,236	206,657
Indigenous Support Program		2,368	2,268	2,368	2,268
Disability Support Program		122	185	122	185
Learning and Teaching Performance Fund		180	-	180	-
Transitional Cost Program		-	93	-	93
Partnership and Participation Program		6,184	6,145	6,184	6,145
Total Commonwealth Grants Scheme and other grants	37(a)	222,090	215,349	222,090	215,349
(b) Higher Education Loan Programs (HELP)					
HECS-HELP		116,105	96,052	116,105	96,052
FEE-HELP		15,891	13,438	15,891	13,438
SSAF-HELP		2,642	970	2,642	970
Total Higher Education Loan Programs	37(b)	134,638	110,460	134,638	110,460
(c) Scholarships					
Australian Postgraduate Awards		5,919	5,550	5,919	5,550
International Postgraduate Research Scholarships		513	512	513	512
Commonwealth Education Costs Scholarship		115	796	115	796
Commonwealth Accommodation Scholarships		194	428	194	428
Indigenous Access scholarships		(1)	314	(1)	314
Indigenous Staff Scholarships		43	76	43	76
Total Scholarships	37(c)	6,783	7,676	6,783	7,676
(d) Commonwealth Department of Education research					
Joint Research Engagement Program		8,394	8,686	8,394	8,686
Research Training Scheme		15,290	15,074	15,290	15,074
Research Infrastructure Block Grants		5,522	5,971	5,522	5,971
Sustainable Research Excellence in Universities		4,068	3,660	4,068	3,660
Total Commonwealth Dept of Education research	37(d)	33,274	33,391	33,274	33,391
(e) Other capital funding					
Education Investment Fund		26,414	14,143	26,414	14,143
Total other capital funding	37(e)	26,414	14,143	26,414	14,143
(f) Australian Research Council					
<i>Discovery</i>					
Projects		8,097	9,351	8,097	9,351
Fellowships		3,759	3,636	3,759	3,636
Indigenous Researchers Development		176	199	176	199
Total discovery	37(f)(i)	12,032	13,186	12,032	13,186
<i>Linkages</i>					
Infrastructure		480	890	480	890
Projects		2,546	3,204	2,546	3,204
Total linkages	37(f)(ii)	3,026	4,094	3,026	4,094

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Notes to the financial statements
For the year ended 31 December 2013

2 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND OTHER AUSTRALIAN GOVERNMENT LOAN PROGRAMS (continued)		Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
(f)	Australian Research Council (continued)				
	<i>Networks and Centres</i>				
	Centres	2,300	2,215	2,300	2,215
	Total Networks and Centres	2,300	2,215	2,300	2,215
	Total Australian Research Council	17,358	19,495	17,358	19,495
(g)	Other Australian Government financial assistance				
	<i>Non-capital</i>				
	Indigenous Tutorial Assistance Scheme	292	594	292	594
	Miscellaneous government grants	12,153	11,770	12,153	11,770
	Total non-capital	12,445	12,364	12,445	12,364
	<i>Capital</i>				
	Miscellaneous government grants	1,669	4,242	1,669	4,242
	Total capital	1,669	4,242	1,669	4,242
	Total other Australian Government financial assistance	14,114	16,606	14,114	16,606
	Total Australian Government financial assistance	454,671	417,120	454,671	417,120
(h)	Reconciliation				
	Australian Government Grants	320,033	306,660	320,033	306,660
	Higher education loan programs (HELP)	134,638	110,460	134,638	110,460
	Total Australian Government financial assistance	454,671	417,120	454,671	417,120
(i)	Australian Government grants received – cash basis				
	CGS and Other Education Grants	222,273	216,516	222,273	216,516
	Higher Education Loan Programs (HELP)	136,120	110,558	136,120	110,558
	Scholarships	5,505	8,287	5,505	8,287
	Education research	33,274	33,390	33,274	33,390
	Other capital funding	26,414	14,143	26,414	14,143
	ARC grants - Discovery	12,032	13,186	12,032	13,186
	ARC grants - Linkages	3,027	4,094	3,027	4,094
	ARC grants - Networks and Centres	2,300	2,215	2,300	2,215
	Other Australian Government financial assistance	14,114	16,606	14,114	16,606
	Total Australian Government grants received - cash basis	455,059	418,995	455,059	418,995
	HELP OS (Net)	1,073	1,123	1,073	1,123
	Total Australian Government funding received - cash basis	456,132	420,118	456,132	420,118
3	STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE				
	Government grants were received during the reporting period for the following purposes:				
	Non-Capital				
	State Government Contributions	602	1,068	602	1,068
	Total	602	1,068	602	1,068
	Capital				
	State Government Capital Contributions	-	896	-	896
	Total	-	896	-	896
	Total State and Local Government financial assistance	602	1,964	602	1,964

4 FEES AND CHARGES

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Course fees and charges				
Fee-paying overseas students	81,444	73,401	75,181	67,516
Fee-paying domestic postgraduate students	10,104	9,334	10,104	9,334
Fee-paying domestic undergraduate students	77	196	77	196
Fee-paying domestic non-award students	428	387	428	387
Course and conference fees	1,860	2,127	1,859	2,126
Course materials	531	666	531	666
Total course fees and charges	94,444	86,111	88,180	80,225
Other non-course fees and charges				
Library fines	172	184	172	184
Parking fees	2,257	2,223	2,250	2,223
Student accommodation	9,454	9,012	9,454	9,012
Music tuition	628	597	628	597
Other fees and charges	1,261	1,501	1,224	1,501
Student services and amenities fees from students	4,096	1,314	4,096	1,314
Total other fees and charges	17,868	14,831	17,824	14,831
Total fees and charges	112,312	100,942	106,004	95,056

5 INVESTMENT REVENUE

Dividends	12	4,340	12	15,831
Distributions	8,715	2,916	8,715	2,916
Interest	12,751	16,026	11,985	14,771
Net amortisation of bonds	114	72	114	72
Total investment revenue	21,592	23,354	20,826	33,590

6 ROYALTIES, TRADEMARKS AND LICENCES

Licence fees	1,010	97	135	97
Total royalties, trademarks and licences	1,010	97	135	97

7 CONSULTANCIES AND CONTRACTS

Consultancies	1,068	1,042	987	1,019
Contract research				
National Health & Medical Research Council	14,390	14,958	14,390	14,958
Hunter Medical Research Institute	4,840	6,746	4,840	6,746
Co-operative research centre	1,091	1,410	1,091	1,410
Industry research	15,712	14,630	2,768	192
Other contract revenue	33,265	37,281	33,265	36,932
Total contract research	69,298	75,025	56,354	60,238
Total consultancies and contracts	70,366	76,067	57,341	61,257

8 OTHER REVENUE

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Cost recoveries	12,136	11,406	12,704	12,054
Donations and bequests	802	810	802	809
Insurance recoveries	643	283	634	283
Other related party revenue	-	-	2,640	2,591
Scholarships and prizes	1,453	1,362	1,492	1,363
Sponsorship	3,786	3,685	3,592	3,700
Advertising	1,254	1,212	1,254	1,209
Sale of goods	2,097	1,838	-	-
Rents	2,517	2,531	1,002	1,099
Other revenue	4,035	4,512	3,423	4,246
Total other revenue	28,723	27,639	27,543	27,354

9 EMPLOYEE RELATED EXPENSES

Academic

Salaries	131,944	126,636	130,449	125,177
Contribution to funded superannuation schemes	21,013	20,101	20,955	20,034
Payroll tax	8,739	9,454	8,739	9,452
Workers compensation	1,135	1,012	1,135	1,011
Long service leave	4,257	9,899	4,257	9,899
Annual leave	11,695	12,076	11,710	12,070

Other

Parental leave	1,555	1,891	1,555	1,891
Contract severance	928	1,822	928	1,822
Voluntary separation	1,243	603	1,090	603

Total academic

182,509	183,494	180,818	181,959
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Professional and teaching

Salaries	138,999	127,801	128,159	116,790
Contribution to funded superannuation schemes	21,219	18,045	20,131	17,035
Payroll tax	9,378	8,001	8,895	7,481
Workers compensation	1,214	724	1,182	683
Long service leave	3,717	9,604	3,557	9,337
Annual leave	12,627	12,962	11,714	12,075

Other

Parental leave	1,533	1,810	1,534	1,808
Contract severance	1,430	1,311	1,430	1,311
Voluntary separation	1,541	999	1,541	999

Total professional and teaching

191,658	181,257	178,143	167,519
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Total employee related expenses

374,167	364,751	358,961	349,478
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Deferred government employee benefits for superannuation

451	178	451	178
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Total employee related expenses, including deferred government employee benefits for superannuation

374,618	364,929	359,412	349,656
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10 DEPRECIATION AND AMORTISATION

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Depreciation				
Buildings and infrastructure	20,730	20,936	20,684	20,881
Plant and equipment	14,565	14,356	14,219	14,040
Artworks and libraries	2	10	2	10
Total depreciation	35,297	35,302	34,905	34,931
Amortisation				
Intangibles	1,219	3,010	1,116	2,596
Total depreciation and amortisation	36,516	38,312	36,021	37,527

11 REPAIRS AND MAINTENANCE

Buildings	11,122	8,597	11,108	8,553
Cleaning	6,393	5,158	6,147	4,990
Repairs and maintenance - general	13,926	10,073	13,745	9,968
Total repairs and maintenance	31,441	23,828	31,000	23,511

12 IMPAIRMENT OF ASSETS

Impairment losses - financial assets				
Trade receivables	1,323	891	1,322	891
Other financial assets - Available-for-sale	58	624	-	624
Reversal of impairment losses - Financial assets				
Trade receivables	(44)	(37)	(65)	(16)
Intangibles	-	2	-	-
Total impairment of assets	1,337	1,480	1,257	1,499

13 OTHER EXPENSES

Advertising, marketing and promotions	4,778	4,045	4,660	3,273
Consumables	25,867	25,281	24,425	22,612
Donations	6	16	5	11
Insurances	2,459	1,950	2,331	1,828
Minor equipment	12,554	10,807	11,672	10,418
Operating lease rental	4,137	4,097	4,125	4,070
Professional services	45,466	37,410	44,893	35,949
Scholarships, grants and prizes	37,653	37,579	37,613	37,496
Telecommunications	3,906	3,521	3,811	3,375
Travel, staff development and entertainment	19,894	19,441	19,097	18,663
Utilities	7,327	7,101	7,311	7,078
Related party expenses	-	-	216	8,465
Other expenses	21,010	18,251	20,233	17,769
Total other expenses	185,057	169,499	180,392	171,007

14 INCOME TAX EXPENSE

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
(a) Income tax expense				
Current tax	116	1,756	-	-
Deferred tax	-	-	-	-
Adjustments for current tax of prior periods	-	-	-	-
	116	1,756	-	-
Income tax expense is attributable to:				
Operating result from continuing operations	116	1,756	-	-
Aggregate income tax expense	116	1,756	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Operating results from continuing operations before income tax expense	64,800	55,607	63,282	59,845
Tax at the Australian rate of 30% (2012: 30%)	19,440	16,682	18,984	17,953
Tax effect of amounts which are not (taxable) deductible in calculating taxable income	(19,175)	(14,787)	(18,984)	(17,953)
Difference in overseas tax rates	(149)	(139)	-	-
Adjustment for current tax of prior periods	-	-	-	-
Income tax expense	116	1,756	-	-

15 CASH AND CASH EQUIVALENTS

Cash at bank, on hand, and cash equivalents	12,716	22,122	7,006	17,860
Total cash and cash equivalents	12,716	22,122	7,006	17,860
(a) Reconciliation to cash and cash equivalents at the end of the year in the Statement of cash flows				
The above figures are reconciled to cash at the end of the year as shown in the Statement of cash flows as follows:				
Cash and cash equivalents	12,716	22,122	7,006	17,860
Balance as per Statement of cash flows	12,716	22,122	7,006	17,860

(b) Cash at bank

Cash at bank is interest bearing with the floating rates being determined by the daily balance of funds held in the account. This was 3.13% for 2013 (2012: 4.23%).

16 TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Current				
Trade receivables	21,997	23,580	18,573	20,451
Provision for impairment	(2,141)	(1,667)	(2,123)	(1,649)
Prepayments	13,197	10,848	13,084	10,741
Related party receivables	-	-	2,728	2,432
Other receivables	5,020	3,350	5,079	3,305
Total current receivables	38,073	36,111	37,341	35,280
Non-current				
Deferred government contribution for superannuation (note 1(q))	263,611	307,826	263,611	307,826
Other receivables	658	719	658	719
Total non-current receivables	264,269	308,545	264,269	308,545

(a) Impaired receivables

As at 31 December 2013 current receivables of the Group with a nominal value of \$2,141,257 (2012: \$1,666,921) were impaired. The amount of the provision was \$2,141,257 (2012: \$1,666,921). The individually impaired receivables mainly relate to student fees.

The aging of these receivables is as follows:

Over 3 months	2,141	1,667	2,123	1,649
	2,141	1,667	2,123	1,649

As at 31 December 2013 trade receivables of the Group with a nominal value of \$9,776,045 (2012: \$7,025,949) 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 of these receivables is as follows:

Less than 3 months	9,798	7,200	8,248	5,353
	9,798	7,200	8,248	5,353

Movements in the provision for impaired receivables are as follows:

At 1 January	1,667	778	1,649	739
Provision for impairment recognised during the year	1,323	898	1,322	898
Recovery of impaired receivables	(849)	(38)	(848)	(16)
Receivables written off during the year as uncollectable	-	29	-	28
	2,141	1,667	2,123	1,649

17 INVENTORIES

Current				
Retail stock on hand	103	148	-	-
Total current inventories	103	148	-	-

18 OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Current				
Available-for-sale financial assets	-	10,737	-	10,587
Held to maturity investments	135,135	183,800	119,535	168,000
Total current other financial assets	135,135	194,537	119,535	178,587
Non-current				
Available-for-sale financial assets	206,773	137,195	206,415	137,055
Held to maturity investments	92,267	70,887	91,039	70,863
Total non-current other financial assets	299,040	208,082	297,454	207,918

19 PROPERTY, PLANT AND EQUIPMENT

Land				
At independent valuation	51,530	51,440	51,530	51,440
At cost	-	90	-	90
Total land	51,530	51,530	51,530	51,530
Buildings				
At independent valuation	660,590	643,973	660,590	643,973
At cost	46,766	13,243	46,766	13,243
Accumulated depreciation	(4,562)	(5,568)	(4,562)	(5,568)
Total buildings	702,794	651,648	702,794	651,648
Infrastructure				
At independent valuation	55,614	55,630	55,614	55,630
At cost	3,941	12,678	3,941	2,301
Accumulated depreciation	(678)	(4,571)	(678)	(752)
Accumulated impairment	-	(5,395)	-	-
Total Infrastructure	58,877	58,342	58,877	57,179
Capital works in progress				
At cost	46,026	16,275	46,026	16,259
Total capital works in progress	46,026	16,275	46,026	16,259
Plant and equipment				
At cost	128,023	150,419	125,323	147,946
Accumulated depreciation	(77,154)	(99,866)	(75,670)	(98,461)
Total plant and equipment	50,869	50,553	49,653	49,485
Artworks and library				
At fair value	5,347	4,100	5,347	4,100
At cost	49	1,090	46	1,087
Accumulated depreciation	(1)	(218)	-	(217)
Total artworks and library	5,395	4,972	5,393	4,970
Total property, plant and equipment	915,491	833,320	914,273	831,071

THE UNIVERSITY OF NEWCASTLE
Notes to the financial statements
For the year ended 31 December 2013

19 PROPERTY, PLANT AND EQUIPMENT (continued)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year:

	Land	Buildings	Infra-structure	Capital Works in Progress	Plant and equipment	Artwork and Libraries	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated							
Balance at 1 January 2012	50,301	638,383	62,703	9,665	50,658	4,912	816,622
Additions	-	-	-	35,947	224	-	36,171
Transfers in (out)	-	13,409	1,425	(29,337)	14,433	70	-
Asset disposals	-	-	-	-	(406)	-	(406)
Depreciation expense	-	(18,237)	(2,699)	-	(14,356)	(10)	(35,302)
Revaluation decrease recognised in equity	-	-	(3,087)	-	-	-	(3,087)
Revaluation increase recognised in equity	1,229	18,093	-	-	-	-	19,322
Balance at 31 December 2012	51,530	651,648	58,342	16,275	50,553	4,972	833,320
Balance at 1 January 2013	51,530	651,648	58,342	16,275	50,553	4,972	833,320
Additions	-	-	-	96,216	376	-	96,592
Transfers in (out)	-	46,848	3,276	(66,465)	16,316	25	-
Assets disposals	-	(525)	(420)	-	(1,811)	-	(2,756)
Depreciation expense	-	(18,462)	(2,268)	-	(14,565)	(2)	(35,297)
Revaluation decrease recognised in equity	-	-	(53)	-	-	-	(53)
Revaluation increase recognised in equity	-	23,285	-	-	-	400	23,685
Balance at 31 December 2013	51,530	702,794	58,877	46,026	50,869	5,395	915,491
Parent							
Balance at the 1 January 2012	50,301	638,383	61,818	9,570	49,693	4,911	814,676
Additions	-	-	-	35,414	-	-	35,414
Transfers in (out)	-	13,409	1,092	(28,725)	14,155	69	-
Assets disposals	-	-	-	-	(323)	-	(323)
Depreciation expense	-	(18,237)	(2,644)	-	(14,040)	(10)	(34,931)
Revaluation decrease recognised in equity	-	-	(3,087)	-	-	-	(3,087)
Revaluation increase recognised in equity	1,229	18,093	-	-	-	-	19,322
Balance at 31 December 2012	51,530	651,648	57,179	16,259	49,485	4,970	831,071
Balance at the 1 January 2013	51,530	651,648	57,179	16,259	49,485	4,970	831,071
Additions	-	-	-	95,756	-	-	95,756
Transfers in (out)	-	46,836	3,012	(65,989)	16,116	25	-
Assets disposals	-	(525)	(420)	-	(1,729)	-	(2,674)
Depreciation expense	-	(18,450)	(2,234)	-	(14,219)	(2)	(34,905)
Revaluation decrease recognised in equity	-	-	-	-	-	-	-
Revaluation increase recognised in equity	-	23,285	1,340	-	-	400	25,025
Balance at 31 December 2013	51,530	702,794	58,877	46,026	49,653	5,393	914,273

19 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Valuations of land and buildings

The University's land and buildings were revalued at 31 October 2013 by independent valuers Global Valuation Services. Valuations were made on the basis of open market value. The revaluation surplus net of applicable deferred income taxes were credited to an asset revaluation reserve in equity. The valuation basis of land is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and seller in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.

20 INTANGIBLE ASSETS

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Computer software				
Cost	24,754	23,026	24,601	22,793
Accumulated amortisation and impairment	(21,622)	(20,563)	(21,488)	(20,372)
Net carrying value	3,132	2,463	3,113	2,421
Intellectual property				
Cost	3,249	3,655	-	-
Accumulated amortisation and impairment	(2,879)	(3,458)	-	-
Net carrying value	370	197	-	-
Total intangibles	3,502	2,660	3,113	2,421

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current year:

	Computer software	Intellectual property	Total
	\$000	\$000	\$000
Consolidated			
Balance at 1 January 2012	3,917	305	4,222
Additions	1,112	287	1,399
Work in progress	51	-	51
Amortisation expense	(2,617)	(393)	(3,010)
Impairment loss in income	-	(2)	(2)
Closing value at 31 December 2012	2,463	197	2,660
Balance at 1 January 2013	2,463	197	2,660
Additions	1,757	255	2,012
Work in progress	49	-	49
Amortisation expense	(1,137)	(82)	(1,219)
Closing value at 31 December 2013	3,132	370	3,502
Parent			
Balance at 1 January 2012	3,882	-	3,882
Additions	1,084	-	1,084
Work in progress	51	-	51
Amortisation expense	(2,596)	-	(2,596)
Closing value at 31 December 2012	2,421	-	2,421
Balance at 1 January 2013	2,421	-	2,421
Additions	1,759	-	1,759
Work in progress	49	-	49
Amortisation expense	(1,116)	-	(1,116)
Closing value at 31 December 2013	3,113	-	3,113

21 TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Current				
<i>Unsecured liabilities</i>				
Trade creditors	29,629	34,360	28,068	32,734
OS-HELP liability to Australian Government	209	634	209	634
Other payables	5,470	4,935	2,134	1,634
Total current trade and other payables	35,308	39,929	30,411	35,002
Non-current				
<i>Unsecured liabilities</i>				
Other non-current payables	387	494	387	494
Total non-current trade and other payables	387	494	387	494

The carrying amounts (in currencies as detailed per the below table to the nearest thousand) of the Group's and parent entity's trade and other payables are denominated in the following currencies:

	Consolidated		Parent	
	2013	2012	2013	2012
Australian dollar	35,020	40,427	30,326	35,495
Canadian dollar	3	-	3	-
Euro	176	11	176	11
Great British pound	3	6	3	6
Singaporean dollar	440	370	-	-
US dollar	165	34	165	34
Total	35,807	40,848	30,673	35,546

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 35.

22 BORROWINGS

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Non-current				
<i>Unsecured liabilities</i>				
Bank loans	85,000	85,000	85,000	85,000
Total non-current borrowings	85,000	85,000	85,000	85,000

(a) Financing arrangements

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

Credit card facility				
Total facilities	10,000	10,000	10,000	10,000
Used at balance date	-	-	-	-
Unused at balance date	10,000	10,000	10,000	10,000
Bank overdraft facility				
Total facilities	10,000	10,000	10,000	10,000
Used at balance date	-	-	-	-
Unused at balance date	10,000	10,000	10,000	10,000
Bank loan facilities				
Total facilities	85,000	85,000	85,000	85,000
Used at balance date	(85,000)	(85,000)	(85,000)	(85,000)
Unused at balance date	-	-	-	-

22 BORROWINGS (continued)

(b) Fair value

The carrying amounts and fair values of borrowings at reporting date are:

	2013		2012	
	Carrying amount \$000	Fair value \$000	Carrying amount \$000	Fair value \$000
Consolidated				
On-balance sheet				
<i>Non-traded financial liabilities</i>				
Unsecured bank loan	85,000	85,000	85,000	85,000
	85,000	85,000	85,000	85,000

Other than those classes of borrowings denoted as "traded", none of the classes are readily traded on organised markets in standardised form.

(i) On-balance sheet

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are based on cash flows discounted using a borrowing rate of 5.7%, (2012 5.4%).

23 PROVISIONS

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current provisions expected to be settled wholly within 12 months				
Employee benefits				
Annual leave	19,388	17,604	18,507	16,878
Long service leave	13,002	11,031	12,777	10,870
Redundancy	761	127	761	127
Contract severance	509	500	509	500
Pension entitlements	1,876	2,099	1,876	2,099
Other provisions				
Parental leave	1,489	1,938	1,489	1,937
Unused sick leave	1,139	-	1,139	-
	38,164	33,299	37,058	32,411
Current provisions expected to be settled wholly after more than 12 months				
Employee benefits				
Annual leave	4,463	5,868	4,326	5,626
Long service leave	43,423	44,152	42,599	43,426
Contract severance	4,663	3,118	4,663	3,118
	52,549	53,138	51,588	52,170
Total current provisions	90,713	86,437	88,646	84,581

23 PROVISIONS (continued)

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Non-current provisions				
Employee benefits				
Long service leave	13,130	10,983	12,710	10,437
Pension entitlements	32,032	32,227	32,032	32,227
Deferred government benefits for superannuation	266,257	311,509	266,257	311,509
Total non-current provisions	311,419	354,719	310,999	354,173

Provision for annual leave

This provision is for outstanding annual leave liabilities that employees have not yet taken. The calculation is based on historical data on leave taken. The measurement and recognition criteria relating to employee benefits has been included in note 1(v)(ii) to this report.

Provision for long service leave

This provision is for outstanding long service leave liabilities that employees have not yet taken. The calculation of the present value of future cash flows in respect of long service leave being taken has been calculated by independent third parties based on historical data provided by the University. The measurement and recognition criteria relating to employee benefits has been included in note 1(v)(ii).

Provision for contract severance

This provision is for the payment of separation amounts relating to eligible employees on fixed term contracts. The measurement and recognition criteria relating to employee benefits has been included in note 1(v)(iv) to this report.

Provision for parental leave

A provision has been recognised for employee entitlements relating to parental leave. The measurement and recognition criteria relating to employee benefits has been included in note 1(v)(ii) to this report.

Provision for unused sick leave

This provision is for costs relating to the amount the University expects to pay as a result of the unused entitlement accumulated at the end of the year. The measurement and recognition criteria relating to employee benefits has been included in note 1(v)(ii) to this report.

Provision for redundancy

This provision is for costs relating to the redundancy of employees. The measurement and recognition criteria relating to employee benefits has been included in note 1(v)(iv) to this report.

Provision for pension entitlements

A provision has been recognised for employee pension entitlements. Refer to note 36 for detail.

Provision for deferred government benefits for superannuation

A provision has been recognised for employee entitlements relating to deferred government benefits for superannuation. Refer to note 36 for detail.

Movements in each class of provision during the year, are set out below:

	Annual leave	Long service leave	Redundancy	Contract severance	Pensions	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated							
Current							
Opening balance at 1 January 2013	23,472	55,183	127	3,618	2,099	1,938	86,437
Additional provisions	20,166	6,977	761	1,871	1,876	4,132	35,783
Provisions used	(19,787)	(5,735)	(127)	(317)	(2,099)	(3,442)	(31,507)
Balance at 31 December 2013	23,851	56,425	761	5,172	1,876	2,628	90,713

23 PROVISIONS (continued)

	Long service leave	Pensions	Deferred super- annuation	Total
	\$000	\$000	\$000	\$000
Consolidated				
Non-current				
Opening balance at 1 January 2013	10,983	32,227	311,509	354,719
Additional provisions	2,147	(571)	(44,233)	(42,657)
Amounts transferred to reserves	-	376	(1,019)	(643)
Balance at 31 December 2013	13,130	32,032	266,257	311,419

24 DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Non-current				
Interest rate swap - cash flow hedge	3,520	4,649	3,520	4,649
Total derivative financial instruments	3,520	4,649	3,520	4,649

(i) Interest rate swap contract – cash flow hedges

During the year the University continued to utilise its variable rate bank loan. It is policy to protect the loan from exposure to increasing interest rates. Accordingly, the group has entered into an interest rate swap contract under which it is obliged to receive interest at the variable loan rate and to pay interest at a fixed rate. The swap contract has been nominated as a cash flow hedge.

The swap covers 100% of the variable loan principal outstanding and is timed to expire as the bank loan expires. The fixed interest rate is 5.7% (2012: 5.4%) and the variable rate is at the end of the reporting period was 3.8% (2012: 4.1%).

The contracts require settlement of net interest receivable or payable quarterly. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instrument at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve to the extent that the hedge is effective. There was no hedge ineffectiveness during the year.

25 OTHER LIABILITIES

Current

Income received in advance	9,117	8,528	5,183	5,537
Total current other liabilities	9,117	8,528	5,183	5,537

26 RESERVES AND RETAINED SURPLUS

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
(a) Reserves				
Available-for-sale investments revaluation	28,959	11,225	28,827	11,120
Foreign currency translation surplus	425	(47)	-	-
Cash flow hedge	(3,520)	(4,649)	(3,520)	(4,649)
Property, plant and equipment revaluation	512,045	489,600	513,438	489,600
Defined benefit actuarial re measurements	643	-	643	-
Total reserves	538,552	496,129	539,388	496,071
(b) Movements in reserves				
Available-for-sale investments revaluation				
Balance as at 1 January	11,225	1,254	11,120	1,148
Revaluation increment (decrement)	18,965	9,347	18,938	9,348
Transfers to income statement	(1,231)	624	(1,231)	624
Balance as at 31 December 2013	28,959	11,225	28,827	11,120
Foreign currency translation surplus				
Balance as at 1 January	(47)	(176)	-	-
Currency translation differences arising during the year	472	129	-	-
Balance as at 31 December 2013	425	(47)	-	-
Cash flow hedge				
Balance as at 1 January	(4,649)	-	(4,649)	-
Revaluation increment (decrement)	1,129	(4,649)	1,129	(4,649)
Balance as at 31 December 2013	(3,520)	(4,649)	(3,520)	(4,649)
Property, plant and equipment revaluation				
Balance as at 1 January	489,600	473,365	489,600	473,365
Revaluation increment (decrement)	23,632	16,235	25,025	16,235
Transfers to net profit - gross	(1,187)	-	(1,187)	-
Balance as at 31 December 2013	512,045	489,600	513,438	489,600
Defined benefit actuarial remeasurements				
Revaluation increment (decrement)	643	-	643	-
Balance as at 31 December 2013	643	-	643	-
Total reserves	538,552	496,129	539,388	496,071
(c) Retained earnings				
Retained earnings at the beginning of the year	529,466	475,615	516,175	456,330
Operating result for the year	64,684	53,851	63,282	59,845
Retained earnings at end of the year	594,149	529,466	579,457	516,175

26 RESERVES AND RETAINED SURPLUS (continued)

(d) Nature and purpose of reserves

Available-for-sale investment revaluation - changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income, as described in note 1 and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Foreign currency translation surplus - exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Cash flow hedge - the hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 1. Amounts are reclassified profit or loss when the associated hedged transaction affects profit or loss.

Property, plant and equipment revaluation - used to record increments and decrements on the revaluation of property, plant and equipment, as described in note 1. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

Defined benefit actuarial remeasurements - actuarial remeasurements arising on valuation of the State Authorities Non-contributory Superannuation (SANCS) scheme and the Pension are recognised in other comprehensive income as described in note 1(v) and accumulated in a separate reserve within equity.

27 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

The following persons were members of the Council of The University of Newcastle during the financial year:

Mr Paul Jeans

The Hon John Charles Price AM

Professor Caroline McMillen

Ms Dianne Allen

Ms Sharryn Brownlee

Mr Peter Cockbain

Ms Rosemary Gosper

Dr Tom Griffiths

Ms Leanne Holt

Professor Mark Jones

Mr Brian Kennaugh

Dr Geoff Leonard

Conjoint Professor Geoff Lilliss

Professor Val J Robertson

Professor John Rostas

Ms Deborah Wright

(b) Other key management personnel

The following persons were members of the Executive Committee of The University of Newcastle and as such also had authority and responsibility for planning, directing and controlling the activities of The University of Newcastle during the financial year:

Professor Caroline McMillen

Professor Mike Calford

Dr Brok Glenn

Professor Kevin McConkey

27 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Other key management personnel (continued)

Mr Nat McGregor
 Professor Andrew Parfitt
 Professor Nick Talley
 Laureate Professor John Aitken
 Professor John Carter AM
 Professor Liz Burd
 Professor Stephen Crump
 Professor Richard Dunford
 Mrs Winnie Eley
 Professor John Germov
 Professor Deborah Hodgson
 Professor Bill Hogarth
 Professor Mark Jones
 Professor Amir Mahmood
 Professor Brett Ninness
 Professor Val Robertson
 Mr Craig Wallis
 Associate Professor Peter Waring

(c) Remuneration of key management personnel

	Consolidated		Parent	
	2013 Number	2012 Number	2013 Number	2012 Number
Council and Board Members				
\$nil	17	16	2	-
\$1 to \$9,999	8	10	1	2
\$10,000 to \$19,999	7	8	5	7
\$20,000 to \$29,999	1	3	1	3
\$30,000 to \$39,999	1	-	1	-
\$120,000 to \$129,999	-	1	-	1
\$130,000 to \$139,999	2	-	2	-
\$150,000 to \$159,999	1	1	1	1
\$220,000 to \$229,999	-	1	-	1
\$230,000 to \$239,999	1	-	-	-
\$240,000 to \$249,999	3	-	2	-
\$300,000 to \$309,999	-	1	-	-
\$590,000 to \$599,999	-	1	-	1
\$690,000 to \$699,999	1	-	1	-

27 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Remuneration of key management personnel (continued)

	Consolidated		Parent	
	2013 Number	2012 Number	2013 Number	2012 Number
Other key management personnel				
\$nil	1	1	1	1
\$30,000 to \$39,999	1	-	-	-
\$50,000 to \$59,999	1	1	1	1
\$80,000 to \$89,999	1	-	1	-
\$100,000 to \$109,999	1	1	1	1
\$110,000 to \$119,999	3	-	1	-
\$130,000 to \$139,999	1	-	1	-
\$140,000 to \$149,999	1	-	1	-
\$160,000 to \$169,999	1	1	1	1
\$190,000 to \$199,999	2	-	1	-
\$200,000 to \$209,999	2	-	2	-
\$220,000 to \$229,999	-	-	-	1
\$230,000 to \$239,999	-	1	-	-
\$240,000 to \$249,999	1	2	1	-
\$250,000 to \$259,999	1	1	1	1
\$260,000 to \$269,999	1	-	1	-
\$310,000 to \$319,999	-	2	-	2
\$320,000 to \$329,999	-	1	-	1
\$330,000 to \$339,999	1	-	1	-
\$340,000 to \$349,999	1	1	1	1
\$360,000 to \$369,999	-	1	-	1
\$380,000 to \$389,999	1	-	1	-
\$410,000 to \$419,999	1	-	1	-
\$420,000 to \$429,999	-	1	-	1
\$430,000 to \$439,999	-	2	-	2
\$440,000 to \$449,999	1	-	1	-
\$450,000 to \$459,999	2	-	2	-
\$570,000 to \$579,999	-	1	-	1
\$590,000 to \$599,999	-	1	-	1
\$690,000 to \$699,999	1	-	1	-
\$1,030,000 to \$1,039,999	-	1	-	1

Remuneration bands for the Vice-Chancellor and the President of Academic Senate appear in both tables above as these positions are members of both Council and the Executive Committee.

(d) Key management personnel compensation

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Short-term employee benefits	6,831	6,692	6,016	5,854
Termination benefits	492	798	340	799
Total key management personnel compensation	7,323	7,490	6,356	6,653

28 REMUNERATION OF AUDITORS

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

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Audit services				
<i>Audit and review of financial statements</i>				
Audit Office of NSW	345,670	406,300	267,870	308,500
BDO Singapore	15,986	-	-	-
KPMG	-	23,277	-	-
Total remuneration for audit services	361,656	429,577	267,870	308,500

29 CONTINGENCIES

Contingent liabilities

The University has a \$500,000 bank guarantee as security for a rental bond which expires on 31 November 2014.

Contingent assets

The University has no contingent assets as at 31 December 2013.

30 COMMITMENTS

	Consolidated		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000

(a) Capital commitments

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

Property, plant and equipment

Within one year	58,576	84,972	58,576	84,972
Later than one year	571	58,013	571	58,013
Total	59,147	142,985	59,147	142,985

(b) Lease commitments

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	716	3,410	559	3,155
Between one year and five years	5,301	2,814	5,227	2,736
Total future minimum lease payments	6,017	6,224	5,786	5,891

The weighted average interest rate implicit in the non-cancellable operating leases is nil% (2012:nil%):

(c) Other expenditure commitments (GST excl.)

Commitments in existence at the reporting date but not recognised as liabilities payable:

Due within one year	56,149	61,072	56,149	61,072
Due after one year, but within five years	25,205	870	25,205	870
Net commitments	81,354	61,942	81,354	61,942

31 SUBSIDIARIES

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

Name of entity	Country of incorporation	Class of shares	Equity interest	
			2013 %	2012 %
Newcastle Innovation Ltd (Company limited by guarantee)	Australia	Not applicable	100	100
GraduateSchool.com Pty Ltd (Company deregistered on 12 September 2013)	Australia	Ordinary	-	100
UoN Services Limited (Company limited by guarantee)	Australia	Not applicable	100	100
UON Singapore Pte Ltd	Singapore	Ordinary	100	100

32 EVENTS OCCURRING AFTER 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.

33 RECONCILIATION OF OPERATING RESULT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Operating result for the year	64,684	53,851	63,282	59,845
Add non-cash items:				
Depreciation and amortisation	36,516	38,312	36,021	37,527
Impairment of available-for-sale financial assets	58	624	-	624
Net (gain) loss on sale of property, plant and equipment	1,135	44	1,135	35
Net (gain) loss on disposal of financial assets	(1,469)	(382)	(1,218)	(610)
Fair value of assets donated to the Group	(34)	-	(34)	-
Net exchange differences	(23)	45	-	-
Net amortisation of bond premiums (discounts)	(114)	(72)	(114)	(72)
Changes in operating assets and liabilities:				
(Increase) decrease in trade debtors	1,583	2,824	1,877	3,262
(Increase) decrease in other receivables	41,292	(34,447)	40,911	(28,134)
(Increase) decrease in related party receivables	-	-	(296)	979
(Increase) decrease in inventories	45	355	-	-
(Increase) decrease in other financial assets	(9,770)	(688)	(9,770)	(757)
Increase (decrease) in other operating assets	(4)	6,347	-	11
Increase (decrease) in trade creditors	(4,731)	2,808	(4,667)	2,763
Increase (decrease) in related party payables	-	-	-	(10,019)
Increase (decrease) in other operating liabilities	(4,070)	(3,126)	(4,749)	(2,103)
Increase (decrease) in provision for income taxes payable	(10)	(1,897)	-	-
Increase (decrease) in other provisions	(38,835)	51,838	(38,921)	51,502
Net cash provided by operating activities	86,253	116,436	83,457	114,853

34 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group 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, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the University Council. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The University Council provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Singapore and US dollars.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has set up a policy requiring group companies to manage their foreign exchange risk against their functional currency.

The Group Treasury's risk management position is not to hedge the cash flows at present, because the amount of exposure has been determined to be immaterial in terms of the possible impact on the income statement or total equity. It has therefore not been included in the sensitivity analysis.

(ii) Price risk

The Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the statement of financial position either as available-for-sale or at fair value through the income statement. Neither the Group nor the parent entity is exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Group's and the parent entity's equity investments are publicly traded and are included either in the ASX200 Index or NYSE International 100 index.

The price risk for unlisted securities is immaterial in terms of the possible impact on the income statement or total equity. It has therefore not been included in the sensitivity analysis.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 100% of its borrowings at fixed rates using interest rate swaps to achieve this when necessary. During 2013 and 2012, the Group's borrowings at variable rate were denominated in Australian Dollars.

The Group 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 Group calculates the impact on the income statement of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Group has raised long-term borrowings at floating rates and swapped them into fixed rates that are lower than those that were available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at monthly intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

At 31 December 2013, if interest rates had changed by $\pm 1\%$ from the year end rates with all other variables held constant, the result for the year would have changed by $\pm \$2.401$ million (2012: $\pm \$2.768$ million), mainly as a result of the impact on interest income from cash and cash equivalents.

THE UNIVERSITY OF NEWCASTLE
Notes to the financial statements
For the year ended 31 December 2013

34 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

	Carrying amount \$000	Interest rate risk				Foreign exchange risk				Other price risk			
		-1% Result \$000	+1% Equity \$000	-1% Result \$000	+1% Equity \$000	-1% Result \$000	+1% Equity \$000	-1% Result \$000	+1% Equity \$000	-1% Result \$000	+1% Equity \$000	-1% Result \$000	+1% Equity \$000
31 December 2013													
Financial assets													
Cash and cash equivalents	12,716	(127)	(127)	127	127	(49)	(49)	49	49	-	-	-	-
Trade and other receivables	289,145	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets - Available-for-sale	206,773	-	-	-	-	-	-	-	-	-	(2,070)	-	2,070
Financial assets - Held to maturity	227,402	(2,274)	(2,274)	2,274	2,274	-	-	-	-	-	-	-	-
Financial liabilities													
Trade and other payables	35,695	-	-	-	-	(4)	(4)	5	5	-	-	-	-
Bank loans	85,000	850	850	(850)	(850)	-	-	-	-	-	-	-	-
Derivative financial instruments	3,520	(850)	(850)	850	850	-	-	-	-	-	-	-	-
Total increase (decrease)		(2,401)	(2,401)	2,401	2,401	(53)	(53)	54	54	-	(2,070)	-	2,070
31 December 2012													
Financial assets													
Cash and cash equivalents - at bank	22,122	(221)	(221)	221	221	(33)	(33)	32	32	-	-	-	-
Trade and other receivables	344,656	-	-	-	-	(1)	(1)	2	2	-	-	-	-
Financial assets - Available-for-sale	147,932	-	-	-	-	-	-	-	-	-	(1,507)	-	1,507
Financial assets - Held to maturity	254,687	(2,547)	(2,547)	2,547	2,547	-	-	-	-	-	-	-	-
Financial liabilities													
Trade and other payables	40,423	-	-	-	-	(1)	(1)	1	1	-	-	-	-
Bank loans	85,000	850	850	(850)	(850)	-	-	-	-	-	-	-	-
Derivative financial instruments	4,649	(850)	(850)	850	850	-	-	-	-	-	-	-	-
Total increase (decrease)		(2,768)	(2,768)	2,768	2,768	(35)	(35)	35	35	-	(1,507)	-	1,507

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB+' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Council. Fees from students are settled in cash or using major credit cards, mitigating credit risk.

The carrying amount of financial assets (as contained in the table in subnote (c) below) represents the group's maximum exposure to credit risk.

34 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The following tables summarise the maturity of the Group's financial assets and financial liabilities:

	Average interest rate %	Variable interest rate \$000	Within 1 year \$000	1 – 5 years \$000	Greater than 5 years \$000	Non- interest \$000	Total \$000
31 December 2013							
Financial assets							
Cash and cash equivalents	3.3	12,716	-	-	-	-	12,716
Trade and other receivables		-	-	-	-	289,145	289,145
Other financial assets		-	135,135	92,267	-	206,773	434,175
Total financial assets		12,716	135,135	92,267	-	495,918	736,036
Financial liabilities							
Trade and other payables		-	-	-	-	35,695	35,695
Borrowings	5.7	85,000	-	-	-	-	85,000
Derivative financial instruments		-	-	3,520	-	-	3,520
Total financial liabilities		85,000	-	3,520	-	35,695	124,215
31 December 2012							
Financial assets							
Cash and cash equivalents	4.2	22,122	-	-	-	-	22,122
Trade and other receivables	-	-	-	-	-	344,656	344,656
Other financial assets	-	-	183,800	70,887	-	147,932	402,619
Total financial assets		22,122	183,800	70,887	-	492,588	769,397
Financial liabilities							
Trade and other payables	-	-	-	-	-	40,423	40,423
Borrowings	5.4	85,000	-	-	-	-	85,000
Derivative financial instruments	-	-	-	4,649	-	-	4,649
Total financial liabilities		85,000	-	4,649	-	40,423	130,072

35 FAIR VALUE MEASUREMENTS

(a) Fair value measurements

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

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Carrying amount		Fair value	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Financial assets				
Cash and cash equivalents	12,716	22,122	12,716	22,122
Trade and other receivables	302,342	344,656	302,342	344,656
Other financial assets				
Available-for-sale	206,773	147,932	206,773	147,932
Held-to-maturity	227,402	254,687	227,402	254,687
Total financial assets	749,233	769,397	749,233	769,397
Financial liabilities				
Trade and other payables	35,695	40,423	35,695	40,423
Borrowings	85,000	85,000	85,000	85,000
Derivative financial instruments	3,520	4,649	3,520	4,649
Total financial liabilities	124,215	130,072	124,215	130,072

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Available-for-sale financial assets
- Land, buildings, infrastructure and artworks and library
- Derivative financial instruments

(b) Fair value hierarchy

The Group categorises assets and liabilities measured at fair value on a recurring basis into a hierarchy based on the level of inputs used in measurement.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly

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

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2013. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

35 FAIR VALUE MEASUREMENTS (continued)

(b) Fair value hierarchy (continued)

Fair value measurements at 31 December 2013

Recurring fair value measurements	Note	2013 \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
Financial assets					
Other financial assets	18				
Available-for-sale		206,773	206,220	553	–
Total financial assets		206,773	206,220	553	–
Non-financial assets					
Property, plant and equipment	19				
Land		51,530	–	51,530	–
Buildings		660,590	–	660,590	–
Infrastructure		55,614	–	55,614	–
Artworks and library		5,347	–	5,347	–
Total non-financial assets		773,081	–	773,081	–
Financial liabilities					
Derivative financial instruments	24	3,520	3,520	–	–
Total financial liabilities		3,520	3,520	–	–

Fair value measurements at 31 December 2012

Recurring fair value measurements		2012 \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
Financial assets					
Other financial assets	18				
Available-for-sale		147,932	147,295	637	–
Total financial assets		147,932	147,295	637	–
Financial liabilities					
Derivative financial instruments	24	4,649	4,649	–	–
Total financial liabilities		4,649	4,649	–	–

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The Group has a number of assets and liabilities which are not measured at fair value, but for which the fair values are disclosed in the notes.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the reporting date (level 1). This is the most representative of fair value in the circumstances.

The fair values of held-to-maturity investments are disclosed in note 18 were determined by reference to published price quotations in an active market (level 1).

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.

The fair value of non-current borrowings disclosed in note 22 approximates the carrying amount as the terms of the borrowings are interest only.

35 FAIR VALUE MEASUREMENTS (continued)

(c) Valuation techniques used to derive level 2 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and do not rely on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. All of the resulting fair value estimates are included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Group considers information from a variety of sources, including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence

All resulting fair value estimates for properties are included in level 2.

36 DEFINED BENEFITS PLANS

(a) Fund specific disclosures

The University of Newcastle incurs an obligation for deferred contributions which become payable on and after retirement of staff in respect of the following defined benefit schemes:

NSW State Superannuation Scheme (SSS)

NSW State Authorities Superannuation Scheme (SASS)

NSW State Authorities Non-Contributory Superannuation Scheme (SANCS)

Pension entitlements arising from the former University of Newcastle Staff Superannuation Scheme

The arrangements regarding the SSS and SASS schemes are described in Note 1(q)

The University expects to make a contribution to the NSW State schemes during the next financial year as follows: SSS \$nil (2012: \$nil), SASS \$NIL (2012: \$NIL), SANCS \$2.6m (2012: \$2.7m).

As an unfunded, non-contributory entitlement, the University will not make a contribution to the pension entitlement during the next financial year.

The weighted average duration of the defined benefit obligation is 10.7 years (2012: 11.2 years) and the pension benefit obligation is 12.0 years (2012: 12.3 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Total \$000
Defined benefit obligations - 31 Dec 2013	28,356	28,180	87,634	541,104	685,274
Pension benefit obligations – 31 Dec 2013	1,924	2,091	6,533	37,159	47,707

36 DEFINED BENEFITS PLANS (continued)

(b) Categories of plan assets

The analysis of the plan assets for the NSW State schemes and the expected rate of return at the reporting date are as follows. As an unfunded, non-contributory entitlement there are no plan assets for the pension entitlement.

	2013 (%) Active Market	2012 (%) Active Market
Australian equity instruments	33.9%	31.0%
Overseas equity instruments	28.3%	24.3%
Australian fixed interest securities	4.4%	6.2%
Overseas fixed interest securities	2.2%	2.4%
Property	8.1%	8.7%
Cash	8.0%	13.4%
Alternatives	15.1%	14.0%
Total	100.0%	100.0%

The principal assumptions used for the purposes of the actuarial valuations were as follows (expressed as weighted averages):

	2013 (%)	2012(%)
Discount rate(s)	4.3%	3.3%
Expected rate(s) of salary increase	2.3%	3.0%
Expected rate(s) of CPI increase	2.5%	2.5%

(c) Actuarial assumptions and sensitivity

The sensitivity of the defined benefit obligation to changes in the significant assumptions is:

Change in assumption		Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	1.0%	Decrease by 9.0%	Increase by 10.6%
Salary growth rate	0.5%	Increase by 0.5%	Decrease by 0.4%
CPI growth rate	0.5%	Increase by 4.6%	Decrease by 4.2%

Comparative information has not been provided for the sensitivity analysis permitted by the transitional provisions of the revised standard

The above sensitivity analyses are based on a change in an assumption while holding all the other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the Statement of Financial Position.

The methods and types of assumptions used in the preparation of the sensitivity analysis did not change compared to the prior period.

THE UNIVERSITY OF NEWCASTLE
Notes to the financial statements
For the year ended 31 December 2013

36 DEFINED BENEFITS PLANS (continued)

(d) Statement of financial position amounts

	\$000	\$000	\$000	\$000	\$000
	Pension	SANCS	SSS	SASS	Total
Present value of obligation - 2013					
Defined benefit obligation at the start of the year	31,022	9,409	376,093	56,873	473,397
Current service cost	-	373	693	1,817	2,883
Interest expense	993	294	12,099	1,779	15,165
	32,015	10,076	388,885	60,469	491,445
Remeasurements					
Actuarial losses (gains) arising from changes in financial assumptions	(832)	(430)	(38,191)	(1,946)	(41,399)
Actuarial losses (gains) arising from liability experience	-	250	(765)	4,092	3,577
	(832)	(180)	(38,956)	2,146	(37,822)
Contributions					
Contributions from plan participants	-	-	568	831	1,399
	-	-	568	831	1,399
Payments from plan					
Benefits paid	(1,876)	(1,362)	(18,995)	(5,615)	(27,848)
Taxes, premiums and expenses paid	-	136	2,456	(300)	2,292
	(1,876)	(1,226)	(16,539)	(5,915)	(25,556)
Defined benefit obligation at end of year	29,307	8,670	333,958	57,531	429,466
Present value of plan assets - 2013					
Fair value of plan assets at the start of the year	-	5,726	75,541	49,599	130,866
Interest income	-	216	2,180	1,539	3,935
	-	5,942	77,721	51,138	134,801
Remeasurements					
Actual return on plan assets less interest income	-	838	10,264	7,616	18,718
	-	838	10,264	7,616	18,718
Contributions					
Employers	-	470	461	1,732	2,663
Plan participants	-	-	568	832	1,400
	-	470	1,029	2,564	4,063
Payments from plan					
Benefits paid	-	(1,362)	(18,995)	(5,615)	(25,972)
Taxes, premiums and expenses paid	-	136	2,456	(300)	2,292
	-	(1,226)	(16,539)	(5,915)	(23,680)
Fair value of plans assets at the end of the year	-	6,024	72,475	55,403	133,902
Net liability - 2013					
Defined benefit obligation	29,307	8,670	333,958	57,531	429,466
Fair value of plan assets	-	6,024	72,475	55,403	133,902
Net liability	29,307	2,646	261,483	2,128	295,564
Amounts recognised in the statement of financial position – 2013					
Liabilities					
Provision for deferred government benefits for superannuation	-	2,646	261,483	2,128	266,257
Provision for pension entitlements	29,307	-	-	-	29,307
Total liabilities	29,307	2,646	261,483	2,128	295,564
add: On-costs on pension entitlements	4,601	-	-	-	4,601
Total pension entitlements (incl on-costs)	33,908	-	-	-	33,908
Total liabilities recognised in statement of financial position	33,908	2,646	261,483	2,128	300,165
Assets					
Receivable for deferred government contribution for superannuation	-	-	261,483	2,128	263,611
Total assets recognised in statement of financial position	-	-	261,483	2,128	263,611
Net liability recognised in the statement of financial position	33,908	2,646	-	-	36,554

36 DEFINED BENEFITS PLANS (continued)

(d) Statement of financial position amounts (continued)

	\$000 Pension	\$000 SANCS	\$000 SSS	\$000 SASS	\$000 Total
Present value of obligation - 2012					
Defined benefit obligation at the start of the year	30,813	9,439	356,214	53,099	449,565
Current service cost	-	388	656	1,793	2,837
Interest expense	1,101	323	12,829	1,865	16,118
	31,914	10,150	369,699	56,757	468,520
Remeasurements					
Actuarial losses (gains) arising from changes in demographic assumptions	-	(75)	8,075	48	8,048
Actuarial losses (gains) arising from changes in financial assumptions	1,207	241	17,356	938	19,742
Actuarial losses (gains) arising from changes in financial assumptions	-	284	(2,045)	3,294	1,533
	1,207	450	23,386	4,280	29,323
Contributions					
Contributions from plan participants	-	-	706	833	1,539
	-	-	706	833	1,539
Payments from plan					
Benefits paid	(2,099)	(1,078)	(18,939)	(4,641)	(26,757)
Taxes, premiums and expenses paid	-	(113)	1,240	(356)	771
	(2,099)	(1,191)	(17,699)	(4,997)	(25,986)
Defined benefit obligation at end of year	31,022	9,409	376,092	56,873	473,396
Present value of plan assets - 2012					
Fair value of plan assets at the start of the year	-	5,934	81,806	45,478	133,218
Interest income	-	245	2,676	1,583	4,504
	-	6,179	84,482	47,061	137,722
Remeasurements					
Actual return on plan assets less interest income	-	450	7,445	4,790	12,685
	-	450	7,445	4,790	12,685
Contributions					
Employers	-	288	606	1,912	2,806
Plan participants	-	-	706	833	1,539
	-	288	1,312	2,745	4,345
Payments from plan					
Benefits paid	-	(1,078)	(18,939)	(4,641)	(24,658)
Taxes, premiums and expenses paid	-	(113)	1,240	(356)	771
	-	(1,191)	(17,699)	(4,997)	(23,887)
Fair value of plans assets at the end of the year	-	5,726	75,540	49,599	130,865
Net liability - 2012					
Defined benefit obligation	31,022	9,409	376,092	56,873	473,396
Fair value of plan assets	-	5,726	75,540	49,599	130,865
Net liability	31,022	3,683	300,552	7,274	342,531
Amounts recognised in the statement of financial position – 2012					
<i>Liabilities</i>					
Provision for deferred government benefits for superannuation	-	3,683	300,552	7,274	311,509
Provision for pension entitlements	31,022	-	-	-	31,022
Total liabilities	31,022	3,683	300,552	7,274	342,531
add: On-costs on pension entitlements	3,304	-	-	-	3,304
Total pension entitlements (incl on-costs)	34,326	-	-	-	34,326
Total liabilities recognised in statement of financial position	34,326	3,683	300,552	7,274	345,835
<i>Assets</i>					
Receivable for deferred government contribution for superannuation	-	-	300,552	7,274	307,826
Total assets recognised in statement of financial position	-	-	300,552	7,274	307,826
Net liability recognised in the statement of financial position	34,326	3,683	-	-	38,009

36 DEFINED BENEFITS PLANS (continued)

(e) Amounts recognised in other statements

	\$000 Pension	\$000 SANCS	\$000 SSS	\$000 SASS	\$000 Total
Amounts recognised in the Income statement - 2013					
The amounts recognised in the income statement are restricted to the SANCS scheme and Pension in accordance with note 1(q). The amounts are included in employee benefits expense (note 9).					
Current service cost	-	373	-	-	373
Interest expense	993	294	-	-	1,287
Interest income	-	(216)	-	-	(216)
Total expense recognised in the Income statement	993	451			1,444
Amounts recognised in the Statement of comprehensive income - 2013					
The amounts recognised in the statement of comprehensive income are restricted to the SANCS scheme and Pension in accordance with note 1(q). The amounts are included in reserves (note 26(a)).					
<i>Remeasurements</i>					
Actuarial losses (gains) arising from changes in financial assumptions - 2013	(832)	(430)	-	-	(1,262)
Actuarial losses (gains) arising from changes in financial assumptions - 2012	1,207	-	-	-	1,207
Actuarial losses (gains) arising from liability experience	-	250	-	-	250
Actual return on plan assets less interest income	-	(838)	-	-	(838)
Total remeasurements for 2013	375	(1,018)	-	-	(643)
Total remeasurements recognised in the Statement of comprehensive income for 2013	375	(1,018)	-	-	(643)

37 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

(a) Education – CGS and other Education grants

	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Parent (University) only												
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)												
Net accrual adjustments	213,301	207,623	2,486	2,150	6,184	6,145	122	185	-	-	-	-
Revenue for the period	(65)	(966)	(118)	118	-	-	-	-	-	-	-	-
Surplus (deficit) from the previous year	213,236	206,657	2,368	2,268	6,184	6,145	122	185	-	-	-	-
Total revenue including accrued revenue	-	-	-	-	-	223	86	51	-	-	-	503
Less expenses including accrued expenses	213,236	206,657	2,368	2,268	6,184	6,368	208	236	-	-	-	503
Surplus (deficit) for the reporting period	(213,236)	(206,657)	(2,368)	(2,268)	(5,384)	(6,368)	(208)	(151)	-	-	-	(503)
	-	-	-	-	800	-	-	85	-	-	-	-

	Diversity and Structural Adjustment Fund #3	Transitional Cost Program	Promotion of Excellence in Learning and Teaching	Total
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)	-	-	109	180
Net accrual adjustments	-	-	(17)	-
Revenue for the period	-	-	92	180
Surplus (deficit) from the previous year	-	19	-	(25)
Total revenue including accrued revenue	-	19	92	155
Less expenses including accrued expenses	-	(19)	(92)	(160)
Surplus (deficit) for the reporting period	-	-	-	(5)
	-	-	-	795

#1 Basic CGS grant amount, CGS – Regional loading, CGS – Enabling loading, maths and science transition loading, full fee places transition loading, and Higher Education performance funding
#2 Includes Equity Support Program.
#3 Includes Collaboration and Structural Adjustments Program

37 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

(b) Higher education loan programmes (excl OS-HELP)

Note

	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
	HECS-HELP					
	(Australian Government payments only)					
			FEE-HELP #4	SSAF-HELP	Total	
Parent (University) only						
Cash payable (receivable) at the beginning of the year	-	-	-	-	-	-
Financial assistance received in cash during the reporting period	116,107	96,189	17,283	13,488	2,730	881
Cash available for the period	116,107	96,189	17,283	13,488	2,730	881
Revenue earned	(116,105)	(96,052)	(15,891)	(13,438)	(2,642)	(970)
Cash payable (receivable) at the end of the year	2	137	1,392	50	88	(89)
					1,482	98

#4 Program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP

37 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

(c) Scholarships

Note	2013		2012		2013		2012		2013		2012		2013		2012	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Parent (University) only	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships ^{#5}		Commonwealth Accommodation Scholarships ^{#5}		Indigenous Access Scholarship							
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)																
Net accrual adjustments																
Revenue for the period	5,919	5,550	513	512	(416)	1,550	(226)	285	(328)	314						
Surplus (deficit) from the previous year	-	-	-	-	531	(754)	420	143	326	-						
Total revenue including accrued revenue	5,919	5,550	513	512	115	796	194	428	(1)	314						
Less expenses including accrued expenses	1,222	1,370	(6)	-	168	29	107	32	175	(13)						
Surplus (deficit) for the reporting period	7,141	6,920	507	512	283	825	301	460	173	301						
	(6,226)	(5,698)	(513)	(518)	(185)	(657)	(178)	(353)	(94)	(126)						
	915	1,222	(6)	(6)	98	168	123	107	79	175						

	Indigenous Staff Scholarships		Total	
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)				
Net accrual adjustments				
Revenue for the period	43	76	5,505	8,287
Surplus (deficit) from the previous year	-	-	1,277	(611)
Total revenue including accrued revenue	43	76	6,783	7,676
Less expenses including accrued expenses	2	36	1,668	1,454
Surplus (deficit) for the reporting period	45	112	8,450	9,130
	(2)	(110)	(7,198)	(7,462)
	43	2	1,252	1,668

^{#5} Includes Grandfather Scholarships, National Priority and National Accommodation Priority Scholarships respectively

37 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

(d) Education Research

	Note	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
		Joint Research Engagement #6	Research Training Scheme	Infrastructure Block Grants	Commercialisation Training Scheme		
Parent (University) only #7							
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)	2(d)	8,394	15,290	5,522	5,971	-	-
Surplus (deficit) from the previous year		1,761	798	1,008	784	287	287
Total revenue including accrued revenue		10,155	16,088	6,530	6,755	287	287
Less expenses including accrued expenses		(9,641)	(16,040)	(5,883)	(5,747)	(287)	-
Surplus (deficit) for the reporting period		514	48	647	1,008	-	287

	Sustainable Research Excellence in Universities	Total
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)	4,068	33,274
Surplus (deficit) from the previous year	-	3,854
Total revenue including accrued revenue	4,068	37,128
Less expenses including accrued expenses	(4,068)	(35,919)
Surplus (deficit) for the reporting period	-	1,209

#6 Includes Institutional Grants Scheme

#7 The reported surplus for Joint Research Engagement, Research Training Scheme, Research Infrastructure Block Grants, and Commercialisation Training Scheme) (\$1,209 million) for 2013 are expected to be rolled over for future use by Education.

37 ACQUIT TAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

(e)	Other capital funding		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
		Note	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	Parent (University) only		Better Universities Renewal Fund		Teaching and Learning Capital Fund		Education Investment Fund		Total				
	Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)		-	-	-	-	26,414	14,143	26,414	14,143	26,414	14,143	
2(e)	Surplus (deficit) from the previous year		-	32	3,297	5,988	17,699	13,752	20,996	19,772			
	Total revenue including accrued revenue		-	32	3,297	5,988	44,113	27,895	47,410	33,915			
	Less expenses including accrued expenses		-	(32)	(3,297)	(2,691)	(14,045)	(10,196)	(17,342)	(12,919)			
	Surplus (deficit) for the reporting period		-	-	-	3,297	30,068	17,699	30,068	20,996			

37 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

(f) Australian Research Council Grants

Note

Parent (University) only

(i) Discovery

Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)

Surplus (deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus (deficit) for the reporting period

	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
	Projects		Fellowships		Indigenous Researchers Development		Total	
	8,097	9,351	3,759	3,636	176	199	12,032	13,186
	5,497	4,427	2,322	1,103	125	47	7,944	5,577
	13,594	13,778	6,081	4,739	301	246	19,976	18,763
	(7,599)	(8,281)	(3,707)	(2,417)	(171)	(121)	(11,477)	(10,819)
	5,995	5,497	2,374	2,322	130	125	8,499	7,944

(ii) Linkages

Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)

Surplus (deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus (deficit) for the reporting period

	Infrastructure		International		Projects		Total	
	480	890	-	-	2,546	3,204	3,026	4,094
	821	488	-	-	2,901	1,919	3,722	2,407
	1,301	1,378	-	-	5,447	5,123	6,748	6,501
	(687)	(557)	-	-	(3,181)	(2,222)	(3,868)	(2,779)
	614	821	-	-	2,266	2,901	2,880	3,722

(iii) Networks and Centres

Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)

Surplus (deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus (deficit) for the reporting period

	Centres		Total	
	2,300	2,215	2,300	2,215
	942	1,407	942	1,407
	3,242	3,622	3,242	3,622
	(2,833)	(2,680)	(2,833)	(2,680)
	409	942	409	942

37 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

(g) OS-HELP

	<i>Note</i>	Parent	
		2013	2012
		\$000	\$000
Cash received during the reporting period		1,073	1,123
Cash spent during the reporting period		(1,498)	(797)
Net cash received		(425)	326
Cash surplus (deficit) from the previous period		697	371
Cash surplus (deficit) for the reporting period		272	697

(h) Student Services and Amenities Fee (SSAF)

		Parent	
		2013	2012
		\$000	\$000
Unspent (overspent) revenue from previous period		-	-
SSAF-HELP	2(b)	2,642	970
Student Services and Amenities Fee	4	4,068	1,314
Total amounts available to be expended		6,710	2,284
Student services expenses during the period		(6,361)	(2,284)
Unspent (overspent) Student Services and Amenities Fee		349	-

38 LAND USE AND VALUES

In accordance with Section 41B 1(d) of the *Public Finance and Audit Act 1983 (NSW)*, the summary of land use and valuations is as follows:

	Parent	
	2013	2012
	\$000	\$000
Land Use		
Mixed teaching, research, student accommodation and other University purposes including commercial tenancies.	35,475	35,475
Student accommodation or leased to residential tenants	7,055	7,055
Teaching research and other University purposes	9,000	9,000
	51,530	51,530

THE UNIVERSITY OF NEWCASTLE
Statement by Members of Council
For the year ended 31 December 2013

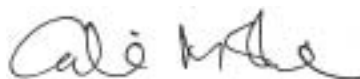
In accordance with a resolution of the members of Council under s.16 of the *University of Newcastle Act 1989 (NSW)* and pursuant to Section 41C of the *Public Finance & Audit Act 1983 (NSW)*, we state that to the best of our knowledge and belief:

1. The attached general purpose financial reports present a true and fair view of the financial position of the University at 31 December 2013 and its financial performance for the year then ended
2. The financial reports have been prepared in accordance with the provisions of the *Public Finance & Audit Act 1983 (NSW)*, the *Public Finance & Audit Regulations 2010 (NSW)* and the Financial Statement Guidelines for Australian Higher Education Providers for the 2012 Reporting Period issued by the Australian Government Department of Education
3. The financial reports has been prepared in accordance with Australian Accounting Standards (AASB), AASB Interpretations and other mandatory professional reporting requirements
4. We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate
5. There are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due
6. The amount of Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended and the University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure
7. The University of Newcastle charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003 (Cwth)* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with that Act and only on services and amenities specified in subsection 19-38(4) of that Act.

On Behalf of the Council of the University of Newcastle.



Mr Paul Jeans
Chancellor



Professor Caroline McMillen
Vice-Chancellor and President

Dated 31 March 2014



INDEPENDENT AUDITOR'S REPORT

The University of Newcastle

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the University of Newcastle (the University), which comprise the statements of financial position as at 31 December 2013, the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the University and the consolidated entity, as at 31 December 2013, and of the financial performance and 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010
- comply with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2013 Reporting Period' (the Guidelines), issued by the Australian Government Department of Education, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*.

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

University Council's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Jack Kheir,
Director, Financial Audit Services

1 April 2014
SYDNEY

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Access and printing costs

We welcome feedback and enquiries from the public by telephone, postal mail, email or in person.

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